

Leeton Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2014

“Preserving the Past, Enhancing the Future”



Leeton Shire Council

General Purpose Financial Statements

for the financial year ended 30 June 2014

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Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Leeton Shire Council.

(ii) Leeton 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 02 September 2014. Council has the power to amend and reissue these financial statements.

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their Council & Community.

What you will find in the Statements

The financial statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2014.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting & reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by Senior staff as "presenting fairly" the Council's financial results for the year, and are required to be adopted by Council - ensuring both responsibility for & ownership of the financial statements.

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income & expenses.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair values of Council's Infrastructure, Property, Plant & Equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its Assets, Liabilities & "Net Wealth".

4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "Net Wealth".

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the financial statements provide greater detail and additional information on the 5 primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialize in Local Government).

In NSW, the Auditor provides 2 audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance & position, &
2. Their observations on the conduct of the Audit including commentary on the Council's financial performance & financial position.

Who uses the Financial Statements ?

The financial statements are publicly available documents & must be presented at a Council meeting between 7 days & 5 weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to 7 days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

Leeton Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2014

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:

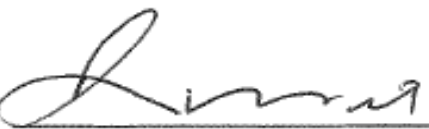
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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 23 July 2014.


Cr Paul Maytom
MAYOR
Cr George Weston
COUNCILLOR
John Batchelor ALGA
GENERAL MANAGER
Duncan McWhirter
RESPONSIBLE ACCOUNTING OFFICER

Leeton Shire Council

Income Statement

for the financial year ended 30 June 2014

Budget 2014	¹ \$ '000	Notes	Actual 2014	Actual 2013
Income from Continuing Operations				
Revenue:				
10,740	Rates & Annual Charges	3a	10,594	10,182
4,754	User Charges & Fees	3b	5,946	6,045
642	Interest & Investment Revenue	3c	1,199	1,217
464	Other Revenues	3d	635	807
5,440	Grants & Contributions provided for Operating Purposes	3e,f	3,388 ²	5,551
299	Grants & Contributions provided for Capital Purposes	3e,f	1,161	3,340
Other Income:				
12	Net gains from the disposal of assets	5	199	-
	Net Share of interests in Joint Ventures & Associated			
-	Entities using the equity method	19	-	-
22,351	Total Income from Continuing Operations		23,122	27,142
Expenses from Continuing Operations				
9,563	Employee Benefits & On-Costs	4a	9,218	8,589
90	Borrowing Costs	4b	60	27
5,151	Materials & Contracts	4c	4,862	4,987
8,718	Depreciation & Amortisation	4d	6,714	8,642
-	Impairment	4d	-	-
2,640	Other Expenses	4e	2,417	3,303
-	Interest & Investment Losses	3c	-	-
-	Net Losses from the Disposal of Assets	5	-	38
26,162	Total Expenses from Continuing Operations		23,271	25,586
(3,811)	Operating Result from Continuing Operations		(149)	1,556
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
(3,811)	Net Operating Result for the Year		(149)	1,556
(3,811)	Net Operating Result attributable to Council		(149)	1,556
	Net Operating Result attributable to Non-controlling Interests		-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes				
(4,110)			(1,310)	(1,784)

¹ Original Budget as approved by Council - refer Note 16

² Financial Assistance Grants for 13/14 are lower, reflecting a timing difference due to a change in how the grant is paid - refer Note 3 (e)

Leeton Shire Council

Statement of Comprehensive Income

for the financial year ended 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
Net Operating Result for the year (as per Income statement)		(149)	1,556
Other Comprehensive Income:			
<i>Amounts which will not be reclassified subsequently to the Operating Result</i>			
Gain (loss) on revaluation of I,PP&E	20b (ii)	9,311	14,470
Impairment (loss) reversal relating to I,PP&E	20b (ii)	21	(678)
Total Items which will not be reclassified subsequently to the Operating Result		9,332	13,792
<i>Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met</i>			
Gain (loss) on revaluation of other reserves	20b (ii)	-	(512)
Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met		-	(512)
Total Other Comprehensive Income for the year		9,332	13,280
Total Comprehensive Income for the Year		9,183	14,836
Total Comprehensive Income attributable to Council		9,183	14,836
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Leeton Shire Council

Statement of Financial Position
as at 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	2,275	8,302
Investments	6b	24,210	19,710
Receivables	7	2,068	2,256
Inventories	8	2,441	2,429
Other	8	-	18
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		30,994	32,715
Non-Current Assets			
Investments	6b	-	500
Receivables	7	249	325
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	211,803	200,817
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	-	-
Total Non-Current Assets		212,052	201,642
TOTAL ASSETS		243,046	234,357
LIABILITIES			
Current Liabilities			
Payables	10	1,547	2,170
Borrowings	10	192	93
Provisions	10	2,520	2,326
Total Current Liabilities		4,259	4,589
Non-Current Liabilities			
Payables	10	2	1
Borrowings	10	832	1,024
Provisions	10	95	68
Total Non-Current Liabilities		929	1,093
TOTAL LIABILITIES		5,188	5,682
Net Assets		237,858	228,675
EQUITY			
Retained Earnings	20	104,583	104,732
Revaluation Reserves	20	133,275	123,943
Council Equity Interest		237,858	228,675
Total Equity		237,858	228,675

Leeton Shire Council

Statement of Changes in Equity
for the financial year ended 30 June 2014

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2014						
Opening Balance (as per Last Year's Audited Accounts)		104,732	123,943	228,675	-	228,675
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/13)		104,732	123,943	228,675	-	228,675
c. Net Operating Result for the Year		(149)	-	(149)	-	(149)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	9,311	9,311	-	9,311
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	21	21	-	21
Other Comprehensive Income		-	9,332	9,332	-	9,332
Total Comprehensive Income (c&d)		(149)	9,332	9,183	-	9,183
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		104,583	133,275	237,858	-	237,858

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2013						
Opening Balance (as per Last Year's Audited Accounts)		103,176	110,663	213,839	-	213,839
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/12)		103,176	110,663	213,839	-	213,839
c. Net Operating Result for the Year		1,556	-	1,556	-	1,556
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	14,470	14,470	-	14,470
- Revaluations: Other Reserves	20b (ii)	-	(512)	(512)	-	(512)
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(678)	(678)	-	(678)
Other Comprehensive Income		-	13,280	13,280	-	13,280
Total Comprehensive Income (c&d)		1,556	13,280	14,836	-	14,836
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		104,732	123,943	228,675	-	228,675

Leeton Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2014

Budget 2014	\$ '000	Notes	Actual 2014	Actual 2013
Cash Flows from Operating Activities				
Receipts:				
10,740	Rates & Annual Charges		10,553	10,204
4,764	User Charges & Fees		6,385	6,095
642	Investment & Interest Revenue Received		1,123	1,175
5,739	Grants & Contributions		4,880	9,262
-	Bonds, Deposits & Retention amounts received		-	5
464	Other		1,633	1,861
Payments:				
(9,600)	Employee Benefits & On-Costs		(9,040)	(8,625)
(3,351)	Materials & Contracts		(6,015)	(4,896)
(90)	Borrowing Costs		(62)	(11)
(4,440)	Other		(3,401)	(3,500)
4,868	Net Cash provided (or used in) Operating Activities	11b	6,056	11,570
Cash Flows from Investing Activities				
Receipts:				
1,400	Sale of Investment Securities		20,182	19,452
90	Sale of Real Estate Assets		-	-
531	Sale of Infrastructure, Property, Plant & Equipment		619	182
110	Deferred Debtors Receipts		179	93
Payments:				
-	Purchase of Investment Securities		(24,210)	(20,321)
(9,974)	Purchase of Infrastructure, Property, Plant & Equipment		(8,760)	(8,342)
(5)	Deferred Debtors & Advances Made		-	(49)
(7,848)	Net Cash provided (or used in) Investing Activities		(11,990)	(8,985)
Cash Flows from Financing Activities				
Receipts:				
1,000	Proceeds from Borrowings & Advances		-	1,000
Payments:				
(131)	Repayment of Borrowings & Advances		(93)	(112)
869	Net Cash Flow provided (used in) Financing Activities		(93)	888
(2,111)	Net Increase/(Decrease) in Cash & Cash Equivalents		(6,027)	3,473
2,938	plus: Cash & Cash Equivalents - beginning of year	11a	8,302	4,829
827	Cash & Cash Equivalents - end of the year	11a	2,275	8,302
Additional Information:				
	plus: Investments on hand - end of year	6b	24,210	20,210
Total Cash, Cash Equivalents & Investments			26,485	28,512

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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n/a - not applicable

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

(iii) New and amended standards adopted by Council

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

- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

AASB 13 Fair Value Measurement has not affected the assets or liabilities which are to be measured at fair value, however it provides detailed guidance on how to measure fair value in accordance with the accounting standards.

It introduces the concept of highest and best use for non-financial assets and has caused the Council to review their valuation methodology.

The level of disclosures regarding fair value have increased significantly and have been included in the financial statements at Note 27.

AASB 119 Employee Benefits introduced revised definitions for short-term employee benefits.

Whilst the Council has reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period, there has been no effect on the amounts disclosed as leave liabilities since Council's existing valuation policy was to discount annual leave payable more than 12 months after the end of the reporting period to present values.

(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 2013.

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(v) Basis of Accounting

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

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of non current assets (eg. Infrastructure, Property, Plant & 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.

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.

The key accounting estimates and assumptions applied by Council in the financial statements are:

- Estimated fair values of infrastructure, property, plant and equipment (Note 9)
- Judgement regarding the impairment of receivables.(Note 7)
- Judgement regarding future expenditure of development contributions (Note 17)

There is a risk that these estimates and assumptions may if incorrect cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(b) Revenue recognition

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

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

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

A provision for the impairment on rates receivables has been established as whilst unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold there may be an under recovery on the amount outstanding.

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

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

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

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

Whilst Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon their physical receipt by Council, due to the possibility that individual Development Consents may not be acted upon by the applicant and accordingly would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required but the Council may apply contributions according to the priorities established in work schedules.

A detailed Note relating to developer contributions can be found at Note 17.

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

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

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

Other Income

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

(c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2014) and (ii) all the related operating results (for the financial year ended the 30th June 2014).

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:

- *Leeton Shire Council General Purpose Operations*
- *Leeton Shire Council Water Supply*
- *Leeton Shire Council Sewerage Service*
- *Leeton Early Learning Centre*

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

- *Public Hall Committees at Yanco, Whitton & Murrumbidgee*

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

- *Tidy Town Committees at Yanco & Whitton*
- *Australia Day Committee*

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	\$30,000
Total expenditure from continuing operations	\$30,000
Total net assets held (ie Equity)	\$20,000

Note:

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

(ii) The Trust Fund

Council does not hold Trust Funds and therefore no separate account is held.

(iii) Joint Ventures

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

(iv) County Councils

Council is not a member of any County Councils.

(d) Leases

Council has no finance or operating leases.

(e) Cash and Cash Equivalents

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

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

Bank overdrafts are shown within borrowings in current liabilities on the 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 all of its investments as held-to-maturity for measurement purposes:

(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.

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.

Financial Assets – Reclassification

Council has not reclassified any investments.

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

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

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Impairment

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

(iii) Types of Investments

Council has an approved Investment Policy in order to 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.

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. All Council investments are fully compliant with the Ministerial Investment Order.

(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.

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

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

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

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

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

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

(h) Receivables

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

Receivables (excluding Rates & 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.

The amount of the provision is the difference between the asset's carrying amount and the amount likely to be recovered.

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

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

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

Stores in respect of business undertakings are all stated at the lower of cost and net realisable value.

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made.

Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

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

Acquisition of assets

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

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

- **Water and Sewerage Networks**
(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** (Internal Valuation)
- **Land Improvements**
(as approximated by depreciated historical cost)
- **Other Structures**
(External Valuation)
- **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 settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

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

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

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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, then increase is first recognised in profit or loss.
- Net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

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

- council land	100% Capitalised
- open space	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
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Building

- construction/extensions	100% Capitalised
- renovations	> \$10,000

Other Structures	> \$2,000
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Water & Sewer Assets

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

Stormwater Assets

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

Transport Assets

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

Bridge construction & reconstruction	> \$10,000
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Depreciation

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

Land is not depreciated.

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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	3 to 5 years
- Vehicles	5 to 10 years
- Heavy Plant/Road Making equip.	5 to 10 years
- Other plant and equipment	5 to 15 years
Other Equipment	
- Playground equipment	15 years
- Benches, seats etc	10 to 20 years
Buildings	
- Buildings : Masonry	50 to 100 years
- Buildings : Other	20 to 150 years
Stormwater Drainage	
- Drains	100 years
- Culverts	100 years
Transportation Assets	
- Sealed Roads : Surface	10 to 18 years
- Sealed Roads : Structure	50 years
- Unsealed roads	20 to 150 years
- Bridge : Concrete	100 years
- Kerb, Gutter & Paths	100 years
Water & Sewer Assets	
- Water Treatment Plants	30 to 70 years
- Dams and reservoirs	100 years
- Reticulation pipes : PVC	80 years
- Reticulation pipes : Other	80 years
- Pumps and telemetry	10 to 25 years
- Sewerage Treatment Plants	25 to 90 years
- Sewerage Mains: PVC	70 years
- Sewerage Mains: Other	45 years
Other Infrastructure Assets	
- Bulk earthworks	Infinite

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's

carrying amount is greater than its estimated recoverable amount – refer Note 1(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.

(k) Land

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

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

(l) Land under roads

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

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

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

(m) Intangible Assets

Council has no Intangible Assets.

(n) Crown Reserves

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

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

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

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

(o) Rural Fire Service assets

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

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

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

(p) Investment property

Council has no investment properties.

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

No provision for reinstatement, rehabilitation and restoration needs to be made. Restoration of the landfill at Brobenah Road has been ongoing during the life of the landfill. The waste facility at Corbie Hill

Road incorporates restoration works as part of the operation.

Council does not operate any quarries.

(r) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations

Council has no assets held for resale.

(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.

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

(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.

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

(v) Borrowing costs

Borrowing costs are expensed.

(w) Provisions

Council has no provision other than for employee benefits.

(x) Employee benefits

(i) Short Term Obligations

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

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

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

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

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

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

(ii) Other Long Term Obligations

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

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

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

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

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

(iii) Retirement benefit obligations

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

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

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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 Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities estimated to be in the region of \$121.5 million at 30 June 2014 (\$270.5 million 2013).

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 2014 was \$ 227,708.

The amount of additional contributions included in the total employer contribution advised above is \$130,554.

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 30/6/14.

(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

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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).

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

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

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

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

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component

of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

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

(ab) New accounting standards and interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2014.

Council has not adopted any of these standards early.

(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.

Notes to the Financial Statements

for the financial year ended 30 June 2014

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
	2014	2014	2013	2014	2014	2013	2014	2014	2013	2014	2013	2014	2013
Governance	-	-	-	205	206	187	(205)	(206)	(187)	-	-	-	-
Administration	438	507	320	1,842	989	1,840	(1,404)	(482)	(1,520)	34	9	20,342	21,339
Public Order & Safety	142	134	142	508	488	487	(366)	(354)	(345)	56	48	1,174	1,163
Health	50	11	49	517	308	450	(467)	(297)	(401)	-	-	-	-
Environment	1,977	2,242	2,061	2,006	2,347	1,565	(29)	(105)	496	65	60	3,697	3,403
Community Services & Education	1,814	1,801	2,052	2,055	2,253	2,009	(241)	(452)	43	268	676	4,327	5,064
Housing & Community Amenities	242	385	243	732	728	609	(490)	(343)	(366)	13	14	11,995	8,544
Water Supplies	2,945	3,746	3,934	3,607	3,764	3,533	(662)	(18)	401	38	36	43,136	42,200
Sewerage Services	2,196	2,349	2,515	2,597	2,348	2,458	(401)	1	57	31	30	32,214	31,558
Recreation & Culture	364	716	498	3,553	3,798	3,531	(3,189)	(3,082)	(3,033)	97	76	25,389	24,540
Mining, Manufacturing & Construction	22	31	23	9	9	9	13	22	14	-	-	45	45
Transport & Communication	1,692	1,838	3,834	7,601	4,787	7,142	(5,909)	(2,949)	(3,308)	1,505	3,326	93,179	88,858
Economic Affairs	192	717	1,286	930	1,246	1,766	(738)	(529)	(480)	-	9	7,548	7,643
Total Functions & Activities	12,074	14,477	16,957	26,162	23,271	25,586	(14,088)	(8,794)	(8,629)	2,107	4,284	243,046	234,357
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	10,277	8,645	10,185	-	-	-	10,277	8,645	10,185	1,978	3,797	-	-
Operating Result from Continuing Operations	22,351	23,122	27,142	26,162	23,271	25,586	(3,811)	(149)	1,556	4,085	8,081	243,046	234,357

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

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

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, food control, noxious plant & insect/vermin control, administration.

ENVIRONMENT

Solid waste management, street cleaning, drainage, stormwater management.

COMMUNITY SERVICES & EDUCATION

Administration, child care, youth services, aged and disabled, Bidgee Binge, other community services.

HOUSING & COMMUNITY AMENITIES

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

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

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

MINING, MANUFACTURING & CONSTRUCTION

Building control & quarries & pits.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

Caravan parks, tourism and area promotion, industrial development promotion, real estate development, other business undertakings.

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		3,090	2,949
Farmland		2,613	2,525
Business		378	384
Total Ordinary Rates		6,081	5,858
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		900	866
Stormwater Management Services		87	87
Water Supply Services		1,152	1,101
Sewerage Services		1,766	1,686
Waste Management Services (non-domestic)		149	145
Recycling		459	439
Total Annual Charges		4,513	4,324
<u>TOTAL RATES & ANNUAL CHARGES</u>		<u>10,594</u>	<u>10,182</u>

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

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		2,133	2,251
Sewerage Services		186	168
Total User Charges		2,319	2,419
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Building Regulation		27	19
Private Works - Section 67		122	308
Regulatory/ Statutory Fees		23	31
Registration Fees		13	15
Section 149 Certificates (EPA Act)		23	16
Section 603 Certificates		18	12
Tapping Fees		16	12
Town Planning		113	63
Total Fees & Charges - Statutory/Regulatory		355	476
(ii) Fees & Charges - Other (incl. General User Charges (per s.608)			
Aged Care		44	51
Cemeteries		150	123
Child Care		1,335	1,160
Lease Rentals		157	125
Leaseback Fees - Council Vehicles		71	71
Library & Art Gallery		17	13
RMS (formerly RTA) Charges (State Roads not controlled by Council)		455	796
Roxy Theatre		113	86
Stadium		34	33
Swimming Centres		87	92
Tourism		4	4
User Group Contributions		44	45
Waste Disposal Tipping Fees		478	457
Golf Course		274	82
Other		9	12
Total Fees & Charges - Other		3,272	3,150
TOTAL USER CHARGES & FEES		5,946	6,045

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		45	51
- Interest earned on Investments (interest & coupon payment income)		1,135	1,154
- Interest on Deferred Debtors		19	23
Amortisation of Premiums & Discounts			
- "Held to Maturity" Investments		-	(11)
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>1,199</u>	<u>1,217</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		26	27
General Council Cash & Investments		560	503
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		10	9
Water Fund Operations		272	283
Sewerage Fund Operations		285	363
Domestic Waste Management operations		46	32
<u>Total Interest & Investment Revenue Recognised</u>		<u>1,199</u>	<u>1,217</u>
(d) Other Revenues			
Fines - Other		19	12
Legal Fees Recovery - Rates & Charges (Extra Charges)		74	74
Commissions & Agency Fees		1	4
Diesel Rebate		33	41
Donations & Sponsorship Received		15	33
Insurance Claim Recoveries		26	154
Insurance Rebates		64	91
Recycling Income (non domestic)		37	85
Sales - General		176	167
Community Transport Reimbursement		61	48
RFS Reimbursements		33	44
Child Care Operations		5	8
LIRS Interest Subsidy		39	-
Other		52	46
<u>TOTAL OTHER REVENUE</u>		<u>635</u>	<u>807</u>

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance - General Component	1,407	2,791	-	-
Financial Assistance - Local Roads Component	476	916	-	-
Pensioners' Rates Subsidies - General Component	95	90	-	-
Total General Purpose	1,978	3,797	-	-

¹ The Financial Assistance Grant for 13/14 reflects a one off reduction due to the fact that this grant is no longer being paid in advance by up to 50% as has occurred in previous years - it does not represent a loss of income but is instead a timing difference.

Specific Purpose

Pensioners' Rates Subsidies:

- Water	38	36	-	-
- Sewerage	31	30	-	-
- Domestic Waste Management	25	24	-	-
Aged Care	-	22	-	-
Child Care	103	100	-	-
Community Care	164	553	-	-
Employment & Training Programs	34	9	-	-
Environmental Protection	3	3	-	-
Flood Restoration	-	-	699	2,658
Heritage & Cultural	5	7	-	15
Library	45	47	-	-
Local Environmental Plan	13	11	-	-
Noxious Weeds	37	36	-	-
NSW Rural Fire Services	56	48	-	-
Public Halls	-	-	-	7
Recreation & Culture	47	-	-	-
Street Lighting	54	54	-	-
Transport (Roads to Recovery)	464	464	-	-
Transport (Other Roads & Bridges Funding)	53	70	235	80
Youth Services	1	1	-	-
Other	-	9	-	-
Total Specific Purpose	1,173	1,524	934	2,760
Total Grants	3,151	5,321	934	2,760

Grant Revenue is attributable to:

- Commonwealth Funding	2,577	4,750	-	-
- State Funding	574	550	934	2,760
- Other Funding	-	21	-	-
	3,151	5,321	934	2,760

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 94 - Contributions towards amenities/services	-	-	33	104
S 64 - Water Supply Contributions	-	-	26	120
S 64 - Sewerage Service Contributions	-	-	5	93
Total Developer Contributions 17	-	-	64	317
Other Contributions:				
Community Services	14	14	8	-
Recreation & Culture	3	-	-	-
Roads & Bridges	-	-	13	-
RMS Contributions (Regional Roads, Block Grant)	220	216	105	148
Sewerage (excl. Section 64 contributions)	-	-	12	77
Water Supplies (excl. Section 64 contributions)	-	-	25	38
Total Other Contributions	237	230	163	263
Total Contributions	237	230	227	580
TOTAL GRANTS & CONTRIBUTIONS	3,388	5,551	1,161	3,340

\$ '000	Actual 2014	Actual 2013
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(g) Restrictions relating to Grants and Contributions

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

Unexpended at the Close of the Previous Reporting Period	600	417
add: Grants & contributions recognised in the current period but not yet spent:	76	280
less: Grants & contributions recognised in a previous reporting period now spent:	(289)	(97)

Net Increase (Decrease) in Restricted Assets during the Period **(213)** **183**

Unexpended and held as Restricted Assets **387** **600**

Comprising:

- Specific Purpose Unexpended Grants	49	298
- Developer Contributions	338	302
	387	600

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
(a) Employee Benefits & On-Costs			
Salaries and Wages		7,534	7,235
Travelling		23	29
Employee Leave Entitlements (ELE)		891	716
Superannuation		876	819
Workers' Compensation Insurance		171	148
Fringe Benefit Tax (FBT)		62	45
Payroll Tax		25	22
Training Costs (other than Salaries & Wages)		137	114
Protective Clothing		20	31
Other		49	70
Total Employee Costs		9,788	9,229
less: Capitalised Costs		(570)	(640)
TOTAL EMPLOYEE COSTS EXPENSED		9,218	8,589
Number of "Equivalent Full Time" Employees at year end		135	130
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		138	133
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		60	27
Total Interest Bearing Liability Costs Expensed		60	27
(ii) Other Borrowing Costs			
Nil			
TOTAL BORROWING COSTS EXPENSED		60	27

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(c) Materials & Contracts			
Raw Materials & Consumables		3,544	3,750
Contractor & Consultancy Costs			
- Garbage Collection Charges		725	707
- Other Contractor & Consultancy Costs		188	156
Auditors Remuneration ⁽¹⁾		32	32
Legal Expenses:			
- Legal Expenses: Planning & Development		-	1
- Legal Expenses: Debt Recovery		75	76
- Legal Expenses: Other		37	17
Film & Other Hire Expenses		69	43
Water Purchases		192	205
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>4,862</u>	<u>4,987</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	29	28
- Audit & review of financial statements: Other Consolidated Entity Auditors	3	2
- Other audit & assurance services (Internal Audit)	-	2
Remuneration for audit and other assurance services	<u>32</u>	<u>32</u>
Total Auditor Remuneration	<u>32</u>	<u>32</u>

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2014	Actual 2013	Actual 2014	Actual 2013
Plant and Equipment		-	-	733	693
Office Equipment		-	-	81	105
Furniture & Fittings		-	-	24	25
Land Improvements (depreciable)		-	-	35	49
Buildings - Non Specialised		-	-	39	115
Buildings - Specialised		(21)	48	860	1,171
Other Structures		-	-	54	73
Infrastructure:					
- Roads		-	630	2,662	4,327
- Bridges		-	-	14	10
- Footpaths		-	-	47	47
- Stormwater Drainage		-	-	118	67
- Water Supply Network		-	-	1,136	1,109
- Waste Management Infrastructure		-	-	7	7
- Sewerage Network		-	-	708	691
- Swimming Pools		-	-	39	32
- Other Open Space/Recreational Assets		-	-	129	88
Other Assets					
- Library Books		-	-	28	33
Total Depreciation & Impairment Costs		(21)	678	6,714	8,642
less: Impairments (to)/from ARR [Equity]	9a	21	(678)	-	-
<u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u>		<u>-</u>	<u>-</u>	<u>6,714</u>	<u>8,642</u>

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		79	60
Bad & Doubtful Debts		(33)	38
Bank Charges		1	2
Commissions / Agency Fees		61	56
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		16	16
- NSW Fire Brigade Levy		28	27
- NSW Rural Fire Service Levy		104	105
Councillor Expenses - Mayoral Fee		23	22
Councillor Expenses - Councillors' Fees		93	90
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		36	23
Donations, Contributions & Assistance to other organisations (Section 356)			
- Annual Donations		23	24
- Discretionary Donations, Contributions & Assistance		24	4
- Rates Payment Incentive		4	2
Election Expenses		-	59
Electricity & Heating		659	697
Insurance		365	348
Licences & Permits		29	28
Office Expenses (including computer expenses)		227	314
Postage		37	31
Printing & Stationery		67	69
Regional Arts Board		10	9
Revaluation Decrements (Fair Valuation of I,PP&E Assets)	9(a)	-	734
Street Lighting		266	255
Subscriptions & Publications		88	114
Telephone & Communications		167	119
Valuation Fees		43	57
<u>TOTAL OTHER EXPENSES</u>		<u>2,417</u>	<u>3,303</u>

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2014	Actual 2013
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		619	182
less: Carrying Amount of P&E Assets Sold / Written Off		(392)	(150)
Net Gain/(Loss) on Disposal		227	32
Infrastructure			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		-	(51)
Net Gain/(Loss) on Disposal		-	(51)
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		20,182	19,452
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(20,210)	(19,471)
Net Gain/(Loss) on Disposal		(28)	(19)
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		199	(38)
* Financial Assets disposals / redemptions include:			
- Net Gain/(Loss) from Financial Instruments designated "Held to Maturity"		(28)	(19)
Net Gain/(Loss) on Disposal of Financial Instruments		(28)	(19)

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

		2014	2014	2013	2013
		Actual	Actual	Actual	Actual
\$ '000	Notes	Current	Non Current	Current	Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		610	-	632	-
Cash-Equivalent Assets ¹					
- Deposits at Call		1,665	-	3,670	-
- Short Term Deposits		-	-	4,000	-
Total Cash & Cash Equivalents		2,275	-	8,302	-
Investments (Note 6b)					
- Long Term Deposits		24,210	-	19,710	500
Total Investments		24,210	-	19,710	500
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		26,485	-	28,012	500

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"		2,275	-	8,302	-
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Investments

b. "Held to Maturity"	6(b-ii)	24,210	-	19,710	500
Investments		24,210	-	19,710	500

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

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

Balance at the Beginning of the Year	19,710	500	18,821	550
Amortisation of Premiums & Discounts	-	-	(11)	-
Additions	24,210	-	20,321	-
Disposals (sales & redemptions)	(19,710)	(500)	(19,421)	(50)
Balance at End of Year	24,210	-	19,710	500
Comprising:				
- Long Term Deposits	24,210	-	19,710	500
Total	24,210	-	19,710	500

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
\$ '000				
Total Cash, Cash Equivalents and Investments	26,485	-	28,012	500
attributable to:				
External Restrictions (refer below)	17,605	-	17,068	500
Internal Restrictions (refer below)	8,446	-	10,005	-
Unrestricted	434	-	939	-
	26,485	-	28,012	500

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
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Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	989	-	(571)	418
External Restrictions - Included in Liabilities	989	-	(571)	418

External Restrictions - Other

Developer Contributions - General (D)	294	43	(10)	327
Developer Contributions - Water Fund (D)	8	26	(23)	11
Developer Contributions - Sewer Fund (D)	-	5	(5)	-
Specific Purpose Unexpended Grants (F)	298	-	(249)	49
Water Supplies (G)	6,982	-	(607)	6,375
Water Supplies - Loans (Sinking Fund) (G)	100	-	-	100
Water Supplies - Carry Over Works (G)	115	1,327	(80)	1,362
Sewerage Services (G)	7,229	-	(849)	6,380
Sewerage Services - Carry Over Works (G)	165	590	(85)	670
Domestic Waste Management (G)	1,327	448	-	1,775
Stormwater Management (G)	57	87	(9)	135
Crown Reserves	4	-	(1)	3
External Restrictions - Other	16,579	2,526	(1,918)	17,187
Total External Restrictions	17,568	2,526	(2,489)	17,605

A Loan moneys which must be applied for the purposes for which the loans were raised.

D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

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.

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	696	1,514	(1,688)	522
Infrastructure Replacement	1,124	663	(149)	1,638
Employees Leave Entitlement	1,829	97	-	1,926
Carry Over Works	1,024	419	(740)	703
Deposits, Retentions & Bonds	18	-	-	18
Buildings	406	105	(49)	462
Caravan Parks Improvements	21	7	(9)	19
Childcare Centre	227	53	-	280
Community Services	71	7	(59)	19
Cultural Precinct	215	-	(215)	-
Emergency Services	30	-	-	30
Financial Assistance Grant Advance Payment	1,935	-	(1,935)	-
Insurance	37	2	-	39
Roads General	1,508	86	(71)	1,523
Roxy Theatre	206	215	(231)	190
Stadium	58	-	(25)	33
Sportsgrounds Improvements	300	-	(56)	244
Swimming Pool	300	500	-	800
Total Internal Restrictions	10,005	3,668	(5,227)	8,446
TOTAL RESTRICTIONS	27,573	6,194	(7,716)	26,051

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 7. Receivables

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		419	-	404	-
Interest & Extra Charges		84	-	74	-
User Charges & Fees		597	-	797	-
Accrued Revenues					
- Interest on Investments		384	-	318	-
- Other Income Accruals		229	-	78	-
Government Grants & Subsidies		106	-	293	-
Deferred Debtors		65	249	168	325
Net GST Receivable		200	-	175	-
Total		2,084	249	2,307	325
less: Provision for Impairment					
Rates & Annual Charges		(11)	-	(37)	-
User Charges & Fees		(5)	-	(14)	-
Total Provision for Impairment - Receivables		(16)	-	(51)	-
<u>TOTAL NET RECEIVABLES</u>		<u>2,068</u>	<u>249</u>	<u>2,256</u>	<u>325</u>
Externally Restricted Receivables					
Water Supply					
- Rates & Availability Charges		46	-	39	-
- Other		283	6	342	17
Sewerage Services					
- Rates & Availability Charges		58	-	56	-
- Other		211	-	154	-
Domestic Waste Management		131	-	116	-
Total External Restrictions		729	6	707	17
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		1,339	243	1,549	308
TOTAL NET RECEIVABLES		2,068	249	2,256	325

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 9.00% (2013 10.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Leeton Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 8. Inventories & Other Assets

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		2,375	-	2,375	-
Stores & Materials		66	-	54	-
Total Inventories		2,441	-	2,429	-
Other Assets					
Prepayments		-	-	18	-
Total Other Assets		-	-	18	-
TOTAL INVENTORIES / OTHER ASSETS		2,441	-	2,447	-

Refer note 27 - Fair Value Measurement for information regarding fair value of Real Estate for Sale

Externally Restricted Assets

There are no restrictions applicable to the above assets.

Other Disclosures**(a) Details for Real Estate Development**

Residential	40	-	40	-
Industrial/Commercial	1,865	-	1,865	-
Other Properties	470	-	470	-
Total Real Estate for Resale	2,375	-	2,375	-

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

Represented by:

Acquisition Costs	575	-	575	-
Development Costs	1,800	-	1,800	-
Total Costs	2,375	-	2,375	-
Total Real Estate for Resale	2,375	-	2,375	-

Movements:

Real Estate assets at beginning of the year	2,375	-	2,375	-
Total Real Estate for Resale	2,375	-	2,375	-

(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;

	2014	2013
Real Estate for Resale	2,000	2,000
	2,000	2,000

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2013					Asset Movements during the Reporting Period								as at 30/6/2014				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	Reinstatement Costs for Impaired Assets	WDV of Asset Disposals	Depreciation Expense	Impairment Reversal (via Equity)	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	-	-	-	-	-	571	-	-	-	-	-	-	-	571	-	-	-	571
Plant & Equipment	-	7,136	3,856	-	3,280	1,906	-	(392)	(733)	-	-	-	-	-	7,584	3,523	-	4,061
Office Equipment	-	502	344	-	158	59	-	-	(81)	-	-	-	-	-	395	259	-	136
Furniture & Fittings	-	355	238	-	117	-	-	-	(24)	-	-	-	-	-	353	260	-	93
Land:																		
- Operational Land	-	2,740	-	-	2,740	149	-	-	-	-	-	-	-	-	2,889	-	-	2,889
- Community Land	-	6,678	-	-	6,678	-	-	-	-	-	-	-	-	-	6,678	-	-	6,678
Land Improvements - depreciable	-	1,152	225	-	927	46	-	-	(35)	-	-	-	-	-	1,198	260	-	938
Buildings - Non Specialised	-	3,068	890	-	2,178	-	-	-	(39)	-	-	-	-	-	3,068	929	-	2,139
Buildings - Specialised	-	44,922	15,946	47	28,929	285	25	-	(860)	21	-	-	-	-	44,980	16,580	-	28,400
Other Structures	-	8,512	3,083	-	5,429	8	-	-	(54)	-	(4,330)	-	-	-	1,637	584	-	1,053
Infrastructure:																		
- Roads	-	158,269	76,099	704	81,466	2,748	704	-	(2,662)	-	(4,900)	(5,360)	-	-	110,406	38,410	-	71,996
- Bridges	-	-	-	-	-	-	-	-	(14)	-	809	-	335	-	1,399	269	-	1,130
- Footpaths	-	-	-	-	-	422	-	-	(47)	-	4,091	(314)	-	-	4,998	846	-	4,152
- Bulk Earthworks (non-depreciable)	-	3,198	-	-	3,198	-	-	-	-	-	-	-	9,595	-	12,793	-	-	12,793
- Stormwater Drainage	-	6,870	1,026	-	5,844	77	-	-	(118)	-	-	-	3,444	-	11,226	1,979	-	9,247
- Water Supply Network	-	69,214	35,051	-	34,163	544	-	-	(1,136)	-	-	-	957	-	71,246	36,718	-	34,528
- Waste Management Infrastructure	-	595	45	-	550	-	-	-	(7)	-	-	-	-	-	595	52	-	543
- Sewerage Network	-	53,610	30,261	-	23,349	1,090	-	-	(708)	-	-	-	654	-	55,181	30,796	-	24,385
- Swimming Pools	-	-	-	-	-	8	-	-	(39)	-	935	-	-	-	2,338	1,434	-	904
- Other Open Space/Recreational Assets	-	-	-	-	-	118	-	-	(129)	-	3,395	-	-	-	4,651	1,267	-	3,384
Other Assets:																		
- Library Books	-	165	104	-	61	-	-	-	(28)	-	-	-	-	-	165	132	-	33
- Water Licences	-	1,750	-	-	1,750	-	-	-	-	-	-	-	-	-	1,750	-	-	1,750
<u>TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.</u>	-	368,736	167,168	751	200,817	8,031	729	(392)	(6,714)	21	-	(5,674)	14,985	571	345,530	134,298	-	211,803

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$4,053,656) and New Assets (\$3,977,595).
Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000 Class of Asset	Actual 2014				Actual 2013			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
Plant & Equipment	-	159	125	34	-	157	114	43
Water Licences	-	391	-	391	-	391	-	391
Infrastructure	-	71,246	36,718	34,528	-	69,214	35,051	34,163
Total Water Supply	-	71,796	36,843	34,953	-	69,762	35,165	34,597
Sewerage Services								
Plant & Equipment	-	362	226	136	-	348	200	148
Infrastructure	-	55,181	30,796	24,385	-	53,610	30,261	23,349
Total Sewerage Services	-	55,543	31,022	24,521	-	53,958	30,461	23,497
Other Restricted Assets								
Waste Management	-	595	52	543	-	595	45	550
Total Other Restrictions	-	595	52	543	-	595	45	550
TOTAL RESTRICTED I,PP&E	-	127,934	67,917	60,017	-	124,315	65,671	58,644

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

\$ '000	Notes	Actual 2014	Actual 2013
(i) Impairment Losses recognised direct to Equity (ARR):			
Flood Damaged Roads		-	(630)
Storm Damaged Building		-	(48)
Total Impairment Losses		-	(678)
(ii) Reversals of Impairment Losses previously recognised direct to Equity (ARR):			
Storm Damaged Building		21	-
Total Impairment Reversals		21	-
IMPAIRMENT of ASSETS - DIRECT to EQUITY (ARR)	20 (ii)	21	(678)

Refer to Note 9(a) for Impairment Restoration Works totalling \$729K undertaken this year relating to current year or prior year Impairments.

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		863	-	1,518	-
Payments Received In Advance		226	-	182	-
Accrued Expenses:					
- Borrowings		14	-	16	-
- Salaries & Wages		409	2	415	1
- Other Expenditure Accruals		15	-	19	-
Security Bonds, Deposits & Retentions		18	-	18	-
Miscellaneous Creditor Clearing Accounts		2	-	2	-
Total Payables		1,547	2	2,170	1
Borrowings					
Loans - Secured ¹		192	832	93	1,024
Total Borrowings		192	832	93	1,024
Provisions					
Employee Benefits;					
Annual Leave		715	-	691	-
Long Service Leave		1,805	95	1,635	68
Total Provisions		2,520	95	2,326	68
Total Payables, Borrowings & Provisions		4,259	929	4,589	1,093
(i) Liabilities relating to Restricted Assets					

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.

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

	Actual 2014	Actual 2013
\$ '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	1,770	1,385
	1,770	1,385

Note 10b. Description of and movements in Provisions

Class of Provision	2013	2014				Closing Balance as at 30/6/14
	Opening Balance as at 1/7/13	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	691	595	(571)	-	-	715
Long Service Leave	1,703	358	(161)	-	-	1,900
TOTAL	2,394	953	(732)	-	-	2,615

- 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.

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2014	Actual 2013
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	2,275	8,302
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		2,275	8,302
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		(149)	1,556
Adjust for non cash items:			
Depreciation & Amortisation		6,714	8,642
Net Losses/(Gains) on Disposal of Assets		(199)	38
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Write Offs relating to the Fair Valuation of I,PP&E		-	734
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- "Held to Maturity" Financial Assets		-	11
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		120	(48)
Increase/(Decrease) in Provision for Doubtful Debts		(35)	35
Decrease/(Increase) in Inventories		(12)	17
Decrease/(Increase) in Other Assets		18	(18)
Increase/(Decrease) in Payables		(655)	552
Increase/(Decrease) in accrued Interest Payable		(2)	16
Increase/(Decrease) in other accrued Expenses Payable		(9)	17
Increase/(Decrease) in Other Liabilities		44	44
Increase/(Decrease) in Employee Leave Entitlements		221	(26)
NET CASH PROVIDED FROM/(USED IN)		6,056	11,570
OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		6,056	11,570

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 11. Statement of Cash Flows - Additional Information (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(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⁾		545	545
Credit Cards / Purchase Cards		50	50
Total Financing Arrangements		595	595
Amounts utilised as at Balance Date:			
- Credit Cards / Purchase Cards		8	8
Total Financing Arrangements Utilised		8	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.

(ii) Secured Loan Liabilities

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

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2014	Actual 2013
(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		983	1,531
Plant & Equipment		-	390
Water Infrastructure		1,362	115
Sewer Infrastructure		670	165
Office Equipment		7	20
Roads & Drainage		1,286	1,339
Structures		157	46
Other - Land		40	40
Total Commitments		4,505	3,646
These expenditures are payable as follows:			
Within the next year		4,505	3,646
Total Payable		4,505	3,646
Sources for Funding of Capital Commitments:			
Future Grants & Contributions		-	704
Unexpended Grants		-	8
Externally Restricted Reserves		2,136	336
Internally Restricted Reserves		951	1,609
Unexpended Loans		418	989
New Loans (to be raised)		1,000	-
Total Sources of Funding		4,505	3,646

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

Nil

(d) Investment Property Commitments

Nil

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 2013 2012	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
(excl. Capital Grants & Contributions) - Operating Expenses	<u>(1,509)</u>	-6.93%	-4.25%	0.31%
Total continuing operating revenue ⁽¹⁾	<u>21,762</u>			
(excl. Capital Grants & Contributions)				
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
(less ALL Grants & Contributions)	<u>18,374</u>	80.16%	67.24%	86.93%
Total continuing operating revenue ⁽¹⁾	<u>22,923</u>			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	<u>10,660</u>	4.54 : 1	4.09	4.71
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	<u>2,348</u>			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	<u>5,265</u>	3,441.18%	5,508.63%	29,710.71%
Principal Repayments (from the Statement of Cash Flows)	<u>153</u>			
+ Borrowing Interest Costs (from the Income Statement)				
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	<u>492</u>	4.41%	4.10%	4.46%
Rates, Annual and Extra Charges Collectible	<u>11,154</u>			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents including All Term Deposits	<u>26,485</u>	17.08	19.96	17.36
Payments from cash flow of operating and financing activities	<u>1,551</u>			

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

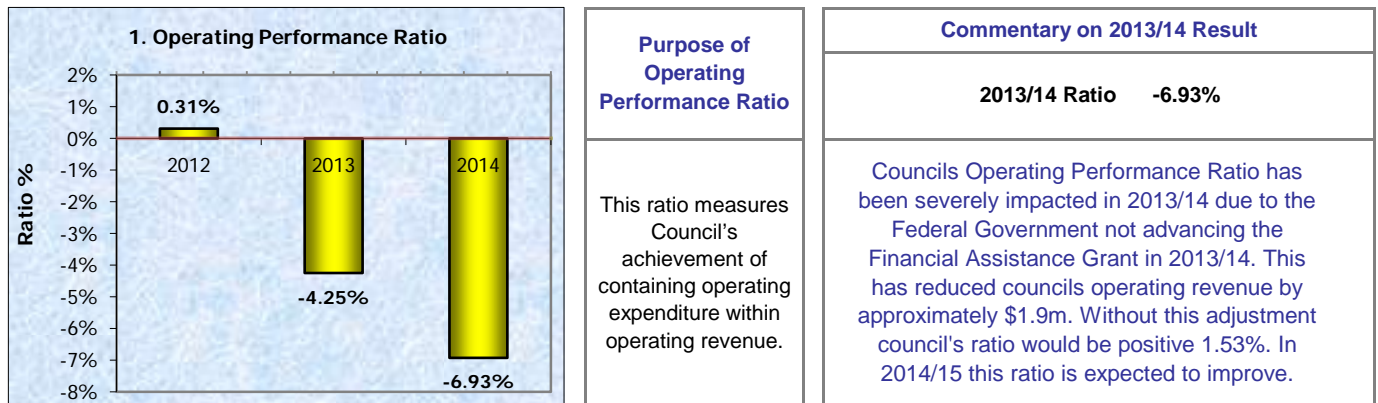
⁽³⁾ Refer to Note 10(a).

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

Leeton Shire Council

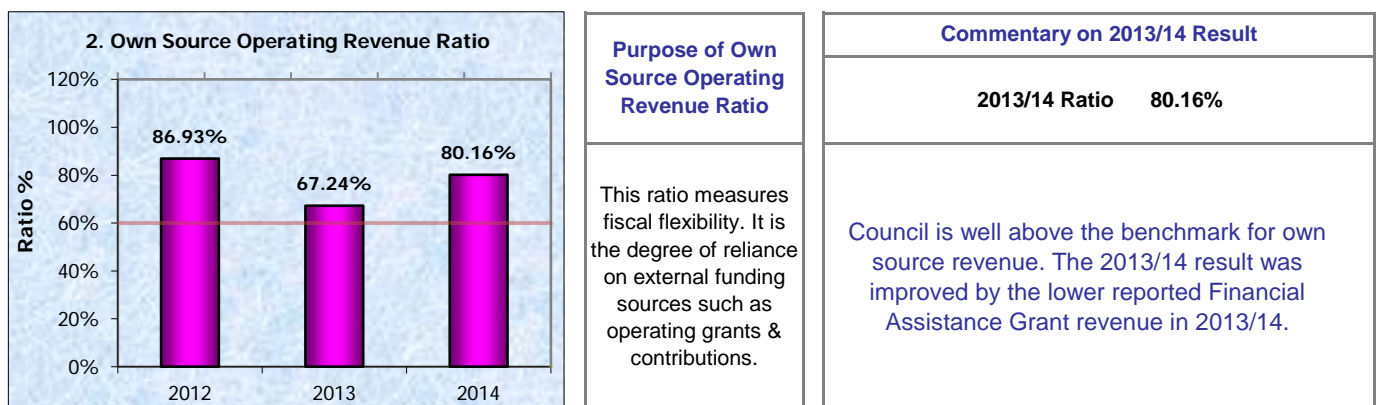
Notes to the Financial Statements for the financial year ended 30 June 2014

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



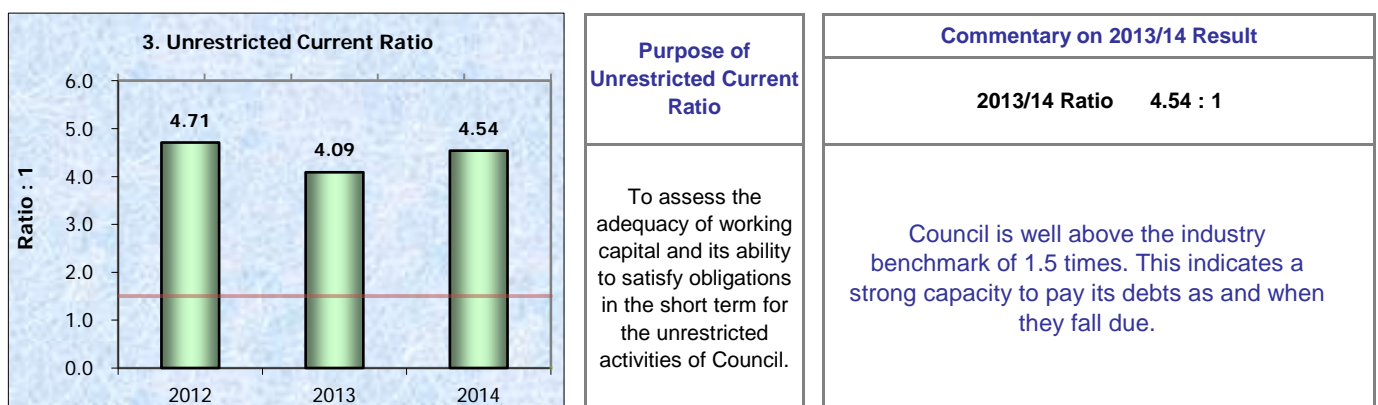
Minimum 0.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



Minimum 60.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



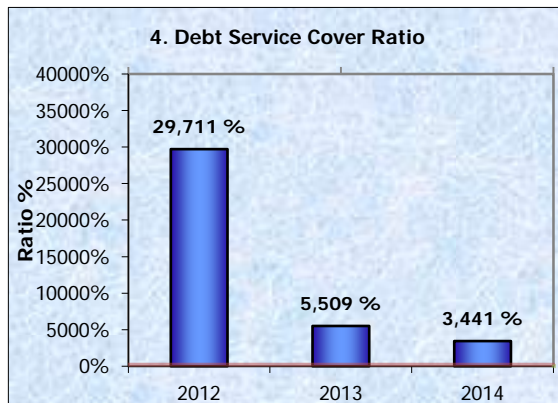
Minimum 1.50

Source for Benchmark: Code of Accounting Practice and Financial Reporting

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

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



Source for Benchmark: NSW Treasury Corporation

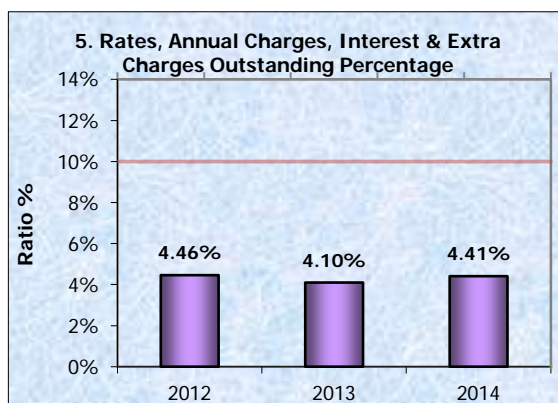
Purpose of Debt Service Cover Ratio

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

Commentary on 2013/14 Result

2013/14 Ratio 3441.18%

The debt service costs are very low and Council has more than adequate cash available to service debt. Council has low borrowings and is using the Local Infrastructure Renewal Scheme subsidy to assist with debt servicing.



Source for Benchmark: Office of Local Govt - Comparative Information (10/11)

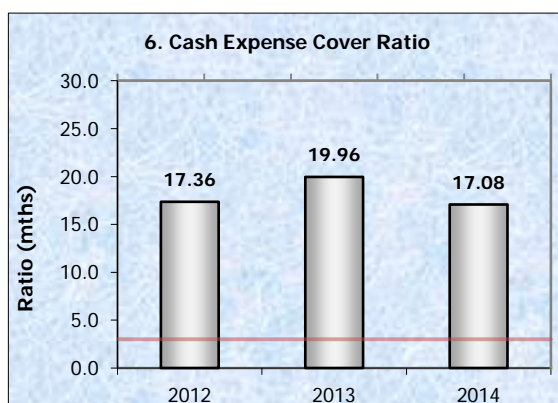
Purpose of Rates & Annual Charges Outstanding Ratio

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

Commentary on 2013/14 Result

2013/14 Ratio 4.41%

The outstanding rates % remains low and well below the benchmark for a rural council. Council has strong debt collection procedures in place to collect its rates and charges.



Source for Benchmark: Code of Accounting Practice and Financial Reporting

Purpose of Cash Expense Cover Ratio

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

Commentary on Result

2013/14 Ratio 17.08

Council again has a very strong liquidity ratio and is well above the benchmark.

Leeton Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

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

\$ '000	Water 2014	Sewer 2014	General ⁵ 2014
Local Government Industry Indicators - by Fund			
1. Operating Performance Ratio			
Total continuing operating revenue ⁽¹⁾			
<u>(excl. Capital Grants & Contributions) - Operating Expenses</u>	-0.89%	0.43%	-9.48%
Total continuing operating revenue ⁽¹⁾			
(excl. Capital Grants & Contributions)	prior period: 7.37%	-1.49%	-7.16%
2. Own Source Operating Revenue Ratio			
Total continuing operating revenue ⁽¹⁾	97.62%	97.96%	73.74%
(less ALL Grants & Contributions)			
Total continuing operating revenue ⁽¹⁾	prior period: 95.07%	92.05%	58.94%
3. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽²⁾	65.33 : 1	457.44 : 1	4.54 : 1
<u>Current Liabilities less Specific Purpose Liabilities ^(3, 4)</u>			
	prior period: 310.79	498.27	4.09
4. Debt Service Cover Ratio			
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	8,007.14%	24,800.00%	2,500.00%
Principal Repayments (from the Statement of Cash Flows)			
+ Borrowing Interest Costs (from the Income Statement)	prior period: 8,787.50%	636.45%	34,812.50%
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
<u>Rates, Annual and Extra Charges Outstanding</u>	4.23%	3.43%	4.67%
Rates, Annual and Extra Charges Collectible			
	prior period: 0.00%	0.00%	5.68%
6. Cash Expense Cover Ratio			
Current Year's Cash and Cash Equivalents including All Term Deposits	36.04	52.78	9.66
Payments from cash flow of operating and financing activities	prior period: 0.00	0.00	18.24

Notes

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

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

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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	
	2014	2013	2014	2013
Financial Assets				
Cash and Cash Equivalents	2,275	8,302	2,275	4,802
Investments				
- "Held to Maturity"	24,210	20,210	24,210	23,710
Receivables	2,317	2,581	2,317	2,581
Total Financial Assets	28,802	31,093	28,802	31,093
Financial Liabilities				
Payables	1,323	1,989	1,323	1,989
Loans / Advances	1,024	1,117	1,024	1,117
Total Financial Liabilities	2,347	3,106	2,347	3,106

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.
- Financial Assets classified **"at fair value through profit & loss"** are based upon quoted market prices (in active markets for identical investments) at the reporting date.

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

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

The risks associated with the investments held are:

- **Interest Rate Risk** - the risk that movements in interest rates could affect returns and income.

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

Council also seeks advice from independent advisers before placing any funds in Cash Equivalents & Investments.

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
2014				
Possible impact of a 1% movement in Interest Rates	264	264	(264)	(264)
2013				
Possible impact of a 1% movement in Interest Rates	285	285	(285)	(285)

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

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. It also encourages ratepayers to pay their rates by the due date through incentives.

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

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

Council makes suitable provision for doubtful receivables as required.

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

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

	2014 Rates & Annual Charges	2014 Other Receivables	2013 Rates & Annual Charges	2013 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	0%	93%	0%	95%
Overdue	100%	7%	100%	5%
	100%	100%	100%	100%

(ii) Ageing of Receivables - value

Current (not yet overdue)	-	1,792	-	2,101
Past due by up to 30 days	-	18	-	4
Past due between 31 and 60 days	-	22	-	-
Past due between 61 and 90 days	-	-	-	28
Past due by more than 90 days	419	82	404	95
	419	1,914	404	2,228

(iii) Movement in Provision for Impairment of Receivables

	2014	2013
Balance at the beginning of the year	51	16
+ new provisions recognised during the year	-	35
- previous impairment losses reversed	(35)	-
Balance at the end of the year	16	51

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2014									
Trade/Other Payables	18	1,305	-	-	-	-	-	1,323	1,323
Loans & Advances	-	245	139	137	137	137	477	1,272	1,024
Total Financial Liabilities	18	1,550	139	137	137	137	477	2,595	2,347
2013									
Trade/Other Payables	18	1,971	-	-	-	-	-	1,989	1,989
Loans & Advances	-	154	245	139	137	137	615	1,427	1,117
Total Financial Liabilities	18	2,125	245	139	137	137	615	3,416	3,106

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:

	2014		2013	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	1,323	0.0%	1,989	0.0%
Loans & Advances - Fixed Interest Rate	1,024	5.6%	1,117	5.6%
	<u>2,347</u>		<u>3,106</u>	

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 13/14 was adopted by the Council on 23 May 2013.

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	2014 Budget	2014 Actual	2014 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	10,740	10,594	(146)	(1%)	U
User Charges & Fees	4,754	5,946	1,192	25%	F
Additional revenue was received in the following areas: water usage charges \$616k, golf course fees \$273k as council took over the operation after the budget was adopted, waste disposal fees \$78k, child care fees as council took over management of Narrandera Out of School Care \$70k, sewer trade waste fees \$31k and planning fees \$53k.					
Interest & Investment Revenue	642	1,199	557	87%	F
Council's investment revenue was higher than originally budgeted as there was a higher level of investments. A number of capital projects did not commence until later in the year and the funds remained invested until the work commenced. Council takes a conservative approach when estimating the revenue due to the recent volatility in investment markets.					
Other Revenues	464	635	171	37%	F
Council received insurance premium rebates of \$38k and also proceeds from the temporary sale of high security water licences resulted in additional revenue of \$62k.					
Operating Grants & Contributions	5,440	3,388	(2,052)	(38%)	U
The Federal Government decided to no longer pay the advance payment of the financial assistance grant reducing grant income by \$1,870k, the Bidgee Binge program also received additional payments in 2012/13 reducing the 2013/14 allocation.					
Capital Grants & Contributions	299	1,161	862	288%	F
Council received Natural Disaster funding of \$699k for restoration works following the March 2012 flood, Additional income of \$84k was also received for new footpaths and cycleways.					
Net Gains from Disposal of Assets	12	199	187	1558%	F
Council received better than expected returns on the sale of plant & equipment.					

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 16. Material Budget Variations (continued)

\$ '000	2014 Budget	2014 Actual	2014 ----- Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	9,563	9,218	345	4%	F
Borrowing Costs	90	60	30	33%	F
Council deferred the take up of a new loan until 2014/15 therefore reducing the interest cost.					
Materials & Contracts	5,151	4,862	289	6%	F
Depreciation & Amortisation	8,718	6,714	2,004	23%	F
Council revalued its roads and building after the original budget was adopted which resulted in a reduction in depreciation expense.					
Other Expenses	2,640	2,417	223	8%	F

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

Cash Flows from Operating Activities	4,868	6,056	1,188	24.4%	F
Council's outstanding receivables has reduced in 2013/14 and income from investments was higher than budgeted.					
Cash Flows from Investing Activities	(7,848)	(11,990)	(4,142)	52.8%	U
Council purchased \$3m worth of investments and also did not complete all budgeted capital works \$1.2m.					
Cash Flows from Financing Activities	869	(93)	(962)	(110.7%)	U
Council deferred taking up of a \$1m loan until 2014/15.					

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions

\$ '000

Council recovers contributions, raises levies & enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions & levies and the value of all remaining funds which are "restricted" in their future use.

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	2	1	-	-	(1)	-	2	-	(2)	-	-
Traffic Facilities	169	6	-	6	-	-	181	-	(181)	-	-
Open Space	44	2	-	2	-	-	48	-	(48)	-	-
Bicycle & Pedestrian Ways	-	1	-	-	(1)	-	-	-	-	-	-
Bridge & Culvert Widening	11	1	-	-	-	-	12	-	(12)	-	-
LSC Trunk Drainage	27	1	-	1	-	-	29	-	(29)	-	-
MIA Trunk Drainage	36	6	-	1	-	-	43	-	(43)	-	-
Bus Shelters	-	1	-	-	(1)	-	-	-	-	-	-
Plan Administration	-	7	-	-	(7)	-	-	-	-	-	-
Recreation Facilities	5	6	-	-	-	-	11	-	(11)	-	-
Lighting	-	1	-	-	-	-	1	-	(1)	-	-
S94 Contributions - under a Plan	294	33	-	10	(10)	-	327	-	(327)	-	-
Total S94 Revenue Under Plans	294	33	-	10	(10)	-	327				-
S64 Contributions	8	31	-	-	(28)	-	11				
Total Contributions	302	64	-	10	(38)	-	338	-	(327)	-	-

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER LEP 35

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	2	1	-	-	(1)	-	2	-	(2)	-	-
Traffic Facilities	169	6	-	6	-	-	181	-	(181)	-	-
Open Space	44	2	-	2	-	-	48	-	(48)	-	-
Bicycle & Pedestrian Ways	-	1	-	-	(1)	-	-	-	-	-	-
Bridge & Culvert Widening	11	1	-	-	-	-	12	-	(12)	-	-
LSC Trunk Drainage	27	1	-	1	-	-	29	-	(29)	-	-
MIA Trunk Drainage	36	6	-	1	-	-	43	-	(43)	-	-
Bus Shelters	-	1	-	-	(1)	-	-	-	-	-	-
Plan Administration	-	7	-	-	(7)	-	-	-	-	-	-
Recreation Facilities	5	6	-	-	-	-	11	-	(11)	-	-
Lighting	-	1	-	-	-	-	1	-	(1)	-	-
Total	294	33	-	10	(10)	-	327	-	(327)	-	-

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other Guarantees

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

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Councils intention to spend funds in the manner and timing set out in those Plans.

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.

(ii) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but unpaid Infringement Notices.

Due to the limited information available on the status, value and duration of outstanding Notices, Council is unable to determine the value of outstanding income.

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

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

Leeton Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2014	Actual 2013
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(a) Retained Earnings

Movements in Retained Earnings were as follows:

Balance at beginning of Year (from previous years audited accounts)		104,732	103,176
a. Net Operating Result for the Year		(149)	1,556
Balance at End of the Reporting Period		104,583	104,732

(b) Reserves

(i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve		133,205	123,873
- High Security Water Licences		70	70
Total		133,275	123,943

(ii) Reconciliation of movements in Reserves:**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

- Opening Balance		123,873	110,081
- Revaluations for the year	9(a)	9,311	14,470
- (Impairment of revalued assets) / Impairment reversals	9(a),(c)	21	(678)
- Balance at End of Year		133,205	123,873

Other Reserves (High Security Water Licences)

- Opening Balance		70	582
- Increases/(Decreases) for the year		-	(512)
- Balance at End of Year		70	70

TOTAL VALUE OF RESERVES

133,275	123,943
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(iii) Nature & Purpose of Reserves**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

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

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

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

(d) Voluntary Changes in Accounting Policies

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

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2014	Actual 2014	Actual 2014
	Water	Sewer	General ¹
Continuing Operations			
Income from Continuing Operations			
Rates & Annual Charges	1,152	1,823	7,619
User Charges & Fees	2,226	187	3,533
Interest & Investment Revenue	272	285	642
Other Revenues	7	6	622
Grants & Contributions provided for Operating Purposes	38	31	3,319
Grants & Contributions provided for Capital Purposes	51	17	1,093
Other Income			
Net Gains from Disposal of Assets	-	-	224
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
Total Income from Continuing Operations	3,746	2,349	17,052
Expenses from Continuing Operations			
Employee Benefits & on-costs	930	506	7,782
Borrowing Costs	7	-	53
Materials & Contracts	1,184	835	2,843
Depreciation & Amortisation	1,147	734	4,833
Impairment	-	-	-
Other Expenses	485	259	1,673
Net Losses from the Disposal of Assets	11	14	-
Total Expenses from Continuing Operations	3,764	2,348	17,184
Operating Result from Continuing Operations	(18)	1	(132)
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	(18)	1	(132)
Net Operating Result attributable to each Council Fund	(18)	1	(132)
Net Operating Result attributable to Non-controlling Interest:	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(69)	(16)	(1,225)

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.

Leeton Shire Council

Notes to the Financial Statements
as at 30 June 2014

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

Statement of Financial Position by Fund \$ '000	Actual 2014	Actual 2014	Actual 2014
ASSETS	Water	Sewer	General¹
Current Assets			
Cash & Cash Equivalents	660	592	1,023
Investments	7,188	6,458	10,564
Receivables	329	269	1,549
Inventories	-	-	2,441
Other	-	-	-
Non-current assets classified as 'held for sale'	-	-	-
Total Current Assets	8,177	7,319	15,577
Non-Current Assets			
Investments	-	-	-
Receivables	6	374	242
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	34,953	24,521	152,329
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
Total Non-Current Assets	34,959	24,895	152,571
TOTAL ASSETS	43,136	32,214	168,148
LIABILITIES			
Current Liabilities			
Payables	21	15	1,511
Borrowings	104	1	166
Provisions	-	-	2,520
Total Current Liabilities	125	16	4,197
Non-Current Liabilities			
Payables	-	-	2
Borrowings	2	-	1,203
Provisions	-	-	95
Total Non-Current Liabilities	2	-	1,300
TOTAL LIABILITIES	127	16	5,497
Net Assets	43,009	32,198	162,651
EQUITY			
Retained Earnings	18,742	18,178	67,663
Revaluation Reserves	24,267	14,020	94,988
Total Equity	43,009	32,198	162,651

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.

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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 Date

Events that occur between the end of the reporting period (ending 30 June 2014) 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 02/09/14.

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 2014.

(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 2014 and which are only indicative of conditions that arose after 30 June 2014.

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 asset without physical substance.

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

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

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

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

\$ '000

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

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

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

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

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

Income Approach: Valuation technique that converts future amounts (cash flows inflows/outflows) to signal current (i.e. discounted) amount. The fair value measurement is determined on the basis if the value indicated by current market expectations about these future amounts.

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

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

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

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

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

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

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

		Fair Value Measurement Hierarchy			Total
2014		Level 1	Level 2	Level 3	
	Date of latest valuation	Quoted prices in active mkt	Significant observable inputs	Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Assets					
Investments					
- "Held to Maturity"	30/06/14	24,210	-	-	24,210
Cash and Short Term Deposits	30/06/14	2,275	-	-	2,275
Receivables	30/06/14	-	2,333	-	2,333
Total Financial Assets		26,485	2,333	-	28,818

Leeton Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

\$ '000

		Fair Value Measurement Hierarchy			
2014		Level 1	Level 2	Level 3	Total
	Date	Quoted	Significant	Significant	
	of latest	prices in	observable	unobservable	
	valuation	active mkts	inputs	inputs	
Recurring Fair Value Measurements (continued)					
Financial Liabilities					
Payables	30/06/14	-	1,323	-	1,323
Loans / Advances	30/06/14	-	1,024	-	1,024
Total Financial Liabilities		-	2,347	-	2,347
Infrastructure, Property, Plant & Equipment					
Capital Work in Progress	30/06/14	-	-	571	571
Plant & Equipment	30/06/14	-	-	4,061	4,061
Office Equipment	30/06/14	-	-	136	136
Furniture & Fittings	30/06/14	-	-	93	93
Operational Land	30/06/13	-	2,889	-	2,889
Community Land	30/06/11	-	-	6,678	6,678
Land Improvements	30/06/11	-	-	938	938
Buildings -Specialised	30/06/13	-	-	28,400	28,400
Buildings - Non Specialised	30/06/13	-	2,139	-	2,139
Other Structures	30/06/13	-	-	1,053	1,053
Roads	01/07/13	-	-	71,996	71,996
Bridges	01/07/13	-	-	1,130	1,130
Footpaths	01/07/13	-	-	4,152	4,152
Bulk Earthworks	01/07/13	-	-	12,793	12,793
Stormwater Drainage	01/07/13	-	-	9,247	9,247
Water Supply Network	30/06/14	-	-	34,528	34,528
Sewerage Network	30/06/14	-	-	24,385	24,385
Swimming Pools	30/06/13	-	-	904	904
Other Open Space/Recreational Assets	30/06/13	-	-	3,384	3,384
Library Books	30/06/11	-	-	21	21
Other Assets	30/06/11	-	-	12	12
Water Licences	30/06/14	1,750	-	-	1,750
Waste Management Infrastructure	30/06/11	-	-	543	543
Total Infrastructure, Property, Plant & Equipment		1,750	5,028	205,025	211,803

(2) Transfers between Level 1 & Level 2 Fair Value Hierarchies

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

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

(3). Reconciliation of Movements**a. The following tables present the changes in Level 3 Fair Value Assets.**

	Total
Opening Balance 1 July 2013	194,149
Purchases (GBV)	7,882
Disposals (WDV)	(392)
Depreciation & Impairment	(6,675)
FV Gains - Other Comprehensive Income	9,311
Impairment Reinstatement	729
Impairment Reversal	21
Closing Balance - 30/6/14	<u>205,025</u>

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

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

Not applicable.

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

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

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

Class	Fair Value (30/6/14) \$'000	Examples of Type Of Asset	Valuation Technique/s	Significant Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I, PP&E						
Works in Progress	571	Community Centre	Current replacement cost	Cost per sq metre, Consumption rate, Condition, Useful Life	various	Significant increase / decrease in unit cost or useful life
Plant & Equipment	4,061	Graders, loaders, rollers, cars, utes & minor plant	Depreciated replacement cost	Cost per unit, useful life, residual value, condition of asset,	\$1,000 - \$400,000	Increase/decrease in cost of unit or useful life
Office Equipment	136	Copiers, telephone system, projectors	Depreciated replacement cost	Cost per unit, useful life, condition of asset	various	Increase/decrease in cost of unit or useful life
Furniture & Fittings	93	Desks, chairs, display equipment	Depreciated replacement cost	Cost per unit, useful life, condition of asset	various	Increase/decrease in cost of unit or useful life
Community Land	6,678	Parks, reserves, sportsgrounds, community facilities	Current replacement cost	Cost per sq metre, Valuer General's valuation	various	Increase/decrease inland values
Land Improvements	938	Sprinkler & watering systems, cemetery plinths, retention basins	Depreciated replacement cost	Cost per unit, pattern of consumption, useful life, asset condition	various	Increase/decrease in cost of unit or useful life

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

(4) Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value (continued).

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

Class	Fair Value (30/6/14) \$'000	Examples of Type Of Asset	Valuation Technique/s	Significant Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
Specialised buildings	28,400	Administration building, Libraries, Public Amenities, Depot Buildings, Halls & Community Centres, Rural Fire Sheds, Sportings Amenities & Club	Depreciated replacement cost	Cost per sq metre, Consumption rate, Condition, Useful Life	various	Significant increase/decrease in cost per sq metre or useful life
Road infrastructure	71,996	Road pavement, road surface, kerb & guttering, other road structures	Depreciated replacement cost	Cost per sq metre, dimensions and specification, pattern of consumption, components, useful life, residual value, asset condition	various	Increase / decrease in materials cost, labour rates, and worker efficiency
Bulk Earthworks	12,793	Non depreciable earthworks	Current replacement cost	Cost per sq metre	\$2.00	Increase / decrease in materials cost, labour rates, and worker efficiency
Footpaths/Cycleways	4,152	Footpaths, Cycleways	Depreciated replacement cost	Cost per sq metre, pattern of consumption, components, useful life, asset condition	\$46-\$102	Increase / decrease in materials cost, labour rates, and worker efficiency

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

(4) Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value (continued).

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

Class	Fair Value (30/6/14) \$'000	Examples of Type Of Asset	Valuation Technique/s	Significant Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
Bridges	1,130	Bridges, Footbridges	Depreciated replacement cost	Cost per sq metre, dimensions and specification, pattern of consumption, components, useful life, asset condition	\$2,098	Increase / decrease in materials cost, labour rates, and worker efficiency
Stormwater Drainage	9,247	Pits, pipes & pumps	Depreciated replacement cost	Cost per unit / per metre	various	Increase / decrease in materials cost, labour rates, and worker efficiency
Water Supply Network	34,528	Water lines, meters, pumping stations, reservoirs, filtration plant, telemetry system	Depreciated replacement cost	Unit rates, pattern of consumption, components, useful life, residual value, asset condition	Refer Reference Rate Manual	Valued in accordance with NSW Office of Water Reference Rates Manual
Sewerage Network	24,385	Sewer lines, pump stations, vent stacks, sewer treatment plant, telemetry system	Depreciated replacement cost	Unit rates, pattern of consumption, components, useful life, residual value, asset condition	Refer Reference Rate Manual	Valued in accordance with NSW Office of Water Reference Rates Manual

Leeton Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

(4) Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value (continued).

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

Class	Fair Value (30/6/14) \$'000	Examples of Type Of Asset	Valuation Technique/s	Significant Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
Swimming Pools	904	Main & toddlers pools	Depreciated replacement cost	Cost per unit	\$44k-\$1,400k	Increase / decrease in materials cost, labour rates, and worker efficiency
Waste Management	543	Internals roads at landfill	Depreciated replacement cost	Cost per sq metre	\$14	Increase / decrease in materials cost, labour rates, and worker efficiency
Open Space Assets	3,384	Playgrounds, flood lighting, tennis courts, shelters, grandstands	Depreciated replacement cost	Unit rates, pattern of consumption, components, useful life, asset condition	various	Increase / decrease in materials cost, labour rates, and worker efficiency
Other Structures	1,053	Statues, rotundas, fencing	Depreciated replacement cost	Unit rates, pattern of consumption, components, useful life, asset condition	various	Increase / decrease in materials cost, labour rates, and worker efficiency
Library Books	21	Books, CD's	Depreciated replacement cost	Unit costs	various	Increase / decrease in materials cost
Other Assets	12	Mayor robes, other equipment	Depreciated replacement cost	Unit costs	various	Increase / decrease in materials cost

Leeton Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2014

Note 28. Council Information & Contact Details

Principal Place of Business:

23-25 Chelmsford Place
Leeton NSW 2705

Contact Details
Mailing Address:

23-25 Chelmsford Place
Leeton NSW 2705

Opening Hours:

Office Hours:

Cashier Hours: 9:00am to 4:00pm (Mon - Fri)

Leeton Landfill & Recycling Depot
9:00am to 5:40pm (Mon - Sun)

Telephone: 02 6953 0911

Facsimile: 02 6953 3337

Internet: www.leeton.nsw.gov.au

Email: council@leeton.nsw.gov.au

Officers
GENERAL MANAGER

John Batchelor ALGA

RESPONSIBLE ACCOUNTING OFFICER

Duncan McWhirter

PUBLIC OFFICER

John Batchelor

AUDITORS

Crowe Horwath Albury
491 Smollett Street
Albury NSW 2640

Other Information

ABN: 59 217 957 665

Elected Members
MAYOR

Cr Paul Maytom

COUNCILLORS

Cr George Weston (Deputy Mayor)

Cr Tracey Valenzisi

Cr Emerson Doig

Cr Greg O'Callaghan

Cr Peter Davidson

Cr Steve Dowling

Cr Michael Kidd

Cr Tracey Morris

**INDEPENDENT AUDIT REPORT TO LEETON SHIRE COUNCIL
(SECTION 417(2) – REPORT ON THE GENERAL PURPOSE FINANCIAL STATEMENTS)****SCOPE**

We have audited the accompanying financial statements of Leeton Shire Council ('the Council'), which comprises the statement of financial position as at 30 June 2014 and the 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 1 to 28 and the Statement by Councillors and Management of the Council. The financial statements and Council's statement are in the approved form as required by Section 413(2) (a) and (c) of the Local Government Act, 1993.

COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

Our audit responsibilities do not extend to the Original Budget figures disclosed in the income statement, statement of cash flows, Notes 2(a) and 16 to the financial statements nor the attached Special Schedules. Our audit opinion does not extend to cover the TCorp ratios in 13a(i) & 13a(ii) nor the projections data in Note 17 and accordingly, we express no opinion on them.

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

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

INDEPENDENCE

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

AUDITOR'S OPINION

In our opinion:

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


CROWE HORWATH AUSWILD

BRADLEY D BOHUN
Partner

Dated at Albury this 2nd day of September 2014.



Report on the Conduct of the Audit

Leeton Shire Council

Year Ended 30 June 2014

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1 Report on the Conduct of the Audit

We have completed our audit of the financial statements for Leeton Shire Council (Council) for the year ended 30 June 2014, in accordance with Section 415 of the Local Government Act, 1993. Our audit opinion under Section 417(2) has been issued to Council.

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

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

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

2 Operating Result

Leeton Shire Council (the 'Council') is a small regional Council in Southern New South Wales, whose affairs are governed by:

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

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

The Council achieved a loss in net operating result from continuing operations (including capital contributions) of \$149k (2013: \$1.56m surplus) for the year ended 30 June 2014. The net operating result for the year before grants and contributions provided for capital purposes is \$(1,310k) (2013: \$1,784k).

Significant income and expense items in the current year were:

	2014 \$'000	2013 \$'000	2012 \$'000
Rates and annual charges	10,594	10,182	9,804
User charges and fees	5,946	6,045	5,517
Grants and contributions - operating	3,388	5,551	6,866
Grants and contributions - capital	1,161	3,340	404
Employee costs	9,218	8,589	8,320
Materials and contracts	4,862	4,987	4,931
Depreciation and amortisation	6,714	8,642	8,233

The size of Council's operations has remained relatively consistent over the past three years with increases in rates and annual charges being attributable to the annual permissible increase (3.4% in 2013/2014). Grants and contributions have decreased during the period due to a timing difference on the receipt of financial assistance grants by Council. Historically these were paid six months in advance but this has ceased, hence a 50% reduction in grant income recorded in the 2014 year. Capital grants have been impacted over the last 2 years by the flood event and flood restoration grants received, in 2014 this was \$699K and in 2013 \$2,658K.

Employee costs have risen due to the combined effect of a 3.25% wage increase and additional staff. Depreciation is lower in 2014 primarily due to the revaluation of roads with an effective date of 1 July 2013.

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

3 Financial Position

A measure of the Council's financial position is its unrestricted working capital. The following table sets out the unrestricted working capital position of Council as at the end of the financial year.

	2014 \$'000	2013 \$'000	2012 \$'000
Cash and Liquid Investments	26,485	28,012	23,650
External Restrictions - included in liabilities	(418)	(989)	-
- not included in liabilities	(17,187)	(16,079)	(14,176)
Internal Restrictions - included in liabilities	(1,926)	(1,829)	(1,629)
- not included in liabilities	(6,520)	(8,176)	(7,724)
Unrestricted Cash and Investments	434	939	121
Other Net Current Assets / (Liabilities) excluding anticipated LSL Provision & restrictions included in liabilities	1,432	831	1747
Unrestricted Working Capital	1,866	1,770	1,868

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

The above result continues to indicate a capacity to pay debts as and when they fall due.

We recommend that Council continue to monitor its unrestricted working capital position when reviewing its financial position. It is also recommended that Council continue to be mindful of its unrestricted working capital position when considering its future spending requirements.

4 Performance Indicators

Refer to Note 13 of the financial statements.

4.1 Operating Performance Ratio

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

The operating performance ratio at Note 13 has worsened this year due to the Financial Assistance Grant timing of release adjusted in 2013/2014. Without this reduction in income of \$1.9M the adjusted percentage would be 1.53% compared to the actual result of -6.93%.

4.2 Own Source Operating Revenue Ratio

This ratio measures fiscal flexibility and shows the degree of reliance on external funding sources such as operating grants and contributions.

This ratio has improved in 2014 purely because of the timing of the distribution of the Financial Assistance Grant, refer above.

4.3 Liquidity (Unrestricted Current) Ratio

This ratio is used to assess the adequacy of working capital and Council's ability to satisfy its obligations in the short term for the unrestricted activities of Council.

The liquidity ratio at Note 13 shows an increase in Council's liquidity position compared to the prior year and Council continues to report a result well in excess of the 1.5:1 minimum.

4.4 Debt Service Ratio

This ratio demonstrates the percentage of Council revenue required to service the debts carried by Council.

This ratio indicates 2.9% (2013: 1.8%) of Council's revenue is consumed servicing debt confirming that Council continues to maintain a small level of borrowings relative to its overall size.

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

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

Council has performed better than the benchmark (from: Code of Accounting Practice and Financial Reporting) in both the current and prior period, indicating a relatively low % of receivables remain outstanding at year end.

4.6 Cash Expense Cover Ratio

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

Council has performed comfortably above the benchmark (from: Code of Accounting Practice and Financial Reporting) in both the current and prior period, indicating a strong liquidity position.

5 Specific Balance Sheet Items

5.1 Receivables

Total current receivables at 30 June 2014, net of allowance for impairment was \$2,068k (2013: \$2,256k).

This balance consists of user charges and fees of \$597k (2013: \$797k) and rates and annual charges of \$419k (2013: \$404k). The percentage of rates and annual charges outstanding is referred to at Section 4.5 of this report.

The allowance for impairment at 30 June 2014 was \$16k (2013: \$51k). The allowance is specifically matched against rates and annual charges and user charges and fees outstanding. An assessment of the collectability of the receivables balance indicated that the allowance for impairment was sufficient.

5.2 Capital Expenditure

During the reporting period Council spent \$8,031k (2013: \$5,694k) on items of an infrastructure, property, plant or equipment nature. The primary areas of capital expenditure were as follows:

	2014 \$'000	2013 \$'000	2012 \$'000
Land & improvements	195	235	81
Buildings	285	72	349
Plant and equipment	1,965	1,043	997
Roads, bridges and footpaths	3,170	2,876	1,683
Stormwater drainage	77	242	32
Water supply network	544	347	291
Sewerage network	1,090	661	449
Other	705	218	231
	<u>8,031</u>	<u>5,694</u>	<u>4,113</u>

5.3 Fair Value of Roads, Bridges, Footpaths, Bulk Earthworks and Stormwater Drainage

In 2014 the Council performed a revaluation of all roads, bridges, footpaths, bulk earthworks and stormwater drainage to fair value. This revaluation was performed out of cycle as the cycle plan for valuations as per NSW Council Guidelines is as follows:

1. Land under roads (if applicable) – 30 June 2014
2. Roads, bridges, footpaths, drainage, bulk earthworks – 30 June 2015 (Leeton Shire Council due 2019)
3. Community land, other assets, land improvements – 30 June 2016
4. Water & sewer – 30 June 2017
5. PPE, operational land, buildings – 30 June 2018

All asset classes in Note 9 are now at 'fair value', with the exception of capital work in progress.

5.4 Borrowings

Borrowings have decreased by \$93k from the prior year's balance of \$1,117k. There have been no new loans this year.

5.5 Flood damaged assets

Flood damage to infrastructure assets occurred during the 2012 financial year where there was a flood event which occurred and resulted in damage to Council's infrastructure assets. During the current period there has been a reinstatement of the previous impairment adjustment (\$704K). This is due to the completion of the repair work on these assets.

5.6 New Standards and Interpretations Not Yet Adopted

Certain new accounting standards have been published that are not mandatory for the 30 June 2014 reporting period as follows:

- *AASB 9 Financial Instruments, AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017).*
- *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 2014)*
- *AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective for Council's 30 June 2015 financial statements)*

Council is of the view that AASB 9 and AASB 10 will not significantly affect any of the amounts recognised in the financial statements, however they may impact certain information otherwise disclosed, or the format in which information is disclosed.

6 Other Matters

Several performance improvement observations were noted during our yearend audit visits. A final management letter has been issued to management. There were no major control deficiencies noted in Council's systems.

6.1 Independence

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

6.2 Reliance on the Report

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

Contact Us

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Disclaimer

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Leeton Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2014

“Preserving the Past, Enhancing the Future”



Leeton Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2014

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Statement of Financial Position - Other Business Activities	n/a
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Background

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

Leeton Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2014

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.

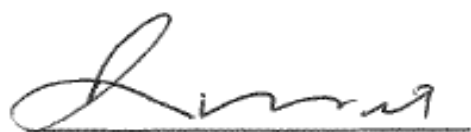
We are not aware of any matter that would render these Statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 23 July 2014.


 Cr Paul Maytom
 MAYOR


 Cr George Weston
 COUNCILLOR


 John Batchelor ALGA
 GENERAL MANAGER


 Duncan McWhirter
 RESPONSIBLE ACCOUNTING OFFICER

Leeton Shire Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2014

\$ '000	Actual 2014	Actual 2013
Income from continuing operations		
Access charges	1,152	1,101
User charges	2,190	2,332
Fees	36	16
Interest	272	283
Grants and contributions provided for non capital purposes	38	36
Profit from the sale of assets	-	-
Other income	7	8
Total income from continuing operations	3,695	3,776
Expenses from continuing operations		
Employee benefits and on-costs	930	867
Borrowing costs	7	8
Materials and contracts	1,184	1,028
Depreciation and impairment	1,147	1,117
Water purchase charges	176	172
Loss on sale of assets	11	7
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	309	334
Total expenses from continuing operations	3,764	3,533
Surplus (deficit) from Continuing Operations before capital amounts	(69)	243
Grants and contributions provided for capital purposes	51	158
Surplus (deficit) from Continuing Operations after capital amounts	(18)	401
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	(18)	401
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(73)
SURPLUS (DEFICIT) AFTER TAX	(18)	328
plus Opening Retained Profits	18,760	18,359
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	73
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	18,742	18,760
Return on Capital %	-0.2%	0.7%
Subsidy from Council	1,306	1,053
Calculation of dividend payable:		
Surplus (deficit) after tax	(18)	328
less: Capital grants and contributions (excluding developer contributions)	(25)	(38)
Surplus for dividend calculation purposes	-	290
Potential Dividend calculated from surplus	-	145

Leeton Shire Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2014

\$ '000	Actual 2014	Actual 2013
Income from continuing operations		
Access charges	1,823	1,742
User charges	-	-
Liquid Trade Waste charges	186	168
Fees	1	-
Interest	285	363
Grants and contributions provided for non capital purposes	31	30
Profit from the sale of assets	-	-
Other income	6	42
Total income from continuing operations	2,332	2,345
Expenses from continuing operations		
Employee benefits and on-costs	506	508
Borrowing costs	-	3
Materials and contracts	835	884
Depreciation and impairment	734	714
Loss on sale of assets	14	10
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	259	339
Total expenses from continuing operations	2,348	2,458
Surplus (deficit) from Continuing Operations before capital amounts	(16)	(113)
Grants and contributions provided for capital purposes	17	170
Surplus (deficit) from Continuing Operations after capital amounts	1	57
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	1	57
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	1	57
plus Opening Retained Profits	18,177	18,120
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	18,178	18,177
Return on Capital %	-0.1%	-0.5%
Subsidy from Council	889	996
Calculation of dividend payable:		
Surplus (deficit) after tax	1	57
less: Capital grants and contributions (excluding developer contributions)	(12)	(77)
Surplus for dividend calculation purposes	-	-
Potential Dividend calculated from surplus	-	-

Leeton Shire Council

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

as at 30 June 2014

\$ '000	Actual 2014	Actual 2013
ASSETS		
Current Assets		
Cash and cash equivalents	660	1,215
Investments	7,188	5,863
Receivables	329	381
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	8,177	7,459
Non-Current Assets		
Investments	-	127
Receivables	6	17
Inventories	-	-
Infrastructure, property, plant and equipment	34,953	34,597
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	34,959	34,741
TOTAL ASSETS	43,136	42,200
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	21	17
Interest bearing liabilities	104	7
Provisions	-	-
Total Current Liabilities	125	24
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	2	105
Provisions	-	-
Total Non-Current Liabilities	2	105
TOTAL LIABILITIES	127	129
NET ASSETS	43,009	42,071
EQUITY		
Retained earnings	18,742	18,760
Revaluation reserves	24,267	23,311
Council equity interest	43,009	42,071
Non-controlling equity interest	-	-
TOTAL EQUITY	43,009	42,071

Leeton Shire Council

Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2014

\$ '000	Actual 2014	Actual 2013
ASSETS		
Current Assets		
Cash and cash equivalents	592	1,244
Investments	6,458	6,020
Receivables	269	210
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	7,319	7,474
Non-Current Assets		
Investments	-	130
Receivables	374	457
Inventories	-	-
Infrastructure, property, plant and equipment	24,521	23,497
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	24,895	24,084
TOTAL ASSETS	32,214	31,558
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	15	12
Interest bearing liabilities	1	3
Provisions	-	-
Total Current Liabilities	16	15
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	1
Provisions	-	-
Total Non-Current Liabilities	-	1
TOTAL LIABILITIES	16	16
NET ASSETS	32,198	31,542
EQUITY		
Retained earnings	18,178	18,177
Revaluation reserves	14,020	13,365
Council equity interest	32,198	31,542
Non-controlling equity interest	-	-
TOTAL EQUITY	32,198	31,542

Leeton Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2014

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Leeton Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

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

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

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

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

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

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

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

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

National Competition Policy

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

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

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

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

Declared Business Activities

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

Category 1

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

a. Water Supply

Comprising the whole of the operations and net assets of Council's water supply activities servicing the towns of Leeton, Yanco, Whitton and Murrumbidgee which are established as a separate Special Rate Fund.

b. Sewerage Service

Comprising the whole of the operations and net assets of Council's sewerage reticulation & treatment activities servicing the towns of Leeton, Whitton & Yanco, which are established as a separate Special Rate Fund.

Category 2

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

Council has no Category 2 Business Activities.

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 2 (Water Supply Best Practice Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

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

Leeton Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

(i) Taxation Equivalent Charges

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

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

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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first **\$412,000** of combined land values attracts **0%**. From \$412,001 to \$2,519,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,519,000, a premium marginal rate of **2.0%** applies.

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

In accordance with the 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 Water Supply and Sewerage Business activities.

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

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

Income Tax

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

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

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

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

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

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

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

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

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

Leeton Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

(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) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

Written Down Value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.56% at 30/6/14.

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

(iv) Dividends

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

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

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

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2014 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.

Leeton Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

Note 2. Water Supply Business Best Practice Management disclosure requirements

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

2014

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	13,098
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	130,980
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012	335,800

2014 Surplus	(43,000)	2013 Surplus	290,100	2012 Surplus	88,700
		2013 Dividend	-	2012 Dividend	-

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

3. Required outcomes for 6 Criteria

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

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	YES
(iii)	Sound Water Conservation and Demand Management implemented	YES
(iv)	Sound Drought Management implemented	YES
(v)	Complete Performance Reporting Form (by 15 September each year)	YES
(vi)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

Leeton Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

Note 2. Water Supply Business

Best Practice Management disclosure requirements (continued)

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

2014

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	3,483
NWI F4	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	65.26%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	34,528
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	2,472
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	546
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	-0.39%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

- Notes:
- References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
 - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

Leeton Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2014

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	10,410
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	104,100
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012	(107,000)

2014 Surplus	(11,000)	2013 Surplus	(20,000)	2012 Surplus	(76,000)
		2013 Dividend	-	2012 Dividend	-

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

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]	YES
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii)	Complete Performance Reporting Form (by 15 September each year)	YES
(iv)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

Leeton Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

Note 3. Sewerage Business

Best Practice Management disclosure requirements (continued)

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

2014

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	2,074
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	24,385
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	1,507
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	1,104
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)]	%	-0.68%
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	5,532
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.25%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	1,650
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)]	%	-0.51%
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%

Leeton Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

Note 3. Sewerage Business

Best Practice Management disclosure requirements (continued)

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

2014

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

NWI F22	Net Debt to Equity (Water & Sewerage)	%	-19.67%
	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)		-
	Earnings before Interest & Tax (EBIT) divided by Net Interest		
	Earnings before Interest & Tax (EBIT):	-	303
	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:	-	531
	Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		
NWI F24	Net Profit After Tax (Water & Sewerage)	\$'000	(17)
	Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))		
NWI F25	Community Service Obligations (Water & Sewerage)	\$'000	69
	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 AUDIT REPORT TO LEETON SHIRE COUNCIL REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements, being special purpose financial statements, of Leeton Shire Council (the Council), which comprises the statements of financial position by business activity as at 30 June 2014, and the income statements by business activity for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Councillors' and management of the Council are responsible for the preparation and fair presentation of the financial statements and have determined that the basis of preparation described in Note 1 to the financial statements, are appropriate to meet the requirements of the NSW Government Policy Statement "Application of National Competition Policy to Local Government", 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 and The NSW Office of Water Guidelines and are appropriate to meet the needs of the Council and the Division of Local Government.

AUDITOR'S RESPONSIBILITY

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

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

OPINION

In our opinion the financial statements of Leeton Shire Council are in accordance with the Local Government Code of Accounting Practice and Financial Reporting, including:

- (i) giving a true and fair view of the Council's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

BASIS OF ACCOUNTING

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the Local Government Code of Accounting Practice and Financial Reporting. As a result, the financial report may not be suitable for another purpose.

The financial statements have been prepared for distribution to Council for the purpose of fulfilling the Council's financial reporting obligations under the Local Government Code of Accounting Practice and Financial Reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council and the Division of Local Government, or for any purpose other than that for which it was prepared.



CROWE HORWATH AUSWILD



BRADLEY D BOHUN

Partner

Dated at Albury this 2nd day of September 2014.

Leeton Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2014

“Preserving the Past, Enhancing the Future”



Leeton Shire Council

Special Schedules

for the financial year ended 30 June 2014

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¹ Special Schedules are not audited (with the exception of Special Schedule 9).

Background

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

Leeton Shire Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	206	-	-	(206)
Administration	989	500	7	(482)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	245	89	-	(156)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	241	45	-	(196)
Other	2	-	-	(2)
Total Public Order & Safety	488	134	-	(354)
Health	308	11	-	(297)
Environment				
Noxious Plants and Insect/Vermin Control	164	40	-	(124)
Other Environmental Protection	4	-	-	(4)
Solid Waste Management	1,685	2,109	-	424
Street Cleaning	261	-	-	(261)
Drainage	-	-	-	-
Stormwater Management	233	87	6	(140)
Total Environment	2,347	2,236	6	(105)
Community Services and Education				
Administration & Education	186	11	-	(175)
Social Protection (Welfare)	268	102	-	(166)
Aged Persons and Disabled	342	231	-	(111)
Children's Services	1,457	1,457	-	-
Total Community Services & Education	2,253	1,801	-	(452)
Housing and Community Amenities				
Public Cemeteries	141	150	-	9
Public Conveniences	93	-	-	(93)
Street Lighting	296	54	1	(241)
Town Planning	105	148	-	43
Other Community Amenities	93	24	8	(61)
Total Housing and Community Amenities	728	376	9	(343)
Water Supplies	3,764	3,695	51	(18)
Sewerage Services	2,348	2,332	17	1

Leeton Shire Council

Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	549	73	-	(476)
Museums	54	-	-	(54)
Art Galleries	-	-	-	-
Community Centres and Halls	64	-	-	(64)
Performing Arts Venues	390	115	-	(275)
Other Performing Arts	-	-	-	-
Other Cultural Services	15	8	-	(7)
Sporting Grounds and Venues	1,003	370	-	(633)
Swimming Pools	473	142	-	(331)
Parks & Gardens (Lakes)	1,250	-	8	(1,242)
Other Sport and Recreation	-	-	-	-
Total Recreation and Culture	3,798	708	8	(3,082)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	8	31	-	23
Other Mining, Manufacturing & Construction	1	-	-	(1)
Total Mining, Manufacturing and Const.	9	31	-	22
Transport and Communication				
Urban Roads (UR) - Local	1,307	468	21	(818)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	1,728	-	528	(1,200)
Sealed Rural Roads (SRR) - Regional	258	220	105	67
Unsealed Rural Roads (URR) - Local	1,122	-	171	(951)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	11	-	1	(10)
Bridges on SRR - Local	12	-	-	(12)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	22	-	1	(21)
Footpaths	87	-	205	118
Aerodromes	69	-	-	(69)
Other Transport & Communication	171	87	31	(53)
Total Transport and Communication	4,787	775	1,063	(2,949)
Economic Affairs				
Camping Areas & Caravan Parks	57	21	-	(36)
Other Economic Affairs	1,189	696	-	(493)
Total Economic Affairs	1,246	717	-	(529)
Totals – Functions	23,271	13,316	1,161	(8,794)
General Purpose Revenues ⁽²⁾		8,645		8,645
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT ⁽¹⁾	23,271	21,961	1,161	(149)

(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 2014

\$'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	-	100	100	-	-	-	-	6	100	-	100
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	93	924	1,017	-	93	-	-	54	92	832	924
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	93	1,024	1,117	-	93	-	-	60	192	832	1,024
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	93	1,024	1,117	-	93	-	-	60	192	832	1,024

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).

Leeton Shire Council

Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993] for the financial year ended 30 June 2014

\$'000

Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
General	700	94	452
Water			
Sewer			
Domestic Waste Management			
Gas			
Other			
Totals	700	94	452

Note: The summary of Internal Loans (above) represents the total of Council's Internal Loans categorised according to the borrower.

Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
General Fund	Sewer Fund	15/06/10	30/06/10	9.50	30/12/19	4.00%	700	94	452
Recreational Improvement									
Totals							700	94	452

Leeton Shire Council

Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	278	278
b. Engineering and Supervision	271	251
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	-	-
d. Maintenance expenses	789	657
- Reservoirs		
e. Operation expenses	-	-
f. Maintenance expenses	13	34
- Pumping Stations		
g. Operation expenses (excluding energy costs)	-	-
h. Energy costs	197	221
i. Maintenance expenses	26	28
- Treatment		
j. Operation expenses (excluding chemical costs)	284	252
k. Chemical costs	120	159
l. Maintenance expenses	306	233
- Other		
m. Operation expenses	-	-
n. Maintenance expenses	12	3
o. Purchase of water	176	172
3. Depreciation expenses		
a. System assets	1,136	1,109
b. Plant and equipment	11	8
4. Miscellaneous expenses		
a. Interest expenses	7	8
b. Revaluation Decrements	-	-
c. Other expenses	127	113
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	3,753	3,526

Leeton Shire Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
Income		
6. Residential charges		
a. Access (including rates)	874	831
b. Usage charges	1,642	1,729
7. Non-residential charges		
a. Access (including rates)	278	270
b. Usage charges	548	576
8. Extra charges	9	12
9. Interest income	263	271
10. Other income	43	51
10a. Aboriginal Communities Water and Sewerage Program	-	-
11. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	38	36
c. Other grants	-	-
12. Contributions		
a. Developer charges	26	120
b. Developer provided assets	-	-
c. Other contributions	25	38
13. Total income	3,746	3,934
14. Gain (or loss) on disposal of assets	(11)	(7)
15. Operating Result	(18)	401
15a. Operating Result (less grants for acquisition of assets)	(18)	401

Leeton Shire Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	94	88
b. New Assets for Growth	-	-
c. Renewals	450	261
d. Plant and equipment	2	26
17. Repayment of debt		
a. Loans	7	8
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	553	383
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	-	-
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	3,796	3,782
b. Residential (unoccupied, ie. vacant lot)	-	-
c. Non-residential (occupied)	570	572
d. Non-residential (unoccupied, ie. vacant lot)	-	-
25. Number of ETs for which developer charges were received	10 ET	44 ET
26. Total amount of pensioner rebates (actual dollars)	\$ 69,005	\$ 66,161

Leeton Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2014

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed land value from access charges (ie rates)?			
<input type="checkbox"/>			
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of 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 from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in water supply 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.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			<input type="text" value="-"/>

* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

Leeton Shire Council

Special Schedule No. 4 - Water Supply Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2014

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	11	-	11
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	100	-	100
f. Other	7,737	-	7,737
31. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	46	-	46
c. User Charges	279	-	279
d. Other	4	6	10
32. Inventories	-	-	-
33. Property, plant and equipment			
a. System assets	-	34,528	34,528
b. Plant and equipment	-	425	425
34. Other assets	-	-	-
35. Total assets	8,177	34,959	43,136
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	21	-	21
38. Borrowings			
a. Loans	104	2	106
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
40. Total liabilities	125	2	127
41. NET ASSETS COMMITTED	8,052	34,957	43,009
EQUITY			
42. Accumulated surplus			18,742
43. Asset revaluation reserve			24,267
44. TOTAL EQUITY			43,009
Note to system assets:			
45. Current replacement cost of system assets			71,246
46. Accumulated current cost depreciation of system assets			(36,718)
47. Written down current cost of system assets			34,528

Leeton 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 2014

\$'000	Actuals 2014	Actuals 2013
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	263	218
b. Engineering and Supervision	248	206
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	-	-
b. Maintenance expenses	179	225
- Pumping Stations		
c. Operation expenses (excluding energy costs)	-	-
d. Energy costs	64	74
e. Maintenance expenses	208	284
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	208	231
g. Chemical costs	79	55
h. Energy costs	110	112
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	122	135
- Other		
l. Operation expenses	22	28
m. Maintenance expenses	4	-
3. Depreciation expenses		
a. System assets	708	691
b. Plant and equipment	26	23
4. Miscellaneous expenses		
a. Interest expenses	-	3
b. Revaluation Decrements	-	-
c. Other expenses	93	163
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	2,334	2,448

Leeton 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 2014

\$'000	Actuals 2014	Actuals 2013
Income		
6. Residential charges (including rates)	1,368	1,297
7. Non-residential charges		
a. Access (including rates)	455	445
b. Usage charges	-	-
8. Trade Waste Charges		
a. Annual Fees	-	-
b. Usage charges	186	168
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	10	12
10. Interest income	275	351
11. Other income	7	42
11a. Aboriginal Communities Water & Sewerage Program	-	-
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	31	30
c. Other grants	-	-
13. Contributions		
a. Developer charges	5	93
b. Developer provided assets	-	-
c. Other contributions	12	77
14. Total income	2,349	2,515
15. Gain (or loss) on disposal of assets	(14)	(10)
16. Operating Result	1	57
16a. Operating Result (less grants for acquisition of assets)	1	57

Leeton 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 2014

\$'000	Actuals 2014	Actuals 2013
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	70	21
b. New Assets for Growth	-	-
c. Renewals	1,021	640
d. Plant and equipment	13	27
18. Repayment of debt		
a. Loans	3	104
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	1,107	792
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	-	100
24. Totals	-	100
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	3,013	3,007
b. Residential (unoccupied, ie. vacant lot)	-	-
c. Non-residential (occupied)	457	462
d. Non-residential (unoccupied, ie. vacant lot)	-	-
26. Number of ETs for which developer charges were received	2 ET	41 ET
27. Total amount of pensioner rebates (actual dollars)	\$ 56,671	\$ 54,852

Leeton Shire Council

Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2014

\$'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"/> Yes	<input type="checkbox"/>	
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>			

Leeton 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 2014

\$'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	7,050	-	7,050
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	58	-	58
c. User Charges	38	-	38
d. Other	173	374	547
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	24,385	24,385
b. Plant and equipment	-	136	136
35. Other assets	-	-	-
36. Total Assets	7,319	24,895	32,214
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	15	-	15
39. Borrowings			
a. Loans	1	-	1
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	16	-	16
42. NET ASSETS COMMITTED	7,303	24,895	32,198
EQUITY			
42. Accumulated surplus			18,178
44. Asset revaluation reserve			14,020
45. TOTAL EQUITY			32,198
Note to system assets:			
46. Current replacement cost of system assets			55,181
47. Accumulated current cost depreciation of system assets			(30,796)
48. Written down current cost of system assets			24,385

Leeton Shire Council

Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2014

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.

Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard ⁽¹⁾	Required Annual Maintenance ⁽²⁾	Actual Maintenance 2013/14 ⁽³⁾	Written Down Value (WDV) ⁽⁴⁾	Assets in Condition as a % of WDV ^{(4), (5)}				
						1	2	3	4	5
Buildings	Council Offices / Administration Centres	267	56	51	4,870	1%	92%	0%	7%	0%
	Works Depot	533	56	46	1,845	0%	22%	69%	9%	0%
	Public Halls/Theatre	483	28	20	4,957	0%	66%	18%	10%	6%
	Libraries	-	14	17	2,770	100%	0%	0%	0%	0%
	Amenities/Toilets	423	8	7	1,686	43%	9%	32%	16%	0%
	Other Buildings	1,546	14	12	6,062	15%	13%	45%	26%	1%
	Specialised Buildings	853	32	32	5,660	25%	60%	12%	2%	1%
	Non Specialised Buildings	-	5	4	2,139	0%	0%	8%	88%	4%
	Museum	100	9	6	550	0%	0%	0%	0%	100%
	sub total	4,205	222	195	30,539	19.2%	40.9%	20.6%	15.9%	3.4%
Other Structures	Other Structures	296	-	-	1,053	35%	2%	53%	10%	0%
	sub total	296	-	-	1,053	35.0%	2.0%	53.0%	10.0%	0.0%
Roads	Sealed Roads Surface	1,242	1,316	1,214	6,667	26%	53%	18%	3%	0%
	Sealed Roads Structure	3,280	70	64	41,787	23%	50%	21%	5%	1%
	Unsealed Roads	636	620	748	8,991	19%	49%	20%	3%	9%
	Bridges	-	5	8	1,130	100%	0%	0%	0%	0%
	Footpaths & Cycleways	300	37	38	4,153	49%	27%	19%	5%	0%
	Kerb and Gutter	1,826	3	3	12,230	8%	55%	30%	6%	1%
	Other Road Assets	140	-	-	2,320	54%	32%	12%	0%	2%
	sub total	7,424	2,051	2,075	77,278	23.9%	48.4%	21.4%	4.5%	1.8%

Special Schedule No. 7 - Condition of Public Works (continued)

as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard ⁽¹⁾	Required Annual Maintenance ⁽²⁾	Actual Maintenance 2013/14 ⁽³⁾	Written Down Value (WDV) ⁽⁴⁾	Assets in Condition as a % of WDV ^{(4), (5)}				
						1	2	3	4	5
Water Supply Network	Dams/Weirs	-	-	-	2,667	0%	39%	61%	0%	0%
	Mains	5,952	688	632	22,866	43%	23%	26%	8%	0%
	Reservoirs	731	16	13	3,985	0%	58%	42%	0%	0%
	Pumping Stations	400	26	26	2,341	52%	36%	10%	2%	0%
	Treatment	1,138	310	300	2,352	11%	54%	35%	0%	0%
	Meters	245	10	30	317	39%	28%	17%	13%	3%
	Telemetry	100	-	-	-	0%	0%	0%	100%	
	sub total	8,566	1,050	1,001	34,528	33.1%	31.3%	30.0%	5.6%	0.0%
Sewerage Network	Mains	4,105	200	179	10,640	57%	26%	9%	7%	1%
	Pumping Stations	660	209	207	3,564	25%	30%	31%	14%	0%
	Treatment	2,912	125	122	10,018	0%	74%	26%	0%	0%
	Vent Stacks	295	-	-	154	0%	49%	39%	12%	0%
	Telemetry	100	-	-	9	0%	0%	0%	100%	0%
	sub total	8,072	534	508	24,385	28.5%	46.4%	19.4%	5.2%	0.4%

Special Schedule No. 7 - Condition of Public Works (continued)
as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard ⁽¹⁾	Required Annual Maintenance ⁽²⁾	Actual Maintenance 2013/14 ⁽³⁾	Written Down Value (WDV) ⁽⁴⁾	Assets in Condition as a % of WDV ^{(4), (5)}				
						1	2	3	4	5
Stormwater Drainage	Stormwater Conduits	60	58	55	7,814	95%	4%	1%	0%	0%
	Inlet and Junction Pits	-	-	-	1,362	97%	3%	0%	0%	0%
	Pump Stations	10	16	38	71	52%	36%	10%	2%	0%
	sub total	70	74	93	9,247	95.0%	4.1%	0.9%	0.0%	0.0%
Open Space/ Recreational Assets	Swimming Pools	1,000	-	-	904	0%	0%	0%	0%	100%
	Other Open Space Assets	-	18	18	3,384	0%	40%	60%	0%	0%
	sub total	1,000	18	18	4,288	0.0%	31.6%	47.4%	0.0%	21.1%
	TOTAL - ALL ASSETS	29,633	3,949	3,890	181,318	28.6%	40.7%	22.4%	6.4%	1.9%

Notes:

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).
- (2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard.
- (3). Actual Maintenance is what has been spent in the current year to maintain the assets.
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements

(5). Infrastructure Asset Condition Assessment "Key"

1	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

Leeton Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

for the financial year ended 30 June 2014

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 20132012	
Infrastructure Asset Performance Indicators Consolidated				
1. Building and Infrastructure Renewals Ratio				
Asset Renewals (Building and Infrastructure) ⁽¹⁾	4,054	70.74%	34.07%	25.35%
Depreciation, Amortisation & Impairment	5,731			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	29,633	0.16	0.08	0.12
Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	182,256			
3. Asset Maintenance Ratio				
Actual Asset Maintenance	3,890	0.99	0.92	1.00
Required Asset Maintenance	3,949			
4. Capital Expenditure Ratio				
Annual Capital Expenditure	8,368	1.25	0.94	0.52
Annual Depreciation	6,714			

Notes

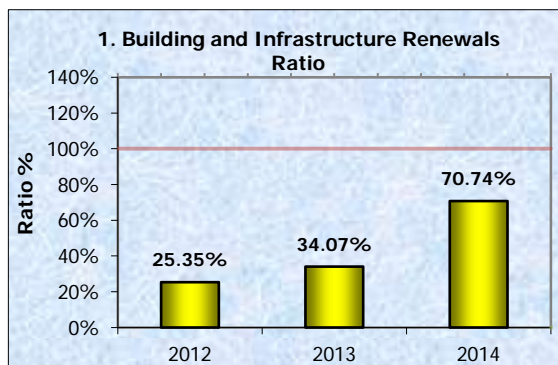
⁽¹⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

⁽²⁾ Written down value

Leeton Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

for the financial year ended 30 June 2014



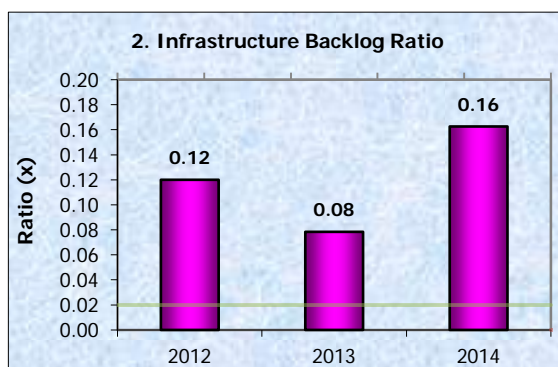
Purpose of Asset Renewals Ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

2013/14 Ratio 70.74%

Minimum 100.00%

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)



Purpose of Infrastructure Backlog Ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

2013/14 Ratio 0.16 x

Maximum 0.02

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)



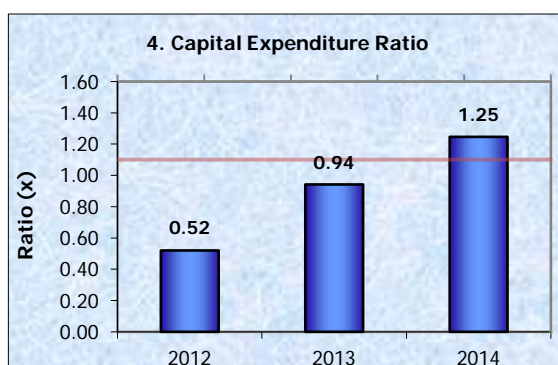
Purpose of Asset Maintenance Ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.

2013/14 Ratio 0.99 x

Minimum 1.00

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)



Purpose of Capital Expenditure Ratio

To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.

2013/14 Ratio 1.25 x

Minimum 1.10

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

Leeton Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

for the financial year ended 30 June 2014

\$ '000	Water 2014	Sewer 2014	General ⁽¹⁾ 2014
Infrastructure Asset Performance Indicators By Fund			
1. Building and Infrastructure Renewals Ratio			
<u>Asset Renewals (Building and Infrastructure) ⁽¹⁾</u>	39.61%	144.21%	66.45%
Depreciation, Amortisation & Impairment			
prior period:	0.00%	0.00%	43.46%
2. Infrastructure Backlog Ratio			
<u>Estimated Cost to bring Assets to a Satisfactory Condition</u>	0.25	0.33	0.11
Total value ⁽³⁾ of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets			
prior period:	0.00	0.00	0.11
3. Asset Maintenance Ratio			
<u>Actual Asset Maintenance</u>	0.95	0.95	1.01
Required Asset Maintenance			
prior period:	0.00	0.00	0.92
4. Capital Expenditure Ratio			
<u>Annual Capital Expenditure</u>	0.48	1.50	1.39
Annual Depreciation			
prior period:	0.34	0.96	1.04

Notes

⁽¹⁾ General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

⁽²⁾ 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.

⁽³⁾ Written down value

Leeton Shire Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2014

\$'000	Actual ⁽¹⁾ 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	Forecast ⁽³⁾ 23/24
(i) OPERATING BUDGET											
Income from continuing operations	23,122	23,407	24,079	24,725	25,326	26,057	26,775	27,528	28,323	29,101	29,925
Expenses from continuing operations	23,271	24,958	25,864	26,686	27,393	28,260	29,161	30,115	30,989	31,840	32,849
Operating Result from Continuing Operations	(149)	(1,551)	(1,785)	(1,961)	(2,067)	(2,203)	(2,386)	(2,587)	(2,666)	(2,739)	(2,924)
(ii) CAPITAL BUDGET											
New Capital Works ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-
Replacement/Refurbishment of Existing Assets	4,054	6,358	4,241	4,075	3,666	3,760	3,849	3,946	4,041	4,139	4,249
Total Capital Budget	4,054	6,358	4,241	4,075	3,666	3,760	3,849	3,946	4,041	4,139	4,249
Funded by:											
– Loans	571	1,000	-	-	-	-	-	-	-	-	-
– Asset sales	-	-	-	-	-	-	-	-	-	-	-
– Reserves	1,698	3,226	1,903	1,732	1,266	1,301	1,329	1,364	1,396	1,429	1,471
– Grants/Contributions	464	687	694	700	707	715	722	730	738	746	755
– Recurrent revenue	1,321	1,445	1,644	1,643	1,693	1,744	1,798	1,852	1,907	1,964	2,023
– Other	-	-	-	-	-	-	-	-	-	-	-
	4,054	6,358	4,241	4,075	3,666	3,760	3,849	3,946	4,041	4,139	4,249

Notes:

(1) From 13/14 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.

Leeton Shire Council

Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2015

\$'000		Calculation 2013/14	Calculation 2014/15
Notional General Income Calculation ⁽¹⁾			
Last Year Notional General Income Yield	a	6,188	6,428
Plus or minus Adjustments ⁽²⁾	b	27	21
Notional General Income	c	6,215	6,449
Permissible Income Calculation			
Special variation percentage ⁽³⁾	d	0.00%	0.00%
or Rate peg percentage	e	3.40%	2.30%
or Crown land adjustment incl. rate peg percentage	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	h = c x d	-	-
or plus Rate peg amount	i = c x e	211	148
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
sub-total	k = (c+g+h+i+j)	6,426	6,597
plus (or minus) last year's Carry Forward Total	l	2	-
less Valuation Objections claimed in the previous year	m	-	-
sub-total	n = (l + m)	2	-
Total Permissible income	o = k + n	6,428	6,597
less Notional General Income Yield	p	6,428	6,598
Catch-up or (excess) result	q = o - p	-	(1)
plus Income lost due to valuation objections claimed ⁽⁴⁾	r	-	-
less Unused catch-up ⁽⁵⁾	s	-	-
Carry forward to next year	t = q + r - s	-	(1)

Notes

- ¹ The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- ² Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- ³ The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- ⁴ Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- ⁵ Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.

LEETON SHIRE COUNCIL - SPECIAL SCHEDULE NO. 9 - INDEPENDENT AUDITORS REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Report on Special Schedule No. 9

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Leeton Shire Council for the year ending 30 June 2015.

Responsibility of Council for Special Schedule No. 9

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 22. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

Independence

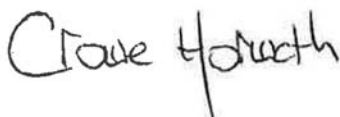
In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, Special Schedule No. 9 of Leeton Shire Council for 2014/15 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

Basis of Accounting

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose.



CROWE HORWATH ALBURY



BRADLEY D BOHUN
Partner

Dated at Albury this 26 day of August 2014.