

Temora Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2013

"Success through determination and inspiration"



Temora Shire Council

General Purpose Financial Statements

for the financial year ended 30 June 2013

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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 27 September 2013. Council has the power to amend and reissue these financial statements.

Temora Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2013

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 19 September 2013.



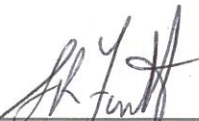
Rick Firman
MAYOR



Graham Sinclair
COUNCILLOR



Gary Lavelle
GENERAL MANAGER



Steve Firth
RESPONSIBLE ACCOUNTING OFFICER

Temora Shire Council

Income Statement

for the financial year ended 30 June 2013

Budget ⁽¹⁾ 2013 \$ '000		Notes	Actual 2013	Actual 2012
Income from Continuing Operations				
Revenue:				
4,264	Rates & Annual Charges	3a	4,144	3,966
2,258	User Charges & Fees	3b	3,958	3,793
240	Interest & Investment Revenue	3c	199	250
704	Other Revenues	3d	737	669
7,302	Grants & Contributions provided for Operating Purposes	3e,f	7,153	6,823
628	Grants & Contributions provided for Capital Purposes	3e,f	1,326	820
Other Income:				
1	Net gains from the disposal of assets	5	6	66
	Net Share of interests in Joint Ventures & Associated			
-	Entities using the equity method	19	-	-
15,397	Total Income from Continuing Operations		17,523	16,387
Expenses from Continuing Operations				
5,664	Employee Benefits & On-Costs	4a	5,468	5,828
-	Borrowing Costs	4b	-	1
3,697	Materials & Contracts	4c	5,548	5,180
2,872	Depreciation & Amortisation	4d	3,084	2,904
-	Impairment	4d	-	-
1,249	Other Expenses	4e	2,112	1,832
-	Interest & Investment Losses	3c	-	-
13,482	Total Expenses from Continuing Operations		16,212	15,745
1,915	Net Operating Result for the Year		1,311	642
1,915	Net Operating Result attributable to Council		1,311	642
-	Net Operating Result attributable to Non-controlling Interests		-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes				
1,287			(15)	(178)

(1) Original Budget as approved by Council - refer Note 16

Temora Shire Council

Statement of Comprehensive Income for the financial year ended 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
Net Operating Result for the year (as per Income statement)		1,311	642
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	2,181	2,228
Total Items which will not be reclassified subsequently to the Operating Result		2,181	2,228
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Other Comprehensive Income for the year		2,181	2,228
Total Comprehensive Income for the Year		3,492	2,870
Total Comprehensive Income attributable to Council		3,492	2,870
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Temora Shire Council

Statement of Financial Position as at 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012	Actual 2011
ASSETS				
Current Assets				
Cash & Cash Equivalents	6a	3,372	4,214	3,229
Investments	6b	3,548	500	2,103
Receivables	7	1,523	2,495	1,201
Inventories	8	860	971	1,826
Other	8	220	101	124
Non-current assets classified as 'held for sale'	22	-	-	-
Total Current Assets		9,523	8,281	8,483
Non-Current Assets				
Investments	6b	-	-	-
Receivables	7	54	66	79
Inventories	8	-	-	-
Infrastructure, Property, Plant & Equipment	9	216,528	212,065	208,010
Investments accounted for using the equity method	19	-	-	-
Investment Property	14	-	-	-
Intangible Assets	25	-	-	-
Non-current assets classified as 'held for sale'	22	-	-	-
Other	8	-	-	-
Total Non-Current Assets		216,582	212,131	208,089
TOTAL ASSETS		226,105	220,412	216,572
LIABILITIES				
Current Liabilities				
Payables	10	1,734	1,338	800
Borrowings	10	238	-	12
Provisions	10	4,069	3,885	3,474
Total Current Liabilities		6,041	5,223	4,286
Non-Current Liabilities				
Payables	10	1	3	-
Borrowings	10	1,405	-	-
Provisions	10	45	65	35
Total Non-Current Liabilities		1,451	68	35
TOTAL LIABILITIES		7,492	5,291	4,321
Net Assets		218,613	215,121	212,251
EQUITY				
Retained Earnings	20	70,285	68,974	68,332
Revaluation Reserves	20	148,328	146,147	143,919
Council Equity Interest		218,613	215,121	212,251
Non-controlling Interest		-	-	-
Total Equity		218,613	215,121	212,251

Temora Shire Council

Statement of Changes in Equity for the financial year ended 30 June 2013

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2013						
Opening Balance (as per Last Year's Audited Accounts)		69,423	146,686	216,109	-	216,109
a. Correction of Prior Period Errors	20 (c)	(449)	(539)	(988)	-	(988)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/12)		68,974	146,147	215,121	-	215,121
c. Net Operating Result for the Year		1,311	-	1,311	-	1,311
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	2,181	2,181	-	2,181
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	2,181	2,181	-	2,181
Total Comprehensive Income (c&d)		1,311	2,181	3,492	-	3,492
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		70,285	148,328	218,613	-	218,613

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2012						
Opening Balance (as per Last Year's Audited Accounts)		68,781	144,458	213,239	-	213,239
a. Correction of Prior Period Errors	20 (c)	(449)	(539)	(988)	-	(988)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/11)		68,332	143,919	212,251	-	212,251
c. Net Operating Result for the Year		642	-	642	-	642
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	2,228	2,228	-	2,228
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	2,228	2,228	-	2,228
Total Comprehensive Income (c&d)		642	2,228	2,870	-	2,870
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		68,974	146,147	215,121	-	215,121

Temora Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2013

Budget 2013	\$ '000	Notes	Actual 2013	Actual 2012
Cash Flows from Operating Activities				
Receipts:				
4,295	Rates & Annual Charges		4,126	3,917
1,035	User Charges & Fees		4,071	3,904
238	Investment & Interest Revenue Received		168	275
9,308	Grants & Contributions		9,156	6,752
1,369	Other		964	1,124
Payments:				
(5,664)	Employee Benefits & On-Costs		(5,304)	(5,387)
(4,499)	Materials & Contracts		(5,540)	(4,984)
-	Borrowing Costs		-	(1)
(1,250)	Other		(2,131)	(2,271)
4,832	Net Cash provided (or used in) Operating Activities	11b	5,510	3,329
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		-	2,103
-	Sale of Real Estate Assets		236	365
-	Sale of Infrastructure, Property, Plant & Equipment		153	213
-	Deferred Debtors Receipts		15	-
Payments:				
-	Purchase of Investment Securities		(3,048)	(500)
(5,638)	Purchase of Infrastructure, Property, Plant & Equipment		(5,336)	(4,461)
-	Purchase of Real Estate Assets		(13)	(39)
-	Deferred Debtors & Advances Made		(2)	(13)
(5,638)	Net Cash provided (or used in) Investing Activities		(7,995)	(2,332)
Cash Flows from Financing Activities				
Receipts:				
1,644	Proceeds from Borrowings & Advances		1,643	-
Payments:				
-	Repayment of Finance Lease Liabilities		-	(12)
1,644	Net Cash Flow provided (used in) Financing Activities		1,643	(12)
838	Net Increase/(Decrease) in Cash & Cash Equivalents		(842)	985
4,214	plus: Cash & Cash Equivalents - beginning of year	11a	4,214	3,229
5,052	Cash & Cash Equivalents - end of the year	11a	3,372	4,214
Additional Information:				
	plus: Investments on hand - end of year	6b	3,548	500
	Total Cash, Cash Equivalents & Investments		6,920	4,714

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 2013

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n/a - not applicable

Temora Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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 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

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(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 2012.

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) financial assets and liabilities at fair value through profit or loss, available-for-sale financial assets and investment properties which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of Infrastructure, property, plant & equipment 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.

Temora Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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 the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) Estimated fair values of investment properties
- (ii) Estimated fair values of infrastructure, property, plant and equipment.
- (iii) Estimated tip remediation provisions.

Critical judgements in applying the entity'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 the entity 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 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).

Temora Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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 (including parking fees and fines) 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 first occurs.

(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 2013) and **(ii)** all the related operating results (for the financial year ended the 30th June 2013).

The financial statements also include Council's share of the assets, liabilities, income and expenses of any **Jointly Controlled Operations** under the appropriate headings.

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:

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

Note:

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

(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

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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 Ventures

Council has no interest in any Joint Venture Entities, Assets or Operations.

(iv) Associated Entities

Council does not have any interest in any Associated Entities.

(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 Goldenfields Water 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.

(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 30th June 2013.

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

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 balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

(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

Temora Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

▪ 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 has 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.

The review conducted as at 30th June 2013 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.

Temora Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

(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 Division of Local Government.

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)

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

- **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;

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

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

Temora Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

Transport Assets

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

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 \$145,961 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	80 to 100 years
- Culverts	50 to 80 years

Transportation Assets

- Sealed Roads : Surface	12 - 15 years
- Sealed Roads : Structure	100 years
- Unsealed Roads	100 years
- Unsealed Roads: Surface	25 years
- Bridge : Concrete	100 years
- Bridge : Other	100 years
- Road Pavements	100 years

- Kerb, Gutter & Paths	50 years
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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
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All asset residual values and useful lives are reviewed and adjusted (where appropriate), at each balance sheet 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.

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 Values

Council has adopted residual values for the pavement and seal components of its road assets. The residual values are set at 50% of the Fair Value of the assets.

(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).

Temora Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

(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 not 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 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 30th June 2013.

(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 30th June 2013 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.

Temora Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

(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 30th June 2013 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.

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

Temora Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

leave expected to be 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.

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 settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

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

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

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

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

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

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 20th February 2013 and covers the period ended 30th June 2013.

Temora Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

However the position is monitored annually and the Actuary has estimated that as at 30 June 2013 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 2013 was \$246,826.

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 \$ 692,830 as at 30 June 2013.

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 30/6/13.

(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.

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).

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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 UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2013.

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.

Applicable to Local Government with implications:

AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures (effective from 1 January 2015)

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures.

Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.

It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements.

However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

Temora Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

Applicable to Local Government but no implications for Council;

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 132 & AASB 7] (effective 1 January 2013)

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (effective 1 January 2014).

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

Applicable to Local Government but not relevant to Council at this stage;

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12

Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting

Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)

This revised standard on accounting for employee benefits requires the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.

This replaces the expected return on plan assets that is currently included in profit or loss.

The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits.

The amendments will have to be implemented retrospectively.

Council does not recognise defined benefit assets and liabilities for the reasons set out in paragraph (x) (iii) and so these changes will not have an impact on its reported results.

Not applicable to Local Government per se;

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (effective 1 January 2013)

AASB 1 - this standard clarifies that an entity can apply AASB 1 more than once. An entity can elect to apply AASB 123 from the transition date or an earlier date.

AASB 101 - clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments.

AASB 116 - clarifies the classification of servicing equipment.

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

AASB 132 and Interpretation 2 - clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes

AASB 134 - provides clarification about segment reporting.

The amendments arising from this standard are not expected to change the reported financial position or performance of the Council.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(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 2013

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
	2013	2013	2012	2013	2013	2012	2013	2013	2012	2013	2012	2013	2012
Governance	-	16	-	940	831	778	(940)	(815)	(778)	6	79	252	79
Administration	-	-	151	263	356	805	(263)	(356)	(654)	-	10	12,010	11,251
Public Order & Safety	512	370	356	716	873	653	(204)	(503)	(297)	264	321	642	688
Health	1	-	201	110	116	78	(109)	(116)	123	-	201	2,751	129
Environment	759	555	520	1,447	822	756	(688)	(267)	(236)	54	95	-	30
Community Services & Education	1,224	1,894	1,945	1,392	1,934	1,886	(168)	(40)	59	1,496	1,600	4,402	4,401
Housing & Community Amenities	111	166	134	492	452	416	(381)	(286)	(282)	67	44	9,701	9,115
Sewerage Services	721	656	629	577	623	560	144	33	69	26	26	10,231	11,397
Recreation & Culture	349	375	306	2,005	1,919	1,826	(1,656)	(1,544)	(1,520)	126	54	11,800	9,697
Agriculture	300	184	243	300	386	301	-	(202)	(58)	-	-	-	-
Mining, Manufacturing & Construction	37	54	38	129	141	119	(92)	(87)	(81)	-	-	22	-
Transport & Communication	4,201	6,416	4,371	4,211	6,781	6,528	(10)	(365)	(2,157)	3,017	1,178	170,363	170,957
Economic Affairs	415	596	576	900	978	1,039	(485)	(382)	(463)	50	20	3,931	2,668
Total Functions & Activities	8,630	11,282	9,470	13,482	16,212	15,745	(4,852)	(4,930)	(6,275)	5,106	3,628	226,105	220,412
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	6,767	6,241	6,917	-	-	-	6,767	6,241	6,917	2,961	3,716	-	-
Operating Result from Continuing Operations	15,397	17,523	16,387	13,482	16,212	15,745	1,915	1,311	642	8,067	7,344	226,105	220,412

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 2013

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, 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, 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.

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 2013

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		1,093	1,052
Farmland		1,656	1,599
Business		426	417
Total Ordinary Rates		3,175	3,068
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		321	294
Sewerage Services		572	534
Waste Management Services (non-domestic)		76	70
Total Annual Charges		969	898
<u>TOTAL RATES & ANNUAL CHARGES</u>		<u>4,144</u>	<u>3,966</u>

Council has used 2008 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 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		57	61
Sewerage Services		12	8
Waste Management Services (non-domestic)		16	17
Total User Charges		85	86
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Planning & Building Regulation		84	60
Private Works - Section 67		116	71
Section 149 Certificates (EPA Act)		12	11
Section 603 Certificates		11	8
Total Fees & Charges - Statutory/Regulatory		223	150
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Aerodrome - Landing Fees		5	12
Animal Control		6	8
Caravan Park		118	131
Cemeteries		55	61
Cinema		96	117
CTC - Printing & Laminating		6	5
Frail & Aged		22	50
RMS (formerly RTA) Charges (State Roads not controlled by Council)		3,156	3,025
Saleyards		49	35
Sports Stadium		14	11
Swimming Centres		97	81
Tourism Information Centre		24	19
Other		2	2
Total Fees & Charges - Other		3,650	3,557
TOTAL USER CHARGES & FEES		3,958	3,793

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		18	12
- Interest earned on Investments (interest & coupon payment income)		181	238
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>199</u>	<u>250</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		12	8
Restricted Investments/Funds - External:			
Sewerage Fund Operations		36	52
Domestic Waste Management operations		3	6
Other Externally Restricted Assets		55	51
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		93	133
<u>Total Interest & Investment Revenue Recognised</u>		<u>199</u>	<u>250</u>
(d) Other Revenues			
Rental Income - Other Council Properties		152	101
Legal Fees Recovery - Rates & Charges (Extra Charges)		3	12
Bushfire - Purchase Local Items		75	22
Bushfire - Section 44 Claims		24	
Commissions & Agency Fees - RTA Motor Agency		109	107
Diesel Rebate		72	48
Donations		1	-
Gravel Royalties		2	3
Insurance Claim Recoveries		-	15
Murrumbidgee Local Health District - Cleaning & Trainee		2	65
Research Station Revenues		184	243
Risk Management Bonus		91	31
Other		22	22
<u>TOTAL OTHER REVENUE</u>		<u>737</u>	<u>669</u>

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance - General Component	1,817	2,271	-	-
Financial Assistance - Local Roads Component	1,081	1,377	-	-
Pensioners' Rates Subsidies - General Component	63	68	-	-
Total General Purpose	2,961	3,716	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Sewerage	26	26	-	-
- Domestic Waste Management	27	20	-	-
Bundawarra Centre	-	-	63	1
Bushfire & Emergency Services	264	321	-	-
Employment & Training Programs	9	10	-	-
Environmental Protection	8	26	-	-
Heritage & Cultural	12	15	-	20
Home & Community Care Services	1,496	1,584	-	10
Integrated Medical Centre	-	-	50	201
Library	30	30	-	-
Noxious Weeds	46	49	-	-
Recreation & Culture	-	-	21	23
Road Safety Officer	88	77	-	-
Street Lighting	40	35	-	-
Transport (Flood Damage Local Roads)	450	-	-	79
Transport (Flood Damage Regional Roads)	33	-	-	143
Transport (Flood Damage State Roads)	8	-	-	-
Transport (Roads to Recovery)	1,146	-	538	-
Transport (Other Roads & Bridges Funding)	14	25	-	331
Transport (Regional Roads Block Grant)	-	602	633	-
Transport (Repair Program)	101	-	3	-
Total Specific Purpose	3,798	2,820	1,308	808
Total Grants	6,759	6,536	1,308	808
Grant Revenue is attributable to:				
- Commonwealth Funding	-	-	50	201
- State Funding	6,759	6,536	1,258	607
	6,759	6,536	1,308	808

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
Nil				
Other Contributions:				
Environmental Protection	-	2	-	-
Footpath Contributions	-	-	18	12
HACC - Client Contributions	360	279	-	-
Tourism	-	1	-	-
Travel Contributions	10	5	-	-
Economic Development	8	-	-	-
FBT Contributions	16	-	-	-
Total Other Contributions	394	287	18	12
Total Contributions	394	287	18	12
TOTAL GRANTS & CONTRIBUTIONS	7,153	6,823	1,326	820

\$ '000	Actual 2013	Actual 2012
(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	749	1,147
add: Grants & contributions recognised in the current period but not yet spent:	884	749
less: Grants & contributions recognised in a previous reporting period now spent:	(749)	(1,147)
Net Increase (Decrease) in Restricted Assets during the Period	135	(398)
Unexpended and held as Restricted Assets	884	749
Comprising:		
- Specific Purpose Unexpended Grants	884	749
- Developer Contributions	-	-
- Other Contributions	-	-
	884	749

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
(a) Employee Benefits & On-Costs			
Salaries and Wages		4,354	3,956
Travelling		34	51
Employee Leave Entitlements (ELE)		667	1,050
ELE On-costs		(18)	144
Superannuation - Defined Contribution Plans		348	380
Superannuation - Defined Benefit Plans		295	273
Workers' Compensation Insurance		156	177
Fringe Benefit Tax (FBT)		135	110
Training Costs (other than Salaries & Wages)		86	61
Staff Uniforms & Safety Clothing		11	14
Total Employee Costs		6,068	6,216
less: Capitalised Costs		(600)	(388)
TOTAL EMPLOYEE COSTS EXPENSED		5,468	5,828
Number of "Equivalent Full Time" Employees at year end		86	85
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Charges relating to Finance Leases		-	1
Total Interest Bearing Liability Costs Expensed		-	1
(ii) Other Borrowing Costs			
Nil			
TOTAL BORROWING COSTS EXPENSED		-	1

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(c) Materials & Contracts			
Raw Materials & Consumables		5,503	5,123
Auditors Remuneration ⁽¹⁾		17	29
Legal Expenses:			
- Legal Expenses: Debt Recovery		3	8
- Legal Expenses: Other		2	1
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽²⁾		23	19
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>5,548</u>	<u>5,180</u>
1. Auditor Remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
(i) Audit and Other Assurance Services			
- Audit & review of financial statements: Council's Auditor		17	21
- Internal Audit		-	8
Remuneration for audit and other assurance services		<u>17</u>	<u>29</u>
Total Auditor Remuneration		<u>17</u>	<u>29</u>
2. Operating Lease Payments are attributable to:			
Photocopier		23	19
		<u>23</u>	<u>19</u>

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2013	Actual 2012	Actual 2013	Actual 2012
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	568	543
Office Equipment		-	-	126	119
Furniture & Fittings		-	-	14	6
Property, Plant & Equipment - Leased		-	-	9	10
Land Improvements (depreciable)		-	-	16	12
Buildings - Non Specialised		-	-	115	112
Buildings - Specialised		-	-	235	202
Leasehold Improvements		-	-	25	25
Other Structures		-	-	48	36
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	1,683	1,629
- Stormwater Drainage		-	-	63	61
- Sewerage Network		-	-	160	136
Other Assets					
- Other		-	-	71	54
Total Depreciation & Impairment Costs		-	-	3,133	2,945
less: Capitalised Costs		-	-	(49)	(41)
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	3,084	2,904

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		55	39
Bank Charges		21	17
Cleaning		86	92
Conferences		11	17
Contributions/Levies to Other Levels of Government			
- Bushfire Fighting Fund		199	135
- Emergency Services Levy		21	23
- NSW Fire Brigade Levy		31	31
Councillor Expenses - Mayoral Fee		15	14
Councillor Expenses - Councillors' Fees		70	69
Donations, Contributions & Assistance to other organisations (Section 356)		162	148
Electricity & Heating		349	234
Insurance		286	207
Office Expenses (including computer expenses)		244	357
Postage		21	17
Printing & Stationery		74	82
Street Lighting		124	115
Subscriptions & Publications		31	16
Telephone & Communications		179	125
Valuation Fees		29	27
Water		104	67
<u>TOTAL OTHER EXPENSES</u>		<u>2,112</u>	<u>1,832</u>

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2013	Actual 2012
Property (excl. Investment Property)			
Proceeds from Disposal - Property		-	-
less: Carrying Amount of Property Assets Sold / Written Off		(15)	-
Net Gain/(Loss) on Disposal		(15)	-
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		153	213
less: Carrying Amount of P&E Assets Sold / Written Off		(185)	(223)
Net Gain/(Loss) on Disposal		(32)	(10)
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		233	368
less: Carrying Amount of Real Estate Assets Sold / Written Off		(180)	(292)
Net Gain/(Loss) on Disposal		53	76
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		-	2,103
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		-	(2,103)
Net Gain/(Loss) on Disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		6	66

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000	Notes	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		1,168	-	423	-
Cash-Equivalent Assets ¹					
- Short Term Deposits		2,204	-	3,791	-
Total Cash & Cash Equivalents		3,372	-	4,214	-
Investments (Note 6b)					
- Long Term Deposits		3,548	-	500	-
Total Investments		3,548	-	500	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		6,920	-	4,714	-

¹ 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					
a. "At Fair Value through the Profit & Loss"		3,372	-	4,214	-

Investments

a. "Held to Maturity"	6(b-ii)	3,548	-	500	-
Investments		3,548	-	500	-

Note 6(b-i)

Reconciliation of Investments classified as "Held to Maturity"

Balance at the Beginning of the Year	500	-	2,103	-
Additions	3,048	-	500	-
Disposals (sales & redemptions)	-	-	(2,103)	-
Balance at End of Year	3,548	-	500	-

Comprising:

- Long Term Deposits	3,548	-	500	-
Total	3,548	-	500	-

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000	2013	2013	2012	2012
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	6,920	-	4,714	-
attributable to:				
External Restrictions (refer below)	1,945	-	2,062	-
Internal Restrictions (refer below)	4,973	-	2,652	-
Unrestricted	2	-	-	-
	6,920	-	4,714	-

2013	Opening	Transfers to	Transfers from	Closing
\$ '000	Balance	Restrictions	Restrictions	Balance

Details of Restrictions

External Restrictions - Included in Liabilities

Nil

External Restrictions - Other

Specific Purpose Unexpended Grants (F)	749	1,946	(1,811)	884
Sewerage Services (G)	1,175	686	(989)	872
Domestic Waste Management (G)	138	515	(464)	189
External Restrictions - Other	2,062	3,147	(3,264)	1,945
Total External Restrictions	2,062	3,147	(3,264)	1,945

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

G Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges 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 2013

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details (continued)

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	207	2,807	(2,794)	220
Infrastructure Replacement	-	96	-	96
Employees Leave Entitlement	633	1,217	-	1,850
Callaghan Park - Pathways	25	-	(25)	-
Cycle Path Lake Centenary Reserve	25	-	(25)	-
State Roads Maintenance	279	2,549	(2,439)	389
Financial Assistance Grant Local Roads Reserve	562	8	-	570
Financial Assistance Grant General Component	-	946	-	946
Local Roads Reserve	-	1,239	(1,130)	109
Gravel Royalty	17	5	-	22
Industrial Development	200	-	-	200
Industrial Signs	7	-	(7)	-
Izumizaki Donation	2	-	-	2
Drainage	65	-	(65)	-
SES Vehicle	5	-	(5)	-
Signage Strategy	5	-	-	5
Medical Complex	242	1,327	(1,559)	10
Equipment Reserve	60	-	(60)	-
Heated Pool	250	-	(4)	246
Airport Caravan Park	68	-	-	68
Aerodrome Estate Reserve	-	150	-	150
Paleface Park Pavers	-	90	-	90
Total Internal Restrictions	2,652	10,434	(8,113)	4,973
TOTAL RESTRICTIONS	4,714	13,581	(11,377)	6,918

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 7. Receivables

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		186	-	168	-
Interest & Extra Charges		20	-	16	-
User Charges & Fees		219	-	320	-
Capital Debtors (being sale of assets)					
- Sale of Land		-	-	3	-
Accrued Revenues					
- Interest on Investments		38	-	11	-
- Other Income Accruals		204	-	431	-
Government Grants & Subsidies		737	-	1,370	-
Deferred Debtors		44	54	45	66
Net GST Receivable		56	-	102	-
Other Debtors		34	-	32	-
Total		1,538	54	2,498	66
less: Provision for Impairment					
User Charges & Fees		(15)	-	(3)	-
Total Provision for Impairment - Receivables		(15)	-	(3)	-
<u>TOTAL NET RECEIVABLES</u>		<u>1,523</u>	<u>54</u>	<u>2,495</u>	<u>66</u>
Externally Restricted Receivables					
Sewerage Services					
- Rates & Availability Charges		36	-	34	-
- Other		413	-	3	-
Domestic Waste Management		29	-	30	-
Total External Restrictions		478	-	67	-
Internally Restricted Receivables					
- Medical Complex		-	-	1,000	-
Internally Restricted Receivables		-	-	1,000	-
Unrestricted Receivables		1,045	54	1,428	66
TOTAL NET RECEIVABLES		1,523	54	2,495	66

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 10.00% (2012 11.00%).
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 2013

Note 8. Inventories & Other Assets

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		767	-	934	-
Stores & Materials		93	-	37	-
Total Inventories		860	-	971	-
Other Assets					
Prepayments		220	-	101	-
Total Other Assets		220	-	101	-
<u>TOTAL INVENTORIES / OTHER ASSETS</u>		<u>1,080</u>	<u>-</u>	<u>1,072</u>	<u>-</u>

Externally Restricted Assets

There are no restrictions applicable to the above assets.

(i) Other Disclosures

(a) Details for Real Estate Development

Residential	655	-	824	-
Industrial/Commercial	112	-	110	-
Total Real Estate for Resale	767	-	934	-

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

Represented by:

Acquisition Costs & Development Costs	767	-	934	-
Total Costs	767	-	934	-
Total Real Estate for Resale	767	-	934	-

Movements:

Real Estate assets at beginning of the year	934	-	1,432	-
- Purchases and other costs	13	-	39	-
- Transfers in from (out to) Note 9	-	-	(245)	-
- WDV of Sales (exp)	(180)	-	(292)	-
Total Real Estate for Resale	767	-	934	-

(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;

	2013	2012
Real Estate for Resale	398	749
	398	749

Notes to the Financial Statements
for the financial year ended 30 June 2013

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2012					Asset Movements during the Reporting Period							as at 30/6/2013				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Adjustments & Transfers	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment											Dep'n	Impairment	
Capital Work in Progress	912	-	-	-	912	650	-	-	(912)	-	-	-	650	-	-	-	650
Plant & Equipment	-	7,358	3,879	-	3,479	1,071	(172)	(568)	1	(13)	-	-	-	7,913	4,115	-	3,798
Office Equipment	-	1,109	711	-	398	102	(7)	(126)	-	-	-	-	-	1,182	815	-	367
Furniture & Fittings	-	97	62	-	35	148	(6)	(14)	5	-	-	-	-	235	67	-	168
Plant & Equipment (under Finance Lease)	-	67	54	-	13	-	-	(9)	-	-	-	-	-	67	63	-	4
Land:																	
- Operational Land	-	3,309	-	-	3,309	-	-	-	-	-	(188)	-	-	3,121	-	-	3,121
- Community Land	-	1,276	-	-	1,276	-	-	-	-	-	-	31	-	1,307	-	-	1,307
Land Improvements - depreciable	-	298	48	-	250	111	-	(16)	-	-	-	-	-	409	64	-	345
Buildings - Non Specialised	-	10,097	2,617	-	7,480	14	(12)	(115)	17	-	-	1,267	-	13,231	4,580	-	8,651
Buildings - Specialised	-	16,554	5,240	-	11,314	1,455	(3)	(235)	706	-	(516)	-	-	16,515	3,794	-	12,721
Leasehold Improvements	-	514	89	-	425	-	-	(25)	-	-	-	-	-	514	114	-	400
Other Structures	-	1,570	651	-	919	255	-	(48)	-	-	-	567	-	3,525	1,832	-	1,693
Infrastructure:																	
- Roads, Bridges, Footpaths	-	181,360	81,100	-	100,260	1,360	-	(1,683)	165	-	-	-	-	182,885	82,783	-	100,102
- Bulk Earthworks (non-depreciable)	-	61,823	-	-	61,823	-	-	-	-	-	-	-	-	61,823	-	-	61,823
- Bulk Earthworks Stormwater (non-deprec.)	-	2,903	-	-	2,903	-	-	-	-	-	-	-	-	2,903	-	-	2,903
- Stormwater Drainage	-	13,849	8,438	-	5,411	234	-	(63)	-	-	-	-	-	14,083	8,501	-	5,582
- Sewerage Network	-	17,024	7,005	-	10,019	53	-	(160)	16	13	-	248	-	17,534	7,345	-	10,189
Other Assets:																	
- Library Books	-	60	14	-	46	-	-	-	-	-	-	-	-	60	14	-	46
- Other	-	2,127	334	-	1,793	162	-	(71)	2	-	-	772	-	3,475	817	-	2,658
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	912	321,395	110,242	-	212,065	5,615	(200)	(3,133)	-	-	(704)	2,885	650	330,782	114,904	-	216,528

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$1,562,024) and New Assets (\$2,515,399).
Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000 Class of Asset	Actual 2013				Actual 2012			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Sewerage Services								
WIP	-	284	-	284	-	16	-	16
Plant & Equipment	-	14	1	13	-	-	-	-
Infrastructure	-	17,519	7,343	10,176	-	17,024	7,005	10,019
Total Sewerage Services	-	17,817	7,344	10,473	-	17,040	7,005	10,035
Domestic Waste Management								
WIP	-	-	-	-	-	1	-	1
Plant & Equipment	-	468	221	247	-	396	338	58
Land								
- Operational Land'	-	24	-	24	-	18	-	18
- Improvements - depreciable	-	47	4	43	-	45	3	42
Buildings	-	5	2	3	-	4	2	2
Other Structures	-	9	3	6	-	9	3	6
Other Assets	-	29	29	-	-	28	28	-
Total DWM	-	582	259	323	-	501	374	127
TOTAL RESTRICTED I,PP&E	-	18,399	7,603	10,796	-	17,541	7,379	10,162

Note 9c. Infrastructure, Property, Plant & 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 2013

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		984	-	801	-
Goods & Services - capital expenditure		506	-	276	-
Payments Received In Advance		9	-	9	-
Accrued Expenses:					
- Other Expenditure Accruals		133	1	150	3
Security Bonds, Deposits & Retentions		102	-	102	-
Total Payables		1,734	1	1,338	3
Borrowings					
Loans - Secured ¹		238	1,405	-	-
Total Borrowings		238	1,405	-	-
Provisions					
Employee Benefits;					
Annual Leave		886	-	816	-
Sick Leave		1,595	-	1,528	-
Long Service Leave		1,588	45	1,541	65
Total Provisions		4,069	45	3,885	65
Total Payables, Borrowings & Provisions		6,041	1,451	5,223	68
(i) Liabilities relating to Restricted Assets					
		2013		2012	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Sewer		130	-	14	-
Domestic Waste Management		16	-	1	-
Liabilities relating to externally restricted assets		146	-	15	-
Internally Restricted Assets					
Nil					
Total Liabilities relating to restricted assets		146	-	15	-
Total Liabilities relating to Unrestricted Assets		5,895	1,451	5,208	68
TOTAL PAYABLES, BORROWINGS & PROVISIONS		6,041	1,451	5,223	68

¹. 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 2013

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

	Actual 2013	Actual 2012
\$ '000		

(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	3,578	3,393
	3,578	3,393

Note 10b. Description of and movements in Provisions

Class of Provision	2012	2013				Closing Balance as at 30/6/13
	Opening Balance as at 1/7/12	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	816	334	(261)	(3)	-	886
Sick Leave	1,528	183	(104)	(12)	-	1,595
Long Service Leave	1,606	160	(116)	(17)	-	1,633
TOTAL	3,950	677	(481)	(32)	-	4,114

- 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 2013

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2013	Actual 2012
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	3,372	4,214
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		3,372	4,214
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		1,311	642
Adjust for non cash items:			
Depreciation & Amortisation		3,084	2,904
Net Losses/(Gains) on Disposal of Assets		(6)	(66)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		956	(1,261)
Increase/(Decrease) in Provision for Doubtful Debts		12	(4)
Decrease/(Increase) in Inventories		(56)	357
Decrease/(Increase) in Other Assets		(119)	23
Increase/(Decrease) in Payables		183	149
Increase/(Decrease) in other accrued Expenses Payable		(19)	148
Increase/(Decrease) in Other Liabilities		-	(4)
Increase/(Decrease) in Employee Leave Entitlements		164	441
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		5,510	3,329
(c) Non-Cash Investing & Financing Activities			
Nil			
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		200	200
Credit Cards / Purchase Cards		30	30
Total Financing Arrangements		230	230
Amounts utilised as at Balance Date:			
- Credit Cards / Purchase Cards		9	8
Total Financing Arrangements Utilised		9	8

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.

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2013	Actual 2012
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		-	596
Total Commitments		-	596
These expenditures are payable as follows:			
Within the next year		-	596
Total Payable		-	596
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		-	596
Total Sources of Funding		-	596

(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	20	15
Later than one year and not later than 5 years	29	38
Later than 5 years	-	-
Total Non Cancellable Operating Lease Commitments	49	53

b. Non Cancellable Operating Leases include the following assets:

Photocopiers

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 2013

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

\$ '000	Amounts 2013	Indicator 2013	Prior Periods 20122011	
Local Government Industry Indicators - Consolidated				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	6,702	2.89 : 1	2.98	3.90
Current Liabilities less Specific Purpose Liabilities ^(2,3)	2,317			
2. Debt Service Ratio				
Debt Service Cost	-	0.00%	0.10%	0.07%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)	12,005			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	4,144	23.65%	24.20%	26.01%
Income from Continuing Operations	17,523			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	206	4.74%	4.46%	3.26%
Rates, Annual & Extra Charges Collectible	4,349			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾	1,491	66.09%	84.49%	50.52%
Depreciation, Amortisation & Impairment	2,256			

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

⁽²⁾ Refer to Note 10(a).

⁽³⁾ Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

⁽⁴⁾ 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 and infrastructure assets only.

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000	Amounts 2013	Indicator 2013	Prior Periods 2012 2011	
TCorp Performance Measures - Consolidated				
a. Operating Performance				
Operating Revenue (excl. Capital Grants & Contributions)				
- Operating Expenses	(15)	-0.09%		
Operating Revenue (excl. Capital Grants & Contributions)	16,197			
b. Own Source Operating Revenue				
Rates & Annual Charges + User Charges & Fees	8,102	46.24%		
Total Operating Revenue (incl. Capital Grants & Contributions)	17,523			
c. Unrestricted Current Ratio				
Current Assets less all External Restrictions	6,702	2.89		
Current Liabilities less Specific Purpose Liabilities	2,317			
d. Debt Service Cover Ratio				
Operating Result before Interest & Depreciation (EBITDA)	3,069	0.00		
Principal Repayments (from the Statement of Cash Flows)	-			
+ Borrowing Interest Costs (from the Income Statement)				
e. Capital Expenditure Ratio				
Annual Capital Expenditure	5,415	1.76		
Annual Depreciation	3,084			
f. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	4,660	0.03		
Total value of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	139,283			
g. Asset Maintenance Ratio				
Actual Asset Maintenance	2,571	1.50		
Required Asset Maintenance	1,719			
h. Building & Infrastructure Renewals Ratio				
Asset Renewals	1,491	0.66		
Depreciation of Building and Infrastructure Assets	2,256			
i. Cash Expense Cover Ratio				
Current Year's Cash & Cash Equivalents	3,372	3.08		
(Total Expenses - Depreciation - Interest Costs) x12	1,094			
j. Interest Cover Ratio				
Operating Results before Interest & Depreciation (EBITDA)	3,069	0.00		
Borrowing Interest Costs (from the income statement)	-			

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000	Water 2013	Sewer 2013	General ¹ 2013
Local Government Industry Indicators - by Fund			
1. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽¹⁾	n/a	10.16 : 1	2.89 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)			
prior period:	n/a	97.29 : 1	2.98 : 1
2. Debt Service Ratio			
Debt Service Cost	n/a	0.00%	0.00%
Income from Continuing Operations			
(excl. Capital Items & Specific Purpose Grants/Contributions)	prior period:	n/a	0.00%
		0.11%	
3. Rates & Annual Charges Coverage Ratio			
Rates & Annual Charges	n.a	87.32%	21.05%
Income from Continuing Operations			
prior period:	n/a	85.02%	21.68%
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual & Extra Charges Outstanding	n/a	5.98%	4.54%
Rates, Annual & Extra Charges Collectible			
prior period:	N/a	6.63%	4.12%
5. Building & Infrastructure Renewals Ratio			
Asset Renewals (Building & Infrastructure assets)	n/a	0.00%	71.14%
Depreciation, Amortisation & Impairment			
prior period:	n/a	0.00%	90.22%

Notes

⁽¹⁾ 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 2013

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

\$ '000	Water 2013	Sewer 2013	General ¹ 2013
TCorp Performance Measures - by Fund			
a. Operating Performance			
Operating Revenue (excl. Capital Grants & Contributions) - Operating Expenses			
Operating Revenue (excl. Capital Grants & Contributions)	n/a	4.81%	-0.31%
prior period:			
b. Own Source Operating Revenue			
Rates & Annual Charges + User Charges & Fees			
Total Operating Revenue (incl. Capital Grants & Contributions)	n/a	90.96%	44.41%
prior period:			
c. Unrestricted Current Ratio			
Current Assets less all External Restrictions			
Current Liabilities less Specific Purpose Liabilities	n/a	10.16	2.89
prior period:			
d. Debt Service Cover Ratio			
Operating Result before Interest & Depreciation (EBITDA)			
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)	n/a	0.00	0.00
prior period:			
e. Capital Expenditure Ratio			
Annual Capital Expenditure			
Annual Depreciation	n/a	2.10	1.74
prior period:			
f. Infrastructure Backlog Ratio			
Estimated Cost to bring Assets to a Satisfactory Condition (from Special Schedule 7)			
Total value of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	n/a	0.00	0.04
prior period:			
g. Asset Maintenance Ratio			
Actual Asset Maintenance			
Required Asset Maintenance	n/a	1.04	1.60
prior period:			
h. Building and Infrastructure Renewals Ratio			
Asset Renewals			
Depreciation of Building and Infrastructure Assets	n/a	0.00	0.00
prior period:			
i. Cash Expense Cover Ratio			
Current Year's Cash & Cash Equivalents			
(Total Expenses - Depreciation - Interest Costs) x12	n/a	21.23	3.20
prior period:			
j. Interest Cover Ratio			
Operating Results before Interest & Depreciation (EBITDA)			
Borrowing Interest Costs (from the income statement)	n/a	0.00	0.00
prior period:			

Notes

(1) 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 2013

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	
	2013	2012	2013	2012
Financial Assets				
Cash and Cash Equivalents	3,372	4,214	3,372	4,214
Investments				
- "Held to Maturity"	3,548	500	3,548	500
Receivables	1,577	2,561	1,577	2,561
Total Financial Assets	8,497	7,275	8,497	7,275
Financial Liabilities				
Payables	1,726	1,332	1,726	1,332
Loans / Advances	1,643	-	1,643	-
Total Financial Liabilities	3,369	1,332	3,369	1,332

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.

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

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 it's staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether their 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.

Cash & Investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income.

A further risk associated with Cash & Investments is 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
2013				
Possible impact of a 1% movement in Interest Rates	69	69	(69)	(69)
2012				
Possible impact of a 1% movement in Interest Rates	47	47	(47)	(47)

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

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.

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:

	2013	2013	2012	2012
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	1,125	-	2,271
Past due by up to 30 days	73	123	88	9
Past due between 31 and 180 days	33	62	34	116
Past due between 181 and 365 days	36	8	25	-
Past due by more than 1 year	44	88	21	-
	186	1,406	168	2,396

(ii) Movement in Provision for Impairment of Receivables

	2013	2012
Balance at the beginning of the year	3	7
+ new provisions recognised during the year	13	3
- amounts already provided for & written off this year	-	(7)
- amounts provided for but recovered during the year	(1)	-
Balance at the end of the year	15	3

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

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 Liquidity 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		
2013									
Trade/Other Payables	102	1,624	-	-	-	-	-	1,726	1,726
Loans & Advances	-	238	252	265	280	296	312	1,643	1,643
Total Financial Liabilities	102	1,862	252	265	280	296	312	3,369	3,369
2012									
Trade/Other Payables	102	1,230	-	-	-	-	-	1,332	1,332
Total Financial Liabilities	102	1,230	-	-	-	-	-	1,332	1,332

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:

	2013		2012	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	1,726	0.0%	1,332	0.0%
Loans & Advances - Fixed Interest Rate	1,643	5.4%	-	-
	<u>3,369</u>		<u>1,332</u>	

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 12/13 was adopted by the Council on 21 June 2012.

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	2013 Budget	2013 Actual	2013 ----- Variance* -----	
REVENUES				
Rates & Annual Charges	4,264	4,144	(120)	(3%) U
User Charges & Fees	2,258	3,958	1,700	75% F
This variance is due to an increase in RMS claims for State Road maintenance amounting to \$1.856 million.				
Interest & Investment Revenue	240	199	(41)	(17%) U
Reserve balances have been quite low during the year. Council spent in excess of \$2 million on the construction of the Medical Complex, which was temporarily funded by reserves until loan funding was received. In addition to this there have been a number of interest rate reductions during the year.				
Other Revenues	704	737	33	5% F
Operating Grants & Contributions	7,302	7,153	(149)	(2%) U
Financial Assistance Grants of \$1.516 million were received in advance for 2014 financial year. This is offset by the categorisation issues outlined in Capital Grants & Contributions below.				
Capital Grants & Contributions	628	1,326	698	111% F
Council received a number of small capital grants which had not been anticipated at the time of budget preparation. These included grants for the Bundawarra Centre (\$63k), Integrated Medical Complex (\$50k) & Recreation & Culture (\$21k). Roads to Recovery, Regional Roads Block Grant and Repair Program grants are all categorised as either capital or operating depending on how the funds are spent. At the time of budget preparation this apportionment was unknown so all amounts were categorised as operating.				
Net Gains from Disposal of Assets	1	6	5	500% F
Conservative figures were budgeted due to lower 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.				

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 16. Material Budget Variations (continued)

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----	
EXPENSES				
Employee Benefits & On-Costs	5,664	5,468	196	3% F
Materials & Contracts	3,697	5,548	(1,851)	(50%) U
An increase in work done on State Roads resulted in a variance of \$1.488 million to budget which was offset by an increase in revenue received from RMS of \$1.856 million. Flood damage remedial work resulted in the remaining variance.				
Depreciation & Amortisation	2,872	3,084	(212)	(7%) U
Other Expenses	1,249	2,112	(863)	(69%) U
This variance is due to an underestimation of Fire & Emergency contributions, Electricity & Heating, Insurance, Computer Expenses, Telephone & Water Costs.				

Temora Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 17. Statement of Developer Contributions

\$ '000

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

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

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 has advised that the share of this deficit that can be broadly attributed to Council was estimated to be in the order of \$692,830 as at 30 June 2013.

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.

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

1. Guarantees (continued)

(iv) Other Guarantees

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

2. Other Liabilities

(i) Third Party Claims

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

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

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. Controlled Entities, Associated Entities & Interests in Joint Ventures

Council has no interest in any Controlled Entities, Associated Entities or Joint Ventures.

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2013	Actual 2012
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		69,423	68,781
a. Correction of Prior Period Errors	20 (c)	(449)	(449)
b. Net Operating Result for the Year		1,311	642
Balance at End of the Reporting Period		70,285	68,974

(b) Reserves

(i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	148,328	146,686
Total	148,328	146,686

(ii) Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance	146,686	144,458
- Revaluations for the year	9(a) 2,181	2,228
- Correction of Prior Period Errors (effective during YE 12/13)	20(c) (539)	146,686
- Balance at End of Year	148,328	146,686

TOTAL VALUE OF RESERVES

148,328	146,686
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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.

Temora Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

\$ '000	Notes	Actual 2013	Actual 2012
---------	-------	----------------	----------------

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

Correction of errors disclosed in this year's financial statements:

During the year Council identified a number of parcels of land owned by the Crown which were recorded as assets of Temora Shire Council.

Adjustments were made to remove these items from Community and Operational Land. The adjustment was made initially against the Asset Revaluation Reserve (\$539,000), but as the balance of the Asset Revaluation Reserve was insufficient to absorb the adjustment, the remainder of \$449,000 was adjusted against Retained Earnings in accordance with the accounting treatment required.

The accounts affected are listed below:

Community Land	(901)	-
Operational Land	(87)	-
Asset Revaluation Reserve	539	-
Accumulated Surplus	449	-

(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 2013

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
<u>Continuing Operations</u>	<u>Water</u>	<u>Sewer</u>	<u>General¹</u>
Income from Continuing Operations			
Rates & Annual Charges	-	599	3,545
User Charges & Fees	-	25	3,933
Interest & Investment Revenue	-	36	163
Other Revenues	-	-	737
Grants & Contributions provided for Operating Purposes	-	26	7,127
Grants & Contributions provided for Capital Purposes	-	-	1,326
Other Income			
Net Gains from Disposal of Assets	-	-	6
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
Total Income from Continuing Operations	-	686	16,837
Expenses from Continuing Operations			
Employee Benefits & on-costs	-	183	5,285
Borrowing Costs	-	-	-
Materials & Contracts	-	244	5,304
Depreciation & Amortisation	-	161	2,923
Impairment	-	-	-
Other Expenses	-	65	2,047
Interest & Investment Losses	-	-	-
Total Expenses from Continuing Operations	-	653	15,559
Operating Result from Continuing Operations	-	33	1,278
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	-	33	1,278
Net Operating Result attributable to each Council Fund	-	33	1,278
Net Operating Result attributable to Non-controlling Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	-	33	(48)

¹ General Fund refers to all Council's activities other than Water & 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 2013

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

Statement of Financial Position by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
	Water	Sewer	General ¹
ASSETS			
Current Assets			
Cash & Cash Equivalents	-	872	2,500
Investments	-	-	3,548
Receivables	-	449	1,074
Inventories	-	-	860
Other	-	-	220
Non-current assets classified as 'held for sale'	-	-	-
Total Current Assets	-	1,321	8,202
Non-Current Assets			
Investments	-	-	-
Receivables	-	-	54
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	-	10,473	206,055
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
Other	-	-	-
Total Non-Current Assets	-	10,473	206,109
TOTAL ASSETS	-	11,794	214,311
LIABILITIES			
Current Liabilities			
Payables	-	130	1,604
Borrowings	-	-	238
Provisions	-	-	4,069
Total Current Liabilities	-	130	5,911
Non-Current Liabilities			
Payables	-	-	1
Borrowings	-	-	1,405
Provisions	-	-	45
Total Non-Current Liabilities	-	-	1,451
TOTAL LIABILITIES	-	130	7,362
Net Assets	-	11,664	206,949
EQUITY			
Retained Earnings	-	6,509	63,776
Revaluation Reserves	-	5,155	143,173
Total Equity	-	11,664	206,949

¹ General Fund refers to all Council's activities other than Water & 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 2013

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

\$ '000

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

Note 23. Events occurring after the Reporting Period

Events that occur between the end of the reporting period (ending 30 June 2013) 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 27/09/13.

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 2013.

(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 2013 and which are only indicative of conditions that arose after 30 June 2013.

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

Note 24. Discontinued Operations

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

Note 25. Intangible Assets

Intangible Assets represent identifiable non-monetary assets 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

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 2013

Note 27. Financial Review

\$ '000

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

Financial Performance Figures	2013	2012	2011	2010	2009
Inflows:					
Rates & Annual Charges Revenue	4,144	3,966	3,841	3,717	3,536
User Charges Revenue	3,958	3,793	3,278	3,127	1,625
Interest & Investment Revenue (Losses)	199	250	261	205	273
Grants Income - Operating & Capital	8,067	7,344	6,493	5,980	7,063
Total Income from Continuing Operations	17,523	16,387	14,769	13,566	13,572
Sale Proceeds from I,PP&E	389	578	716	397	787
New Loan Borrowings & Advances	1,643	-	-	-	-
Outflows:					
Employee Benefits & On-cost Expenses	5,468	5,828	5,257	5,026	4,560
Borrowing Costs	-	1	2	2	2
Materials & Contracts Expenses	5,548	5,180	4,627	3,267	3,048
Total Expenses from Continuing Operations	16,212	15,745	14,206	11,762	10,959
Total Cash purchases of I,PP&E	5,336	4,461	2,751	4,271	4,953
Total Loan Repayments (incl. Finance Leases)	-	12	6	12	12
Operating Surplus/(Deficit) (excl. Capital Income)	(15)	(178)	(443)	1,565	864
Financial Position Figures	2013	2012	2011	2010	2009
Current Assets	9,523	8,281	8,483	7,938	8,131
Current Liabilities	6,041	5,223	4,286	4,432	4,442
Net Current Assets	3,482	3,058	4,197	3,506	3,689
Available Working Capital (Unrestricted Net Current Assets)	97	383	1,137	246	2,039
Cash & Investments - Unrestricted	2	-	-	-	-
Cash & Investments - Internal Restrictions	4,973	2,652	2,958	3,074	3,130
Cash & Investments - Total	6,920	4,714	5,332	5,028	5,157
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	1,643	-	12	18	30
Total Value of I,PP&E (excl. Land & Earthworks)	265,181	255,899	249,910	247,229	114,767
Total Accumulated Depreciation	114,904	110,242	106,731	104,003	44,809
Indicative Remaining Useful Life (as a % of GBV)	57%	57%	57%	58%	61%

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 2013

Note 28. Council Information & Contact Details

Principal Place of Business:

105 Loftus Street
TEMORA NSW 2666

Contact Details
Mailing Address:

PO Box 262
TEMORA NSW 2666

Opening Hours:

8am to 4.30pm
Monday to Friday

Telephone: 02 6980 1100

Facsimile: 02 6980 1138

Internet: www.temora.nsw.gov.au

Email: temshire@temora.nsw.gov.au

Officers
GENERAL MANAGER

Gary Lavelle

RESPONSIBLE ACCOUNTING OFFICER

Steve Firth

PUBLIC OFFICER

Steve Firth

AUDITORS

Auswild & Co

Elected Members
MAYOR

Rick Firman

COUNCILLORS

Graham Sinclair

Graham Coates

Nigel Judd

Max Oliver

Racheal Schliebs

Dennis Sleight

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 Division 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 30th June, 2013, 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 or the Statement of TCorp performance measures disclosed in Note 13. 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
27th September, 2013

TEMORA SHIRE COUNCIL

**REPORT ON THE
CONDUCT OF THE AUDIT**

2013



Auswild & Co

CHARTERED ACCOUNTANTS

ABN: 29 725 771 792

27th September, 2013

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 30th June 2013 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.

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 2013 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

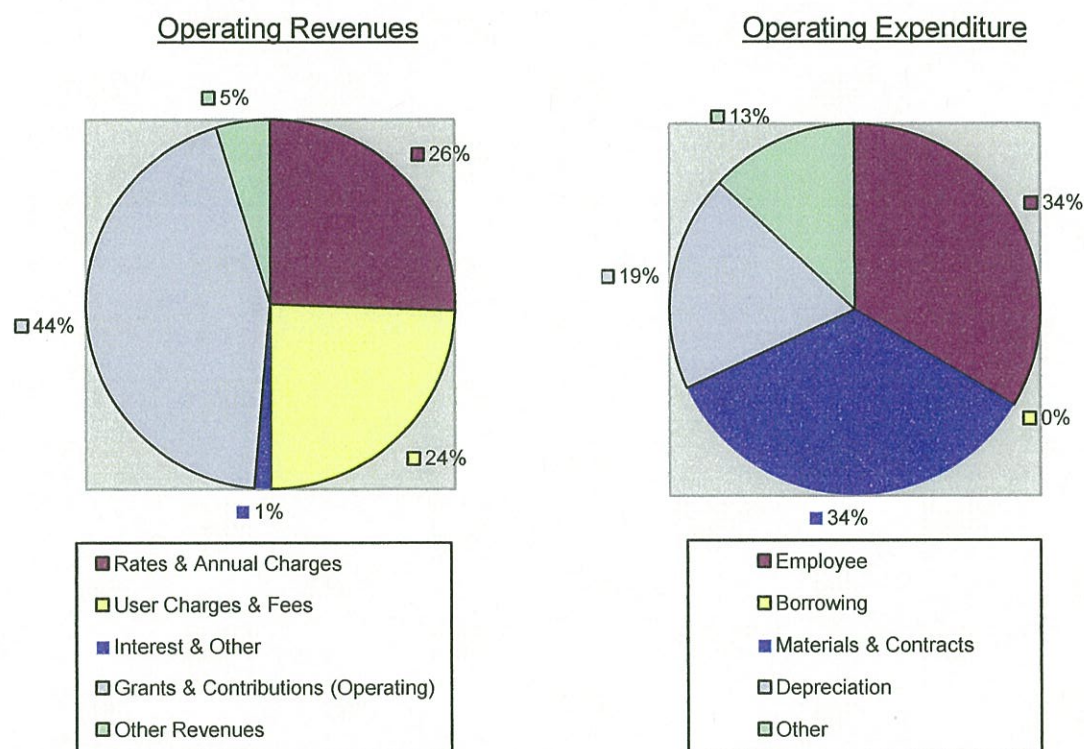
As part of our role as auditor of Council, Section 415 (3) of the *Local Government Act 1993* and the *Local Government (General) Regulation* requires us to consider and provide comment on the material items affecting the general purpose financial statements and other matters pertinent to the audit. The following section of this report provides an understanding of Council's financial position as at 30 June 2013, 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 \$15,000 for the year ended 30 June 2013 (2012 – deficit of \$178,000).

Excluding capital grants & contributions, operating revenues (\$16.20 million) increased approximately 4.05% on those of the previous year (\$15.57 million) whilst during the same period operating expenses increased approximately 2.97% to \$16.21 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 \$1.33 million (2012 - \$820,000).

In the twelve months period to 30 June 2013, Council's operating result from continuing operations' (**including** capital grants and contributions) was \$1.31 million compared with \$642,000 in the previous year.

BUDGET COMPARISON

The net operating surplus for the year of \$1.31 million was lower than the original budget expectations which anticipated a surplus of \$1.92 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 better than expected results have been attributed to: -

Favourable Variances

- Roads and Maritime Services claims for State road maintenance resulted in additional User Charges of \$1.86 million.
- The Federal Government continued to pay the Financial Assistance Grant (FAG) in advance.
- Additional grants and contributions were received for Bundawarra Centre (\$63,000), medical complex (\$50,000) and recreation and culture (\$21,000).
- Gain on sale of assets.

Unfavourable Variances

- Increased Material costs were above budget expectations due to the State road maintenance undertaken for Roads and Maritime Services.
- Additional Other Expenses in relation to utilities, fire and emergency, electricity and heating costs, computer expenses, telephone and water costs.
- Reduced interest revenue due to lower than anticipated interest rates and less funds available for investment following the use of reserve funds for the construction of the medical complex until loan funding was received.

DETAILED AUDIT OBSERVATIONS

OPERATING INCOME

Rates and Annual Charges

Revenue from rates and annual charges (excluding Council owned properties) amounted to \$4.14 million (2012 - \$3.97 million).

In setting the **ordinary rates** for the year, Council resolved to adopt the maximum increase available of 3.60%. This action together with a minimal increase in the number of assessments has resulted in revenues from ordinary rates increasing from \$3.07 million in 2011/2012 to \$3.18 million in the current year.

Council's **ordinary rating base** increased by 8 assessments during the twelve months period and at year end 3,777 assessments were subject to **ordinary rates**.

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

- Sewerage annual charge increased \$13.40 to \$282.00
- Domestic waste management charges increased \$12.50 to \$170.00

Such increases have resulted in revenues as follows:

<u>Annual Charges</u>	<u>2012</u>	<u>2013</u>
	\$	\$
Sewerage	534,000	572,000
Domestic Waste	294,000	321,000
Non Domestic Waste	70,000	76,000

Rebates of \$210,088 were provided to eligible pensioners and a subsidy of \$116,000 was received from the Division of Local Government towards the cost of these rebates.

Interest and extra charges on overdue rates for the year was \$18,000 (2012 - \$12,000) and outstanding rates were subject to interest at the rate of 10.00% pa (2012 - 11.00%).

User Charges and Fees

Council derived \$85,000 from **specific user charges** (2012 - \$86,000) and a further \$3.87 million from **other user charges & fees** (2012 - \$3.71 million) imposed during the twelve months period ended 30 June 2013.

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

RMS Charges

Council continues to be a major contractor for the RMS with works amounting to \$3.16 million (2012 - \$3.03 million) being undertaken on the state roads located within the Council area. Such revenues have been an integral and important component of Council's operations for many years.

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

	2012	2013
	\$	\$
Domestic Waste Management	61,000	57,000
Planning & Building	60,000	84,000
Private Works	71,000	116,000
Cinema	117,000	96,000
Cemeteries	61,000	55,000
Caravan Park	131,000	118,000
Swimming Centre	81,000	97,000

Interest

Interest and investment revenues decreased significantly in the twelve months period, principally in response to lower than anticipated interest rates and reduced funds being available for investment.

Interest and investments revenues were earned as follows:

	2012	2013
	\$	\$
Overdue rates & charges	12,000	18,000
Investments	238,000	181,000
	<u>\$250,000</u>	<u>\$199,000</u>

Interest on investments for the year represented approximately 5.70% (2012 – 7.76%) 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 (\$184,000), rentals (\$152,000) and RMS Motor Agency commissions (\$109,000).

Grants, Subsidies and Contributions

Operating Grants and Contributions

Operating grants and contributions amounting to \$7.15 million were received in 2012/2013 compared with \$6.82 million received in the previous year.

Council's untied Financial Assistance Grant decreased 20.56% from \$3.65 million in 2011/2012 to \$2.90 million this year. This significant decrease is attributed to the Australian Government decision to pay an advance payment in 2011/2012. The financial assistance grants received in the current year are in line with historical instalments and expectations. We do note that Temora Shire Council has now received two instalments of the financial assistance grants in advance. These advance payments to Temora Shire amount to \$1.52 million and have been internally restricted by Council.

Other major specific purpose operating grants and contributions were received for Home and Community Care Services (\$1.50 million), Bushfire (\$264,000), Roads to Recovery (\$1.15 million), flood repairs to local roads (\$450,000) and HACC client contributions (\$360,000).

Capital Grants and Contributions

Total capital grants and contributions received for the year amounted to \$1.33 million (2012 - \$820,000) and principally related to Roads to Recovery (\$538,000), and regional roads block grant (\$633,000).

In accordance with the Code of Accounting Practice, all grant and contribution monies received in 2012/2013 (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 \$1.95 million. At year end Council held unexpended grant funds amounting to \$884,000 (2012 - \$749,000) and such funds have been identified as an externally restricted asset.

OPERATING EXPENDITURE

Expenses from continuing operations (\$16.21 million) were higher than both budget expectations (\$13.48 million) and those of the previous year (\$15.75 million).

Impacting significantly on operating expenses for the year were:

Employee Costs

Employee costs (\$5.47 million) decreased approximately 6.17% (2012 - \$5.83 million) in the twelve months period to 30 June 2013 principally due to:

- Capitalised wages increasing by \$212,000
- Employee leave entitlements decreasing by \$383,000

At year end Council's full time equivalent employees numbered 86 (2012 – 85).

Materials and Contracts

Material and contracts expenditure (\$5.55 million) increased approximately 7.10% during the twelve months period primarily in response to Council's focus on maintenance rather than capital works.

Depreciation Expenses

Depreciation expenses (\$3.08 million) remained much in line with those of the previous year (\$2.90 million).

Depreciation expenses account for approximately 19.00% of Council's total operating expenses which is relatively low in comparison with most rural Council's with which we are associated.

ASSETS

Cash & Investments

At balance date Council controlled cash and investments totalling \$6.92 million (2012 - \$4.71 million).

Council utilises its investments to cover both externally and internally imposed requirements and comprises employee entitlements (\$1.85 million), sewerage fund investments (\$872,000), unexpended grants (\$884,000), domestic waste management (\$189,000) and monies for future works.

Externally restricted investments amounted to \$1.95 million whilst Council has "earmarked" a further \$4.97 million towards the funding of its future long-term objectives.

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

	2012	2013
	\$	\$
General Fund	2,652,000	4,975,000
Sewerage Fund	1,175,000	872,000
Domestic Waste Management	138,000	189,000
Unexpended Grant Funds	749,000	884,000
	<u>\$ 4,714,000</u>	<u>\$ 6,920,000</u>

and comprised:

Cash on Hand and at Bank	423,000	1,168,000
Short Term Deposits	3,791,000	2,204,000
Long Term Deposits	500,000	3,548,000
	<u>\$4,714,000</u>	<u>\$6,920,000</u>

Debtors

Rates and Annual Charges

At balance date net outstanding rates, annual charges and interest amounted to \$206,000 (2012 - \$184,000) which represented 4.74% of total receivable (2012 - 4.46%).

Although the rate arrears have been steadily increasing over the past few years we note that Council still presides over a very satisfactory arrears position. Importantly, Council is not materially exposed to delinquent arrears with the ten highest outstanding arrears collectively amounting to \$71,670 (2012 - \$60,750). Nevertheless, we encourage Council to enforce stringent recovery action in an endeavour maintain its satisfactory arrears position.

Outstanding rates and annual charges have been subject to interest at the rate of 10.00% 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 \$5.34 million (2012 - \$4.50 million) on the acquisition of assets.

The principal items being:

	2012 \$ '000's	2013 \$ '000's
Plant & Equipment	1,059	1,071
Buildings	678	1,469
Roads, Bridges & Footpaths	1,403	1,360
Drainage	49	234
Other Structures	125	255

The expenditure associated with buildings and infrastructure has given Council an assets renewal ratio of 66.09%. This ratio assesses the rate at which building and infrastructure assets are being renewed against the rate at which they are depreciating.

Additionally, we report that Council sold assets with a book value of \$200,000. The sale of these assets has resulted in a loss of \$47,000 being brought to account (2012 – loss of \$10,000).

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

- buildings and land assets were subject to a full revaluation which is required to be conducted at least once every five years. These valuations were conducted by external valuers.
- 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:

Operational Land	decreased \$188,000 to \$3.12 million
Community Land	increased \$31,000 to \$1.31 million
Buildings – Non-Specialised	increased \$1.27 million to \$8.65 million
Buildings – Specialised	decreased \$516,000 to \$12.72 million
Other Structures	increased \$567,000 to \$1.69 million
Sewerage Network	increased \$248,000 to \$10.19 million

The combined action of assets movements and revaluations has resulted in the written down value of property, plant and equipment increasing from \$212.06 million in 2012 to \$216.53 million as at 30 June 2013.

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 \$13,000 on this subdivision and sold four lots which realised a profit of \$53,000. At year end Council had available for sale 7 lots with a book value of \$655,000.

Kalms - Stockinbingal Road (Industrial)

Council incurred only minor expenditure on this subdivision during the year and no sales were recorded. At year end this land had a book value of \$112,000.

Provisions

At 30 June 2013 the Provision for Accrued Employee Entitlements totalled \$4.11 million.

The components of the liability are:-

	2012	2013
	\$	\$
Annual Leave	816,000	886,000
Long Service Leave	1,606,000	1,633,000
Sick Leave	1,528,000	1,595,000

The average leave entitlement per employee as at 30 June 2013 was \$47,837 (2012 - \$46,471).

At year's end Council had set aside funds amounting to \$1.85 million or 44.97% of the employees leave entitlement liability. Such funds have been identified as an internally restricted asset.

Loans and Debt Servicing

During the year Council obtained new loans amounting to \$1.64 million under 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.

These loan funds were allocated to the construction of the new medical centre.

SUMMARY

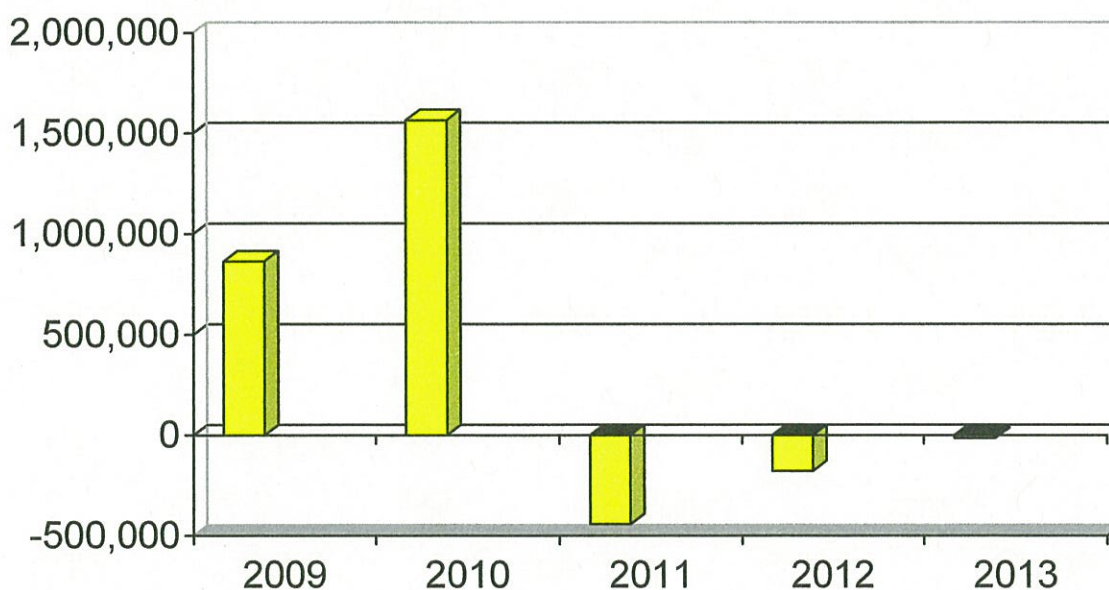
In analysing Council's financial results for the year particular attention must be given to the following:

- Operating result before capital amounts (deficit of \$15,000)
- Net increase in cash and investments held (\$2.21 million)
- Internal and unrestricted investments of \$4.97 million together with sewerage fund investments of \$872,000
- Performance ratios

Operating Result

Council recorded an operating deficit before capital amounts of \$15,000 for the twelve months period to 30 June 2013. This result has been reported after allowing for depreciation expenses of \$3.08 million and although it was an improved result in comparison with the previous year (deficit - \$178,000) it was well below budget expectations (surplus - \$1.29 million).

Operating Surplus/Deficit before Capital Amounts



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

	Surplus/(Deficit)	
	2012	2013
	\$	\$
General Fund	(272,000)	(48,000)
Sewerage Fund	94,000	33,000
	<u>(\$178,000)</u>	<u>(\$15,000)</u>

We note the following items that impacted significantly on the operating result this year:

Financial Assistance Grants (decreased \$750,000)

Council's untied Financial Assistance Grant decreased 20.56% from \$3.65 million in 2011/2012 to \$2.90 million this year. This significant decrease is attributed to the Australian Government decision to pay an advance instalment in 2011/2012. The financial assistance grants received in the current year are in line with historical instalments and expectations. We do note that Temora Shire Council has now received two instalments of the financial assistance grants in advance. These advance payments to Temora Shire amount to \$1.52 million and have been internally restricted by Council.

Materials and Contracts (increased \$368,000)

Material and contracts expenditure (\$5.54 million) increased approximately 7.10% during the twelve months period primarily in response to Council's focus on maintenance rather than capital works.

Specific Purpose Operating Grants (increased \$978,000)

In the current year Council received two significant operating grants, for which substantially less funding had been received in 2011/2012, they being

- Roads to Recovery grants amounting to \$1,146,000
- Flood damage grants for local roads amounting to \$450,000

We report that such increased funding has been partially offset by reductions in other operating grants (e.g Regional roads block grant).

We also note the following income and expenditure items that have materially impacted on Council's operating result for the year.

	2012	2013	Variance
	\$	\$	\$
Income			
Private Works	71,000	116,000	45,000
RMS Ordered Works	3,025,000	3,156,000	131,000
Profit/(Loss) on disposals	66,000	6,000	(60,000)
Research Station	243,000	184,000	(59,000)
Expenses			
Raw Materials	5,123,000	5,503,000	380,000
Employee Costs	5,828,000	5,468,000	(360,000)
Electricity & Heating	234,000	349,000	115,000

On balance we consider that Council has reported a satisfactory operating result.

Cash Flow

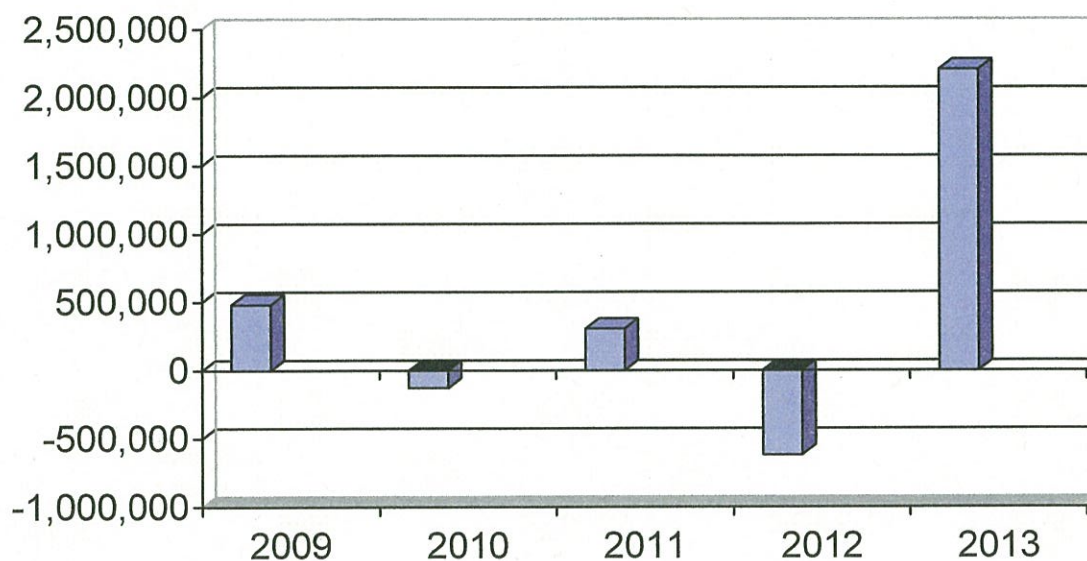
Council achieved a cash surplus of \$5.51 million (2012 – \$3.33 million) from its general operating activities which was principally utilised to purchase assets.

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 \$2.21 million (2012 – deficit \$618,000).

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

	Surplus/(Deficit)	
Activity	2012	2013
	\$	\$
Externally Restricted		
Sewerage Fund	45,000	(303,000)
Waste Management	41,000	51,000
Unexpended Grants	(398,000)	135,000
Internally Restricted and Unrestricted		
General Fund	(306,000)	2,323,000

Cash Flow Surplus/(Deficit)



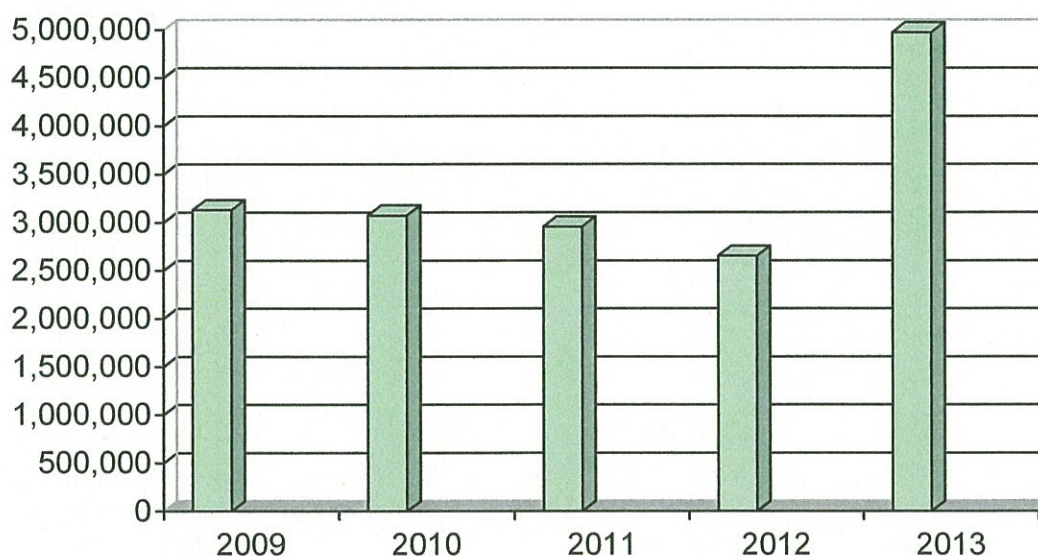
For comparative purposes, we note the following factors that have impacted on the cash flow surplus in 2012/2013.

- Advance instalments of the financial assistance grant were received in the 2011/2012.
- Capital expenditure amounted to \$5.34 million in the current year compared with \$4.50 million in 2011/2012.
- Proceeds from loan borrowings of \$1.64 million in the current year.
- Receivables decreased \$972,000 in the twelve months period to 30th June, 2013.
- Creditors for goods and services at year end amounted to \$1.74 million compared with \$1.34 million at 30 June 2012.

Reserves (Internally Restricted and Unrestricted Assets)

As noted previously, Council's internally restricted funds increased by \$2.32 million during the twelve months period and at year end Council held internally restricted investments amounting to \$4.97 million (2012 - \$2.65 million) whilst a further \$2,000 was maintained as unrestricted investments. In addition to these funds we report that the sewerage fund held cash and investments amounting to \$872,000.

Internal and Unrestricted Reserve Funds



As illustrated, Council's reserve funds have strengthened considerably in the current year and in our opinion this was a much needed outcome.

As we have consistently reported, the adequate funding of reserves is probably the greatest challenge facing local government generally and we again encourage Council to ensure that reserve funding is commensurate with Council's long term plans.

Importantly, we note that in addition to these cash funds Council has available for sale approximately \$767,000 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 2.89 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 2013

"Success through determination and inspiration"



Temora Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2013

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Income Statement - Water Supply Business Activity	n/a
Income Statement - Sewerage Business Activity	3
Income Statement - Other Business Activities	n/a
Statement of Financial Position - Water Supply Business Activity	n/a
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Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division 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 2013

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.

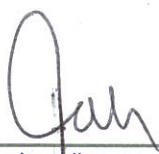
Signed in accordance with a resolution of Council made on 19 September 2013.




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 2013

\$ '000	Actual 2013	Actual 2012
Income from continuing operations		
Access charges	599	556
User charges	25	20
Liquid Trade Waste charges	-	-
Fees	-	-
Interest	36	52
Grants and contributions provided for non capital purposes	26	26
Profit from the sale of assets	-	-
Other income	-	-
Total income from continuing operations	686	654
Expenses from continuing operations		
Employee benefits and on-costs	183	170
Borrowing costs	-	-
Materials and contracts	244	191
Depreciation and impairment	161	136
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	65	63
Total expenses from continuing operations	653	560
Surplus (deficit) from Continuing Operations before capital amounts	33	94
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	33	94
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	33	94
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(10)	(28)
SURPLUS (DEFICIT) AFTER TAX	23	66
plus Opening Retained Profits	6,476	6,382
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	10	28
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	6,509	6,476
Return on Capital %	0.3%	0.9%
Subsidy from Council	362	210
Calculation of dividend payable:		
Surplus (deficit) after tax	23	66
less: Capital grants and contributions (excluding developer contributions)	-	-
Surplus for dividend calculation purposes	23	66
Potential Dividend calculated from surplus	12	33

Temora Shire Council

Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
ASSETS		
Current Assets		
Cash and cash equivalents	872	1,175
Investments	-	-
Receivables	449	187
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	1,321	1,362
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	10,473	10,035
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	10,473	10,035
TOTAL ASSETS	11,794	11,397
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	130	14
Interest bearing liabilities	-	-
Provisions	-	-
Total Current Liabilities	130	14
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	130	14
NET ASSETS	11,664	11,383
EQUITY		
Retained earnings	6,509	6,476
Revaluation reserves	5,155	4,907
Council equity interest	11,664	11,383
Non-controlling equity interest	-	-
TOTAL EQUITY	11,664	11,383

Temora Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2013

Contents of the Notes accompanying the Financial Statements

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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 2013

Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Division 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 Division 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)

a. 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.

Temora Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

Note 1. Significant Accounting Policies

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

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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Fringe Benefits Tax – 46.5%

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.

(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

Temora Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2013

Note 1. Significant Accounting Policies

- (ii) the number of sewerage assessments at 30 June 2013 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, 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 2013

Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2013

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	6,396
(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]	11,550
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	63,960
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	242,200

2013 Surplus	23,100	2012 Surplus	65,800	2011 Surplus	153,300
		2012 Dividend	-	2011 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	11,550
(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 2013

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

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

2013

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	653
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	10,460
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	493
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	336
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	0.00%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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

NWI F3	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	653
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	3.98%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	336
NWI F19	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)]	%	0.00%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	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 2013

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

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

2013

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

NWI F22	Net Debt to Equity (Water & Sewerage)	%	-7.48%
	Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]		
NWI F23	Interest Cover (Water & Sewerage)		> 100
	Earnings before Interest & Tax (EBIT) divided by Net Interest		
	Earnings before Interest & Tax (EBIT):		-
	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:		- 33
	Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		
NWI F24	Net Profit After Tax (Water & Sewerage)	\$'000	33
	Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))		
NWI F25	Community Service Obligations (Water & Sewerage)	\$'000	26
	Grants for Pensioner Rebates (w11b + s12b)		

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
 - 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 Division 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, balance sheet as at 30th June, 2013, 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 Division 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 Division 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, 2013 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.



G.J. BRADLEY

Principal

Registered Auditor No: 1249

CANBERRA
27th September, 2013

Temora Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2013

"Success through determination and inspiration"



Temora Shire Council

Special Schedules

for the financial year ended 30 June 2013

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- Special Schedule No. 3	Water Supply - Income Statement	n/a
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¹ Special Purpose Schedules are not audited.

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
 - the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water,
 - the Department of Environment, Climate Change and Water, and
 - the Division of Local Government (DLG).
- (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 2013

\$'000

Function or Activity	Expenses from. Continuing. Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
Governance	831	16	-	(815)
Administration	356	-	-	(356)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	687	364	-	(323)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	32	-	-	(32)
Animal Control	121	6	-	(115)
Other	33	-	-	(33)
Total Public Order & Safety	873	370	-	(503)
Health	116	-	-	(116)
Environment				
Noxious Plants and Insect/Vermin Control	111	47	-	(64)
Other Environmental Protection	33	8	-	(25)
Solid Waste Management	449	500	-	51
Street Cleaning	154	-	-	(154)
Drainage	-	-	-	-
Stormwater Management	75	-	-	(75)
Total Environment	822	555	-	(267)
Community Services and Education				
Administration & Education	55	1	-	(54)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	1,813	1,889	-	76
Children's Services	66	4	-	(62)
Total Community Services & Education	1,934	1,894	-	(40)
Housing and Community Amenities				
Public Cemeteries	131	55	-	(76)
Public Conveniences	65	-	-	(65)
Street Lighting	128	40	-	(88)
Town Planning	96	34	-	(62)
Other Community Amenities	32	37	-	5
Total Housing and Community Amenities	452	166	-	(286)
Water Supplies	-	-	-	-
Sewerage Services	623	656	-	33

Temora Shire Council

Special Schedule No. 1 - Net Cost of Services (continued) for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from. Continuing. Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
Recreation and Culture				
Public Libraries	284	35	-	(249)
Museums	164	-	63	(101)
Community Centres and Halls	108	10	-	(98)
Other Cultural Services	95	10	-	(85)
Sporting Grounds and Venues	471	46	-	(425)
Swimming Pools	222	108	-	(114)
Parks & Gardens (Lakes)	464	1	-	(463)
Other Sport and Recreation	111	81	21	(9)
Total Recreation and Culture	1,919	291	84	(1,544)
Agriculture	386	184	-	(202)
Mining, Manufacturing and Construction				
Building Control	140	52	-	(88)
Other Mining, Manufacturing & Construction	1	2	-	1
Total Mining, Manufacturing and Const.	141	54	-	(87)
Transport and Communication				
Urban Roads (UR) - Local	397	-	-	(397)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	452	7	-	(445)
Sealed Rural Roads (SRR) - Regional	357	666	-	309
Unsealed Rural Roads (URR) - Local	2,175	450	-	(1,725)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	121	-	-	(121)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	84	-	18	(66)
Aerodromes	256	12	-	(244)
Other Transport & Communication	2,939	4,089	1,174	2,324
Total Transport and Communication	6,781	5,224	1,192	(365)
Economic Affairs				
Camping Areas & Caravan Parks	150	118	-	(32)
Other Economic Affairs	828	428	50	(350)
Total Economic Affairs	978	546	50	(382)
Totals – Functions	16,212	9,956	1,326	(4,930)
General Purpose Revenues⁽²⁾		6,241		6,241
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT ⁽¹⁾	16,212	16,197	1,326	1,311

(1) As reported in the Income Statement

(2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) & Interest on overdue Rates & Annual Charges

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2013

\$'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
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	-	-	-	1,643	-	-	-	-	238	1,405	1,643
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	-	-	-	1,643	-	-	-	-	238	1,405	1,643
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	-	-	-	1,643	-	-	-	-	238	1,405	1,643

Notes: Excludes (i) Internal Loans & (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 2013

\$'000	Actuals 2013	Actuals 2012
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	35	34
b. Engineering and Supervision	-	-
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	79	126
b. Maintenance expenses	-	-
- Pumping Stations		
c. Operation expenses (excluding energy costs)	-	-
d. Energy costs	1	1
e. Maintenance expenses	1	1
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	-	-
g. Chemical costs	-	-
h. Energy costs	42	31
i. Effluent Management	190	203
j. Biosolids Management	-	-
k. Maintenance expenses	145	28
- Other		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
3. Depreciation expenses		
a. System assets	160	136
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	653	560

Temora Shire Council

Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2013

\$'000	Actuals 2013	Actuals 2012
Income		
6. Residential charges (including rates)	468	442
7. Non-residential charges		
a. Access (including rates)	-	-
b. Usage charges	131	114
8. Trade Waste Charges		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	3	2
10. Interest income	33	50
11. Other income	25	20
11a. Aboriginal Communities Water & Sewerage Program	-	-
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	26	26
c. Other grants	-	-
13. Contributions		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	-
14. Total income	686	654
15. Gain (or loss) on disposal of assets	-	-
16. Operating Result	33	94
16a. Operating Result (less grants for acquisition of assets)	33	94

Temora Shire Council

Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2013

\$'000	Actuals 2013	Actuals 2012
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	-
c. Renewals	-	-
d. Plant and equipment	336	15
18. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	336	15
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	1,753	1,755
b. Residential (unoccupied, ie. vacant lot)	70	68
c. Non-residential (occupied)	249	243
d. Non-residential (unoccupied, ie. vacant lot)	60	61
26. Number of ETs for which developer charges were received	- ET	- ET
27. Total amount of pensioner rebates (actual dollars)	\$ 46,401	\$ 46,411

Temora Shire Council

Special Schedule No. 5 - Sewerage Cross Subsidies for the financial year ended 30 June 2013

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. 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 land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. 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. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/> NO	
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.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text" value="-"/>
<p>* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.</p> <p>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.</p>			

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 2013

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	872	-	872
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	36	-	36
c. User Charges	-	-	-
d. Other	413	-	413
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	10,460	10,460
b. Plant and equipment	-	13	13
35. Other assets	-	-	-
36. Total Assets	1,321	10,473	11,794
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	130	-	130
39. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	130	-	130
42. NET ASSETS COMMITTED	1,191	10,473	11,664
EQUITY			
42. Accumulated surplus			6,509
44. Asset revaluation reserve			5,155
45. TOTAL EQUITY			11,664
Note to system assets:			
46. Current replacement cost of system assets			17,803
47. Accumulated current cost depreciation of system assets			(7,343)
48. Written down current cost of system assets			10,460

Temora Shire Council

Note to Special Schedule No. 5

for the financial year ended 30 June 2013

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

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

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

Notes:

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

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

		Dep'n. Rate (%)	Dep'n Expense (\$)			Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition ^{#.}	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
ASSET CLASS	Asset Category			Cost	Valuation						
Buildings		per Note 1	per Note 4	<<<<<<<<<< per Note 9 >>>>>>>>>							
	Council Offices	1.00%	25	-	4,100	838	3,262	2	10	9	3
	Council Works Depot	1.25%	13	-	795	675	120	3	-	-	1
	Council Halls	1.00%	27	-	3,700	1,048	2,652	3	300	8	9
	Council Houses	1.66%	22	-	1,000	471	529	2	-	2	5
	Museum	2.00%	50	-	1,900	158	1,742	2	-	5	17
	Pre School	2.00%	10	-	1,010	263	747	2	-	-	-
	Recreation Centre	1.00%	19	-	2,100	310	1,790	2	-	36	27
	Aerodrome	1.25%	24	-	1,560	386	1,174	2	-	149	45
	NRCC House	1.00%	52	-	4,080	1,320	2,760	1	-	9	27
	Research Station	2.50%	-	-	2,321	1,451	870	2	-	9	3
	Medical Complex	1.00%	28	-	2,500	-	2,500	1	-	-	2
	Other	2.00%	81	-	4,680	1,453	3,227	2	-	-	4
	sub total		351	-	29,746	8,373	21,373		310	227	143
Other Structures											
	Assets not included in Buildings	2.00%	48	-	3,525	1,832	1,693	2	-	-	-
	sub total		48	-	3,525	1,832	1,693		-	-	-
Public Roads											
	Regional Roads	1.00%	146	-	14,967	3,451	11,516	2	400	201	211
	Urban Roads	1.00%	96	-	18,320	11,063	7,257	3	1,000	75	301
	Rural Sealed	1.00%	230	-	32,393	12,427	19,966	3	750	123	222
	Rural Unsealed	1.00%	881	-	95,224	47,298	47,926	4	500	704	1,294
	Bridges	1.00%	122	-	10,456	2,755	7,701	3	1,500	-	-
	Footpaths	2.00%	49	-	2,287	975	1,312	3	100	53	33
	Kerb and Gutter	2.00%	159	-	9,238	4,814	4,424	3	100	14	23
	sub total		1,683	-	182,885	82,783	100,102		4,350	1,170	2,084

		Dep'n. Rate (%)	Dep'n Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition ^{#.}	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
ASSET CLASS	Asset Category										
Sewerage		per Note 1	per Note 4	<<<<<<<<<< per Note 9 >>>>>>>>>>							
	Pump Stations	1.00%	2	-	102	19	83	2	-	30	2
	Pipeline	1.00%	134	-	14,756	6,884	7,872	3	-	55	76
	Effluent System	1.00%	14	-	1,705	379	1,326	2	-	179	122
	Treatment Works	1.00%	8	-	927	59	868	3	-	58	136
	Other	10.00%	1	-	29	2	27	-	-	-	-
	sub total		159	-	17,519	7,343	10,176	-	322	336	
Drainage Works											
	Drainage Works	1.00%	63	-	14,083	8,501	5,582	3	-	-	8
	sub total		63	-	14,083	8,501	5,582	-	-	8	
	TOTAL - ALL ASSETS		2,304	-	247,758	108,832	138,926		4,660	1,719	2,571

- (1). Satisfactory refers to estimated cost to bring the asset to a satisfactory condition as deemed by Council. It does not include any planned enhancements to the existing asset.
- (2). Required Annual Maintenance is what should be spent to maintain assets in a satisfactory standard.
- (3). Current Annual Maintenance is what has been spent in the current year to maintain assets.

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

Temora Shire Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2013

\$'000	Actual ⁽¹⁾ 12/13	Forecast ⁽³⁾ 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16	Forecast ⁽³⁾ 16/17	Forecast ⁽³⁾ 17/18	Forecast ⁽³⁾ 18/19	Forecast ⁽³⁾ 19/20	Forecast ⁽³⁾ 20/21	Forecast ⁽³⁾ 21/22	Forecast ⁽³⁾ 22/23
(i) OPERATING BUDGET											
Income from continuing operations	17,523	19,432	17,051	18,451	18,914	18,273	18,830	19,653	20,063	20,597	20,669
Expenses from continuing operations	16,212	16,745	15,041	15,444	15,738	16,116	16,474	16,931	17,276	17,714	18,145
Operating Result from Continuing Operations	1,311	2,687	2,010	3,007	3,176	2,157	2,356	2,722	2,787	2,883	2,524
(ii) CAPITAL BUDGET											
New Capital Works ⁽²⁾	1,946	1,551	587	1,515	2,649	227	253	521	404	377	20
Replacement/Refurbishment of Existing Assets	3,669	5,268	3,680	3,780	2,997	2,871	3,302	2,692	2,591	2,767	2,095
Total Capital Budget	5,615	6,819	4,267	5,295	5,646	3,098	3,555	3,213	2,995	3,144	2,115
Funded by:											
– Loans	1,643	-	-	-	-	-	-	-	-	-	-
– Asset sales	386	516	422	375	613	398	526	398	384	387	306
– Reserves	1,355	1,492	157	178	326	94	113	108	92	93	93
– Grants/Contributions	1,326	339	62	1,025	1,148	-	117	482	357	357	-
– Recurrent revenue	891	4,456	3,610	3,704	3,546	2,598	2,791	2,217	2,154	2,304	1,716
– Other	14	16	16	13	13	8	8	8	8	3	-
	5,615	6,819	4,267	5,295	5,646	3,098	3,555	3,213	2,995	3,144	2,115

Notes:

(1) From 12/13 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.