

# **GENERAL PURPOSE FINANCIAL STATEMENTS**



**YEAR ENDED**  
**30th June, 2008**

# ***COUNCIL OF THE SHIRE OF YOUNG***

## **GENERAL PURPOSE FINANCIAL REPORT**

**for the year ended 30th June, 2008**

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**This Financial Report, is a General Purpose Financial Report of the Council of the Shire of Young, and its controlled entities, and is presented in Australian currency.**

**The Council of the Shire of Young, is constituted under the Local Government Act ( 1993 ), and its principal place of business is located at:**

**Town Hall  
Boorowa Street  
YOUNG NSW 2594**

**This Financial Report, was authorised for issue by Council, on 24th September, 2008. Note, Council has the authority to amend, and/or, re-issue this Financial Report.**

23<sup>rd</sup> October 2008

Councillor S. Freudenstein  
Mayor  
Young Shire Council  
Locked Bag 5  
**YOUNG** N.S.W. 2594

Dear Cr Freudenstein,

Having completed an audit examination of the books of account and associated records of the Young Shire Council for the twelve months period ended 30<sup>th</sup> June 2008 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**

The financial statements for the year ended 30<sup>th</sup> June, 2008 have been prepared in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Standards Board, Urgent Issues Group Interpretations, the requirements of the Local Government Act 1993 and Regulations and the Local Government Code of Accounting Practice and Financial Reporting (the Code).

In accordance with the timetable enunciated in the Code, Council in the current year continued to progressively revalue its non-current assets with the following classes being restated at their fair value.

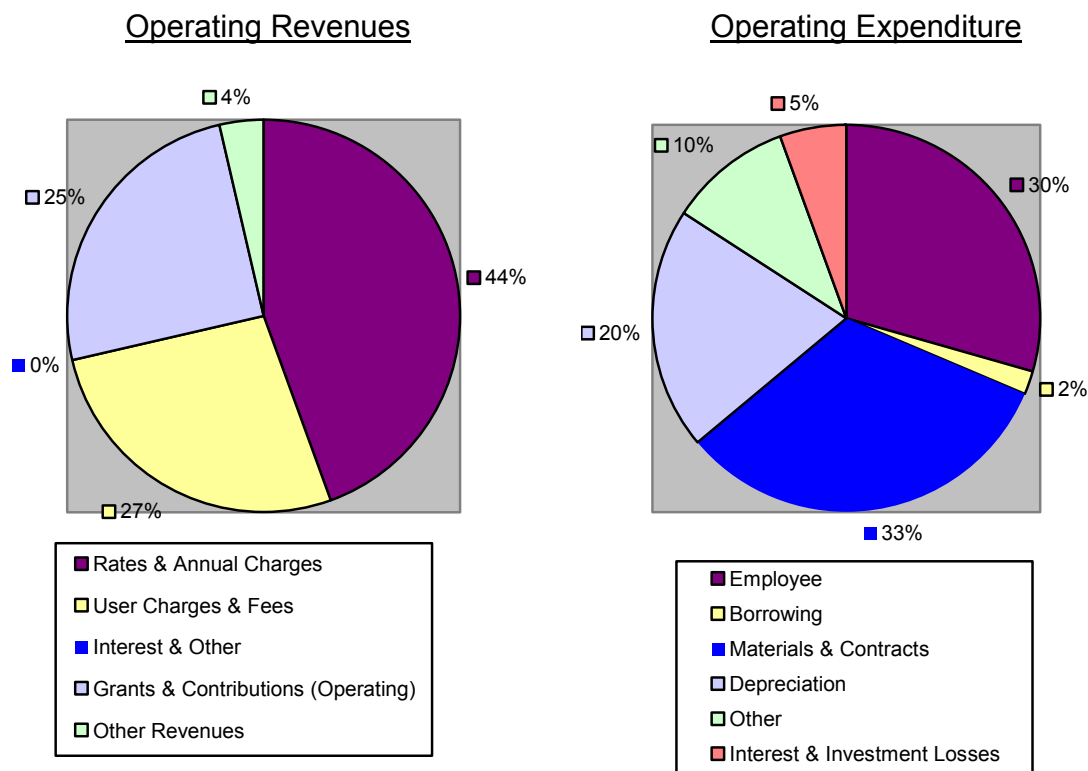
- Operational Land
- Buildings – Specialised/Non Specialised
- Plant & Equipment

Comparative figures for 2007 have been amended to reflect the changed accounting policies.

## Financial Results

Council recorded an operating deficit before capital grants and contributions of \$488,000 for the year ended 30 June 2008 (2007 – surplus \$2.74 million). Operating revenues (\$16.97 million) for the year increased marginally on those of the previous year (\$16.80 million) whilst during the same period operating expenses increased approx. \$3.4 million to \$17.46 million, (including depreciation expenses of \$3.57 million).

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



In addition to operating revenues Council received capital grants and contributions amounting to \$1.30 million (2007 - \$2.61 million).

In the twelve months period to 30 June 2008, Council's operating result from continuing operations' (**including** capital grants and contributions) was \$806,000 compared with \$5.35 million in the previous year.



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## **Budget Comparison**

The net operating surplus for the year of \$806,000 was well below the original budget expectations which anticipated a surplus of \$4.30 million.

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

### Favourable Variances

- RTA single invitation tender contracts were well above budget expectations

### Unfavourable Variances

- Depreciation expenses were over budget following the revaluation of water and sewerage network assets in 2006/07.
- Significant investment losses were reported as a result of the global credit crisis.
- Receipt of certain budgeted capital grants and contributions did not eventuate due to delays in the commencement of projects.
- Gains from the disposal of assets did not meet expectations
- Increased maintenance work



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## DETAILED AUDIT OBSERVATIONS

### Rates and Annual Charges

Revenue from rates and annual charges (excluding Council owned properties) amounted to \$7.54 million (2007 - \$7.16 million).

In setting the **ordinary rates** for the year, Council resolved to adopt the maximum increase available of 3.4%. This action together with an increase in the number of assessments has resulted in revenues from ordinary rates increasing from \$4.71 million in 2006/2007 to \$4.97 million in the current year.

Council's **ordinary rating base** increased by 134 assessments during the twelve months period and at years end 6,239 assessments were subject to **ordinary rates**.

Council further resolved that the **annual water availability charges** remain unchanged at \$175 whilst the **sewerage annual charges** were increased by \$15 to \$360 for connected services. The **residential domestic waste management charge** was increased \$9.56 to \$182.49 and the **recycling charge** rose by \$2.39 to \$45.62.

Rebates of \$412,000 were provided to eligible pensioners and a subsidy of \$226,000 was received from the Department of Local Government towards the cost of these rebates.

Interest and extra charges on overdue rates for the year was \$50,000 (2007 - \$36,000) and outstanding rates were subject to interest at the rate of 10.0%.

### User Charges and Fees

Council derived \$1.85 million from **user charges** (2007 - \$2.18 million) and a further \$2.71 million from **fees** (2007 - \$1.49 million) imposed during the twelve months period ended 30 June 2008.

The reduced income from user charges principally relates to water consumption usage which was considerably below that of the previous year due to the introduction of mandatory water restrictions.

Revenues from fees however increased substantially following an increase in works requested by the RTA on the State roads.



Significant revenues received from user charges and fees included:-

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Water Consumption	1,432,000	1,674,000
Waste Management	289,000	252,000
RTA Works	1,981,000	820,000
Private Works	247,000	234,000
Sewerage Services	130,000	121,000
Cemeteries	113,000	116,000
Regulatory/Statutory Fees	301,000	255,000

### Interest

Council has reported negative interest and investment revenues of \$959,000 for the twelve months period. This unusual situation has transpired from Council's action in writing down its investments classified as "fair value through profit & loss" which are financial assets held or trading. Such action has resulted in a decrement of \$1.90 million to the face value of these investments which has been offset against interest revenues amounting to \$938,000.

The global credit crisis has also impacted negatively on Council's interest revenues towards year end with several institutions significantly reducing the coupon returns.

Investment revenues were earned as follows:

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Overdue rates & charges	50,000	36,000
Development contributions	72,000	62,000
General Purpose investments	496,000	680,000
Water investments	117,000	193,000
Sewerage investments	186,000	200,000
Other	17,000	15,000
	<u>\$ 938,000</u>	<u>\$1,186,000</u>
<u>Less</u>		
Decrement in value of Investments	\$1,897,000	Nil
	<u>\$ ( 959,000)</u>	<u>\$1,186,000</u>



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## **Grants, Subsidies and Contributions**

### Operating Grants and Contributions

Operating grants and contributions amounting to \$4.25 million were received in 2007/2008 compared with \$3.96 million received in the previous year.

Council's untied financial assistance grant increased 7.12% from \$2.58 million in 2006/2007 to \$2.77 million this year. Major specific purpose operating grants and contributions were received for Bushfire Protection (\$218,000) and RTA works on regional and local roads (\$739,000).

Most other specific purpose operating grants and contributions were in line with the previous year and/or Council's expectations.

### Capital Grants and Contributions

Capital grants and contributions were significantly lower than those received in the previous year, principally due to reduced funding for roadworks which declined by \$743,000 to \$619,000.

Total capital grants and contributions received for the year amounted to \$1.30 million compared with \$2.61 million received in the previous year.

In accordance with the Code of Accounting Practice all grant and contribution monies received in 2007/2008 (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 \$433,000. At year end Council held unexpended grants and contributions amounting to \$1.23 million (2007 - \$1.33 million) and such funds have been identified as an externally restricted asset.





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## Operating Expenditure

Expenses from continuing operations (\$17.46 million) were higher than both budget expectations (\$15.17 million) and those of the previous year (\$14.06 million).

Depreciation expenses (\$3.57 million) have risen following the revaluation of Council's water and sewerage assets in 2006/2007. Depreciation expenses now represent approx. 20.46% of Council's total operating expenses and appear reasonable in comparison with most rural Councils with whom we are associated.

As alluded to earlier in this report, Council reported significant write downs (\$1.90 million) in the value of its investments at year end which have been offset against interest income of \$938,000. The resulting deficit of \$959,000 has been brought to account as interest and investments losses and has therefore contributed significantly to the increase in operating expenses for the year.

Employee costs have increased by 10.92% to \$5.15 million (2007 - \$4.64 million) primarily as a result of increased staff numbers and an increase in staff engaged on maintenance rather than capital works. At year end Council's "Equivalent Full Time" employees numbered 94 (2007 - 92).

## Capital Expenditure

During the reporting period Council expended \$4.69 million (2007 - \$6.24 million) on the acquisition of assets.

The principal items being:-

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
	<b>'000's</b>	<b>'000's</b>
Plant & Equipment	918	1,376
Operational Land	541	176
Buildings & Improvements	323	2,169
Roads, Bridges & Footpaths	1,454	2,141
Sewerage Services	846	26



Such expenditure has given Council an assets renewal ratio of 62.0%. This ratio assesses the rate at which assets are being renewed against the rate at which they are depreciating.

### Cash & Investments

At balance date Council controlled cash and investments totalling \$15.92 million (2007 - \$15.83 million).

Council utilises its investments to cover both externally and internally imposed requirements and comprises employee leave entitlements (\$778,000), water fund investments (\$3.18 million), sewerage fund investments (\$3.07 million), unexpended grants and contributions (\$1.23 million) and monies for future works.

Externally restricted investments amounted to \$9.78 million whilst Council has "earmarked" a further \$5.83 million towards the funding of its future long-term objectives.

Council's cash and investments were held as follows:

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
General Fund	6,143,000	5,625,000
Water Fund	3,184,000	3,032,000
Sewerage Fund	3,074,000	4,253,000
Externally Restricted Funds	<u>3,523,000</u>	<u>2,924,000</u>
	15,924,000	15,834,000

and comprised:

Cash on Hand and at Bank	162,000	142,000
Deposits at Call	2,159,000	200,000
Collateralised Debt Obligations (CDOs)	3,103,000	5,000,000
Managed Funds	Nil	992,000
Equity Linked Notes (ELNs)	10,500,000	8,000,000
Term Deposits	<u>Nil</u>	<u>1,500,000</u>
	15,924,000	15,834,000

The high volatility and uncertainty experienced in global financial markets during 2007/2008 has impacted the value, recoverability, liquidity, cash flows and rates of return on many assets including Collateralised Debt Obligations (CDO's) and Equity Linked Notes (ELN's). Young Shire Council had classified all its CDO's as financial assets at "Fair Value through Profit & Loss" whilst all ELN's were



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classified as “Held to Maturity”. In accordance with AASB 139 financial assets designated as “Fair Value through Profit & Loss” must be measured and restated at market value with gains or losses reported in the Income Statement. At the 30<sup>th</sup> June, 2008 Young Shire Council held CDO’s with a face value of \$5,000,000 and a market value of \$3,102,845 and consequently the decrement of \$1,897,155 has been brought to account as an operating expense.

Further, Council has not been able to accurately determine the extent of impairment (if any) to its investments classified as “Held to Maturity”. Consequently, no adjustment has been made to the face value of these investments (\$10.50 million) as at the 30<sup>th</sup> June, 2008.

With the current uncertainty that exists in the global credit market, audit has been unable to obtain appropriate audit evidence to satisfy ourselves as to the fair value and recoverability of Council’s investment portfolio and consequently this has resulted in the issuance of a qualified audit report.

Further, we report that Council has not required the use of overdraft facilities during the year.

## **Debtors**

### Rates and Annual Charges

At balance date net outstanding rates, annual charges and interest amounted to \$563,000 (2007 - \$513,000). In view of the difficult economic conditions being experienced in rural areas, Council in our opinion, has performed well in limiting such increase and with a rates outstanding percentage of 6.96% Council should feel reasonably satisfied with this area of its operations.

We do however express concern with the escalation in the arrears of several outstanding assessments. At years end in excess of \$177,000 was collectively owed by ten assessments compared with \$111,000 and \$80,000 at the same time in the two previous years. We strongly encourage Council to initiate positive follow up action against these ratepayers.

Whilst this debtor’s position is not necessarily detrimental to Council (as Council has been receiving 10.0% interest on arrears) it nevertheless exposes Council to possible losses for which it has a provision of \$69,000.



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### User Charges and Fees

User charge debtors at year end amounted to \$765,000 and mainly comprised water usage charges (\$392,000) which were levied late in the year and should be collected in the normal course of business.

### **Property, Plant & Equipment excluding Real Estate**

During the year Council acquired assets to the value of \$4.69 million and sold assets with a written down value of \$199,000. The sale of these assets realised a profit of \$198,000.

Further, Council's buildings and operational land were subject to revaluation in the current year resulting in the following increases to written down values:

- Buildings (Non Specialised) – increased by \$5.54 million to \$5.67 million
- Buildings (Specialised) – increased by \$5.66 million to \$12.12 million
- Operational Land – increased by \$1.63 million to \$3.46 million

The combined action of asset movements and revaluations has resulted in the value of property, plant and equipment increasing from \$100.23 million in 2006/2007 to \$113.99 million as at 30 June 2008. Major acquisitions during the year were again funded from grants and contributions and cash & investments.

### **Provisions**

At 30<sup>th</sup> June 2008 the Provision for Accrued Employee Leave Entitlements totalled \$1.56 million.

The components of the liability are:-

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Annual Leave	473,000	527,000
Long Service Leave	1,041,000	1,113,000
Sick Leave - Gratuities	42,000	57,000



The average leave entitlement per employee as at 30 June 2008 was \$16,921 (2007 - \$18,247).

At year end Council had set aside funds amounting to \$778,000 or 50.0% of the employees' leave entitlement liability. Such funds have been identified as an internally restricted asset.

### Loans and Debt Servicing

Once again, Council has again been able to conduct its operations without the need for external loan borrowings. During the year Council repaid loan principal amounting to \$291,000 and at year end the loan liability had been reduced to \$3.98 million.

Council required \$624,000 or 4.00% of its income received from operating revenues (excluding specific purpose grants, contributions and donations) to service its loan commitments in 2007/2008.

The debt service is apportioned as follows:-

<b>Purpose</b>	<b>2008</b> <b>\$</b>	<b>2007</b> <b>\$</b>
General Purpose	3,485,000	3,739,000
Water Supplies	238,000	256,000
Sewerage Services	258,000	278,000

We again strongly support Council's prudent debt minimisation strategy.



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## SUMMARY

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

- Operating result before capital amounts (deficit of \$488,000)
- Net increase in cash held (\$90,000)
- Internal and unrestricted investments amounting to \$6.14 million together with water (\$3.18 million) and sewerage (\$3.07 million) fund investments
- Performance ratios

### Operating Result

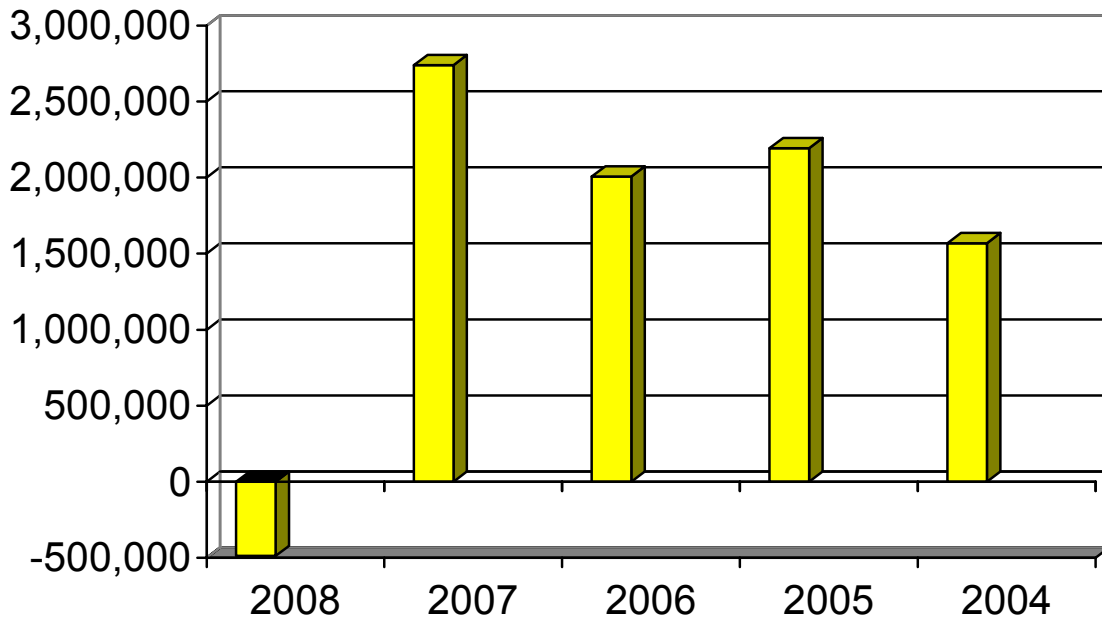
Council reported an operating deficit before capital amounts of \$488,000 for the twelve months period to 30 June 2008. This deficit was incurred after allowing for depreciation expenses of \$3.57 million and was well below both budget expectations (surplus of \$1.39 million) and the previous years result (surplus of \$2.74 million).

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

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
General Fund	(191,000)	1,225,000
Water Fund	(5,000)	584,000
Sewerage Fund	(292,000)	930,000
	<hr/>	<hr/>
	(\$488,000)	\$2,739,000



Operating Surplus before Capital Amounts



Note: Year 2004 has not been adjusted to reflect changed accounting policies following the transition to AIFRS.

As illustrated the operating result reported in the current year is a significant decline from the operating results reported in the previous years and is also a material variance from original budget expectations. In our opinion a number of factors have combined to impact adversely on the reported operating result and in particular we note the following.

Interest and Investment Income

Despite Council's investments achieving interest revenues of \$938,000 Council has reported a negative return due to the \$1.90 million write down of Council's CDO's which were classified as "Fair value through Profit & Loss.

Depreciation Expenses

These expenses have increased approx. \$590,000 in the twelve months period principally as a result of the revaluation to water and sewerage assets in 2006/2007.



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### Materials and Contracts

Material and contract expenses have increased considerably in the current year in response to Council's increased commitment to maintenance rather than capital works. Raw materials and consumables have increased \$1.21 million in 2007/2008.

### Gains on the Disposal of Assets

Profits from the disposal of assets in the current year (\$198,000) were well below those achieved in 2006/2007 (\$332,000).

Consequently, the turnaround in Council's operating surplus largely relates to its non-core activities such as investment revenues and asset sales. As such we consider that Young Shire Council remains financially sound and its core operations are performing well. Council will however need to carefully adjust its investment strategies in light of the high volatility and uncertainty being experienced in the global financial markets in order to minimise its exposure to possible future losses.

### Cash Flow

Council achieved a cash surplus of \$4.79 million (2007 – \$7.62 million) from its operating activities which was principally utilised to purchase assets and repay loans. These actions have resulted in Council achieving a cash flow surplus of \$90,000 for the year (after the write-down of investments).

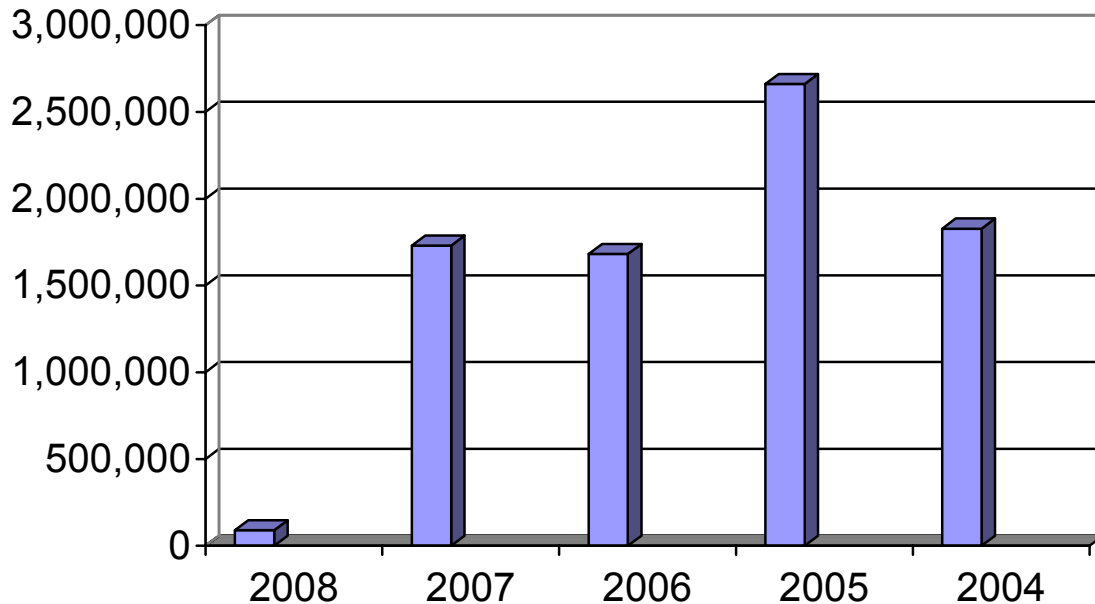
Upon analysis the cash flow deficit can be identified as follows:-

<u>Activity</u>	<u>Surplus/Deficit</u>	
	2008 \$	2007 \$
<u>Externally Restricted</u>		
Water Fund	198,000	623,000
Sewerage Fund	(1,032,000)	690,000
Other External Restrictions	403,000	962,000
<u>Internal &amp; Unrestricted Restricted</u>		
General Fund	521,000	(544,000)





Cash Flow Surplus



Considering the negative impact of the investment write downs (\$1.90 million) Council in our opinion has achieved a satisfactory cash surplus result. The significant cash deficit reported in the Sewerage Fund was anticipated and was primarily due to land acquisitions and preliminary investigation costs, associated with the construction of the new augmentation scheme.

**Reserve Funds (Internally and Unrestricted Assets)**

As noted previously, Council's internal and unrestricted funds increased by \$521,000 during the twelve months period and at year end Council held internally restricted investments amounting to \$5.83 million whilst a further \$318,000 was maintained as unrestricted investments.

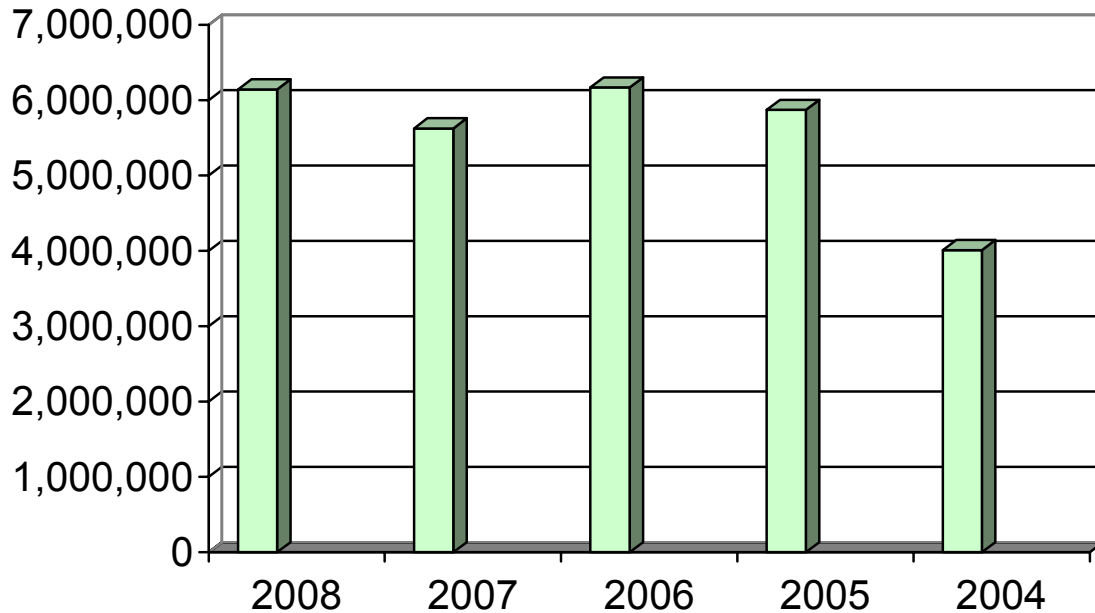
In addition to these funds we report that the water and sewerage funds held cash and investments amounting to \$3.18 million and \$3.07 million respectively.

The increase in Council's reserve funding is welcomed however we again emphasise the adverse impact of the investment write downs which have prevented reserve funds from increasing substantially.



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Internal and Unrestricted Reserve Funds



**Performance Ratios**

Council's liquidity performance ratios do not compare favourably with the industry generally due solely to the classification of \$13.60 million of investment funds as a non-current asset due to their maturity dates being greater than 12 months from 30<sup>th</sup> June, 2008 and Council's intention to hold for the longer term.

We note however that Council's debt service ratio (4.0%) and annual rates and charges outstanding ratio (6.96%) remain at satisfactory levels.

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



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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**

**Certificated Local Government**  
**Auditor No. 608**



**YOUNG SHIRE COUNCIL**  
**REPORT ON THE CONDUCT**  
**OF THE AUDIT**

**2008**

## **Independent auditor's report to the Councillors of the Young Shire Council and the Director-General of the Department of Local Government**

We have audited the accompanying general purpose financial report of the Young Shire Council, which comprises the Statement by Councillors and Management, Balance Sheet as at 30<sup>th</sup> June, 2008, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement 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. Except as discussed in the qualification paragraph, 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.

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.

### **Basis for Qualified Auditor's Opinion**

Since July 2007, global financial markets have experienced a period of high volatility led by events in the US housing market, particularly sub prime loans, which have impacted the value, recoverability, liquidity, cash flows and rates of return of many financial assets including Collateralised Debt Obligations (CDOs), Equity Linked Notes (ELNs), Community Income Notes (CINs) and certain other Managed Funds.

At 30 June 2008, Young Shire Council's cash and investment portfolio totaled \$15.92 million and included securities totalling \$13.60 million that have been impacted by this market volatility. The impact on individual securities varies depending on their degree of exposure to affected markets.

Many of these securities do not have market values that are independently quoted and they are not widely traded. Independent market valuations are not readily available and in many cases, values are assessed based on estimates from issuers and/or evaluation models for which there is limited market evidence available to verify reasonableness. Further, the ongoing volatility of financial markets creates greater uncertainty to the valuation process.

These circumstances have resulted in our inability to obtain sufficient appropriate audit evidence to satisfy ourselves as to the fair value and recoverability of \$13.60 million of Council's total investment portfolio.

### **Qualified Auditor's Opinion**

In our opinion, because of the existence of the limitation on the scope of our work as described in the paragraph above titled Basis for Qualified Auditor's Opinion and except for the effects of such adjustments if any, as might have been determined to be necessary on the financial statements had the limitation not existed,

- (a) The Council's accounting records have been kept in accordance with the requirements of Division 2 of Part 3 of the Local Government Act, 1993 (the Act).
- (b) The general purpose financial report
  - (i) has been prepared in accordance with the requirements of Division 2 of Part 3 of the Local Government Act, 1993;
  - (ii) is consistent with the Council's accounting records; and
  - (iii) presents fairly the Council's financial position and the results of its operations.
- (c) we have been able to obtain all the information relevant to the conduct of the audit; and
- (d) no material deficiencies in the records or financial reports were detected in the course of the audit.

**AUSWILD & CO.**



G.J. BRADLEY  
Principal

Registered Auditor No: 1249

CANBERRA  
23<sup>rd</sup> October, 2008

# *COUNCIL OF THE SHIRE OF YOUNG*

## **COUNCIL'S CERTIFICATE**

for the year ended 30th June, 2008

**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 Report has been prepared in accordance with;

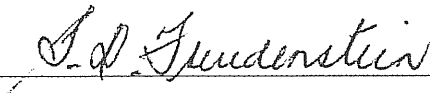
- ( i ) The Local Government Act 1993 ( as amended ) and the Regulations made thereunder.
- ( ii ) The Australian Accounting Standards and professional pronouncements.
- ( iii ) The Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these reports;

- ( i ) Presents fairly, Council's operating result and financial position for the year, and
- ( ii ) Accord with Council's accounting and other records.

We are not aware of any matter, which would render these reports false, or misleading, in any way.

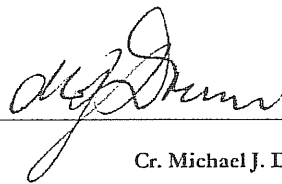
Signed, in accordance with a resolution of Council, made on 24th September, 2008.



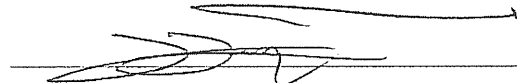
Cr. Stuart D. FREUDENSTEIN  
MAYOR



Peter VLATKO  
GENERAL MANAGER



Cr. Michael J. DRUM  
COUNCILLOR



Donald D. WITHERS  
RESPONSIBLE ACCOUNTING OFFICER

# COUNCIL OF THE SHIRE OF YOUNG

## GENERAL PURPOSE FINANCIAL REPORT

for the year ended 30th June, 2008

### INCOME STATEMENT

Original Budget 2008 (\$'000)	*	Notes	Actual 2008 (\$'000)	Actual 2007 (\$'000)
<b>INCOME FROM CONTINUING OPERATIONS:</b>				
<b>Revenues</b>				
7,486		3 (A)	7,535	7,157
3,267		3 (B)	4,565	3,666
956		3 (C)	0	1,186
3,371		3 (E)	3,384	3,024
787		3 (F)	866	934
2,360		3 (E)	768	1,424
542		3 (F)	526	1,186
431		3 (D)	419	500
<b>19,200</b>			<b>18,063</b>	<b>19,077</b>
<b>Other Income</b>				
269		5	198	332
<b>269</b>			<b>198</b>	<b>332</b>
<b>19,469</b>			<b>18,261</b>	<b>19,409</b>
<b>TOTAL INCOME FROM CONTINUING OPERATIONS</b>				
<b>EXPENSES FROM CONTINUING OPERATIONS:</b>				
<b>Expenses</b>				
4,960		4 (A)	5,148	4,641
354		4 (B)	354	375
5,175		4 (C)	5,642	4,432
3,013		4 (D)	3,571	2,981
1,671		4 (E)	1,781	1,631
0		3 (C)	959	0
<b>15,173</b>			<b>17,455</b>	<b>14,060</b>
<b>TOTAL EXPENSES FROM CONTINUING OPERATIONS</b>				
<b>4,296</b>			<b>806</b>	<b>5,349</b>
<b>OPERATING RESULT FROM CONTINUING OPERATIONS</b>				
<b>ATTRIBUTABLE TO:</b>				
4,296			806	5,349
<b>4,296</b>			<b>806</b>	<b>5,349</b>
<b>NETT OPERATING RESULT FOR THE YEAR</b>				
<b>NETT OPERATING RESULT FOR THE YEAR PRIOR TO THE PROVISION OF GRANTS AND CONTRIBUTIONS FOR CAPITAL PURPOSES</b>				
<b>1,394</b>			<b>( 488 )</b>	<b>2,739</b>

The abovementioned Income Statement, should be read in conjunction with the accompanying Notes.

\* The Original Budget, is as approved and adopted by Council, on 20th June, 2007 - refer to Note No. 16.



# COUNCIL OF THE SHIRE OF YOUNG

## GENERAL PURPOSE FINANCIAL REPORT

as at 30th June, 2008

### BALANCE SHEET

	Notes	Actual 2008 (\$'000)	Actual 2007 (\$'000)
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	6 (a)	2,321	342
Investments	6 (b)	0	5,732
Receivables	7	2,263	2,373
Inventories	8	217	270
Other	8	3	0
<b>TOTAL CURRENT ASSETS</b>		<b>4,804</b>	<b>8,717</b>
<b>NON-CURRENT ASSETS:</b>			
Investments	6 (b)	13,603	9,760
Receivables	7	96	10
Infra-Structure, Property, Plant and Equipment	9	113,985	100,232
<b>TOTAL NON-CURRENT ASSETS</b>		<b>127,684</b>	<b>110,002</b>
<b>TOTAL ASSETS</b>		<b>132,488</b>	<b>118,719</b>
<b>CURRENT LIABILITIES:</b>			
Payables	10 (a)	1,320	855
Borrowings	10 (a)	315	291
Provisions	10 (a)	1,501	1,615
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,136</b>	<b>2,761</b>
<b>NON-CURRENT LIABILITIES:</b>			
Payables	10 (a)	393	312
Borrowings	10 (a)	3,666	3,982
Provisions	10 (a)	475	481
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>4,534</b>	<b>4,775</b>
<b>TOTAL LIABILITIES</b>		<b>7,670</b>	<b>7,536</b>
<b>TOTAL NETT ASSETS</b>		<b>124,818</b>	<b>111,183</b>
<b>EQUITY:</b>			
Retained Earnings - Accumulated	20	97,374	96,568
Revaluation Reserves	20	27,444	14,615
<b>TOTAL EQUITY</b>		<b>124,818</b>	<b>111,183</b>

The abovementioned Balance Sheet, should be read in conjunction with the accompanying Notes.

# ***COUNCIL OF THE SHIRE OF YOUNG***

## **GENERAL PURPOSE FINANCIAL REPORT**

for the year ended 30th June, 2008

### **STATEMENT OF CHANGES IN EQUITY**

	2008				2007			
	Retained Earnings ( \$'000 )	Asset Revaluation Reserve ( \$'000 )	Council Equity Interest ( \$'000 )	Total Equity ( \$'000 )	Retained Earnings ( \$'000 )	Asset Revaluation Reserve ( \$'000 )	Council Equity Interest	Total Equity ( \$'000 )
Balance as at the beginning of the Reporting Period	96,376	14,615	110,991	110,991	94,888	0	94,888	94,888
Correction of Errors in Previous Years	192	0	192	192	( 3,861 )	0	( 3,861 )	( 3,861 )
Revised Balance as at the beginning of the Reporting Period	96,568	14,615	111,183	111,183	91,027	0	91,027	91,027
Nett Transfer to Asset Revaluation Reserve	0	12,829	12,829	12,829	0	14,615	14,615	14,615
Nett Operating Result for the Year	96,568	27,444	124,012	124,012	91,027	14,615	105,642	105,642
	806	0	806	806	5,349	0	5,349	5,349
Balance as at the end of the Reporting Period	97,374	27,444	124,818	124,818	96,376	14,615	110,991	110,991

The abovementioned Statement of Changes in Equity, should be read in conjunction with the accompanying Notes.

# COUNCIL OF THE SHIRE OF YOUNG

## GENERAL PURPOSE FINANCIAL REPORT

for the year ended 30th June, 2008

### STATEMENT OF CASH FLOW

Original Budget 2008 (\$'000)		Notes	Actual 2008 (\$'000)	Actual 2007 (\$'000)
	<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
	<b>Receipts</b>			
7,485	Annual Rates and Charges		7,489	7,057
3,267	User Charges and Fees		4,505	3,740
956	Interest and Investment Revenues		( 767)	1,005
5,131	Grants and Contributions		5,465	6,223
2,360	Other Revenues		544	493
<b>19,199</b>	<b>Sub-Total</b>		<b>17,236</b>	<b>18,518</b>
	<b>Payments</b>			
( 4,819)	Employee Benefits and On-Costs		( 5,289)	( 4,698)
( 5,175)	Materials and Contracts		( 5,114)	( 4,563)
( 354)	Borrowing Costs		( 334)	( 357)
( 1,670)	Other Expenses		( 1,714)	( 1,278)
<b>( 12,018)</b>	<b>Sub-Total</b>		<b>( 12,451)</b>	<b>( 10,896)</b>
<b>7,181</b>	<b>NETT CASH PROVIDED FROM OPERATING ACTIVITIES</b>	<b>11 ( B )</b>	<b>4,785</b>	<b>7,622</b>
	<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
	<b>Receipts</b>			
500	Infra-Structure, Property, Plant and Equipment		397	604
32	Deferred Payments Debtors Scheme		12	12
<b>532</b>	<b>Sub-Total</b>		<b>409</b>	<b>616</b>
	<b>Payments</b>			
( 10,795)	Infra-Structure, Property, Plant and Equipment		( 4,693)	( 6,238)
( 100)	Deferred Payments Debtors Scheme		( 120)	0
<b>( 10,895)</b>	<b>Sub-Total</b>		<b>( 4,813)</b>	<b>( 6,238)</b>
<b>( 10,363)</b>	<b>NETT CASH USED IN INVESTING ACTIVITIES</b>		<b>( 4,404)</b>	<b>( 5,622)</b>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
	<b>Receipts</b>			
3,000	Borrowings		0	0
<b>3,000</b>	<b>Sub-Total</b>		<b>0</b>	<b>0</b>
	<b>Payments</b>			
( 291)	Borrowings		( 291)	( 269)
<b>( 291)</b>	<b>Sub-Total</b>		<b>( 291)</b>	<b>( 269)</b>
<b>2,709</b>	<b>NETT CASH USED IN FINANCING ACTIVITIES</b>		<b>( 291)</b>	<b>( 269)</b>
	<b>CASH, CASH EQUIVALENTS AND INVESTMENTS:</b>			
15,834	Beginning of the current Reporting Period		15,834	14,103
( 473)	Nett increase in Cash, Cash Equivalents and Investments		90	1,731
<b>15,361</b>	<b>END OF THE CURRENT REPORTING PERIOD</b>	<b>11 ( A )</b>	<b>15,924</b>	<b>15,834</b>

The abovementioned Statement of Cash Flow, should be read in conjunction with the accompanying Notes.

# ***COUNCIL OF THE SHIRE OF YOUNG***

## **NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30th June, 2008

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**\* NOTE:-** Note No. 1 to Note No. 20 are mandatory, and must be presented in the order as specified.  
If the Note is not applicable to Council, then it should still be presented, with “ nil ”, details.

# ***COUNCIL OF THE SHIRE OF YOUNG***

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008**

### **Note No. 1**

#### **SIGNIFICANT ACCOUNTING POLICIES**

A Statement, summarising the significant accounting policies adopted by Council, is detailed within this Note, and are in accordance with the Australian Accounting Standard AAS 6 - " Accounting Policies - Determination, Application and Disclosure " .

#### **LOCAL GOVERNMENT REPORTING ENTITY:**

The Council of the Shire of Young has its principal business offices located at Town Hall, Boorowa Street, YOUNG NSW 2594. Young Shire Council is empowered by the New South Wales Local Government Act, 1993 ( as amended ), and Council's Charter is specified within Section 8 of this Act.

A description of Council's principal functions and operational activities, are provided within Note No. 2 ( b ) of this report.

The General Purpose Financial Statements incorporate the assets and liabilities of all entities controlled by Council, ( the parent entity ), and the results of all controlled entities for the financial period ended 30th June, 2008. They include, the Consolidated Fund, and other entities through which Council controls resources, to conduct its principal functions and operational activities.

In the process of reporting upon the local government area, as a single unit, all transactions and balances between activities ( for example, advances, loan borrowing's and transfers etc. ), have been eliminated.

#### **( A ) BASIS OF PREPARATION:**

This General Purpose Financial Report has been prepared in accordance with the Australian Equivalents to International Financial Reporting Standards ( AIFRS ), other authoritative pronouncements of the Australian Accounting Standards Board ( AASB ), Urgent Issues Group Interpretations ( UIG ), the Local Government Act ( 1993 ) and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting.

##### **Australian Accounting Standard 27**

Council is required to comply with AAS 27 Financial Reporting by Local Government, and where AAS 27 conflicts with AIFRS, the requirements of AAS 27 have been applied. Where AAS 27 makes reference to another Australian Accounting Standard, the new Australian Equivalents to International Financial Reporting Standards will apply. The specific " not-for-profit " reporting requirements also apply.

##### **Historical Cost Convention**

These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of infra-structure, property, plant, equipment and investment property.

##### **Critical Accounting Estimates**

The preparation of Financial Statements in conformity with AIFRS, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement, in the process of applying Council's accounting policies.

#### **( B ) PRINCIPLES OF CONSOLIDATION:**

##### **Consolidated Fund**

In accordance with the provisions of Section 409 ( 1 ) of the Local Government Act, 1993 ( as amended ), all moneys and property received by Council is held in Council's Consolidated Fund, unless it is required to be held in Council's Trust Fund. The Consolidated Fund and other entities, through which Council controls resources to conduct its functions, have been included in these Financial Statements, forming part of this report.

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

General Purpose Operations  
Water Supplies Networks  
Sewerage Services Networks

Marie McCormick Community Centre Committee  
National Cherry Festival Committee  
Young Healthy Shires Committee

# ***COUNCIL OF THE SHIRE OF YOUNG***

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008**

### **Note No. 1 - ( Continued )**

#### **SIGNIFICANT ACCOUNTING POLICIES**

##### **( B ) PRINCIPLES OF CONSOLIDATION: - ( Continued )**

###### **Consolidated Fund - ( Continued )**

The following committees, the transactions of which are considered immaterial, either by amount or nature, have been excluded:-

Annette's Place Inc.	Murringo Community Association
Bendick Murrell Community Association	Wirrimah Community Group
Bribbaree Water and Progress Association Inc.	Young Aero Club Committee
Koorawatha Progress Association	Young Child Care Centre Inc.
Monteagle Hall Committee	Young Pre-School Kindergarten Inc.
Mud Hut Playgroup Committee	Young Shire Youth Council Committee

The total revenue and expenditure from Continuing Operations, and the nett assets held by these Committees, is as follows:-

Total Income from Continuing Operations	\$ 45,000
Total Expenditure from Continuing Operations	\$ 40,000
Total Nett Assets Held - Equity	\$ 75,000

**Note:-** Where actual figures are unavailable, best estimates have been applied.

###### **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 moneys and property, received by Council in trust, which must be applied only for the purposes of, or in accordance with the trusts, relating to those moneys.

Trust moneys and property, held by Council, and not subject to control by Council, have been excluded from these reports. A separate statement of moneys, held in Council's Trust Fund, is available for public inspection at Council's Offices, by any person, free of charge.

###### **Joint Ventures**

An agreement exists between the Councils of Boorowa, Harden and Young, to conduct a regional library service within these Councils boundaries. Although there is no joint venture, Young Shire Council is the Executive Council, which manages the financial affairs of the South-West Regional Library. Council's share in the South-West Regional Library is regarded as immaterial, and therefore the financial details have not been brought to account.

##### **( C ) REVENUE RECOGNITION:**

Revenue is measured at the fair value of the consideration received, or receivable. Revenue is measured upon major income categories, and are as follows:-

###### **Annual Rates and Charges**

Annual rates, charges, grants and contributions ( including developer contributions ), are recognised as revenues when Council obtains control over the assets comprising these receipts. Developer contributions may only be expended for the purposes for which the contributions were required. However, Council may apply contributions according to the priorities established in its works programmes.

Control over assets acquired from annual rates and 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 doubtful debtors upon annual rates and charges has been established.

# ***COUNCIL OF THE SHIRE OF YOUNG***

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008**

### **Note No. 1 - ( Continued )**

#### **SIGNIFICANT ACCOUNTING POLICIES**

##### **( C ) REVENUE RECOGNITION: - ( Continued )**

###### **Grants and Contributions**

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.

Income is recognised when Council obtains control of the contribution, or the right to receive the contribution, and it is probable the economic benefits comprising the contribution will transfer to Council, and 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 not discharged at balance date, the unused grant or contribution is disclosed in Note No. 3. This Note also discloses the amount of unused grant or contribution from prior years, that was expended on Council's operations during the current year.

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

###### **User Charges and Fees**

User charges and fees ( including parking fees and fines ), are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A provision for doubtful debtors is recognised, when collection by Council in full, is no longer probable.

###### **Interest and Rents**

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

###### **Sale of Infra-Structure, Property, Plant and Equipment**

The profit and/or loss on the sale of an asset is determined, when control of the asset has irrevocably passed to the purchaser.

##### **( D ) LEASES:**

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

Payments made under operating leases ( nett of any incentives received by the lessor ), are charged to the Income Statement on a straight-line basis, over the period of the lease.

##### **( E ) IMPAIRMENT OF ASSETS:**

Assets that have an indefinite useful life are not subject to amortisation, and are tested annually for impairment. Assets, subject to amortisation, are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised, as 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.

Non-cash generating assets of Council, such as roads, stormwater drains, public buildings and the like-value in use, is represented by the deprival value of the asset, approximated by its written-down replacement cost. Council has determined, it does not have any impaired assets, as at Balance Sheet date.

##### **( F ) ACQUISITION OF ASSETS:**

The purchase method of accounting, is used to account for all acquisitions of assets. Cost is measured, as the fair value of the assets given, plus costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value, as at the date of exchange. The discount rate used, is 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.

# ***COUNCIL OF THE SHIRE OF YOUNG***

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008**

### **Note No. 1 - ( Continued )**

#### **SIGNIFICANT ACCOUNTING POLICIES**

##### **( G ) CASH AND CASH EQUIVALENTS:**

Cash and cash equivalents includes cash-on-hand, deposits held at-call with financial institutions, and 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 overdraft facilities are shown within borrowings, as current liabilities in the Balance Sheet.

##### **( H ) RECEIVABLES:**

Receivables are recognised initially at fair value, and subsequently measured at amortised cost, less provision for doubtful debtors. Receivables are due for settlement, no more than thirty ( 30 ) days, from the date of recognition.

Collectability of receivables is reviewed on an on-going basis. Debts which are known to be uncollectable, are written-off. A provision for doubtful receivables, is established when there is objective evidence, Council will not be able to collect all amounts due, according to the original terms of receivables

##### **( I ) INVENTORIES:**

###### **Raw Materials and Stores, Works-in-Progress, and Finished Goods**

Raw materials and stores, works-in-progress, and finished goods, are stated at the lower of cost and nett realisable value. Costs comprise, direct materials, direct labour costs, and an appropriate proportion of variable and fixed overhead expenditure. The latter, being allocated upon the basis of normal operating capacity. Costs are assigned to individual items of inventory, upon the basis of weighted-average costs. Nett realisable value, is the estimated selling price during the ordinary course of business, less the estimated costs of completion, and the estimated costs necessary to realise the sale.

###### **Land held for Re-Sale, and the Capitalisation of Borrowing Costs**

Land held for re-sale, is stated at the lower of cost and the nett 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 and when they are incurred.

Council has determined it does not have any available land, which is classified as land held-for-sale.

##### **( J ) NON-CURRENT ASSETS HELD-FOR-SALE:**

Council has determined it does not have any non-current assets, which are classified as held-for-sale.

##### **( K ) INVESTMENT PROPERTY:**

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by Council. Investment property is carried at fair value, representing open-market value, determined annually by an external valuer. Changes in fair values are recorded in the Income Statement as part of Other Income. Full re-valuation are carried out every three ( 3 ) to five ( 5 ) years. An appropriate index should be used every year between the full re-valuations.

##### **( L ) LAND:**

Land is classified as either operational or community, in accordance with Part 2 of Chapter 6 of the Local Government Act ( 1993 ), as amended, and is disclosed within Note No. 9 ( a ).

##### **( M ) LAND UNDER ROADS:**

Council has elected not to recognise land under roads, in accordance with the deferral arrangements available, under AASB 1045.



# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008

### Note No. 1 - ( Continued )

#### SIGNIFICANT ACCOUNTING POLICIES

##### ( N ) INFRA-STRUCTURE, PROPERTY, PLANT AND EQUIPMENT:

Council's assets are being progressively re-valued to fair value and in accordance with a staged implementation programme, as advised by the Department of Local Government. As at balance date, the following classes of IPPE, were stated at their value:

Land - Operational	External Valuation
Buildings and Improvements - Non-Specialised	External Valuation
Buildings and Improvements - Specialised	External Valuation
Water Supplies Network	External Valuation
Sewerage Services Network	External Valuation
Plant and Equipment	As approximated by depreciated historical cost.

Increases in the carrying amounts arising on re-valuation are credited to the asset revaluation reserve, to the extent, the increase reverses a decrease, previously recognising profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset, are first charged against re-valuation reserves directly in equity to the extent of the remaining reserve attributable to the asset, all other decreases are charged to the Income Statement.

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 maintenance and repairs are charged to the Income Statement, during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets, is calculated using the straight-line method to allocate their cost, nett of their residual values, over their estimated useful lives, as follows:

Office Equipment	4 to 7 years	Reticulation Pipes - Other	10 to 80 years
Furniture and Fittings	3 to 5 years	Pumps and Telemetry	10 to 25 years
Vehicles and Road-Making Equipment	5 to 15 years	Culverts	50 to 80 years
Other Plant and Equipment	10 to 20 years	Drains	50 to 80 years
Buildings - Masonry	40 to 60 years	Sealed Roads - Surface	80 years
Buildings - Other Construction	40 to 60 years	Sealed Roads - Structure	80 years
Benches, Seats etc.	5 to 15 years	Unsealed Roads	80 years
Playground Equipment	5 to 15 years	Bridges - Concrete	80 years
Dams and Reservoirs	10 to 50 years	Bridges - Other Construction	80 years
Reticulation Pipes - P.V.C.	10 to 80 years	Bulk Earthworks	Infinite

The assets' residual values and useful lives, are reviewed and adjusted if appropriate, at each Balance Sheet date.

An asset's carrying amount is written-down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals, are determined by comparing proceeds, with the carrying amount. These are included in the Income Statement.

# ***COUNCIL OF THE SHIRE OF YOUNG***

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008**

### **Note No. 1 - ( Continued )**

#### **SIGNIFICANT ACCOUNTING POLICIES**

##### **( O ) INVESTMENTS AND OTHER FINANCIAL ASSETS:**

###### **Classification**

Council classifies its investments in the following categories, financial assets at fair value through profit or loss, advances and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition, and re-evaluates this designation at each reporting date.

###### **Financial Assets at Fair Value through Profit or Loss**

Financial assets at fair value through profit or loss are financial assets held-for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are classified as held-for-trading unless, they are designated as hedges. Assts in this category are classified as current assets.

###### **Advances and Receivables**

Advances and receivables, are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market. They arise when Council provides money, goods or services directly to a debtor, with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than twelve ( 12 ) months, after the Balance Sheet date, which are classified as non-current assets. Advances and receivables, are included as receivables in the Balance Sheet.

###### **Held-to-Maturity Investments**

Held-to-maturity investments, are non-derivative financial assets with fixed or determinable payments, and fixed maturities which Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than a significant amount of held-to-maturity financial assets, the whole category would be tainted, and should be re-classified as available-for-sale. Held-to-maturity financial assets are included in non-currentassets, except for thos investments with less than twelve ( 12 ) months from the reporting date, which are classified as current assets.

###### **Available-for-Sale Financial Assets**

Available-for-sale financial assets, comprising principally marketable securities, are non-derivatives, that are either designated in this category, or are not classified within any of the other categories. They are included in non-current assets, unless management intends to dispose of the investment, within twelve ( 12 ) months of the Balance Sheet date.

###### **Recognition and De-Recognition**

Regular purchases and sales of financial assets are recognised on trade-date, being the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the Income Statement. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Income Statement as gains and losses from investment securities.

###### **Subsequent Measurement**

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

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the Income Statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the Income Statement as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in Equity.

# ***COUNCIL OF THE SHIRE OF YOUNG***

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008**

### **Note No. 1 - ( Continued )**

#### **SIGNIFICANT ACCOUNTING POLICIES**

##### **( O ) INVESTMENTS AND OTHER FINANCIAL ASSETS: - ( Continued )**

###### **Fair Value**

The fair values of quoted investments, are based on current bid prices. If the market for a financial asset is not active ( and for un-listed securities ), Council establishes fair value by using valuation techniques. These include, reference to the fair values of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making inputs and relying as little as possible on entity-specific inputs.

###### **Impairment**

Council assesses at each balance date, whether there is objective evidence that a financial asset, or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security, below its cost, is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is measured as the difference between the acquisition cost, and the current fair value, less any impairment loss, on the financial asset previously recognised in profit and loss, and is removed from equity, and recognised in the Income Statement. Recognition of impairment losses upon equity instruments, are not reversed through the Income Statement.

###### **Policy**

Council has an approved investment policy, complying with Section 625 of the Local Government Act, and section 212 of the Local Government ( General ) Regulations 2005. Investments are placed and managed in accordance with that policy, and having particular regard to authorised investments prescribed under the Local Government Investment Order.

Council maintains an investment policy that complies 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.

##### **( P ) 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. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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 Council for similar financial instruments.

##### **( Q ) PAYABLES:**

These amounts represent liabilities for goods and services provided to Council, prior to the end of the financial year, which are unpaid. The amounts are unsecured, and are usually paid within thirty ( 30 ) days of recognition.

##### **( R ) BORROWINGS:**

Borrowings are initially recognised at fair value, nett of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds, ( nett of transaction costs ), and the redemption amount, is recognised in the Income Statement, over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities, unless Council has an unconditional right to defer settlement of the liability, for at least twelve ( 12 ) months after the Balance Sheet date.

# ***COUNCIL OF THE SHIRE OF YOUNG***

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008**

### **Note No. 1 - ( Continued )**

#### **SIGNIFICANT ACCOUNTING POLICIES**

##### **( S ) BORROWING COSTS:**

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time which is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

The capitalisation rate, used to determine the amount of borrowing costs to be capitalised, is the weighted average interest rate applicable to Council's outstanding borrowings, during the year.

##### **( T ) PROVISIONS:**

Provisions for legal claims and service warranties, 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, 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.

##### **( U ) EMPLOYEES BENEFITS:**

###### **Salaries, Wages and Allowances, Annual Leave and Sick Leave**

Liabilities for salaries, wages and allowances, including non-monetary benefits, annual leave and accumulating sick leave, expected to be settled within twelve ( 12 ) months of the reporting date, are recognised in the provision for employee benefits in respect of employees' services, up to the reporting date, and are measured at the amounts expected to be paid, when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised, when the leave is taken and measured at the rates paid or payable.

The total number of " equivalent full-time " employees at the beginning and end of the financial year were **94** and **92** respectively.

###### **Long Service Leave**

The liability for long service leave is recognised in the provision for employee benefits, and measured as the present value of expected future payments, to be made in respect of services provided by employees up to the reporting date, using the projected unit credit method. Consideration is given to expected future salary and wage levels, experience of employee departures, and periods of service. Expected future payments are discounted, using market yields at the reporting date on national government bonds, with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond twelve ( 12 ) months, the liability is recognised as a current liability.

###### **Retirement Benefit Obligations**

All employees of 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.

A liability or asset in respect of defined 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 upon expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the project unit credit method. Consideration is given to expected future salary and wage levels, experience of employee departures and periods of service. However, when this information is not readily available, Council accounts for it's obligations to defined benefit plans, upon the same basis as it's obligation to defined contributions plans. The Local Government Superannuation Scheme has advised that it is unable to provide individual Councils with an accurate split of their share of the Scheme's assets and liabilities and therefore no asset or liability is recognised.

Contributions to defined contribution plans are recognised as an expense as they become payable. Pre-paid contributions are recognised as an asset, to the extent that a cash refund, or a reduction in the future payments is available.

# ***COUNCIL OF THE SHIRE OF YOUNG***

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008**

### **Note No. 1 - ( Continued )**

#### **SIGNIFICANT ACCOUNTING POLICIES**

##### **( V ) PROVISION FOR CLOSE-DOWN, RESTORATION AND ENVIRONMENTAL CLEAN-UP COSTS:**

###### **Restoration**

Close-down and restoration costs include, the dismantling and demolition of infra-structure, and the removal of residual materials and remediation of disturbed areas. Estimated restoration and close-down 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 nett present value estimated future costs. Provisions for close-down and restoration costs, do not include any additional obligations which are expected to arise from future disturbance. The 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, e.g. up-dated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close-down and restoration costs, are a normal consequence of quarry and tip 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, are based on feasibility and engineering studies using current restoration standards and techniques.

The amortisation or “ un-winding ” of the discount applied, in establishing the nett present value of provisions, is charged to the Income Statement in each accounting period. The amortisation of the discount is shown as a borrowing cost.

Other movements in the provisions for close-down and restoration costs, including those resulting from new disturbance, up-dated cost estimates, changes to the estimated lives of operations, and revisions to discount rates are capitalised within infra-structure, property, plant and equipment. These costs are then depreciated over the lives of the assets, to which they relate.

###### **Rehabilitation**

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 expensed to the Income Statement.

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 “ un-winding ” 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 upon the nature of the disturbance, and/or the remediation techniques, which shall be applied..

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.

##### **( W ) ALLOCATION BETWEEN CURRENT AND NON-CURRENT:**

In the determination of whether an asset or liability is 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 twelve ( 12 ) months, being Council's operational cycle. In the case of liabilities, where Council does not have the unconditional right to defer settlement beyond twelve ( 12 ) months, such as vested long service leave, the liability is classified as current, even if it is not expected to be settled within the next twelve ( 12 ) months. Inventories held for trading, are classified as current, even if they are not expected to be realised in the next twelve ( 12 ) months.

##### **( X ) SELF-INSURANCE:**

Council does not self-insure for various risks, which may include public liability and professional indemnity.

##### **( Y ) ROUNDING OF AMOUNTS:**

Unless otherwise indicated, amounts shown in these Financial Reports are in Australian currency, and are rounded to the nearest one ( 1 ) thousand dollars.

# ***COUNCIL OF THE SHIRE OF YOUNG***

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008**

### **Note No. 1 - ( Continued )**

#### **SIGNIFICANT ACCOUNTING POLICIES**

##### **( Z ) BUDGET INFORMATION:**

The Income Statement, provides budget information on major income and expenditure items. Details of material budget variations are detailed in Note No. 16. Note No. 2 ( a ) also provides budget information of revenues and expenditures, of each function of Council. Budget figures represented, are those approved by Council as at the beginning of the financial year, and do not reflect Council-approved variations, throughout the current reporting period.

##### **( AA ) INTANGIBLE ASSETS:**

###### **Information Technology - Development and Software**

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction, are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis, over periods generally ranging from three ( 3 ) to five ( 5 ) years.

Information Technology development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where Council has an intention and ability to use the asset.

##### **( AB ) CROWN RESERVES:**

Crown Reserves under Council's care and control are recognised as assets. Whilst ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

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

A working party of interested representatives from both State and Local Government is being formed to consider the accounting issues related to Crown Reserves, with the intention of developing a consistent approach to their recognition and future accounting treatment across both tiers of Government.

##### **( AC ) RURAL FIRE SERVICE ASSETS:**

Under Section 119 of the Rural Fire Services Act 1997, "***all fire fighting equipment purchased or constructed, wholly or from moneys 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***".

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

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008

Note No. 1 - ( Continued )

### SIGNIFICANT ACCOUNTING POLICIES

#### ( AD ) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS:

Certain new accounting standards and interpretations have been published. They are not mandatory, for the current reporting period. However, Council's assessment of the impact of these new standards and interpretations, is detailed hereunder:-

TITLE AND TOPIC	ISSUED	APPLICABLE <sup>(1)</sup>	IMPACT
• <b>AASB-112 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, and revised UIG 4 determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements: Disclosures.</b>	February, 2007	1st January, 2008	Nil Council is not party to any Service Concession Arrangements.
• <b>AASB 8 Operating Segments and AASB 2007-3. Amendments to Australian Accounting Standards arising from AASB 8.</b>	February, 2007	1st January, 2009	Nil The Standard is not applicable to not-for-profit entities.
• <b>Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123:- [ AASB 1, AASB 101 AASB 107, AASB 111, AASB 116 and AASB 138 and Interpretations 1 and 12 ]</b>	June, 2007	1st January, 2009	Nil The revised Standard has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact upon the financial report of the Council as the Council already capitalises borrowing costs relating to qualifying assets.
• <b>AASB-113 Customer Loyalty Programmes.</b>	August, 2007	1st July, 2008	Nil Council has no Customer Loyalty Programmes
• <b>AASB-114 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.</b>	August, 2007	1st January, 2008	Nil The Interpretation provides guidance upon the maximum amount which may be recognised as an asset in relation to a defined plan and the impact of minimum funding requirements upon such an asset. Council does not recognise any assets in respect of it's contributions to defined benefit plans as they cannot be reliably measured. As a result, there is not expected to be any impact upon Council's Financial Statements.

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008

Note No. 1 - ( Continued )

### SIGNIFICANT ACCOUNTING POLICIES

#### ( AD ) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS: - ( Continued )

TITLE AND TOPIC	ISSUED	APPLICABLE <sup>(1)</sup>	IMPACT
<ul style="list-style-type: none"><li>Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007- 10 Further Amendments to Australian Accounting Standards arising from AASB 101.</li></ul>	September, 2007 and December, 2007	1st January, 2009	Nil The revised Standard requires the presentation of a Statement of Comprehensive Income and makes changes to the Statement of changes in Equity, but will not affect any of the amounts recognised in the Financial Statements. If Council has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third Balance Sheet (Statement of Financial Position), being as at the beginning of the comparative period.
<ul style="list-style-type: none"><li>AASB 1049 Whole of Government and General Government Sector Financial Reporting .</li></ul>	October, 2007	1st July, 2008 <sup>(2)</sup>	Nil The Standard is not applicable to Local Government Authorities.
<ul style="list-style-type: none"><li>AASB 1050 Administered Items; AASB 1051 Land Under Roads, AASB 1052 Disaggregated Disclosures, revised AASB 1004 Contributions, AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29 and AAS 31 and revised interpretation 1038 Contributions by Owners made to Wholly-Owned Public Sector Entities.</li></ul>	December, 2007	1st July, 2008 <sup>(2)</sup>	AASB 1050 is only applicable Government Departments and will have no impact upon Council.  AASB 1051 will allow Council to recognise or not recognise land under roads acquired before 30th June, 2008. Land under roads acquired after 30th June, 2008 must be recognised. This Standard will have a significant impact upon Council's Financial Statements.  AASB 1052 requires disclosure of financial information by function or activity. Council already provides this information within Note No. 2 (a). There will be no additional impact upon the Financial Statements.  AASB 1004 requires contributions made to Council to be recognised at fair value when they are controlled and to be appropriately disclosed. Council already accounts for contributions in this manner so there will be no additional impact on the Financial Statements.

NOTE:-

(1) Applicable to reporting periods, commencing on or after the given date.

(2) Applicable only to not-for-profit entities and/or public sector entities.



# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June, 2008

Note No. 2 ( a )

### FUNCTIONS OR ACTIVITIES

Income, expenses and assets have been directly attributed to the following functions. Details of those functions are provided hereunder:-													
FUNCTIONS	INCOME FROM CONTINUING OPERATIONS			EXPENSES FROM CONTINUING OPERATIONS			OPERATING RESULT FROM CONTINUING OPERATIONS			GRANTS INCLUDED IN REVENUES FROM CONTINUING OPERATIONS		TOTAL ASSETS HELD ( CURRENT AND NON-CURRENT )	
	Original Budget 2008 (\$'000)	Actual 2008 (\$'000)	Actual 2007 (\$'000)	Original Budget 2008 (\$'000)	Actual 2008 (\$'000)	Actual 2007 (\$'000)	Original Budget 2008 (\$'000)	Actual 2008 (\$'000)	Actual 2007 (\$'000)	Actual 2008 (\$'000)	Actual 2007 (\$'000)	Actual 2008 (\$'000)	Actual 2007 (\$'000)
Governance	1	2	1	188	195	184	( 187 )	( 193 )	( 183 )	0	0	0	0
Administration	379	258	399	649	740	625	( 270 )	( 482 )	( 226 )	0	0	9,433	7,229
Public Order and Safety	486	254	118	775	625	461	( 289 )	( 371 )	( 343 )	218	63	497	394
Health	16	5	14	235	244	215	( 219 )	( 239 )	( 201 )	0	7	12	13
Community Services and Education	2	14	23	106	155	135	( 104 )	( 141 )	( 112 )	13	22	3,083	444
Housing and Community Amenities	1,303	1,470	1,394	2,069	2,203	2,013	( 766 )	( 733 )	( 619 )	181	66	9,688	9,500
Water Supplies Network	2,618	2,157	2,775	2,234	2,069	2,115	384	88	660	42	45	18,093	17,989
Sewerage Services Network	3,168	858	1,601	736	1,031	594	2,432	( 173 )	1,007	38	38	12,351	12,577
Recreation and Culture	135	306	865	1,569	1,662	1,544	( 1,434 )	( 1,356 )	( 679 )	112	104	10,885	7,012
Mining, Manufacturing and Construction	112	146	113	246	271	242	( 134 )	( 125 )	( 129 )	0	0	567	555
Transport and Communication	3,399	4,620	4,322	5,559	6,520	5,097	( 2,160 )	( 1,900 )	( 775 )	1,606	2,295	60,958	59,747
Economic Affairs	493	509	549	771	767	802	( 278 )	( 258 )	( 253 )	7	3	5,691	2,031
<b>Total Functions</b>	<b>12,112</b>	<b>10,599</b>	<b>12,174</b>	<b>15,137</b>	<b>16,482</b>	<b>14,027</b>	<b>( 3,025 )</b>	<b>( 5,883 )</b>	<b>( 1,853 )</b>	<b>2,217</b>	<b>2,643</b>	<b>131,258</b>	<b>117,491</b>
General Purpose Revenues *	7,357	7,662	7,235	36	973	33	7,321	6,689	7,202	1,936	1,805	1,230	1,228
<b>Surplus / ( Deficit ) from all Functions</b>	<b>19,469</b>	<b>18,261</b>	<b>19,409</b>	<b>15,173</b>	<b>17,455</b>	<b>14,060</b>	<b>4,296</b>	<b>806</b>	<b>5,349</b>	<b>4,153</b>	<b>4,448</b>	<b>132,488</b>	<b>118,719</b>

\* Includes General Purpose Annual Rates and Charges ( inclusive of ex-gratia payments in-lieu of annual rates and charges ), Non-Capital General Purpose Grants, and Interest and Investment Revenues.

# ***COUNCIL OF THE SHIRE OF YOUNG***

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008**

### **Note No. 2 ( b )**

#### **COMPONENTS OF FUNCTIONS OR ACTIVITIES**

The activities relating to Council's functions, as reported upon within Note No. 2 ( a ), are detailed hereunder:-

##### **GOVERNANCE:**

Costs, pertaining to Council's role as a component of democratic government, is inclusive of elections, members fees and expenses, subscriptions to local authorities and associations, meetings of Council, policy-making committees, public disclosure and compliance, area representation, and other governance-related activities.

##### **ADMINISTRATION:**

Corporate support services, engineering and supervision, works depot and store, and other support services.

##### **PUBLIC ORDER AND SAFETY:**

Fire protection, animal control, enforcement of local government regulations, emergency services, and other public order and safety.

##### **HEALTH:**

Administration and inspection, food control, insect and vermin control, noxious plants control, and other health services.

##### **COMMUNITY SERVICES AND EDUCATION:**

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

##### **HOUSING AND COMMUNITY AMENITIES:**

Housing, town planning, domestic waste management services, other waste management services, street and gutter cleaning, other sanitation and garbage, urban stormwater drainage, environmental protection, public cemeteries, public conveniences, and other community amenities.

##### **WATER SUPPLIES NETWORK:**

Provision of water supplies services to the community of Young, and surrounding residential and farmland holdings.

##### **SEWERAGE SERVICES NETWORK:**

Provision of sewerage services to the community of Young, and surrounding residential and farmland holdings.

##### **RECREATION AND CULTURE:**

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

##### **MINING, MANUFACTURING AND CONSTRUCTION:**

Building control, and quarries and gravel pits.

##### **TRANSPORT AND COMMUNICATION:**

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, R.T.A. associated works, street lighting, and ancillary services.

##### **ECONOMIC AFFAIRS:**

Tourism and area promotions, industrial development and promotions, saleyards and markets, real estate development, and other business undertakings.

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008

Note No. 3

### INCOME FROM CONTINUING OPERATIONS

	Actual 2008 ( \$'000 )	Actual 2007 ( \$'000 )
<b>(A) ANNUAL RATES AND CHARGES:</b>		
<b>Ordinary Rates:-</b>		
Farmland	1,870	1,811
Residential	2,089	1,970
Business	950	911
Mining	57	17
TOTAL ORDINARY RATES	4,966	4,709
<b>Annual Charges:- pursuant to S. 496 and S. 501</b>		
Waste Management Services - Domestic	558	521
Waste Management Services - Re-Cycling	150	141
Stormwater Management Services	0	0
Water Supplies Network	717	704
Sewerage Services Network	1,144	1,082
TOTAL ANNUAL CHARGES	2,569	2,448
<b>TOTAL ANNUAL RATES AND CHARGES</b>	7,535	7,157

In calculating its ordinary rates, Council has utilised land valuations, provided by the Valuer-General of N.S.W. The current land valuations ( base-date 1st July, 2004 ), are provided to Council every three ( 3 ) years.

	Actual 2008 ( \$'000 )	Actual 2007 ( \$'000 )
<b>(B) USER CHARGES AND FEES:</b>		
<b>User Charges:- pursuant to S. 502</b>		
Waste Management Services - Domestic	3	133
Waste Management Services - Other	289	252
Water Supplies Network	1,432	1,674
Sewerage Services Network	130	121
TOTAL USER CHARGES	1,854	2,180
<b>Fees:-</b>		
Regulatory and Statutory Fees	301	255
Discretionary Fees		
- Private Works	247	234
- Public Cemeteries	113	116
- R.T.A. Works ( State Roads not controlled by Council )	1,981	820
- Other	69	61
TOTAL FEES	2,711	1,486
<b>TOTAL USER CHARGES AND FEES</b>	4,565	3,666

# **COUNCIL OF THE SHIRE OF YOUNG**

## **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30th June, 2008

Note No. 3 - ( Continued )

### **INCOME FROM CONTINUING OPERATIONS**

	<b>Actual 2008 ( \$'000 )</b>	<b>Actual 2007 ( \$'000 )</b>
<b>( C ) INTEREST AND INVESTMENT REVENUES:</b>		
<b>Developer Contributions</b>		
- Urban Stormwater Drainage	2	2
- Parking Areas	3	1
- Water Supplies Network	18	7
- Sewerage Services Network	49	52
<b>Investments</b>		
- General Purpose Revenues	496	680
- Water Supplies Network	117	193
- Sewerage Services Network	186	200
<b>Overdue Annual Rates and Charges</b>		
- General Purpose Revenues	32	20
- Domestic Waste Management Services	5	5
- Water Supplies Network	5	4
- Sewerage Services Network	8	7
<b>Other</b>		
- General Purpose Revenues	17	15
<b>Decrement of Financial Assets at Fair Value</b>		
- General Purpose Revenues	( 734 )	0
- Water Supplies Network	( 300 )	0
- Sewerage Services Network	( 863 )	0
<b>TOTAL INTEREST AND INVESTMENTS REVENUES <sup>(1)</sup></b>	<b>( 959 )</b>	<b>1,186</b>
 <b>( D ) OTHER REVENUES:</b>		
<b>Commission and Agency Fees</b>	13	18
<b>Fines and Costs</b>	2	2
<b>Insurance</b>		
- Claims Refunds	11	30
- Dividend Payments ( H.I.H. Insurance )	8	0
<b>Lease Fees and Rentals</b>	296	316
<b>Legal Fees</b>		
- Sundry Ratepayers'	6	20
<b>Promotions and Trade Fairs</b>	34	61
<b>Sundry Sales and Services</b>	31	36
<b>Other</b>	18	17
<b>TOTAL OTHER REVENUES</b>	<b>419</b>	<b>500</b>

NOTE:-

( 1 ) Whereby, Interest and Investments Revenues nets to an overall loss, this amount is carried forward to the Interest and Investments Losses within the Income Statement.

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008

Note No. 3 - ( Continued )

### INCOME FROM CONTINUING OPERATIONS

	NON-CAPITAL		CAPITAL	
	Actual		Actual	
	2008	2007	2008	2007
	( \$'000 )	( \$'000 )	( \$'000 )	( \$'000 )
<b>( E ) GRANTS:</b>				
Financial Assistance Grant - Untied				
- Equalisation Component	1,821	1,690	0	0
- Local Roads Component	946	893	0	0
Pensioners' Rates Subsidies - Untied				
- General Purpose Revenues	115	115	0	0
Pensioners' Rates Subsidies				
- Domestic Waste Management Services	31	31	0	0
- Water Supplies Network	42	42	0	0
- Sewerage Services Network	38	38	0	0
Specific Purposes				
- Fire Protection	218	63	0	0
- Other Health Services	0	7	0	0
- Other Community Services	13	22	0	0
- Town Planning	55	35	0	0
- Urban Stormwater Drainage	0	0	94	0
- Water Supplies Network	0	0	0	3
- Sewerage Services Network	0	0	0	0
- Public Libraries	36	37	10	9
- Public Halls	0	0	45	0
- Other Cultural Services	8	8	0	0
- Sporting Grounds	0	0	0	50
- Public Parks, Gardens and Reserves	13	0	0	0
- Roadworks Network ( Infra-Structure )	0	0	619	1,362
- Street Lighting	41	40	0	0
- Industrial Development and Promotions	7	3	0	0
<b>TOTAL GRANTS</b>	<b>3,384</b>	<b>3,024</b>	<b>768</b>	<b>1,424</b>
<i>Comprising:-</i>				
- Commonwealth Government	2,767	2,583	619	1,362
- State Government	617	441	149	62
	<b>3,384</b>	<b>3,024</b>	<b>768</b>	<b>1,424</b>

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008

Note No. 3 - ( Continued )

### INCOME FROM CONTINUING OPERATIONS

	NON-CAPITAL Actual		CAPITAL Actual	
	2008 (\$'000)	2007 (\$'000)	2008 (\$'000)	2007 (\$'000)
<b>( F ) CONTRIBUTIONS:</b>				
Developer Contributions ( pursuant to S. 94 )				
- Urban Stormwater Drainage	0	0	0	3
- Parking Areas	0	0	0	0
Water Supplies Network				
- Developer Contributions ( pursuant to S. 64 )	0	0	27	33
- Other	0	0	65	40
Sewerage Services Network				
- Developer Contributions ( pursuant to S. 64 )	0	0	97	70
- Other	1	2	23	7
Specific Purposes				
- Governance	2	1	0	0
- Corporate Support Services	21	13	0	0
- Other Support Services	33	38	0	0
- Fire Protection	5	7	0	0
- Emergency Services	0	1	1	0
- Aged and Disabled	0	0	0	0
- Dwellings	0	0	0	0
- Other Waste Management Services	6	0	0	0
- Urban Stormwater Drainage	0	1	0	0
- Public Halls	4	4	0	2
- Other Cultural Services	44	44	0	0
- Swimming Pools	5	0	0	0
- Sporting Grounds	0	0	32	625
- Public Parks, Gardens and Reserves	0	0	2	23
- Roadworks Network ( Infra-Structure )	0	0	40	87
- Footpaths	0	0	4	50
- Bus Shelters and Services	0	1	0	0
- R.T.A. Contributions ( Regional, Local and Block )	739	806	235	226
- Ancillary Services	0	0	0	20
- Tourism and Area Promotions	1	0	0	0
- Saleyards and Markets	1	2	0	0
- Industrial Development and Promotions	0	10	0	0
- Other Business Undertakings	4	4	0	0
<b>TOTAL CONTRIBUTIONS</b>	<b>866</b>	<b>934</b>	<b>526</b>	<b>1,186</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>	<b>4,250</b>	<b>3,958</b>	<b>1,294</b>	<b>2,610</b>

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June, 2008

Note No. 3 - ( Continued )

### INCOME FROM CONTINUING OPERATIONS

#### RESTRICTIONS RELATING TO GRANTS

Grants, which were obtained on the condition they be expended for specific purposes, or in a future period, and have not yet been expended in accordance with those conditions, are detailed hereunder:-

	Notes	Actual 2008 ( \$'000 )	Actual 2007 ( \$'000 )
<b>( G ) GRANTS:</b>			
<b>Unexpended at the close of the previous reporting period.</b>			
Healthy Shires Programme		6	0
Multi-Cultural Youth Festival Programme		0	2
Public Libraries Programme		0	10
Non-Urban Public Transport Programme		27	27
Roads-to-Recovery Programme		533	466
Taxi Rank Rehabilitation Programme		0	14
Other		8	7
	6 ( c )	574	526
<b>Add:</b> Amounts recognised as revenues in current reporting period, but not yet expended in accordance with the conditions.			
Healthy Shires Programme		0	6
Lachlan Catchment Management Authority		196	0
Roads-to-Recovery Programme		0	67
Southern Cross Hall Rehabilitation Programme		41	0
Other		0	1
		237	74
<b>Less:</b> Expended during the current reporting period, from revenues recognised in previous reporting periods.			
Healthy Shires Programme		( 1 )	0
Multi-Cultural Youth Festival Programme		0	( 2 )
Public Libraries Programme		0	( 10 )
Roads-to-Recovery Programme		( 533 )	0
Taxi Rank Rehabilitation Programme		0	( 14 )
Other		0	0
		( 534 )	( 26 )
<b>Unexpended at the close of the current reporting period, and held as restricted assets.</b>			
Healthy Shires Programme		5	6
Lachlan Catchment Management Authority		196	0
Non-Urban Public Transport Programme		27	27
Roads-to-Recovery Programme		0	533
Southern Cross Hall Rehabilitation Programme		41	0
Other		8	8
<b>TOTAL GRANTS UN-EXPENDED</b>	6 ( c )	277	574
<b>NETT INCREASE OR ( DECREASE ) IN RESTRICTED ASSETS IN THE CURRENT REPORTING PERIOD</b>		( 297 )	48

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008

Note No. 3 - ( Continued )

### INCOME FROM CONTINUING OPERATIONS

#### RESTRICTIONS RELATING TO CONTRIBUTIONS

Contributions, which were obtained on the condition they be expended for specific purposes, or in a future period, and have not yet been expended in accordance with those conditions, are detailed hereunder:-

	Notes	Actual 2008 (\$'000)	Actual 2007 (\$'000)
<b>(H) CONTRIBUTIONS:</b>			
<b>Unexpended at the close of the previous reporting period.</b>			
Section 94 - Urban Stormwater Drainage		14	11
Section 94 - Parking Areas		25	24
Section 64 - Water Supplies Network		145	105
Section 64 - Sewerage Services Network		571	449
	6 ( c )	755	589
<b>Add: Amounts recognised as revenues in current reporting period, but not yet expended in accordance with the conditions.</b>			
Section 94 - Urban Stormwater Drainage		1	5
Section 94 - Parking Areas		3	1
Section 64 - Water Supplies Network		45	40
Section 64 - Sewerage Services Network		147	122
		196	168
<b>Less: Expended during the current reporting period, from revenues recognised in previous reporting periods.</b>			
Section 94 - Urban Stormwater Drainage		0	( 2 )
Section 94 - Parking Areas		0	0
Section 64 - Water Supplies Network		0	0
Section 64 - Sewerage Services Network		0	0
		0	( 2 )
<b>Unexpended at the close of the current reporting period, and held as restricted assets.</b>			
Section 94 - Urban Stormwater Drainage		15	14
Section 94 - Parking Areas		28	25
Section 64 - Water Supplies Network		190	145
Section 64 - Sewerage Services Network		718	571
<b>TOTAL CONTRIBUTIONS UN-EXPENDED</b>	6 ( c )	951	755
<b>NETT INCREASE OR ( DECREASE ) IN RESTRICTED ASSETS IN THE CURRENT REPORTING PERIOD</b>		196	166



# ***COUNCIL OF THE SHIRE OF YOUNG***

## **NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30th June, 2008

Note No. 4

### **EXPENSES FROM CONTINUING OPERATIONS**

	<b>Actual 2008 ( \$'000 )</b>	<b>Actual 2007 ( \$'000 )</b>
<b>(A) EMPLOYEE BENEFITS AND ON-COSTS:</b>		
Salaries, Wages and Allowances	4,300	4,094
Travelling Costs	92	80
Employees' Leave Entitlements	530	403
Superannuation	423	405
Workers' Compensation Insurance	165	166
Fringe Benefits Taxation	13	31
Training Costs ( excluding Salaries, Wages and Allowances )	60	48
Other	70	54
Less: Capitalised and Distributed Employee Costs	( 505 )	( 640 )
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>	<b>5,148</b>	<b>4,641</b>
Total number of Full-Time Employees	92	94
<b>(B) BORROWING COSTS:</b>		
Interest		
- Overdraft	0	0
- Loans	333	356
Amortisation of Discounts and Premiums		
- Other Waste Management Services	11	10
- Quarries and Gravel Pits	10	9
<b>TOTAL BORROWING COSTS EXPENSED</b>	<b>354</b>	<b>375</b>
<b>(C) MATERIALS AND CONTRACTS:</b>		
Raw Materials and Consumables	4,056	2,812
Auditor's Remuneration		
- Audit Services	17	17
Consultants' Services	176	77
Lease Rentals - Operating		
- Non-Cancellable	21	30
Legal Expenses		
- Planning and Development	2	6
- Sundry Ratepayers'	6	20
- Other	5	4
Security Services	17	18
Valuation Fees		
- Land Rates	30	30
- Other	20	0
Water Acquisition Costs	1,292	1,418
<b>TOTAL MATERIALS AND CONTRACTS EXPENSED</b>	<b>5,642</b>	<b>4,432</b>

# **COUNCIL OF THE SHIRE OF YOUNG**

## **NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30th June, 2008

Note No. 4 - ( Continued )

### **EXPENSES FROM CONTINUING OPERATIONS**

	<b>Actual 2008 ( \$'000 )</b>	<b>Actual 2007 ( \$'000 )</b>
<b>( D ) DEPRECIATION AND AMORTISATION COSTS:</b>		
Plant and Equipment	972	912
Office Equipment	37	24
Furniture and Fittings	2	1
Buildings and Improvements		
- Specialised	466	362
- Non-Specialised	93	142
Other Structures	43	40
Infra-Structure		
- Roads, Bridges, Footpaths etc.	1,091	1,072
- Urban Stormwater Drainage	103	101
- Water Supplies Network	294	187
- Sewerage Services Network	436	105
Other Assets		
- Other Waste Management Services	18	19
- Quarries and Gravel Pits	16	16
<b>TOTAL DEPRECIATION COSTS EXPENSED</b>	<b>3,571</b>	<b>2,981</b>
<b>( E ) OTHER EXPENSES:</b>		
Other expenses for the reporting year, include the following:-		
Advertising Expenses	74	47
Bad and Doubtful Debtors	20	19
Bank Fees and Charges	26	26
Commission and Agency Fees	5	4
Computer Expenses	40	38
Contributions and Donations	476	436
Councillors'		
- Fees	73	75
- Expenses and Allowances	17	17
Election Expenses	0	0
Electricity, Power and Heating	90	88
Insurance		
- Claims Excess	0	2
- Premiums	391	338
Mayoral Fee	19	18
Postage	25	26
Printing and Stationery	49	60
Promotions and Trade Fairs	86	123
Street Lighting	153	139
Subscriptions and Publications	51	45
Telephone Rental and Charges	52	55
Other	134	75
<b>TOTAL OTHER EXPENSES</b>	<b>1,781</b>	<b>1,631</b>

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008

Note No. 5

### NETT GAIN OR ( LOSS ) FROM THE DISPOSAL OF ASSETS

	Actual 2008 (\$'000)	Actual 2007 (\$'000)
( A ) GAIN OR ( LOSS ) ON DISPOSAL OF PROPERTY:		
Proceeds from Asset Disposals	75	0
Less: Carrying amount of Asset Sales	( 7 )	0
NETT GAIN OR ( LOSS ) ON DISPOSAL	<u>68</u>	<u>0</u>
( B ) GAIN OR ( LOSS ) ON DISPOSAL OF PLANT AND EQUIPMENT:		
Proceeds from Asset Disposals	322	604
Less: Carrying amount of Asset Sales	( 192 )	( 272 )
NETT GAIN OR ( LOSS ) ON DISPOSAL	<u>130</u>	<u>332</u>
TOTAL NETT GAIN OR ( LOSS ) ON DISPOSAL OF ASSETS	<u>198</u>	<u>332</u>

# ***COUNCIL OF THE SHIRE OF YOUNG***

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008**

**Note No. 6 ( a )**

### **CASH AND CASH EQUIVALENTS**

	<b>Actual 2008</b>		<b>Actual 2007</b>	
	<b>Current (\$'000)</b>	<b>Non-Current (\$'000)</b>	<b>Current (\$'000)</b>	<b>Non-Current (\$'000)</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Cash-on-Hand and at-Bank	162	0	142	0
Deposits at-Call	2,159	0	200	0
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>2,321</b>	<b>0</b>	<b>342</b>	<b>0</b>

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008

Note No. 6 ( b )

### INVESTMENTS

Council's financial assets held as investments, are detailed hereunder:-

	Actual 2008		Actual 2007	
	Current (\$'000)	Non-Current (\$'000)	Current (\$'000)	Non-Current (\$'000)
<b>INVESTMENTS:</b>				
Financial Assets at Fair Value ( through Profit and Loss )	0	3,103	4,232	1,760
Investments Held-to-Maturity	0	10,500	1,500	8,000
Financial Assets Available-for-Sale	0	0	0	0
<b>TOTAL INVESTMENTS</b>	<b>0</b>	<b>13,603</b>	<b>5,732</b>	<b>9,760</b>
<b>FINANCIAL ASSETS:- AT FAIR VALUE ( THROUGH PROFIT AND LOSS )</b>				
Balance as at the beginning of the Reporting Period	4,232	1,760	2,742	7,844
- Revaluation to Income Statement	0	( 1,897 )	0	0
- Additions	0	3,240	1,490	0
- Disposals	( 4,232 )	0	0	( 6,084 )
Balance as at the end of the Reporting Period	<b>0</b>	<b>3,103</b>	<b>4,232</b>	<b>1,760</b>
<i>Held for Trading:-</i>				
- Managed Funds	0	0	992	0
- Collateralised Debt Obligations	0	3,103	3,240	1,760
- Floating Rate Notes	0	0	0	0
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE</b>	<b>0</b>	<b>3,103</b>	<b>4,232</b>	<b>1,760</b>
<b>INVESTMENTS:- HELD-TO-MATURITY</b>				
Balance as at the beginning of the Reporting Period	1,500	8,000	1,000	0
- Additions	0	2,500	500	8,000
- Disposals	( 1,500 )	0	0	0
Balance as at the end of the Reporting Period	<b>0</b>	<b>10,500</b>	<b>1,500</b>	<b>8,000</b>
<i>Comprising:-</i>				
- Equity-Linked Notes	0	10,500	0	8,000
- Term Deposits	0	0	1,500	0
<b>TOTAL INVESTMENTS HELD-TO-MATURITY</b>	<b>0</b>	<b>10,500</b>	<b>1,500</b>	<b>8,000</b>

The financial assets held as investments, are bearing floating interest rates between 3.00 % and 8.50 % ( 2007 - 4.90 % and 8.50 % )

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June, 2008

Note No. 6 ( c )

### CASH, CASH EQUIVALENTS AND INVESTMENTS - RESTRICTED

	Actual 2008		Actual 2007	
	Current (\$'000)	Non-Current (\$'000)	Current (\$'000)	Non-Current (\$'000)
<b>CASH, CASH EQUIVALENTS AND INVESTMENTS:</b>				
External Restrictions	19	9,762	449	9,760
Internal Restrictions	1,984	3,841	5,291	0
Unrestricted	318	0	334	0
<b>TOTAL CASH, CASH EQUIVALENTS AND INVESTMENTS</b>	<b>2,321</b>	<b>13,603</b>	<b>6,074</b>	<b>9,760</b>

### DETAILS OF RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

	Balance as at 1st July, 2007 (\$'000)	Movements		Balance as at 30th June, 2008 (\$'000)
		Transfers to (\$'000)	Transfers from (\$'000)	
<b>EXTERNAL RESTRICTIONS:</b>				
Other- Included in Income				
Contributions - Developer's	(a) 755	196	0	951
Contributions - Roads and Traffic of N.S.W.	(b) 1,129	657	0	1,786
Grants Unexpended - Specific Purposes	(c) 574	241	( 538 )	277
Waste Management Services - Domestic	(d) 0	0	0	0
Water Supplies Network	(e) 3,032	569	( 417 )	3,184
Sewerage Services Network	(f) 4,253	423	( 1,602 )	3,074
Other	(g) 466	61	( 18 )	509
<b>TOTAL EXTERNAL RESTRICTIONS</b>	<b>10,209</b>	<b>2,147</b>	<b>( 2,575 )</b>	<b>9,781</b>
<b>INTERNAL RESTRICTIONS:</b>				
Employees' Leave Entitlements	848	0	( 70 )	778
Buildings and Improvements	908	1,368	( 310 )	1,966
Communications Tower	36	0	( 4 )	32
Office Furniture and Equipment	154	0	( 11 )	143
Plant and Equipment	900	757	( 1,491 )	166
Quarries and Gravel Pits	111	28	( 14 )	125
Roadworks Network - Infra-Structure	1,327	441	( 147 )	1,621
Special Projects	372	114	( 54 )	432
Street Lighting	113	30	( 3 )	140
Swimming Pools	71	0	0	71
Urban Stormwater Drainage	132	0	( 77 )	55
Waste Management Services - Other	191	40	0	231
Other	128	26	( 89 )	65
<b>TOTAL INTERNAL RESTRICTIONS</b>	<b>5,291</b>	<b>2,804</b>	<b>( 2,270 )</b>	<b>5,825</b>
<b>TOTAL RESTRICTED CASH AND INVESTMENTS</b>	<b>15,500</b>	<b>4,950</b>	<b>( 4,845 )</b>	<b>15,606</b>

- ( a ) Developer Contributions, which are not yet expended for the provisions of services and amenities in accordance with Contributions Plans - refer to Note No. 3 ( H ) - " Conditions over Contributions " .
- ( b ) RTA Contributions, which are not yet expended for the provision of services and amenities in accordance with those contributions.
- ( c ) Grants, which are not yet expended for the purposes for which they were obtained - refer to Note No. 3 ( G ) - " Conditions over Grants " .
- ( d ) Domestic Waste Management Services Funds, which must be applied for the purposes for which they were raised.
- ( e ) Water Supplies Network Funds, which must be applied for the purposes for which they were raised.
- ( f ) Sewerage Services Network Funds, which must be applied for the purposes for which they were raised.
- ( g ) Other externally restricted moneys.

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008

Note No. 7

### RECEIVABLES

	Actual 2008		Actual 2007	
	Current (\$'000)	Non-Current (\$'000)	Current (\$'000)	Non-Current (\$'000)
<b>RECEIVABLES:</b>				
Annual Rates and Charges	533	0	473	0
Interest and Extra Charges	99	0	94	0
User Charges and Fees	765	0	700	0
Accrued Interest - Investments	73	0	270	0
Clearing Accounts - Taxation	0	0	128	0
Contributions	268	0	273	0
Deferred Payments Scheme	34	96	12	10
Government Grants and Subsidies	533	0	448	0
Other	52	0	49	0
<b>Sub-Total</b>	<b>2,357</b>	<b>96</b>	<b>2,447</b>	<b>10</b>
<b>Less: Provision for Impairment</b>				
Annual Rates and Charges	( 69)	0	( 54)	0
User Charges and Fees	( 25)	0	( 20)	0
<b>Sub-Total</b>	<b>( 94)</b>	<b>0</b>	<b>( 74)</b>	<b>0</b>
<b>TOTAL RECEIVABLES</b>	<b>2,263</b>	<b>96</b>	<b>2,373</b>	<b>10</b>

### DETAILS OF EXTERNALLY RESTRICTED RECEIVABLES

	Actual 2008		Actual 2007	
	Current (\$'000)	Non-Current (\$'000)	Current (\$'000)	Non-Current (\$'000)
<b>EXTERNALLY RESTRICTED RECEIVABLES:</b>				
Domestic Waste Management Services	84	0	86	0
Water Supplies Network	603	0	664	0
Sewerage Services Network	225	0	228	0
<b>TOTAL EXTERNALLY RESTRICTED RECEIVABLES</b>	<b>912</b>	<b>0</b>	<b>978</b>	<b>0</b>
 Unrestricted Receivables	 1,351	 96	 1,395	 10
<b>TOTAL RECEIVABLES</b>	<b>2,263</b>	<b>96</b>	<b>2,373</b>	<b>10</b>

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008

Note No. 8

### INVENTORIES AND OTHER ASSETS

	Actual 2008		Actual 2007	
	Current (\$'000)	Non-Current (\$'000)	Current (\$'000)	Non-Current (\$'000)
<b>INVENTORIES:</b>				
Stores and Materials	206	0	258	0
Trading Stock	11	0	12	0
<b>TOTAL INVENTORIES</b>	<u>217</u>	<u>0</u>	<u>270</u>	<u>0</u>
<b>OTHER ASSETS:</b>				
Prepayments	3	0	0	0
<b>TOTAL OTHER ASSETS</b>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>

### DETAILS OF EXTERNALLY RESTRICTED ASSETS

	Actual 2008		Actual 2007	
	Current (\$'000)	Non-Current (\$'000)	Current (\$'000)	Non-Current (\$'000)
<b>DOMESTIC WASTE MANAGEMENT SERVICES:</b>				
Stores and Materials	0	0	0	0
Prepayments	0	0	0	0
<b>TOTAL DOMESTIC WASTE MANAGEMENT SERVICES</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>WATER SUPPLIES NETWORK:</b>				
Stores and Materials	0	0	0	0
Prepayments	0	0	0	0
<b>TOTAL WATER SUPPLIES NETWORK</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>SEWERAGE SERVICES NETWORK:</b>				
Stores and Materials	0	0	0	0
Prepayments	0	0	0	0
<b>TOTAL SEWERAGE SERVICES NETWORK</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL EXTERNALLY RESTRICTED ASSETS</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unrestricted Inventories and Other Assets	220	0	270	0
<b>TOTAL INVENTORIES AND OTHER ASSETS</b>	<u>220</u>	<u>0</u>	<u>270</u>	<u>0</u>



# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June, 2008

Note No. 9 (a)

### INFRA-STRUCTURE, PROPERTY, PLANT AND EQUIPMENT

BY ASSET TYPE	as at 1st July, 2007				MOVEMENTS DURING THE YEAR					as at 30th June, 2008			
	At Cost (\$'000)	At Fair Valuation (\$'000)	Accumulated Depreciation (\$'000)	Written-Down Value (\$'000)	Asset <sup>(1)</sup> Additions (\$'000)	Nett Asset Disposals (\$'000)	Current Depreciation (\$'000)	Nett Transfer Adjustments (\$'000)	Nett Asset Revaluation (\$'000)	At Cost (\$'000)	At Fair Valuation (\$'000)	Accumulated Depreciation (\$'000)	Written-Down Value (\$'000)
Plant and Equipment	8,766	0	(4,803)	3,963	918	(192)	(972)	0	0	9,106	0	(5,388)	3,718
Office Equipment	421	0	(245)	176	11	0	(37)	0	0	432	0	(282)	150
Furniture and Fittings	107	0	(102)	5	3	0	(2)	0	0	110	0	(104)	6
Land													
- Community	742	0	0	742	1	0	0	1,051	0	1,795	0	0	1,795
- Operational	2,348	0	0	2,348	541	(7)	0	(1,051)	1,628	0	3,459	0	3,459
Buildings and Improvements													
- Non-Specialised	3,554	0	(2,121)	1,433	323	0	(93)	(1,535)	5,537	0	15,881	(10,216)	5,665
- Specialised	10,542	0	(3,562)	6,980	0	0	(466)	(56)	5,664	0	19,597	(7,474)	12,123
Other Structures	620	0	(250)	370	1	0	(43)	1,587	0	3,397	0	(1,483)	1,914
Infra-Structure													
- Roads, Bridges, Footpaths etc.	82,595	0	(26,981)	55,614	1,454	0	(1,091)	0	0	84,048	0	(28,071)	55,977
- Urban Stormwater Drainage	8,085	0	(983)	7,102	167	0	(103)	0	0	8,252	0	(1,086)	7,166
- Water Supplies Network	0	23,279	(9,307)	13,972	117	0	(294)	0	0	117	23,279	(9,602)	13,794
- Sewerage Services Network	0	23,824	(16,598)	7,226	846	0	(436)	0	0	846	23,824	(17,034)	7,636
Other Assets													
- Other Waste Management Services	182	0	(55)	127	0	0	(18)	0	0	182	0	(73)	109
- Preliminary Investigation Expenses	61	0	0	61	0	0	0	0	0	61	0	0	61
- Quarries and Gravel Pits	161	0	(48)	113	0	0	(16)	0	0	161	0	(64)	97
- Works-in-Progress	0	0	0	0	311	0	0	4	0	315	0	0	315
<b>TOTAL</b>	<b>118,184</b>	<b>47,103</b>	<b>(65,055)</b>	<b>100,232</b>	<b>4,693</b>	<b>(199)</b>	<b>(3,571)</b>	<b>(0)</b>	<b>12,829</b>	<b>108,822</b>	<b>86,040</b>	<b>(80,877)</b>	<b>113,985</b>

(1) Asset additions for the year, are comprised of New Assets (\$ 2.309 million), and Asset Renewals and Replacement (\$ 2.384 million). Note:- this dissection is mandatory for 2008.

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June, 2008

Note No. 9 ( b )

### INFRA-STRUCTURE, PROPERTY, PLANT AND EQUIPMENT - RESTRICTED

	2007				2008			
	At Cost (\$'000)	at Valuation (\$'000)	Accumulated Depreciation (\$'000)	Written-Down Value (\$'000)	At Cost (\$'000)	At Fair Valuation (\$'000)	Accumulated Depreciation (\$'000)	Written-Down Value (\$'000)
<b>Water Supplies Network</b>								
Land - Operational	6	0	0	6	0	139	0	139
Buildings and Improvements - Specialised	19	0	( 6 )	13	0	37	( 3 )	34
Office Equipment	99	0	( 19 )	80	99	0	( 23 )	76
Plant and Equipment	138	0	( 121 )	17	138	0	( 125 )	13
Infra-Structure	0	23,279	( 9,307 )	13,972	117	23,279	( 9,602 )	13,794
Preliminary Investigation Expenses	60	0	0	60	60	0	0	60
<b>Sub-Total</b>	<b>322</b>	<b>23,279</b>	<b>( 9,453 )</b>	<b>14,148</b>	<b>414</b>	<b>23,455</b>	<b>( 9,753 )</b>	<b>14,116</b>
<b>Sewerage Services Network</b>								
Land - Operational	217	0	0	217	0	570	0	570
Buildings and Improvements - Specialised	25	0	( 13 )	12	0	147	( 78 )	69
Plant and Equipment	201	0	( 131 )	70	201	0	( 142 )	59
Infra-Structure	0	23,824	( 16,598 )	7,226	846	23,824	( 17,033 )	7,637
<b>Sub-Total</b>	<b>443</b>	<b>23,824</b>	<b>( 16,742 )</b>	<b>7,525</b>	<b>1,047</b>	<b>24,541</b>	<b>( 17,253 )</b>	<b>8,335</b>
<b>Domestic Waste Management Services</b>								
Land - Community	64	0	0	64	63	0	0	63
Buildings and Improvements - Specialised	562	0	( 135 )	427	0	402	( 59 )	343
Plant and Equipment	85	0	( 78 )	7	86	0	( 85 )	1
Other Assets	118	0	( 36 )	82	118	0	( 47 )	71
<b>Sub-Total</b>	<b>829</b>	<b>0</b>	<b>( 249 )</b>	<b>580</b>	<b>267</b>	<b>402</b>	<b>( 191 )</b>	<b>478</b>
<b>TOTAL RESTRICTIONS</b>	<b>1,594</b>	<b>47,103</b>	<b>( 26,444 )</b>	<b>22,253</b>	<b>1,728</b>	<b>48,398</b>	<b>( 27,197 )</b>	<b>22,929</b>

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008

### Note No. 10 ( a )

#### PAYABLES, BORROWINGS AND PROVISIONS

	Actual 2008		Actual 2007	
	Current (\$'000)	Non-Current (\$'000)	Current (\$'000)	Non-Current (\$'000)
<b>PAYABLES:</b>				
Goods and Services	1,177	0	718	0
Payments Received in Advance	96	0	79	0
Accrued Interest - Loans	16	0	17	0
Clearing Accounts - Taxation	15	0	3	0
Deposits and Retentions	15	393	38	312
Other	1	0	0	0
<b>TOTAL PAYABLES</b>	<b>1,320</b>	<b>393</b>	<b>855</b>	<b>312</b>
<b>BORROWINGS:</b>				
Bank Overdraft Facility	0	0	0	0
Loans				
- Secured <sup>(1)</sup>	315	3,666	291	3,982
<b>TOTAL BORROWINGS</b>	<b>315</b>	<b>3,666</b>	<b>291</b>	<b>3,982</b>
<b>PROVISIONS:</b>				
Annual Leave <sup>(2)</sup>	473	0	527	0
Long Service Leave <sup>(2)</sup>	1,000	41	1,072	41
Sick Leave - Gratuities <sup>(2)</sup>	28	14	16	41
Remediation Costs				
- Other Waste Management Services	0	223	0	212
- Quarries and Gravel Pits	0	197	0	187
<b>TOTAL PROVISIONS</b>	<b>1,501</b>	<b>475</b>	<b>1,615</b>	<b>481</b>

#### DETAILS OF EXTERNALLY RESTRICTED LIABILITIES

	Actual 2008		Actual 2007	
	Current (\$'000)	Non-Current (\$'000)	Current (\$'000)	Non-Current (\$'000)
<b>EXTERNALLY RESTRICTED LIABILITIES:</b>				
Domestic Waste Management Services	24	0	12	0
Water Supplies Network	117	219	237	238
Sewerage Services Network	122	238	21	259
<b>TOTAL EXTERNALLY RESTRICTED LIABILITIES</b>	<b>263</b>	<b>457</b>	<b>270</b>	<b>497</b>

- (1) Loans, are secured over the annual rates and charges revenues of Council.
- (2) Vested Employees' Leave Entitlements, have been determined as a current provision - refer to Note No. 1 ( U ). However, it is anticipated Employees' Leave Entitlements ( amounting to \$1.010 million ), although classified as current liabilities, will not be " accessed " within the next twelve ( 12 ) months.

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008

### Note No. 10 ( b )

#### DESCRIPTION AND MOVEMENTS IN PROVISIONS

	Balance as at 1st July, 2007 ( \$'000 )	Movements Transfers to ( \$'000 )	Transfers from ( \$'000 )	Balance as at 30th June, 2008 ( \$'000 )
<b>PROVISIONS:</b>				
<b>Employees' Leave Entitlements</b>				
- Annual Leave	527	338	( 392 )	473
- Long Service Leave	1,113	191	( 263 )	1,041
- Sick Leave ( Gratuities )	57	1	( 16 )	42
<b>Sub-Total</b>	<b>1,697</b>	<b>530</b>	<b>( 671 )</b>	<b>1,556</b>
<b>Rehabilitation and Remediation Costs</b>				
- Other Waste Management Services	212	11	0	223
- Quarries and Gravel Pits	187	10	0	197
<b>Sub-Total</b>	<b>399</b>	<b>21</b>	<b>0</b>	<b>420</b>
<b>TOTAL PROVISIONS</b>	<b>2,096</b>	<b>551</b>	<b>( 671 )</b>	<b>1,976</b>

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008

Note No. 11

### RECONCILIATION OF CASH FLOW MOVEMENTS

	Notes	Actual 2008 ( \$'000 )	Actual 2007 ( \$'000 )
<b>(A) RECONCILIATION OF CASH ASSETS:</b>			
Total Cash, Cash Equivalents and Investments	6 ( c )	15,924	15,834
Less: Bank Overdraft Facility	10 ( a )	0	0
<b>BALANCE AS PER STATEMENT OF CASH FLOW</b>		<b>15,924</b>	<b>15,834</b>
<b>(B) RECONCILIATION OF NETT OPERATING RESULT TO CASH, PROVIDED FROM CONTINUING OPERATIONS:</b>			
Nett Operating Result from Income Statement		806	5,349
<b>Add:</b>			
Depreciation and Amortisation Costs		3,571	2,981
Decrease - Inventories		53	0
Decrease - Receivables		112	0
Decrease - Other Current Assets		0	318
Increase - Payables		546	0
Increase - Provision for Asset Remediation		20	19
Increase - Provision for Doubtful Debtors		20	18
Sub-Total		5,128	8,685
<b>Less:</b>			
Decrease - Accrued Interest ( Payable )		( 1 )	( 1 )
Decrease - Employees' Leave Entitlements		( 141 )	( 56 )
Decrease - Payables		0	( 81 )
Increase - Inventories		0	( 15 )
Increase - Receivables		0	( 578 )
Increase - Other Current Assets		( 3 )	0
Nett Gain - Disposal of Assets		( 198 )	( 332 )
Sub-Total		( 343 )	( 1,063 )
 <b>NETT CASH PROVIDED FROM CONTINUING OPERATIONS</b>		<b>4,785</b>	<b>7,622</b>

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008

Note No. 11 - ( Continued )

### STATEMENT OF CASH FLOWS

	Actual 2008 (\$'000)	Actual 2007 (\$'000)
<b>(C) NON-CASH FINANCING AND INVESTING ACTIVITIES:</b>		
The following Non-Cash Grants were received, during the current reporting period.		
<b>Grants - Non-Capital</b>		
Fire Protection	0	0
Water Supplies Network	0	0
Sewerage Services Network	0	0
	<u>0</u>	<u>0</u>
<b>Grants - Capital</b>		
Fire Protection	0	0
Roadworks Network - Infra-Structure	0	0
Water Supplies Network	0	0
Sewerage Services Network	0	0
	<u>0</u>	<u>0</u>
<b>(D) FINANCING ARRANGEMENTS:</b>		
Unrestricted access was available, as at balance date, to the following:-		
<b>Financial Institutions</b>		
Bank Overdraft Facility *	480	478
Corporate Credit Cards	20	22
	<u>500</u>	<u>500</u>

\* NOTE:-

The Bank Overdraft Facility may be drawn upon at any time, and may be terminated by the Bank, without notice. Interest rates upon the Bank Overdraft Facility are variable, whilst the rates for loans are fixed for the period of the loans.

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008

Note No. 12

### COMMITMENTS FOR EXPENDITURE

	Actual 2008 (\$'000)	Actual 2007 (\$'000)
<b>(A) SERVICE COMMITMENTS:</b>		
Other non-capital expenditure committed for as at the reporting date, and not recognised within the Annual Financial Statements as liabilities, are as follows:-		
Auditor's Remuneration	94	111
	94	111
Not later than one (1) year	18	17
Later than one (1) year and not later than two (2) years	18	18
Later than two (2) years and not later than five (5) years	58	76
	94	111
<b>(B) OPERATING LEASE COMMITMENTS:</b>		
Commitments under non-cancellable operating leases as at the reporting date, and not recognised within the Annual Financial Statements as payables, are as follows:-		
Office Equipment - Information and Technology	26	47
	26	47
Not later than one (1) year	21	21
Later than one (1) year and not later than two (2) years	5	21
Later than two (2) years and not later than five (5) years	0	5
	26	47
<b>(C) REMUNERATION COMMITMENTS:</b>		
Commitments for the payment of salaries and other remuneration, under long-term employment contracts, in existence as at the reporting date, and not recognised within the Annual Financial Statements as liabilities, are as follows:-		
Not later than one (1) year	150	138
Later than one (1) year and not later than two (2) years	170	294
Later than two (2) years and not later than five (5) years	555	156
	875	588

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June, 2008

Note No. 13

### STATEMENT OF PERFORMANCE MEASUREMENT

	Amounts ( \$'000 )	Indicators	2008	2007	2006	2005
<b>CURRENT RATIO:</b>						
<i>Factors</i>						
<u>Current Assets</u>	4,804	Ratio	<u>1.53 : 1.00</u>	<u>3.16 : 1.00</u>	<u>2.73 : 1.00</u>	<u>2.68 : 1.00</u>
<u>Current Liabilities</u>	3,136					

To assess the adequacy of Working Capital and the ability to satisfy obligations, in the short-term, from Continuing Operations.

#### UNRESTRICTED CURRENT RATIO:

*Factors*

<u>Current Assets less all External Restrictions</u>	3,873	Ratio	<u>2.08 : 1.00</u>	<u>5.54 : 1.00</u>	<u>4.75 : 1.00</u>	<u>4.75 : 1.00</u>
<u>Current Liabilities less Specific Purpose Liabilities</u>	1,863					

To assess the adequacy of Working Capital and the ability to satisfy obligations, in the short-term, from Unrestricted Continuing Operations.

#### DEBT SERVICE RATIO:

*Factors*

<u>Debt Service Cost</u>	624	Percentage	<u>4.00 %</u>	<u>4.02 %</u>	<u>4.31 %</u>	<u>4.24 %</u>
<u>Revenues from Continuing Operations</u>	15,600					

To assess the degree to which revenues from Continuing Operations are committed, with regard to the repayment of external debt.

#### RATE COVERAGE RATIO:

*Factors*

<u>Annual Rates and Charges</u>	7,535	Percentage	<u>41.26 %</u>	<u>36.88 %</u>	<u>39.37 %</u>	<u>42.68 %</u>
<u>Total Income from Continuing Operations</u>	18,261					

To assess the degree of dependence upon revenues from Annual Rates and Charges, with regard to the financial security of Council.

#### ANNUAL RATES AND CHARGES OUTSTANDING:

*Factors*

<u>Annual Rates and Charges Outstanding</u>	563	Percentage	<u>6.95 %</u>	<u>6.74 %</u>	<u>5.38 %</u>	<u>4.82 %</u>
<u>Annual Rates and Charges Collectable</u>	8,104					

To assess the impact of uncollected Annual Rates and Charges upon liquidity, and the adequacy of the recovery efforts by Council.

#### BUILDING AND INFRA-STRUCTURE RENEWALS RATIO:

*Factors*

<u>Asset Renewals - Building and Infra-Structure</u>	1,532	Ratio	<u>0.62 : 1.00</u>	<u>0.56 : 1.00</u>	<u>: 1.00</u>	<u>: 1.00</u>
<u>Depreciation, Amortisation and Impairment</u>	2,483					

To assess the rate at which assets are being renewed and replaced, against the rate at which they are depreciating.



# ***COUNCIL OF THE SHIRE OF YOUNG***

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008**

### **Note No. 14**

#### **INVESTMENT PROPERTIES**

**In accordance with the definition, as prescribed within AASB 140, Council, has determined it does not care, control, manage, maintain, or possess any investment properties.**

# **COUNCIL OF THE SHIRE OF YOUNG**

## **NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30th June, 2008

Note No. 15

### **FINANCIAL RISK MANAGEMENT**

**RISK MANAGEMENT:**

Council's activities, expose it to a variety of financial risks. These risks include, price risk, credit risk, liquidity risk and interest risk. However, Council's risk management programme, focuses predominantly upon the unpredictability of the financial market, and seeks to minimise the potential adverse effects, upon it's financial performance, as a whole. Whilst the risk is controlled, it is not possible to remove all exposure to, and the effects of, the financial market fluctuations.

Council, does not engage in transactions expressed in foreign currencies. Subsequently, Council is not exposed to foreign currency risk.

Council's financial risk management assessment is performed by the Finance and Administration Section, and, is in accordance with Council-approved policies and guidelines.

Council, held the following financial instruments, as at balance date: -

	Actual 2008		Actual 2007	
	Carrying Value ( \$'000 )	Fair Value ( \$'000 )	Carrying Value ( \$'000 )	Fair Value ( \$'000 )
<b>FINANCIAL ASSETS:</b>				
Cash and Cash Equivalents	2,321	2,321	342	342
Investments				
- Financial Assets at-Fair-Value	3,103	3,103	5,992	5,992
- Financial Assets Available-for-Sale	0	0	0	0
- Held-to-Maturity	10,500	10,500	9,500	9,500
Receivables	2,359	2,359	2,383	2,383
Sub-Total	<u>18,283</u>	<u>18,283</u>	<u>18,217</u>	<u>18,217</u>
<b>FINANCIAL LIABILITIES:</b>				
Payables	1,712	1,712	1,167	1,167
Borrowings	3,981	3,981	4,273	4,273
Sub-Total	<u>5,693</u>	<u>5,693</u>	<u>5,440</u>	<u>5,440</u>
<b>NETT FINANCIAL ASSETS</b>	<u>12,590</u>	<u>12,590</u>	<u>12,777</u>	<u>12,777</u>

Fair value is determined as detailed hereunder: -

**Cash and Cash Equivalents, Receivables and Payables**

Estimated to be the carrying value which approximates nett financial market value.

**Financial Assets at-Fair-Value through Profit and Loss, and, Financial Assets Available-for-Sale**

Based upon quoted financial market prices as at the reporting date, or an independent valuation.

**Held-to-Maturity Investments and Borrowings**

Estimated future cash flows, discounted by the current financial market interest rates applicable to assets and liabilities, with similar risk profiles, to be the carrying value which approximates nett market value.

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008

Note No. 15 - ( Continued )

### FINANCIAL RISK MANAGEMENT

#### (A) CASH AND CASH EQUIVALENTS

##### FINANCIAL ASSETS AT-FAIR-VALUE THROUGH PROFIT AND LOSS

##### FINANCIAL ASSETS AVAILABLE-FOR-SALE

##### INVESTMENTS HELD-TO-MATURITY

Council's objective is to maximise its return upon cash and investments, whilst maintaining an adequate level of liquidity, and preserving capital. The Finance Section manages the cash and investments portfolio, and is in accordance with policies and procedures established by Council. Council has an investment policy, which complies with the Local Government Act, 1993 ( as amended ), and the Minister's Order, which was in effect, as at the reporting date. A Statement of Council's Investments, is reported each month to Council's Ordinary Meeting.

The major risk associated with investments is price risk. The risk that the capital value of investments may fluctuate, due to changes in financial market prices, whether these changes are caused by factors specific to individual financial instruments, or their issuers, or factors affecting similar instruments being traded in a market. This will only affect the reported carrying value of investments, and will not necessarily result in an actual loss, unless unforeseen circumstances requires the securities to be liquidated, and a loss crystallised. This risk is mitigated by only purchasing securities, that Council is confident at the time of purchase, can be held to maturity.

Cash and Investments are also subjected to interest rate risk. The risk being possible movements in interest rates, could affect rates of returns.

Another risk associated with cash and investments is credit risk. The risk of an contracting entity will not complete its obligations, under a financial instrument resulting in a financial loss to Council. Council manages these risks by diversifying its portfolio, and only purchasing investments from APRA-regulated Australian Deposit Taking Institutions and/or with high credit ratings and/or capital guarantees. Currently, all investments are expected to yield their full face value, upon maturity.

	Actual 2008 (\$'000)	Actual 2007 (\$'000)
<b>PRICE OF INVESTMENTS:</b>		
<b>Impact of a 10.00 % Movement <sup>(1)</sup></b>		
Equity	1,592	1,583
Income Statement	1,592	1,583
<b>INTEREST RATES UPON CASH AND INVESTMENTS:</b>		
<b>Impact of a 1.00 % Movement <sup>(1)</sup></b>		
Equity	138	156
Income Statement	138	156

#### NOTE:-

(1) Sensitivity percentages, based upon Management's expectation of future possible market movements. Price movements are calculated upon investments, subject to fair value adjustments. Interest rate movements are calculated on cash, cash equivalents, managed funds, and floating rate notes. Recent market volatility, has seen larger market movements for certain types of investments.

(2) Maximum impact.

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June, 2008

Note No. 15 - ( Continued )

### FINANCIAL INSTRUMENTS

#### (B) RECEIVABLES:

Council's major receivables comprises, annual rates and charges and user charges and fees. The risk associated with these receivables is credit risk. The risk is debts may not be re-paid. Council manages this risk by monitoring outstanding debt, and by employing stringent debt recovery procedures, subject to Council's policies and procedures. Council encourages ratepayers to pay their rates, by entering into repayment arrangements, not normally associated with the usual rate instalment payment process.

Credit risk upon annual rates and charges is minimised by the ability of Council to recover these debts, as a secured charge over the land. That is, the land can be sold to recover the outstanding debt. Council is also able to charge interest upon overdue annual rates and charges, at higher than market rates. This encourages defaulting ratepayers to ensure payment is made.

The level of outstanding annual rates and charges, is reported monthly to Council's Ordinary Meeting. Benchmarks have been determined, and are monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables, as required.

Since the end of the current reporting period, one ( 1 ) ratepayer/debtor has sought to enter into a variable repayment scheme arrangement with Council.

	Actual 2008 (\$'000)	Actual 2007 (\$'000)
<b>PERCENTAGE OF ANNUAL RATES AND CHARGES:</b>		
Current	0.00 %	0.00 %
Overdue	100.00 %	100.00 %
<b>PERCENTAGE OF OTHER RECEIVABLES:</b>		
Current	62.64 %	60.00 %
Overdue	37.36 %	40.00 %

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008

Note No. 15 - ( Continued )

### FINANCIAL RISK MANAGEMENT

**( C ) PAYABLES AND BORROWINGS:**

Payables and borrowings are equally subject to liquidity risk. The risk is sufficient funds may not be available to meet Council's creditors payments obligations, as and when they become due and payable. Council manages this risk by the daily monitoring of it's cash flow requirements, it's liquidity levels, and also maintaining an adequate cash buffer. Payments terms may be sought and possibly extended. Council's overdraft facilities, may also be drawn upon in extenuating circumstances.

The contractual un-discounted cash flows of Council's Payables and Borrowings, are detailed within the Liquidity Sensitivity Schedule, described hereunder:-

2008	Fixed Interest Maturing			Total Contractual Cash Flows (\$'000)	Carrying Value (\$'000)
	< 1 year (\$'000)	> 1 year < 5 years (\$'000)	> 5 years (\$'000)		
<b>FINANCIAL LIABILITIES:</b>					
Payables	1,320	393	0	0	1,713
Borrowings	315	1,544	2,122	0	3,981
<b>TOTAL</b>	<b>1,635</b>	<b>1,937</b>	<b>2,122</b>	<b>0</b>	<b>5,694</b>

2007	Fixed Interest Maturing			Total Contractual Cash Flows (\$'000)	Carrying Value (\$'000)
	< 1 year (\$'000)	> 1 year < 5 years (\$'000)	> 5 years (\$'000)		
<b>FINANCIAL LIABILITIES:</b>					
Payables	855	312	0	0	1,167
Borrowings	291	1,426	2,556	0	4,273
<b>TOTAL</b>	<b>1,146</b>	<b>1,738</b>	<b>2,556</b>	<b>0</b>	<b>5,440</b>

Borrowings are subject to interest rate risk. The risk of movements in interest rates, could adversely affect Council's funding costs. However, Council has managed this risk by borrowing long-term, and has fixed the interest rate of it's loan borrowings portfolio for a term of seventeen ( 17 ) years. Council's one ( 1 ) and only current financial loan, matures on 13th June, 2017.

	2008		2007	
	Weighted Average Interest Rate %	Carrying Value (\$'000)	Weighted Average Interest Rate %	Carrying Value (\$'000)
Bank Overdraft	9.62 %	0	7.95 %	0
Financial Institutions - Loans ( Fixed )	8.03 %	3,981	8.03 %	4,273
		<b>3,981</b>		<b>4,273</b>

NOTE:- The interest rate risk, applicable to the Fixed Financial Institutions Loan, is not considered to be significant.

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June, 2008

### Note No. 16

#### MATERIAL BUDGET VARIATIONS

Council's Original Budget Estimates, was incorporated as part of the Management Plan, adopted by Council on 20th June, 2007. The original projections upon which the budget was based, have been affected by a number of factors, including levels of Federal and State Government funding towards certain projects, changing economic activity, climatic conditions, and specific decisions made by Council, with regard to it's works programmes for the current reporting period.

This Note discloses details of material variations, between the original budget and actual results, for the Income Statement. Material variances, being favourable ( F ) or unfavourable ( U ), represent amounts of 10.00 % or more in excess of the adopted annual budget.

#### EXPENSES:

Council's Expenses from Continuing Operations for the current year, was over-budget by an amount of ( \$ 1,323,000 ) ( U ) ( 8.72 % ). However, although it is considered the variation is not material, details pertaining to variations within a number of categories, is relevant.

#### 1 Depreciation and Amortisation Costs

Actual Depreciation Expenditure, was over-budget by an amount of ( \$ 558,000 ) ( U ) ( 18.54 % ).

This was primarily due to the revaluation of the Water Supplies Network Assets & Sewerage Services Network Assets. When Council formulated it's Original Budget Estimates, the depreciation expenditure, ( due to the mandated revaluation of these class of assets ) has significantly impacted upon Council's Operating Result, for the current financial reporting period, and was subsequently, NOT, evaluated at the initial preparation stage.

#### INCOME:

Council's Income from Continuing Operations for the current year, was under-budget by an amount of ( \$ 1,208,000 ) ( U ) ( 6.20 % ).

#### 2 User Charges and Fees

Actual User Charges and Fees received during the year, was over-budget by an amount of \$ 1,298,000 ( F ) ( 39.72 % ).

Revenues from ratepayers', Government Departments and/or Agencies, were under-stated at the time of the budgetary process, for the following programmes:-

#### Specific Purposes

- Water Supplies Network	\$	( 217 ) ( U )	- Private Works ( R.T.A. )	\$	1,436 ( F )
- Waste Management Services - Other	\$	3 ( F )	- Private Works ( Section 67 )	\$	21 ( F )
- Sewerage Services Network	\$	1 ( F )	- Public Cemeteries	\$	1 ( F )
- Regulatory/Statutory Fees	\$	43 ( F )	- Other	\$	8 ( F )

#### 3 Interest and Investment Revenues

Actual Interest and Investment Revenues received during the year, was under-budget by an amount of ( \$ 956,000 ) ( U ) ( 100.00 % ).

This was due to the fact, Council had to expense to the Profit and Loss Statement, an amount of \$ 1,897,000, being the estimated value of Council Investments, held as Collateralised Debt Obligations, which had to be written-down.

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June, 2008

Note No. 16 - ( Continued )

### MATERIAL BUDGET VARIATIONS

INCOME: - ( Continued )

#### 4 Contributions - Non-Capital Purposes

Actual Contributions for Non-Capital Purposes received during the year, was over-budget by an amount of \$ 79,000 ( F ) ( 10.04 % ).

Revenues from ratepayers', Government Departments and/or Agencies, were under-stated at the time of the budgetary process, for the following programmes:-

##### Specific Purposes

- Other Support Services	\$	( 8 ) ( U )	- Corporate Support Services	\$	13 ( F )
- Fire Protection	\$	( 1 ) ( U )	- Public Halls	\$	4 ( F )
- Other Cultural Services	\$	( 0 ) ( U )	- R.T.A. Contributions	\$	65 ( F )

#### 5 Grants - Capital Purposes

Actual Grants for Capital Purposes received during the year, was under-budget by an amount of ( \$ 1,200,000 ) ( U ) ( 50.87 % ).

Revenues from ratepayers', Government Departments and/or Agencies, were under-stated at the time of the budgetary process, for the following programmes:-

##### Specific Purposes

- Sewerage Services Network	\$	( 1,557 ) ( U )	- Public Libraries	\$	10 ( F )
- Roadworks Network ( Infra-Structure )	\$	( 185 ) ( U )	- Public Halls	\$	45 ( F )
- Urban Stormwater Drainage	\$	94 ( F )	- Sporting Grounds	\$	0 ( F )

#### 6 Gain from the Sale of Assets

Actual Gains from the Sale of Assets during the year, was under-budget by an amount of ( \$ 71,000 ) ( U ) ( 26.34 % ).

The nett actual revenues, from the disposal of plant and equipment assets, did not meet expectations. This was primarily due to the " timing " of the actual acquisition, and the disposal of, plant and equipment during the current reporting period.

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June, 2008

Note No. 17

### STATEMENT OF CONTRIBUTIONS PLANS

#### SUMMARY OF CONTRIBUTIONS PLANS

PURPOSE	OPENING BALANCE ( \$'000)	CONTRIBUTIONS RECEIVED DURING YEAR <sup>(1)</sup>		INTEREST EARNED DURING YEAR <sup>(2)</sup> ( \$'000)	EXPENDED DURING YEAR ( \$'000)	EXTERNAL BORROWINGS TO / FROM <sup>(5)</sup> ( \$'000)	HELD AS RESTRICTED ASSETS <sup>(3)</sup> ( \$'000)	PROJECTED FUTURE <sup>(4)</sup> CONTRIBUTIONS ( \$'000)	PROJECTED COST OF WORKS <sup>(4)</sup> OUTSTANDING ( \$'000)	PROJECTED OVER / UNDER <sup>(4)</sup> FUNDING ( \$'000)
		CASH ( \$'000)	NON-CASH ( \$'000)							
Drainage	0	0	0	0	0	0	0	20	800	780
Parking Areas	0	0	0	0	0	0	0	50	400	350
Total Section 94 Contributions under plans	0	0	0	0	0	0	0	70	1,200	1,130
Total Contributions not under plans	39	0	0	4	0	0	43	0	0	0
Section 64 Contributions	716	125	0	67	0	0	908	0	0	0
<b>TOTALS</b>	<b>755</b>	<b>125</b>	<b>0</b>	<b>71</b>	<b>0</b>	<b>0</b>	<b>951</b>	<b>70</b>	<b>1,200</b>	<b>1,130</b>

The summary of Contributions Plans ( see above ), represents the total of Council's individual Contributions Plans. Council must also provide details of each Contributions Plan under it's control, in a form provided below:

- (1) Reconciliation with respect to Note No. 3 ( F )
- (2) Reconciliation with respect to Note No. 3 ( C )
- (3) Reconciliation with respect to Note No. 6 ( c ) - Restricted Assets ( excludes " amounts expended in advance " ).
- (4) Provisions of projections is mandatory for 2008. Note: These are not applicable to Section 94A levies, Planning Agreements and Section 64.
- (5) Cumulative balance of borrowings within and between plans - Note: General Purposes Expenditure in Advance of Contributions is not to be shown here.

#### CONTRIBUTIONS NOT UNDER PLANS

PURPOSE	OPENING BALANCE ( \$'000)	CONTRIBUTIONS RECEIVED DURING YEAR <sup>(1)</sup>		INTEREST EARNED DURING YEAR <sup>(2)</sup> ( \$'000)	EXPENDED DURING YEAR ( \$'000)	EXTERNAL BORROWINGS TO / FROM <sup>(5)</sup> ( \$'000)	HELD AS RESTRICTED ASSETS <sup>(3)</sup> ( \$'000)	PROJECTED FUTURE <sup>(4)</sup> CONTRIBUTIONS ( \$'000)	PROJECTED COST OF WORKS <sup>(4)</sup> OUTSTANDING ( \$'000)	PROJECTED OVER / UNDER <sup>(4)</sup> FUNDING ( \$'000)
		CASH ( \$'000)	NON-CASH ( \$'000)							
Drainage	14	0	0	2	0	0	16	20	800	780
Parking Areas	25	0	0	2	0	0	27	50	400	350
<b>TOTALS</b>	<b>39</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>43</b>	<b>70</b>	<b>1,200</b>	<b>1,130</b>



# ***COUNCIL OF THE SHIRE OF YOUNG***

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008**

### **Note No. 18**

#### **CONTINGENCIES**

##### **CONTINGENT ASSETS:**

**Council has no contingent assets, as at the end of the current reporting period.**

##### **CONTINGENT LIABILITIES:**

**Council has no contingent liabilities, as at the end of the current reporting period.**

# ***COUNCIL OF THE SHIRE OF YOUNG***

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008**

### **Note No. 19**

#### **INTERESTS IN JOINT VENTURES**

**Details pertaining to this Note, are not relevant to Council.**

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008

Note No. 20

### REVALUATION RESERVES AND RETAINED EARNINGS

	Actual 2008 ( \$'000 )	Actual 2007 ( \$'000 )
<b>(A) REVALUATION RESERVES:</b>		
Revaluation Reserves		
- Infra-Structure, Property, Plant and Equipment	27,444	14,615
- Available-for-Sale Investments	0	0
<b>TOTAL REVALUATION RESERVES</b>	<b>27,444</b>	<b>14,615</b>
<i>Infra-Structure, Property, Plant and Equipment Revaluation Reserve:-</i>		
Balance as at the beginning of the Reporting Period	14,615	0
- Gross Asset Revaluation	25,467	33,049
- Gross Depreciation Transfer	( 12,638 )	( 18,434 )
<b>BALANCE AS AT THE END OF THE REPORTING PERIOD</b>	<b>27,444</b>	<b>14,615</b>
<i>Available-for-Sale Investments Revaluation Reserve:-</i>		
Balance as at the beginning of the Reporting Period	0	0
- Adjustment following adoption of AASB 132 and AASB 139	0	0
- Gross Asset Revaluation	0	0
- Gross Transfer to Nett Profit	0	0
<b>BALANCE AS AT THE END OF THE REPORTING PERIOD</b>	<b>0</b>	<b>0</b>
<b>(B) RETAINED EARNINGS:</b>		
<i>Movements in Retained Earnings is as follows:-</i>		
Balance as at the beginning of the Reporting Period	96,376	94,888
- Correction of previous years errors	192	( 3,861 )
- Adjustment following adoption of AASB 132 and AASB 139	0	0
- Nett Operating Result for the Year	806	5,349
<b>BALANCE AS AT THE END OF THE REPORTING PERIOD</b>	<b>97,374</b>	<b>96,376</b>
<b>(C) NATURE AND PURPOSE OF RESERVES:</b>		
<i>Infra-Structure, Property, Plant and Equipment Revaluation Reserve:-</i>		
The infra-structure, property, plant and equipment revaluation reserve, is used to record increments and / or decrements, upon the revaluation of non-current assets.		
<i>Available-for-Sale Investments Revaluation Reserve:-</i>		
Changes in fair value, are transferred to the available-for-sale investments revaluation reserve, as described within Note No. 1 ( O ). Amounts are recognised in the Income Statement, when the associated assets are disposed, and / or are impaired.		
<b>(D) CORRECTION OF ERRORS IN PREVIOUS YEARS:</b>		
<i>Infra-Structure, Property, Plant and Equipment:-</i>		
Council had previously under-stated the depreciation expense of network assets for Buildings and Improvements ( Specialised and Non-Specialised ), Water Supplies and Sewerage Services. An adjustment has been made to the prior years accumulated depreciation for infra-structure, property, plant and equipment and retained earnings, to correct this error.		
	192	( 3,861 )
	<b>192</b>	<b>( 3,861 )</b>

# COUNCIL OF THE SHIRE OF YOUNG

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008

### Note No. 21

#### REINSTATEMENT, REHABILITATION AND RESTORATION LIABILITIES

Council, is required to ensure a provision for the future rehabilitation of Waste Depots, Waste Transfer Stations, Quarries and Gravel Pits, which it manages and controls, is adequately provided.

	Notes	Actual 2008 (\$'000)	Actual 2007 (\$'000)
<b>WASTE DEPOTS AND TRANSFER STATIONS:</b>			
		212	201
Add: Balance as at the beginning of the Reporting Period			
Amortisation of Discount - Expensed to Borrowing Costs	4 ( B )	11	11
Balance as at the end of the Reporting Period	10 ( a )	223	212
<b>QUARRIES AND GRAVEL PITS:</b>			
		187	178
Add: Balance as at the beginning of the Reporting Period			
Amortisation of Discount - Expensed to Borrowing Costs	4 ( B )	10	9
Balance as at the end of the Reporting Period	10 ( a )	197	187

# ***COUNCIL OF THE SHIRE OF YOUNG***

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June, 2008**

### **Note No. 22**

#### **EVENTS OCCURRING AFTER BALANCE SHEET DATE**

**The high volatility and the uncertainty within global markets during 2007-2008, have continued since 30th June, 2008. This situation has impacted the values, recoverability, liquidity, cash flows and rates of return upon many financial assets. These financial assets include Collateralised Debt Obligations ( C.D.O.'s ), Equity-Linked Notes ( E.L.N.'s ) and certain other Managed Funds.**

**As at 30th June, Council held cash, cash equivalents and investments, ( which included C.D.O.'s and E.L.N.'s ), with a combined book value of \$ 13.60 million.**

**The “ market valuations ” of these investments have continued to fluctuate, subsequent to year's-end, and at the time of audit ( October, 2008 ), may be below the year-end valuations.**

**However, some of these investments, are continuing to return an interest coupon to Council, based upon their “ face value ”.**