

# Leeton Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

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**“Preserving the Past, Enhancing the Future”**



# Leeton Shire Council

## General Purpose Financial Statements

for the financial year ended 30 June 2015

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### Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for 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 16 September 2015. Council has the power to amend and reissue these financial statements.

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## Leeton Shire Council

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

## Understanding Council's Financial Statements

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### 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 2015.

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 2015

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

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



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

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

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

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

**Signed in accordance with a resolution of Council made on 26 August 2015.**

  
\_\_\_\_\_  
Cr Paul Maytom  
MAYOR  
\_\_\_\_\_  
Cr George Weston  
COUNCILLOR  
\_\_\_\_\_  
Jacqueline Kruger  
GENERAL MANAGER  
\_\_\_\_\_  
Duncan McWhirter  
RESPONSIBLE ACCOUNTING OFFICER

## Leeton Shire Council

## Income Statement

for the financial year ended 30 June 2015

Budget 2015	<sup>1</sup> \$ '000	Notes	Actual 2015	Actual 2014
Income from Continuing Operations				
Revenue:				
11,065	Rates & Annual Charges	3a	10,891	10,594
5,391	User Charges & Fees	3b	6,434	5,946
707	Interest & Investment Revenue	3c	1,016	1,199
469	Other Revenues	3d	918	596
5,503	Grants & Contributions provided for Operating Purposes	3e,f	5,599	3,427
260	Grants & Contributions provided for Capital Purposes	3e,f	455	1,161
Other Income:				
12	Net gains from the disposal of assets	5	-	199
	Net Share of interests in Joint Ventures &			
-	Associates using the equity method	19	-	-
23,407	Total Income from Continuing Operations		25,313	23,122
Expenses from Continuing Operations				
10,359	Employee Benefits & On-Costs	4a	9,602	9,218
175	Borrowing Costs	4b	112	60
5,312	Materials & Contracts	4c	4,971	4,862
6,807	Depreciation & Amortisation	4d	6,667	6,714
-	Impairment	4d	-	-
2,305	Other Expenses	4e	2,444	2,417
-	Net Losses from the Disposal of Assets	5	2,314	-
24,958	Total Expenses from Continuing Operations		26,110	23,271
(1,551)	Operating Result from Continuing Operations		(797)	(149)
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
(1,551)	Net Operating Result for the Year		(797)	(149)
(1,551)	Net Operating Result attributable to Council		(797)	(149)
-	Net Operating Result attributable to Non-controlling Interests		-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes				
(1,811)			(1,252)	(1,310)

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

## Leeton Shire Council

# Statement of Comprehensive Income

for the financial year ended 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
<b>Net Operating Result for the year</b> (as per Income statement)		<b>(797)</b>	<b>(149)</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	884	9,311
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	21
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>884</b>	<b>9,332</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
<b>Total Other Comprehensive Income for the year</b>		<b>884</b>	<b>9,332</b>
<b>Total Comprehensive Income for the Year</b>		<b>87</b>	<b>9,183</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>87</b>	<b>9,183</b>
<b>Total Comprehensive Income attributable to Non-controlling Interests</b>		<b>-</b>	<b>-</b>

## Leeton Shire Council

Statement of Financial Position  
as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	2,831	2,275
Investments	6b	25,710	24,210
Receivables	7	1,718	2,068
Inventories	8	2,129	2,441
Other	8	-	-
Non-current assets classified as "held for sale"	22	-	-
<b>Total Current Assets</b>		<b>32,388</b>	<b>30,994</b>
<b>Non-Current Assets</b>			
Investments	6b	1,000	-
Receivables	7	353	249
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	211,682	211,803
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	-	-
<b>Total Non-Current Assets</b>		<b>213,035</b>	<b>212,052</b>
<b>TOTAL ASSETS</b>		<b>245,423</b>	<b>243,046</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	2,044	1,547
Borrowings	10	269	192
Provisions	10	2,526	2,520
<b>Total Current Liabilities</b>		<b>4,839</b>	<b>4,259</b>
<b>Non-Current Liabilities</b>			
Payables	10	5	2
Borrowings	10	2,518	832
Provisions	10	116	95
<b>Total Non-Current Liabilities</b>		<b>2,639</b>	<b>929</b>
<b>TOTAL LIABILITIES</b>		<b>7,478</b>	<b>5,188</b>
<b>Net Assets</b>		<b>237,945</b>	<b>237,858</b>
<b>EQUITY</b>			
Retained Earnings	20	103,786	104,583
Revaluation Reserves	20	134,159	133,275
Council Equity Interest		237,945	237,858
Non-controlling Equity Interests		-	-
<b>Total Equity</b>		<b>237,945</b>	<b>237,858</b>

## Leeton Shire Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2015</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		104,583	133,275	<b>237,858</b>	-	<b>237,858</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/14)</b>		<b>104,583</b>	<b>133,275</b>	<b>237,858</b>	-	<b>237,858</b>
<b>c. Net Operating Result for the Year</b>		<b>(797)</b>	-	<b>(797)</b>	-	<b>(797)</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	884	<b>884</b>	-	<b>884</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		<b>-</b>	<b>884</b>	<b>884</b>	-	<b>884</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>(797)</b>	<b>884</b>	<b>87</b>	-	<b>87</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>103,786</b>	<b>134,159</b>	<b>237,945</b>	-	<b>237,945</b>
<b>2014</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		104,732	123,943	<b>228,675</b>	-	<b>228,675</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/13)</b>		<b>104,732</b>	<b>123,943</b>	<b>228,675</b>	-	<b>228,675</b>
<b>c. Net Operating Result for the Year</b>		<b>(149)</b>	-	<b>(149)</b>	-	<b>(149)</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	9,311	<b>9,311</b>	-	<b>9,311</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	21	<b>21</b>	-	<b>21</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>9,332</b>	<b>9,332</b>	-	<b>9,332</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>(149)</b>	<b>9,332</b>	<b>9,183</b>	-	<b>9,183</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>104,583</b>	<b>133,275</b>	<b>237,858</b>	-	<b>237,858</b>

## Leeton Shire Council

## Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
11,065	Rates & Annual Charges		11,003	10,553
5,401	User Charges & Fees		6,922	6,385
707	Investment & Interest Revenue Received		1,062	1,123
5,763	Grants & Contributions		6,052	4,880
-	Bonds, Deposits & Retention amounts received		72	-
469	Other		2,242	1,633
<b>Payments:</b>				
(10,377)	Employee Benefits & On-Costs		(9,517)	(9,040)
(5,312)	Materials & Contracts		(5,380)	(6,015)
(175)	Borrowing Costs		(77)	(62)
-	Bonds, Deposits & Retention amounts refunded		(13)	-
(2,305)	Other		(3,251)	(3,401)
<b>5,236</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>9,115</b>	<b>6,056</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
1,400	Sale of Investment Securities		24,210	20,182
90	Sale of Real Estate Assets		296	-
590	Sale of Infrastructure, Property, Plant & Equipment		1,143	619
110	Deferred Debtors Receipts		95	179
<b>Payments:</b>				
-	Purchase of Investment Securities		(26,710)	(24,210)
(8,506)	Purchase of Infrastructure, Property, Plant & Equipment		(9,094)	(8,760)
(5)	Deferred Debtors & Advances Made		(262)	-
<b>(6,321)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(10,322)</b>	<b>(11,990)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
1,000	Proceeds from Borrowings & Advances		2,000	-
<b>Payments:</b>				
(303)	Repayment of Borrowings & Advances		(237)	(93)
<b>697</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>1,763</b>	<b>(93)</b>
<b>(388)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>556</b>	<b>(6,027)</b>
3,858	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	2,275	8,302
<b>3,470</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>2,831</b>	<b>2,275</b>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	26,710	24,210
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		<b>29,541</b>	<b>26,485</b>

Please refer to Note 11 for additional cash flow information

# Leeton Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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n/a - not applicable

## Leeton Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

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

##### (a) Basis of preparation

###### (i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

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

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

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

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

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

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

Council has reviewed the requirements of the new Standards and the relevant disclosures have been made in Note 19.

Council has no interest in subsidiaries, joint arrangements or associates.

Council has dealings with unstructured consolidated entities in the ordinary course of business. These entities deal with Council at arm's length and on normal commercial terms. Council is not exposed to additional risk arising from these dealings other than the usual commercial risk associated with the type of transactions undertaken.

Council has no material interest in unstructured consolidated entities that warrant separate disclosure.

## Leeton Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 1. Summary of Significant Accounting Policies

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

Council has elected to apply amended standard AASB 2015-7, Fair Value Disclosures, early.

AASB 2015-7 provides relief from the following disclosures in AASB 13 Fair Value Measurement for level 3 assets within the scope of AASB 116 Property, Plant and Equipment for which the future economic benefits are not primarily dependent on the asset's ability to generate net cash inflows:

Quantitative information about the significant unobservable inputs used in the fair value measurement (AASB 13 para 93d – part)

For recurring fair value measurements categorised in level 3, the amount of the total gains or losses for the period included in profit or loss that is attributable to the change in unrealised gains or losses (AASB 13 paragraph 93f)

For recurring fair value measurements categorised in level 3, a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement (AASB 13 paragraph 93h (i))

#### (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 (e.g. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

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

#### (vi) Changes in Accounting Policies

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

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

#### (vii) Critical Accounting Estimates

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

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

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

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

Council makes estimates and assumptions concerning the future.

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

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

- (i) Estimated fair values of infrastructure, property, plant and equipment.
- (ii) Estimates of asset use lives.

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

- (i) Impairment of Receivables - Council has made a judgement about the impairment of a number of its receivables in Note 7.
- (ii) Projected Section 94 Commitments - Council has used judgement in determining future Section 94 income and expenditure in Note 17.

## Leeton Shire Council

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

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

##### (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 although unpaid rates represent a charge against the rateable property there are properties where council will not recover the full amount of the outstanding rates and charges.

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

Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, **(i)** it is probable that the economic benefits comprising the contribution will flow to the Council and **(ii)** the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular

manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

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.

## Leeton Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 1. Summary of Significant Accounting Policies

### 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 2015) and (ii) all the related operating results (for the financial year ended the 30th June 2015).

Detailed information relating to the entities that Council Controls can be found at Note 19 (a).

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*
- *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:

<b>Total income from continuing operations</b>	<b>\$30,000</b>
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<b>Total expenditure from continuing operations</b>	<b>\$30,000</b>
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<b>Total net assets held (i.e. Equity)</b>	<b>\$20,000</b>
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### Note:

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

### (ii) The Trust Fund

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

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

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

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

### (iii) Joint Arrangements

Council has no interest in any Joint Arrangements.

### (iv) Associates

Council has no interest in any Associates.

# Leeton Shire Council

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

### Note 1. Summary of Significant Accounting Policies

#### (v) County Councils

Council is not a member of any County Councils.

#### (vi) Unconsolidated Structured Entities

Following a detailed review of various entities that Council has dealings with including an analysis of each relationship, it has been determined that Council has no material or significant interest in any unstructured consolidated entities.

Council's relationship with those entities includes arm's length arrangements based on normal commercial terms.

#### (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

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

Council (in accordance with AASB 139) classifies all of its investments as held-to-maturity for measurement purposes:

##### (i) Held-to-maturity investments

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

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

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

#### Financial Assets – Reclassification

Council has not reclassified any investments during the year.

#### 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.

#### 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.

## Leeton Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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.

All Council investments are fully compliant with the Ministerial Investment Order and Council's adopted Investment Policy.

##### (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 present value of estimated future cash flows, discounted at the effective interest rate.

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

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

###### Stores

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

# Leeton Shire Council

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

### Note 1. Summary of Significant Accounting Policies

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;

- **Plant and Equipment**  
(as approximated by depreciated historical cost)
- **Operational Land** (External Valuation)
- **Community Land** (Internal Valuation)
- **Land Improvements**  
(as approximated by depreciated historical cost)
- **Buildings – Specialised/Non Specialised**  
(External Valuation)
- **Other Structures**  
(as approximated by depreciated historical cost)

- **Roads Assets incl. roads, bridges & footpaths**  
(Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Stormwater Drainage** (Internal Valuation)
- **Water and Sewerage Networks**  
(Internal Valuation)
- **Swimming Pools**  
(External Valuation)
- **Other Open Space/Recreational Assets**  
(External Valuation)
- **Other Infrastructure**  
(External/Internal 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.

##### 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.

## Leeton Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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 maximum 5 year cycle. More frequent revaluations are sometimes completed on asset classes if it is considered prudent to do so.

##### 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

##### Building

- construction/extensions 100% Capitalised  
- renovations > \$2,000

Other Structures > \$2,000

##### 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

##### Other Infrastructure Assets

Swimming Pools > \$10,000  
Other Open Space/Recreational Assets > \$1,000

Other Infrastructure > \$1,000

##### Depreciation

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

Land is not depreciated.

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

##### Plant & Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	3 to 5 years

## Leeton Shire Council

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

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

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- Vehicles	5 to 10 years
- Heavy Plant/Road Making equip.	5 to 10 years
- Other plant and equipment	5 to 15 years

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#### Other Equipment

- Playground equipment	15 years
- Benches, seats etc	10 to 20 years

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#### Buildings

- Buildings : Masonry	50 to 100 years
- Buildings : Other	20 to 150 years

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#### 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

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#### 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

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#### Other Infrastructure Assets

- Bulk earthworks	Infinite
- Swimming Pools	60 years
- Other Open Space/Recreational Assets	15 to 200 years
- Other Infrastructure	15 to 100 years

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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(r) 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 2015

#### 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 the only the fire shed assets, their values and depreciation charges within these financial statements

##### (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 as restoration of the landfill at Brobenah Road has been ongoing during the life of the landfill. The facility at Corbie Hill Road

incorporates restoration works as part of the operation.

Council does not operate any quarries.

##### (r) 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.

##### (s) 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.

##### (t) Borrowings

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

Borrowings are subsequently measured at amortised cost.

## Leeton Shire Council

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

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

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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.

##### **(u) Borrowing costs**

Borrowing costs are expensed.

##### **(v) Provisions**

Council has no provisions other than for employee benefits.

##### **(w) Employee benefits**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Leeton Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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 deficiency of assets over liabilities estimated to be in the region of \$22.03 million as at 30 June 2015 (\$121.5 million in 2014)

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2015 was \$ 223,809.

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 30/06/15.

#### (x) Self insurance

Council does not self insure.

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

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

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

#### Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the

## Leeton Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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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.

#### **(z) 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.

#### **(aa) New accounting standards and interpretations**

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

Council has elected to apply amended standard AASB 2015-7, Fair Value Disclosures early. Full details are explained at (a) (iv).

#### **(ab) Rounding of amounts**

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

#### **(ac) 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.

#### **(ad) 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 2015

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2015	2015	2014	2015	2015	2014	2015	2015	2014	2015	2014	2015	2014
Governance	-	-	-	216	204	206	(216)	(204)	(206)	-	-	-	-
Administration	365	347	507	1,979	3,469	989	(1,614)	(3,122)	(482)	43	73	22,536	20,342
Public Order & Safety	100	161	134	584	521	488	(484)	(360)	(354)	101	56	1,131	1,174
Health	11	14	11	544	343	308	(533)	(329)	(297)	-	-	-	-
Environment	2,254	2,437	2,242	2,164	2,388	2,347	90	49	(105)	148	65	4,527	3,697
Community Services & Education	1,812	1,795	1,801	2,116	2,010	2,253	(304)	(215)	(452)	274	268	4,898	4,327
Housing & Community Amenities	295	379	385	727	778	728	(432)	(399)	(343)	70	13	11,885	11,995
Water Supplies	3,219	3,928	3,746	3,793	3,819	3,764	(574)	109	(18)	38	38	43,675	43,136
Sewerage Services	2,292	2,362	2,349	2,575	2,450	2,348	(283)	(88)	1	31	31	32,490	32,214
Recreation & Culture	629	807	716	3,915	3,978	3,798	(3,286)	(3,171)	(3,082)	122	97	26,133	25,389
Mining, Manufacturing & Construction	23	385	31	9	9	9	14	376	22	-	-	45	45
Transport & Communication	1,548	1,117	1,838	5,484	4,853	4,787	(3,936)	(3,736)	(2,949)	672	1,505	93,690	93,179
Economic Affairs	219	927	717	852	1,288	1,246	(633)	(361)	(529)	-	-	4,413	7,548
<b>Total Functions &amp; Activities</b>	<b>12,767</b>	<b>14,659</b>	<b>14,477</b>	<b>24,958</b>	<b>26,110</b>	<b>23,271</b>	<b>(12,191)</b>	<b>(11,451)</b>	<b>(8,794)</b>	<b>1,499</b>	<b>2,146</b>	<b>245,423</b>	<b>243,046</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income <sup>1</sup>	10,640	10,654	8,645	-	-	-	10,640	10,654	8,645	3,957	1,978	-	-
<b>Operating Result from Continuing Operations</b>	<b>23,407</b>	<b>25,313</b>	<b>23,122</b>	<b>24,958</b>	<b>26,110</b>	<b>23,271</b>	<b>(1,551)</b>	<b>(797)</b>	<b>(149)</b>	<b>5,456</b>	<b>4,124</b>	<b>245,423</b>	<b>243,046</b>

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 2015

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

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

##### **GOVERNANCE**

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

##### **ADMINISTRATION**

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

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

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

##### **HEALTH**

Inspection, food control, administration.

##### **ENVIRONMENT**

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

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

Administration, child care, youth services, other family and children, 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, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport and recreation.

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

Building control, quarries & pits.

##### **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 2015

### Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		3,212	3,090
Farmland		2,651	2,613
Business		377	378
<b>Total Ordinary Rates</b>		<b>6,240</b>	<b>6,081</b>
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		930	900
Stormwater Management Services		87	87
Water Supply Services		1,186	1,152
Sewerage Services		1,813	1,766
Waste Management Services (non-domestic)		152	149
Recycling		474	459
Trade Waste		9	-
<b>Total Annual Charges</b>		<b>4,651</b>	<b>4,513</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>10,891</b>	<b>10,594</b>

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 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		2,257	2,133
Sewerage Services		194	186
<b>Total User Charges</b>		<b>2,451</b>	<b>2,319</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Building Regulation		50	27
Private Works - Section 67		133	122
Regulatory/ Statutory Fees		26	23
Registration Fees		17	13
Section 149 Certificates (EPA Act)		26	23
Section 603 Certificates		21	18
Tapping Fees		26	16
Town Planning		104	113
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>403</b>	<b>355</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges</b> (per s.608)			
Aged Care		52	44
Cemeteries		146	150
Child Care		1,305	1,335
Lease Rentals		259	157
Leaseback Fees - Council Vehicles		76	71
Library & Art Gallery		20	17
RMS (formerly RTA) Charges (State Roads not controlled by Council)		570	455
Roxy Theatre		116	113
Stadium		28	34
Swimming Centres		93	87
Tourism		7	4
User Group Contributions		49	44
Waste Disposal Tipping Fees		525	478
Golf Course		281	274
Other		53	9
<b>Total Fees &amp; Charges - Other</b>		<b>3,580</b>	<b>3,272</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>6,434</b>	<b>5,946</b>

## Leeton Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		38	45
- Interest earned on Investments (interest & coupon payment income)		966	1,135
- Interest on Deferred Debtors		12	19
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>1,016</u></b>	<b><u>1,199</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		21	26
General Council Cash & Investments		436	560
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		11	10
Water Fund Operations		260	272
Sewerage Fund Operations		232	285
Domestic Waste Management operations		56	46
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<b><u>1,016</u></b>	<b><u>1,199</u></b>
<b>(d) Other Revenues</b>			
Fines - Other		19	19
Legal Fees Recovery - Rates & Charges (Extra Charges)		87	74
Legal Fees Recovery - Other		324	-
Commissions & Agency Fees		1	1
Diesel Rebate		26	33
Donations & Sponsorship Received		13	15
Insurance Claim Recoveries		68	26
Insurance Rebates		48	64
Recycling Income (non domestic)		51	37
Sales - General		197	176
Community Transport Reimbursement		58	61
RFS Reimbursements		5	33
Child Care Operations		10	5
Other		11	52
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>918</u></b>	<b><u>596</u></b>

# Leeton Shire Council

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

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

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	2,868	1,407	-	-
Financial Assistance - Local Roads Component	994	476	-	-
Pensioners' Rates Subsidies - General Component	95	95	-	-
<b>Total General Purpose</b>	<b>3,957</b>	<b>1,978</b>	<b>-</b>	<b>-</b>

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

#### Specific Purpose

##### Pensioners' Rates Subsidies:

- Water	38	38	-	-
- Sewerage	31	31	-	-
- Domestic Waste Management	25	25	-	-
Child Care	97	103	-	-
Community Care	130	164	-	-
Employment & Training Programs	53	34	-	-
Environmental Protection	84	3	-	-
Flood Restoration	-	-	-	699
Heritage & Cultural	8	5	-	-
Library	45	45	-	-
LIRS Subsidy	51	39	-	-
Noxious Weeds	39	37	-	-
NSW Rural Fire Services	101	56	-	-
Recreation & Culture	43	47	26	-
Street Lighting	55	54	-	-
Transport (Roads to Recovery)	469	464	-	-
Transport (Other Roads & Bridges Funding)	68	53	120	235
Youth Services	1	1	-	-
Planning	15	13	-	-
<b>Total Specific Purpose</b>	<b>1,353</b>	<b>1,212</b>	<b>146</b>	<b>934</b>
<b>Total Grants</b>	<b>5,310</b>	<b>3,190</b>	<b>146</b>	<b>934</b>

##### Grant Revenue is attributable to:

- Commonwealth Funding	4,552	2,577	-	-
- State Funding	757	574	146	934
- Other Funding	1	39	-	-
	<b>5,310</b>	<b>3,190</b>	<b>146</b>	<b>934</b>

## Leeton Shire Council

# Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>				
S 94 - Contributions towards amenities/services	-	-	9	33
S 64 - Water Supply Contributions	-	-	9	26
S 64 - Sewerage Service Contributions	-	-	3	5
<b>Total Developer Contributions</b> 17	<b>-</b>	<b>-</b>	<b>21</b>	<b>64</b>
<b>Other Contributions:</b>				
Community Services	14	14	-	8
Recreation & Culture	36	3	10	-
Roads & Bridges	14	-	93	13
RMS Contributions (Regional Roads, Block Grant)	225	220	102	105
Sewerage (excl. Section 64 contributions)	-	-	19	12
Water Supplies (excl. Section 64 contributions)	-	-	64	25
<b>Total Other Contributions</b>	<b>289</b>	<b>237</b>	<b>288</b>	<b>163</b>
<b>Total Contributions</b>	<b>289</b>	<b>237</b>	<b>309</b>	<b>227</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>5,599</b>	<b>3,427</b>	<b>455</b>	<b>1,161</b>

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

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

Unexpended at the Close of the Previous Reporting Period	387	600
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	64	76
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	(271)	(289)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>(207)</b>	<b>(213)</b>
<b>Unexpended and held as Restricted Assets</b>	<b>180</b>	<b>387</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	63	49
- Developer Contributions	117	338
	<b>180</b>	<b>387</b>

## Leeton Shire Council

# Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		7,844	7,534
Travelling		25	23
Employee Leave Entitlements (ELE)		844	891
Superannuation		942	876
Workers' Compensation Insurance		544	171
Fringe Benefit Tax (FBT)		64	62
Payroll Tax		27	25
Training Costs (other than Salaries & Wages)		154	137
Protective Clothing		27	20
Other		86	49
<b>Total Employee Costs</b>		<b>10,557</b>	<b>9,788</b>
less: Capitalised Costs		(955)	(570)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>9,602</b>	<b>9,218</b>
Number of "Equivalent Full Time" Employees at year end		135	135
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		112	60
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>112</b>	<b>60</b>
<b>(ii) Other Borrowing Costs</b>			
Nil			
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>112</b>	<b>60</b>

## Leeton Shire Council

# Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		3,621	3,544
Contractor & Consultancy Costs			
- Garbage Collection Charges		733	725
- Other Contractor & Consultancy Costs		208	188
Auditors Remuneration <sup>(1)</sup>		34	32
Legal Expenses:			
- Legal Expenses: Planning & Development		2	-
- Legal Expenses: Debt Recovery		87	75
- Legal Expenses: Other		19	37
Film & Other Hire Expenses		69	69
Water Purchases		198	192
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>		<b><u>4,971</u></b>	<b><u>4,862</u></b>

### 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	31	29
- Audit & review of financial statements: Other Consolidated Entity Auditors	3	3
<b>Remuneration for audit and other assurance services</b>	<b><u>34</u></b>	<b><u>32</u></b>
<b>Total Auditor Remuneration</b>	<b><u>34</u></b>	<b><u>32</u></b>

## Leeton Shire Council

# Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	723	733
Office Equipment		-	-	30	81
Furniture & Fittings		-	-	22	24
Land Improvements (depreciable)		-	-	36	35
Buildings - Non Specialised		-	-	24	39
Buildings - Specialised		-	(21)	847	860
Other Structures		-	-	54	54
Infrastructure:					
- Roads		-	-	2,700	2,662
- Bridges		-	-	14	14
- Footpaths		-	-	50	47
- Stormwater Drainage		-	-	118	118
- Water Supply Network		-	-	1,132	1,136
- Waste Management Infrastructure		-	-	7	7
- Sewerage Network		-	-	720	708
- Swimming Pools		-	-	39	39
- Other Open Space/Recreational Assets		-	-	135	129
Other Assets					
- Library Books		-	-	15	28
- Other		-	-	1	-
<b>Total Depreciation &amp; Impairment Costs</b>		-	<b>(21)</b>	<b>6,667</b>	<b>6,714</b>
less: Impairments (to)/from ARR [Equity]	9a	-	21	-	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		-	-	<b>6,667</b>	<b>6,714</b>

## Leeton Shire Council

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

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(e) Other Expenses</b>			
Advertising		60	79
Bad & Doubtful Debts		42	(33)
Bank Charges		1	1
Commissions / Agency Fees		63	61
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		17	16
- NSW Fire Brigade Levy		28	28
- NSW Rural Fire Service Levy		119	104
Councillor Expenses - Mayoral Fee		23	23
Councillor Expenses - Councillors' Fees		96	93
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		27	36
Donations, Contributions & Assistance to other organisations (Section 356)			
- Annual Donations		17	23
- Discretionary Donations, Contributions & Assistance		13	24
- Rates Payment Incentive		2	4
Electricity & Heating		654	659
Insurance		355	365
Licences & Permits		20	29
Office Expenses (including computer expenses)		244	227
Postage		33	37
Regional Arts Board		10	10
Printing & Stationery		63	67
Street Lighting		239	266
Subscriptions & Publications		90	88
Telephone & Communications		188	167
Valuation Fees		40	43
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>2,444</u></b>	<b><u>2,417</u></b>

## Leeton Shire Council

# Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal - Property		306	-
less: Carrying Amount of Property Assets Sold / Written Off		(307)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>(1)</b>	<b>-</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		293	619
less: Carrying Amount of P&E Assets Sold / Written Off		(200)	(392)
<b>Net Gain/(Loss) on Disposal</b>		<b>93</b>	<b>227</b>
<b>Infrastructure</b>			
Proceeds from Disposal - Infrastructure		544	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(2,925)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>(2,381)</b>	<b>-</b>
<b>Real Estate Assets Held For Sale</b>			
Proceeds from Disposal - Real Estate Assets		296	-
less: Carrying Amount of Real Estate Assets Sold / Written Off		(321)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>(25)</b>	<b>-</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		24,210	20,182
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(24,210)	(20,210)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>(28)</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(2,314)</b>	<b>199</b>
<b>* Financial Assets disposals / redemptions include:</b>			
- Net Gain/(Loss) from Financial Instruments designated "Held for Trading"		-	(28)
<b>Net Gain/(Loss) on Disposal of Financial Instruments</b>		<b>-</b>	<b>(28)</b>

## Leeton Shire Council

# Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		1,135	-	610	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		1,696	-	1,665	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>2,831</b>	<b>-</b>	<b>2,275</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Long Term Deposits		25,710	1,000	24,210	-
<b>Total Investments</b>		<b>25,710</b>	<b>1,000</b>	<b>24,210</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>28,541</b>	<b>1,000</b>	<b>26,485</b>	<b>-</b>

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

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

<b>Cash &amp; Cash Equivalents</b>					
a. "At Fair Value through the Profit & Loss"		<b>2,831</b>	<b>-</b>	<b>2,275</b>	<b>-</b>
<b>Investments</b>					
b. "Held to Maturity"	6(b-i)	25,710	1,000	24,210	-
<b>Investments</b>		<b>25,710</b>	<b>1,000</b>	<b>24,210</b>	<b>-</b>

### Note 6(b-i)

#### Reconciliation of Investments classified as "Held to Maturity"

Balance at the Beginning of the Year	24,210	-	19,710	500
Additions	25,710	1,000	24,210	-
Disposals (sales & redemptions)	(24,210)	-	(19,710)	(500)
<b>Balance at End of Year</b>	<b>25,710</b>	<b>1,000</b>	<b>24,210</b>	<b>-</b>

#### Comprising:

- Long Term Deposits	25,710	1,000	24,210	-
<b>Total</b>	<b>25,710</b>	<b>1,000</b>	<b>24,210</b>	<b>-</b>

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

## Leeton Shire Council

# Notes to the Financial Statements

for the financial year ended 30 June 2015

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

	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
<b>\$ '000</b>				
<b>Total Cash, Cash Equivalents and Investments</b>	<b>28,541</b>	<b>1,000</b>	<b>26,485</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions (refer below)	16,361	1,000	17,605	-
Internal Restrictions (refer below)	11,313	-	8,446	-
Unrestricted	867	-	434	-
	<b>28,541</b>	<b>1,000</b>	<b>26,485</b>	<b>-</b>

2015 \$ '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)	418	2,000	(2,159)	259
<b>External Restrictions - Included in Liabilities</b>	<b>418</b>	<b>2,000</b>	<b>(2,159)</b>	<b>259</b>

#### External Restrictions - Other

Developer Contributions - General (D)	327	31	(253)	105
Developer Contributions - Water Fund (D)	11	1	-	12
Specific Purpose Unexpended Grants (F)	49	64	(49)	63
Water Supplies (G)	6,375	1,159	-	7,534
Water Supplies - Loans (Sinking Fund) (G)	100	-	(100)	-
Water Supplies - Carry Over Works (G)	1,362	5	(868)	499
Sewerage Services (G)	6,380	-	(451)	5,929
Sewerage Services - Carry Over Works (G)	670	-	(261)	409
Domestic Waste Management (G)	1,775	601	-	2,376
Stormwater Management (G)	135	92	(56)	171
Crown Reserves	3	1	-	4
<b>External Restrictions - Other</b>	<b>17,187</b>	<b>1,954</b>	<b>(2,038)</b>	<b>17,102</b>
<b>Total External Restrictions</b>	<b>17,605</b>	<b>3,954</b>	<b>(4,197)</b>	<b>17,361</b>

**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 2015

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

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	522	1,125	(698)	949
Infrastructure Replacement	1,638	1,656	(84)	3,210
Employees Leave Entitlement	1,926	252	(204)	1,974
Carry Over Works	703	471	(460)	714
Deposits, Retentions & Bonds	18	52	(13)	57
Aerodrome	-	100	-	100
Buildings	462	248	(253)	457
Caravan Parks Improvements	19	5	(24)	-
Childcare Centre	280	1	-	281
Community Services	19	-	(4)	15
Emergency Services	30	-	-	30
Insurance	39	-	-	39
Land Development	-	73	-	73
Roads General	1,523	223	(55)	1,691
Roxy Theatre	190	1	(43)	148
Stadium	33	-	-	33
Sportsgrounds Improvements	244	-	(2)	242
Swimming Pool	800	300	-	1,100
Workers Compensation Equalisation	-	200	-	200
<b>Total Internal Restrictions</b>	<b>8,446</b>	<b>4,707</b>	<b>(1,840)</b>	<b>11,313</b>
<b>TOTAL RESTRICTIONS</b>	<b>26,051</b>	<b>8,661</b>	<b>(6,037)</b>	<b>28,674</b>

# Leeton Shire Council

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

### Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		340	-	419	-
Interest & Extra Charges		78	-	84	-
User Charges & Fees		538	-	597	-
Accrued Revenues					
- Interest on Investments		344	-	384	-
- Other Income Accruals		16	-	229	-
Government Grants & Subsidies		147	-	106	-
Deferred Debtors		128	353	65	249
Amounts due from Other Councils		16	-	-	-
Net GST Receivable		169	-	200	-
<b>Total</b>		<b>1,776</b>	<b>353</b>	<b>2,084</b>	<b>249</b>
<b>less: Provision for Impairment</b>					
Rates & Annual Charges		(44)	-	(11)	-
User Charges & Fees		(14)	-	(5)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(58)</b>	<b>-</b>	<b>(16)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>1,718</u></b>	<b><u>353</u></b>	<b><u>2,068</u></b>	<b><u>249</u></b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Rates & Availability Charges		39	-	46	-
- Other		213	10	283	6
<b>Sewerage Services</b>					
- Rates & Availability Charges		37	-	58	-
- Other		66	-	211	-
<b>Domestic Waste Management</b>		<b>97</b>	<b>-</b>	<b>131</b>	<b>-</b>
<b>Total External Restrictions</b>		<b>452</b>	<b>10</b>	<b>729</b>	<b>6</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>1,266</b>	<b>343</b>	<b>1,339</b>	<b>243</b>
<b>TOTAL NET RECEIVABLES</b>		<b>1,718</b>	<b>353</b>	<b>2,068</b>	<b>249</b>

#### Notes on Debtors above:

- Rates & Annual Charges Outstanding are secured against the property.
- 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.
- Interest was charged on overdue rates & charges at 8.50% (2014 9.00%).  
Generally all other receivables are non interest bearing.
- 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 2015

## Note 8. Inventories & Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		2,054	-	2,375	-
Stores & Materials		75	-	66	-
<b>Total Inventories</b>		<b>2,129</b>	<b>-</b>	<b>2,441</b>	<b>-</b>
<b>Other Assets</b>					
Nil					
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>2,129</b>	<b>-</b>	<b>2,441</b>	<b>-</b>

### 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	1,769	-	1,865	-
Other Properties	245	-	470	-
<b>Total Real Estate for Resale</b>	<b>2,054</b>	<b>-</b>	<b>2,375</b>	<b>-</b>

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

#### Represented by:

Acquisition Costs	559	-	575	-
Development Costs	1,495	-	1,800	-
<b>Total Costs</b>	<b>2,054</b>	<b>-</b>	<b>2,375</b>	<b>-</b>
<b>Total Real Estate for Resale</b>	<b>2,054</b>	<b>-</b>	<b>2,375</b>	<b>-</b>

#### Movements:

Real Estate assets at beginning of the year	2,375	-	2,375	-
- WDV of Sales (exp)	(321)	-	-	-
<b>Total Real Estate for Resale</b>	<b>2,054</b>	<b>-</b>	<b>2,375</b>	<b>-</b>

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

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

	2015	2014
Real Estate for Resale	1,800	2,000
	<b>1,800</b>	<b>2,000</b>

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

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

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2014					Asset Movements during the Reporting Period						as at 30/6/2015				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Adjustments & Transfers	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	9	-	-	(571)	-	-	9	-	-	-	9
Plant & Equipment	-	7,584	3,523	-	4,061	791	(200)	(723)	-	-	-	-	7,798	3,869	-	3,929
Office Equipment	-	395	259	-	136	41	-	(30)	-	-	-	-	436	289	-	147
Furniture & Fittings	-	353	260	-	93	9	-	(22)	-	-	-	-	362	282	-	80
<b>Land:</b>																
- Operational Land	-	2,889	-	-	2,889	2	(307)	-	-	97	-	-	2,681	-	-	2,681
- Community Land	-	6,678	-	-	6,678	-	-	-	-	(97)	-	-	6,581	-	-	6,581
Land Improvements - depreciable	-	1,198	260	-	938	70	(10)	(36)	-	-	-	-	1,256	294	-	962
Buildings - Non Specialised	-	3,068	929	-	2,139	2	(1,869)	(24)	-	-	-	-	474	226	-	248
Buildings - Specialised	-	44,980	16,580	-	28,400	1,883	(1,042)	(847)	571	-	-	-	44,170	15,205	-	28,965
Other Structures	-	1,637	584	-	1,053	16	-	(54)	-	-	-	-	1,646	631	-	1,015
<b>Infrastructure:</b>																
- Roads	-	110,406	38,410	-	71,996	2,561	-	(2,700)	-	-	-	-	111,231	39,374	-	71,857
- Bridges	-	1,399	269	-	1,130	-	-	(14)	-	-	-	-	1,399	283	-	1,116
- Footpaths	-	4,998	846	-	4,152	790	-	(50)	-	-	-	-	5,726	834	-	4,892
- Bulk Earthworks (non-depreciable)	-	12,793	-	-	12,793	-	-	-	-	-	-	-	12,793	-	-	12,793
- Stormwater Drainage	-	11,226	1,979	-	9,247	303	-	(118)	-	-	-	-	11,529	2,097	-	9,432
- Water Supply Network	-	71,246	36,718	-	34,528	1,037	-	(1,132)	-	-	518	-	72,457	37,506	-	34,951
- Waste Management Infrastructure	-	595	52	-	543	-	-	(7)	-	-	-	-	595	59	-	536
- Sewerage Network	-	55,181	30,796	-	24,385	1,456	-	(720)	-	-	366	-	56,010	30,523	-	25,487
- Swimming Pools	-	2,338	1,434	-	904	-	-	(39)	-	-	-	-	2,338	1,473	-	865
- Other Open Space/Recreational Assets	-	4,651	1,267	-	3,384	124	(4)	(135)	-	-	-	-	4,756	1,387	-	3,369
<b>Other Assets:</b>																
- Library Books	-	139	117	-	22	-	-	(15)	-	-	-	-	138	131	-	7
- Other Assets	-	26	15	-	11	-	-	(1)	-	-	-	-	16	6	-	10
- Water Licences	-	1,750	-	-	1,750	-	-	-	-	-	-	-	1,750	-	-	1,750
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>571</b>	<b>345,530</b>	<b>134,298</b>	<b>-</b>	<b>211,803</b>	<b>9,094</b>	<b>(3,432)</b>	<b>(6,667)</b>	<b>-</b>	<b>-</b>	<b>884</b>	<b>9</b>	<b>346,142</b>	<b>134,469</b>	<b>-</b>	<b>211,682</b>

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$5,080) and New Assets (\$3,995).  
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 2015

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

\$ '000 Class of Asset	Actual 2015				Actual 2014			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
Plant & Equipment	-	157	131	<b>26</b>	-	159	125	<b>34</b>
Water Licences	-	391	-	<b>391</b>	-	391	-	<b>391</b>
Infrastructure	-	72,457	37,506	<b>34,951</b>	-	71,246	36,718	<b>34,528</b>
<b>Total Water Supply</b>	<b>-</b>	<b>73,005</b>	<b>37,637</b>	<b>35,368</b>	<b>-</b>	<b>71,796</b>	<b>36,843</b>	<b>34,953</b>
<b>Sewerage Services</b>								
Plant & Equipment	-	447	258	<b>189</b>	-	362	226	<b>136</b>
Infrastructure	-	56,010	30,523	<b>25,487</b>	-	55,181	30,796	<b>24,385</b>
<b>Total Sewerage Services</b>	<b>-</b>	<b>56,457</b>	<b>30,781</b>	<b>25,676</b>	<b>-</b>	<b>55,543</b>	<b>31,022</b>	<b>24,521</b>
<b>Other Restricted Assets</b>								
Waste Management	-	595	59	<b>536</b>	-	595	52	<b>543</b>
<b>Total Other Restrictions</b>	<b>-</b>	<b>595</b>	<b>59</b>	<b>536</b>	<b>-</b>	<b>595</b>	<b>52</b>	<b>543</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>-</b>	<b>130,057</b>	<b>68,477</b>	<b>61,580</b>	<b>-</b>	<b>127,934</b>	<b>67,917</b>	<b>60,017</b>

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

\$ '000	Notes	Actual 2015	Actual 2014
Reversals of Impairment Losses previously recognised direct to Equity (ARR):			
Storm Damaged Building		-	21
<b>Total Impairment Reversals</b>		<b>-</b>	<b>21</b>
<b>IMPAIRMENT of ASSETS - DIRECT to EQUITY (ARR)</b>	20 (ii)	<b>-</b>	<b>21</b>

## Leeton Shire Council

# Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		960	-	863	-
Payments Received In Advance		288	-	226	-
Accrued Expenses:					
- Borrowings		49	-	14	-
- Salaries & Wages		545	5	409	2
- Other Expenditure Accruals		122	-	15	-
Security Bonds, Deposits & Retentions		77	-	18	-
Miscellaneous Creditor Clearing Accounts		3	-	2	-
<b>Total Payables</b>		<b>2,044</b>	<b>5</b>	<b>1,547</b>	<b>2</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		269	2,518	192	832
<b>Total Borrowings</b>		<b>269</b>	<b>2,518</b>	<b>192</b>	<b>832</b>
<b>Provisions</b>					
Employee Benefits;					
Annual Leave		711	-	715	-
Long Service Leave		1,815	116	1,805	95
<b>Total Provisions</b>		<b>2,526</b>	<b>116</b>	<b>2,520</b>	<b>95</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>4,839</b>	<b>2,639</b>	<b>4,259</b>	<b>929</b>
<b>(i) Liabilities relating to Restricted Assets</b>					
		2015		2014	
		Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>					
Water		39	-	125	2
Sewer		15	-	16	-
Liabilities relating to externally restricted assets		54	-	141	2
<b>Internally Restricted Assets</b>					
Nil					
<b>Total Liabilities relating to restricted assets</b>		54	-	141	2
<b>Total Liabilities relating to Unrestricted Assets</b>		4,785	2,639	4,118	927
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>		<b>4,839</b>	<b>2,639</b>	<b>4,259</b>	<b>929</b>

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

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

## Leeton Shire Council

# Notes to the Financial Statements

for the financial year ended 30 June 2015

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

	Actual 2015	Actual 2014
\$ '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	1,842	1,770
	<b>1,842</b>	<b>1,770</b>

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

Class of Provision	2014	2015				Closing Balance as at 30/6/15
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	715	590	(594)	-	-	711
Long Service Leave	1,900	212	(233)	52	-	1,931
<b>TOTAL</b>	<b>2,615</b>	<b>802</b>	<b>(827)</b>	<b>52</b>	<b>-</b>	<b>2,642</b>

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

## Leeton Shire Council

# Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	2,831	2,275
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>2,831</b>	<b>2,275</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>(797)</b>	<b>(149)</b>
Adjust for non cash items:			
Depreciation & Amortisation		6,667	6,714
Net Losses/(Gains) on Disposal of Assets		2,314	(199)
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		371	120
Increase/(Decrease) in Provision for Doubtful Debts		42	(35)
Decrease/(Increase) in Inventories		(9)	(12)
Decrease/(Increase) in Other Assets		-	18
Increase/(Decrease) in Payables		97	(655)
Increase/(Decrease) in accrued Interest Payable		35	(2)
Increase/(Decrease) in other accrued Expenses Payable		246	(9)
Increase/(Decrease) in Other Liabilities		122	44
Increase/(Decrease) in Employee Leave Entitlements		27	221
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>9,115</b>	<b>6,056</b>
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Nil			
<b>(d) Financing Arrangements</b>			
<b>Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdraft Facilities <sup>(1)</sup>		545	545
Credit Cards / Purchase Cards		50	50
<b>Total Financing Arrangements</b>		<b>595</b>	<b>595</b>
<b>Amounts utilised as at Balance Date:</b>			
- Credit Cards / Purchase Cards		12	8
<b>Total Financing Arrangements Utilised</b>		<b>12</b>	<b>8</b>

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.  
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

## Leeton Shire Council

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

#### Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Buildings		18	983
Plant & Equipment		128	-
Water Infrastructure		-	1,362
Sewer Infrastructure		-	670
Office Equipment		-	7
Roads & Drainage		70	1,286
Structures		-	157
Other - Land		-	40
<b>Total Commitments</b>		<b>216</b>	<b>4,505</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		216	4,505
<b>Total Payable</b>		<b>216</b>	<b>4,505</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		(170)	-
Externally Restricted Reserves		-	2,136
Internally Restricted Reserves		128	951
Unexpended Loans		258	418
New Loans (to be raised)		-	1,000
<b>Total Sources of Funding</b>		<b>216</b>	<b>4,505</b>

#### (b) Finance Lease Commitments

Nil

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

Nil

## Leeton Shire Council

# Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 20142013	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue <sup>(1)</sup>				
(excl. Capital Grants & Contributions) - Operating Expenses	1,062	4.27%	-6.93%	-4.25%
Total continuing operating revenue <sup>(1)</sup>	24,858			
(excl. Capital Grants & Contributions)				
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue <sup>(1)</sup>				
(excl. ALL Grants & Contributions)	19,259	76.08%	79.99%	67.24%
Total continuing operating revenue <sup>(1)</sup>	25,313			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions <sup>(2)</sup>	13,775	4.68x	4.54x	4.09x
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	2,943			
4. Debt Service Cover Ratio				
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation	7,841	22.47x	34.41x	55.09x
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	349			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	374	3.25%	4.41%	4.10%
Rates, Annual and Extra Charges Collectible	11,508			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents + All Term Deposits	29,541	19.19	17.08	19.96
Payments from cash flow of operating and financing activities	1,540	mths	mths	mths

## Notes

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

<sup>(2)</sup> Refer Notes 6-8 inclusive.

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

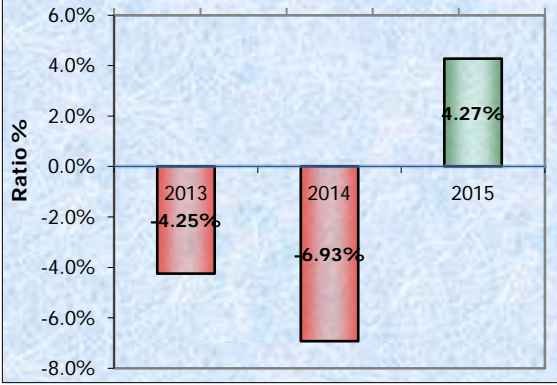
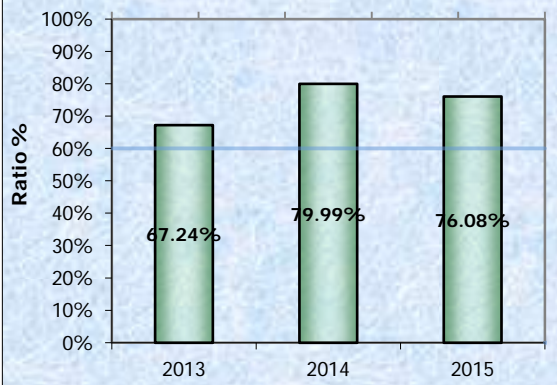
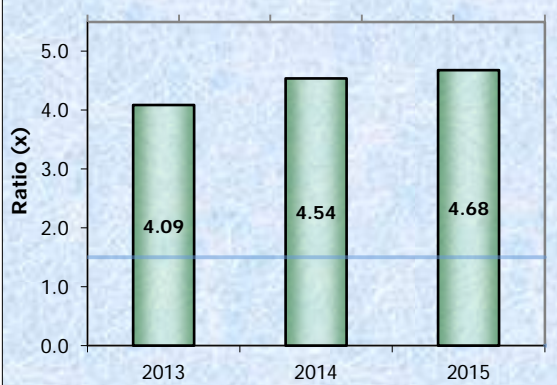
<sup>(3)</sup> Refer to Note 10(a).

<sup>(4)</sup> 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 2015

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

<p><b>1. Operating Performance Ratio</b></p>  <p>Benchmark: — Minimum <math>\geq 0.00\%</math> Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p><b>Purpose of Operating Performance Ratio</b></p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p><b>Commentary on 2014/15 Result</b></p> <p><b>2014/15 Ratio 4.27%</b></p> <p>Councils Operating Performance Ratio has improved significantly in 2014/15. This is principally due to the Financial Assistance Grant being fully paid in the normal cycle. Council also received additional income for interest on investments, fees and other revenue.</p>
<p><b>2. Own Source Operating Revenue Ratio</b></p>  <p>Benchmark: — Minimum <math>\geq 60.00\%</math> Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p><b>Purpose of Own Source Operating Revenue Ratio</b></p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants &amp; contributions.</p>	<p><b>Commentary on 2014/15 Result</b></p> <p><b>2014/15 Ratio 76.08%</b></p> <p>Councils Own Source Revenue continues to be well above the benchmark.</p>
<p><b>3. Unrestricted Current Ratio</b></p>  <p>Benchmark: — Minimum <math>\geq 1.50</math> Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p><b>Purpose of Unrestricted Current Ratio</b></p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p><b>Commentary on 2014/15 Result</b></p> <p><b>2014/15 Ratio 4.68x</b></p> <p>Council is well above the industry benchmark of 1.5 times. This indicates a strong capacity to pay its debts as and when they fall due. The result is a small improvement on past years and is trending strongly.</p>

# Leeton Shire Council

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

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

<p><b>4. Debt Service Cover Ratio</b></p> <p>Benchmark: Minimum <math>\geq 2.00</math></p> <p>Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p><b>Purpose of Debt Service Cover Ratio</b></p> <p>This ratio measures the availability of operating cash to service debt including interest, principal and lease payments</p>	<p><b>Commentary on 2014/15 Result</b></p> <p><b>2014/15 Ratio 22.47x</b></p> <p>An additional \$2m has been borrowed in 2014/15 for major works on Petersham Road and the No 1 Oval Change Rooms. However, Council still has more than adequate cash to service debt. Council is using the Local Infrastructure Renewal Scheme subsidy to assist with debt servicing.</p>
<p><b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b></p> <p>Benchmark: Maximum <math>&lt; 10.00\%</math></p> <p>Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p><b>Purpose of Rates &amp; Annual Charges Outstanding Ratio</b></p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p><b>Commentary on 2014/15 Result</b></p> <p><b>2014/15 Ratio 3.25%</b></p> <p>The outstanding rates % has reduced by a further 1% and is significantly below the benchmark for rural councils which is a reflection of the strong debt collection procedures in place.</p>
<p><b>6. Cash Expense Cover Ratio</b></p> <p>Benchmark: Minimum <math>\geq 3.00</math></p> <p>Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p><b>Purpose of Cash Expense Cover Ratio</b></p> <p>This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.</p>	<p><b>Commentary on 2014/15 Result</b></p> <p><b>2014/15 Ratio 19.19 mths</b></p> <p>Council again has a very strong liquidity ratio and is well above the industry benchmark.</p>

# Leeton Shire Council

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

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

\$ '000	Water 2015	Sewer 2015	General <sup>5</sup> 2015
<b>Local Government Industry Indicators - by Fund</b>			
<b>1. Operating Performance Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<b>2.55%</b>	<b>-3.86%</b>	<b>5.67%</b>
Total continuing operating revenue <sup>(1)</sup>			
(excl. Capital Grants & Contributions)	prior period: -0.89%	0.43%	-9.47%
<b>2. Own Source Operating Revenue Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>	<b>97.17%</b>	<b>97.76%</b>	<b>69.04%</b>
<u>(excl. ALL Grants &amp; Contributions)</u>			
Total continuing operating revenue <sup>(1)</sup>	prior period: 97.62%	97.96%	73.55%
<b>3. Unrestricted Current Ratio</b>			
Current Assets less all External Restrictions <sup>(2)</sup>	<b>205.46x</b>	<b>420.60x</b>	<b>4.58x</b>
<u>Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup></u>			
	prior period: 65.42x	457.44x	4.54x
<b>4. Debt Service Cover Ratio</b>			
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation	<b>11.52x</b>	<b>661.00x</b>	<b>24.73x</b>
<u>Principal Repayments (from the Statement of Cash Flows)</u>			
+ Borrowing Costs (from the Income Statement)	prior period: 80.07x	248.00x	25.00x
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
<u>Rates, Annual and Extra Charges Outstanding</u>	<b>3.45%</b>	<b>1.49%</b>	<b>3.63%</b>
Rates, Annual and Extra Charges Collectible			
	prior period: 4.39%	3.55%	4.87%
<b>6. Cash Expense Cover Ratio</b>			
Current Year's Cash and Cash Equivalents			
<u>+ All Term Deposits</u>	<b>34.69</b>	<b>44.77</b>	<b>13.00</b>
Payments from cash flow of operating and financing activities	mths	mths	mths
	prior period: 36.04 mths	52.78 mths	9.66 mths

#### 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 2015

#### Note 14. Investment Properties

\$ '000

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

#### Note 15. Financial Risk Management

##### Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2015	2014	2015	2014
<b>Financial Assets</b>				
Cash and Cash Equivalents	2,831	2,275	2,831	2,275
Investments				
- "Held to Maturity"	26,710	24,210	26,710	24,210
Receivables	2,071	2,317	2,071	2,317
<b>Total Financial Assets</b>	<b>31,612</b>	<b>28,802</b>	<b>31,612</b>	<b>28,802</b>
<b>Financial Liabilities</b>				
Payables	1,761	1,323	1,761	1,323
Loans / Advances	2,787	1,024	2,787	1,024
<b>Total Financial Liabilities</b>	<b>4,548</b>	<b>2,347</b>	<b>4,548</b>	<b>2,347</b>

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates market 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 (i) **"at fair value through profit & loss"** are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

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 2015

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

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\$ '000

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##### (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.

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2015</b>				
Possible impact of a 1% movement in Interest Rates	295	295	(295)	(295)
<b>2014</b>				
Possible impact of a 1% movement in Interest Rates	264	264	(264)	(264)

# Leeton Shire Council

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

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

\$ '000

#### (b) Receivables

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

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

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

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

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

Council makes suitable provision for doubtful receivables as required.

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

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

	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
<b>(i) Ageing of Receivables - %</b>				
Current (not yet overdue)	0%	94%	0%	93%
Overdue	100%	6%	100%	7%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

		2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
<b>(ii) Ageing of Receivables - value</b>					
<b>Rates &amp; Annual Charges</b>	<b>Other Receivables</b>				
Current	Current	-	1,683	-	1,792
< 1 year overdue	0 - 30 days overdue	340	38	419	18
1 - 2 years overdue	30 - 60 days overdue	-	21	-	22
2 - 5 years overdue	60 - 90 days overdue	-	4	-	-
> 5 years overdue	> 90 days overdue	-	43	-	82
		<b>340</b>	<b>1,789</b>	<b>419</b>	<b>1,914</b>

<b>(iii) Movement in Provision for Impairment of Receivables</b>	2015	2014
Balance at the beginning of the year	16	51
+ new provisions recognised during the year	42	-
- previous impairment losses reversed	-	(35)
<b>Balance at the end of the year</b>	<b>58</b>	<b>16</b>

## Leeton Shire Council

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

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

\$ '000

##### (c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2015									
Trade/Other Payables	77	1,684	-	-	-	-	-	1,761	1,761
Loans & Advances	-	401	400	400	400	400	1,448	3,449	2,787
Total Financial Liabilities	77	2,085	400	400	400	400	1,448	5,210	4,548
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

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

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

	2015		2014	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	1,761	0.0%	1,323	0.0%
Loans & Advances - Fixed Interest Rate	2,787	4.9%	1,024	5.6%
	<u>4,548</u>		<u>2,347</u>	

## Leeton Shire Council

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

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 28 May 2014.

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

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

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

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

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

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----	
<b>REVENUES</b>				
<b>Rates &amp; Annual Charges</b>	<b>11,065</b>	<b>10,891</b>	<b>(174)</b>	<b>(2%) U</b>
<b>User Charges &amp; Fees</b>	<b>5,391</b>	<b>6,434</b>	<b>1,043</b>	<b>19% F</b>
Additional revenues were received in the following areas; water usage charges \$562k, golf course fees \$35k, planning & building applications \$71k, private works \$51, waste tipping fees \$25k, lease rentals \$118k.				
<b>Interest &amp; Investment Revenue</b>	<b>707</b>	<b>1,016</b>	<b>309</b>	<b>44% F</b>
Investment revenue was higher than originally budgeted as there was a higher level of investments. A number of capital works projects were delayed and the funds remained invested until the works commenced. Council also sold a number of surplus assets which increased invested funds. Council generally takes a conservative approach when estimating the revenue due to the recent falls in investment rates.				
<b>Other Revenues</b>	<b>469</b>	<b>918</b>	<b>449</b>	<b>96% F</b>
Council resolved a long standing legal dispute during the year and recovered an amount of \$324k. Additional revenue from the temporary sale of high security water licences of \$92k was also received.				
<b>Operating Grants &amp; Contributions</b>	<b>5,503</b>	<b>5,599</b>	<b>96</b>	<b>2% F</b>
<b>Capital Grants &amp; Contributions</b>	<b>260</b>	<b>455</b>	<b>195</b>	<b>75% F</b>
Council received owner contributions of \$93k towards kerb & guttering in the Petersham Road precinct. Additional head works contributions of \$53k were also received for water supply which had not been budgeted. There were also an number of smaller contributions totalling approximately \$50k received for recreation assets.				
<b>Net Gains from Disposal of Assets</b>	<b>12</b>	<b>-</b>	<b>(12)</b>	<b>(100%) U</b>
Council sold a number of assets that resulted in a overall loss on disposal.				

# Leeton Shire Council

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

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

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----	
<b>EXPENSES</b>				
<b>Employee Benefits &amp; On-Costs</b>	<b>10,359</b>	<b>9,602</b>	<b>757</b>	7% <b>F</b>
<b>Borrowing Costs</b>	<b>175</b>	<b>112</b>	<b>63</b>	36% <b>F</b>
Borrowing costs were lower than budgeted as council deferred the take up of loans.				
<b>Materials &amp; Contracts</b>	<b>5,312</b>	<b>4,971</b>	<b>341</b>	6% <b>F</b>
<b>Depreciation &amp; Amortisation</b>	<b>6,807</b>	<b>6,667</b>	<b>140</b>	2% <b>F</b>
<b>Other Expenses</b>	<b>2,305</b>	<b>2,444</b>	<b>(139)</b>	(6%) <b>U</b>
<b>Net Losses from Disposal of Assets</b>	<b>-</b>	<b>2,314</b>	<b>(2,314)</b>	0% <b>U</b>
Council sold a number of surplus assets which resulted in losses on the book value of those of those assets. These losses on disposal were not included in the original budget.				
<b>Budget Variations relating to Council's Cash Flow Statement include:</b>				
<b>Cash Flows from Operating Activities</b>	<b>5,236</b>	<b>9,115</b>	<b>3,879</b>	74.1% <b>F</b>
Revenue from user fees & charges and investment income was higher than budgeted. The level of payables also increased from 2013/14 resulting in lower cash outflow.				
<b>Cash Flows from Investing Activities</b>	<b>(6,321)</b>	<b>(10,322)</b>	<b>(4,001)</b>	63.3% <b>U</b>
Council purchased additional investments during the year and also completed carry over capital works from the prior year.				
<b>Cash Flows from Financing Activities</b>	<b>697</b>	<b>1,763</b>	<b>1,066</b>	152.9% <b>F</b>
Council took up a loan of \$1m for the Petersham Road project that had been budgeted to borrow in 2013/14. This increased the cash inflow from Financing Activities.				

## Leeton Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## 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 &amp; 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	(3)	-	-	-	-	-	-
Traffic Facilities	181	1	-	6	(133)	-	55	-	(55)	-	-
Open Space	48	-	-	2	(15)	-	35	-	(35)	-	-
Bridge & Culvert Widening	12	1	-	-	(13)	-	-	-	-	-	-
LSC Trunk Drainage	29	1	-	1	(31)	-	-	-	-	-	-
MIA Trunk Drainage	43	1	-	1	(45)	-	-	-	-	-	-
Plan Administration	-	2	-	-	(2)	-	-	-	-	-	-
Recreation Facilities	11	3	-	-	-	-	14	-	(14)	-	-
Lighting	1	-	-	-	-	-	1	-	(1)	-	-
<b>S94 Contributions - under a Plan</b>	<b>327</b>	<b>9</b>	<b>-</b>	<b>11</b>	<b>(242)</b>	<b>-</b>	<b>105</b>	<b>-</b>	<b>(105)</b>	<b>-</b>	<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>327</b>	<b>9</b>	<b>-</b>	<b>11</b>	<b>(242)</b>	<b>-</b>	<b>105</b>				<b>-</b>
S64 Contributions	11	12	-	-	(11)	-	12				
<b>Total Contributions</b>	<b>338</b>	<b>21</b>	<b>-</b>	<b>11</b>	<b>(253)</b>	<b>-</b>	<b>117</b>	<b>-</b>	<b>(105)</b>	<b>-</b>	<b>-</b>

## Leeton Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## 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	(3)	-	-	-	-	-	-
Traffic Facilities	181	1	-	6	(133)	-	55	-	(55)	-	-
Open Space	48	-	-	2	(15)	-	35	-	(35)	-	-
Bridge & Culvert Widening	12	1	-	-	(13)	-	-	-	-	-	-
LSC Trunk Drainage	29	1	-	1	(31)	-	-	-	-	-	-
MIA Trunk Drainage	43	1	-	1	(45)	-	-	-	-	-	-
Plan Administration	-	2	-	-	(2)	-	-	-	-	-	-
Recreation Facilities	11	3	-	-	-	-	14	-	(14)	-	-
Lighting	1	-	-	-	-	-	1	-	(1)	-	-
<b>Total</b>	<b>327</b>	<b>9</b>	<b>-</b>	<b>11</b>	<b>(242)</b>	<b>-</b>	<b>105</b>	<b>-</b>	<b>(105)</b>	<b>-</b>	<b>-</b>

## Leeton Shire Council

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

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

\$ '000

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

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

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

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

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

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

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

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

##### (ii) Statewide Limited

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

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

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

##### (iii) StateCover Limited

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

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

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

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

##### (iv) Other Guarantees

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

# Leeton Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

#### LIABILITIES NOT RECOGNISED (continued):

##### 2. Other Liabilities

###### (i) Third Party Claims

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

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

###### (ii) 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.

## Leeton Shire Council

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

#### Note 19. Interests in Other Entities

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\$ '000

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

##### (a) Controlled Entities (Subsidiaries) - being entities & operations controlled by Council

Council has no interest in any Controlled Entities (Subsidiaries).

##### (b) Joint Ventures and Associates

Council has no interest in any Joint Ventures or Associates.

##### (d) Unconsolidated Structured Entities

Council has no material Unconsolidated Structured Entities requiring disclosure.

##### (e) Subsidiaries, Joint Arrangements & Associates not recognised

None.

# Leeton Shire Council

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

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		104,583	104,732
a. Net Operating Result for the Year		(797)	(149)
<b>Balance at End of the Reporting Period</b>		<b>103,786</b>	<b>104,583</b>
<b>(b) Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		134,089	133,205
- Other Reserves (Specify)		70	70
<b>Total</b>		<b>134,159</b>	<b>133,275</b>
<b>(ii) Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		133,205	123,873
- Revaluations for the year	9(a)	884	9,311
- (Impairment of revalued assets) / Impairment reversals	9(a),(c)	-	21
<b>- Balance at End of Year</b>		<b>134,089</b>	<b>133,205</b>
<b>Other Reserves (High Security Water Licences)</b>			
- Opening Balance		70	70
<b>- Balance at End of Year</b>		<b>70</b>	<b>70</b>
<b>TOTAL VALUE OF RESERVES</b>		<b>134,159</b>	<b>133,275</b>

### (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 2015

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

Income Statement by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015
<b>Continuing Operations</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	1,186	1,872	7,833
User Charges & Fees	2,355	204	3,875
Interest & Investment Revenue	260	232	539
Other Revenues	16	1	901
Grants & Contributions provided for Operating Purposes	38	31	5,530
Grants & Contributions provided for Capital Purposes	73	22	360
<b>Other Income</b>			
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
<b>Total Income from Continuing Operations</b>	<b>3,928</b>	<b>2,362</b>	<b>19,038</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	1,071	605	7,926
Borrowing Costs	4	-	123
Materials & Contracts	1,114	813	3,044
Depreciation & Amortisation	1,140	752	4,775
Impairment	-	-	-
Other Expenses	490	280	1,674
Interest & Investment Losses	-	-	-
Net Losses from the Disposal of Assets	-	-	2,314
<b>Total Expenses from Continuing Operations</b>	<b>3,819</b>	<b>2,450</b>	<b>19,856</b>
<b>Operating Result from Continuing Operations</b>	<b>109</b>	<b>(88)</b>	<b>(818)</b>
<b>Discontinued Operations</b>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
<b>Net Operating Result for the Year</b>	<b>109</b>	<b>(88)</b>	<b>(818)</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>109</b>	<b>(88)</b>	<b>(818)</b>
<b>Net Operating Result attributable to Non-controlling Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>36</b>	<b>(110)</b>	<b>(1,178)</b>

<sup>1</sup> 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 2015

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

Statement of Financial Position by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>			
Cash & Cash Equivalents	780	595	1,456
Investments	6,993	5,528	13,189
Receivables	252	186	1,363
Inventories	-	-	2,129
Other	-	-	-
Non-current assets classified as 'held for sale'	-	-	-
<b>Total Current Assets</b>	<b>8,025</b>	<b>6,309</b>	<b>18,137</b>
<b>Non-Current Assets</b>			
Investments	272	215	513
Receivables	10	290	343
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	35,368	25,676	150,638
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
<b>Total Non-Current Assets</b>	<b>35,650</b>	<b>26,181</b>	<b>151,494</b>
<b>TOTAL ASSETS</b>	<b>43,675</b>	<b>32,490</b>	<b>169,631</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	37	15	1,992
Borrowings	2	-	350
Provisions	-	-	2,526
<b>Total Current Liabilities</b>	<b>39</b>	<b>15</b>	<b>4,868</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	5
Borrowings	-	-	2,808
Provisions	-	-	116
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>2,929</b>
<b>TOTAL LIABILITIES</b>	<b>39</b>	<b>15</b>	<b>7,797</b>
<b>Net Assets</b>	<b>43,636</b>	<b>32,475</b>	<b>161,834</b>
<b>EQUITY</b>			
Retained Earnings	18,851	18,090	66,845
Revaluation Reserves	24,785	14,385	94,989
<b>Total Equity</b>	<b>43,636</b>	<b>32,475</b>	<b>161,834</b>

<sup>1</sup> 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 &amp; payables between the Funds.

## Leeton Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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\$ '000

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

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

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

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

Accordingly, the "authorised for issue" date is 16/09/15.

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

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

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

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

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

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

#### Note 24. Discontinued Operations

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

#### Note 25. Intangible Assets

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

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

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

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

# Leeton Shire Council

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

### Note 27. Fair Value Measurement

\$ '000

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

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

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

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			
2015		Level 1	Level 2	Level 3	Total
	Date	Quoted	Significant	Significant	
	of latest	prices in	observable	unobservable	
	Valuation	active mkts	inputs	inputs	
Recurring Fair Value Measurements					
Financial Liabilities					
Loans / Advances	30/06/15	-	2,787	-	2,787
Total Financial Liabilities		-	2,787	-	2,787
Infrastructure, Property, Plant & Equipment					
Plant & equipment	30/06/15	-	-	3,929	3,929
Office Furniture	30/06/15	-	-	147	147
Furniture & Fittings	30/06/15	-	-	80	80
Operational Land	30/06/13	-	2,681	-	2,681
Community Land	30/06/11	-	-	6,581	6,581
Land Improvements	30/06/11	-	-	962	962
Buildings - Specialised	30/06/13	-	-	28,965	28,965
Buildings - Non Specialised	30/06/13	-	248	-	248
Other Structures	30/06/13	-	-	1,015	1,015
Roads	01/07/13	-	-	71,857	71,857
Bridges	01/07/13	-	-	1,116	1,116
Footpaths	01/07/13	-	-	4,892	4,892
Bulk Earthworks	01/07/13	-	-	12,793	12,793
Stormwater Drainage	01/07/13	-	-	9,432	9,432
Water Supply Network	30/06/15	-	-	34,951	34,951
Sewerage Network	30/06/15	-	-	25,487	25,487
Swimming Pools	30/06/13	-	-	865	865
Other Open Space/Recreational Assets	30/06/13	-	-	3,369	3,369
Library Books	30/06/11	-	-	7	7
Other Assets	30/06/11	-	-	10	10
Water Licences	30/06/14	1,750	-	-	1,750
Waste Management Infrastructure	30/06/11	-	-	536	536
Total Infrastructure, Property, Plant & Equipment		1,750	2,929	206,994	211,673

## Leeton Shire Council

# Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

\$ '000

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

2014	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Liabilities					
Loans / Advances	30/06/14	-	1,024	-	1,024
Total Financial Liabilities		-	1,024	-	1,024
Infrastructure, Property, Plant & Equipment					
Plant & equipment	30/06/14	-	-	4,061	4,061
Office Furniture	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	204,454	211,232

### (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 2015

## Note 27. Fair Value Measurement

---

### (3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

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

The 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 could 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.

**The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:**

#### Financial Assets

Nil

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#### Financial Liabilities

The loan liability is the value of the outstanding loan.

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## Leeton Shire Council

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

## Note 27. Fair Value Measurement

---

### Infrastructure, Property, Plant & Equipment

#### Plant & Equipment

Council's Plant and equipment incorporates

- Major plants- Graders, Loaders, Rollers, Trucks , tractors, street sweepers
- Fleet Vehicles- Cars, Utes etc.
- Minor Plant – Pumps, Chainsaws, brush cutters, mowers, concrete mixers, movie projectors.

Council fair values plant and equipment using level 3 inputs. The observable Level 3 inputs used

- Quoted price for similar assets
- Purchase price
- Useful life of asset
- Current replacement Cost

The 'Cost Approach' is used to value Plant & Equipment

#### Furniture & Fittings

Council's Furniture & Fittings incorporates

- Furniture and fittings- Desks, Chairs, Display Systems

Council fair values furniture fittings using level 3 inputs. The observable Level 3 inputs used include:

- Quoted prices for similar assets
- Current replacement cost
- Purchase prices
- Useful life on asset

The 'Cost Approach' is used to value Furniture & Fittings.

## Leeton Shire Council

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

#### Note 27. Fair Value Measurement

---

##### Property, Office Equipment

Council's Office Equipment incorporates:

- Office Equipment: PABX, Projectors, fridges etc.

Council fair values office equipment using level 3 inputs. The observable Level 3 inputs used include:

- Quoted prices for similar assets
- Current replacement cost
- Purchase prices
- Useful life on asset

##### Library Books

Council's Library Books incorporates

- Books
- Publication
- Reference Materials
- CD's & DVD's

Council fair values library books using level 3 inputs. The observable Level 3 inputs used include:

- Quoted prices for similar assets
- Purchase prices
- Useful life

The 'Cost Approach' is used to value Library Books.

## Leeton Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement

---

### Infrastructure - Roads

The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter and would include any paved makers parking places along side roadside.

Council's Road Asset Data contains detailed dimensions and specification for all Council roads.

Council fair values, road infrastructure using Level 3 inputs at a component level.

The 'Cost Approach' is used to value roads by componentising the assets into significant parts and then rolling up these component values to provide an overall road valuation (for each road segment) within Council's Asset System.

Level of componentisation adopted by Council is in accordance with AASB 116, OLG Circular 09-09 and the Institute of Public Works Engineers International Infrastructure Management Manual (IIMM)

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Components
- Useful life and residual value
- Asset Condition
- Dimensions and Specification
- Remaining Life of Carriageway
- Unit Rates.

There were no changes in valuation technique from prior year.

### Infrastructure - Bridges

A bridge is defined as all structures that convey a road, a footpath or a cycleway across any other physical feature (including waterways and other roads) but do not include culverts.

## Leeton Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement

---

Council Road Asset Data contains detailed dimensions and specification for all Council's bridges.

Council fair values, bridges (non- componentised) using Level 3 inputs.

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Components
- Residual value
- Asset Condition
- Dimensions and Specification
- Unit Rates.

In addition, the value of bridges takes into consideration the various type of structures such as:

- Bridge Deck/ Superstructure
- Bridge Abutments/Foundations
- Bridge rails and hand rails

There were no changes in valuation technique from prior year.

The 'Cost Approach' is used to values bridges.

#### Infrastructure - Footpaths

A footpath is defined as all footways (including those shared with a cycleway) sealed or non-sealed. Council Road Asset Data contains detailed dimensions and specifications for all Council footpaths.

Council fair values, footpaths ( non-componentised) using Level 3 inputs.

The unobservable Level 3 inputs used include:

- Pattern of Consumption

## Leeton Shire Council

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

#### Note 27. Fair Value Measurement

---

- Components
- Residual value
- Asset Condition
- Dimensions and Specification
- Unit Rates.

In additions, the value of footpaths takes into consideration the various type of structure such as:

- Length
- Construction Materials

The 'Cost Approach' is used to value footpaths.

#### Infrastructure - Drainage

Council's Drainage Assets comprises pits, pipes, culverts, open channels, headwalls used to collect and remove stormwater. Council carries fair values drainages assets ( non-componentised) using Level 3 inputs.

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Components
- Residual value
- Asset Condition
- Dimensions and Specification
- Unit Rates.

In addition the value of drainage assets takes into consideration the various type if structure such as

- Pipe Diameter
- Pit Type
- Water Quality Device Type
- Culverts and Headwall constructions Type.

## Leeton Shire Council

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

#### Note 27. Fair Value Measurement

---

The 'Cost Approach' is used to value drainage assets.

##### Property - Operational Land

Council's "Operational" land by definition has no special restriction other than those that may apply to any piece of land.

Council carries fair values operational land by an External Valuer every 5 years (last valuation being 2013)) using Level 2 inputs.

The unobservable Level 2 inputs used include:

- Land Area
- Rate per square Metre
- Planning and Other Restrictions
- Description of Land

The 'Market Approach' is used to value the Operational Land.

##### Property - Community Land

Council's "Community" land (including owned by Council, the Crown and various other Government Agencies that is managed by Council) by definition is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed, dedication under section 94 of the Environment Planning and Assessment Act 1979) This gives rise to the restrictions in the Act, intended to preserve the qualities of the land.

Community Land:

- Cannot be sold
- Cannot be leased, licensed, or any other estate granted over the land for more than 21 years and
- Must have a plan of management for it.

In relation to Community Land the Division of Local Government has reviewed its positions on the use of the Valuer General's Valuations of community land and in association with the Local Government Accounting Advisory Group, the Division has determined that community land may be valued as follows.

- The NSW Valuer General's valuations may be used under revaluation model to represent fair value for the revaluation of community land under clause 31 of AASB 116.

## Leeton Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement

---

Council fair values community land using unbearable Level 3 inputs based on inputs on either the UCV( Unimproved Capital Value) provided by the valuer General or an average unit rate based on the UCV and allocated by Council against those properties where the Valuer General did not provide a UCV.

The 'Cost Approach' is used to value Community land.

##### Land Improvements

Council's Land improvements incorporates

- Sprinkler & Watering Systems
- Cemetery Plinths
- Erosion Control
- Retention Basins

Council carries fair values of land reserves using level 3 inputs.

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Asset Condition
- Dimensions and Specification

The cost approach is used to value the land improvements

##### Property - Buildings (Specialised and non-Specialised)

Council Buildings incorporates Council administration buildings, Libraries, Public Amenities, Sporting Club Houses, Kiosks and Amenities, Depot Buildings and workshops, Halls & Community Centres, Rural Fire Service Buildings and Council Caravan Park.

Council carries fair values building using level 3 inputs. Valuations are generally carried out by an external Valuer, Scott Fullerton using the cost approach. This approach estimates the replacement cost for each building by componentising the building (for complex structures) into significant parts with different useful life and taking in to account a range of factors. Buildings are physically inspected and unit although rates based on square meters could be supported from the market evidence, extensive

## Leeton Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement

---

professional judgement, and condition and consumption rates etc. impact significantly on the final value determination of fair value. As such these assets are classified as having being valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- Consumption rate
- Future Economic Benefits
- Condition
- Useful Life of an asset

The 'Cost Approach' is used to value specialised buildings

#### **Other Structures, Swimming Pools, Open Space & Recreation:**

Council's other structures incorporates the following types of assets;

- Significant single assets such as swimming pools, playgrounds, floodlighting system, tennis courts, tennis shelters, grandstands etc. and
- Aggregated lower value assets such as recreational / park infrastructures (picnic tables, seats, bollards, fences BBQs etc.)

Council carries fair value of other structures assets (non-componentised) using Level 3 inputs. Such valuations are under taken by Council Staff or by an external valuer depending on the structure.

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Residual Value
- Asset Condition
- Components
- Dimensions and specifications
- Unit Rates.

The 'Cost Approach' is used to value other structures

## Leeton Shire Council

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

#### Note 27. Fair Value Measurement

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##### **Waste Infrastructure:**

Council's Waste Infrastructure Assets comprises internal roads within the landfill site.

Council carries fair values of land reserves using level 3 inputs.

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Asset Condition
- Dimensions and Specification
- Residual value
- Useful life

The Cost Approach is used to value water infrastructure.

##### **Water Supply Network**

Council's Water Supply Network incorporates:

- Water Lines
- Water Meters
- Pumping Stations
- Reservoirs
- Filtration Plant
- Telemetry System

Council carries fair value of water supply assets using Level 3 inputs. Such valuations are under taken by Council Staff using the NSW Office Of Water Reference Rates Manual.

## Leeton Shire Council

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

#### Note 27. Fair Value Measurement

---

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Residual Value
- Asset Condition
- Components
- Dimensions and specifications
- Unit Rates.

The “Cost Approach” is used to value the water supply network.

#### **Sewerage Network**

Council’s Sewerage Network incorporates:

- Sewer Lines
- Pump Stations
- Vent Stacks
- Sewer Treatment Plant
- Telemetry System

Council carries fair value of water supply assets using Level 3 inputs. Such valuations are under taken by Council Staff using the NSW Office of Water Reference Rates Manual.

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Residual Value
- Asset Condition
- Components
- Dimensions and specifications
- Unit Rates.

The “Cost Approach” is used to value the sewerage network.

## Leeton Shire Council

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

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

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\$ '000

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#### (4). Fair value measurements using significant unobservable inputs (Level 3)

a. The following tables present the changes in Level 3 Fair Value Asset Classes.

	Total
<b>Opening Balance - 1/7/13</b>	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
<b>Closing Balance - 30/6/14</b>	<b><u>205,025</u></b>
Transfers from/(to) another asset class	(97)
Purchases (GBV)	9,090
Disposals (WDV)	(1,256)
Depreciation & Impairment	(6,643)
FV Gains - Other Comprehensive Income	884
<b>Closing Balance - 30/6/15</b>	<b><u>207,003</u></b>

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

There have been no transfers into or out of Level 3 Valuation hierarchy.

#### (5). Highest and best use

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

## Leeton Shire Council

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

#### Note 28. Council Information & Contact Details

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

**Email:** [council@leeton.nsw.gov.au](mailto:council@leeton.nsw.gov.au)

**Officers**
**GENERAL MANAGER**

Jacqueline Kruger

**RESPONSIBLE ACCOUNTING OFFICER**

Duncan McWhirter

**PUBLIC OFFICER**

Duncan McWhirter

**AUDITORS**

Crowe Horwath Albury  
491 Smollett Street  
Albury NSW 2640

**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

**Other Information**

**ABN:** 59 217 957 665

## **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 2015 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 auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 present 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 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 16th day of September 2015.

# Report on the Conduct of the Audit

Leeton Shire Council

Year Ended 30 June 2015

# Contents

1	Report on the Conduct of the Audit .....	3
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4	Performance Indicators .....	7
5	Specific Balance Sheet Items.....	9
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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 2015, in accordance with Section 415 of the Local Government Act, 1993. Our audit opinion under Section 417(2) has been issued to Council and this report on the conduct of the audit should be read in conjunction with the audit opinion.

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 (3) 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 disclosures 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.

Our engagement is summarised as:

Nature of Engagement	Opinion	Basis of Preparation
General purpose financial statements	Unqualified	Going concern Not for Profit entity
Special purpose financial statements	Emphasis of matter regarding basis of preparation	National Competition Policy requirements by area of business activity
Special Schedule 7	Agreed upon procedures	Report of factual findings to Council and OLG.
Special Schedule 9	Emphasis of matter regarding basis of preparation	OLG requirements

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

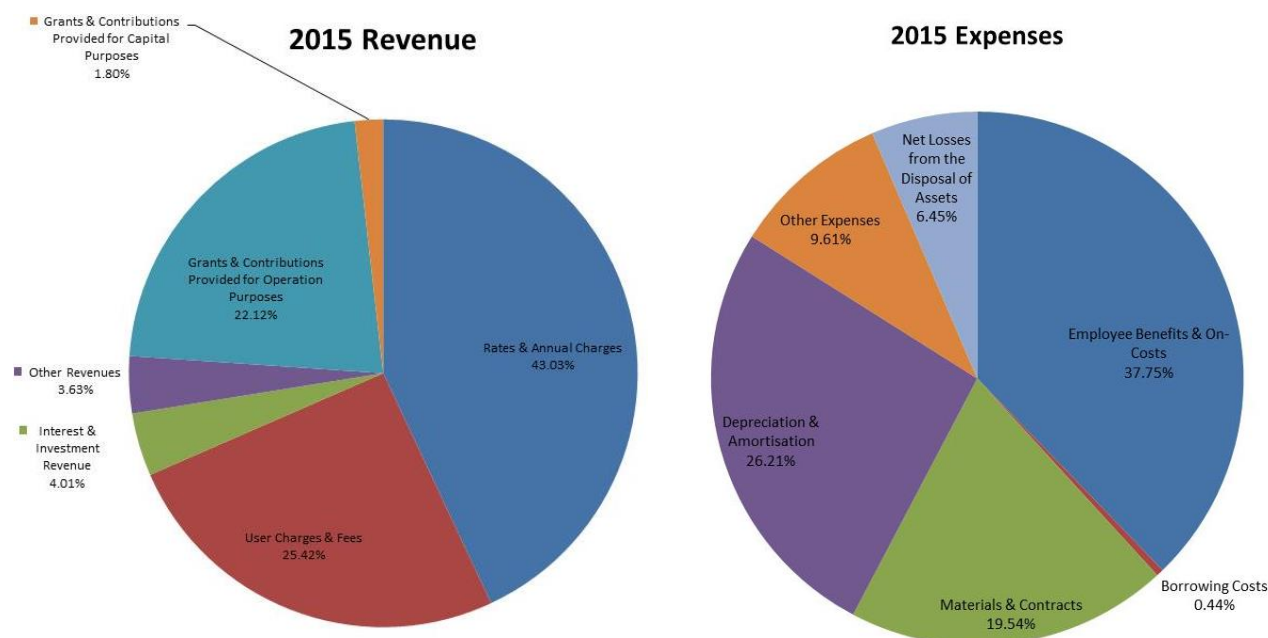
Leeton Shire Council (the 'Council') is a small regional Council in Southern New South Wales, whose affairs are governed by:

- 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 \$797k (2014: \$149k loss) for the year ended 30 June 2015. The net operating result for the year before grants and contributions provided for capital purposes is \$1,252k (2014: \$1,310k loss).

A breakdown of Council's revenues and expenses for the year are as follows:



Significant income and expense items in the current year were:

	2015 \$'000	2014 \$'000	2013 \$'000
Rates and annual charges	10,891	10,594	10,182
User charges and fees	6,434	5,946	6,045
Grants and contributions - operating	5,599	3,427	5,551
Grants and contributions - capital	455	1,161	3,340
Employee costs	9,602	9,218	8,589
Materials and contracts	4,971	4,862	4,987
Depreciation and amortisation	6,667	6,714	8,642

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 (2.3% in 2014/2015). Grants and contributions have increased during the period due to an additional \$1.4m of general financial assistance grants and \$500k of road grants received by Council.

Employee costs have risen due to a 2.6% wage increase for the year. Depreciation is consistent with the expense noted in FY14.

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.

	2015 \$'000	2014 \$'000	2013 \$'000
Cash and Liquid Investments	28,541	26,485	28,012
External Restrictions - included in liabilities	(259)	(418)	(989)
- not included in liabilities	(16,102)	(17,187)	(16,079)
Internal Restrictions - included in liabilities	(1,974)	(1,926)	(1,829)
- not included in liabilities	(9,339)	(6,520)	(8,176)
<b>Unrestricted Cash and Investments</b>	<b>867</b>	<b>434</b>	<b>939</b>
Other Net Current Assets / (Liabilities) excluding anticipated LSL Provision & restrictions included in liabilities	425	1,432	831
<b>Unrestricted Working Capital</b>	<b>1,292</b>	<b>1,866</b>	<b>1,770</b>

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 after consideration of both internal and external restrictions of Council.

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. Sections 4.1 to 4.6 contemplate Councils performance on a consolidated basis. Section 4.7 shows Councils performance against the same ratios on a fund basis.

### 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 improved this year due to the Financial Assistance Grant being fully paid in the normal cycle in 2014/2015. Council also received additional income for interest on investments, fees and other revenue.

### 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. A Council has improved financial flexibility with a higher level of own source revenue.

This ratio has decreased in 2015 purely because of the timing of receipt of the Financial Assistance Grant but remains a healthy margin above the benchmark 60% as outlined in Code number 23.

### 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. Unrestricted current ratio is calculated by current assets less all external restrictions divided by current liabilities less specific purpose liabilities.

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 benchmark 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 22.47 times (2014: 34.41 times) Council's operating cash is available to service Council debts. 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 debt recovery efforts.

The outstanding rates % has reduced by a further 1% and is significantly below the benchmark for rural councils which is a reflection of the strong debt collection procedures in place at Council.

#### 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 of Council.

#### 4.7 Performance Indicators by Fund

The following performance indicators are shown on a fund basis as at 30 June 2015. The below allows analysis of how Council performs at a funds level and would indicate the result of Council's general operations excluding its water and sewer operations.

Indicators	Water	Sewer	General
Operating performance ratio	1.71%	(3.86)%	5.84%
Own source operating revenue	97.17%	97.76%	69.04%
Unrestricted current ratio	205.46 x	430.60 x	4.58 x
Debt service cover ratio	11.21 x	661.00 x	24.87 x
Rates, Annual Charges, Interest and extra charges outstanding %	3.45%	1.49%	3.63%
Cash expense cover ratio	34.69 mths	44.77 mths	13.00 mths

## 5 Specific Balance Sheet Items

### 5.1 Receivables

Total current receivables at 30 June 2015, net of allowance for impairment was \$1,718k (2014: \$2,068k).

This balance consists of user charges and fees of \$538k (2014: \$597k) and rates and annual charges of \$340k (2014: \$419k). 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 2015 was \$58k (2014: \$16k). 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 \$9,094k (2014: \$8,031k) on items of an infrastructure, property, plant or equipment nature. The primary areas of capital expenditure were as follows:

	2015 \$'000	2014 \$'000	2013 \$'000
Land & improvements	72	195	235
Buildings	1,885	285	72
Plant and equipment	841	1,965	1,043
Roads, bridges and footpaths	3,351	3,170	2,876
Stormwater drainage	303	77	242
Water supply network	1,037	544	347
Sewerage network	1,456	1,090	661
Other	149	705	218
	<u>9,094</u>	<u>8,031</u>	<u>5,694</u>

### 5.3 Fair Value of Infrastructure, Property, Plant and Equipment

In 2011 the Council should have completed the progressive revaluation of all property, plant and equipment to fair value where all assets are revalued on a 5 year cycle. The Office of Local Government minimum requirements timetable is as follows:

2011: Community land, land improvements, other structures and other assets;

2012: Water and sewer networks;

2013: Operational land and buildings;

2014: Land under roads (if applicable); and

2015: Roads, bridges, footpaths, drainage and bulk earthworks.

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 the above OLG cycle.

Further, we report that in accordance with the requirements of the code of Accounting Practice, Council's water and sewage assets were indexed upward in accordance with the latest indices provided by the NSW Office of Water.

As at June 2015 all Council's infrastructure, property, plant and equipment is held at fair value with the exception of capital WIP which is held at cost.

During the 2015 financial year, accounting standard setters clarified their stance on the definition of residual value as it applies to infrastructure assets. The standard setters articulated that a residual value is the amount that would be obtained from the disposal of an asset as opposed to the re use or recycling of materials as was the previous approach adopted by Councils. This clarification has required that Councils view their road infrastructure assets from a componentisation perspective and reflect parts of the road asset with different useful lives. Council have performed supporting calculations to demonstrate that the depreciation outcome applicable would not be materially different under either approach.

### 5.4 Borrowings

Borrowings have increased by \$1,763k from the prior year's balance of \$1,024k. There has been \$2m of new loans taken out this year. Both loans were eligible for the interest subsidy under the Local Infrastructure Renewal Scheme (LIRS).

### 5.5 Inventories

An independent valuation of real estate assets was performed in November 2014. Of the \$2,129k inventory assets at 30 June 2015, \$1,750k relates to Vance Estate 2. The revaluation noted that the balance was fairly stated.

## 5.6 New Standards and Interpretations Not Yet Adopted

Certain new accounting standards have been published that are not mandatory for the 30 June 2015 reporting period as follows:

- AASB 9 *Financial Instruments* and associated amending standards, effective 1 January 2018.
- AASB 15 *Revenue from Contracts with Customers*, effective 1 January 2018,
- AASB 2014-3 Amendments to Australian Accounting Standards – *Accounting for Acquisitions of Interests in Joint Operations (AASB1 and AASB11) and AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, effective 1 January 2018.
- AASB 2015-2 Presentation of Financial Statements (amendments to AASB101), effective 1 January 2016.

Council is of the view that these standards not yet effective 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 Management Letter

A separate report is issued to Council's management which covers in further detail the audit and accounting issues identified during our audit process.

### 6.2 Independence

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

### 6.3 Assistance Provided

We recognise and appreciate the General Manager and staff of Council for their cooperation and courtesy extended to us during the course of the audit.

### 6.4 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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# Leeton Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

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**“Preserving the Past, Enhancing the Future”**



# Leeton Shire Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2015

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<b>1. Statement by Councillors &amp; Management</b>	<b>2</b>
<b>2. Special Purpose Financial Statements:</b>	
Income Statement - Water Supply Business Activity	3
Income Statement - Sewerage Business Activity	4
Income Statement - Other Business Activities	n/a
Statement of Financial Position - Water Supply Business Activity	5
Statement of Financial Position - Sewerage Business Activity	6
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 2015

## Statement by Councillors and Management

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

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

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

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

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

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

**Signed in accordance with a resolution of Council made on 26 August 2015.**



Cr Paul Maytom  
MAYOR



Cr George Weston  
COUNCILLOR



Jacqueline Kruger  
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 2015

\$ '000	Actual 2015	Actual 2014
<b>Income from continuing operations</b>		
Access charges	1,186	1,152
User charges	2,312	2,190
Fees	43	36
Interest	260	272
Grants and contributions provided for non capital purposes	38	38
Profit from the sale of assets	-	-
Other income	16	7
<b>Total income from continuing operations</b>	<b>3,855</b>	<b>3,695</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,071	930
Borrowing costs	4	7
Materials and contracts	1,114	1,184
Depreciation and impairment	1,140	1,147
Water purchase charges	167	176
Loss on sale of assets	-	11
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	323	309
<b>Total expenses from continuing operations</b>	<b>3,819</b>	<b>3,764</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>36</b>	<b>(69)</b>
Grants and contributions provided for capital purposes	73	51
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>109</b>	<b>(18)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>109</b>	<b>(18)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(11)	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>98</b>	<b>(18)</b>
plus Opening Retained Profits	18,742	18,760
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	11	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>18,851</b>	<b>18,742</b>
<b>Return on Capital %</b>	<b>0.1%</b>	<b>-0.2%</b>
<b>Subsidy from Council</b>	<b>1,028</b>	<b>1,306</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	98	(18)
less: Capital grants and contributions (excluding developer contributions)	(64)	(25)
<b>Surplus for dividend calculation purposes</b>	<b>34</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>17</b>	<b>-</b>

## Leeton Shire Council

# Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
<b>Income from continuing operations</b>		
Access charges	1,872	1,823
User charges	9	-
Liquid Trade Waste charges	194	186
Fees	1	1
Interest	232	285
Grants and contributions provided for non capital purposes	31	31
Profit from the sale of assets	-	-
Other income	1	6
<b>Total income from continuing operations</b>	<b>2,340</b>	<b>2,332</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	605	506
Borrowing costs	-	-
Materials and contracts	813	835
Depreciation and impairment	752	734
Loss on sale of assets	-	14
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	280	259
<b>Total expenses from continuing operations</b>	<b>2,450</b>	<b>2,348</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(110)</b>	<b>(16)</b>
Grants and contributions provided for capital purposes	22	17
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(88)</b>	<b>1</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(88)</b>	<b>1</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(88)</b>	<b>1</b>
plus Opening Retained Profits	18,178	18,177
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	-	-
<b>Closing Retained Profits</b>	<b>18,090</b>	<b>18,178</b>
<b>Return on Capital %</b>	<b>-0.4%</b>	<b>-0.1%</b>
<b>Subsidy from Council</b>	<b>885</b>	<b>889</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(88)	1
less: Capital grants and contributions (excluding developer contributions)	(19)	(12)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

## Leeton Shire Council

Statement of Financial Position - Council's Water Supply Business Activity  
as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	780	660
Investments	6,993	7,188
Receivables	252	329
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>8,025</b>	<b>8,177</b>
<b>Non-Current Assets</b>		
Investments	272	-
Receivables	10	6
Inventories	-	-
Infrastructure, property, plant and equipment	35,368	34,953
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>35,650</b>	<b>34,959</b>
<b>TOTAL ASSETS</b>	<b>43,675</b>	<b>43,136</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	37	21
Interest bearing liabilities	2	104
Provisions	-	-
<b>Total Current Liabilities</b>	<b>39</b>	<b>125</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	2
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>2</b>
<b>TOTAL LIABILITIES</b>	<b>39</b>	<b>127</b>
<b>NET ASSETS</b>	<b>43,636</b>	<b>43,009</b>
<b>EQUITY</b>		
Retained earnings	18,851	18,742
Revaluation reserves	24,785	24,267
Council equity interest	43,636	43,009
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>43,636</b>	<b>43,009</b>

## Leeton Shire Council

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

as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	595	592
Investments	5,528	6,458
Receivables	186	269
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>6,309</b>	<b>7,319</b>
<b>Non-Current Assets</b>		
Investments	215	-
Receivables	290	374
Inventories	-	-
Infrastructure, property, plant and equipment	25,676	24,521
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>26,181</b>	<b>24,895</b>
<b>TOTAL ASSETS</b>	<b>32,490</b>	<b>32,214</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	15	15
Interest bearing liabilities	-	1
Provisions	-	-
<b>Total Current Liabilities</b>	<b>15</b>	<b>16</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>15</b>	<b>16</b>
<b>NET ASSETS</b>	<b>32,475</b>	<b>32,198</b>
<b>EQUITY</b>		
Retained earnings	18,090	18,178
Revaluation reserves	14,385	14,020
Council equity interest	32,475	32,198
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>32,475</b>	<b>32,198</b>

## Leeton Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2015

#### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
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2	Water Supply Business Best Practice Management disclosure requirements	11
3	Sewerage Business Best Practice Management disclosure requirements	13

## Leeton Shire Council

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

#### Note 1. Significant Accounting Policies

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

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

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

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

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

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

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

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

#### National Competition Policy

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

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

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

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

#### Declared Business Activities

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

##### Category 1

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

##### 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 2015

#### 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 **\$432,000** of combined land values attracts **0%**. From \$432,001 to \$2,641,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,641,000, 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 2015

#### 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 3.02% at 30/6/15.

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 2015 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, 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 2015

### Note 2. Water Supply Business Best Practice Management disclosure requirements

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

2015

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

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

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	13,299
(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]	17,100
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	132,990
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	281,300

2015 Surplus	34,200	2014 Surplus	(43,000)	2013 Surplus	290,100
		2014 Dividend	-	2013 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	17,100
(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 2015

### Note 2. Water Supply Business Best Practice Management disclosure requirements (continued)

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

2015

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

<b>NWI F1</b>	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	3,677
<b>NWI F4</b>	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)]	%	65.78%
<b>NWI F9</b>	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	34,951
<b>NWI F11</b>	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	2,407
<b>NWI F14</b>	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	1,037
<b>NWI F17</b>	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)]	%	0.37%
<b>NWI F26</b>	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 2015

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

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

2015

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

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

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	10,584
(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)	105,840
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	(138,000)

2015 Surplus	(107,000)	2014 Surplus	(11,000)	2013 Surplus	(20,000)
		2014 Dividend	-	2013 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 2015

## Note 3. Sewerage Business

### Best Practice Management disclosure requirements (continued)

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

2015

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

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	2,138
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	25,487
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	1,552
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	1,543
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)]	%	-0.65%
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	5,815
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.19%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	2,580
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)]	%	-0.06%
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 2015

## Note 3. Sewerage Business

### Best Practice Management disclosure requirements (continued)

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

2015

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

<b>NWI F22</b>	Net Debt to Equity (Water & Sewerage)	%	-18.89%
	Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]		
<b>NWI F23</b>	Interest Cover (Water & Sewerage)		-
	Earnings before Interest & Tax (EBIT) divided by Net Interest		
	Earnings before Interest & Tax (EBIT):		36
	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:		471
	Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		
<b>NWI F24</b>	Net Profit After Tax (Water & Sewerage)	\$'000	21
	Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))		
<b>NWI F25</b>	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 2015, 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", Office 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 Office 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 2015 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 Office 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 16th day of September 2015.

# Leeton Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2015

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**“Preserving the Past, Enhancing the Future”**



# Leeton Shire Council

## Special Schedules

for the financial year ended 30 June 2015

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<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 9).

#### Background

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

## Leeton Shire Council

# Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	<b>204</b>	-	-	<b>(204)</b>
<b>Administration</b>	<b>3,469</b>	<b>345</b>	<b>2</b>	<b>(3,122)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	252	106	-	<b>(146)</b>
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	263	51	-	<b>(212)</b>
Other	6	4	-	<b>(2)</b>
<b>Total Public Order &amp; Safety</b>	<b>521</b>	<b>161</b>	-	<b>(360)</b>
<b>Health</b>	<b>343</b>	<b>14</b>	-	<b>(329)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	199	39	-	<b>(160)</b>
Other Environmental Protection	2	-	-	<b>(2)</b>
Solid Waste Management	1,695	2,222	-	<b>527</b>
Street Cleaning	199	-	-	<b>(199)</b>
Drainage	-	-	-	-
Stormwater Management	293	174	2	<b>(117)</b>
<b>Total Environment</b>	<b>2,388</b>	<b>2,435</b>	<b>2</b>	<b>49</b>
<b>Community Services and Education</b>				
Administration & Education	183	4	-	<b>(179)</b>
Social Protection (Welfare)	116	145	-	<b>29</b>
Aged Persons and Disabled	247	182	-	<b>(65)</b>
Children's Services	1,464	1,464	-	-
<b>Total Community Services &amp; Education</b>	<b>2,010</b>	<b>1,795</b>	-	<b>(215)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	149	146	-	<b>(3)</b>
Public Conveniences	101	-	-	<b>(101)</b>
Street Lighting	284	55	-	<b>(229)</b>
Town Planning	148	149	-	<b>1</b>
Other Community Amenities	96	29	-	<b>(67)</b>
<b>Total Housing and Community Amenities</b>	<b>778</b>	<b>379</b>	-	<b>(399)</b>
<b>Water Supplies</b>	<b>3,819</b>	<b>3,855</b>	<b>73</b>	<b>109</b>
<b>Sewerage Services</b>	<b>2,450</b>	<b>2,340</b>	<b>22</b>	<b>(88)</b>

## Leeton Shire Council

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

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	537	69	-	(468)
Museums	51	-	-	(51)
Art Galleries	-	-	-	-
Community Centres and Halls	76	-	-	(76)
Performing Arts Venues	375	117	-	(258)
Other Performing Arts	-	-	-	-
Other Cultural Services	23	8	-	(15)
Sporting Grounds and Venues	1,169	390	36	(743)
Swimming Pools	450	150	-	(300)
Parks & Gardens (Lakes)	1,297	34	3	(1,260)
Other Sport and Recreation	-	-	-	-
<b>Total Recreation and Culture</b>	<b>3,978</b>	<b>768</b>	<b>39</b>	<b>(3,171)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	8	61	-	53
Other Mining, Manufacturing & Construction	1	324	-	323
<b>Total Mining, Manufacturing and Const.</b>	<b>9</b>	<b>385</b>	<b>-</b>	<b>376</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	1,377	493	93	(791)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	1,678	-	-	(1,678)
Sealed Rural Roads (SRR) - Regional	283	225	102	44
Unsealed Rural Roads (URR) - Local	1,144	-	-	(1,144)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	7	-	1	(6)
Bridges on SRR - Local	8	-	-	(8)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	25	-	-	(25)
Footpaths	91	-	120	29
Aerodromes	61	-	-	(61)
Other Transport & Communication	179	82	1	(96)
<b>Total Transport and Communication</b>	<b>4,853</b>	<b>800</b>	<b>317</b>	<b>(3,736)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	49	14	-	(35)
Other Economic Affairs	1,239	913	-	(326)
<b>Total Economic Affairs</b>	<b>1,288</b>	<b>927</b>	<b>-</b>	<b>(361)</b>
<b>Totals – Functions</b>	<b>26,110</b>	<b>14,204</b>	<b>455</b>	<b>(11,451)</b>
<b>General Purpose Revenues <sup>(2)</sup></b>		<b>10,654</b>		<b>10,654</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	-		-
<b>NET OPERATING RESULT <sup>(1)</sup></b>	<b>26,110</b>	<b>24,858</b>	<b>455</b>	<b>(797)</b>

(1) As reported in the Income Statement

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

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

for the financial year ended 30 June 2015

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	100	-	100	-	-	100	-	3	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	92	832	924	2,000	-	137	-	109	269	2,518	2,787
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	<b>192</b>	<b>832</b>	<b>1,024</b>	<b>2,000</b>	<b>-</b>	<b>237</b>	<b>-</b>	<b>112</b>	<b>269</b>	<b>2,518</b>	<b>2,787</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>192</b>	<b>832</b>	<b>1,024</b>	<b>2,000</b>	<b>-</b>	<b>237</b>	<b>-</b>	<b>112</b>	<b>269</b>	<b>2,518</b>	<b>2,787</b>

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 2015

\$'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	374
Water			
Sewer			
Domestic Waste Management			
Gas			
Other			
<b>Totals</b>	<b>700</b>	<b>94</b>	<b>374</b>

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	10	30/12/19	3.50%	700	94	374
Recreational Improvement									
<b>Totals</b>							<b>700</b>	<b>94</b>	<b>374</b>

## 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 2015

\$'000	Actuals 2015	Actuals 2014
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	302	278
b. Engineering and Supervision	275	271
<b>2. Operation and Maintenance expenses</b>		
<b>- Dams &amp; Weirs</b>		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
<b>- Mains</b>		
c. Operation expenses	-	-
d. Maintenance expenses	691	789
<b>- Reservoirs</b>		
e. Operation expenses	-	-
f. Maintenance expenses	2	13
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	-	-
h. Energy costs	202	197
i. Maintenance expenses	22	26
<b>- Treatment</b>		
j. Operation expenses (excluding chemical costs)	360	284
k. Chemical costs	140	120
l. Maintenance expenses	174	306
<b>- Other</b>		
m. Operation expenses	-	-
n. Maintenance expenses	72	12
o. Purchase of water	167	176
<b>3. Depreciation expenses</b>		
a. System assets	1,132	1,136
b. Plant and equipment	8	11
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	4	7
b. Revaluation Decrements	-	-
c. Other expenses	268	127
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>3,819</b>	<b>3,753</b>

## 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 2015

\$'000	Actuals 2015	Actuals 2014
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	902	874
b. Usage charges	1,734	1,642
<b>7. Non-residential charges</b>		
a. Access (including rates)	284	278
b. Usage charges	578	548
<b>8. Extra charges</b>	9	9
<b>9. Interest income</b>	251	263
<b>10. Other income</b>	59	43
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	-	-
<b>11. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	38	38
c. Other grants	-	-
<b>12. Contributions</b>		
a. Developer charges	9	26
b. Developer provided assets	-	-
c. Other contributions	64	25
<b>13. Total income</b>	<b>3,928</b>	<b>3,746</b>
<b>14. Gain (or loss) on disposal of assets</b>	-	(11)
<b>15. Operating Result</b>	<b>109</b>	<b>(18)</b>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	109	(18)

## 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 2015

\$'000	Actuals 2015	Actuals 2014
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	142	94
b. New Assets for Growth	-	-
c. Renewals	895	450
d. Plant and equipment	-	2
<b>17. Repayment of debt</b>		
a. Loans	104	7
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<b>1,141</b>	<b>553</b>

## Non-operating funds employed

<b>20. Proceeds from disposal of assets</b>	-	-
<b>21. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>22. Transfer from sinking fund</b>	-	-
<b>23. Totals</b>	<b>-</b>	<b>-</b>

## C Rates and charges

<b>24. Number of assessments</b>		
a. Residential (occupied)	3,858	3,796
b. Residential (unoccupied, ie. vacant lot)	-	-
c. Non-residential (occupied)	575	570
d. Non-residential (unoccupied, ie. vacant lot)	-	-
<b>25. Number of ETs for which developer charges were received</b>	4 ET	10 ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 69,515	\$ 69,005

## Leeton Shire Council

## Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>27. Annual charges</b>			
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 <b>land value</b> from access charges (ie rates)?			
<input type="checkbox"/>			
<b>NB.</b> 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 <b>from</b> residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy <b>to</b> non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy <b>to</b> large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
<b>28. Developer charges</b>			
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" value="-"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>29. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (27b + 27c + 27d + 28b)</b>			<input type="text" value="-"/>
<p>* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.</p> <p>However, disclosure of cross-subsidies is <b>not</b> required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.</p>			

## 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 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	12	-	12
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	7,761	272	8,033
<b>31. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	39	-	39
c. User Charges	202	-	202
d. Other	11	10	21
<b>32. Inventories</b>	-	-	-
<b>33. Property, plant and equipment</b>			
a. System assets	-	34,951	34,951
b. Plant and equipment	-	417	417
<b>34. Other assets</b>	-	-	-
<b>35. Total assets</b>	<b>8,025</b>	<b>35,650</b>	<b>43,675</b>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	-	-	-
<b>37. Creditors</b>	37	-	37
<b>38. Borrowings</b>			
a. Loans	2	-	2
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>40. Total liabilities</b>	<b>39</b>	<b>-</b>	<b>39</b>
<b>41. NET ASSETS COMMITTED</b>	<b>7,986</b>	<b>35,650</b>	<b>43,636</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			18,851
<b>43. Asset revaluation reserve</b>			24,785
<b>44. TOTAL EQUITY</b>			<b>43,636</b>
<b>45. Current replacement cost of system assets</b>			72,457
<b>46. Accumulated current cost depreciation of system assets</b>			(37,506)
<b>47. Written down current cost of system assets</b>			<b>34,951</b>

## 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 2015

\$'000	Actuals 2015	Actuals 2014
<b>A Expenses and Income</b> <b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	272	263
b. Engineering and Supervision	254	248
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	-	-
b. Maintenance expenses	187	179
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	-	-
d. Energy costs	70	64
e. Maintenance expenses	254	208
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	222	208
g. Chemical costs	94	79
h. Energy costs	109	110
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	68	122
<b>- Other</b>		
l. Operation expenses	21	22
m. Maintenance expenses	1	4
<b>3. Depreciation expenses</b>		
a. System assets	720	708
b. Plant and equipment	32	26
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	146	93
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>2,450</b>	<b>2,334</b>

## Leeton Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	1,408	1,368
<b>7. Non-residential charges</b>		
a. Access (including rates)	473	455
b. Usage charges	-	-
<b>8. Trade Waste Charges</b>		
a. Annual Fees	-	-
b. Usage charges	194	186
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	8	10
<b>10. Interest income</b>	224	275
<b>11. Other income</b>	2	7
<b>11a. Aboriginal Communities Water &amp; Sewerage Program</b>	-	-
<b>12. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	31	31
c. Other grants	-	-
<b>13. Contributions</b>		
a. Developer charges	3	5
b. Developer provided assets	-	-
c. Other contributions	19	12
<b>14. Total income</b>	<b>2,362</b>	<b>2,349</b>
<b>15. Gain (or loss) on disposal of assets</b>	-	(14)
<b>16. Operating Result</b>	<b>(88)</b>	<b>1</b>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	(88)	1

## Leeton Shire Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	1	70
b. New Assets for Growth	-	-
c. Renewals	1,455	1,021
d. Plant and equipment	87	13
<b>18. Repayment of debt</b>		
a. Loans	1	3
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>1,544</b>	<b>1,107</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	-
<b>22. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>-</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	3,067	3,013
b. Residential (unoccupied, ie. vacant lot)	-	-
c. Non-residential (occupied)	461	457
d. Non-residential (unoccupied, ie. vacant lot)	-	-
<b>26. Number of ETs for which developer charges were received</b>	1 ET	2 ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 56,861	\$ 56,671

## Leeton Shire Council

# Special Schedule No. 5 - Sewerage Service Cross Subsidies

for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>28. Annual charges</b>			
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 <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy <b>to</b> non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy <b>to</b> trade waste discharges (page 46 of Guidelines)			<input type="text"/>
<b>29. Developer charges</b>			
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.			
<b>30. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (28b + 28c + 29b)</b>			<input type="text" value="-"/>
<p>* Councils which have not yet implemented best practice sewer pricing &amp; liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.</p> <p>However, disclosure of cross-subsidies is <b>not</b> 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 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	6,123	215	6,338
<b>32. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	37	-	37
c. User Charges	40	-	40
d. Other	109	290	399
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	-	25,487	25,487
b. Plant and equipment	-	189	189
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<b>6,309</b>	<b>26,181</b>	<b>32,490</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	15	-	15
<b>39. Borrowings</b>			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>41. Total Liabilities</b>	<b>15</b>	<b>-</b>	<b>15</b>
<b>42. NET ASSETS COMMITTED</b>	<b>6,294</b>	<b>26,181</b>	<b>32,475</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			18,090
<b>44. Asset revaluation reserve</b>			14,385
<b>45. TOTAL EQUITY</b>			<b>32,475</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			56,010
<b>47. Accumulated current cost</b> depreciation of system assets			(30,523)
<b>48. Written down current cost</b> of system assets			<b>25,487</b>

## Leeton Shire Council

### Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2015

#### Administration <sup>(1)</sup>

(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 <sup>(1)</sup>

(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** <sup>(2)</sup> (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** <sup>(2)</sup> (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:

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

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

## Leeton Shire Council

## Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Buildings	Council Offices / Administration Centres	-	38	53	5,369	18%	82%	0%	0%	0%
	Works Depot	48	31	32	1,826	0%	21%	71%	8%	0%
	Public Halls/Theatre	328	23	25	5,445	16%	60%	16%	8%	0%
	Libraries	-	2	4	2,711	100%	0%	0%	0%	0%
	Amenities/Tollets	73	13	15	2,522	51%	9%	22%	18%	0%
	Other Buildings	79	18	19	4,991	16%	14%	65%	5%	0%
	Specialised Buildings	160	35	42	5,591	25%	60%	13%	2%	0%
	Non Specialised Buildings	100	7	7	248	67%	0%	0%	33%	0%
	Museum	314	2	2	510	0%	0%	0%	99%	1%
	<b>sub total</b>	<b>1,102</b>	<b>169</b>	<b>199</b>	<b>29,213</b>	<b>28.1%</b>	<b>42.2%</b>	<b>22.9%</b>	<b>6.8%</b>	<b>0.0%</b>
Other Structures	Other Structures	33	9	11	1,015	44%	28%	24%	4%	0%
	<b>sub total</b>	<b>33</b>	<b>9</b>	<b>11</b>	<b>1,015</b>	<b>44.0%</b>	<b>28.0%</b>	<b>24.0%</b>	<b>4.0%</b>	<b>0.0%</b>
Roads	Sealed Roads Surface	296	188	755	6,346	47%	38%	12%	3%	0%
	Sealed Roads Structure	228	82	3	41,415	57%	37%	5%	1%	0%
	Unsealed Roads	1,448	290	597	8,711	12%	2%	62%	17%	7%
	Bridges	3	10	-	1,116	56%	22%	22%	0%	0%
	Footpaths & Cycleways	14	29	32	4,892	55%	30%	13%	2%	0%
	Kerb and Gutter	286	96	130	12,409	9%	54%	30%	6%	1%
	Other Road Assets	29	118	60	2,976	55%	32%	13%	0%	0%
	<b>sub total</b>	<b>2,304</b>	<b>813</b>	<b>1,577</b>	<b>77,865</b>	<b>43.3%</b>	<b>35.0%</b>	<b>17.0%</b>	<b>3.8%</b>	<b>0.9%</b>

## Leeton Shire Council

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

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Water Supply Network	Dams/Weirs	-	-	-	2,665	0%	39%	61%	0%	0%
	Mains	4,272	677	691	23,043	25%	41%	22%	8%	4%
	Reservoirs	-	2	2	4,526	0%	59%	41%	0%	0%
	Pumping Station/s	-	20	22	2,418	0%	100%	0%	0%	0%
	Treatment	-	422	541	1,987	13%	55%	32%	0%	0%
	Buildings	-	-	-	-	0%	0%	0%	0%	
	Meters	138	36	32	305	23%	24%	37%	12%	4%
	Telemetry	-	-	-	7	0%	100%	0%	0%	0%
	sub total	4,410	1,157	1,288	34,951	17.4%	47.9%	26.6%	5.4%	2.7%
Sewerage Network	Mains	492	161	187	11,925	44%	41%	14%	1%	0%
	Pumping Station/s	-	198	254	3,510	51%	37%	13%	0%	-1%
	Treatment	224	1	1	9,894	0%	78%	22%	0%	0%
	Buildings	-	-	-	-	0%	0%	0%	0%	
	Vent Stacks	163	-	-	148	0%	50%	27%	12%	11%
	Telemetry	-	-	-	10	0%	4%	0%	0%	96%
	sub total	879	360	442	25,487	27.6%	54.9%	17.0%	0.5%	0.0%

## Leeton Shire Council

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

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Stormwater Drainage	Retarding Basins	-	-	-	-	0%	0%	0%	0%	
	Outfalls	-	-	-	-	0%	0%	0%	0%	
	Stormwater Conduits	3	-	-	8,022	14%	77%	9%	0%	0%
	Pump Stations	-	9	12	64	75%	23%	2%	0%	0%
	Inlet and Junction Pits	1	16	23	1,346	62%	35%	4%	0%	-1%
	Head Walls	-	-	-	-	0%	0%	0%	0%	
	<b>sub total</b>	<b>4</b>	<b>25</b>	<b>35</b>	<b>9,432</b>	<b>21.3%</b>	<b>70.6%</b>	<b>8.2%</b>	<b>0.0%</b>	<b>-0.1%</b>
Open Space/ Recreational Assets	Swimming Pools	58	30	30	865			100%		0%
	Other Open Space Assets	-	1,177	1,457	3,369	51%	30%	15%	4%	0%
	Other	-	-	-	-					
	<b>sub total</b>	<b>58</b>	<b>1,207</b>	<b>1,487</b>	<b>4,234</b>	<b>40.6%</b>	<b>23.9%</b>	<b>32.4%</b>	<b>3.2%</b>	<b>0.0%</b>
	<b>TOTAL - ALL ASSETS</b>	<b>8,790</b>	<b>3,740</b>	<b>5,039</b>	<b>182,197</b>	<b>32.5%</b>	<b>43.0%</b>	<b>19.7%</b>	<b>3.9%</b>	<b>0.9%</b>

Refer next page for Notes.

## Leeton Shire Council

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

as at 30 June 2015

**Notes:**

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

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

## Leeton Shire Council

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

for the financial year ended 30 June 2015

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 20142013	
Infrastructure Asset Performance Indicators Consolidated				
1. Building, Infrastructure & Other Structures Renewals Ratio				
Asset Renewals				
(Building, Infrastructure & Other Structures) <sup>(1)</sup>	5,080	87.09%	70.08%	34.07%
Depreciation, Amortisation & Impairment	5,833			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	8,790			
Total value <sup>(2)</sup> of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	183,159	4.80%	16.26%	7.84%
3. Asset Maintenance Ratio				
Actual Asset Maintenance	5,039			
Required Asset Maintenance	3,740	1.35	0.99	0.92
4. Capital Expenditure Ratio				
Annual Capital Expenditure	5,662			
Annual Depreciation	6,667	0.85	1.25	0.94

**Notes**

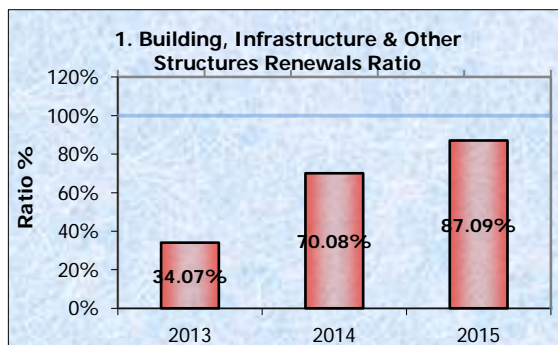
<sup>(1)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other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

<sup>(2)</sup> Written Down Value

## Leeton Shire Council

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

for the financial year ended 30 June 2015



## Purpose of Asset Renewals Ratio

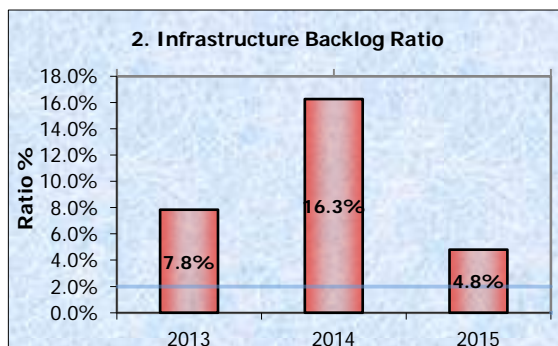
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

**2014/15 Ratio 87.09%**

Benchmark: — Minimum  $\geq 100.00\%$

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

Ratio is within Benchmark  
Ratio is outside Benchmark



## Purpose of Infrastructure Backlog Ratio

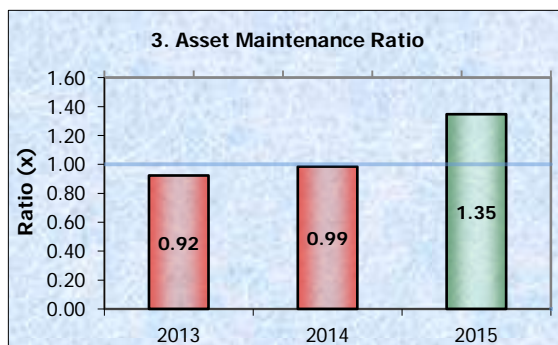
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

**2014/15 Ratio 4.80%**

Benchmark: — Maximum  $< 0.02$

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

Ratio is within Benchmark  
Ratio is outside Benchmark



## Purpose of Asset Maintenance Ratio

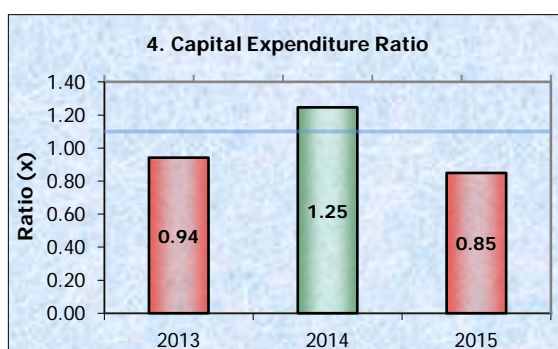
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.

**2014/15 Ratio 1.35 x**

Benchmark: — Minimum  $> 1.00$

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

Ratio is within Benchmark  
Ratio is outside Benchmark



## 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.

**2014/15 Ratio 0.85 x**

Benchmark: — Minimum  $> 1.10$

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

Ratio is within Benchmark  
Ratio is outside Benchmark

# Leeton Shire Council

## Special Schedule No. 7 - Report on Infrastructure Assets (continued) for the financial year ended 30 June 2015

\$ '000	Water 2015	Sewer 2015	General <sup>(1)</sup> 2015
<b>Infrastructure Asset Performance Indicators By Fund</b>			
<b>1. Building, Infrastructure &amp; Other Structures Renewals Ratio</b>			
Asset Renewals			
(Building, Infrastructure & Other Structures) <sup>(2)</sup>	<b>79.06%</b>	<b>202.08%</b>	<b>68.58%</b>
Depreciation, Amortisation & Impairment			
prior period:	39.61%	144.21%	65.54%
<b>2. Infrastructure Backlog Ratio</b>			
Estimated Cost to bring Assets to a Satisfactory Condition			
Total value <sup>(3)</sup> of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	<b>12.62%</b>	<b>3.45%</b>	<b>2.85%</b>
prior period:	24.81%	33.10%	10.54%
<b>3. Asset Maintenance Ratio</b>			
Actual Asset Maintenance			
Required Asset Maintenance	<b>1.11</b>	<b>1.23</b>	<b>1.49</b>
prior period:	0.95	0.95	1.01
<b>4. Capital Expenditure Ratio</b>			
Annual Capital Expenditure			
Annual Depreciation	<b>0.91</b>	<b>2.05</b>	<b>0.65</b>
prior period:	0.48	1.50	1.39

### Notes

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

<sup>(2)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other Structure assets only.

<sup>(3)</sup> Written Down Value

## Leeton Shire Council

## Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2016

\$'000		Calculation 2014/15	Calculation 2015/16
<b>Notional General Income Calculation <sup>(1)</sup></b>			
Last Year Notional General Income Yield	a	6,428	6,598
Plus or minus Adjustments <sup>(2)</sup>	b	21	28
<b>Notional General Income</b>	<b>c = (a + b)</b>	<b>6,449</b>	<b>6,626</b>
<b>Permissible Income Calculation</b>			
Special variation percentage <sup>(3)</sup>	d	0.00%	0.00%
or Rate peg percentage	e	2.30%	2.40%
or Crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	$h = d \times (c - g)$	-	-
or plus Rate peg amount	$i = c \times e$	148	159
or plus Crown land adjustment and rate peg amount	$j = c \times f$	-	-
<b>sub-total</b>	<b>k = (c + g + h + i + j)</b>	<b>6,597</b>	<b>6,785</b>
plus (or minus) last year's Carry Forward Total	l	-	(1)
less Valuation Objections claimed in the previous year	m	-	-
<b>sub-total</b>	<b>n = (l + m)</b>	<b>-</b>	<b>(1)</b>
<b>Total Permissible income</b>	<b>o = k + n</b>	<b>6,597</b>	<b>6,784</b>
less Notional General Income Yield	p	6,598	6,786
<b>Catch-up or (excess) result</b>	<b>q = o - p</b>	<b>(1)</b>	<b>(2)</b>
plus Income lost due to valuation objections claimed <sup>(4)</sup>	r	-	-
less Unused catch-up <sup>(5)</sup>	s	-	-
<b>Carry forward to next year</b>	<b>t = q + r - s</b>	<b>(1)</b>	<b>(2)</b>

### Notes

- The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from councils' Special Schedule 9 in the Financial Data Return (FDR) to administer this process.

## **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 2016.

### *Responsibility of Council for Special Schedule No. 9*

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 23. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditors' Responsibility*

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

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

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

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

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

*Independence*

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

*Audit Opinion*

In our opinion, Special Schedule No. 9 of Leeton Shire Council for 2015/16 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

*Basis of Accounting*

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

  
**CROWE HORWATH AUSWILD**

**BRADLEY D BOHUN**  
Partner

Dated at Albury this 16th day of September 2015.