

# Temora Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

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“Success through determination and inspiration”



# Temora Shire Council

## General Purpose Financial Statements

for the financial year ended 30 June 2015

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### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Temora Shire Council.
- (ii) Temora Shire Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

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

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

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 19 October 2015. Council has the power to amend and reissue these financial statements.
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## Temora Shire Council

### General Purpose Financial Statements for the financial year ended 30 June 2015

### Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

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

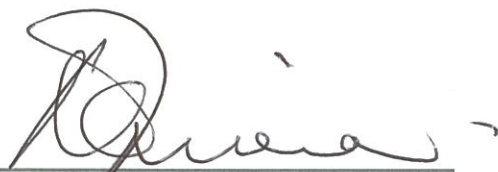
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

Signed in accordance with a resolution of Council made on 15 October 2015.



Rick Firman  
MAYOR



Graham Sinclair  
COUNCILLOR



Gary Lavelle  
GENERAL MANAGER



Steve Firth  
RESPONSIBLE ACCOUNTING OFFICER

## Temora Shire Council

### Income Statement

for the financial year ended 30 June 2015

Budget <sup>1</sup>				Actual	Actual
2015	\$ '000		Notes	2015	2014
<b>Income from Continuing Operations</b>					
<i>Revenue:</i>					
4,571	Rates & Annual Charges		3a	4,493	4,316
2,378	User Charges & Fees		3b	3,212	5,114
275	Interest & Investment Revenue		3c	138	208
748	Other Revenues		3d	1,031	820
6,564	Grants & Contributions provided for Operating Purposes		3e,f	6,228	4,738 <sup>2</sup>
531	Grants & Contributions provided for Capital Purposes		3e,f	1,414	1,589
<i>Other Income:</i>					
42	Net gains from the disposal of assets		5	-	279
<b>15,109</b>	<b>Total Income from Continuing Operations</b>			<b>16,516</b>	<b>17,064</b>
<b>Expenses from Continuing Operations</b>					
4,752	Employee Benefits & On-Costs		4a	6,822	6,250
71	Borrowing Costs		4b	68	103
3,488	Materials & Contracts		4c	3,167	4,767
3,336	Depreciation & Amortisation		4d	3,579	3,340
1,911	Other Expenses		4e	1,998	2,131
-	Net Losses from the Disposal of Assets		5	80	-
<b>13,558</b>	<b>Total Expenses from Continuing Operations</b>			<b>15,714</b>	<b>16,591</b>
<b>1,551</b>	<b>Operating Result from Continuing Operations</b>			<b>802</b>	<b>473</b>
<b>1,551</b>	<b>Net Operating Result for the Year</b>			<b>802</b>	<b>473</b>
1,551	<b>Net Operating Result attributable to Council</b>			802	473
<b>1,020</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>			<b>(612)</b>	<b>(1,116)</b>

<sup>1</sup> Original Budget as approved by Council - refer Note 16

<sup>2</sup> Financial Assistance Grants for 13/14 were lower reflecting a one off timing difference due to a change in how the grant was paid in prior years - refer Note 3 (e)



## Temora Shire Council

### Statement of Comprehensive Income for the financial year ended 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
<b>Net Operating Result for the year</b> (as per Income statement)		<b>802</b>	<b>473</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	(20,802)	291
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>(20,802)</b>	<b>291</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
<b>Total Other Comprehensive Income for the year</b>		<b>(20,802)</b>	<b>291</b>
<b>Total Comprehensive Income for the Year</b>		<b>(20,000)</b>	<b>764</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>(20,000)</b>	<b>764</b>

## Temora Shire Council

## Statement of Financial Position

as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	2,166	1,354
Investments	6b	2,008	2,569
Receivables	7	1,688	2,316
Inventories	8	699	660
Other	8	42	57
<b>Total Current Assets</b>		<b>6,603</b>	<b>6,956</b>
<b>Non-Current Assets</b>			
Receivables	7	30	36
Infrastructure, Property, Plant & Equipment	9	199,387	219,387
<b>Total Non-Current Assets</b>		<b>199,417</b>	<b>219,423</b>
<b>TOTAL ASSETS</b>		<b>206,020</b>	<b>226,379</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	1,316	1,720
Borrowings	10	265	251
Provisions	10	4,125	3,833
<b>Total Current Liabilities</b>		<b>5,706</b>	<b>5,804</b>
<b>Non-Current Liabilities</b>			
Payables	10	3	2
Borrowings	10	888	1,154
Provisions	10	46	42
<b>Total Non-Current Liabilities</b>		<b>937</b>	<b>1,198</b>
<b>TOTAL LIABILITIES</b>		<b>6,643</b>	<b>7,002</b>
<b>Net Assets</b>		<b>199,377</b>	<b>219,377</b>
<b>EQUITY</b>			
Retained Earnings	20	71,560	70,758
Revaluation Reserves	20	127,817	148,619
<b>Total Equity</b>		<b>199,377</b>	<b>219,377</b>

## Temora Shire Council

### Statement of Changes in Equity for the financial year ended 30 June 2015

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2015</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		70,758	148,619	219,377	-	219,377
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/14)		<b>70,758</b>	<b>148,619</b>	<b>219,377</b>	<b>-</b>	<b>219,377</b>
<b>c. Net Operating Result for the Year</b>		<b>802</b>	<b>-</b>	<b>802</b>	<b>-</b>	<b>802</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	(20,802)	(20,802)	-	(20,802)
<b>Other Comprehensive Income</b>		<b>-</b>	<b>(20,802)</b>	<b>(20,802)</b>	<b>-</b>	<b>(20,802)</b>
<b>Total Comprehensive Income</b> (c&d)		<b>802</b>	<b>(20,802)</b>	<b>(20,000)</b>	<b>-</b>	<b>(20,000)</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>71,560</b>	<b>127,817</b>	<b>199,377</b>	<b>-</b>	<b>199,377</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2014</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		70,285	148,328	218,613	-	218,613
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/13)		<b>70,285</b>	<b>148,328</b>	<b>218,613</b>	<b>-</b>	<b>218,613</b>
<b>c. Net Operating Result for the Year</b>		<b>473</b>	<b>-</b>	<b>473</b>	<b>-</b>	<b>473</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	291	291	-	291
<b>Other Comprehensive Income</b>		<b>-</b>	<b>291</b>	<b>291</b>	<b>-</b>	<b>291</b>
<b>Total Comprehensive Income</b> (c&d)		<b>473</b>	<b>291</b>	<b>764</b>	<b>-</b>	<b>764</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>70,758</b>	<b>148,619</b>	<b>219,377</b>	<b>-</b>	<b>219,377</b>

## Temora Shire Council

## Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
4,564	Rates & Annual Charges		4,546	4,304
2,467	User Charges & Fees		3,392	5,232
281	Investment & Interest Revenue Received		155	209
7,113	Grants & Contributions		8,984	5,951
-	Bonds, Deposits & Retention amounts received		9	3
3,225	Other		1,279	1,471
<b>Payments:</b>				
(4,751)	Employee Benefits & On-Costs		(6,581)	(6,525)
(5,546)	Materials & Contracts		(4,026)	(5,148)
(71)	Borrowing Costs		(71)	(85)
(2,311)	Other		(2,182)	(2,769)
<b>4,971</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>5,505</b>	<b>2,643</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
56	Sale of Investment Securities		2,569	3,048
-	Sale of Real Estate Assets		14	347
-	Sale of Infrastructure, Property, Plant & Equipment		528	507
14	Deferred Debtors Receipts		9	18
<b>Payments:</b>				
-	Purchase of Investment Securities		(2,008)	(2,069)
(6,072)	Purchase of Infrastructure, Property, Plant & Equipment		(5,334)	(6,244)
-	Purchase of Real Estate Assets		(219)	(30)
<b>(6,002)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(4,441)</b>	<b>(4,423)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
Nil				
<b>Payments:</b>				
(252)	Repayment of Borrowings & Advances		(252)	(238)
<b>(252)</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>(252)</b>	<b>(238)</b>
<b>(1,283)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>812</b>	<b>(2,018)</b>
1,884	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	1,354	3,372
<b>601</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>2,166</b>	<b>1,354</b>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	2,008	2,569
<b>Total Cash, Cash Equivalents &amp; Investments</b>			<b>4,174</b>	<b>3,923</b>

Please refer to Note 11 for additional cash flow information

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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n/a - not applicable

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

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

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

##### (a) Basis of preparation

###### (i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

###### (iii) New and amended standards adopted by Council

During the current year, the following relevant accounting standards became mandatory and have been adopted by Council:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosures of Interests in Other Entities

AASB 10 introduced a new definition of control based on the substance of the relationship and required Councils to consider their involvement with other entities regardless of whether there was a financial interest.

AASB 11 classified joint arrangements into either joint ventures (equity accounting) or joint operations (accounting for share of assets and liabilities).

AASB 12 has increased the level of disclosures required where Council has any interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

###### (iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates.

###### (v) Basis of Accounting

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

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

(iii) certain classes of non current assets that are accounted for at fair valuation.

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

#### (vi) Changes in Accounting Policies

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

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

#### (vii) Critical Accounting Estimates

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

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

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

#### **Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future.

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include the estimated fair values of infrastructure, property, plant and equipment.

#### **Critical judgements in applying Council's accounting policies**

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

#### **(b) Revenue recognition**

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

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

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

Revenue is measured on major income categories as follows:

#### **Rates, Annual Charges, Grants and Contributions**

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

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

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

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

Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, (i) it is probable that the economic benefits comprising the contribution will

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

flow to the Council and **(ii)** the amount of the contribution can be measured reliably.

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

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

#### User Charges, Fees and Other Income

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

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

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

#### Sale of Infrastructure, Property, Plant and Equipment

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

#### Interest and Rents

Interest and rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified or the payment is received, whichever occurs first.

#### (c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2015) and **(ii)** all the related operating results (for the financial year ended the 30th June 2015).

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

#### (i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

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

The following entities have been included as part of the Consolidated Fund:

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

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

- *Springdale Progress Association*
- *Temora Aquatic Club*
- *Ariah Park Swimming Pool Committee*
- *Temora & District Sport and Recreation Centre*
- *Temora's Own Arts and Crafts*
- *Temora Arts Council*

The **(i)** total income and expenditure from continuing operations and **(ii)** the net assets held by these excluded Committees & Operations is as follows:

<b>Total income from continuing operations</b>	\$31,400
<b>Total expenditure from continuing operations</b>	\$30,000
<b>Total net assets held (ie Equity)</b>	\$25,000

#### Note:

Where actual figures are not known, best estimates have been applied.



## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

##### (ii) The Trust Fund

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

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

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

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

##### (iii) Joint Arrangements

Council has no interest in any Joint Arrangements.

##### (iv) Associates

Council has no interest in any Associates.

##### (v) County Councils

Council is a member of the following County Council (which is a body corporate under the Local Government Act);

- **Goldenfields Water County Council**

Local Water Authority

Comprising nine Constituent Councils

The governing body of each County Council is responsible for managing its own affairs.

Council is of the opinion that it neither controls nor significantly influences the above County Council and accordingly this entity has not been consolidated or otherwise included within these financial statements.

##### (vi) Unconsolidated Structured Entities

Council has no interest in any Unconsolidated Structured Entities.

##### (d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either a Finance Lease or an Operating Lease.

##### Finance Leases

Council does not have any Finance Leases as at 30<sup>th</sup> June 2015.

##### Operating Leases

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

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

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

##### (e) Cash and Cash Equivalents

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

- cash **on hand**,
- deposits held **at call** with financial institutions,
- other short-term, highly liquid investments **with original maturities of three months or less** that are readily convertible to known amounts of cash and 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 but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

##### **(f) Investments and Other Financial Assets**

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

- **financial assets at fair value through profit or loss,**
- **loans and receivables,**
- **held-to-maturity investments,** and
- **available-for-sale financial assets.**

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

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

##### **(i) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets that are "held for trading".

Council had not classified any financial assets as held for trading.

##### **(ii) Loans and receivables**

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Council has not classified any financial assets as loans or receivables.

##### **(iii) Held-to-maturity investments**

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

In contrast to the "Loans & Receivables" classification, these investments are generally quoted in an active market.

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

##### **(iv) Available-for-sale financial assets**

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

Council has not classified any financial assets as available-for-sale.

#### **General Accounting & Measurement of Financial Instruments:**

##### **(i) Initial Recognition**

Investments are initially recognised (and measured) at fair value.

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

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

##### **(ii) Subsequent Measurement**

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

##### **Impairment**

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

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

The review conducted as at 30<sup>th</sup> June 2015 found that there was no evidence of impairment for any of Council's financial assets.

##### **(iii) Types of Investments**

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

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

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

##### **(g) Fair value estimation**

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

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

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

##### **(h) Receivables**

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

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

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

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

##### **(i) Inventories**

###### **Raw Materials and Stores, Work in Progress and Finished Goods**

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

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

###### **Land Held for Resale**

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.

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

###### **Acquisition of assets**

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

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

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

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

#### Initial Recognition

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

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

#### Subsequent costs

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

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

#### Asset Revaluations (including Indexation)

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

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

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

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

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

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

#### Capitalisation Thresholds

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

<b>Land</b>	
- Operational Land	100% Capitalised
- Community Land	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

##### Plant & Equipment

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

##### Buildings & Land Improvements

Park Furniture & Equipment	> \$2,000
Building	
- construction/extensions	100% Capitalised
- renovations	> \$10,000
Other Structures	> \$2,000

##### Sewer Assets

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

##### Stormwater Assets

Drains & Culverts	> \$5,000
Other	> \$5,000

##### Transport Assets

Road construction & reconstruction	> \$10,000
Reseal/Re-sheet & major repairs:	> \$10,000
Bridge construction & reconstruction	> \$10,000

##### Other Infrastructure Assets

Swimming Pools	> \$10,000
Other Open Space/Recreational Assets	> \$10,000

Other Infrastructure	> \$10,000
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#### Depreciation

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

Included in Council's depreciation expense is \$177,127 depreciation on Regional Roads. Council does however note that all maintenance and construction costs for Regional Roads are fully grant funded.

Land is not depreciated.

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

##### Plant & Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	4 to 7 years

- Vehicles	5 to 10 years
- Heavy Plant/Road Making equip.	5 to 10 years
- Other plant and equipment	10 years

##### Other Equipment

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

##### Buildings

- Buildings : All	40 to 100 years
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##### Stormwater Drainage

- Drains	100 years
- Culverts	100 years

##### Transportation Assets

- Sealed Roads : Surface	18 - 20 years
- Sealed Roads : Structure	100 years
- Unsealed Roads: Structure	100 years
- Unsealed Roads: Surface	15 - 40 years

- Bridge : Concrete	100 years
- Bridge : Other	100 years

- Road Pavements	20 - 100 years
- Kerb, Gutter & Paths	50 - 100 years

##### Sewer Assets

- Dams and reservoirs	80 to 120 years
- Reticulation pipes : PVC	78 years
- Pumps and telemetry	5 to 15 years

##### Other Infrastructure Assets

- Bulk earthworks	Infinite
- Swimming Pools	50 - 60 years
- Other Open Space/ Recreational Assets	10 - 50 years

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

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

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

##### Disposal and De-recognition

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

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

##### Residual/Preserved Values

Council has adopted residual values for items of Heavy Plant & Road Making Equipment. These residual values approximate the anticipated proceeds on disposal of the item.

Council also recognises a 30% preserved value on road pavements.

##### (k) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community.

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

##### (l) Land under roads

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

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

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

##### (m) Intangible Assets

Council has not classified any assets as Intangible.

##### (n) Crown Reserves

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

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

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

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

##### (o) Rural Fire Service assets

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

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

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

##### (p) Investment property

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

Temora Shire Council does not hold any investment properties as at 30<sup>th</sup> June 2015.



## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

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

Close down, Restoration and Remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas.

Council has undertaken a review of the work required to restore the quarries and tips within its area.

Due to the current working methods being carried out at the sites, restoration costs are negligible and are unable to be accurately identified.

Due to the small cost involved, it has been classified as immaterial and has not been recognised in the financial statements.

##### **(r) Non-Current Assets (or Disposal Groups) “Held for Sale” & Discontinued Operations**

As at 30<sup>th</sup> June 2015, Temora Shire Council did not have any non-current assets held for sale as their carrying amount will principally be recovered through their continuing use.

##### **(s) Impairment of assets**

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

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

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

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

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was deprived of it then depreciated replacement cost is

used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

A review conducted as at 30<sup>th</sup> June 2015 found that no assets held by Temora Shire Council were impaired.

##### **(t) Payables**

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

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

##### **(u) Borrowings**

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

##### **(v) Borrowing costs**

Borrowing costs are expensed.

##### **(w) Provisions**

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

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

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

Provisions are not recognised for future operating losses.

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

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

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

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

#### **(x) Employee benefits**

##### **(i) Short Term Obligations**

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

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

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

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

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

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

##### **(ii) Other Long Term Obligations**

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

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

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

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

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

##### **(iii) Retirement benefit obligations**

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

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

##### **Defined Benefit Plans**

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of



## Temora Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

the superannuation fund's assets at that date and any unrecognised past service cost.

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

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

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

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

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

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20<sup>th</sup> February 2013.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2015 the prior period deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2015 was \$ 210,205.

The amount of additional contributions included in the total employer contribution advised above is \$149,017.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$150,970 as at 30 June 2015.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in these financial statements.

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

#### Defined Contribution Plans

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

#### (iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/06/15.

#### (y) Self insurance

Council does not self insure.

#### (z) Allocation between current and non-current assets & liabilities

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

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

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

##### Exceptions

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

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

##### (aa) Taxes

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

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

##### Goods & Services Tax (GST)

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

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

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

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

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

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

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

##### (ab) New accounting standards and interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2015.

**Council has not adopted any of these standards early.**

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

Apart from the AASB disclosures below, there are no other standards that are "not yet effective" which are expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

##### Applicable to Local Government:

##### **AASB 9 - Financial Instruments** (and associated amending standards)

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

- fair value and
- amortised cost (where financial assets will only be able to be measured at amortised cost where very specific conditions are met).

##### **AASB 15 - Revenue from contracts with customers and associated amending standards**

AASB 15 will introduce a five step process for revenue recognition with the core principle of the new

## Temora Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

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Standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

The full impact of AASB 15 has not yet been ascertained or quantified.  
AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2017.

#### **AASB 124 - Related Party Disclosures**

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties (and fall under the related party reporting requirements).

#### **Not applicable to Local Government per se;**

None

#### **(ac) Rounding of amounts**

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

#### **(ad) Comparative Figures**

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

#### **(ae) Disclaimer**

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

# Temora Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 2(a). Council Functions / Activities - Financial Information

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2015	2015	2014	2015	2015	2014	2015	2015	2014	2015	2014	2015	2014
Governance	16	21	16	447	992	888	(431)	(971)	(872)	56	75	237	260
Administration	-	15	-	-	967	217	-	(952)	(217)	-	-	4,890	9,492
Public Order & Safety	323	685	307	869	813	764	(546)	(128)	(457)	495	280	872	436
Health	1	4	3	112	92	83	(111)	(88)	(80)	50	1	2,649	2,704
Environment	773	605	591	901	890	810	(128)	(285)	(219)	15	47	-	-
Community Services & Education	1,850	2,061	1,879	2,253	2,196	2,141	(403)	(135)	(262)	1,443	1,499	5,006	5,019
Housing & Community Amenities	184	199	168	555	507	546	(371)	(308)	(378)	133	31	8,412	9,955
Sewerage Services	759	749	714	678	593	690	81	156	24	26	25	12,318	11,986
Recreation & Culture	506	498	797	2,241	2,132	2,081	(1,735)	(1,634)	(1,284)	47	71	12,281	12,376
Agriculture	300	324	148	300	361	440	-	(37)	(292)	-	-	-	812
Mining, Manufacturing & Construction	52	68	201	178	197	170	(126)	(129)	31	-	-	-	-
Transport & Communication	2,686	3,956	6,488	4,069	5,054	6,642	(1,383)	(1,098)	(154)	1,810	2,213	155,115	169,937
Economic Affairs	851	661	712	955	920	1,119	(104)	(259)	(407)	52	-	4,240	3,402
<b>Total Functions &amp; Activities</b>	<b>8,301</b>	<b>9,846</b>	<b>12,024</b>	<b>13,558</b>	<b>15,714</b>	<b>16,591</b>	<b>(5,257)</b>	<b>(5,868)</b>	<b>(4,567)</b>	<b>4,127</b>	<b>4,242</b>	<b>206,020</b>	<b>226,379</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income <sup>1</sup>	6,808	6,670	5,040	-	-	-	6,808	6,670	5,040	3,192	1,610	-	-
<b>Operating Result from Continuing Operations</b>	<b>15,109</b>	<b>16,516</b>	<b>17,064</b>	<b>13,558</b>	<b>15,714</b>	<b>16,591</b>	<b>1,551</b>	<b>802</b>	<b>473</b>	<b>7,319</b>	<b>5,852</b>	<b>206,020</b>	<b>226,379</b>

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), Untied General Purpose Grants & Unrestricted Interest & Investment Income.

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

#### **GOVERNANCE**

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

#### **ADMINISTRATION**

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

#### **PUBLIC ORDER & SAFETY**

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

#### **HEALTH**

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

#### **ENVIRONMENT**

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

#### **COMMUNITY SERVICES & EDUCATION**

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

#### **HOUSING & COMMUNITY AMENITIES**

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

#### **SEWERAGE SERVICES**

#### **RECREATION & CULTURE**

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

#### **AGRICULTURE**

#### **MINING, MANUFACTURING & CONSTRUCTION**

Building control, quarries & pits, other.

#### **TRANSPORT & COMMUNICATION**

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

#### **ECONOMIC AFFAIRS**

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

## Temora Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

#### Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		1,228	1,193
Farmland		1,721	1,678
Business		445	430
<b>Total Ordinary Rates</b>		<b>3,394</b>	<b>3,301</b>
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		365	341
Sewerage Services		646	595
Waste Management Services (non-domestic)		88	79
<b>Total Annual Charges</b>		<b>1,099</b>	<b>1,015</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>4,493</b>	<b>4,316</b>

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

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		73	66
Sewerage Services		14	14
Waste Management Services (non-domestic)		31	29
<b>Total User Charges</b>		<b>118</b>	<b>109</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Planning & Building Regulation		113	93
Private Works - Section 67		94	68
Section 149 Certificates (EPA Act)		15	13
Section 603 Certificates		15	12
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>237</b>	<b>186</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Aerodrome		5	3
Animal Control		5	7
Caravan Park		141	160
Cemeteries		67	62
Cinema		125	130
CTC - Printing & Laminating		4	4
Frail & Aged		606	364
RMS (formerly RTA) Charges (State Roads not controlled by Council)		1,664	3,839
Saleyards		43	51
Sports Stadium		12	13
Swimming Centres		158	154
Tourism Information Centre		24	27
Other		3	5
<b>Total Fees &amp; Charges - Other</b>		<b>2,857</b>	<b>4,819</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>3,212</b>	<b>5,114</b>

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		15	18
- Interest earned on Investments (interest & coupon payment income)		123	190
<b>TOTAL INTEREST &amp; INVESTMENT REVENUE</b>		<b>138</b>	<b>208</b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		13	15
<b>Restricted Investments/Funds - External:</b>			
Sewerage Fund Operations		27	27
Domestic Waste Management operations		11	15
Other Externally Restricted Assets		16	37
<b>Restricted Investments/Funds - Internal:</b>			
Internally Restricted Assets		71	114
<b>Total Interest &amp; Investment Revenue Recognised</b>		<b>138</b>	<b>208</b>
<b>(d) Other Revenues</b>			
Rental Income - Other Council Properties		225	215
Legal Fees Recovery - Rates & Charges (Extra Charges)		16	12
Bushfire - Purchase Local Items		27	17
Bushfire - Section 44 Claims		-	3
Commissions & Agency Fees- RTA Motor Agency		131	125
Diesel Rebate		64	125
Donations		1	1
Gravel Royalties		4	135
Insurance Claim Recoveries		62	-
Research Station Revenues		306	146
Risk Management Bonus		53	28
Contribution for Wages		24	-
Sale of Advertising - Tourism Booklet		32	-
Bushfire - Reimbursable Items		80	-
Other		6	13
<b>TOTAL OTHER REVENUE</b>		<b>1,031</b>	<b>820</b>



## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	1,971	962	-	-
Financial Assistance - Local Roads Component	1,152	580	-	-
Pensioners' Rates Subsidies - General Component	69	68	-	-
<b>Total General Purpose</b>	<b>3,192</b>	<b>1,610</b>	<b>-</b>	<b>-</b>

<sup>1</sup> The Financial Assistance Grant for the comparative 13/14 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 13/14 year by up to 50% as had occurred in previous years.

#### Specific Purpose

##### Pensioners' Rates Subsidies:

- Sewerage	26	25	-	-
- Domestic Waste Management	22	21	-	-
Bundawarra Centre	-	-	-	15
Bushfire & Emergency Services	495	280	-	-
Cycleways	-	-	76	115
Employment & Training Programs	33	15	-	-
Environmental Protection	15	-	-	-
Heritage & Cultural	8	10	100	-
Home & Community Care Services	1,408	1,499	-	-
Library	31	27	16	-
LIRS Subsidy	52	61	-	-
Noxious Weeds	50	47	-	-
PAMPs Works	-	-	20	43
Recreation & Culture	-	-	-	8
Road Safety Officer	87	83	-	-
Street Lighting	40	40	-	-
Transport (Flood Damage Local Roads)	-	363	16	-
Transport (Flood Damage Regional Roads)	-	1	-	-
Transport (Flood Damage State Roads)	-	6	1	-
Transport (Roads to Recovery)	445	391	-	-
Transport (Other Roads & Bridges Funding)	-	-	384	422
Transport (Repair Program)	121	-	-	107
Transport (Other)	4	-	7	-
Transport (Regional Roads Block Grant)	136	224	474	418
Town Hall Theatre - Upgrade to Digital Projector	-	-	-	20
Youth Services	2	-	33	-
Town Planning	25	-	-	-
Other	-	1	-	-
<b>Total Specific Purpose</b>	<b>3,000</b>	<b>3,094</b>	<b>1,127</b>	<b>1,148</b>
<b>Total Grants</b>	<b>6,192</b>	<b>4,704</b>	<b>1,127</b>	<b>1,148</b>

#### Grant Revenue is attributable to:

- State Funding	6,192	4,704	1,127	1,148
	<b>6,192</b>	<b>4,704</b>	<b>1,127</b>	<b>1,148</b>

## Temora Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>				
Nil				
<b>Other Contributions:</b>				
Economic Development	8	7	-	-
FBT Contributions	21	16	-	-
Footpath Contributions	-	-	9	23
Heated Swimming Pool Contributions	-	-	-	363
Kerb & Gutter	-	-	15	45
Lions Park - Lions Club Contribution	-	-	5	10
Other Councils - Joint Works/Services	-	-	178	-
Sewerage (excl. Section 64 contributions)	-	-	2	-
Tourism	-	1	-	-
Travel Contributions	7	10	-	-
Contributions for Aerodrome Fuel Facility Cover	-	-	78	-
<b>Total Other Contributions</b>	<b>36</b>	<b>34</b>	<b>287</b>	<b>441</b>
<b>Total Contributions</b>	<b>36</b>	<b>34</b>	<b>287</b>	<b>441</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>6,228</b>	<b>4,738</b>	<b>1,414</b>	<b>1,589</b>

\$ '000	Actual 2015	Actual 2014
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**(g) Restrictions relating to Grants and Contributions**

**Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:**

Unexpended at the Close of the Previous Reporting Period	703	884
add: Grants & contributions recognised in the current period but not yet spent:	691	703
less: Grants & contributions recognised in a previous reporting period now spent:	(703)	(884)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>(12)</b>	<b>(181)</b>
<b>Unexpended and held as Restricted Assets</b>	<b>691</b>	<b>703</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	691	703
	<b>691</b>	<b>703</b>

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		5,289	4,985
Travelling		-	22
Employee Leave Entitlements (ELE)		986	724
ELE On-costs		111	44
Superannuation - Defined Contribution Plans		404	410
Superannuation - Defined Benefit Plans		267	279
Workers' Compensation Insurance		399	256
Fringe Benefit Tax (FBT)		123	104
Training Costs (other than Salaries & Wages)		86	69
Staff Uniforms & Safety Clothing		18	17
<b>Total Employee Costs</b>		<b>7,683</b>	<b>6,910</b>
less: Capitalised Costs		(861)	(660)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>6,822</b>	<b>6,250</b>
Number of "Equivalent Full Time" Employees at year end		<b>88</b>	<b>86</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		68	103
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>68</b>	<b>103</b>
<b>(ii) Other Borrowing Costs</b>			
Nil			
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>68</b>	<b>103</b>
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		4,629	6,295
Contractor & Consultancy Costs		2,598	3,194
Auditors Remuneration <sup>(1)</sup>		20	20
Legal Expenses:			
- Legal Expenses: Debt Recovery		16	12
- Legal Expenses: Other		19	3
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payment <sup>(2)</sup>		41	23
<b>Total Materials &amp; Contracts</b>		<b>7,323</b>	<b>9,547</b>
less: Capitalised Costs		(4,156)	(4,780)
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>3,167</b>	<b>4,767</b>

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Materials &amp; Contracts (continued)</b>			
<b>1. Auditor Remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
<b>Audit and Other Assurance Services</b>			
- Audit & review of financial statements: Council's Auditor		20	20
<b>Remuneration for audit and other assurance services</b>		<b>20</b>	<b>20</b>
<b>Total Auditor Remuneration</b>		<b>20</b>	<b>20</b>
<b>2. Operating Lease Payments are attributable to:</b>			
Photocopier		41	23
		<b>41</b>	<b>23</b>

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
Plant and Equipment		-	-	679	647
Office Equipment		-	-	85	118
Furniture & Fittings		-	-	23	22
Property, Plant & Equipment - Leased		-	-	-	4
Land Improvements (depreciable)		-	-	24	22
Buildings - Non Specialised		-	-	160	157
Buildings - Specialised		-	-	203	192
Leasehold Improvements		-	-	30	27
Other Structures		-	-	36	34
Infrastructure:					
- Roads		-	-	1,761	1,571
- Bridges		-	-	131	128
- Footpaths		-	-	65	54
- Stormwater Drainage		-	-	66	65
- Sewerage Network		-	-	206	197
- Swimming Pools		-	-	42	35
- Other Open Space/Recreational Assets		-	-	31	28
Other Assets					
- Library Books		-	-	1	-
- Other		-	-	114	104
<b>Total Depreciation &amp; Impairment Costs</b>		<b>-</b>	<b>-</b>	<b>3,657</b>	<b>3,405</b>
less: Capitalised Costs		-	-	(78)	(65)
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>-</b>	<b>-</b>	<b>3,579</b>	<b>3,340</b>

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		58	59
Bad & Doubtful Debts		2	7
Bank Charges		22	21
Cleaning		107	101
Conferences		11	16
Contributions/Levies to Other Levels of Government			
- Bushfire Fighting Fund		223	149
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		9	15
- NSW Fire Brigade Levy		31	31
Councillor Expenses - Mayoral Fee		15	15
Councillor Expenses - Councillors' Fees		74	72
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		24	20
Donations, Contributions & Assistance to other organisations (Section 356)		141	169
Electricity & Heating		298	354
Insurance		314	325
Office Expenses (including computer expenses)		165	260
Postage		24	16
Printing & Stationery		68	59
Street Lighting		108	125
Subscriptions & Publications		31	38
Telephone & Communications		127	157
Valuation Fees		31	31
Water		116	91
<b>Total Other Expenses</b>		<b>1,999</b>	<b>2,131</b>
less: Capitalised Costs		(1)	-
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>1,998</u></b>	<b><u>2,131</u></b>

## Temora Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2015	Actual 2014
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal - Property		334	6
less: Carrying Amount of Property Assets Sold / Written Off		(306)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>28</b>	<b>6</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		194	501
less: Carrying Amount of P&E Assets Sold / Written Off		(164)	(313)
<b>Net Gain/(Loss) on Disposal</b>		<b>30</b>	<b>188</b>
<b>Infrastructure</b>			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(208)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>(208)</b>	<b>-</b>
<b>Real Estate Assets Held For Sale</b>			
Proceeds from Disposal - Real Estate Assets		239	347
less: Carrying Amount of Real Estate Assets Sold / Written Off		(169)	(262)
<b>Net Gain/(Loss) on Disposal</b>		<b>70</b>	<b>85</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		2,569	3,048
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(2,569)	(3,048)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(80)</b>	<b>279</b>

## Temora Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		502	-	286	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		1,108	-	-	-
- Short Term Deposits		556	-	1,068	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>2,166</b>	<b>-</b>	<b>1,354</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Long Term Deposits		2,008	-	2,569	-
<b>Total Investments</b>		<b>2,008</b>	<b>-</b>	<b>2,569</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>4,174</b>	<b>-</b>	<b>3,923</b>	<b>-</b>

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

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

**Cash & Cash Equivalents**

<b>a. "At Fair Value through the Profit &amp; Loss"</b>		<b>2,166</b>	<b>-</b>	<b>1,354</b>	<b>-</b>
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**Investments**

<b>b. "Held to Maturity"</b>	6(b-ii)	2,008	-	2,569	-
<b>Investments</b>		<b>2,008</b>	<b>-</b>	<b>2,569</b>	<b>-</b>

**Note 6(b-i)****Reconciliation of Investments classified as "Held to Maturity"**

Balance at the Beginning of the Year		2,569	-	3,548	-
Additions		2,008	-	2,069	-
Disposals (sales & redemptions)		(2,569)	-	(3,048)	-
<b>Balance at End of Year</b>		<b>2,008</b>	<b>-</b>	<b>2,569</b>	<b>-</b>

**Comprising:**

- Long Term Deposits		2,008	-	2,569	-
<b>Total</b>		<b>2,008</b>	<b>-</b>	<b>2,569</b>	<b>-</b>

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

## Temora Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015	2015	2014	2014
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	4,174	-	3,923	-
<b>attributable to:</b>				
External Restrictions (refer below)	1,991	-	1,767	-
Internal Restrictions (refer below)	2,183	-	2,154	-
Unrestricted	-	-	2	-
	<u>4,174</u>	<u>-</u>	<u>3,923</u>	<u>-</u>

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
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## Details of Restrictions

## External Restrictions - Included in Liabilities

Nil

## External Restrictions - Other

Specific Purpose Unexpended Grants	(F)	703	-	(12)	691
Sewerage Services	(G)	783	147	-	930
Domestic Waste Management	(G)	281	89	-	370
<b>External Restrictions - Other</b>		<u>1,767</u>	<u>236</u>	<u>(12)</u>	<u>1,991</u>
<b>Total External Restrictions</b>		<u>1,767</u>	<u>236</u>	<u>(12)</u>	<u>1,991</u>

## Internal Restrictions

Employees Leave Entitlement		1,068	-	(180)	888
Aerodrome Estate Reserve		140	-	(140)	-
Carry Over Works		375	361	-	735
Capital Expenditure from Reserves		189	-	(89)	100
State Roads Maintenance		-	65	-	65
Gravel Royalty		160	8	-	168
Industrial Development		200	-	-	200
Izumizaki Donation		2	-	-	2
Medical Complex		15	10	-	25
Springdale Hall Maintenance Reserve		5	-	(5)	-
<b>Total Internal Restrictions</b>		<u>2,154</u>	<u>444</u>	<u>(414)</u>	<u>2,183</u>
<b>TOTAL RESTRICTIONS</b>		<u>3,921</u>	<u>680</u>	<u>(426)</u>	<u>4,174</u>

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

G Sewerage and Domestic Waste Management (DWM) are externally restricted assets and must be applied for the purposes for which they were raised.



## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		145	-	198	-
Interest & Extra Charges		24	-	24	-
User Charges & Fees		388	-	446	-
Capital Debtors (being sale of assets)					
- Sale of Land		225	-	-	-
Accrued Revenues					
- Interest on Investments		16	-	33	-
- Other Income Accruals		283	-	54	-
Deferred Debtors		41	30	44	36
Government Grants & Subsidies		473	-	1,502	-
Net GST Receivable		78	-	-	-
Other Debtors		19	-	25	-
<b>Total</b>		<b>1,692</b>	<b>30</b>	<b>2,326</b>	<b>36</b>
<b>less: Provision for Impairment</b>					
User Charges & Fees		(4)	-	(10)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(4)</b>	<b>-</b>	<b>(10)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>1,688</u></b>	<b><u>30</u></b>	<b><u>2,316</u></b>	<b><u>36</u></b>
<b>Externally Restricted Receivables</b>					
<b>Sewerage Services</b>					
- Rates & Availability Charges		30	-	35	-
- Other		711	-	7	-
<b>Domestic Waste Management</b>		<b>21</b>	<b>-</b>	<b>28</b>	<b>-</b>
<b>Total External Restrictions</b>		<b>762</b>	<b>-</b>	<b>70</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>926</b>	<b>30</b>	<b>2,246</b>	<b>36</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>1,688</u></b>	<b><u>30</u></b>	<b><u>2,316</u></b>	<b><u>36</u></b>

#### Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 8.50% (2014 9.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 8. Inventories & Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		520	-	470	-
Stores & Materials		179	-	190	-
<b>Total Inventories</b>		<b>699</b>	<b>-</b>	<b>660</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		42	-	57	-
<b>Total Other Assets</b>		<b>42</b>	<b>-</b>	<b>57</b>	<b>-</b>
<b>TOTAL INVENTORIES/ OTHER ASSETS</b>		<b>741</b>	<b>-</b>	<b>717</b>	<b>-</b>

#### Externally Restricted Assets

There are no restrictions applicable to the above assets.

#### Other Disclosures

##### (a) Details for Real Estate Development

Residential		408	-	358	-
Industrial/Commercial		112	-	112	-
<b>Total Real Estate for Resale</b>		<b>520</b>	<b>-</b>	<b>470</b>	<b>-</b>

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

##### Represented by:

Acquisition Costs & Development Costs		520	-	470	-
<b>Total Costs</b>		<b>520</b>	<b>-</b>	<b>470</b>	<b>-</b>
<b>Total Real Estate for Resale</b>		<b>520</b>	<b>-</b>	<b>470</b>	<b>-</b>

##### Movements:

Real Estate assets at beginning of the year		470	-	767	-
- Purchases and other costs		219	-	30	-
- Transfers in from (out to) Note 9		-	-	(65)	-
- WDV of Sales (exp)	5	(169)	-	(262)	-
<b>Total Real Estate for Resale</b>		<b>520</b>	<b>-</b>	<b>470</b>	<b>-</b>

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

The following Inventories & Other Assets, even though classified as current are not expected to be recovered in the next 12 months;

	2015	2014
Real Estate for Resale	320	-
	<b>320</b>	<b>-</b>

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other assets held.

Notes to the Financial Statements  
for the financial year ended 30 June 2015

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2014				Asset Movements during the Reporting Period						as at 30/6/2015			
	At	At	Accumulated	Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At	At	Accumulated	Carrying
	Cost	Fair Value	Dep'n	Value							Cost	Fair Value	Dep'n	Value
Capital Work in Progress	805	-	-	805	387	-	-	(730)	-	-	462	-	-	462
Plant & Equipment	-	7,824	3,626	4,198	1,049	(164)	(679)	1	-	-	-	8,113	3,709	4,404
Office Equipment	-	1,205	933	272	45	-	(85)	-	-	-	-	1,250	1,018	232
Furniture & Fittings	-	241	89	152	13	-	(23)	-	-	-	-	254	112	142
Plant & Equipment (under Finance Lease)	-	67	67	-	-	-	-	-	-	-	-	-	-	-
<b>Land:</b>														
- Operational Land	-	3,186	-	3,186	7	(278)	-	-	-	-	-	2,915	-	2,915
- Community Land	-	1,307	-	1,307	-	-	-	-	-	-	-	1,307	-	1,307
Land Improvements - depreciable	-	512	86	426	29	-	(24)	-	-	-	-	541	110	431
Buildings - Non Specialised	-	13,247	4,737	8,510	211	(6)	(160)	1	-	-	-	13,369	4,813	8,556
Buildings - Specialised	-	16,676	3,986	12,690	280	(22)	(203)	37	-	-	-	16,751	3,969	12,782
Leasehold Improvements	-	546	141	405	83	-	(30)	-	-	-	-	629	171	458
Other Structures	-	1,056	321	735	1	-	(36)	-	-	-	-	1,053	353	700
<b>Infrastructure:</b>														
- Roads	-	172,656	80,625	92,031	1,715	-	(1,761)	-	(7,688)	-	-	135,571	51,274	84,297
- Bridges	-	10,456	2,882	7,574	719	(208)	(131)	691	(1,205)	-	-	9,213	1,773	7,440
- Footpaths	-	2,653	1,029	1,624	290	-	(65)	-	-	774	-	3,796	1,173	2,623
- Bulk Earthworks (non-depreciable)	-	61,823	-	61,823	-	-	-	-	(10,816)	-	-	51,007	-	51,007
- Stormwater Drainage	-	14,202	8,566	5,636	213	-	(66)	-	-	879	-	11,672	5,010	6,662
- Bulk Earthworks (Stormwater)	-	2,903	-	2,903	-	-	-	-	(2,903)	-	-	-	-	-
- Sewerage Network	-	18,446	7,753	10,693	-	-	(206)	-	-	157	-	18,722	8,078	10,644
- Swimming Pools	-	2,603	1,403	1,200	-	-	(42)	-	-	-	-	2,603	1,445	1,158
- Other Open Space/Recreational Assets	-	509	205	304	14	-	(31)	-	-	-	-	526	239	287
<b>Other Assets:</b>														
- Library Books	-	60	14	46	1	-	(1)	-	-	-	-	61	15	46
- Other	-	3,788	921	2,867	81	-	(114)	-	-	-	-	3,869	1,035	2,834
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>805</b>	<b>335,966</b>	<b>117,384</b>	<b>219,387</b>	<b>5,138</b>	<b>(678)</b>	<b>(3,657)</b>	<b>-</b>	<b>(22,612)</b>	<b>1,810</b>	<b>462</b>	<b>283,222</b>	<b>84,297</b>	<b>199,387</b>

Additions to Buildings & Infrastructure Assets (including those in Work in Progress) are made up of Asset Renewals (\$1,999) and New Assets (\$1,746). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other Infrastructure, Property, Plant & Equipment.

## Temora Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2015

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

\$ '000 Class of Asset	Actual 2015				Actual 2014			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Sewerage Services</b>								
WIP	-	3	-	3	-	-	-	-
Plant & Equipment	-	14	4	10	-	14	3	11
Infrastructure	-	18,708	8,074	10,634	-	18,432	7,750	10,682
<b>Total Sewerage Services</b>	-	18,725	8,078	10,647	-	18,446	7,753	10,693
<b>Domestic Waste Management</b>								
Plant & Equipment	-	274	65	209	-	474	235	238
Land								
- Operational Land	-	24	-	24	-	25	-	25
- Improvements - depreciable	-	46	6	40	-	-	-	-
Buildings	-	4	2	2	-	4	2	2
Other Structures	-	9	3	6	-	10	3	7
Other Assets	-	28	28	-	-	75	34	42
<b>Total DWM</b>	-	385	104	281	-	588	274	314
<b>TOTAL RESTRICTED I,PP&amp;E</b>	-	19,110	8,182	10,928	-	19,034	8,027	11,007

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

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

## Temora Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 10a. Payables, Borrowings &amp; Provisions

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		714	-	972	-
Goods & Services - capital expenditure		143	-	418	-
Accrued Expenses:					
- Borrowings		15	-	18	-
- Other Expenditure Accruals		330	3	181	2
Security Bonds, Deposits & Retentions		114	-	105	-
ATO - Net GST Payable		-	-	26	-
<b>Total Payables</b>		<b>1,316</b>	<b>3</b>	<b>1,720</b>	<b>2</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		265	888	251	1,154
<b>Total Borrowings</b>		<b>265</b>	<b>888</b>	<b>251</b>	<b>1,154</b>
<b>Provisions</b>					
<b>Employee Benefits:</b>					
Annual Leave		883	-	868	-
Sick Leave		1,563	-	1,417	-
Long Service Leave		1,679	46	1,548	42
<b>Total Provisions</b>		<b>4,125</b>	<b>46</b>	<b>3,833</b>	<b>42</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>5,706</b>	<b>937</b>	<b>5,804</b>	<b>1,198</b>
<b>(i) Liabilities relating to Restricted Assets</b>					
		2015		2014	
		Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>					
Sewer		-	-	7	-
Domestic Waste Management		7	-	2	-
Liabilities relating to externally restricted assets		7	-	9	-
<b>Internally Restricted Assets</b>					
Nil					
<b>Total Liabilities relating to restricted assets</b>		7	-	9	-
<b>Total Liabilities relating to Unrestricted Assets</b>		5,699	937	5,795	1,198
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>		<b>5,706</b>	<b>937</b>	<b>5,804</b>	<b>1,198</b>

<sup>1</sup> Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Actual 2015	Actual 2014
---------	----------------	----------------

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

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

Provisions - Employees Benefits	3,615	2,956
	<u>3,615</u>	<u>2,956</u>

#### Note 10b. Description of and movements in Provisions

Class of Provision	2014		2015			Closing Balance as at 30/6/15
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	868	397	(393)	11	-	883
Sick Leave	1,417	221	(114)	39	-	1,563
Long Service Leave	1,590	268	(178)	45	-	1,725
<b>TOTAL</b>	<b>3,875</b>	<b>886</b>	<b>(685)</b>	<b>95</b>	<b>-</b>	<b>4,171</b>

- a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	2,166	1,354
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>2,166</b>	<b>1,354</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>802</b>	<b>473</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		3,579	3,340
Net Losses/(Gains) on Disposal of Assets		80	(279)
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		856	(788)
Increase/(Decrease) in Provision for Doubtful Debts		(6)	(5)
Decrease/(Increase) in Inventories		11	(97)
Decrease/(Increase) in Other Assets		15	163
Increase/(Decrease) in Payables		(258)	(12)
Increase/(Decrease) in accrued Interest Payable		(3)	18
Increase/(Decrease) in other accrued Expenses Payable		150	49
Increase/(Decrease) in Other Liabilities		(17)	20
Increase/(Decrease) in Employee Leave Entitlements		296	(239)
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>5,505</b>	<b>2,643</b>
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Nil			
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdraft Facilities <sup>(1)</sup>		200	200
Credit Cards / Purchase Cards		30	30
<b>Total Financing Arrangements</b>		<b>230</b>	<b>230</b>
<b>Amounts utilised as at Balance Date:</b>			
- Credit Cards / Purchase Cards		16	10
<b>Total Financing Arrangements Utilised</b>		<b>16</b>	<b>10</b>

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

Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

#### **(ii) Secured Loan Liabilities**

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

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Grogan Creek Bridge		-	811
<b>Total Commitments</b>		<b>-</b>	<b>811</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		-	811
<b>Total Payable</b>		<b>-</b>	<b>811</b>
<b>Sources for Funding of Capital Commitments:</b>			
Future Grants & Contributions		-	811
<b>Total Sources of Funding</b>		<b>-</b>	<b>811</b>

#### (b) Finance Lease Commitments

Nil

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

##### a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:

Within the next year	56	44
Later than one year and not later than 5 years	126	144
Later than 5 years	-	-
<b>Total Non Cancellable Operating Lease Commitments</b>	<b>182</b>	<b>188</b>

##### 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.

#### (d) Investment Property Commitments

Nil



## Temora Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014    2013	
<b>Local Government Industry Indicators - Consolidated</b>				
<b>1. Operating Performance Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<u>(532)</u>	<b>-3.52%</b>	-9.18%	3.09%
Total continuing operating revenue <sup>(1)</sup> (excl. Capital Grants & Contributions)	<b>15,102</b>			
<b>2. Own Source Operating Revenue Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(excl. ALL Grants &amp; Contributions)</u>	<u>8,874</u>	<b>53.73%</b>	62.31%	53.65%
Total continuing operating revenue <sup>(1)</sup>	<b>16,516</b>			
<b>3. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(2)</sup>	<u>3,530</u>	<b>1.69x</b>	1.80	3.07
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	<u>2,084</u>			
<b>4. Debt Service Cover Ratio</b>				
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation	<u>3,115</u>	<b>9.73x</b>	6.01	0.00
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	<u>320</u>			
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual and Extra Charges Outstanding	<u>169</u>	<b>3.56%</b>	4.88%	4.74%
Rates, Annual and Extra Charges Collectible	<u>4,746</u>			
<b>6. Cash Expense Cover Ratio</b>				
Current Year's Cash and Cash Equivalents + All Term Deposits	<u>4,174</u>	<b>3.82 mths</b>	3.19	6.40
Payments from cash flow of operating and financing activities	<u>1,093</u>			

## Notes

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

(2) Refer Notes 6-8 inclusive.

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

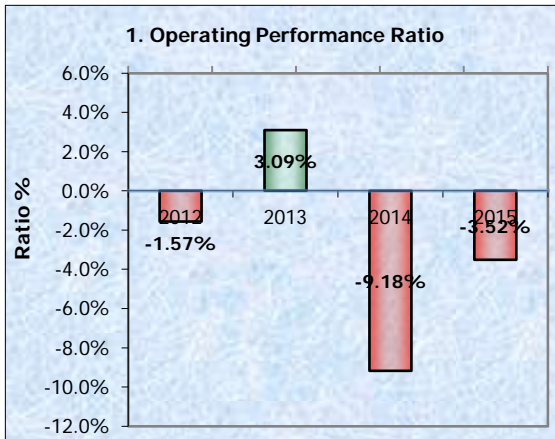
(3) Refer to Note 10(a).

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

# Temora Shire Council

## Notes to the Financial Statements for the financial year ended 30 June 2015

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



**Purpose of Operating Performance Ratio**

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

**Commentary on 2014/15 Result**

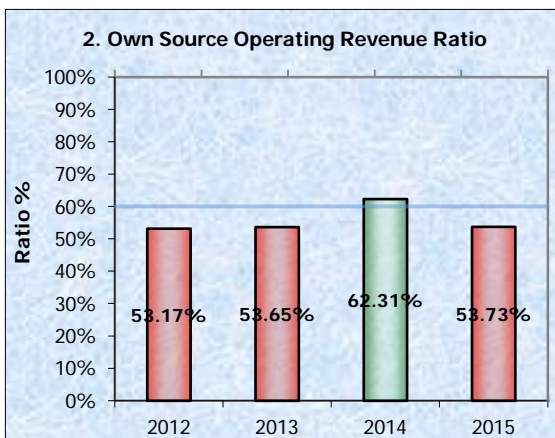
**2014/15 Ratio -3.52%**

Council's operating performance has improved on last year. Asset revaluation increments continue to result in increased depreciation expense.

Benchmark: Minimum  $\geq 0.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
 Ratio is outside Benchmark



**Purpose of Own Source Operating Revenue Ratio**

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions.

**Commentary on 2014/15 Result**

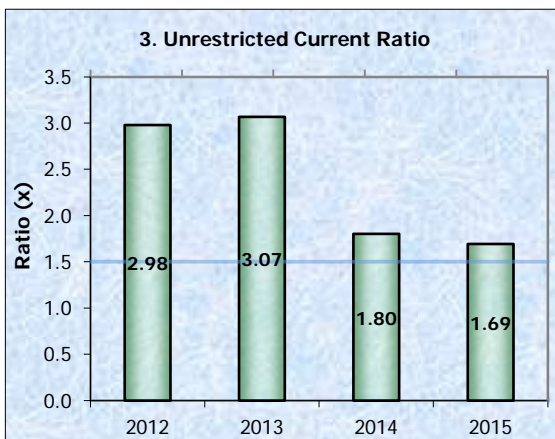
**2014/15 Ratio 53.73%**

Grants and contributions have increased this year - particularly FAGS. This has resulted in a deleterious effect on Council's Own Source Revenue.

Benchmark: Minimum  $\geq 60.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
 Ratio is outside Benchmark



**Purpose of Unrestricted Current Ratio**

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

**Commentary on 2014/15 Result**

**2014/15 Ratio 1.69x**

This ratio is a reflection of Council's sound financial position.

Benchmark: Minimum  $\geq 1.50$

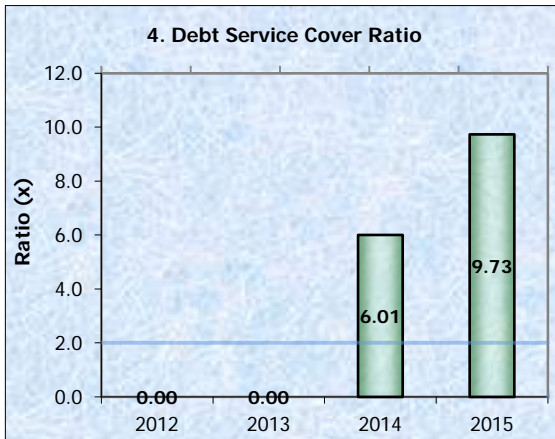
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
 Ratio is outside Benchmark

# Temora Shire Council

## Notes to the Financial Statements for the financial year ended 30 June 2015

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



**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 2014/15 Result**

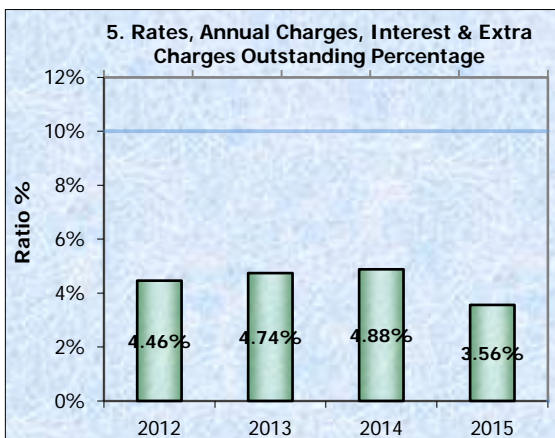
**2014/15 Ratio 9.73x**

Council only has one loan which was taken out to partially finance the construction of a new medical complex.

Benchmark: ——— Minimum  $\geq 2.00$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

 Ratio is within Benchmark  
 Ratio is outside Benchmark



**Purpose of Rates & 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 2014/15 Result**

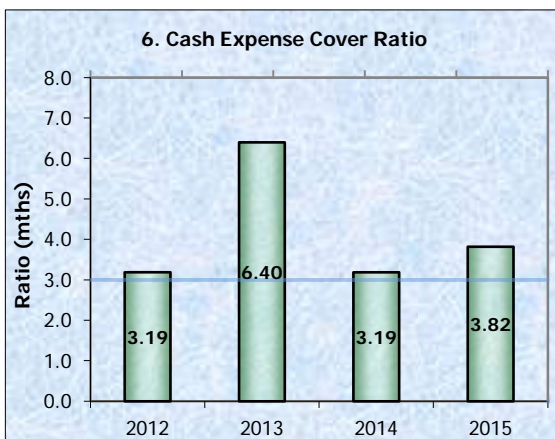
**2014/15 Ratio 3.56%**

Council has improved its rates outstanding percentage through a focused effort in this area.

Benchmark: ——— Maximum  $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

 Ratio is within Benchmark  
 Ratio is outside Benchmark



**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 2014/15 Result**

**2014/15 Ratio 3.82 mths**

Council plans to build up its cash reserves over the coming years.

Benchmark: ——— Minimum  $\geq 3.00$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

 Ratio is within Benchmark  
 Ratio is outside Benchmark

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Sewer 2015	General <sup>5</sup> 2015
<b>Local Government Industry Indicators - by Fund</b>		
<b>1. Operating Performance Ratio</b>		
Total continuing operating revenue <sup>(1)</sup>		
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<b>23.68%</b>	<b>-5.00%</b>
Total continuing operating revenue <sup>(1)</sup>		
(excl. Capital Grants & Contributions) prior period:	3.36%	-9.80%
<b>2. Own Source Operating Revenue Ratio</b>		
Total continuing operating revenue <sup>(1)</sup>		
<u>(excl. ALL Grants &amp; Contributions)</u>	<b>96.53%</b>	<b>51.62%</b>
Total continuing operating revenue <sup>(1)</sup> prior period:	96.50%	60.79%
<b>3. Unrestricted Current Ratio</b>		
<u>Current Assets less all External Restrictions <sup>(2)</sup></u>	No Liabilities	<b>1.69x</b>
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup> prior period:	184.71	1.80
<b>4. Debt Service Cover Ratio</b>		
<u>Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation</u>	<b>0.00</b>	<b>8.52x</b>
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement) prior period:	0.00	5.36
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>		
<u>Rates, Annual and Extra Charges Outstanding</u>	<b>4.43%</b>	<b>3.42%</b>
Rates, Annual and Extra Charges Collectible prior period:	5.47%	4.78%
<b>6. Cash Expense Cover Ratio</b>		
<u>Current Year's Cash and Cash Equivalents + All Term Deposits</u> x12	<b>0.00</b>	<b>2.97 mths</b>
Payments from cash flow of operating and financing activities prior period:	0.00	2.55

#### Notes

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

(5) General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 14. Investment Properties

\$ '000

Council has not classified any Land or Buildings as "Investment Properties"

#### Note 15. Financial Risk Management

##### Risk Management

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

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

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

Financial risk management is carried out by Council's Finance Section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2015	2014	2015	2014
<b>Financial Assets</b>				
Cash and Cash Equivalents	2,166	1,354	2,166	1,354
Investments				
- "Held to Maturity"	2,008	2,569	2,008	2,569
Receivables	1,718	2,352	1,718	2,352
<b>Total Financial Assets</b>	<b>5,892</b>	<b>6,275</b>	<b>5,892</b>	<b>6,275</b>
<b>Financial Liabilities</b>				
Payables	1,319	1,722	1,319	1,722
Loans / Advances	1,153	1,405	1,153	1,405
<b>Total Financial Liabilities</b>	<b>2,472</b>	<b>3,127</b>	<b>2,472</b>	<b>3,127</b>

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of financial assets & liabilities

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (a) Cash & Cash Equivalents, Financial assets 'at fair value through the profit & Loss' "Available-for-sale" financial assets & "Held-to-maturity" Investments

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

Council's Finance area manages the Cash & Investments portfolio.

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and its staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The 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.

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
<b>2015</b>				
Possible impact of a 1% movement in Interest Rates	42	42	(42)	(42)
<b>2014</b>				
Possible impact of a 1% movement in Interest Rates	39	39	(39)	(39)



## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (b) Receivables

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

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

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

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

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

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:

	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
<b>(i) Ageing of Receivables - %</b>				
Current (not yet overdue)	0%	78%	0%	88%
Overdue	100%	22%	100%	12%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

		2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
<b>(ii) Ageing of Receivables - value</b>					
<b>Rates &amp; Annual Charges</b>	<b>Other Receivables</b>				
Current	Current	-	1,235	-	1,905
< 1 year overdue	0 - 30 days overdue	75	33	102	61
1 - 2 years overdue	30 - 60 days overdue	44	74	60	11
2 - 5 years overdue	60 - 90 days overdue	16	21	22	1
> 5 years overdue	> 90 days overdue	10	214	14	186
		<b>145</b>	<b>1,577</b>	<b>198</b>	<b>2,164</b>

##### (iii) Movement in Provision for Impairment of Receivables

	2015	2014
Balance at the beginning of the year	10	15
+ new provisions recognised during the year	1	1
- amounts already provided for & written off this year	(7)	(6)
<b>Balance at the end of the year</b>	<b>4</b>	<b>10</b>

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2015</b>									
Trade/Other Payables	114	1,205	-	-	-	-	-	1,319	1,319
Loans & Advances	-	265	280	296	312	-	-	1,153	1,153
<b>Total Financial Liabilities</b>	<b>114</b>	<b>1,470</b>	<b>280</b>	<b>296</b>	<b>312</b>	<b>-</b>	<b>-</b>	<b>2,472</b>	<b>2,472</b>
<b>2014</b>									
Trade/Other Payables	105	1,617	-	-	-	-	-	1,722	1,722
Loans & Advances	-	252	265	280	296	312	-	1,405	1,405
<b>Total Financial Liabilities</b>	<b>105</b>	<b>1,869</b>	<b>265</b>	<b>280</b>	<b>296</b>	<b>312</b>	<b>-</b>	<b>3,127</b>	<b>3,127</b>

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

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

	2015		2014	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	1,319	0.0%	1,722	0.0%
Loans & Advances - Fixed Interest Rate	1,153	5.4%	1,405	5.4%
	<u>2,472</u>		<u>3,127</u>	



## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 23 June 2014.

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

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

**Note that for Variations\* of Budget to Actual :**

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

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

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----	
<b>REVENUES</b>				
<b>Rates &amp; Annual Charges</b>	<b>4,571</b>	<b>4,493</b>	<b>(78)</b>	(2%) <b>U</b>
<b>User Charges &amp; Fees</b>	<b>2,378</b>	<b>3,212</b>	<b>834</b>	35% <b>F</b>
User charges from Frail & Aged Services were \$166k above budget. RMS State Roads charges were \$386k higher than anticipated. Planning & Building Regulatory income was \$42k higher than budget as a result of increased development activity in the shire. Caravan Parks, Cemeteries, Cinema, Saleyards & Swimming Pool were collectively \$83k higher than the quite conservative estimates.				
<b>Interest &amp; Investment Revenue</b>	<b>275</b>	<b>138</b>	<b>(137)</b>	(50%) <b>U</b>
This variance is due to the low level of reserves, combined with low interest rates.				
<b>Other Revenues</b>	<b>748</b>	<b>1,031</b>	<b>283</b>	38% <b>F</b>
A risk management bonus of \$53k was unbudgeted, as were \$53k of insurance claim recoveries. Council received \$32k for the sale of advertising in a Tourism booklet which was unbudgeted. \$24k was received as a reimbursement of wages for a seconded employee.				
<b>Operating Grants &amp; Contributions</b>	<b>6,564</b>	<b>6,228</b>	<b>(336)</b>	(5%) <b>U</b>
This variation is primarily due to Regional Roads grants all being classified as operating at budget preparation time. Refer to Capital Grants & Contributions below for further detail.				
<b>Capital Grants &amp; Contributions</b>	<b>531</b>	<b>1,414</b>	<b>883</b>	166% <b>F</b>
A number of capital grants were received during the year, which were not anticipated at the time of budget preparation. These included \$100k for the restoration of the Temora Railway Station, \$33k for the fitout of the Youth Space, \$175k Contribution from Young Shire for roadworks on approaches to the newly constructed Grogan Bridge, contributions of \$78k from Temora Aviation Museum & the RFS for the Fuel Facility Cover at the aerodrome, and a \$16k library grant. At budget preparation time all Regional Roads funding is classified as operating due to the uncertainty regarding allocation of expenditure. \$474k was classified as capital in this years financial statements.				
<b>Net Gains from Disposal of Assets</b>	<b>42</b>	<b>-</b>	<b>(42)</b>	(100%) <b>U</b>
A conservative gain was budgeted due to low amounts being received for plant/vehicle trade-ins and the uncertainty regarding the number of properties to be sold each year at the Aviation Estate. A Loss on Disposal was actually recorded as a result of the disposal of the old Grogan Creek Bridge, which was unbudgeted.				

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----		
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	<b>4,752</b>	<b>6,822</b>	<b>(2,070)</b>	<b>(44%)</b>	<b>U</b>
This variation is largely the result of differing budget allocations.					
<b>Borrowing Costs</b>	<b>71</b>	<b>68</b>	<b>3</b>	<b>4%</b>	<b>F</b>
<b>Materials &amp; Contracts</b>	<b>3,488</b>	<b>3,167</b>	<b>321</b>	<b>9%</b>	<b>F</b>
<b>Depreciation &amp; Amortisation</b>	<b>3,336</b>	<b>3,579</b>	<b>(243)</b>	<b>(7%)</b>	<b>U</b>
<b>Other Expenses</b>	<b>1,911</b>	<b>1,998</b>	<b>(87)</b>	<b>(5%)</b>	<b>U</b>
<b>Net Losses from Disposal of Assets</b>	<b>-</b>	<b>80</b>	<b>(80)</b>	<b>0%</b>	<b>U</b>
A conservative gain was budgeted due to low amounts being received for plant/vehicle trade-ins and the uncertainty regarding the number of properties to be sold each year at the Aviation Estate. A Loss on Disposal was actually recorded as a result of the disposal of the old Grogan Creek Bridge, which was unbudgeted.					

#### Note 17. Statement of Developer Contributions

Council currently has no S94 Developer Contribution Plans or S94 Funds on hand from prior years.

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

###### (i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

###### (ii) Statewide Limited

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

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

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

###### (iii) StateCover Limited

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

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

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

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

###### (iv) Other Guarantees

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

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

##### LIABILITIES NOT RECOGNISED (continued):

##### 2. Other Liabilities

##### (i) Third Party Claims

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

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

##### (ii) 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 & including 30/6/08.

#### Note 19. Interests in Other Entities

Council has no interest in any Controlled Entities, Joint Arrangements or Associates.

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2015	Actual 2014
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#### (a) Retained Earnings

##### Movements in Retained Earnings were as follows:

Balance at beginning of Year (from previous years audited accounts)		70,758	70,285
a. Net Operating Result for the Year		<u>802</u>	<u>473</u>
<b>Balance at End of the Reporting Period</b>		<b><u>71,560</u></b>	<b><u>70,758</u></b>

#### (b) Reserves

##### (i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve		<u>127,817</u>	<u>148,619</u>
<b>Total</b>		<b><u>127,817</u></b>	<b><u>148,619</u></b>

##### (ii) Reconciliation of movements in Reserves:

##### Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance		148,619	148,328
- Revaluations for the year	9(a)	<u>(20,802)</u>	<u>291</u>
<b>- Balance at End of Year</b>		<b><u>127,817</u></b>	<b><u>148,619</u></b>

##### TOTAL VALUE OF RESERVES

<b><u>127,817</u></b>	<b><u>148,619</u></b>
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##### (iii) Nature & Purpose of Reserves

##### Infrastructure, Property, Plant & Equipment Revaluation Reserve

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

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

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

#### (d) Voluntary Changes in Accounting Policies

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

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2015	Actual 2015
<b>Continuing Operations</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>		
Rates & Annual Charges	675	3,818
User Charges & Fees	47	3,165
Interest & Investment Revenue	27	111
Other Revenues	1	1,030
Grants & Contributions provided for Operating Purposes	26	6,202
Grants & Contributions provided for Capital Purposes	1	1,413
<b>Total Income from Continuing Operations</b>	<b>777</b>	<b>15,739</b>
<b>Expenses from Continuing Operations</b>		
Employee Benefits & on-costs	171	6,651
Borrowing Costs	-	68
Materials & Contracts	153	3,014
Depreciation & Amortisation	206	3,373
Other Expenses	63	1,935
Net Losses from the Disposal of Assets	-	80
<b>Total Expenses from Continuing Operations</b>	<b>593</b>	<b>15,121</b>
<b>Operating Result from Continuing Operations</b>	<b>184</b>	<b>618</b>
<b>Net Operating Result for the Year</b>	<b>184</b>	<b>618</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>184</b>	<b>618</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>183</b>	<b>(795)</b>

<sup>1</sup> General Fund refers to all Council's activities other than Sewer.

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

## Temora Shire Council

## Notes to the Financial Statements

as at 30 June 2015

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

Statement of Financial Position by Fund \$ '000	Actual 2015	Actual 2015
<b>ASSETS</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>		
Cash & Cash Equivalents	930	1,236
Investments	-	2,008
Receivables	741	947
Inventories	-	699
Other	-	42
<b>Total Current Assets</b>	<b>1,671</b>	<b>4,932</b>
<b>Non-Current Assets</b>		
Receivables	-	30
Infrastructure, Property, Plant & Equipment	10,649	188,738
<b>Total Non-Current Assets</b>	<b>10,649</b>	<b>188,768</b>
<b>TOTAL ASSETS</b>	<b>12,320</b>	<b>193,700</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	-	1,316
Borrowings	-	265
Provisions	-	4,125
<b>Total Current Liabilities</b>	<b>-</b>	<b>5,706</b>
<b>Non-Current Liabilities</b>		
Payables	-	3
Borrowings	-	888
Provisions	-	46
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>937</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>6,643</b>
<b>Net Assets</b>	<b>12,320</b>	<b>187,057</b>
<b>EQUITY</b>		
Retained Earnings	6,717	64,843
Revaluation Reserves	5,603	122,214
<b>Total Equity</b>	<b>12,320</b>	<b>187,057</b>

<sup>1</sup> General Fund refers to all Council's activities other than Sewer.

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

## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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\$ '000

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

#### Note 23. Events occurring after the Reporting Date

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Events that occur between the end of the reporting period (ending 30 June 2015) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 19/10/15.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2015.

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

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2015 and which are only indicative of conditions that arose after 30 June 2015.

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

#### Note 24. Discontinued Operations

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

#### Note 25. Intangible Assets

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

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

#### Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

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



## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement

\$ '000

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

- Infrastructure, Property, Plant and Equipment
- Financial Assets & Liabilities

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

The objective of using a valuation technique is to estimate the price at which an orderly transaction to sell or to transfer the liability would take place between market participants at the measurement date under current market conditions. Three widely used valuation techniques are the market approach, the cost approach and the income approach. Temora Shire Council use valuation techniques consistent with one or more of those approaches to measure fair value.

**Cost Approach** - A valuation technique that reflects the amount that would be required to replace the service capacity of an asset (current replacement cost).

**Income Approach** - Valuation technique that converts future amounts (cash inflows/outflows) to signal current (ie discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about these future amounts.

**Market Approach** - A valuation technique that uses prices and other relevant information generated by the market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business.

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

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

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

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

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

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

2015	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring Fair Value Measurements</b>					
<b>Financial Assets</b>					
Investments					
- "Held to Maturity"	30/06/15	-	2,008	-	2,008
Receivables	30/06/15	-	1,722	-	1,722
<b>Total Financial Assets</b>		<b>-</b>	<b>3,730</b>	<b>-</b>	<b>3,730</b>
<b>Financial Liabilities</b>					
Payables	30/06/15	-	1,319	-	1,319
Loans / Advances	30/06/15	-	1,153	-	1,153
<b>Total Financial Liabilities</b>		<b>-</b>	<b>2,472</b>	<b>-</b>	<b>2,472</b>

## Temora Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

\$ '000

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

2015	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring Fair Value Measurements</b>					
<b>Infrastructure, Property, Plant &amp; Equipment</b>					
Work in Progress	30/06/15	-	462	-	462
Plant & Equipment	30/06/15	-	-	4,404	4,404
Office Equipment	30/06/15	-	-	232	232
Furniture & Fittings	30/06/15	-	-	142	142
Operational Land	30/06/13	-	2,915	-	2,915
Community Land	30/06/12	-	-	1,307	1,307
Land Improvements	30/06/15	-	-	431	431
Buildings - Non-Specialised	30/06/13	-	8,556	-	8,556
Buildings - Specialised	30/06/13	-	-	12,782	12,782
Leasehold Improvements	30/06/15	-	-	458	458
Other Structures	30/06/13	-	-	700	700
Roads	30/06/15	-	-	84,297	84,297
Bridges	30/06/15	-	-	7,440	7,440
Footpaths	30/06/15	-	-	2,623	2,623
Bulk Earthworks (Roads)	30/06/15	-	-	51,007	51,007
Stormwater Drainage	30/06/15	-	-	6,662	6,662
Bulk Earthworks (Stormwater)	30/06/15	-	-	-	-
Sewerage Network	30/06/15	-	-	10,644	10,644
Swimming Pools	30/06/13	-	-	1,158	1,158
Other Open Space/Recreational Assets	30/06/13	-	-	287	287
Library Books	30/06/15	-	-	46	46
Other	30/06/15	-	-	2,834	2,834
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>-</b>	<b>11,933</b>	<b>187,454</b>	<b>199,387</b>

2014	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring Fair Value Measurements</b>					
<b>Financial Assets</b>					
Investments					
- "Held to Maturity"	30/06/14	-	2,569	-	2,569
Receivables	30/06/14	-	2,362	-	2,362
<b>Total Financial Assets</b>		<b>-</b>	<b>4,931</b>	<b>-</b>	<b>4,931</b>
<b>Financial Liabilities</b>					
Payables	30/06/14	-	1,722	-	1,722
Loans / Advances	30/06/14	-	1,405	-	1,405
<b>Total Financial Liabilities</b>		<b>-</b>	<b>3,127</b>	<b>-</b>	<b>3,127</b>

## Temora Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

\$ '000

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

2014	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring Fair Value Measurements</b>					
<b>Infrastructure, Property, Plant &amp; Equipment</b>					
Work in Progress	30/06/14	-	805	-	805
Plant & Equipment	30/06/14	-	-	4,198	4,198
Office Equipment	30/06/14	-	-	272	272
Furniture & Fittings	30/06/14	-	-	152	152
Operational Land	30/06/13	-	3,186	-	3,186
Community Land	30/06/12	-	-	1,307	1,307
Land Improvements	30/06/14	-	-	426	426
Buildings - Non-Specialised	30/06/13	-	8,510	-	8,510
Buildings - Specialised	30/06/13	-	-	12,690	12,690
Leasehold Improvements	30/06/14	-	-	405	405
Other Structures	30/06/13	-	-	735	735
Roads	30/06/10	-	-	92,031	92,031
Bridges	30/06/10	-	-	7,574	7,574
Footpaths	30/06/10	-	-	1,624	1,624
Bulk Earthworks (Roads)	30/06/10	-	-	61,823	61,823
Stormwater Drainage	30/06/10	-	-	5,636	5,636
Bulk Earthworks (Stormwater)	30/06/10	-	-	2,903	2,903
Sewerage Network	30/06/14	-	-	10,693	10,693
Swimming Pools	30/06/13	-	-	1,200	1,200
Other Open Space/Recreational Assets	30/06/13	-	-	304	304
Library Books	30/06/14	-	-	46	46
Other	30/06/14	-	-	2,867	2,867
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>-</b>	<b>12,501</b>	<b>206,886</b>	<b>219,387</b>

## (2) Transfers between Level 1 &amp; 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 financial year ended 30 June 2015

#### Note 27. Fair Value Measurement (continued)

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##### (3) Reconciliation of Movements

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

Opening Balance 1 July 2013	204,106
Purchases (GBV)	5,671
Disposals (WDV)	(313)
Depreciation & Impairment	(3,248)
FV Gains – Other Comprehensive Income	291
Transfers	<u>379</u>
<b>Closing Balance – 30/06/2014</b>	<b><u>206,886</u></b>
Purchases (GBV)	4,533
Disposals (WDV)	(394)
Depreciation & Impairment	(3,498)
FV Gains – Other Comprehensive Income	(20,802)
Transfers	<u>729</u>
<b>Closing Balance – 30/06/2015</b>	<b><u>187,454</u></b>

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:

Not applicable

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## Temora Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 28. Financial Review

\$ '000

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

<b>Financial Performance Figures</b>	<b>2015</b>	<b>2014</b>	2013	2012	2011
<b>Inflows:</b>					
Rates & Annual Charges Revenue	<b>4,493</b>	4,316	4,144	3,966	3,841
User Charges Revenue	<b>3,212</b>	5,114	4,318	3,793	3,278
Interest & Investment Revenue (Losses)	<b>138</b>	208	199	250	261
Grants Income - Operating & Capital	<b>7,319</b>	5,852	8,067	7,344	6,493
Total Income from Continuing Operations	<b>16,516</b>	17,064	17,523	16,387	14,769
Sale Proceeds from I,PP&E	<b>542</b>	854	389	578	716
New Loan Borrowings & Advances	-	-	1,643	-	-
<b>Outflows:</b>					
Employee Benefits & On-cost Expenses	<b>6,822</b>	6,250	5,468	5,828	5,257
Borrowing Costs	<b>68</b>	103	-	1	2
Materials & Contracts Expenses	<b>3,167</b>	4,767	5,548	5,180	4,627
Total Expenses from Continuing Operations	<b>15,714</b>	16,591	16,212	15,745	14,206
Total Cash purchases of I,PP&E	<b>5,334</b>	6,244	5,336	4,461	2,751
Total Loan Repayments (incl. Finance Leases)	<b>252</b>	238	-	12	6
Operating Surplus/(Deficit) (excl. Capital Income)	<b>(612)</b>	(1,116)	523	(178)	(443)
<b>Financial Position Figures</b>	<b>2015</b>	<b>2014</b>	2013	2012	2011
Current Assets	<b>6,603</b>	6,956	9,523	8,281	8,483
Current Liabilities	<b>5,706</b>	5,804	6,041	5,223	4,286
Net Current Assets	<b>897</b>	1,152	3,482	3,058	4,197
Available Working Capital (Unrestricted Net Current Assets)	<b>(3)</b>	1,210	504	383	1,137
Cash & Investments - Unrestricted	-	2	2	-	-
Cash & Investments - Internal Restrictions	<b>2,183</b>	2,154	4,973	2,652	2,958
Cash & Investments - Total	<b>4,174</b>	3,923	6,920	4,714	5,332
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	<b>1,153</b>	1,405	1,643	-	12
Total Value of I,PP&E (excl. Land & Earthworks)	<b>228,455</b>	270,455	265,181	255,899	249,910
Total Accumulated Depreciation	<b>84,297</b>	117,384	114,904	110,242	106,731
Indicative Remaining Useful Life (as a % of GBV)	63%	57%	57%	57%	57%

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

## Temora Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

#### Note 29. Council Information & Contact Details

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**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](http://www.temora.nsw.gov.au)

**Email:** [temshire@temora.nsw.gov.au](mailto:temshire@temora.nsw.gov.au)

**Officers****GENERAL MANAGER**

Gary Lavelle

**RESPONSIBLE ACCOUNTING OFFICER**

Steve Firth

**PUBLIC OFFICER**

Steve Firth

**AUDITORS**

Auswild & Co  
4 Dugan Street  
DEAKIN ACT 2600  
Ph: 02 6281 3360

**Elected Members****MAYOR**

Rick Firman

**COUNCILLORS**

Graham Sinclair  
Graham Coates  
Nigel Judd  
Max Oliver  
Rachael Schliebs  
Dennis Sleigh  
Kenneth Smith  
Peter Speirs

**Other Information**

**ABN:** 55 048 860 109





## **Independent auditor's report to the Councillors of the Temora Shire Council and the Chief Executive Officer of the Office of Local Government**

We have audited the accompanying general purpose financial report of the Temora Shire Council, which comprises the Statement by Councillors and Management, Statement of Financial Position as at 30<sup>th</sup> June, 2015, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

### **Councils' Responsibility for the Financial Report**

The Council is responsible for the preparation and presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Local Government Act 1993*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that it is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

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

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

Our audit responsibility does not extend to the original budget information included in the Income Statement, Statement of Cash Flows, Note 2(a) and the budget variation explanations disclosed in Note 16. Nor does our responsibility extend to the projected future developer contributions and costs disclosed in Note 17 and the additional information disclosed in Note 28. Accordingly, no opinion is expressed on these matters. In addition, our audit did not include an analysis of the prudence of business decisions made by Council or management.

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

## Independence

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

## Auditor's Opinion

In our opinion,

- (a) The Council's accounting records have been kept in accordance with the requirements of the Local Government Act, 1993 Chapter 13 Part 3 Division 2; and
- (b) The general purpose financial report
  - (i) has been prepared in accordance with the requirements of this Division;
  - (ii) is consistent with the Council's accounting records;
  - (iii) presents fairly the Council's financial position, the results of its operations and its cash flows; and
  - (iv) is in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial report that have come to light during the course of the audit.

**AUSWILD & CO.**



G.J. BRADLEY

Principal

Registered Auditor No: 1249

CANBERRA  
19<sup>th</sup> October, 2015



**TEMORA SHIRE COUNCIL**

**REPORT ON THE  
CONDUCT OF THE AUDIT**

**2015**



19<sup>th</sup> October, 2015

Councillor Rick Firman  
Mayor  
Temora Shire Council  
P.O. Box 262  
**TEMORA**, N.S.W. 2666

Dear Cr Firman,

Having completed an audit examination of the books of account and associated records of the Temora Shire Council for the twelve months period ended 30<sup>th</sup> June 2015 we have pleasure in submitting our report on the conduct of the audit in accordance with Section 417 (3) of the Local Government Act 1993.

## BACKGROUND

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

### General Purpose Financial Statements

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

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

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

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

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### Special Purpose Financial Statements

These financial statements have been prepared in accordance with the requirements of the National Competition Policy which requires separate financial statements for each declared business activity. Council's declared business activities for the 2015 financial year were:

- Sewer Fund Operations

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

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

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

### Auditor's Responsibility

As part of our role as auditor of Council, Section 415 (3) of the *Local Government Act 1993* and the *Local Government (General) Regulation* requires us to consider and provide comment on the material items affecting the general purpose financial statements and other matters pertinent to the audit. The following section of this report provides an understanding of Council's financial position as at 30 June 2015, its performance for the year then ended its cash flows and other material financial matters.

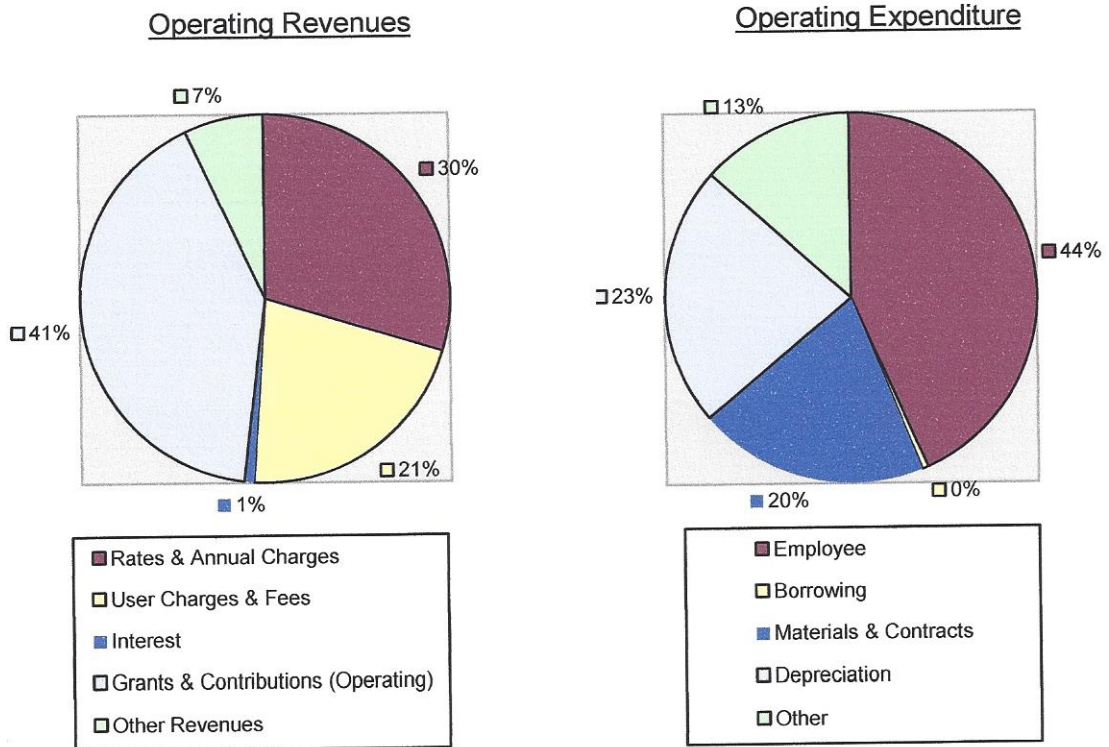


**FINANCIAL RESULTS**

Council reported an operating deficit before capital grants and contributions of \$612,000 for the year ended 30 June 2015 (2014 – deficit of \$1.12 million).

Excluding capital grants & contributions, operating revenues (\$15.10 million) have decreased approx. 2.41% on those of the previous year (\$15.48 million) whilst during the same period operating expenses decreased approximately 5.29% to \$15.71 million.

A breakdown of Council’s operating revenues and expenses from continuing operations for the year is as follows:



In addition to operating revenues, Council received capital grants and contributions of \$1.41 million (2014 - \$1.59 million).

In the twelve months period to 30 June 2015, Council’s operating result from continuing operations’ (**including** capital grants and contributions) was a surplus of \$802,000 compared with a surplus of \$473,000 in the previous year.





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## BUDGET COMPARISON

The net operating surplus for the year of \$802,000 was below the original budget expectations which anticipated a surplus of \$1.55 million.

Details of material variations between the original budget and actual results are detailed in Note 16 to the General Purpose Financial Reports. In essence, the lower than expected results have been attributed to: -

### Favourable Variances

- Additional capital grants were received including:
  - Restoration of Temora Railway Station (\$100,000)
  - Roadworks contributions for Grogan Bridge approaches (\$175,000)
  - Contributions for Fuel Facility Cover at the Aerodrome (\$78,000)
- User charges were significantly greater than original budget expectations, in particular:
  - Frail & Aged Services exceeded budget by \$166,000
  - RMS charges on the State Roads exceeded budget by \$386,000
  - Planning & Building income exceeded budget by \$42,000
- RFS reimbursable items were not originally budgeted for (\$80,000)

### Unfavourable Variances

- Employee Costs varied significantly from budget due to differing allocations
- Council budgeted for gains from the sale of assets (\$42,000) however losses of \$80,000 were reported.
- Depreciation expenses exceeded budget expectation following the asset revaluations undertaken in 2013/2014.



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## DETAILED AUDIT OBSERVATIONS

### OPERATING INCOME

#### Rates and Annual Charges

Revenue from rates and annual charges (excluding Council owned properties) amounted to \$4.49 million (2014 - \$4.32 million).

In setting the **ordinary rates** for the year, Council resolved to adopt the maximum increase available of 2.30%. This action together with a minimal increase in the number of assessments has resulted in revenues from ordinary rates increasing from \$3.30 million in 2013/2014 to \$3.39 million in the current year.

Council's **ordinary rating base** remained fairly stable during the twelve months period and at year end 3,792 assessments were subject to **ordinary rates**.

Council further resolved that other major charges be increased as follows:

- Sewerage annual charge increased \$14.80 to \$310.90
- Domestic waste management charges increased \$8.90 to \$187.40

Such increases have resulted in revenues as follows:

<u>Annual Charges</u>	<b>2015</b>	<b>2014</b>
	\$	\$
Sewerage	646,000	595,000
Domestic Waste	365,000	341,000
Non Domestic Waste	88,000	79,000

Rebates of \$206,000 were provided to eligible pensioners and a subsidy of \$117,000 was received from the Office of Local Government towards the cost of these rebates.

Interest and extra charges on overdue rates for the year was \$15,000 (2014 - \$18,000) and outstanding rates were subject to interest at the rate of 8.50% pa (2014 - 9.00%).

#### User Charges and Fees

Council derived \$118,000 from **specific user charges** (2014 - \$109,000) and a further \$3.09 million from **other user charges & fees** (2014 - \$5.0 million) imposed during the twelve months period ended 30 June 2015.



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

RMS Charges (decreased \$2,175,000)

Works requested by the RMS (formerly RTA) decreased substantially in the current year and amounted to \$1.66 million (2014 \$3.84 million). This decrease in revenue was not unexpected as several one off major works were undertaken and completed in the previous two years.

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

	<b>2015</b>	<b>2014</b>
	\$	\$
Domestic Waste Management	73,000	66,000
Frail & Aged	606,000	364,000
Planning & Building	113,000	93,000
Private Works	94,000	68,000
Cinema	125,000	130,000
Cemeteries	67,000	62,000
Caravan Park	141,000	160,000
Swimming Centre	158,000	154,000

**Interest**

Interest and investment revenues decreased substantially in the twelve months period with income being earned as follows:

	<b>2015</b>	<b>2014</b>
	\$	\$
Overdue rates & charges	15,000	18,000
Investments	123,000	190,000
	\$138,000	\$208,000

Interest on investments for the year represented approximately 4.07% (2014 – 5.75%) of ordinary rating income which we consider to be low in comparison with most rural Councils with which we are associated.

**Other Operating Income**

Temora Shire Council has again received important income from a number of non-core activities. Predominantly, such income has been earned from Research Station revenue (\$306,000), rentals (\$225,000), Bushfire Reimbursable items (\$80,000) and RMS Motor Agency commissions (\$131,000).





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## Grants, Subsidies and Contributions

### Operating Grants and Contributions

Operating grants and contributions amounting to \$6.23 million were received in 2014/2015 compared with \$4.74 million received in the previous year.

This significant increase in income principally relates to the Financial Assistance Grant which increased approx. \$1.58 million to \$3.12 million. As we have consistently reported over the past few years, Council had been receiving advance instalments of the untied Financial Assistance Grant (FAG) which were brought to account as Council income in the year of receipt. This practice ceased in 2013/2014 when grants were realigned to the years to which they relate and consequently Temora Shire Council received only two FAG instalments in 2013/2014 in lieu of the normal four instalments. The FAG income brought to account in 2014/2015 is now in line with expectations.

Other major specific purpose operating grants and contributions were received for Home and Community Care Services (\$1.41 million), Bushfire (\$495,000), Roads to Recovery (\$445,000), and Block grant (\$136,000).

### Capital Grants and Contributions

Total capital grants and contributions received for the year amounted to \$1.41 million (2014 - \$1.59 million) and principally related to Bridges funding (\$384,000), Heritage & Cultural (\$100,000), Block grant (\$474,000) and Bridge approaches (\$175,000).

In accordance with the Code of Accounting Practice, all grant and contribution monies received in 2014/2015 (both expended and unexpended) have been brought to account as income. Grants and contributions recognised as revenues in the current reporting period but not yet expended in accordance with the conditions attaching thereto amounted to \$691,000. At year end Council held unexpended grant funds amounting to \$691,000 (2014 - \$703,000) and such funds have been identified as an externally restricted asset.





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## OPERATING EXPENDITURE

Expenses from continuing operations (\$15.71 million) although lower than the previous year (\$16.59 million) were higher than budget expectations (\$13.56 million).

Impacting significantly on operating expenses for the year were:

### **Employee Costs**

Employee costs (\$6.82 million) increased approximately 9.15% (2014 - \$6.25 million) in the twelve months period to 30 June 2015 principally due to above average increases in employee entitlements and workers compensation insurance premiums.

At year end Council's full time equivalent employees numbered 88 (2014 – 86).

### **Borrowing Costs**

Council took up a new loan in 2012/2013 under the NSW government's local infrastructure renewal scheme. These funds were utilized for the construction of the medical complex and subject to an interest subsidy. Interest on these loan funds amounted to \$68,000 in the current year and we note that a subsidy of \$52,000 was claimed and received in 2014/2015.

### **Materials and Contracts**

Material and contracts expenditure (\$3.17 million) decreased approximately 33.56% during the twelve months period.

### **Depreciation Expenses**

Depreciation expenses (\$3.58 million) increased approx. 7.16% over the twelve month period and account for approx. 23.0% of Council's total operating expenses. In our opinion Council's depreciation expenses remain relatively low in comparison with most rural Council's with which we are associated.

### **Losses from the Disposal of Assets**

Council reported losses of \$80,000 from the sale/disposal of its plant and equipment and real estate holdings during the year (2014 – profit \$279,000).

## ASSETS

### Cash & Investments

At balance date Council controlled cash and investments totalling \$4.17 million (2014 - \$3.92 million).

Council utilises its investments to cover both externally and internally imposed requirements and comprises employee entitlements (\$888,000), sewerage fund investments (\$930,000), unexpended grants (\$691,000), domestic waste management (\$370,000) and monies for future works.

Externally restricted investments amounted to \$1.99 million whilst Council has "earmarked" a further \$2.18 million towards the funding of its future long-term objectives.

Council's cash and investments were held as follows:-

	2015 \$	2014 \$
General Fund	2,183,000	2,156,000
Sewerage Fund	930,000	783,000
Domestic Waste Management	370,000	281,000
Unexpended Grant Funds	691,000	703,000
	<u>\$ 4,174,000</u>	<u>\$ 3,923,000</u>

and comprised:

Cash on Hand and at Bank	502,000	286,000
Short Term Deposits	1,664,000	1,068,000
Long Term Deposits	2,008,000	2,569,000
	<u>\$4,174,000</u>	<u>\$3,923,000</u>

### Debtors

#### Rates and Annual Charges

At balance date net outstanding rates, annual charges and interest amounted to \$169,000 (2014 - \$222,000) which represented 3.56% of total receivable (2014 - 4.88%).

The improvement in the rates arrears position is noteworthy and we are pleased to again report that Council has performed very well in this area of its operations. Importantly, Council is not materially exposed to delinquent arrears with the ten highest outstanding arrears collectively amounting to \$75,500 (2014 - \$90,000). Nevertheless, we encourage Council to enforce stringent recovery action in an endeavour maintain its very satisfactory arrears position.



Outstanding rates and annual charges have been subject to interest at the rate of 8.50% and we report that Council has determined that a provision for doubtful debts is not necessary as all arrears are secured by a charge over the land.

### Property, Plant & Equipment (excluding real estate)

During the reporting period Council expended \$5.33 million (2014 - \$6.24 million) on the acquisition of assets.

The principal items being:

	2015 \$ '000's	2014 \$ '000's
Plant & Equipment	1,049	1,357
Buildings	491	170
Roads, Bridges & Footpaths	2,724	2,846
Drainage	213	119
Swimming Pool	-	608
Sewerage Network	-	126

Additionally, we report that Council sold assets with a book value of \$678,000. The sale of these assets has resulted in a loss of \$150,000 being brought to account (2014 – profit of \$194,000).

Further, we report that in accordance with the requirements of the Code of Accounting Practice, Council's:

- Roads, bridges, footpaths and stormwater drainage assets were subject to a full revaluation which is required to be conducted at least once every five years. These valuations were conducted in-house.
- Sewerage assets were indexed upwards in accordance with the latest indices provided by the NSW Office of Water.

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

Roads	decreased \$7.69 million to \$84.30 million
Bridges	decreased \$1.21 million to \$7.44 million
Footpaths	increased \$774,000 to \$2.62 million
Bulk Earthworks	decreased \$10.82 million to \$51.01 million
Stormwater Drainage	increased \$879,000 to \$6.66 million
Sewerage Network	increased \$157,000 to \$10.64 million





The combined action of assets movements and revaluations has resulted in the written down value of property, plant and equipment decreasing from \$219.39 million in 2014 to \$199.39 million as at 30 June 2015.

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

### Land Stock on Hand

#### *Airport Subdivision (Residential)*

During the current reporting period Council expended \$219,000 on this subdivision and sold three lots which realised a profit of \$70,000. At year end Council had available for sale 8 lots with a book value of \$408,000.

#### *Kalms - Stockinbingal Road (Industrial)*

There were no movements in the value of this land in 2014/2015 and at year end this land had a book value of \$112,000.

### Provisions

At 30 June 2015 the Provision for Accrued Employee Entitlements totalled \$4.17 million.

The components of the liability are:-

	2015	2014
	\$	\$
Annual Leave	883,000	868,000
Long Service Leave	1,725,000	1,590,000
Sick Leave	1,563,000	1,417,000

The average leave entitlement per employee as at 30 June 2015 was \$47,400 (2014 - \$45,058).

At year's end Council had set aside funds amounting to \$888,000 or 21% of the employees leave entitlement liability. Such funds have been identified as an internally restricted asset.

### Loans and Debt Servicing

During the year Council repaid \$252,000 on the loan obtained from the NSW government's local infrastructure renewal scheme. Under this scheme Council receives an interest subsidy (currently 4.00%) from the state government to offset interest repayments and at year end the loan principal had been reduced to \$1.15 million.



## SUMMARY

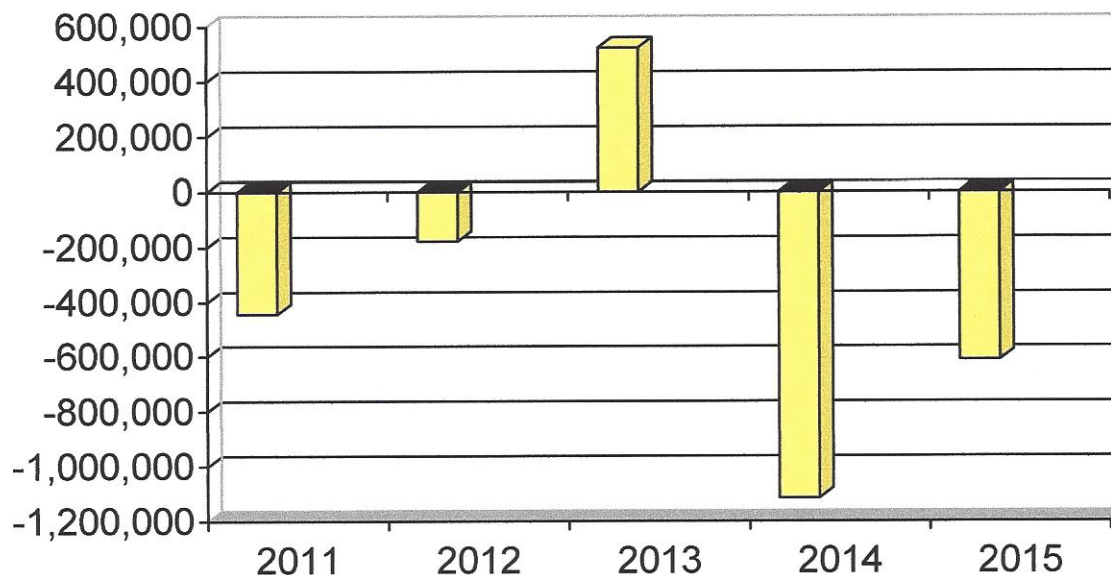
In analysing Council's financial results for the year particular attention must be given to the following:

- Operating result before capital amounts (deficit of \$612,000)
- Net increase in cash and investments held (\$251,000)
- Internal and unrestricted investments of \$2.18 million together with sewerage fund investments of \$930,000
- Performance ratios

### Operating Result

Council recorded an operating deficit before capital amounts of \$612,000 for the twelve months period to 30 June 2015. This result has been reported after allowing for depreciation expenses of \$3.58 million and although below budget expectations (surplus \$1.02 million) it was well above the result of the previous year (deficit \$1.12 million).

#### Operating Surplus/Deficit before Capital Amounts



**Note:** The operating result for 2013 has been amended from a reported deficit of \$15,000 to a surplus of \$523,000 due to the reclassification of Roads to Recovery Grants from capital to operating income.

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

	<b>Surplus/(Deficit)</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
General Fund	(795,000)	(1,140,000)
Sewerage Fund	183,000	24,000
	<u>(\$ 612,000)</u>	<u>(\$1,116,000)</u>

As illustrated, the current year's operating result appears to be a significant improvement on the deficit result reported in 2013/2014. We do however note and emphasise the impact of the financial assistance grants on the current and previous year's results.

The operating result reported in 2013/2014 (deficit \$1.12 million) was adversely impacted by the timing adjustment relating to the payment of the financial assistance grant instalments. The Australian Government ceased the payment of advance instalments in 2013/2014 and Temora Shire Council's untied FAG was approx. \$1.36 million below that normally expected. The FAG income brought to account in 2014/2015 is now in line with expectations.

Other income and expenditure items that have materially impacted on Council's operating result for the year included:

<b><u>Income</u></b>	<b>2015</b>	<b>2014</b>	<b>Variance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Rates & Annual Charges	4,493,000	4,316,000	177,000
Frail & Aged Fees	606,000	364,000	242,000
RMS Works	1,664,000	3,839,000	(2,175,000)
Research Station revenues	306,000	146,000	160,000
Specific Purpose Operating Grants	3,000,000	3,094,000	(94,000)
Profit/(Loss) on Disposal of Assets	(80,000)	279,000	(359,000)
<b><u>Expenses</u></b>			
Employee Costs	6,822,000	6,250,000	572,000
Materials & Contracts	3,167,000	4,767,000	(1,600,000)
Depreciation	3,579,000	3,340,000	239,000





**Cash Flow**

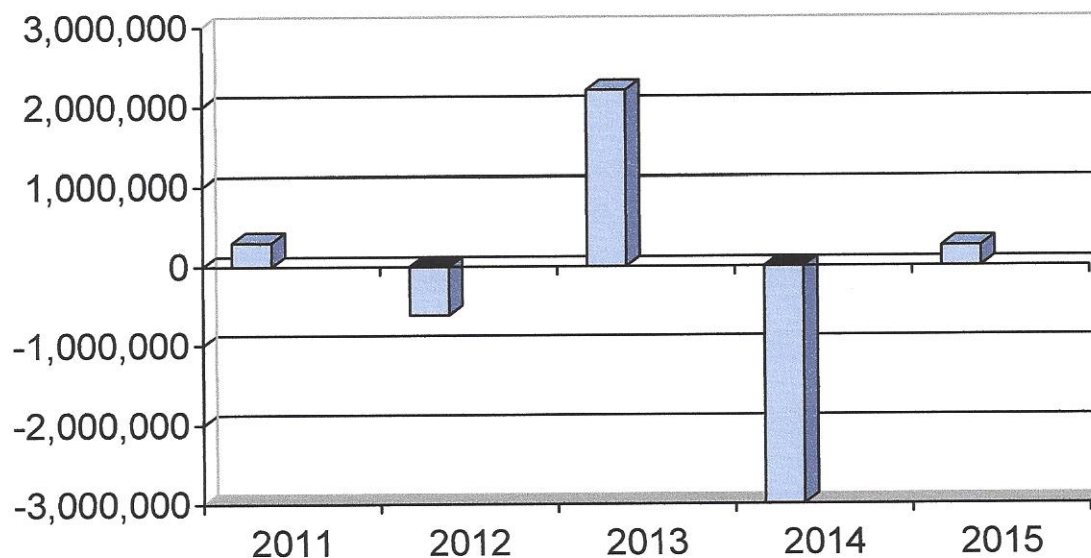
Council achieved a cash surplus of \$5.51 million (2014 – \$2.64 million) from its general operating activities which was principally utilised to purchase assets.

These actions together with the proceeds from the sale of property, plant and equipment have resulted in Council achieving a cash flow surplus, including investments of \$251,000 (2014 – deficit \$3.0 million).

Upon analysis the cash flow surplus can be identified as follows:

Activity	Surplus/(Deficit)	
	2015 \$	2014 \$
<u>Externally Restricted</u>		
Sewerage Fund	147,000	(89,000)
Waste Management	89,000	92,000
Unexpended Grants	(12,000)	(181,000)
<u>Internally Restricted and Unrestricted</u>		
General Fund	27,000	(2,819,000)

Cash Flow Surplus/(Deficit)



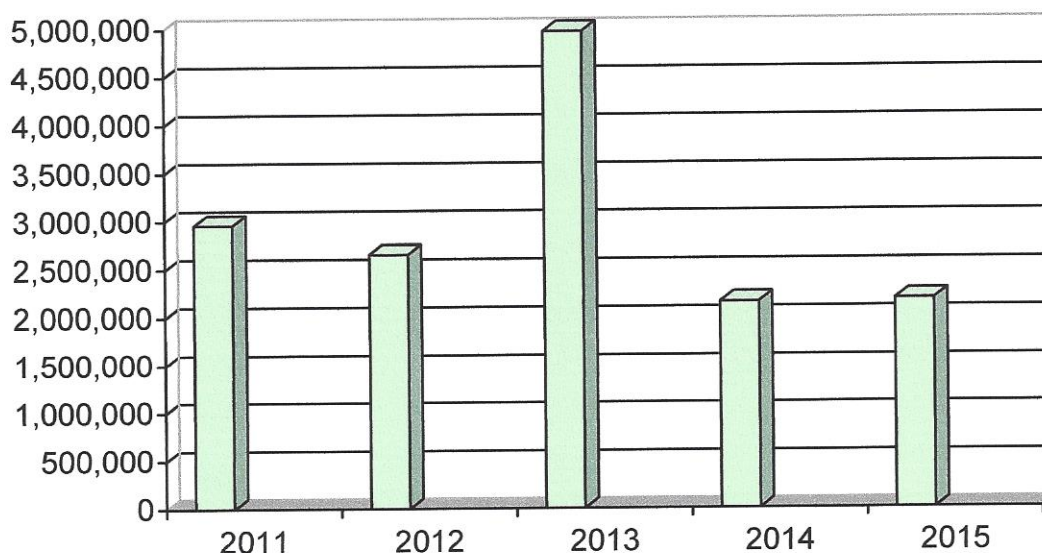
For comparative purposes, we note the following factors that have impacted on the cash flow surplus in 2014/2015.

- The Financial Assistance Grants returned to four instalments in the current year.
- Capital expenditure amounted to \$5.33 million in the current year compared with \$6.24 million in 2013/2014.
- Receivables decreased \$640,000 in the twelve months period to 30<sup>th</sup> June, 2015.
- Payables reduced \$403,000 in the twelve months period to 30<sup>th</sup> June, 2015.

### Reserves (Internally Restricted and Unrestricted Assets)

As noted previously, Council's internally restricted funds increased by \$27,000 during the twelve months period and at year end Council held internally restricted investments amounting to \$2.18 million (2014 - \$2.15 million). In addition to these funds we report that the sewerage fund held cash and investments amounting to \$930,000.

#### Internal and Unrestricted Reserve Funds





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Whilst we acknowledge that significant capital expenditure over the past few years has restricted Council's capacity to increase the level of its reserve funds we nevertheless encourage Council to address this situation. In our opinion Council's reserve funds remain low and would not compare favourably with most rural Councils with which we are associated.

Importantly, we note that in addition to these cash funds Council has available for sale approximately \$520,000 of real estate and future sales (if so earmarked) will add strength to Council's reserve funding.

### Performance Ratios

Council's relatively sound financial position is again reflected in its performance ratios.

In particular, we note the unrestricted current ratio (which is a measurement of Council's ability to meet its financial obligations) of 1.69 and the very manageable debt service and rates outstanding ratios.

In addition to the above, a number of matters of a minor nature were discussed with the appropriate staff who have actioned or undertaken to see that appropriate action is taken with respect to each.

Council's books of account and other records appear to have been maintained in a satisfactory and up-to-date manner and the requirements of the Local Government Act and Regulations well observed.

In conclusion, we wish to acknowledge the courteous assistance and co-operation extended to us by the General Manager and staff during the conduct of the audit, from whom we have obtained all the information and explanations that we required.

Yours faithfully,  
**AUSWILD & CO.**

per:



G.J. BRADLEY

Registered Auditor No 1249



# Temora Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

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“Success through determination and inspiration”



## Temora Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2015

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<b>2. Special Purpose Financial Statements:</b>	
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Income Statement - Other Business Activities	n/a
Statement of Financial Position - Water Supply Business Activity	n/a
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Statement of Financial Position - Other Business Activities	n/a
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#### 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 & public reporting applies only to declared business activities.  
  
These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).
  - (iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).
-

## Temora Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2015

### Statement by Councillors and Management

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

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

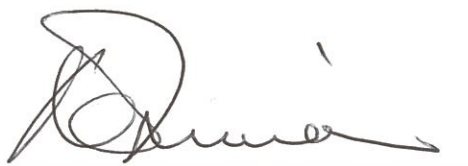
- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.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

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

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

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

**Signed in accordance with a resolution of Council made on 15 October 2015.**



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 financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
<b>Income from continuing operations</b>		
Access charges	675	637
User charges	47	25
Liquid Trade Waste charges	-	-
Fees	-	-
Interest	27	27
Grants and contributions provided for non capital purposes	26	25
Profit from the sale of assets	-	-
Other income	1	-
<b>Total income from continuing operations</b>	<b>776</b>	<b>714</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	171	178
Borrowing costs	-	-
Materials and contracts	153	233
Depreciation and impairment	206	197
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	63	82
<b>Total expenses from continuing operations</b>	<b>593</b>	<b>690</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>183</b>	<b>24</b>
Grants and contributions provided for capital purposes	1	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>184</b>	<b>24</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>184</b>	<b>24</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(55)	(7)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>129</b>	<b>17</b>
<b>plus Opening Retained Profits</b>	<b>6,533</b>	<b>6,509</b>
<b>plus Adjustments for amounts unpaid:</b>		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	55	7
<b>less:</b>		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>6,717</b>	<b>6,533</b>
<b>Return on Capital %</b>	<b>1.7%</b>	<b>0.2%</b>
<b>Subsidy from Council</b>	<b>139</b>	<b>357</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	129	17
less: Capital grants and contributions (excluding developer contributions)	(1)	-
<b>Surplus for dividend calculation purposes</b>	<b>128</b>	<b>17</b>
<b>Potential Dividend calculated from surplus</b>	<b>64</b>	<b>8</b>

## Temora Shire Council

## Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	930	783
Investments	-	-
Receivables	741	510
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>1,671</b>	<b>1,293</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	10,649	10,693
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>10,649</b>	<b>10,693</b>
<b>TOTAL ASSETS</b>	<b>12,320</b>	<b>11,986</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	-	7
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>7</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>7</b>
<b>NET ASSETS</b>	<b>12,320</b>	<b>11,979</b>
<b>EQUITY</b>		
Retained earnings	6,717	6,533
Revaluation reserves	5,603	5,446
Council equity interest	12,320	11,979
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>12,320</b>	<b>11,979</b>

## Temora Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2015

#### 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 financial year ended 30 June 2015

#### Note 1. Significant Accounting Policies

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

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

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

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

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

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

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

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

#### National Competition Policy

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

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

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

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

#### Declared Business Activities

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

##### Category 1

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

**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.

#### Monetary Amounts

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

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

#### (i) Taxation Equivalent Charges

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

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council



## Temora Shire Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Significant Accounting Policies

nominated business activities and are reflected in these financial statements.

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

##### **Notional Rate Applied %**

###### Corporate Income Tax Rate – 30%

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

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

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

##### **Income Tax**

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

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

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

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

Since this taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and

has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's General Purpose Financial Statements.

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

##### **(ii) Subsidies**

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

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

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

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

##### **(iii) 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.

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

- (i) 50% of this surplus in any one year, or
- (ii) the number of sewerage assessments at 30 June 2015 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance,

## Temora Shire Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2015

#### Note 1. Significant Accounting Policies

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Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved the payment.

## Temora Shire Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2015

#### Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2015

##### 1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	6,474
(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]	64,050
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	64,740
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	168,000

2015 Surplus	128,100	2014 Surplus	16,800	2013 Surplus	23,100
		2014 Dividend	-	2013 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	64,050
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

##### 3. Required outcomes for 4 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	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 & 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 financial year ended 30 June 2015

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

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2015

##### National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F2</b>	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	752
<b>NWI F10</b>	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	10,637
<b>NWI F12</b>	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	387
<b>NWI F15</b>	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	-
<b>NWI F18</b>	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	1.49%
<b>NWI F27</b>	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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

<b>NWI F3</b>	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	752
<b>NWI F8</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	3.46%
<b>NWI F16</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	-
<b>NWI F19</b>	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	1.49%
<b>NWI F20</b>	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
<b>NWI F21</b>	Dividend Payout Ratio (Water & 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 financial year ended 30 June 2015

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

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

2015

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

<b>NWI F22</b>	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	-7.55%
<b>NWI F23</b>	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest  Earnings before Interest & Tax (EBIT): <span style="border: 1px solid black; padding: 2px;">159</span> 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: <span style="border: 1px solid black; padding: 2px;">- 25</span> Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		> 100
<b>NWI F24</b>	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	184
<b>NWI F25</b>	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	26

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





## **Independent auditor's report to the Councillors of the Temora Shire Council and the Chief Executive Officer of the Office of Local Government**

We have audited the accompanying financial report, being a special purpose financial report, of the Temora Shire Council, which comprises the statement by councillors and management, statement of financial position as at 30<sup>th</sup> June, 2015, and the income statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

### **Councils' Responsibility for the Financial Report**

The council is responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the financial requirements of National Competition Policy reporting and are appropriate to meet the needs of the council. The council's responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that it is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

The financial report has been prepared for distribution to the council and the Office of Local Government for the purpose of fulfilling council's financial reporting requirements under National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the council or the Office of Local Government or for any purpose other than that for which it was prepared.

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

**Independence**

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

**Auditor's Opinion**

In our opinion, the special purpose financial report presents fairly, in all material respects the financial position of Temora Shire Council as at 30 June, 2015 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

**AUSWILD & CO.**



C.J. BRADLEY

Principal

Registered Auditor No: 1249

CANBERRA  
19<sup>th</sup> October, 2015

# Temora Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2015

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“Success through determination and inspiration”





# Temora Shire Council

## Special Schedules

for the financial year ended 30 June 2015

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<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 9).

#### 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 No. 1 - Net Cost of Services  
for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	<b>992</b>	<b>21</b>	<b>-</b>	<b>(971)</b>
<b>Administration</b>	<b>967</b>	<b>15</b>	<b>-</b>	<b>(952)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	609	601	78	70
Enforcement of Local Govt. Regulations	36	-	-	(36)
Animal Control	134	6	-	(128)
Other	34	-	-	(34)
<b>Total Public Order &amp; Safety</b>	<b>813</b>	<b>607</b>	<b>78</b>	<b>(128)</b>
<b>Health</b>	<b>92</b>	<b>4</b>	<b>-</b>	<b>(88)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	116	50	-	(66)
Other Environmental Protection	18	15	-	(3)
Solid Waste Management	479	540	-	61
Street Cleaning	205	-	-	(205)
Drainage	-	-	-	-
Stormwater Management	72	-	-	(72)
<b>Total Environment</b>	<b>890</b>	<b>605</b>	<b>-</b>	<b>(285)</b>
<b>Community Services and Education</b>				
Administration & Education	84	1	-	(83)
Aged Persons and Disabled	1,948	2,024	-	76
Children's Services	164	3	33	(128)
<b>Total Community Services &amp; Education</b>	<b>2,196</b>	<b>2,028</b>	<b>33</b>	<b>(135)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	168	67	-	(101)
Public Conveniences	72	-	-	(72)
Street Lighting	110	40	-	(70)
Town Planning	104	71	-	(33)
Other Community Amenities	53	21	-	(32)
<b>Total Housing and Community Amenities</b>	<b>507</b>	<b>199</b>	<b>-</b>	<b>(308)</b>
<b>Sewerage Services</b>	<b>593</b>	<b>747</b>	<b>2</b>	<b>156</b>

## Temora Shire Council

## Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	299	34	16	(249)
Museums	142	-	-	(142)
Community Centres and Halls	124	10	-	(114)
Other Cultural Services	115	10	100	(5)
Sporting Grounds and Venues	502	32	-	(470)
Swimming Pools	285	158	-	(127)
Parks & Gardens (Lakes)	526	2	5	(519)
Other Sport and Recreation	139	131	-	(8)
<b>Total Recreation and Culture</b>	<b>2,132</b>	<b>377</b>	<b>121</b>	<b>(1,634)</b>
<b>Agriculture</b>	<b>361</b>	<b>324</b>	<b>-</b>	<b>(37)</b>
<b>Mining, Manufacturing and Construction</b>				
Building Control	194	64	-	(130)
Other Mining, Manufacturing & Construction	3	4	-	1
<b>Total Mining, Manufacturing and Const.</b>	<b>197</b>	<b>68</b>	<b>-</b>	<b>(129)</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	577	4	-	(573)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	605	3	-	(602)
Sealed Rural Roads (SRR) - Regional	309	401	384	476
Unsealed Rural Roads (URR) - Local	1,671	16	-	(1,655)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	135	-	-	(135)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	384	-	384
Parking Areas	-	-	-	-
Footpaths	90	20	9	(61)
Aerodromes	246	12	-	(234)
Other Transport & Communication	1,421	1,936	787	1,302
<b>Total Transport and Communication</b>	<b>5,054</b>	<b>2,776</b>	<b>1,180</b>	<b>(1,098)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	152	141	-	(11)
Other Economic Affairs	768	520	-	(248)
<b>Total Economic Affairs</b>	<b>920</b>	<b>661</b>	<b>-</b>	<b>(259)</b>
<b>Totals – Functions</b>	<b>15,714</b>	<b>8,432</b>	<b>1,414</b>	<b>(5,868)</b>
<b>General Purpose Revenues</b> <sup>(2)</sup>		<b>6,670</b>		<b>6,670</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>NET OPERATING RESULT</b> <sup>(1)</sup>	<b>15,714</b>	<b>15,102</b>	<b>1,414</b>	<b>802</b>

(1) As reported in the Income Statement

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

## Temora Shire Council

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

for the financial year ended 30 June 2015

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-							-	-
Treasury Corporation	-	-	-							-	-
Other State Government	-	-	-							-	-
Public Subscription	-	-	-							-	-
Financial Institutions	251	1,154	1,405	-	252	-	-	68	265	888	1,153
Other	-	-	-							-	-
<b>Total Loans</b>	<b>251</b>	<b>1,154</b>	<b>1,405</b>	<b>-</b>	<b>252</b>	<b>-</b>	<b>-</b>	<b>68</b>	<b>265</b>	<b>888</b>	<b>1,153</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-							-	-
Government Advances	-	-	-							-	-
Finance Leases	-	-	-							-	-
Deferred Payments	-	-	-							-	-
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>251</b>	<b>1,154</b>	<b>1,405</b>	<b>-</b>	<b>252</b>	<b>-</b>	<b>-</b>	<b>68</b>	<b>265</b>	<b>888</b>	<b>1,153</b>

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

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

## Temora Shire Council

### Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	52	33
b. Engineering and Supervision	-	-
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	97	86
b. Maintenance expenses	-	-
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	8	8
d. Energy costs	1	2
e. Maintenance expenses	-	-
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	-	-
g. Chemical costs	-	-
h. Energy costs	40	57
i. Effluent Management	140	226
j. Biosolids Management	-	-
k. Maintenance expenses	49	81
<b>- Other</b>		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
<b>3. Depreciation expenses</b>		
a. System assets	204	196
b. Plant and equipment	2	1
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalent Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>593</b>	<b>690</b>

## Temora Shire Council

### Special Schedule No. 5 - Sewerage Service Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	527	495
<b>7. Non-residential charges</b>		
a. Access (including rates)	-	-
b. Usage charges	148	142
<b>8. Trade Waste Charges</b>		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	2	3
<b>10. Interest income</b>	25	24
<b>11. Other income</b>	48	25
<b>11a. Aboriginal Communities Water &amp; Sewerage Program</b>	-	-
<b>12. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	26	25
c. Other grants	-	-
<b>13. Contributions</b>		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	1	-
<b>14. Total income</b>	<u>777</u>	<u>714</u>
<b>15. Gain (or loss) on disposal of assets</b>	-	-
<b>16. Operating Result</b>	<u>184</u>	<u>24</u>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	184	24



## Temora Shire Council

### Special Schedule No. 5 - Sewerage Service Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	-
c. Renewals	-	-
d. Plant and equipment	-	-
<b>18. Repayment of debt</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	-	-
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	-
<b>22. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	-	-
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	1,748	1,761
b. Residential (unoccupied, ie. vacant lot)	111	82
c. Non-residential (occupied)	242	246
d. Non-residential (unoccupied, ie. vacant lot)	57	61
<b>26. Number of ETs for which developer charges were received</b>	- ET	- ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 44,868	\$ 46,356

## Temora Shire Council

Special Schedule No. 5 - Sewerage Service Cross Subsidies  
for the financial year ended 30 June 2015

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

\* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.

## Temora Shire Council

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

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	930	-	930
<b>32. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	30	-	30
c. User Charges	-	-	-
d. Other	711	-	711
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	-	10,639	10,639
b. Plant and equipment	-	10	10
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<b>1,671</b>	<b>10,649</b>	<b>12,320</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	-	-	-
<b>39. Borrowings</b>			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>41. Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>42. NET ASSETS COMMITTED</b>	<b>1,671</b>	<b>10,649</b>	<b>12,320</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			6,717
<b>44. Asset revaluation reserve</b>			5,603
<b>45. TOTAL EQUITY</b>			<b>12,320</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			18,711
<b>47. Accumulated current cost</b> depreciation of system assets			(8,074)
<b>48. Written down current cost</b> of system assets			<b>10,637</b>

## Temora Shire Council

### Note to Special Schedule No. 5 for the financial year ended 30 June 2015

#### Administration <sup>(1)</sup>

(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 <sup>(1)</sup>

(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 & 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** <sup>(2)</sup> (item 6 of Special Schedule 5) include all income from residential charges.

**Non-residential charges** <sup>(2)</sup> (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** (item 11 of Special Schedule 5) include all income not recorded elsewhere.

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

#### Notes:

<sup>(1)</sup> 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).

<sup>(2)</sup> 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 No. 7 - Report on Infrastructure Assets

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
<b>Buildings</b>										
	Council Offices / Administration Centres		10		3,282		100%			0%
	Council Works Depot		-	-	98			100%		0%
	Town Hall/Cinema		5	18	2,647		100%			0%
	Council Houses		22	25	393		100%			0%
	Museum		9	4	1,773		100%			0%
	Pre School		-	-	707		100%			0%
	Recreation Centre		13	9	1,771		100%			0%
	Aerodrome		11	4	1,236		100%			0%
	NRCC House		14	19	2,779		100%			0%
	Research Station		6	1	849		100%			0%
	Medical Complex		-	1	2,450	100%				0%
	Nixon Park		-	-	772		100%			0%
	Bob Aldridge Park		-	-	356	100%				0%
	Other		-	-	2,225		100%			0%
	<b>sub total</b>	<b>-</b>	<b>90</b>	<b>81</b>	<b>21,338</b>	<b>13.2%</b>	<b>86.4%</b>	<b>0.5%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Other Structures</b>										
	Other Structures		-	-	700		100%			0%
	<b>sub total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>700</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

## Temora Shire Council

## Special Schedule No. 7 - Report on Infrastructure Assets (continued)

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
<b>Roads</b>	Regional Roads		99	132	12,780	10%	62%	27%	1%	0%
	Urban Roads		145	286	21,944	8%	61%	26%	5%	0%
	Rural Sealed		285	225	28,170	20%	58%	19%	3%	0%
	Rural Unsealed		650	773	14,118	14%	43%	39%	4%	0%
	Bridges		4	4	7,440	61%	23%	16%	0%	0%
	Footpaths		20	25	2,623	50%	13%	26%	5%	6%
	Kerb and Gutter		25	23	7,285	9%	43%	40%	8%	0%
	<b>sub total</b>	<b>-</b>	<b>1,228</b>	<b>1,468</b>	<b>94,360</b>	<b>18.2%</b>	<b>51.8%</b>	<b>26.3%</b>	<b>3.5%</b>	<b>0.2%</b>
<b>Sewerage Network</b>	Pumping Station/s		10	10	138		100%			0%
	Pipeline		100	94	7,873			100%		0%
	Treatment		110	86	1,185		100%			0%
	Effluent System		197	140	1,425			100%		0%
	Other		-	-	23		100%			0%
	<b>sub total</b>	<b>-</b>	<b>417</b>	<b>330</b>	<b>10,644</b>	<b>0.0%</b>	<b>12.6%</b>	<b>87.4%</b>	<b>0.0%</b>	<b>0.0%</b>

## Temora Shire Council

## Special Schedule No. 7 - Report on Infrastructure Assets (continued)

as at 30 June 2015

**\$'000**

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
<b>Stormwater Drainage</b>	Drainage Works		21	5	6,662			100%		0%
	<b>sub total</b>	-	<b>21</b>	<b>5</b>	<b>6,662</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Open Space/ Recreational Assets</b>	Swimming Pools		32	35	1,158		100%			0%
	Open Space Assets				287		100%			0%
	<b>sub total</b>	-	<b>32</b>	<b>35</b>	<b>1,445</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>



## Temora Shire Council

## Special Schedule No. 7 - Report on Infrastructure Assets (continued)

as at 30 June 2015

\$'000										
Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
	<b>TOTAL - ALL ASSETS</b>	-	1,788	1,919	135,149	14.8%	52.4%	30.2%	2.5%	0.1%

**Notes:**

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".  
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.  
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).
- (2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard.
- (3). Actual Maintenance is what has been spent in the current year to maintain the assets.  
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements
- (5). **Infrastructure Asset Condition Assessment "Key"**

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

## Temora Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2015

\$ '000	Amounts	Indicator	Prior Periods	
	2015	2015	2014	2013
<b>Infrastructure Asset Performance Indicators Consolidated</b>				
<b>1. Building, Infrastructure &amp; Other Structures</b>				
<b>Renewals Ratio</b>				
Asset Renewals				
<u>(Building, Infrastructure &amp; Other Structures) <sup>(1)</sup></u>	<u>1,999</u>	<b>74.01%</b>		99.67%
Depreciation, Amortisation & Impairment	<u>2,701</u>			
<b>2. Infrastructure Backlog Ratio</b>				
Estimated Cost to bring Assets to a Satisfactory Condition				
<u>Total value<sup>(2)</sup> of Infrastructure, Building, Other Structures &amp; depreciable Land Improvement Assets</u>	<u>-</u>	<b>0.00%</b>		2.97%
	<b>135,580</b>			
<b>3. Asset Maintenance Ratio</b>				
Actual Asset Maintenance				
<u>Required Asset Maintenance</u>	<u>1,919</u>	<b>1.07</b>		1.00
	<b>1,788</b>			
<b>4. Capital Expenditure Ratio</b>				
Annual Capital Expenditure				
<u>Annual Depreciation</u>	<u>4,460</u>	<b>1.25</b>		1.77
	<b>3,579</b>			

## Notes

<sup>(1)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other Structure assets only.

<sup>(2)</sup> Written Down Value

# Temora Shire Council

## Special Schedule No. 7 - Report on Infrastructure Assets (continued) for the financial year ended 30 June 2015

<p><b>1. Building, Infrastructure &amp; Other Structures Renewals Ratio</b></p> <p>Ratio %</p> <p>2014 2015</p>	<p><b>Purpose of Asset Renewals Ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>2014/15 Ratio 74.01%</b></p>
<p>Benchmark: <span style="color:blue">—</span> Minimum <math>\geq 100.00\%</math> Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>		<p><span style="color:green">■</span> Ratio is within Benchmark <span style="color:red">■</span> Ratio is outside Benchmark</p>
<p><b>2. Infrastructure Backlog Ratio</b></p> <p>Ratio %</p> <p>2014 2015</p>	<p><b>Purpose of Infrastructure Backlog Ratio</b></p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p><b>2014/15 Ratio 0.00%</b></p>
<p>Benchmark: <span style="color:blue">—</span> Maximum <math>&lt; 0.02</math> Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>		<p><span style="color:green">■</span> Ratio is within Benchmark <span style="color:red">■</span> Ratio is outside Benchmark</p>
<p><b>3. Asset Maintenance Ratio</b></p> <p>Ratio (x)</p> <p>2014 2015</p>	<p><b>Purpose of Asset Maintenance Ratio</b></p> <p>Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.</p>	<p><b>2014/15 Ratio 1.07 x</b></p>
<p>Benchmark: <span style="color:blue">—</span> Minimum <math>&gt; 1.00</math> Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>		<p><span style="color:green">■</span> Ratio is within Benchmark <span style="color:red">■</span> Ratio is outside Benchmark</p>
<p><b>4. Capital Expenditure Ratio</b></p> <p>Ratio (x)</p> <p>2014 2015</p>	<p><b>Purpose of Capital Expenditure Ratio</b></p> <p>To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.</p>	<p><b>2014/15 Ratio 1.25 x</b></p>
<p>Benchmark: <span style="color:blue">—</span> Minimum <math>&gt; 1.10</math> Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>		<p><span style="color:green">■</span> Ratio is within Benchmark <span style="color:red">■</span> Ratio is outside Benchmark</p>

## Temora Shire Council

### Special Schedule No. 7 - Report on Infrastructure Assets (continued) for the financial year ended 30 June 2015

\$ '000	Sewer 2015	General <sup>(1)</sup> 2015
<b>Infrastructure Asset Performance Indicators By Fund</b>		
<b>1. Building, Infrastructure &amp; Other Structures Renewals Ratio</b>		
Asset Renewals		
<u>(Building, Infrastructure &amp; Other Structures)<sup>(2)</sup></u>	<b>0.00%</b>	<b>80.12%</b>
Depreciation, Amortisation & Impairment		
prior period:	36.04%	105.21%
<b>2. Infrastructure Backlog Ratio</b>		
Estimated Cost to bring Assets to a Satisfactory Condition		
<u>Total value<sup>(3)</sup> of Infrastructure, Building, Other Structures &amp; Depreciable Land Improvement Assets</u>	<b>0.00%</b>	<b>0.00%</b>
prior period:	0.00%	3.22%
<b>3. Asset Maintenance Ratio</b>		
<u>Actual Asset Maintenance</u>	<b>0.79</b>	<b>1.16</b>
Required Asset Maintenance		
prior period:	1.22	0.96
<b>4. Capital Expenditure Ratio</b>		
<u>Annual Capital Expenditure</u>	<b>0.00</b>	<b>1.32</b>
Annual Depreciation		
prior period:	0.00	1.88

#### Notes

<sup>(1)</sup> General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

<sup>(2)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other Structure assets only.

<sup>(3)</sup> Written Down Value

## Temora Shire Council

## Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2016

\$'000		Calculation 2014/15	Calculation 2015/16
<b>Notional General Income Calculation <sup>(1)</sup></b>			
Last Year Notional General Income Yield	a	3,492	3,571
Plus or minus Adjustments <sup>(2)</sup>	b	(3)	19
<b>Notional General Income</b>	c = (a + b)	<u>3,489</u>	<u>3,590</u>
<b>Permissible Income Calculation</b>			
Special variation percentage <sup>(3)</sup>	d	0.00%	0.00%
or Rate peg percentage	e	2.30%	2.40%
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 x (c-g)	-	-
or plus Rate peg amount	i = c x e	80	86
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
<b>sub-total</b>	k = (c+g+h+i+j)	<u>3,569</u>	<u>3,676</u>
plus (or minus) last year's Carry Forward Total	l	1	0
less Valuation Objections claimed in the previous year	m	-	(1)
<b>sub-total</b>	n = (l + m)	<u>1</u>	<u>(1)</u>
<b>Total Permissible income</b>	o = k + n	<u>3,570</u>	<u>3,675</u>
less Notional General Income Yield	p	3,571	3,663
<b>Catch-up or (excess) result</b>	q = o - p	<u>(1)</u>	<u>12</u>
plus Income lost due to valuation objections claimed <sup>(4)</sup>	r	1	-
less Unused catch-up <sup>(5)</sup>	s	-	-
<b>Carry forward to next year</b>	t = q + r - s	<u>0</u>	<u>12</u>

**Notes**

- 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.
- 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.
- The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- 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.
- 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.
- 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 councils' Special Schedule 9 in the Financial Data Return (FDR) to administer this process.

## Temora Shire Council

### Special Schedule No. 9 - Independent Auditors Report for the financial year ended 30 June 2016

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#### **Report on Special Schedule No. 9**

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Temora Shire Council for the year ending 30 June 2016.

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

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 23. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditors' Responsibility**

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

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

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

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

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

#### **Independence**

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

### **Audit Opinion**

In our opinion, Special Schedule No. 9 of Temora Shire Council for 2015/16 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

### **Basis of Accounting**

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

Auswild & Co



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Graham Bradley  
**Principal**

**Dated at Canberra this 19th day of October, 2015**