

# Carrathool Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

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*“To protect and promote quality of life in harmony with  
economic development and environmental sensitivity.”*



# Carrathool Shire Council

## General Purpose Financial Statements

for the financial year ended 30 June 2014

Contents	Page
<b>1. Understanding Council's Financial Statements</b>	2
<b>2. Statement by Councillors &amp; Management</b>	3
<b>3. Primary Financial Statements:</b>	
- Income Statement	4
- Statement of Comprehensive Income	5
- Statement of Financial Position	6
- Statement of Changes in Equity	7
- Statement of Cash Flows	8
<b>4. Notes to the Financial Statements</b>	9
<b>5. Independent Auditor's Reports:</b>	
- On the Financial Statements (Sect 417 [2])	74
- On the Conduct of the Audit (Sect 417 [3])	76

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### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Carrathool Shire Council.
- (ii) Carrathool 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 31 October 2014. Council has the power to amend and reissue these financial statements.
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## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

## 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 2014.

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

### About the Councillor/Management Statement

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

### About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

#### 1. The Income Statement

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

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

#### 2. The Statement of Comprehensive Income

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

#### 3. The Statement of Financial Position

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

#### 4. The Statement of Changes in Equity

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

#### 5. The Statement of Cash Flows

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

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

### About the Notes to the Financial Statements

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

### About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialise 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.

# Carrathool Shire Council

## General Purpose Financial Statements

for the financial year ended 30 June 2014

### Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 21 October 2014.



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PETER LAIRD  
MAYOR



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DARRYL JARDINE  
COUNCILLOR



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KEN CROSKELL  
GENERAL MANAGER



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ROBERT RAYNER  
RESPONSIBLE ACCOUNTING OFFICER

## Carrathool Shire Council

## Income Statement

for the financial year ended 30 June 2014

Budget <sup>1</sup> 2014	\$ '000	Notes	Actual 2014	Actual 2013
<b>Income from Continuing Operations</b>				
<i>Revenue:</i>				
4,098	Rates & Annual Charges	3a	4,200	3,914
3,053	User Charges & Fees	3b	3,595	5,208
306	Interest & Investment Revenue	3c	412	439
225	Other Revenues	3d	423	237
4,692	Grants & Contributions provided for Operating Purposes	3e,f	5,011 <sup>2</sup>	5,748
10,943	Grants & Contributions provided for Capital Purposes	3e,f	5,120	7,825
<i>Other Income:</i>				
157	Net gains from the disposal of assets	5	146	164
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
<b>23,474</b>	<b>Total Income from Continuing Operations</b>		<b>18,907</b>	<b>23,535</b>
<b>Expenses from Continuing Operations</b>				
5,187	Employee Benefits & On-Costs	4a	5,114	4,890
117	Borrowing Costs	4b	117	133
2,426	Materials & Contracts	4c	1,725	2,547
4,130	Depreciation & Amortisation	4d	4,136	5,054
-	Impairment	4d	-	-
1,932	Other Expenses	4e	1,541	1,663
<b>13,792</b>	<b>Total Expenses from Continuing Operations</b>		<b>12,633</b>	<b>14,287</b>
<b>9,682</b>	<b>Operating Result from Continuing Operations</b>		<b>6,274</b>	<b>9,248</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>9,682</b>	<b>Net Operating Result for the Year</b>		<b>6,274</b>	<b>9,248</b>
9,682	Net Operating Result attributable to Council		6,274	9,248
-	Net Operating Result attributable to Non-controlling Interests		-	-
<b>(1,261)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>1,154</b>	<b>1,423</b>

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

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

## Carrathool Shire Council

Statement of Comprehensive Income  
for the financial year ended 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
<b>Net Operating Result for the year</b> (as per Income statement)		<b>6,274</b>	<b>9,248</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)	(38,334)	4,085
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>(38,334)</b>	<b>4,085</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Other Movements in reserves (RFS Assets Written-off)	20b (ii)	(1,441)	-
<b>Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met</b>		<b>(1,441)</b>	<b>-</b>
<b>Total Other Comprehensive Income for the year</b>		<b>(39,775)</b>	<b>4,085</b>
<b>Total Comprehensive Income for the Year</b>		<b>(33,501)</b>	<b>13,333</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>(33,501)</b>	<b>13,333</b>
<b>Total Comprehensive Income attributable to Non-controlling Interests</b>		<b>-</b>	<b>-</b>

## Carrathool Shire Council

## Statement of Financial Position

as at 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	6,705	9,792
Investments	6b	2,731	1,882
Receivables	7	1,352	1,980
Inventories	8	1,348	1,765
Other	8	40	102
Non-current assets classified as "held for sale"	22	-	-
<b>Total Current Assets</b>		<b>12,176</b>	<b>15,521</b>
<b>Non-Current Assets</b>			
Investments	6b	-	-
Receivables	7	21	17
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	159,061	189,737
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Non-current assets classified as "held for sale"	22	-	-
Other	8	-	-
<b>Total Non-Current Assets</b>		<b>159,082</b>	<b>189,754</b>
<b>TOTAL ASSETS</b>		<b>171,258</b>	<b>205,275</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	711	1,369
Borrowings	10	284	279
Provisions	10	2,658	2,483
<b>Total Current Liabilities</b>		<b>3,653</b>	<b>4,131</b>
<b>Non-Current Liabilities</b>			
Payables	10	47	64
Borrowings	10	1,231	1,511
Provisions	10	1,559	1,300
<b>Total Non-Current Liabilities</b>		<b>2,837</b>	<b>2,875</b>
<b>TOTAL LIABILITIES</b>		<b>6,490</b>	<b>7,006</b>
<b>Net Assets</b>		<b>164,768</b>	<b>198,269</b>
<b>EQUITY</b>			
Retained Earnings	20	121,095	116,262
Revaluation Reserves	20	43,673	82,007
<b>Council Equity Interest</b>		<b>164,768</b>	<b>198,269</b>
<b>Non-controlling Interests</b>		<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>164,768</b>	<b>198,269</b>

## Carrathool Shire Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2014</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		116,262	82,007	198,269	-	198,269
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>116,262</b>	<b>82,007</b>	<b>198,269</b>	<b>-</b>	<b>198,269</b>
<b>c. Net Operating Result for the Year</b>		<b>6,274</b>	<b>-</b>	<b>6,274</b>	<b>-</b>	<b>6,274</b>
<b>d. Other Comprehensive Income</b>						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	(38,334)	<b>(38,334)</b>	-	<b>(38,334)</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements (Transfer RFS Plant to RFS)	20a	(1,441)	-	<b>(1,441)</b>	-	<b>(1,441)</b>
<b>Other Comprehensive Income</b>		<b>(1,441)</b>	<b>(38,334)</b>	<b>(39,775)</b>	<b>-</b>	<b>(39,775)</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>4,833</b>	<b>(38,334)</b>	<b>(33,501)</b>	<b>-</b>	<b>(33,501)</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>121,095</b>	<b>43,673</b>	<b>164,768</b>	<b>-</b>	<b>164,768</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2013</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		107,014	77,922	184,936	-	184,936
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/12)</b>		<b>107,014</b>	<b>77,922</b>	<b>184,936</b>	<b>-</b>	<b>184,936</b>
<b>c. Net Operating Result for the Year</b>		<b>9,248</b>	<b>-</b>	<b>9,248</b>	<b>-</b>	<b>9,248</b>
<b>d. Other Comprehensive Income</b>						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	4,085	<b>4,085</b>	-	<b>4,085</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>4,085</b>	<b>4,085</b>	<b>-</b>	<b>4,085</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>9,248</b>	<b>4,085</b>	<b>13,333</b>	<b>-</b>	<b>13,333</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>116,262</b>	<b>82,007</b>	<b>198,269</b>	<b>-</b>	<b>198,269</b>



## Carrathool Shire Council

## Statement of Cash Flows

for the financial year ended 30 June 2014

Budget 2014	\$ '000	Notes	Actual 2014	Actual 2013
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
4,098	Rates & Annual Charges		4,408	3,701
3,503	User Charges & Fees		3,768	5,383
306	Investment & Interest Revenue Received		393	444
15,635	Grants & Contributions		10,298	15,542
225	Other		2,563	27
<b>Payments:</b>				
(5,187)	Employee Benefits & On-Costs		(4,933)	(5,935)
(2,426)	Materials & Contracts		(1,898)	(1,962)
(117)	Borrowing Costs		(120)	(133)
(1,932)	Other		(3,275)	(1,385)
<u>14,105</u>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<u>11,204</u>	<u>15,682</u>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Real Estate Assets		35	-
1,534	Sale of Infrastructure, Property, Plant & Equipment		1,378	1,208
<b>Payments:</b>				
-	Purchase of Investment Securities		(849)	(1,882)
(15,220)	Purchase of Infrastructure, Property, Plant & Equipment		(14,580)	(14,591)
<u>(13,686)</u>	<b>Net Cash provided (or used in) Investing Activities</b>		<u>(14,016)</u>	<u>(15,265)</u>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
100	Proceeds from Borrowings & Advances		-	-
<b>Payments:</b>				
(259)	Repayment of Borrowings & Advances		(275)	(261)
<u>(159)</u>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<u>(275)</u>	<u>(261)</u>
260	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		(3,087)	156
9,792	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	9,792	9,636
<u>10,052</u>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<u>6,705</u>	<u>9,792</u>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	2,731	1,882
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		<u>9,436</u>	<u>11,674</u>

Please refer to Note 11 for additional cash flow information

## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10
2(a)	Council Functions / Activities - Financial Information	27
2(b)	Council Functions / Activities - Component Descriptions	28
3	Income from Continuing Operations	29
4	Expenses from Continuing Operations	34
5	Gains or Losses from the Disposal of Assets	37
6(a)	Cash & Cash Equivalent Assets	38
6(b)	Investments	38
6(c)	Restricted Cash, Cash Equivalents & Investments - Details	39
7	Receivables	41
8	Inventories & Other Assets	42
9(a)	Infrastructure, Property, Plant & Equipment	44
9(b)	Externally Restricted Infrastructure, Property, Plant & Equipment	45
9(c)	Infrastructure, Property, Plant & Equipment - Current Year Impairments	45 n/a
10(a)	Payables, Borrowings & Provisions	46
10(b)	Description of (and movements in) Provisions	47
11	Statement of Cash Flows - Additional Information	48
12	Commitments for Expenditure	49
13	Statement of Performance Measures:	
	13a (i) Local Government Industry Indicators (Consolidated)	50
	13a (ii) Local Government Industry Graphs (Consolidated)	51
	13b Local Government Industry Indicators (by Fund)	53
14	Investment Properties	54 n/a
15	Financial Risk Management	54
16	Material Budget Variations	58
17	Statement of Developer Contributions	60 n/a
18	Contingencies and Other Liabilities/Assets not recognised	60
19	Controlled Entities, Associated Entities & Interests in Joint Ventures	61 n/a
20	Equity - Retained Earnings and Revaluation Reserves	62
21	Financial Result & Financial Position by Fund	63
22	"Held for Sale" Non Current Assets & Disposal Groups	65 n/a
23	Events occurring after the Reporting Date	65 n/a
24	Discontinued Operations	65 n/a
25	Intangible Assets	65 n/a
26	Reinstatement, Rehabilitation & Restoration Liabilities	66
27	Fair Value Measurement	67
<b>Additional Council Disclosures</b>		
28	Financial Review	72
29	Council Information & Contact Details	73

n/a - not applicable

## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

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

##### (a) Basis of preparation

###### (i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

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

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

- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

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

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

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

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

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

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

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

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

## Carrathool Shire Council

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

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

##### (v) Basis of Accounting

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

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

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

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

##### (b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to Council 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 in the event that certain rateable parcels are sold by auction for unpaid rates and the funds received are less than the amount outstanding.

## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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 fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

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

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

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

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

#### Interest and Rents

Rental income is recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified or the payment is received, whichever occurs first.

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

#### Other Income

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

#### (c) Principles of Consolidation

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

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

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

## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

##### (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:

- Carrathool Shire Council General Purpose Fund
- Carrathool Shire Council Combined Water Supply
- Carrathool Shire Council Combined Sewer Funds

Due to their immaterial value and nature, the Council's Hall Committees have been excluded from consolidation.

##### (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 Ventures

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

##### (iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity),

ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the equity method of accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed Associates.

##### (v) County Councils

Council is not a member of any County Councils.

##### (vi) Additional Information

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

##### (d) Leases

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

##### Finance Leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated over the shorter of each leased asset's useful life and the lease term.

## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

##### Operating Leases

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

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

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

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

Cash and cash equivalents includes;

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

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

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

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

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

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

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

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

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

A financial asset is classified in the “held for trading” category if it is acquired principally for the purpose of selling in the short term.

Assets in this category are primarily classified as current assets as they are primarily held for trading &/or are expected to be realised within 12 months of the balance sheet date.

##### (ii) Loans and receivables

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

They arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

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

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

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

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

## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

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

Investments must be designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

##### Financial Assets – Reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

##### 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

**Available-for-sale financial assets** and **financial assets at fair value through profit and loss** are subsequently carried at fair value.

**Loans and receivables** and **held-to-maturity** investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as "**fair value through profit or loss**" category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as "**available-for-sale**" are recognised in equity in the available-for-sale investments revaluation reserve.

When securities classified as "**available-for-sale**" are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

##### Impairment

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

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if



## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

##### (iii) Types of Investments

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

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

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

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations.

##### (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.

## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

##### (i) Inventories

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

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

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

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

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

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

###### Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

###### Acquisition of assets

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

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

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

###### Initial Recognition

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

Where 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.

## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

##### Subsequent costs

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

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

##### Asset Revaluations (including Indexation)

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

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

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

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

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

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

##### Capitalisation Thresholds

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

<b>Land</b>	
- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised

<b>Plant &amp; Equipment</b>	
Office Furniture	> \$1,000
Office Equipment	> \$1,000
Other Plant & Equipment	> \$1,000

<b>Buildings &amp; Land Improvements</b>	
Park Furniture & Equipment	> \$2,000
Building	
- construction/extensions	100% Capitalised
- renovations	> \$5,000
Other Structures	> \$2,000

<b>Water &amp; Sewer Assets</b>	
Reticulation extensions	> \$5,000
Other	> \$5,000

<b>Stormwater Assets</b>	
Drains & Culverts	> \$5,000
Other	> \$5,000

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

##### Depreciation

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

Land is not depreciated.

## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

##### Plant & Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

##### Other Equipment

- Playground equipment	5 to 15 years
- Benches, seats etc	10 to 20 years

##### Buildings

- Buildings; Masonry	50 to 100 years
- Buildings; Other	20 to 40 years

##### Stormwater Drainage

- Drains	70 to 100 years
- Culverts	80 years

##### Transportation Assets

- Sealed Roads; Surface	10 years
- Sealed Roads; Structure	30 years
- Unsealed roads	30 years
- Bridge; Concrete	100 years
- Bridge; Major Culvert, Other	100 years
- Road Pavements	30 years
- Kerb, Gutter & Paths	40 years

##### Water & Sewer Assets

- Dams and reservoirs	80 to 100 years
- Bores	20 to 40 years
- Reticulation pipes : PVC	80 years
- Reticulation pipes : Other	25 to 75 years
- Pumps and telemetry	15 to 20 years

##### Other Infrastructure Assets

- Bulk earthworks	Infinite
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All asset residual values and useful lives are reviewed and adjusted (where appropriate), at each reporting date.

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

##### Disposal and De-recognition

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

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

##### (k) Land

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

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

##### (l) Land under roads

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

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

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

##### (m) Intangible Assets

Council has not classified any assets as Intangible.

##### (n) Crown Reserves

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

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance

## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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.

During the current reporting period acting was taken to write-off Rural Fire Services plant & equipment as Council no longer has deemed control over these assets. However, Council will continue to account for Rural Fire Services buildings within the Council's area as it has been doing in previous years, which is to incorporate the said buildings, their values and depreciation charges within these financial statements.

##### **(p) Investment property**

Council does not currently have any Investment properties.

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

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

Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance.

Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down, Restoration and Remediation costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations.

Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period.

This amortisation of the discount is disclosed as a borrowing cost in Note 4(b).

Other movements in the provisions for Close down, Restoration and Remediation costs including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment.

These costs are then depreciated over the lives of the assets to which they relate.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the income statement.

## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date.

These costs are charged to the income statement.

Movements in the environmental clean up provisions are presented as an operating cost, except for the unwind of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations.

The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates.

As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

Specific Information relating to Council's provisions relating to Close down, Restoration and Remediation costs can be found at Note 26.

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

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either **(i)** their carrying amount and **(ii)** fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property,

Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets "held for sale" are not depreciated or amortised while they are classified as "held for sale".

Non-current assets classified as "held for sale" are presented separately from the other assets in the balance sheet.

A Discontinued Operation is a component of Council that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

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

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

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

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

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

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

##### (t) Payables

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

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

##### (u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

##### (v) Borrowing costs

Borrowing costs are expensed.

##### (w) Provisions

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

- Council has a present legal or constructive obligation as a result of past events;

- it is more likely than not that an outflow of resources will be required to settle the obligation; and

- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

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

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

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

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

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

##### (x) Employee benefits

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

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

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

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

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at

## Carrathool Shire Council

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

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

the rates paid or payable, and accordingly no Liability has been recognised in these reports.

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

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

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

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

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

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

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

##### (iii) Retirement benefit obligations

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

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

##### Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the

reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

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

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

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

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

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

The last valuation of the Scheme was performed by Mr Martin Stevenson (BSc, FIA, FIAA) on 20/02/13 and covers the period ended 30/06/13.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2014 the prior period deficit still exists.

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2014 was \$ 576,895.



## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

The amount of additional contributions included in the total employer contribution advised above is \$ 77,309

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$ 309,236 as at 30 June 2014.

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

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

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

#### Defined Contribution Plans

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

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

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/14.

#### (y) Self insurance

Council does not self insure.

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

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

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

#### Exceptions

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

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

#### (aa) Taxes

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

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

#### Goods & Services Tax (GST)

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

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

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

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

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

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

## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

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

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

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

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

##### **Applicable to Local Government with implications:**

***AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)***

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

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

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

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

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

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

##### **Applicable to Local Government but no implications for Council;**

***AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective for 30 June 2015 Financial Statements)***

There are no changes to reported financial position or performance from AASB 2013 – 3, however additional disclosures may be required.

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

***AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective for 30 June 2015 Financial Statements for not-for-profit entities)***

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

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

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

## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

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

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2015.

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

None

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

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

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

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

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

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

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

# Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2014	2014	2013	2014	2014	2013	2014	2014	2013	2014	2013	2014	2013
Governance	-	48	10	484	465	430	(484)	(417)	(420)	-	-	-	-
Administration	104	414	225	1,588	2,492	1,760	(1,484)	(2,078)	(1,535)	27	17	16,668	105,586
Public Order & Safety	294	256	520	377	481	511	(83)	(225)	9	245	508	601	2,656
Health	-	55	52	323	210	238	(323)	(155)	(186)	-	-	984	1,080
Environment	342	370	249	554	552	527	(212)	(182)	(278)	55	48	2,358	1,689
Community Services & Education	316	372	354	335	362	390	(19)	10	(36)	266	287	34	208
Housing & Community Amenities	206	143	134	490	377	439	(284)	(234)	(305)	-	-	2,948	5,255
Water Supplies	1,558	1,709	1,683	1,637	1,569	2,421	(79)	140	(738)	9	8	15,901	52,405
Sewerage Services	270	284	270	278	246	429	(8)	38	(159)	6	6	5,921	8,171
Recreation & Culture	53	97	54	1,120	1,197	1,084	(1,067)	(1,100)	(1,030)	70	33	8,620	8,392
Mining, Manufacturing & Construction	-	-	3	-	5	6	-	(5)	(3)	-	-	-	208
Transport & Communication	14,586	8,743	12,016	6,102	4,048	5,347	8,484	4,695	6,669	5,685	7,354	116,487	19,625
Economic Affairs	352	562	623	504	629	705	(152)	(67)	(82)	-	12	736	-
<b>Total Functions &amp; Activities</b>	<b>18,081</b>	<b>13,053</b>	<b>16,193</b>	<b>13,792</b>	<b>12,633</b>	<b>14,287</b>	<b>4,289</b>	<b>420</b>	<b>1,906</b>	<b>6,363</b>	<b>8,273</b>	<b>171,258</b>	<b>205,275</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income <sup>1</sup>	5,393	5,854	7,342	-	-	-	5,393	5,854	7,342	2,476	4,052	-	-
<b>Operating Result from Continuing Operations</b>	<b>23,474</b>	<b>18,907</b>	<b>23,535</b>	<b>13,792</b>	<b>12,633</b>	<b>14,287</b>	<b>9,682</b>	<b>6,274</b>	<b>9,248</b>	<b>8,839</b>	<b>12,325</b>	<b>171,258</b>	<b>205,275</b>

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

## Carrathool Shire Council

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

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

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

##### **GOVERNANCE**

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

##### **ADMINISTRATION**

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

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

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

##### **HEALTH**

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

##### **ENVIRONMENT**

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

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

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

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

Housing, town planning, street lighting, other sanitation and garbage, 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, other.

##### **TRANSPORT & COMMUNICATION**

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

##### **ECONOMIC AFFAIRS**

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

## Carrathool Shire Council

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

## Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		340	370
Farmland		2,453	2,294
Business		198	197
<b>Total Ordinary Rates</b>		<b>2,991</b>	<b>2,861</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		256	186
Water Supply Services		697	618
Sewerage Services		250	243
Sullage - Rankings Springs		6	6
<b>Total Annual Charges</b>		<b>1,209</b>	<b>1,053</b>
<b><u>TOTAL RATES &amp; ANNUAL CHARGES</u></b>		<b><u>4,200</u></b>	<b><u>3,914</u></b>

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

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		990	1,010
<b>Total User Charges</b>		<b>990</b>	<b>1,010</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Planning & Building Regulation		23	24
Private Works - Section 67		138	203
Registration Fees (Cemeteries, Animals Control Etc)		16	16
Section 149 Certificates (EPA Act)		12	10
Section 603 Certificates		6	4
Tapping Fees		3	2
Town Planning		14	31
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>212</b>	<b>290</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Admission & Service Fees		39	34
Caravan Park		396	366
Cemeteries		15	15
Community Transport & Other HACC Services		103	42
Internal Audit Service		-	10
Lease Rentals		37	56
Leaseback Fees - Council Vehicles		55	46
Library		9	11
RMS (formerly RTA) Charges (State Roads not controlled by Council)		1,597	3,255
Sundry - Risk Management		41	43
Swimming Centres		13	14
Waste Disposal Tipping Fees (Special Disposal Metal from Storm Dam)		47	16
Western Division Conference		41	-
<b>Total Fees &amp; Charges - Other</b>		<b>2,393</b>	<b>3,908</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>3,595</b>	<b>5,208</b>

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		37	16
- Interest earned on Investments (interest & coupon payment income)		373	421
<b>Other (Sundry Debtors)</b>		2	2
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<u>412</u>	<u>439</u>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		37	16
General Council Cash & Investments		350	413
<b>Restricted Investments/Funds - External:</b>			
Water Fund Operations		23	9
Sewerage Fund Operations		2	1
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<u>412</u>	<u>439</u>
<b>(d) Other Revenues</b>			
Rental Income - Other Council Properties		96	81
Australia Post Outlet		29	-
Contribution Sewer Pressure Systems		19	14
Diesel Rebate		212	97
ProTen Water Access		-	15
Road Incidents Reimbursements		33	-
Sales - General - (GWCC)		34	25
Training Reimbursement Other Organisations		-	5
<b><u>TOTAL OTHER REVENUE</u></b>		<u>423</u>	<u>237</u>



## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	1,401	2,011	-	-
Financial Assistance - Local Roads Component	1,055	2,020	-	-
Pensioners' Rates Subsidies - General Component	20	21	-	-
<b>Total General Purpose</b>	<b>2,476</b>	<b>4,052</b>	<b>-</b>	<b>-</b>
<sup>1</sup> The Financial Assistance Grant for 13/14 reflects a one off reduction due to the fact that this grant is no longer being paid in advance by up to 50% as has occurred in previous years - it does not represent a loss of income but is instead a timing difference.				
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	9	8	-	-
- Sewerage	6	6	-	-
- Domestic Waste Management	5	4	-	-
Community Care (HACC & Other Services)	266	287	-	-
Drum Muster	-	3	-	-
Economic Development (Birds of Bush Event)	-	12	-	-
Employment & Training Programs	28	17	-	-
Flood Restoration (RMS)	-	-	3,717	6,000
Hillston Levee	-	-	-	45
Library - per capita	5	5	-	-
Library - special projects	15	17	16	-
Noxious Weeds	55	41	-	-
NSW Rural Fire Services	184	207	62	256
Recreation & Culture	-	11	33	-
Street Lighting	13	13	-	-
Transport (Roads to Recovery)	1,949	936	-	-
Transport (Other Roads & Bridges Funding)	-	-	-	405
<b>Total Specific Purpose</b>	<b>2,535</b>	<b>1,567</b>	<b>3,828</b>	<b>6,706</b>
<b>Total Grants</b>	<b>5,011</b>	<b>5,619</b>	<b>3,828</b>	<b>6,706</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	4,405	4,967	-	-
- State Funding	606	652	3,828	6,706
	<b>5,011</b>	<b>5,619</b>	<b>3,828</b>	<b>6,706</b>

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>				
Nil				
<b>Other Contributions:</b>				
Kerb & Gutter	-	-	20	11
RMS Contributions (Regional Roads, Block Grant)	-	129	1,272	1,108
<b>Total Other Contributions</b>	<b>-</b>	<b>129</b>	<b>1,292</b>	<b>1,119</b>
<b>Total Contributions</b>	<b>-</b>	<b>129</b>	<b>1,292</b>	<b>1,119</b>
<b><u>TOTAL GRANTS &amp; CONTRIBUTIONS</u></b>	<b><u>5,011</u></b>	<b><u>5,748</u></b>	<b><u>5,120</u></b>	<b><u>7,825</u></b>

\$ '000	Actual 2014	Actual 2013
<b>(g) Restrictions relating to Grants and Contributions</b>		
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the Close of the Previous Reporting Period	2,451	1,328
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	43	2,411
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	(2,368)	(1,288)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>(2,325)</b>	<b>1,123</b>
<b>Unexpended and held as Restricted Assets</b>	<b><u>126</u></b>	<b><u>2,451</u></b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	126	2,451
	<b><u>126</u></b>	<b><u>2,451</u></b>

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		5,002	5,005
Employee Termination Costs		-	25
Travelling		66	60
Employee Leave Entitlements (ELE)		963	787
ELE On-costs		-	-
Superannuation		577	550
Workers' Compensation Insurance		271	332
Fringe Benefit Tax (FBT)		40	5
Training Costs (other than Salaries & Wages)		80	77
Protective Clothing		15	29
<b>Total Employee Costs</b>		<b>7,014</b>	<b>6,870</b>
less: Capitalised Costs		(1,900)	(1,980)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>5,114</b>	<b>4,890</b>
Number of "Equivalent Full Time" Employees at year end		<b>91</b>	<b>91</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		117	133
<b>Total Interest Bearing Liability Costs</b>		<b>117</b>	<b>133</b>
less: Capitalised Costs		-	-
<b>Total Interest Bearing Liability Costs Expended</b>		<b>117</b>	<b>133</b>
<b>(ii) Other Borrowing Costs</b>			
Nil			
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>117</b>	<b>133</b>

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		1,655	2,485
Auditors Remuneration <sup>(1)</sup>		31	27
Legal Expenses:			
- Legal Expenses: Debt Recovery		27	23
- Legal Expenses: Other		7	5
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments <sup>(2)</sup>		5	7
<b>Total Materials &amp; Contracts</b>		<b>1,725</b>	<b>2,547</b>
less: Capitalised Costs		-	-
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>		<b><u>1,725</u></b>	<b><u>2,547</u></b>
<b>1. Auditor Remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
<b>(i) Audit and Other Assurance Services</b>			
- Audit & review of financial statements: Council's Auditor		24	27
- Audit & review of financial statements: Other Consolidated Entity Auditors		7	-
<b>Remuneration for audit and other assurance services</b>		<b>31</b>	<b>27</b>
<b>Total Auditor Remuneration</b>		<b>31</b>	<b>27</b>
<b>2. Operating Lease Payments are attributable to:</b>			
<b>Other - Lease Library Photocopier</b>		<b>5</b>	<b>7</b>
		<b>5</b>	<b>7</b>

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2014	Actual 2013	Actual 2014	Actual 2013
Plant and Equipment		-	-	1,271	1,349
Office Equipment		-	-	77	65
Furniture & Fittings		-	-	3	3
Land Improvements (depreciable)		-	-	20	20
Buildings - Non Specialised		-	-	434	490
Buildings - Specialised		-	-	25	18
Infrastructure:					
- Roads		-	-	1,672	1,636
- Bridges		-	-	11	-
- Footpaths		-	-	3	-
- Stormwater Drainage		-	-	19	17
- Water Supply Network		-	-	286	1,142
- Sewerage Network		-	-	72	193
- Swimming Pools		-	-	90	-
- Other Open Space/Recreational Assets		-	-	51	-
Other Assets					
- Library Books		-	-	8	8
- Other		-	-	94	113
<b>Total Depreciation &amp; Impairment Costs</b>		<b>-</b>	<b>-</b>	<b>4,136</b>	<b>5,054</b>
less: Capitalised Costs		-	-	-	-
less: Impairments (to)/from ARR [Equity]	9a	-	-	-	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>-</b>	<b>-</b>	<b>4,136</b>	<b>5,054</b>

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(e) Other Expenses</b>			
Advertising		6	4
Bank Charges		10	7
Contributions/Levies to Other Levels of Government			
- NSW Fire Brigade Levy		15	15
- NSW Rural Fire Service Levy		119	112
- Regional Library		16	15
Councillor Expenses - Mayoral Fee		14	14
Councillor Expenses - Councillors' Fees		85	83
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		33	17
Donations, Contributions & Assistance to other organisations (Section 356)		48	21
Election Expenses		-	8
Electricity & Heating		374	466
Fire Control Expenses (excl. Depreciation & State Govt Contributions)		181	201
Insurance (excluding Workers Compensation)		291	352
Internal Audit		-	32
Postage		7	12
Printing & Stationery		18	29
Street Lighting		44	51
Subscriptions & Publications		35	38
Telephone & Communications		193	120
Tourism Expenses (excluding employee costs)		33	49
Valuation Fees		19	17
<b>Total Other Expenses</b>		<b>1,541</b>	<b>1,663</b>
less: Capitalised Costs		-	-
<b>TOTAL OTHER EXPENSES</b>		<b>1,541</b>	<b>1,663</b>

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

<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal - Property		72	-
less: Carrying Amount of Property Assets Sold / Written Off		(91)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>(19)</b>	<b>-</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		1,306	1,208
less: Carrying Amount of P&E Assets Sold / Written Off		(1,156)	(1,044)
<b>Net Gain/(Loss) on Disposal</b>		<b>150</b>	<b>164</b>
<b>Real Estate Assets Held For Sale</b>			
Proceeds from Disposal - Real Estate Assets		35	-
less: Carrying Amount of Real Estate Assets Sold / Written Off		(20)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>15</b>	<b>-</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>146</b>	<b>164</b>

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		165	-	149	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		1,329	-	896	-
- Short Term Deposits		5,211	-	8,747	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>6,705</b>	<b>-</b>	<b>9,792</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Long Term Deposits		2,731	-	1,882	-
<b>Total Investments</b>		<b>2,731</b>	<b>-</b>	<b>1,882</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>9,436</b>	<b>-</b>	<b>11,674</b>	<b>-</b>

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

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

**Cash & Cash Equivalents**

a. "At Fair Value through the Profit &amp; Loss"

<b>6,705</b>	<b>-</b>	<b>9,792</b>	<b>-</b>
--------------	----------	--------------	----------

**Investments**

b. "Held to Maturity"

6(b-ii)

2,731	-	1,882	-
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Investments

<b>2,731</b>	<b>-</b>	<b>1,882</b>	<b>-</b>
--------------	----------	--------------	----------

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

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

Balance at the Beginning of the Year	1,882	-	-	-
Additions	849	-	1,882	-
<b>Balance at End of Year</b>	<b>2,731</b>	<b>-</b>	<b>1,882</b>	<b>-</b>

**Comprising:**

- Long Term Deposits	2,731	-	1,882	-
<b>Total</b>	<b>2,731</b>	<b>-</b>	<b>1,882</b>	<b>-</b>

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	2014	2014	2013	2013
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	9,436	-	11,674	-
<b>attributable to:</b>				
External Restrictions (refer below)	736	-	2,512	-
Internal Restrictions (refer below)	6,225	-	7,921	-
Unrestricted	2,475	-	1,241	-
	<b>9,436</b>	<b>-</b>	<b>11,674</b>	<b>-</b>

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

## Details of Restrictions

## External Restrictions - Included in Liabilities

Nil

## External Restrictions - Other

Specific Purpose Unexpended Grants	(F)	2,451	-	(2,325)	126
Water Supplies	(G)	-	458	-	458
Domestic Waste Management	(G)	61	-	-	61
External Trust Deposits	(G)	-	91	-	91
<b>External Restrictions - Other</b>		<b>2,512</b>	<b>549</b>	<b>(2,325)</b>	<b>736</b>
<b>Total External Restrictions</b>		<b>2,512</b>	<b>549</b>	<b>(2,325)</b>	<b>736</b>

**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.



## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	1,000	-	-	1,000
Employees Leave Entitlement	1,250	175	-	1,425
Carry Over Works	-	121	-	121
Buildings	793	506	(715)	584
Gravel Pits Reserve	950	253	-	1,203
Local Roads	1,100	20	-	1,120
Road Warranty Fund	350	-	-	350
Tips Remediation	300	-	-	300
FAG General (received in advance)	1,052	-	(1,052)	-
FAG Local (received in advance)	1,065	-	(1,065)	-
Hillston Caravan Park	10	30	-	40
Tourism	4	6	-	10
Office Furniture	28	-	-	28
Hillston Pool Carpark	19	5	-	24
Council Dwellings	-	20	-	20
<b>Total Internal Restrictions</b>	<b>7,921</b>	<b>1,136</b>	<b>(2,832)</b>	<b>6,225</b>
<b>TOTAL RESTRICTIONS</b>	<b>10,433</b>	<b>1,685</b>	<b>(5,157)</b>	<b>6,961</b>

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 7. Receivables

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		313	-	521	-
Interest & Extra Charges		105	-	84	-
User Charges & Fees		378	-	405	-
Private Works		19	-	165	-
Accrued Revenues					
- Interest on Investments		44	-	46	-
Government Grants & Subsidies		541	-	708	-
Hillston Sewer Pressure System		-	-	-	3
Other Debtors - K & G		-	43	-	36
Other Debtors - Various		70	-	65	-
Workers Compensation Claims		-	-	13	-
Insurance Overpayment		-	-	91	-
<b>Total</b>		<b>1,470</b>	<b>43</b>	<b>2,098</b>	<b>39</b>
<b>less: Provision for Impairment</b>					
Rates & Annual Charges		(72)	-	(72)	-
User Charges & Fees		(40)	-	(40)	-
Other Debtors		(6)	(22)	(6)	(22)
<b>Total Provision for Impairment - Receivables</b>		<b>(118)</b>	<b>(22)</b>	<b>(118)</b>	<b>(22)</b>
<b>TOTAL NET RECEIVABLES</b>		<b>1,352</b>	<b>21</b>	<b>1,980</b>	<b>17</b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Other		602	-	691	-
<b>Sewerage Services</b>					
- Rates & Availability Charges		40	-	32	-
<b>Total External Restrictions</b>		<b>642</b>	<b>-</b>	<b>723</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>710</b>	<b>21</b>	<b>1,257</b>	<b>17</b>
<b>TOTAL NET RECEIVABLES</b>		<b>1,352</b>	<b>21</b>	<b>1,980</b>	<b>17</b>

**Notes on Debtors above:**

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 6.50% (2013 6.50%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		240	-	260	-
Stores & Materials		1,108	-	1,505	-
<b>Total Inventories</b>		<b>1,348</b>	<b>-</b>	<b>1,765</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		40	-	102	-
<b>Total Other Assets</b>		<b>40</b>	<b>-</b>	<b>102</b>	<b>-</b>
<b>TOTAL INVENTORIES/ OTHER ASSETS</b>		<b>1,388</b>	<b>-</b>	<b>1,867</b>	<b>-</b>

**Externally Restricted Assets**

There are no restrictions applicable to the above assets.

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

Residential		240	-	260	-
<b>Total Real Estate for Resale</b>		<b>240</b>	<b>-</b>	<b>260</b>	<b>-</b>

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

**Represented by:**

Acquisition Costs		58	-	62	-
Development Costs		94	-	102	-
Other Holding Costs		72	-	78	-
Other Properties - Book Value		16	-	18	-
<b>Total Costs</b>		<b>240</b>	<b>-</b>	<b>260</b>	<b>-</b>
<b>Total Real Estate for Resale</b>		<b>240</b>	<b>-</b>	<b>260</b>	<b>-</b>

**Movements:**

Real Estate assets at beginning of the year		260	-	260	-
- WDV of Sales (exp)	5	(20)	-	-	-
<b>Total Real Estate for Resale</b>		<b>240</b>	<b>-</b>	<b>260</b>	<b>-</b>

## Carrathool Shire Council

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

#### Note 8. Inventories & Other Assets (continued)

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\$ '000

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##### Other Disclosures (continued)

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

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

	2014	2013
Real Estate for Resale	240	260
	<u>240</u>	<u>260</u>

##### (c) Inventories recognised as an expense for the year included:

- Stores & Materials	963	1,070
- Trading Stock	1,148	1,467

##### (d) Inventory Write Downs

There were no amounts recognised as an expense relating to the write down of Inventory balances held during the year.

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

Carrathool Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2013				Asset Movements during the Reporting Period						as at 30/6/2014			
	At	Accumulated		Carrying	Asset Additions	Reinstatement Costs for Impaired Assets	WDV of Asset Disposals	Depreciation Expense	Adjustments & Transfers	Revaluation Increments & (Decrements) to Equity (ARR)	At	Accumulated		Carrying
	Fair Value	Dep'n	Impairment	Value							Fair Value	Dep'n	Impairment	Value
Plant & Equipment	18,092	10,963	-	7,129	2,866	-	(1,156)	(1,271)	(1,441)	-	13,963	7,836	-	6,127
Office Equipment	1,167	884	-	283	55	-	-	(77)	-	-	1,221	960	-	261
Furniture & Fittings	404	393	-	11	18	-	-	(3)	-	-	423	397	-	26
<b>Land:</b>														
- Operational Land	1,363	-	-	1,363	52	-	(42)	-	-	-	1,373	-	-	1,373
- Community Land	1,561	-	-	1,561	-	-	-	-	-	-	1,561	-	-	1,561
Land Improvements - depreciable	871	351	-	520	-	-	-	(20)	-	-	871	371	-	500
Buildings - Non Specialised	21,931	10,199	-	11,732	743	-	(49)	(434)	-	(46)	22,414	10,468	-	11,946
Buildings - Specialised	1,466	805	-	661	44	-	-	(25)	-	(10)	1,409	739	-	670
<b>Infrastructure:</b>														
- Roads	144,136	47,385	5,329	91,422	5,702	3,555	-	(1,672)	-	1,774	155,168	54,387	-	100,781
- Bridges	11,902	3,538	-	8,364	-	-	-	(11)	-	-	11,902	3,549	-	8,353
- Footpaths	548	202	-	346	30	-	-	(3)	-	-	578	205	-	373
- Stormwater Drainage	2,137	600	-	1,537	-	-	-	(19)	-	-	2,137	619	-	1,518
- Water Supply Network	83,222	31,526	-	51,696	1,180	-	-	(286)	-	(37,737)	21,053	6,200	-	14,853
- Sewerage Network	11,815	3,690	-	8,125	87	-	-	(72)	-	(2,268)	6,952	1,080	-	5,872
- Swimming Pools	3,030	950	-	2,080	-	-	-	(90)	-	-	3,030	1,040	-	1,990
- Other Open Space/Recreational Assets	2,635	786	-	1,849	127	-	-	(51)	-	-	2,762	837	-	1,925
<b>Other Assets:</b>														
- Library Books	146	112	-	34	13	-	-	(8)	-	-	159	120	-	39
- Other	2,535	1,511	-	1,024	10	-	-	(94)	-	(47)	2,456	1,563	-	893
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>308,961</b>	<b>113,895</b>	<b>5,329</b>	<b>189,737</b>	<b>10,927</b>	<b>3,555</b>	<b>(1,247)</b>	<b>(4,136)</b>	<b>(1,441)</b>	<b>(38,334)</b>	<b>249,432</b>	<b>90,371</b>	<b>-</b>	<b>159,061</b>

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$464) and New Assets (\$7,321). 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.

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000 Class of Asset	Actual 2014				Actual 2013			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
Plant & Equipment	-	170	160	<b>10</b>	-	170	152	<b>18</b>
Infrastructure	-	21,053	6,200	<b>14,853</b>	-	83,222	31,526	<b>51,696</b>
<b>Total Water Supply</b>	-	<b>21,223</b>	<b>6,360</b>	<b>14,863</b>	-	<b>83,392</b>	<b>31,678</b>	<b>51,714</b>
<b>Sewerage Services</b>								
Plant & Equipment	-	45	35	<b>10</b>	-	45	31	<b>14</b>
Infrastructure	-	6,952	1,080	<b>5,872</b>	-	11,815	3,690	<b>8,125</b>
<b>Total Sewerage Services</b>	-	<b>6,997</b>	<b>1,115</b>	<b>5,882</b>	-	<b>11,860</b>	<b>3,721</b>	<b>8,139</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	-	<b>28,220</b>	<b>7,475</b>	<b>20,745</b>	-	<b>95,252</b>	<b>35,399</b>	<b>59,853</b>

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

Council has recognised no impairment losses during the reporting period. However, it was necessary to write back part of a previous years' impairment provision that had been over estimated for flood damage following completion of these road works during the reporting period.

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		450	-	1,020	-
Goods & Services - capital expenditure		162	-	260	-
Payments Received In Advance		5	-	5	-
Accrued Expenses:					
- Borrowings		9	-	12	-
Advances (Trusts & Other Deposits Held)		48	47	-	64
ATO - Net GST Payable		37	-	52	-
Salary Package Accounts		-	-	20	-
<b>Total Payables</b>		<b>711</b>	<b>47</b>	<b>1,369</b>	<b>64</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		284	1,231	279	1,511
<b>Total Borrowings</b>		<b>284</b>	<b>1,231</b>	<b>279</b>	<b>1,511</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		531	-	502	-
Sick Leave		814	-	777	-
Long Service Leave		1,096	46	974	40
ELE On-Costs		217	4	230	4
<b>Sub Total - Aggregate Employee Benefits</b>		<b>2,658</b>	<b>50</b>	<b>2,483</b>	<b>44</b>
Asset Remediation/Restoration (Future Works) <sup>26</sup>		-	232	-	232
Gravel Pits		-	1,277	-	1,024
<b>Total Provisions</b>		<b>2,658</b>	<b>1,559</b>	<b>2,483</b>	<b>1,300</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>3,653</b>	<b>2,837</b>	<b>4,131</b>	<b>2,875</b>
<b>(i) Liabilities relating to Restricted Assets</b>					
		2014		2013	
		Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>					
Water		47	-	35	21
Sewer		26	-	-	-
Liabilities relating to externally restricted assets		73	-	35	21
<b>Internally Restricted Assets</b>					
Nil					
<b>Total Liabilities relating to restricted assets</b>		<b>73</b>	<b>-</b>	<b>35</b>	<b>21</b>
<b>Total Liabilities relating to Unrestricted Assets</b>		<b>3,580</b>	<b>2,837</b>	<b>4,096</b>	<b>2,854</b>
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>		<b>3,653</b>	<b>2,837</b>	<b>4,131</b>	<b>2,875</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.

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Actual 2014	Actual 2013
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**(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	1,587	1,698
	<b>1,587</b>	<b>1,698</b>

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

Class of Provision	2013		2014			Closing Balance as at 30/6/14
	Opening Balance as at 1/7/13	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	502	370	(306)	(35)	-	531
Sick Leave	777	26	-	11	-	814
Long Service Leave	1,014	151	(67)	44	-	1,142
ELE On-Costs	234	-	-	(13)	-	221
Asset Remediation	232	-	-	-	-	232
Other	1,024	253	-	-	-	1,277
<b>TOTAL</b>	<b>3,783</b>	<b>800</b>	<b>(373)</b>	<b>7</b>	<b>-</b>	<b>4,217</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.
- b. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.



## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	6,705	9,792
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>6,705</b>	<b>9,792</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>6,274</b>	<b>9,248</b>
Adjust for non cash items:			
Depreciation & Amortisation		4,136	5,054
Net Losses/(Gains) on Disposal of Assets		(146)	(164)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		624	205
Decrease/(Increase) in Inventories		397	633
Decrease/(Increase) in Other Assets		62	(5)
Increase/(Decrease) in Payables		(570)	295
Increase/(Decrease) in accrued Interest Payable		(3)	-
Increase/(Decrease) in Other Liabilities		(4)	83
Increase/(Decrease) in Employee Leave Entitlements		181	(110)
Increase/(Decrease) in Other Provisions		253	443
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>11,204</b>	<b>15,682</b>
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Nil			
<b>(d) Financing Arrangements</b>			
Nil			

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Capital Commitments (exclusive of GST)</b>			
Nil			
<b>(b) Finance Lease Commitments</b>			
Nil			
<b>(c) Operating Lease Commitments (Non Cancellable)</b>			
<b>a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:</b>			
Within the next year		3	3
Later than one year and not later than 5 years		4	7
Later than 5 years		-	-
<b>Total Non Cancellable Operating Lease Commitments</b>		<b>7</b>	<b>10</b>

**b. Non Cancellable Operating Leases include the following assets:**

Photocopiers

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

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 2013      2012	
<b>Local Government Industry Indicators - Consolidated</b>				
<b>1. Operating Performance Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<u>1,008</u>	<b>7.39%</b>	8.10%	3.30%
Total continuing operating revenue <sup>(1)</sup>	<b>13,641</b>			
(excl. Capital Grants & Contributions)				
<b>2. Own Source Operating Revenue Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(less ALL Grants &amp; Contributions)</u>	<u>8,630</u>	<b>46.00%</b>	41.92%	36.92%
Total continuing operating revenue <sup>(1)</sup>	<b>18,761</b>			
<b>3. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(2)</sup>	<u>10,558</u>	<b>5.23 : 1</b>	3.06	3.96
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	<u>2,017</u>			
<b>4. Debt Service Cover Ratio</b>				
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	<u>5,261</u>	<b>13.42</b>	16.36	0.14
Principal Repayments (from the Statement of Cash Flows)	<u>392</u>			
+ Borrowing Interest Costs (from the Income Statement)				
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual and Extra Charges Outstanding	<u>346</u>	<b>7.25%</b>	12.55%	7.79%
Rates, Annual and Extra Charges Collectible	<u>4,770</u>			
<b>6. Cash Expense Cover Ratio</b>				
Current Year's Cash and Cash Equivalents including All Term Deposits	<u>9,436</u>	<b>10.78</b>	14.48	10.21
Payments from cash flow of operating and financing activities	<u>875</u>			

## Notes

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

<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

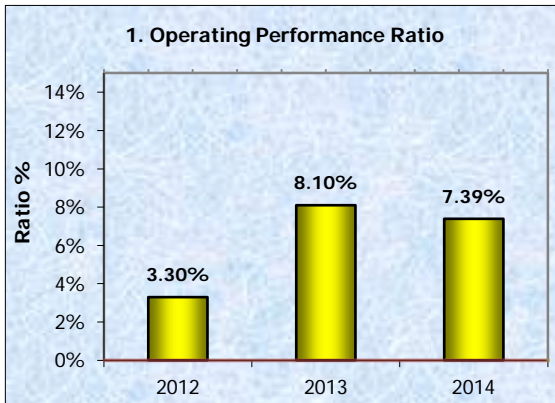
<sup>(3)</sup> Refer to Note 10(a).

<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).

# Carrathool Shire Council

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

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



**Purpose of Operating Performance Ratio**

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

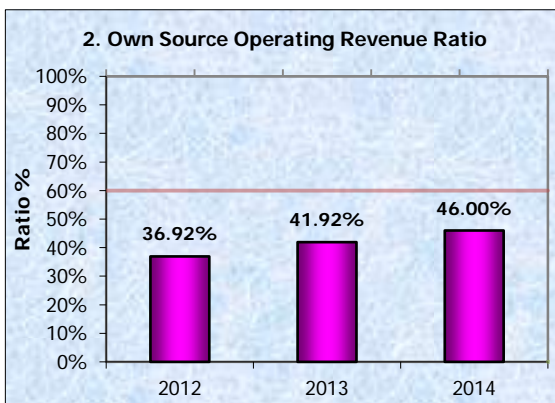
**Commentary on 2013/14 Result**

**2013/14 Ratio 7.39%**

Council has maintained its operating expenses well within its continuing operating revenue.

— Minimum 0.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



**Purpose of Own Source Operating Revenue Ratio**

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

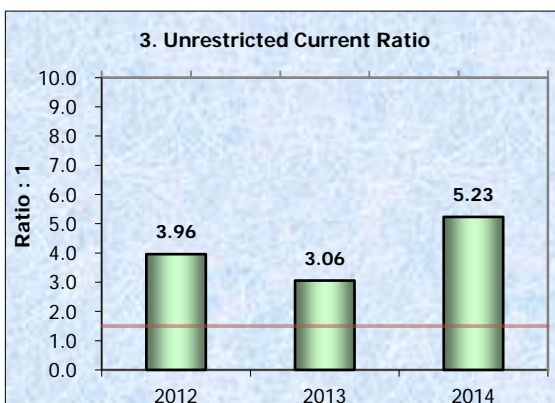
**Commentary on 2013/14 Result**

**2013/14 Ratio 46.00%**

Council has improved its own source of revenue over the past 2 years at a reasonable level.

— Minimum 60.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



**Purpose of Unrestricted Current Ratio**

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

**Commentary on 2013/14 Result**

**2013/14 Ratio 5.23 : 1**

The improvement on this ratio for 2014 relates to a reduction in the level of external restrictions in comparison to previous years.

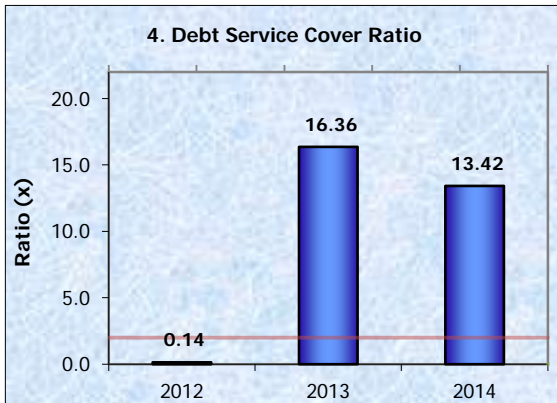
— Minimum 1.50

Source for Benchmark: Code of Accounting Practice and Financial Reporting

# Carrathool Shire Council

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

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



— Minimum 2.00

Source for Benchmark: NSW Treasury Corporation

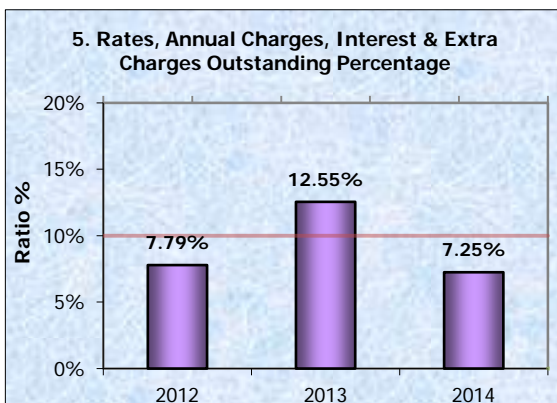
#### Purpose of Debt Service Cover Ratio

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

#### Commentary on 2013/14 Result

**2013/14 Ratio 13.42**

Council has endeavoured to fund projects from operational revenue rather than external borrowings.



— Maximum 10.00%

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

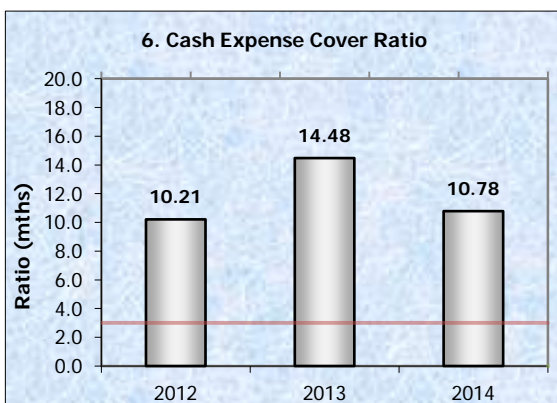
#### Purpose of Rates & Annual Charges Outstanding Ratio

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

#### Commentary on 2013/14 Result

**2013/14 Ratio 7.25%**

The reduction in this ratio for 2014 relates to continuation of debt recovery action.



— Minimum 3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting

#### Purpose of Cash Expense Cover Ratio

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

#### Commentary on Result

**2013/14 Ratio 10.78**

Ratio is above benchmark as Council continues its sound fiscal strategy.

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Water 2014	Sewer 2014	General <sup>5</sup> 2014
<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>8.19%</b>	<b>13.38%</b>	<b>7.13%</b>
Total continuing operating revenue <sup>(1)</sup>			
(excl. Capital Grants & Contributions)	prior period: -43.85%	-58.89%	15.86%
<b>2. Own Source Operating Revenue Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(less ALL Grants &amp; Contributions)</u>	<b>99.47%</b>	<b>97.89%</b>	<b>39.67%</b>
Total continuing operating revenue <sup>(1)</sup>			
	prior period: 99.52%	97.78%	36.69%
<b>3. Unrestricted Current Ratio</b>			
<u>Current Assets less all External Restrictions <sup>(2)</sup></u>	<b>22.55 : 1</b>	<b>1.54 : 1</b>	<b>5.23 : 1</b>
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>			
	prior period: 0.88	0.04	3.06
<b>4. Debt Service Cover Ratio</b>			
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation (EBITDA)			
<u>Principal Repayments (from the Statement of Cash Flows)</u>	<b>11.63</b>	<b>0.00</b>	<b>13.29</b>
+ Borrowing Interest Costs (from the Income Statement)			
	prior period: 11.11	0.00	16.83
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
<u>Rates, Annual and Extra Charges Outstanding</u>	<b>0.00%</b>	<b>15.63%</b>	<b>8.02%</b>
Rates, Annual and Extra Charges Collectible			
	prior period: 0.00%	12.85%	14.82%
<b>6. Cash Expense Cover Ratio</b>			
Current Year's Cash and Cash Equivalents including All Term Deposits			
<u>Payments from cash flow of operating and financing activities</u> x12	<b>0.00</b>	<b>0.00</b>	<b>10.26</b>
	prior period: 0.00	0.00	14.48

## 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 &amp; Sewer activities which are listed separately.

## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 14. Investment Properties

\$ '000

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

#### Note 15. Financial Risk Management

##### Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2014	2013	2014	2013
<b>Financial Assets</b>				
Cash and Cash Equivalents	6,705	9,792	6,705	9,792
Investments				
- "Held to Maturity"	2,731	1,882	2,731	1,882
Receivables	1,373	1,997	1,373	1,997
<b>Total Financial Assets</b>	<b>10,809</b>	<b>13,671</b>	<b>10,809</b>	<b>13,671</b>
<b>Financial Liabilities</b>				
Payables	753	1,428	753	1,428
Loans / Advances	1,515	1,790	1,515	1,790
<b>Total Financial Liabilities</b>	<b>2,268</b>	<b>3,218</b>	<b>2,268</b>	<b>3,218</b>

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) **"at fair value through profit & loss"** or (ii) **Available for Sale** - 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

## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

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

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

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

The risks associated with the investments held are:

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2014</b>				
Possible impact of a 1% movement in Interest Rates	94	94	(94)	(94)
<b>2013</b>				
Possible impact of a 1% movement in Interest Rates	117	117	(117)	(117)



## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 15. Financial Risk Management (continued)

\$ '000

## (b) Receivables

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

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

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

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 material receivables that have been subjected to a re-negotiation of repayment terms.

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

	2014 Rates & Annual Charges	2014 Other Receivables	2013 Rates & Annual Charges	2013 Other Receivables
<b>(i) Ageing of Receivables - %</b>				
Current (not yet overdue)	0%	29%	0%	79%
Overdue	100%	71%	100%	21%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<b>(ii) Ageing of Receivables - value</b>				
Current (not yet overdue)	-	349	-	1,217
Past due by up to 30 days	-	249	-	102
Past due between 31 and 60 days	-	24	-	98
Past due between 61 and 90 days	88	20	225	56
Past due by more than 90 days	225	558	296	143
	<u>313</u>	<u>1,200</u>	<u>521</u>	<u>1,616</u>
<b>(iii) Movement in Provision for Impairment of Receivables</b>			<b>2014</b>	<b>2013</b>
Balance at the beginning of the year			<u>140</u>	<u>140</u>
<b>Balance at the end of the year</b>			<u>140</u>	<u>140</u>

## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

##### (c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2014</b>									
Trade/Other Payables	753	-	-	-	-	-	-	753	753
Loans & Advances	-	284	275	295	237	192	232	1,515	1,515
<b>Total Financial Liabilities</b>	<b>753</b>	<b>284</b>	<b>275</b>	<b>295</b>	<b>237</b>	<b>192</b>	<b>232</b>	<b>2,268</b>	<b>2,268</b>
<b>2013</b>									
Trade/Other Payables	1,428	-	-	-	-	-	-	1,428	1,428
Loans & Advances	-	223	236	235	262	215	448	1,619	1,790
<b>Total Financial Liabilities</b>	<b>1,428</b>	<b>223</b>	<b>236</b>	<b>235</b>	<b>262</b>	<b>215</b>	<b>448</b>	<b>3,047</b>	<b>3,218</b>

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

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

	2014		2013	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	753	0.0%	1,428	0.0%
Loans & Advances - Fixed Interest Rate	1,515	6.5%	1,790	6.5%
	<u>2,268</u>		<u>3,218</u>	

##### Loan Agreement breaches

None

## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 13/14 was adopted by the Council on 25 June 2013.

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

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

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

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

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

\$ '000	2014 Budget	2014 Actual	2014 ----- Variance* -----		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	4,098	4,200	102	2%	<b>F</b>
<b>User Charges &amp; Fees</b>	3,053	3,595	542	18%	<b>F</b>
Includes extra water consumption revenue plus additional revenue under the RMS "Special Works Orders" Program.					
<b>Interest &amp; Investment Revenue</b>	306	412	106	35%	<b>F</b>
Relates to a higher than anticipated level of funds being available for investment purposes.					
<b>Other Revenues</b>	225	423	198	88%	<b>F</b>
Relates to a higher level of funds being received for the Diesel Fuel Rebate than estimated.					
<b>Operating Grants &amp; Contributions</b>	4,692	5,011	319	7%	<b>F</b>
<b>Capital Grants &amp; Contributions</b>	10,943	5,120	(5,823)	(53%)	<b>U</b>
Relates to a reduction in grant funds for Flood Damage Restoration works more than had been estimated. Work under this program was substantially completed in 2012/13, with less work required in 2013/14 than anticipated.					
<b>Net Gains from Disposal of Assets</b>	157	146	(11)	(7%)	<b>U</b>

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 16. Material Budget Variations (continued)

\$ '000	2014 Budget	2014 Actual	2014 ----- Variance* -----		
<b>EXPENSES</b>					
Employee Benefits & On-Costs	5,187	5,114	73	1%	F
Borrowing Costs	117	117	-	0%	F
Materials & Contracts	2,426	1,725	701	29%	F
The reduction stems from road infrastructure work being undertaken in lieu of normal maintenance work.					
Depreciation & Amortisation	4,130	4,136	(6)	(0%)	U
Other Expenses	1,932	1,541	391	20%	F
Relates to a reduction in insurance premiums and electricity costs than initially estimated.					

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

Cash Flows from Operating Activities	14,105	11,204	(2,901)	(20.6%)	U
Relates to a variation in the level of grants and contributions received in comparison to initial estimates.					
Cash Flows from Financing Activities	(159)	(275)	(116)	73.0%	U
This reduction relates to "carry - over" of water & sewer infrastructure works to 2014/15.					

## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 17. Statement of Developer Contributions

\$ '000

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

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

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

##### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

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

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

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

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

The Local Government Superannuation Scheme has indicated that the share of the deficit that can be broadly attributed to this Council is estimated to be in the order of \$309,236.16 as at 30 June 2014.

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

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.

## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

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

##### (iii) StateCover Limited (continued)

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

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

##### (iv) Other Guarantees

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

#### 2. Other Liabilities

##### (i) Third Party Claims

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

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

##### ASSETS NOT RECOGNISED:

##### (i) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/08.

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

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

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		116,262	107,014
a. Other Comprehensive Income (excl. direct to Reserves transactions)		(1,441)	-
b. Net Operating Result for the Year		6,274	9,248
<b>Balance at End of the Reporting Period</b>		<b>121,095</b>	<b>116,262</b>

**(b) Reserves****(i) Reserves are represented by:**

- Infrastructure, Property, Plant & Equipment Revaluation Reserve		43,673	82,007
<b>Total</b>		<b>43,673</b>	<b>82,007</b>

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

<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		82,007	77,922
- Revaluations for the year	9(a)	(38,334)	4,085
<b>- Balance at End of Year</b>		<b>43,673</b>	<b>82,007</b>
<b>TOTAL VALUE OF RESERVES</b>		<b>43,673</b>	<b>82,007</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**

During the reporting period action was taken to write-off Rural Fire Services Plant & Equipment as Council no longer has control over these assets - refer Note 9a (Adjustments and Transfers).

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

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

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

Income Statement by Fund \$ '000	Actual 2014	Actual 2014	Actual 2014
<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	697	256	3,247
User Charges & Fees	977	1	2,617
Interest & Investment Revenue	23	2	387
Other Revenues	3	19	401
Grants & Contributions provided for Operating Purposes	9	6	4,996
Grants & Contributions provided for Capital Purposes	-	-	5,120
<b>Other Income</b>			
Net Gains from Disposal of Assets	-	-	146
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
<b>Total Income from Continuing Operations</b>	<b>1,709</b>	<b>284</b>	<b>16,914</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	402	91	4,621
Borrowing Costs	8	-	109
Materials & Contracts	805	79	841
Depreciation & Amortisation	294	76	3,766
Impairment	-	-	-
Other Expenses	60	-	1,481
<b>Total Expenses from Continuing Operations</b>	<b>1,569</b>	<b>246</b>	<b>10,818</b>
<b>Operating Result from Continuing Operations</b>	<b>140</b>	<b>38</b>	<b>6,096</b>
<b>Discontinued Operations</b>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
<b>Net Operating Result for the Year</b>	<b>140</b>	<b>38</b>	<b>6,096</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>140</b>	<b>38</b>	<b>6,096</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>140</b>	<b>38</b>	<b>976</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.



## Carrathool Shire Council

## Notes to the Financial Statements

as at 30 June 2014

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

Statement of Financial Position by Fund \$ '000	Actual 2014	Actual 2014	Actual 2014
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>			
Cash & Cash Equivalents	458	-	6,247
Investments	-	-	2,731
Receivables	602	40	710
Inventories	-	-	1,348
Other	-	-	40
Non-current assets classified as 'held for sale'	-	-	-
<b>Total Current Assets</b>	<b>1,060</b>	<b>40</b>	<b>11,076</b>
<b>Non-Current Assets</b>			
Investments	-	-	-
Receivables	-	-	21
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	14,863	5,882	138,316
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
<b>Total Non-Current Assets</b>	<b>14,863</b>	<b>5,882</b>	<b>138,337</b>
<b>TOTAL ASSETS</b>	<b>15,923</b>	<b>5,922</b>	<b>149,413</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	21	26	664
Borrowings	26	-	258
Provisions	-	-	2,658
<b>Total Current Liabilities</b>	<b>47</b>	<b>26</b>	<b>3,580</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	47
Borrowings	850	350	31
Provisions	-	-	1,559
<b>Total Non-Current Liabilities</b>	<b>850</b>	<b>350</b>	<b>1,637</b>
<b>TOTAL LIABILITIES</b>	<b>897</b>	<b>376</b>	<b>5,217</b>
<b>Net Assets</b>	<b>15,026</b>	<b>5,546</b>	<b>144,196</b>
<b>EQUITY</b>			
Retained Earnings	5,591	2,145	113,359
Revaluation Reserves	9,435	3,401	30,837
<b>Total Equity</b>	<b>15,026</b>	<b>5,546</b>	<b>144,196</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 & payables between the Funds.

## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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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 2014) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

**Accordingly, the "authorised for issue" date is 31/10/14.**

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2014.

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

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2014 and which are only indicative of conditions that arose after 30 June 2014.

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

#### Note 24. Discontinued Operations

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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.

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

Council has legal/public obligations to make restore, rehabilitate and reinstate the following assets/operations:

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2014	2013
Hillston Tip	2025	63	63
Goolgowi Tip	2018	65	65
Merriwagga Tip	2020	33	33
Rankins Springs Tip	2015	35	35
Carrathol Tip	2014	36	36
<b>Balance at End of the Reporting Period</b>	10(a)	<u>232</u>	<u>232</u>

Under AASB 116 - Property, Plant & Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 - Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

**Reconciliation of movement in Provision for year:**

Balance at beginning of year	232	213
Amounts capitalised to new or existing assets:		
Tips Restoration Provision	-	19
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<u>232</u>	<u>232</u>

**Amount of Expected Reimbursements**

Of the above Provisions for Reinstatement, Rehabilitation and Restoration works, those applicable to Garbage Services & Waste Management are able to be funded through future charges incorporated within Council's Annual Domestic Waste Management Charge.



## Carrathool Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

##### (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.

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

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. Carrathool Shire Council use valuation techniques consistent with one or more of those approaches to measure fair value.

**'Cost Approach'** – A valuation technique that reflects the amount that would be required to replace the service capacity of an asset (current replacement cost) or depreciated replacement cost in the example of plant and equipment, office equipment and furniture and fittings.

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

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

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

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

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

	Consolidated Asset Changes	Total
Adoption of AASB 13	189,737	189,737
<b>Opening Balance - 01/07/13</b>	<b><u>189,737</u></b>	<b><u>189,737</u></b>
Purchases (GBV)	10,927	10,927
Disposals (WDV)	(1,247)	(1,247)
Depreciation & Impairment	(4,136)	(4,136)
Asset Adjustments	333	333
Revaluation Increments to Equity	(40,108)	(40,108)
Reinstatement Costs for Impaired Assets	3,555	3,555
<b>Closing Balance - 30/6/14</b>	<b><u>159,061</u></b>	<b><u>159,061</u></b>

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement (continued)

\$ '000

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

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

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

Class	Fair Value (30/6/14) \$'000	Key unobservable inputs	Expected range of inputs	Description of how changes in inputs will affect the fair value
<b>I,PP&amp;E</b>				
Plant & Equipment	6,127	- Gross Replacement Cost - Remaining useful life - Residual Value	- Varies significantly from asset to asset - 5-15 years - 0% to 40%	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Office Equipment	261	- Gross Replacement Cost - Remaining useful life - Residual Value	- Varies significantly from asset to asset - 4-10 years - 0% to 40%	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Furniture & Fittings	26	- Gross Replacement Cost - Remaining useful life - Residual Value	- Varies significantly from asset to asset - 10-20 years - 0% to 40%	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Operational Land	1,373	- Price per square metre	- Varies significantly from asset to asset	Significant changes in the price per square metre would result in significant changes to fair value measurement.
Community Land	1,561	- Unimproved Capital Value (price per square metre)	- Varies significantly from asset to asset	Significant changes in the price per square metre based on unimproved capital value would result in significant changes to fair value measurement.
Land Improvements	500	- Gross Replacement Cost - Asset Condition - Remaining useful life - Residual Value	- Varies significantly from asset to asset - Poor to excellent - 20-40 years - 0% to 60%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement (continued)

\$ '000

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

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

Class	Fair Value (30/6/14) \$'000	Key unobservable inputs	Expected range of inputs	Description of how changes in inputs will affect the fair value
<b>I,PP&amp;E (continued)</b>				
Buildings - Non specialised	11,946	- Gross Replacement Cost - Asset Condition - Remaining useful life - Residual Value	- Varies significantly from asset to asset - Poor to excellent - 2-100 years - 0% to 60%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Buildings - Specialised	670	- Gross Replacement Cost - Asset Condition - Remaining useful life - Residual Value	- Varies significantly from asset to asset - Poor to excellent - 2-100 years - 0% to 60%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Roads	100,781	- Gross Replacement Cost - Asset Condition - Remaining useful life - Residual Value	- Varies significantly from asset to asset - Poor to excellent - 10-100 years - 0% to 100%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Bridges	8,353	- Gross Replacement Cost - Asset Condition - Remaining useful life - Residual Value	- Varies significantly from asset to asset - Poor to excellent - 25-100 years - 40%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Footpaths	373	- Gross Replacement Cost - Asset Condition - Remaining useful life - Residual Value	- Varies significantly from asset to asset - Poor to excellent - 0-40 years - 0% to 50%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Stormwater Drainage	1,518	- Gross Replacement Cost - Asset Condition - Remaining useful life - Residual Value	- Varies significantly from asset to asset - Poor to excellent - 70-100 years - 0% to 100%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.

## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement (continued)

\$ '000

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

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

Class	Fair Value (30/6/14) \$'000	Key unobservable inputs	Expected range of inputs	Description of how changes in inputs will affect the fair value
<b>I,PP&amp;E (continued)</b>				
Water Supply Network	14,853	- Gross Replacement Cost - Asset Condition - Remaining useful life - Residual Value	- Varies significantly from asset to asset - Poor to excellent - 15-100 years - 0% to 10%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Sewerage Network	5,872	- Gross Replacement Cost - Asset Condition - Remaining useful life - Residual Value	- Varies significantly from asset to asset - Poor to excellent - 15-100 years - 0% to 10%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Swimming Pools	1,990	- Gross Replacement Cost - Asset Condition - Remaining useful life - Residual Value	- Varies significantly from asset to asset - Poor to excellent - 10-40 years - 0% to 50%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Open Space/Recreational Assets	1,925	- Gross Replacement Cost - Asset Condition - Remaining useful life - Residual Value	- Varies significantly from asset to asset - Poor to excellent - 5-100 years - 0% to 50%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Library Books	39	- Gross Replacement Cost - Asset Condition - Remaining useful life - Residual Value	- Varies significantly from asset to asset - Poor to excellent - 5-15 years - 0% to 10%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Other Assets	893	- Gross Replacement Cost - Asset Condition - Remaining useful life - Residual Value	- Varies significantly from asset to asset - Poor to excellent - 2-100 years - 0% to 70%	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.



## Carrathool Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 28. Financial Review

\$ '000

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

<b>Financial Performance Figures</b>	<b>2014</b>	<b>2013</b>	2012	2011	2010
<b>Inflows:</b>					
Rates & Annual Charges Revenue	<b>4,200</b>	3,914	3,808	3,450	3,236
User Charges Revenue	<b>3,595</b>	5,208	3,441	3,020	2,726
Interest & Investment Revenue (Losses)	<b>412</b>	439	445	418	336
Grants Income - Operating & Capital	<b>8,839</b>	12,325	12,376	10,299	6,923
Total Income from Continuing Operations	<b>18,907</b>	23,535	21,739	18,563	15,217
Sale Proceeds from I,PP&E	<b>1,413</b>	1,208	1,186	1,114	1,439
New Loan Borrowings & Advances	-	-	-	890	-
<b>Outflows:</b>					
Employee Benefits & On-cost Expenses	<b>5,114</b>	4,890	6,235	6,058	5,865
Borrowing Costs	<b>117</b>	133	147	134	107
Materials & Contracts Expenses	<b>1,725</b>	2,547	1,477	2,636	4,429
Total Expenses from Continuing Operations	<b>12,633</b>	14,287	17,060	17,793	16,218
Total Cash purchases of I,PP&E	<b>14,580</b>	14,591	9,721	8,797	7,373
Total Loan Repayments (incl. Finance Leases)	<b>275</b>	261	245	171	230
Operating Surplus/(Deficit) (excl. Capital Income)	<b>1,154</b>	1,423	(1,900)	(4,875)	(3,144)
<b>Financial Position Figures</b>	<b>2014</b>	<b>2013</b>	2012	2011	2010
Current Assets	<b>12,176</b>	15,521	14,305	10,194	9,252
Current Liabilities	<b>3,653</b>	4,131	3,705	3,239	2,897
Net Current Assets	<b>8,523</b>	11,390	10,600	6,955	6,355
Available Working Capital (Unrestricted Net Current Assets)	<b>3,695</b>	2,771	3,830	4,823	2,619
Cash & Investments - Unrestricted	<b>2,475</b>	1,241	840	845	1,296
Cash & Investments - Internal Restrictions	<b>6,225</b>	7,921	7,407	4,079	3,820
Cash & Investments - Total	<b>9,436</b>	11,674	9,636	6,475	6,485
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	<b>1,515</b>	1,790	2,051	2,296	1,577
Total Value of I,PP&E (excl. Land & Earthworks)	<b>246,498</b>	306,037	293,811	276,797	223,119
Total Accumulated Depreciation	<b>90,371</b>	119,224	119,726	100,691	80,326
Indicative Remaining Useful Life (as a % of GBV)	63%	61%	59%	64%	64%

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

## Carrathool Shire Council

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

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

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**Principal Place of Business:**

9 - 11 Cobran Street  
GOOLGOWL NSW 2652

**Contact Details****Mailing Address:**

PO Box 12  
Goolgowl NSW 2652

**Opening Hours:**

8:30am to 4:30pm  
Monday to Friday

**Telephone:** 02 6965 1900

**Facsimile:** 02 6965 1379

**Internet:** [www.carrathool.nsw.gov.au](http://www.carrathool.nsw.gov.au)

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

**Officers****GENERAL MANAGER**

KEN CROSKELL

**RESPONSIBLE ACCOUNTING OFFICER**

ROBERT RAYNER

**PUBLIC OFFICER**

Ken Croskell

**AUDITORS**

Auswild & Co

Principal - G. J. Bradley

Registered Auditor No: 1249

Telephone: (02) 6281 3360

**Elected Members****MAYOR**

PETER LAIRD

**COUNCILLORS**

Darryl Jardine

Russell Campbell

Vince Cashmere

Jim Caughey

William Kite

Margaret Merrylees

David Fenson

Mick Armstrong

Geoff Peters

**Other Information**

**ABN:** 86 008 844 676



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

We have audited the accompanying general purpose financial report of the Carrathool Shire Council, which comprises the Statement by Councillors and Management, Statement of Financial Position as at 30<sup>th</sup> June, 2014, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

### Councils' Responsibility for the Financial Report

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

### Auditor's Responsibility

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

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

Our audit responsibility does not extend to the original budget information included in the Income Statement, Statement of Cash Flows, Note 2(a) and the budget variation explanations disclosed in Note 16. Accordingly, no opinion is expressed on these matters. In addition, our audit did not include an analysis of the prudence of business decisions made by Council or management.

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

### **Independence**

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

### **Auditor's Opinion**

In our opinion,

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

**AUSWILD & CO.**



G.J. BRADLEY  
Principal  
Registered Auditor No: 1249

CANBERRA  
31<sup>st</sup> October, 2014

CARRATHOOL SHIRE COUNCIL

REPORT ON THE CONDUCT  
OF THE AUDIT

2014



31<sup>st</sup> October, 2014

Councillor Peter Laird  
Mayor  
Carrathool Shire Council  
9-11 Cobran Street  
**GOOLGOWI**, N.S.W. 2652

Dear Cr Laird,

Having completed an audit examination of the books of account and associated records of the Carrathool Shire Council for the twelve months period ended 30 June 2014 we have pleasure in submitting our report on the conduct of the audit in accordance with Section 417 (3) of the Local Government Act 1993.

## BACKGROUND

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

### General Purpose Financial Statements

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

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

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

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

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### Special Purpose Financial Statements

These financial statements have been prepared in accordance with the requirements of the National Competition Policy which requires separate financial statements for each declared business activity. Council's declared business activities for the 2014 financial year were:

- Water Fund Operations
- Sewer Fund Operations

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

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

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

### Auditor's Responsibility

As part of our role as auditor of Council, Section 415 (3) of the *Local Government Act 1993* and the *Local Government (General) Regulation* requires us to consider and provide comment on the material items affecting the general purpose financial statements and other matters pertinent to the audit. The following section of this report provides an understanding of Council's financial position as at 30 June 2014, its performance for the year then ended its cash flows and other material financial matters.



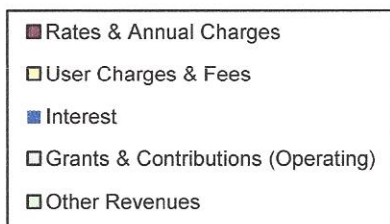
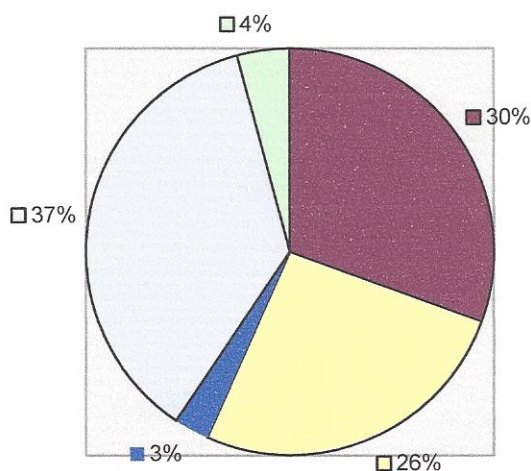
**FINANCIAL RESULTS**

Council reported an operating surplus before capital grants and contributions of \$1.15 million for the year ended 30 June 2014 (2013 – surplus of \$1.42 million).

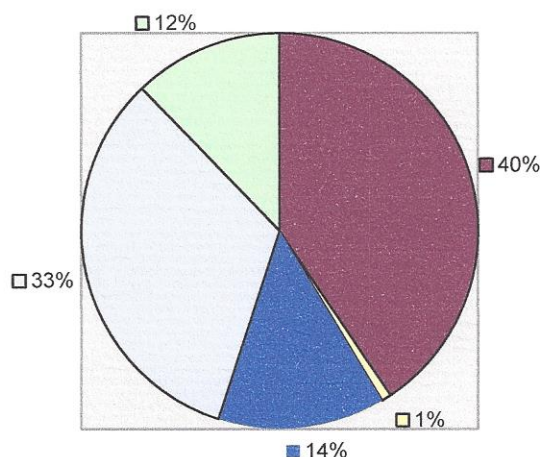
Excluding capital grants and contributions, operating revenues for the year (\$13.79 million) decreased approximately 12.24% on those of the previous year (\$15.71 million). The significant decrease in revenues in the current year is primarily due to the changed arrangements for the payment of the Financial Assistance Grant. In 2013/2014 the Australian Government ceased the payment of instalments in advance which has reduced Carrathool Shire Council’s Financial Assistance Grant by \$1.58 million (40%). We note that this reflects a one off reduction and it does not represent a loss of income but is instead a timing difference. During the same period operating expenses (\$12.63 million), including depreciation expenses of \$4.14 million, decreased approximately 11.60%. The significant decrease in operating expenses is principally due to a reduction in water and sewerage infrastructure depreciation following their revaluation.

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

Operating Revenues



Operating Expenditures



In addition to operating revenues, Council received capital grants and contributions amounting to \$5.12 million (2013 - \$7.83 million).

In the twelve months period to 30 June 2014 Council’s operating result from continuing operations (**including** capital grants and contributions) was a surplus of \$6.27 million compared with \$9.25 million in the previous year.





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## BUDGET COMPARISON

The net operating surplus for the year of \$6.27 million was well below the original budget expectations which anticipated a surplus of \$9.68 million.

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

### Favourable variances

- Increased interest revenue due to additional funds being available for investment.
- Diesel fuel rebates exceeded budget expectations.
- RMS ordered works exceeded budget expectations.
- Other expenses including insurance premiums and electricity costs were lower than budget expectations.

### Unfavourable variances

- Capital grants for flood damage restoration works were below original estimates.



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## DETAILED AUDIT OBSERVATIONS

### OPERATING INCOME

#### Rates and Annual Charges

Revenue from rates and annual charges (including Council owned properties) amounted to \$4.20 million (2013 - \$3.91 million).

In setting the **ordinary rates** for the year Council resolved to adopt the maximum increase available of 3.40%. This action has resulted in revenues from ordinary rates increasing from \$2.86 million in 2012/2013 to \$2.99 million in the current year. Council's **ordinary rating base** remained fairly static during the twelve months period and at year end 2,003 assessments were subject to **ordinary rates**.

Council further resolved that water access charges (for 20mm services) be increased as follows:

- Water Urban – Potable Access (Goolgowi, Merriwagga, Hillston & Carrathool) increased \$20 to \$380
- Water Urban – Raw Access (Goolgowi & Rankin Springs) increased \$10 to \$360
- Water Rural – Access (Goolgowi) increased \$300 to \$1,300

Sewerage charges were increased 3.4% whilst domestic waste management charges rose \$30 to \$140 and tip access fees were increased \$35 to \$110.

Such increases have resulted in revenues as follows:

<u>Annual Charges</u>	<b>2014</b>	<b>2013</b>
	\$	\$
Water	697,000	618,000
Sewerage	250,000	243,000
Domestic Waste	256,000	186,000

Rebates of \$72,400 were provided to eligible pensioners and a subsidy of \$40,000 was received from the Office of Local Government towards the cost of these rebates.

Interest and extra charges on overdue rates for the year were \$37,000 (2013 - \$16,000) and outstanding rates were subject to interest at the rate of 6.50% (2013 – 6.50%).



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### User Charges and Fees

Council derived \$990,000 from water consumption charges (2013 - \$1.01 million) and a further \$2.61 million from fees (2013 - \$4.20 million) imposed during the twelve months period ended 30 June 2014.

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

#### Water Consumption Charges (\$990,000)

Water consumption charges were increased across all schemes in the current year and consumption per KL was charged at:

➤ Urban – Potable (Goolgowi, Merriwagga, Hillston & Carrathool)	\$0.84kl
➤ Urban – Raw (Goolgowi & Rankin Springs)	\$0.52kl
➤ Rural (Goolgowi & Rankin Springs)	\$1.65kl
➤ Rural (Melbergen)	\$1.80kl

These charges together with a decrease in demand has resulted in revenues decreasing approximately 2.0% to \$990,000 (2013 - \$1.01 million).

#### RMS Charges (\$1,597,000)

Works undertaken by Council on the state roads at the request of the RMS decreased in the current year and amounted to \$1.60 million compared with \$3.26 million in 2012/2013.

Other revenues received from user charges and fees included:-

	2014 \$	2013 \$
Private Works	138,000	203,000
Caravan Park	396,000	366,000
Lease Rentals	37,000	56,000
Vehicle Leaseback Fees	55,000	46,000
Community Transport & HACC	103,000	42,000



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## Interest

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

	2014 \$	2013 \$
Overdue rates and charges	37,000	16,000
General Investments	373,000	421,000
Other Sundry Debtors	<u>2,000</u>	<u>2,000</u>
	\$412,000	\$439,000

Investment income for the year represented approximately 13.77% (2013 – 145.34%) of ordinary rating income and therefore remains an important component of Council's budget.

## Other Operating Income

Carrathool Shire Council has again received important income from a number of non-core activities. Predominantly, such income has been earned from rental income (\$96,000) and the diesel fuel rebate (\$212,000).

## Grants, Subsidies and Contributions

### Operating Grants and Contributions

Operating grants and contributions amounting to \$5.01 million were received in 2013/2014 compared with \$5.75 million received in the previous year.

As we reported last year, Council had been receiving advance instalments of the untied Financial Assistance Grant (FAG) which was being brought to account as Council income in the year of receipt. Whilst such accounting treatment was in accordance with the accounting standards, this practice has nevertheless significantly improved Council's past operating results. In the current year, the Australian Government has acted to realign the FAG instalments to the years to which they relate and consequently instalments amounting to only \$2.46 million were received compared with instalments amounting to \$4.03 million in the previous year. Importantly, Council had retained the advance instalments as an internally restricted asset and consequently there was no material impact on Council's cash flow.

Other major operating grants and contributions were received for Roads to Recovery works (\$1.95 million), Community Services (\$266,000) and Bushfire Services (\$184,000).



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Capital Grants and Contributions

Capital grants and contributions received for the year amounted to \$5.12 million (2013 - \$7.83 million) and principally related to Flood restoration (\$3.72 million) and Regional Roads Block Grant (\$1.27 million).

In accordance with the Code of Accounting Practice all grant and contribution monies received in 2013/2014 (both expended and unexpended) have been brought to account as income. Grants and contributions recognised as revenues in the current reporting period but not yet expended in accordance with the conditions attaching thereto amounted to \$43,000. At year end Council held unexpended grants and contributions amounting to \$126,000 (2013 - \$2.45 million) and such funds have been identified as an externally restricted asset.

**OPERATING EXPENDITURE**

Expenses from continuing operations (\$12.63 million) were considerably lower than both budget expectations (\$13.79 million) and those of the previous year (\$14.29 million).

Impacting significantly on operating expenses for the year were:

**Employee Costs**

Employee costs (\$5.11 million) increased approximately 4.60% (2013 - \$4.89 million) in the twelve months period to 30 June 2014. At year end Council's full time equivalent employees numbered 91 (2013 – 91).

**Materials and Contracts**

Material and contracts expenditure (\$1.65 million) decreased approximately 33.40% during the twelve months period primarily in response to reduced works requested by the RMS.

**Depreciation Expenses**

Depreciation expenses decreased approximately \$918,000 (18.20%) from \$5.05 million in 2012/2013 to \$4.14 million in 2013/2014. This was largely attributed to the decrease in water and sewerage network depreciation following their revaluation as at 1<sup>st</sup> July, 2013.

Depreciation expenses now account for approximately 32.70% of Council's total expenses and consequently they have a significant impact on Council's operating result. We note for comparative purposes that Carrathool Shire Council depreciation percentage remains higher than most rural Councils with which we are associated.



## ASSETS

### Cash and Investments

At balance date Council controlled cash and investments totalling \$9.44 million (2013 – \$11.67 million).

Council utilises its investments to cover both externally and internally imposed requirements and comprises employee leave entitlements (\$1.43 million), local roads (\$1.12 million), gravel pits (\$1.20 million), unexpended grants and contributions (\$126,000), water investments (\$458,000) and monies for future works.

Externally restricted investments (including water fund and domestic waste management) amounted to \$736,000 whilst Council has “earmarked” a further \$6.23 million towards the funding of its future long-term objectives.

Council’s cash and investments were held as follows:

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
General Fund	8,700,000	9,162,000
Water Fund	458,000	-
Other Externally Restricted Funds	<u>278,000</u>	<u>2,512,000</u>
	<b>\$9,436,000</b>	<b>\$11,674,000</b>

and comprised:

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Cash on Hand and at Bank	165,000	149,000
Deposits on Call	1,329,000	896,000
Short Term Deposits	5,211,000	8,747,000
Long Term Deposits	<u>2,731,000</u>	<u>1,882,000</u>
	<b>\$ 9,436,000</b>	<b>\$11,674,000</b>

### Debtors

#### Rates and Annual Charges

At balance date net outstanding rates, annual charges and interest amounted to \$346,000 (2013 - \$533,000) which represented 7.25% of total receivable (2013 – 12.55%).

It is pleasing to note the improvement in this rates and annual charges outstanding ratio over the past twelve months. Unfortunately, however, Council is still experiencing collection difficulties with a number of major arrears and we note that at year end ten ratepayers collectively had outstanding arrears in excess of \$231,000 (2013 -\$217,000).



Although the rates and annual charges percentage ratio is better than the industry benchmark (10.00%) we nevertheless encourage Council to continue to initiate positive recovery action against outstanding arrears in an endeavour to lower the arrears percentage to less than 5.00%.

Outstanding rates and annual charges have been subject to interest at the rate of 6.50% pa (2013 – 6.50%) and we report that Council has maintained its provision for doubtful debts of \$72,000.

### Land Stock on Hand

During the year Council sold three lots of land in Hillston which realised a profit of \$15,000. At year end Council had available for sale 30 lots in Hillston, 26 lots in Goolgowi and 1 lot in both Merriwagga and Roto.

At 30<sup>th</sup> June, 2014 Council held land with a book value of \$240,000.

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

During the reporting period Council expended \$14.48 million (2013 - \$14.74 million) on the acquisition of assets.

The principal items being:-

	2014	2013
	\$	\$
	('000's)	('000's)
Plant & Equipment	2,866	2,215
Buildings	787	1,528
Roads, Bridges & Footpaths	9,257	10,328
Water Supply Network	1,180	317
Sewerage Network	87	88

Additionally, we report that Council sold assets with a book value of \$1.25 million. The sale of these assets has resulted in a profit of \$131,000 being brought to account (2013 – profit of \$164,000).

Further, we report that Council conducted a full revaluation of its water and sewerage infrastructure networks in the current year. These revaluations were undertaken as at the 1<sup>st</sup> July 2013 and have resulted in the following adjustments to the written down values:

Water Supply Network	decreased \$37.74 million to \$14.85 million
Sewerage Network	decreased \$2.27 million to \$5.87 million



The combined action of asset movements and revaluations has resulted in the written down value of property, plant and equipment decreasing from \$189.74 million in 2012/2013 to \$159.06 million as at 30 June 2014.

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

### Provisions

At 30 June 2014 the Provision for Employee Accrued Entitlements totalled \$2.71 million.

The components of the liability are:-

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Annual Leave	531,000	502,000
Long Service Leave	1,142,000	1,014,000
Sick Leave	814,000	777,000
ELE On-costs	221,000	234,000

The average leave entitlement per employee as at 30 June 2014 was \$29,758 (2013 - \$27,769). At year end Council had set aside funds amounting to \$1.43 million or approx. 53.0% of the employee' leave entitlement liability. Such funds have been identified as a restricted asset.

### Loans and Debt Servicing

Council has been able to conduct its operations without the need for new external loan borrowings.

During the year Council repaid loan principal amounting to \$275,000 and at year end Council's loan borrowings had been reduced to \$1.52 million.

The loan liability is held in the general fund however we note that the water and sewerage funds have approved internal loans from the general fund as follows:

	<b>2014</b>
	<b>\$</b>
Water Fund	876,000
Sewerage Fund	350,000

Council required \$392,000 (comprising principal \$275,000 and interest \$117,000) to service its loan commitments in 2013/2014 and has reported a very satisfactory debt service ratio of 13.42.





## SUMMARY

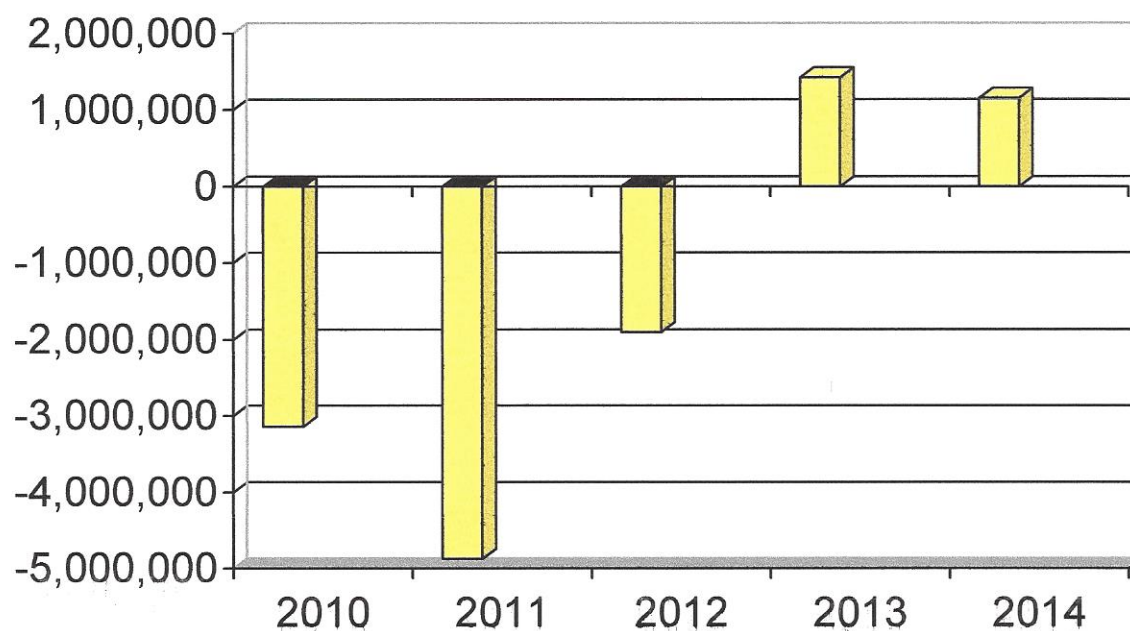
In analysing Council's financial results for the year particular attention must be given to the following:

- Operating result before capital amounts - (surplus of \$1.15 million)
- Net decrease in cash and investments held - (\$2.24 million)
- Internal and unrestricted investments amounting to \$8.70 million
- Performance ratios

### Operating Result

Council reported an operating surplus before capital amounts of \$1.15 million for the twelve months period to 30 June 2014. This surplus has been reported after allowing for depreciation expenses of \$4.14 million and although it was lower than the previous year (surplus \$1.42 million) it was significantly higher than budget expectations (deficit \$1.26 million).

#### Operating Surplus before Capital Amounts



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

	<b>Surplus/(Deficit)</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
General Fund	976,000	2,320,000
Water Fund	140,000	(738,000)
Sewerage Fund	38,000	(159,000)
	<b>\$1,154,000</b>	<b>\$1,423,000</b>

Importantly, all three funds of Council have reported an operating surplus before capital grants and contributions and we make the following observations:

#### General Fund

The current year's operating result has declined, however we emphasise that this year's result has been adversely impacted by the timing adjustment relating to the payment of the financial assistance grant instalments. As previously reported, the Australian Government ceased the payment of advance instalments in the current year and Carrathool Shire Council's untied FAG was approximately \$1.58 million below that of the previous year.

#### Water & Sewerage Funds

The significant turnaround in the operating results of the water and sewerage funds is primarily due to the greatly reduced depreciation expenses following the revaluation of the networks as at 1<sup>st</sup> July, 2013 which resulted in significant reductions in the infrastructure values. Also refer to our comments on page 10 of this report.

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

<u>Income</u>	<i>2014</i>	<i>2013</i>	<i>Variance</i>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Specific Purpose Operating Grants	2,535,000	1,567,000	968,000
RMS Works	1,597,000	3,255,000	(1,658,000)
Diesel Rebate	212,000	97,000	115,000
 <u>Expenses</u>			
Materials & Contracts	1,725,000	2,547,000	(822,000)

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

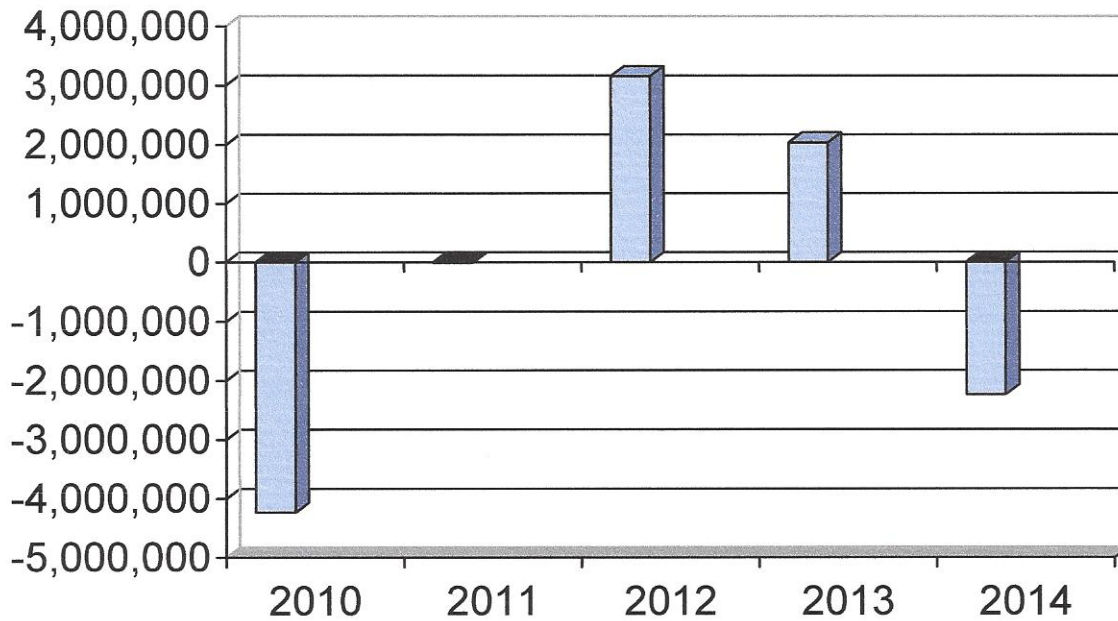


**Cash Flow**

Council achieved a cash surplus of \$11.20 million (2013 – \$15.68 million) from its general operating activities which was principally utilised to purchase assets and repay loans.

These actions together with the proceeds from the sale of property, plant and equipment have resulted in Council achieving a cash flow deficit (including investments) of \$2.24 million for the year.

Cash Flow Surplus/Deficit



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

<u>Activity</u>	<b>Surplus/Deficit 2014 \$</b>
<u>Externally Restricted</u>	
Specific Purpose Unexpended Grants	(2,325,000)
Other	549,000
<u>Internal &amp; Unrestricted Restricted</u>	
General Fund	(462,000)
<b>Surplus/(Deficit)</b>	<b><u>\$2,238,000</u></b>



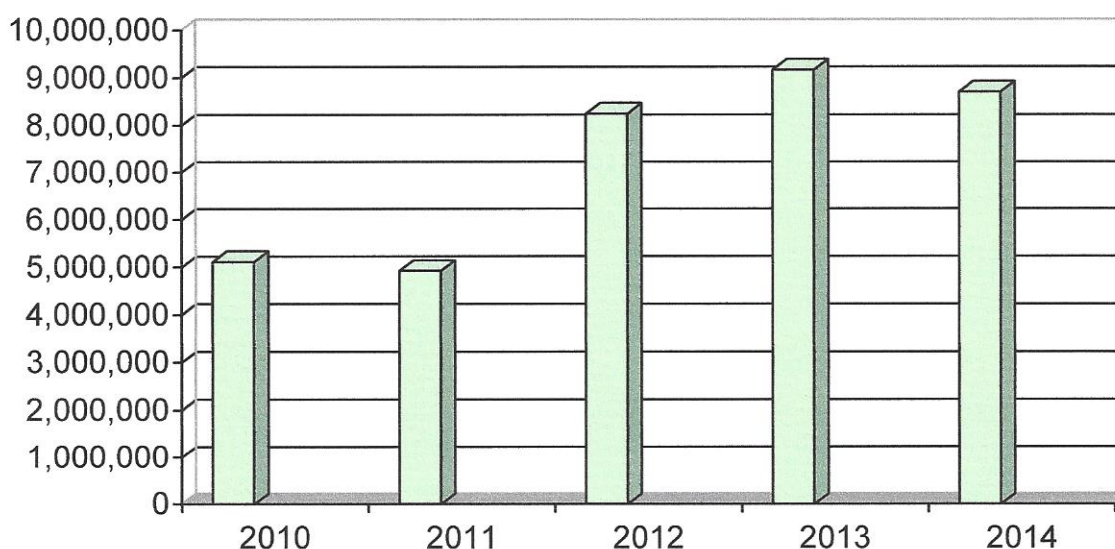
For comparative purposes, we note the following factors that have impacted on the cash flow deficit in 2013/2014.

- Advance instalments of the financial assistance grant ceased in 2013/2014
- Receivables decreased by \$624,000.
- Creditors decreased by \$675,000.
- Unexpended grant funds reduced by \$2.33 million.

### Reserves (Internally Restricted and Unrestricted Assets)

As noted previously, Council's internal and unrestricted funds decreased by \$462,000 during the twelve months period and at year end Council held internally restricted investments amounting to \$6.23 million whilst a further \$2.48 million was maintained as unrestricted investments. Additionally, we report that the water fund held unrestricted cash and investments amounting to \$458,000.

#### Internal and Unrestricted Reserve Funds



As illustrated, Council's reserve funds have steadily increased over the four year period (2010 to 2013) and the marginal decrease in the current year has only occurred through the utilization of the financial assistance grant reserve (\$2.12 million) to negate the impact of the cessation of the advance payments.



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As we have consistently reported, the adequate funding of reserves is probably the greatest challenge facing local government generally and Carrathool Shire Council appears to be addressing this situation in a responsible manner.

Further, we note that Council has real estate holdings (\$240,000) comprising developed and undeveloped residential land, which when sold may further improve Council's liquidity position.

### Performance Ratios

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

In particular, we note the unrestricted current ratio (which is a measurement of Council's ability to meet its financial obligations) of 5.23 and the manageable debt service percentage (13.42).

In addition to the above, a number of matters of a minor nature were discussed with the appropriate staff who have actioned or undertaken to see that appropriate action is taken with respect to each. Council's books of account and other records appear to have been maintained in a satisfactory and up-to-date manner and the requirements of the Local Government Act and Regulations well observed.

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

Yours faithfully,  
**AUSWILD & CO.**

Per: 

G.J. BRADLEY  
Principal  
Registered Auditor No 1249



# Carrathool Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

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*“To protect and promote quality of life in harmony with  
economic development and environmental sensitivity.”*



# Carrathool Shire Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2014

Contents	Page
<b>1. Statement by Councillors &amp; Management</b>	2
<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
<b>3. Notes to the Special Purpose Financial Statements</b>	7
<b>4. Auditor's Report</b>	16

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### Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
  - (ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.  
  
Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.
  - (iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.  
  
These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).
  - (iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).
-

## Carrathool Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2014

### Statement by Councillors and Management

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

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

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

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

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

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

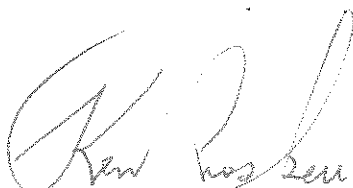
Signed in accordance with a resolution of Council made on 21 October 2014.



PETER LAIRD  
MAYOR



DARRYL JARDINE  
COUNCILLOR



KEN CROSKELL  
GENERAL MANAGER



ROBERT RAYNER  
RESPONSIBLE ACCOUNTING OFFICER



## Carrathool Shire Council

## Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>Income from continuing operations</b>		
Access charges	697	617
User charges	977	1,030
Fees	-	-
Interest	23	9
Grants and contributions provided for non capital purposes	9	8
Profit from the sale of assets	-	-
Other income	3	19
<b>Total income from continuing operations</b>	<b>1,709</b>	<b>1,683</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	402	435
Borrowing costs	8	5
Materials and contracts	805	761
Depreciation and impairment	294	1,155
Water purchase charges	60	65
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	-	-
<b>Total expenses from continuing operations</b>	<b>1,569</b>	<b>2,421</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>140</b>	<b>(738)</b>
Grants and contributions provided for capital purposes	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>140</b>	<b>(738)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>140</b>	<b>(738)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(42)	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>98</b>	<b>(738)</b>
plus Opening Retained Profits	4,504	5,265
plus/less: Prior Period Adjustments	947	-
plus/less: Other Adjustments	-	(23)
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	42	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>5,591</b>	<b>4,504</b>
<b>Return on Capital %</b>	<b>1.0%</b>	<b>-1.4%</b>
<b>Subsidy from Council</b>	<b>381</b>	<b>2,683</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	98	(738)
less: Capital grants and contributions (excluding developer contributions)	-	-
<b>Surplus for dividend calculation purposes</b>	<b>98</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>49</b>	<b>-</b>

## Carrathool Shire Council

## Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>Income from continuing operations</b>		
Access charges	256	249
User charges	1	1
Liquid Trade Waste charges	-	-
Fees	-	-
Interest	2	1
Grants and contributions provided for non capital purposes	6	6
Profit from the sale of assets	-	-
Other income	19	13
<b>Total income from continuing operations</b>	<b>284</b>	<b>270</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	91	108
Borrowing costs	-	-
Materials and contracts	79	128
Depreciation and impairment	76	193
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	-	-
<b>Total expenses from continuing operations</b>	<b>246</b>	<b>429</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>38</b>	<b>(159)</b>
Grants and contributions provided for capital purposes	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>38</b>	<b>(159)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>38</b>	<b>(159)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(11)	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>27</b>	<b>(159)</b>
<b>plus Opening Retained Profits</b>	1,609	1,768
<b>plus/less: Prior Period Adjustments</b>	498	-
<b>plus Adjustments for amounts unpaid:</b>		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	11	-
<b>less:</b>		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>2,145</b>	<b>1,609</b>
<b>Return on Capital %</b>	<b>0.6%</b>	<b>-2.0%</b>
<b>Subsidy from Council</b>	<b>171</b>	<b>466</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	27	(159)
less: Capital grants and contributions (excluding developer contributions)	-	-
<b>Surplus for dividend calculation purposes</b>	<b>27</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>13</b>	<b>-</b>

## Carrathool Shire Council

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

as at 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	458	-
Investments	-	-
Receivables	602	691
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>1,060</b>	<b>691</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	14,863	51,714
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>14,863</b>	<b>51,714</b>
<b>TOTAL ASSETS</b>	<b>15,923</b>	<b>52,405</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft (Due to General Fund)	-	750
Payables	21	-
Interest bearing liabilities	26	35
Provisions	-	-
<b>Total Current Liabilities</b>	<b>47</b>	<b>785</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	850	21
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>850</b>	<b>21</b>
<b>TOTAL LIABILITIES</b>	<b>897</b>	<b>806</b>
<b>NET ASSETS</b>	<b>15,026</b>	<b>51,599</b>
<b>EQUITY</b>		
Retained earnings	5,591	4,504
Revaluation reserves	9,435	47,095
Council equity interest	15,026	51,599
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>15,026</b>	<b>51,599</b>

## Carrathool Shire Council

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

as at 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	-	-
Investments	-	-
Receivables	40	32
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>40</b>	<b>32</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	5,882	8,139
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>5,882</b>	<b>8,139</b>
<b>TOTAL ASSETS</b>	<b>5,922</b>	<b>8,171</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft (Due to General Fund)	24	786
Payables	2	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Current Liabilities</b>	<b>26</b>	<b>786</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	350	-
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>350</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>376</b>	<b>786</b>
<b>NET ASSETS</b>	<b>5,546</b>	<b>7,385</b>
<b>EQUITY</b>		
Retained earnings	2,145	1,609
Revaluation reserves	3,401	5,776
Council equity interest	5,546	7,385
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>5,546</b>	<b>7,385</b>

## Carrathool Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2014

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

Note	Details	Page
1	Summary of Significant Accounting Policies	8
2	Water Supply Business Best Practice Management disclosure requirements	11
3	Sewerage Business Best Practice Management disclosure requirements	13

## Carrathool Shire Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Significant Accounting Policies

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

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

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

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

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

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

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

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

#### National Competition Policy

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

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

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

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

#### Declared Business Activities

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

##### Category 1

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

**Council has no Category 1 business activities.**

##### Category 2

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

##### a. Carrathool Shire Council Combined Water Supply

Comprising the whole of the Carrathool Shire Council Water Supply operations and net assets.

##### b. Carrathool Shire Council Combined Sewerage Services

Comprising the whole of the Carrathool Shire Council Sewerage Reticulation & Treatment operations and net assets

#### 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.

## Carrathool Shire Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Significant Accounting Policies

##### (i) Taxation Equivalent Charges

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

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

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

##### Notional Rate Applied %

Corporate Income Tax Rate – **30%**

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

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

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

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

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

##### Income Tax

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

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

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

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

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

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

##### Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 2 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.

## Carrathool Shire Council

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

#### Note 1. Significant Accounting Policies

##### (ii) Subsidies

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

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

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

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

##### (iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

**Operating Result before Capital Income + Interest Expense**

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

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

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

##### (iv) Dividends

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

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

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

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2014 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved the payment.



## Carrathool Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2014Note 2. Water Supply Business  
Best Practice Management disclosure requirements

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

2014

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

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

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	3,255
(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]	49,000
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	32,550
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012	(1,448,000)

2014 Surplus	98,000	2013 Surplus	(738,000)	2012 Surplus	(808,000)
		2013 Dividend	-	2012 Dividend	-

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

**3. Required outcomes for 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]	NO
	- Complying charges [Item 2(b) in Table 1]	NO
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	NO
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	NO
(iii)	Sound Water Conservation and Demand Management implemented	NO
(iv)	Sound Drought Management implemented	NO
(v)	Complete Performance Reporting Form (by 15 September each year)	NO
(vi)	a. Integrated Water Cycle Management Evaluation	NO
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

## Carrathool Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2014Note 2. Water Supply Business  
Best Practice Management disclosure requirements (continued)

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Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2014


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**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	1,686
<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)]	%	57.13%
<b>NWI F9</b>	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	14,853
<b>NWI F11</b>	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	1,257
<b>NWI F14</b>	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	1,180
<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)]	%	0.91%
<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.

## Carrathool Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2014Note 3. Sewerage Business  
Best Practice Management disclosure requirements

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

2014

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

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

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	2,634
(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]	13,300
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	26,340
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012	(250,400)

2014 Surplus	26,600	2013 Surplus	(159,000)	2012 Surplus	(118,000)
		2013 Dividend	-	2012 Dividend	-

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

**3. Required outcomes for 4 Criteria**

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

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	NO
	Complying charges	
	(a) Residential [Item 2(c) in Table 1]	NO
	(b) Non Residential [Item 2(c) in Table 1]	NO
	(c) Trade Waste [Item 2(d) in Table 1]	NO
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	NO
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	NO
(iii)	Complete Performance Reporting Form (by 15 September each year)	NO
(iv)	a. Integrated Water Cycle Management Evaluation	NO
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

## Carrathool Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2014Note 3. Sewerage Business  
Best Practice Management disclosure requirements (continued)

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Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2014


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

<b>NWI F2</b>	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	282
<b>NWI F10</b>	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	5,872
<b>NWI F12</b>	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	170
<b>NWI F15</b>	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	87
<b>NWI F18</b>	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	0.61%
<b>NWI F27</b>	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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

<b>NWI F3</b>	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	1,968
<b>NWI F8</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	0.76%
<b>NWI F16</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	1,267
<b>NWI F19</b>	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	0.82%
<b>NWI F20</b>	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
<b>NWI F21</b>	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

## Carrathool Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2014Note 3. Sewerage Business  
Best Practice Management disclosure requirements (continued)

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Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2014


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

NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	3.85%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest  Earnings before Interest & Tax (EBIT): <span style="border: 1px solid black; padding: 2px;">171</span> Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)  Net Interest: <span style="border: 1px solid black; padding: 2px;">- 17</span> Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		> 100
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	178
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	15

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



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

We have audited the accompanying financial report, being a special purpose financial report, of the Carrathool Shire Council, which comprises the statement by councillors and management, statement of financial position as at 30<sup>th</sup> June, 2014, and the income statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

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

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

### **Auditor's Responsibility**

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

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

The financial report has been prepared for distribution to the council and the Office of Local Government for the purpose of fulfilling council's financial reporting requirements under National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the council or the Office of Local Government or for any purpose other than that for which it was prepared.

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

**Independence**

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

**Auditor's Opinion**

In our opinion, the special purpose financial report presents fairly, in all material respects the financial position of Carrathool Shire Council as at 30 June, 2014 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

**AUSWILD & CO.**



G.J. BRADLEY

Principal

Registered Auditor No: 1249

CANBERRA  
31<sup>st</sup> October, 2014

# Carrathool Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2014

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*“To protect and promote quality of life in harmony with  
economic development and environmental sensitivity.”*





# Carrathool Shire Council

## Special Schedules

for the financial year ended 30 June 2014

### Contents

Page

#### Special Schedules<sup>1</sup>

- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	5
- Special Schedule No. 3	Water Supply Operations - incl. Income Statement	6
- Special Schedule No. 4	Water Supply - Statement of Financial Position	10
- Special Schedule No. 5	Sewerage Service Operations - incl. Income Statement	11
- Special Schedule No. 6	Sewerage Service - Statement of Financial Position	15
- Notes to Special Schedules No. 3 & 5		16
- Special Schedule No. 7	Report on Infrastructure Assets (as at 30 June 2014)	17
- Special Schedule No. 8	Financial Projections	23
- Special Schedule No. 9	Permissible Income Calculation	24

<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.

## Carrathool Shire Council

## Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	<b>465</b>	<b>48</b>	<b>-</b>	<b>(417)</b>
<b>Administration</b>	<b>2,492</b>	<b>414</b>	<b>-</b>	<b>(2,078)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	328	183	62	(83)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	78	10	-	(68)
Other	75	1	-	(74)
<b>Total Public Order &amp; Safety</b>	<b>481</b>	<b>194</b>	<b>62</b>	<b>(225)</b>
<b>Health</b>	<b>210</b>	<b>55</b>	<b>-</b>	<b>(155)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	105	56	-	(49)
Other Environmental Protection	-	-	-	-
Solid Waste Management	304	314	-	10
Street Cleaning	92	-	-	(92)
Drainage	-	-	-	-
Stormwater Management	51	-	-	(51)
<b>Total Environment</b>	<b>552</b>	<b>370</b>	<b>-</b>	<b>(182)</b>
<b>Community Services and Education</b>				
Administration & Education	-	-	-	-
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	342	372	-	30
Children's Services	20	-	-	(20)
<b>Total Community Services &amp; Education</b>	<b>362</b>	<b>372</b>	<b>-</b>	<b>10</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	49	15	-	(34)
Public Conveniences	57	-	-	(57)
Street Lighting	44	13	-	(31)
Town Planning	151	57	-	(94)
Other Community Amenities	76	58	-	(18)
<b>Total Housing and Community Amenities</b>	<b>377</b>	<b>143</b>	<b>-</b>	<b>(234)</b>
<b>Water Supplies</b>	<b>1,569</b>	<b>1,709</b>	<b>-</b>	<b>140</b>
<b>Sewerage Services</b>	<b>246</b>	<b>284</b>	<b>-</b>	<b>38</b>

## Carrathool Shire Council

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

for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	324	34	16	(274)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	196	-	33	(163)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	-	-	-	-
Swimming Pools	239	14	-	(225)
Parks & Gardens (Lakes)	-	-	-	-
Other Sport and Recreation	438	-	-	(438)
<b>Total Recreation and Culture</b>	<b>1,197</b>	<b>48</b>	<b>49</b>	<b>(1,100)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	-	-	-	-
Other Mining, Manufacturing & Construction	5	-	-	(5)
<b>Total Mining, Manufacturing and Const.</b>	<b>5</b>	-	-	<b>(5)</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	137	-	-	(137)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads (SRR) - Regional	1,568	1,629	1,272	1,333
Unsealed Rural Roads (URR) - Local	16	1,949	3,310	5,243
Unsealed Rural Roads (URR) - Regional	-	-	407	407
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	35	-	-	(35)
Aerodromes	43	-	-	(43)
Other Transport & Communication	2,249	156	20	(2,073)
<b>Total Transport and Communication</b>	<b>4,048</b>	<b>3,734</b>	<b>5,009</b>	<b>4,695</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	370	396	-	26
Other Economic Affairs	259	166	-	(93)
<b>Total Economic Affairs</b>	<b>629</b>	<b>562</b>	-	<b>(67)</b>
<b>Totals – Functions</b>	<b>12,633</b>	<b>7,933</b>	<b>5,120</b>	<b>420</b>
<b>General Purpose Revenues</b> <sup>(2)</sup>		<b>5,854</b>		<b>5,854</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	-		-
<b>NET OPERATING RESULT</b> <sup>(1)</sup>	<b>12,633</b>	<b>13,787</b>	<b>5,120</b>	<b>6,274</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

Carrathool Shire Council

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

for the financial year ended 30 June 2014

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-							-	-
Treasury Corporation	-	-	-							-	-
Other State Government	-	-	-							-	-
Public Subscription	-	-	-							-	-
Financial Institutions	279	1,511	<b>1,790</b>	-	275	-	-	117	284	1,231	<b>1,515</b>
Other	-	-	-							-	-
<b>Total Loans</b>	<b>279</b>	<b>1,511</b>	<b>1,790</b>	<b>-</b>	<b>275</b>	<b>-</b>	<b>-</b>	<b>117</b>	<b>284</b>	<b>1,231</b>	<b>1,515</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>279</b>	<b>1,511</b>	<b>1,790</b>	<b>-</b>	<b>275</b>	<b>-</b>	<b>-</b>	<b>117</b>	<b>284</b>	<b>1,231</b>	<b>1,515</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).

# Carrathool Shire Council

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

\$'000

### Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
General			
Water	850,000	-	850,000
Sewer	350,000	-	350,000
<b>Totals</b>	<b>1,200,000</b>	<b>-</b>	<b>1,200,000</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
Goolgowi Water	Capital Works	Not Applicable	30/06/14	20	30/06/34	5.00%	180,000	-	180,000
Rankins Springs Water	Capital Works	Not Applicable	30/06/14	20	30/06/34	5.00%	430,000	-	430,000
Melbergen Water	Capital Works	Not Applicable	30/06/14	20	30/06/34	5.00%	240,000	-	240,000
Goolgowi Sewer	Capital Works	Not Applicable	30/06/14	20	30/06/34	5.00%	100,000	-	100,000
Hillston Sewer	Capital Works	Not Applicable	30/06/14	20	30/06/34	5.00%	250,000	-	250,000
<b>Totals</b>							<b>1,200,000</b>	<b>-</b>	<b>1,200,000</b>

## Carrathool Shire Council

## Special Schedule No. 3 - Water Supply Income Statement

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

\$'000	Actuals 2014	Actuals 2013
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	75	56
b. Engineering and Supervision	56	48
<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	305	292
<b>- Reservoirs</b>		
e. Operation expenses	-	-
f. Maintenance expenses	16	15
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	216	243
h. Energy costs	474	469
i. Maintenance expenses	-	-
<b>- Treatment</b>		
j. Operation expenses (excluding chemical costs)	39	39
k. Chemical costs	15	11
l. Maintenance expenses	1	1
<b>- Other</b>		
m. Operation expenses	-	-
n. Maintenance expenses	-	-
o. Purchase of water	60	65
<b>3. Depreciation expenses</b>		
a. System assets	286	1,142
b. Plant and equipment	8	13
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	8	5
b. Revaluation Decrements	-	-
c. Other expenses	10	22
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>1,569</b>	<b>2,421</b>

## Carrathool Shire Council

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

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

\$'000	Actuals 2014	Actuals 2013
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	697	617
b. Usage charges	929	1,015
<b>7. Non-residential charges</b>		
a. Access (including rates)	-	-
b. Usage charges	48	15
<b>8. Extra charges</b>	-	-
<b>9. Interest income</b>	23	9
<b>10. Other income</b>	3	19
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	-	-
<b>11. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	9	8
c. Other grants	-	-
<b>12. Contributions</b>		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	-
<b>13. Total income</b>	<b>1,709</b>	<b>1,683</b>
<b>14. Gain (or loss) on disposal of assets</b>	-	-
<b>15. Operating Result</b>	<b>140</b>	<b>(738)</b>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	140	(738)

## Carrathool Shire Council

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

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

\$'000	Actuals 2014	Actuals 2013
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	-
c. Renewals	1,180	317
d. Plant and equipment	-	-
<b>17. Repayment of debt</b>		
a. Loans	30	33
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<b>1,210</b>	<b>350</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	-	-
<b>21. Borrowing utilised</b>		
a. Loans	850,000	-
b. Advances	-	-
c. Finance leases	-	-
<b>22. Transfer from sinking fund</b>	-	-
<b>23. Totals</b>	<b>850,000</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)	777	777
b. Residential (unoccupied, ie. vacant lot)	111	111
c. Non-residential (occupied)	197	197
d. Non-residential (unoccupied, ie. vacant lot)	-	-
<b>25. Number of ETs for which developer charges were received</b>	- ET	- ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 16,060	\$ 15,072



## Carrathool Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies  
for the financial year ended 30 June 2014

\$'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"/>	<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"/>
** 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="-"/>

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

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

## Carrathool Shire Council

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

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

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	458	-	458
f. Other	-	-	-
<b>31. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	-	-	-
c. User Charges	591	-	591
d. Other (Incl GWCC)	11	-	11
<b>32. Inventories</b>	-	-	-
<b>33. Property, plant and equipment</b>			
a. System assets	-	14,853	14,853
b. Plant and equipment	-	10	10
<b>34. Other assets</b>	-	-	-
<b>35. Total assets</b>	<b>1,060</b>	<b>14,863</b>	<b>15,923</b>
<b>LIABILITIES</b>			
<b>36. Bank overdraft (Due to General Fund)</b>	-	-	-
<b>37. Creditors</b>	21	-	21
<b>38. Borrowings</b>			
a. Loans	26	850	876
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>40. Total liabilities</b>	<b>47</b>	<b>850</b>	<b>897</b>
<b>41. NET ASSETS COMMITTED</b>	<b>1,013</b>	<b>14,013</b>	<b>15,026</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			5,591
<b>43. Asset revaluation reserve</b>			9,435
<b>44. TOTAL EQUITY</b>			<b>15,026</b>
<b>Note to system assets:</b>			
<b>45. Current replacement cost</b> of system assets			21,053
<b>46. Accumulated current cost</b> depreciation of system assets			(6,200)
<b>47. Written down current cost</b> of system assets			<b>14,853</b>

## Carrathool Shire Council

## Special Schedule No. 5 - Sewerage Service Income Statement

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

\$'000	Actuals 2014	Actuals 2013
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	8	8
b. Engineering and Supervision	5	5
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	-	-
b. Maintenance expenses	33	30
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	-	-
d. Energy costs	28	28
e. Maintenance expenses	56	79
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	-	-
g. Chemical costs	-	-
h. Energy costs	-	-
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	40	38
<b>- Other</b>		
l. Operation expenses	-	16
m. Maintenance expenses	-	6
<b>3. Depreciation expenses</b>		
a. System assets	72	193
b. Plant and equipment	4	-
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	-	26
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalent Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>246</b>	<b>429</b>

## Carrathool Shire Council

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

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

\$'000	Actuals 2014	Actuals 2013
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	256	249
<b>7. Non-residential charges</b>		
a. Access (including rates)	-	-
b. Usage charges	1	1
<b>8. Trade Waste Charges</b>		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	-	-
<b>10. Interest income</b>	2	1
<b>11. Other income</b>	19	13
<b>11a. Aboriginal Communities Water &amp; Sewerage Program</b>	-	-
<b>12. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	6	6
c. Other grants	-	-
<b>13. Contributions</b>		
a. Developer charges	-	-
b. Developer provided assets	-	-
c. Other contributions	-	-
<b>14. Total income</b>	<u>284</u>	<u>270</u>
<b>15. Gain (or loss) on disposal of assets</b>	-	-
<b>16. Operating Result</b>	<u>38</u>	<u>(159)</u>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	38	(159)

## Carrathool Shire Council

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

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

\$'000	Actuals 2014	Actuals 2013
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	-
c. Renewals	87	87
d. Plant and equipment	-	-
<b>18. Repayment of debt</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>87</b>	<b>87</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	-
<b>22. Borrowing utilised</b>		
a. Loans	350	-
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>350</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	637	637
b. Residential (unoccupied, ie. vacant lot)	111	111
c. Non-residential (occupied)	130	130
d. Non-residential (unoccupied, ie. vacant lot)	-	-
<b>26. Number of ETs for which developer charges were received</b>	- ET	- ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 11,289	\$ 10,370

## Carrathool Shire Council

Special Schedule No. 5 - Sewerage Cross Subsidies  
for the financial year ended 30 June 2014

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>28. Annual charges</b>			
<b>a.</b> Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
<b>b.</b> Cross-subsidy <b>to</b> non-residential customers (page 45 of Guidelines)			<input type="text"/>
<b>c.</b> Cross-subsidy <b>to</b> trade waste discharges (page 46 of Guidelines)			<input type="text"/>
<b>29. Developer charges</b>			
<b>a.</b> Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
<b>b.</b> Total cross-subsidy in sewerage developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>30. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (28b + 28c + 29b)</b>			<input type="text" value="-"/>

\* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

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

## Carrathool Shire Council

## Special Schedule No. 6 - Sewerage Service Statement of Financial Position

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

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<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	-	-	-
<b>32. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	40	-	40
c. User Charges	-	-	-
d. Other	-	-	-
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	-	5,872	5,872
b. Plant and equipment	-	10	10
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<b>40</b>	<b>5,882</b>	<b>5,922</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft (Due to General Fund)</b>	24	-	24
<b>38. Creditors</b>	2	-	2
<b>39. Borrowings</b>			
a. Loans	-	350	350
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>41. Total Liabilities</b>	<b>26</b>	<b>350</b>	<b>376</b>
<b>42. NET ASSETS COMMITTED</b>	<b>14</b>	<b>5,532</b>	<b>5,546</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			2,145
<b>44. Asset revaluation reserve</b>			3,401
<b>45. TOTAL EQUITY</b>			<b>5,546</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			6,952
<b>47. Accumulated current cost</b> depreciation of system assets			(1,080)
<b>48. Written down current cost</b> of system assets			<b>5,872</b>

## Carrathool Shire Council

### Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2014

#### 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.



# Carrathool Shire Council

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

as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard <sup>(1)</sup>	Required Annual Maintenance <sup>(2)</sup>	Actual Maintenance 2013/14 <sup>(3)</sup>	Written Down Value (WDV) <sup>(4)</sup>	Assets in Condition as a % of WDV <sup>(4), (5)</sup>				
						1	2	3	4	5
<b>Buildings</b>	Council Offices / Administration Centres	100	49	14	3,750	56%	26%	0%	18%	0%
	Council Works Depot	85	9	10	574	6%	9%	53%	32%	0%
	Council Public Halls	15	6	5	1,638	60%	0%	40%	0%	0%
	Libraries	-	10	5	1,952	0%	100%	0%	0%	0%
	Other Buildings	10	5	5	1,134	0%	35%	65%	0%	0%
	Specialised Buildings	8	2	-	671	20%	10%	70%	0%	0%
	Council Dwellings	2	8	26	2,857	0%	15%	85%	0%	0%
	<b>sub total</b>	<b>235</b>	<b>98</b>	<b>65</b>	<b>12,616</b>	<b>25.8%</b>	<b>22.0%</b>	<b>10.0%</b>	<b>9.0%</b>	<b>0.3%</b>
<b>Roads</b>	Local Roads (Sealed 253 Kms, Unsealed 702 Kms & Formed 1266 Kms)	1,400	1,400	1,993	52,695	30%	40%	25%	5%	0%
	Regional Roads (Sealed 130Kms & Unsealed 183 Kms)	1,170	1,170	1,032	40,602	30%	45%	25%	0%	0%
	Village Street (Sealed 27 Kms)	110	250	137	4,668	0%	80%	20%	0%	0%
	Access Roadways & Carparks	15	5	8	211	0%	90%	5%	5%	0%
	Bridges	150	15	15	8,353	0%	75%	25%	0%	0%
	Major Road Culverts	100	15	-	1,598	0%	90%	5%	5%	0%
	Footpaths	35	12	34	373	10%	70%	20%	0%	0%
	Kerb & Gutter	50	10	-	1,007	15%	75%	15%	10%	-15%
	<b>sub total</b>	<b>3,030</b>	<b>2,877</b>	<b>3,219</b>	<b>109,507</b>	<b>25.7%</b>	<b>22.0%</b>	<b>10.0%</b>	<b>9.0%</b>	<b>-0.1%</b>

Carrathool Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard <sup>(1)</sup>	Required Annual Maintenance <sup>(2)</sup>	Actual Maintenance 2013/14 <sup>(3)</sup>	Written Down Value (WDV) <sup>(4)</sup>	Assets in Condition as a % of WDV <sup>(4), (5)</sup>				
						1	2	3	4	5
Water Supply Network	Bores	28	-	-	245	0%	27%	68%	5%	0%
	Mains	332	220	305	10,892	4%	8%	85%	2%	1%
	Reservoirs	40	20	16	1,877	9%	18%	66%	2%	5%
	Pumping Station/s	36	20	-	1,257	24%	18%	52%	6%	0%
	Treatment	15	5	1	257	0%	23%	77%	0%	0%
	Telemetry	20	5	-	325	25%	50%	13%	13%	0%
	<b>sub total</b>	<b>471</b>	<b>270</b>	<b>322</b>	<b>14,853</b>	<b>6.6%</b>	<b>11.6%</b>	<b>77.8%</b>	<b>2.6%</b>	<b>1.4%</b>
Sewerage Network	Mains	230	30	33	4,304	11%	80%	8%	1%	0%
	Pumping Station/s	32	50	56	878	0%	16%	81%	3%	0%
	Treatment	120	10	15	565	15%	15%	70%	0%	0%
	Telemetry	20	5	4	125	25%	50%	13%	13%	0%
	<b>sub total</b>	<b>402</b>	<b>95</b>	<b>108</b>	<b>5,872</b>	<b>10.0%</b>	<b>63.5%</b>	<b>25.0%</b>	<b>1.4%</b>	<b>0.0%</b>

# Carrathool Shire Council

## Special Schedule No. 7 - Report on Infrastructure Assets (continued) as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard <sup>(1)</sup>	Required Annual Maintenance <sup>(2)</sup>	Actual Maintenance 2013/14 <sup>(3)</sup>	Written Down Value (WDV) <sup>(4)</sup>	Assets in Condition as a % of WDV <sup>(4), (5)</sup>				
						1	2	3	4	5
Stormwater Drainage	Shire Wide Drainage Works	30	20	26	1,518	0%	10%	80%	10%	0%
	<b>sub total</b>	<b>30</b>	<b>20</b>	<b>26</b>	<b>1,518</b>	<b>0.0%</b>	<b>10.0%</b>	<b>80.0%</b>	<b>10.0%</b>	<b>0.0%</b>
Open Space/ Recreational Assets	Swimming Pools	1,080	30	32	1,990	0%	0%	40%	10%	50%
	Various Structure on Recreational Grounds	30	10	8	1,925	20%	60%	10%	10%	0%
	<b>sub total</b>	<b>1,110</b>	<b>40</b>	<b>40</b>	<b>3,915</b>	<b>9.8%</b>	<b>29.5%</b>	<b>25.2%</b>	<b>10.0%</b>	<b>25.4%</b>
	<b>TOTAL - ALL ASSETS</b>	<b>5,278</b>	<b>3,400</b>	<b>3,780</b>	<b>148,281</b>	<b>22.5%</b>	<b>42.2%</b>	<b>31.3%</b>	<b>3.2%</b>	<b>0.7%</b>

### 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"**

<b>1</b>	<b>Excellent</b>	No work required (normal maintenance)
<b>2</b>	<b>Good</b>	Only minor maintenance work required
<b>3</b>	<b>Average</b>	Maintenance work required

<b>4</b>	<b>Poor</b>	Renewal required
<b>5</b>	<b>Very Poor</b>	Urgent renewal/upgrading required

## Carrathool Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2014

\$ '000	Amounts	Indicator	Prior Periods	
	2014	2014	2013	2012
<b>Infrastructure Asset Performance Indicators Consolidated</b>				
<b>1. Building and Infrastructure Renewals Ratio</b>				
Asset Renewals (Building and Infrastructure) <sup>(1)</sup>	<u>3,033</u>	113.89%	89.62%	
Depreciation, Amortisation & Impairment	<u>2,663</u>			
<b>2. Infrastructure Backlog Ratio</b>				
Estimated Cost to bring Assets to a Satisfactory Condition	<u>5,278</u>	0.04	0.04	
Total value <sup>(2)</sup> of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	<u>148,781</u>			
<b>3. Asset Maintenance Ratio</b>				
Actual Asset Maintenance	<u>3,780</u>	1.11	1.01	
Required Asset Maintenance	<u>3,400</u>			
<b>4. Capital Expenditure Ratio</b>				
Annual Capital Expenditure	<u>13,235</u>	3.20	1.22	
Annual Depreciation	<u>4,136</u>			

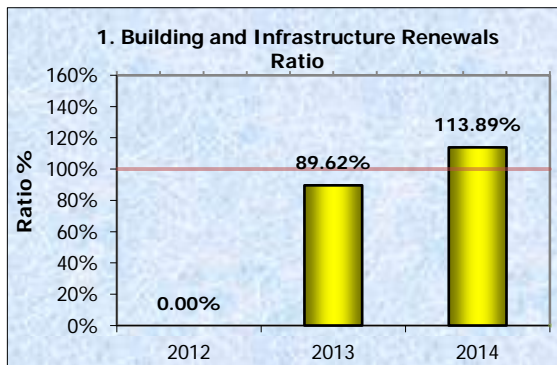
## Notes

<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 and infrastructure assets only.

<sup>(2)</sup> Written down value

# Carrathool Shire Council

## Special Schedule No. 7 - Report on Infrastructure Assets (continued) for the financial year ended 30 June 2014



— Minimum 100.00%

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

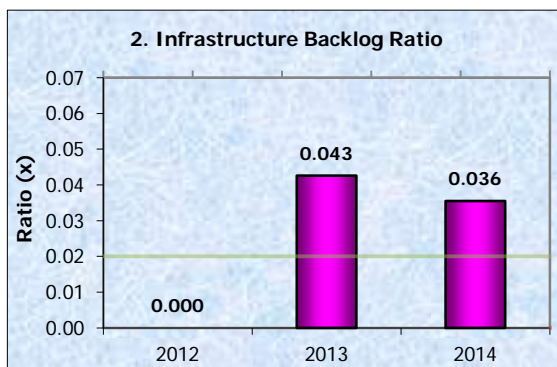
**Purpose of Asset Renewals Ratio**

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

**Commentary on 2013/14 Result**

**2013/14 Ratio 113.89%**

During 2014 expenditure on upgrading the rural road network as well as improvements to both the Water Supply & Sewer Networks was greater than the respective networks annual depreciation charge.



— Maximum .02

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

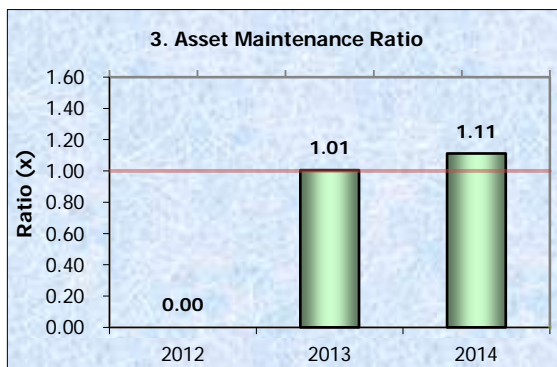
**Purpose of Infrastructure Backlog Ratio**

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

**Commentary on 2013/14 Result**

**2013/14 Ratio 0.04 x**

A re-valuation of roads and major infrastructure will occur during 2014/15. The ratio also includes proposals in the next 2 years to spend \$1.2 million to refurbish Council's swimming pools.



— Minimum 1.00

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

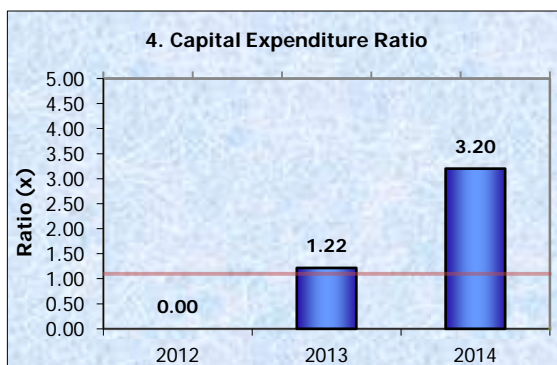
**Purpose of Asset Maintenance Ratio**

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

**Commentary on 2013/14 Result**

**2013/14 Ratio 1.11 x**

Council is maintaining its required maintenance levels.



— Minimum 1.10

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

**Purpose of Capital Expenditure Ratio**

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

**Commentary on 2013/14 Result**

**2013/14 Ratio 3.20 x**

Council is renewing and creating new assets as per its and the communities current expectations.

## Carrathool Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2014

\$ '000	Water 2014	Sewer 2014	General <sup>(1)</sup> 2014
<b>Infrastructure Asset Performance Indicators By Fund</b>			
<b>1. Building and Infrastructure Renewals Ratio</b>			
<u>Asset Renewals (Building and Infrastructure)<sup>(1)</sup></u>	<b>135.66%</b>	<b>201.39%</b>	<b>108.46%</b>
Depreciation, Amortisation & Impairment			
prior period:	0.00%	0.00%	0.00%
<b>2. Infrastructure Backlog Ratio</b>			
<u>Estimated Cost to bring Assets to a Satisfactory Condition</u>			
Total value <sup>(3)</sup> of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	<b>0.03</b>	<b>0.07</b>	<b>0.03</b>
prior period:	0.00	0.00	0.00
<b>3. Asset Maintenance Ratio</b>			
<u>Actual Asset Maintenance</u>			
Required Asset Maintenance	<b>1.19</b>	<b>1.14</b>	<b>1.10</b>
prior period:	0.00	0.00	0.00
<b>4. Capital Expenditure Ratio</b>			
<u>Annual Capital Expenditure</u>			
Annual Depreciation	<b>4.01</b>	<b>1.14</b>	<b>3.18</b>
prior period:	0.27	0.45	-0.11

## 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 and infrastructure assets only.

<sup>(3)</sup> Written down value

# Carrathool Shire Council

## Special Schedule No. 8 - Financial Projections

as at 30 June 2014

\$'000	Actual <sup>(1)</sup> 13/14	Forecast <sup>(3)</sup> 14/15	Forecast <sup>(3)</sup> 15/16	Forecast <sup>(3)</sup> 16/17	Forecast <sup>(3)</sup> 17/18	Forecast <sup>(3)</sup> 18/19	Forecast <sup>(3)</sup> 19/20	Forecast <sup>(3)</sup> 20/21	Forecast <sup>(3)</sup> 21/22	Forecast <sup>(3)</sup> 22/23	Forecast <sup>(3)</sup> 23/24
<b>(i) OPERATING BUDGET</b>											
Income from continuing operations	18,907	13,182	13,383	13,771	14,153	14,546	14,951	15,369	15,797	16,219	16,654
Expenses from continuing operations	12,633	12,803	13,145	13,583	13,974	14,300	14,605	15,072	15,284	15,758	16,501
<b>Operating Result from Continuing Operations</b>	<b>6,274</b>	<b>379</b>	<b>238</b>	<b>188</b>	<b>179</b>	<b>246</b>	<b>346</b>	<b>297</b>	<b>513</b>	<b>461</b>	<b>153</b>
<b>(ii) CAPITAL BUDGET</b>											
New Capital Works <sup>(2)</sup>	464	-	-	-	-	-	-	-	-	-	-
Replacement/Refurbishment of Existing Assets	10,460	7,517	6,793	7,463	7,030	6,526	6,705	6,751	6,857	6,720	6,812
<b>Total Capital Budget</b>	<b>10,924</b>	<b>7,517</b>	<b>6,793</b>	<b>7,463</b>	<b>7,030</b>	<b>6,526</b>	<b>6,705</b>	<b>6,751</b>	<b>6,857</b>	<b>6,720</b>	<b>6,812</b>
<b>Funded by:</b>											
- Loans	1,200	180	300	500	500	-	-	-	-	-	-
- Asset sales	1,306	1,557	1,580	1,604	1,628	1,652	1,677	1,702	1,728	1,754	1,780
- Reserves	715	3,566	2,846	3,331	2,873	2,767	2,810	2,868	2,708	2,597	2,959
- Grants/Contributions	7,069	1,835	1,829	1,840	1,850	1,861	1,872	1,884	1,908	1,908	1,920
- Recurrent revenue	634	379	238	188	179	246	346	297	513	461	153
- Other	-	-	-	-	-	-	-	-	-	-	-
	<b>10,924</b>	<b>7,517</b>	<b>6,793</b>	<b>7,463</b>	<b>7,030</b>	<b>6,526</b>	<b>6,705</b>	<b>6,751</b>	<b>6,857</b>	<b>6,720</b>	<b>6,812</b>

### Notes:

(1) From 13/14 Income Statement.

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

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

## Carrathool Shire Council

## Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2015

\$'000		Calculation 2013/14	Calculation 2014/15
<b>Notional General Income Calculation <sup>(1)</sup></b>			
Last Year Notional General Income Yield	a	2,957	3,031
Plus or minus Adjustments <sup>(2)</sup>	b	-	-
<b>Notional General Income</b>	c	<b>2,957</b>	<b>3,031</b>
<b>Permissible Income Calculation</b>			
Special variation percentage <sup>(3)</sup>	d	0.00%	0.00%
or Rate peg percentage	e	3.40%	2.30%
or Crown land adjustment incl. rate peg percentage	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	h = c x d	-	-
or plus Rate peg amount	i = c x e	101	70
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
<b>sub-total</b>	k = (c+g+h+i+j)	<b>3,058</b>	<b>3,101</b>
plus (or minus) last year's Carry Forward Total	l	1	28
less Valuation Objections claimed in the previous year	m	-	-
<b>sub-total</b>	n = (l + m)	<b>1</b>	<b>28</b>
<b>Total Permissible income</b>	o = k + n	<b>3,059</b>	<b>3,128</b>
less Notional General Income Yield	p	3,031	3,128
<b>Catch-up or (excess) result</b>	q = o - p	<b>28</b>	<b>0</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>	t = q + r - s	<b>28</b>	<b>0</b>

### Notes

- <sup>1</sup> 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.
- <sup>2</sup> 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.
- <sup>3</sup> The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- <sup>4</sup> 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.
- <sup>5</sup> 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.



## Carrathool 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 Carrathool Shire Council for the year ending 30 June 2015.

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

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

#### Auditors' Responsibility

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

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

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

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

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

#### Independence

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

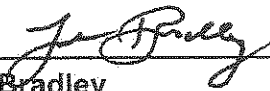
**Audit Opinion**

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

**Basis of Accounting**

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

**Auswild & Co**

  
\_\_\_\_\_  
G. J. Bradley  
Principal  
Registered Auditor No 1249  
Dated at Sydney this 13 th day of October, 2014