

WOLLONDILLY SHIRE COUNCIL



Annual Financial Statements

For the year ended 30 June 2012

Wollondilly Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

"Rural Living"



Wollondilly Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2012

Contents	Page
1. Understanding Council's Financial Statements	2
2. Statement by Councillors & Management	3
3. Primary Financial Statements:	
- Income Statement	4
- Statement of Comprehensive Income	5
- Balance Sheet	6
- Statement of Changes in Equity	7
- Statement of Cash Flows	8
4. Notes to the Financial Statements	9
5. Independent Auditor's Reports:	
- On the Financial Statements (Sect 417 [2])	73
- On the Conduct of the Audit (Sect 417 [3])	75

Overview

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

(ii) Wollondilly Shire Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

Council's Statutory Charter is specified in Paragraph 8 of the LGA and includes;

- carrying out activities and providing goods, services & facilities appropriate to the current & future needs of the Local community and of the wider public
- responsibility for administering regulatory requirements under the LGA and other applicable legislation, &
- a role in the management, improvement and development of the resources of the local government area.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

(iii) All figures presented in these financial statements are presented in Australian Currency.

(iv) These financial statements were authorised for issue by the Council on 15/10/12.
Council has the power to amend and reissue the financial statements.

Wollondilly Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2012

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The Financial Statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2012.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The Financial Statements incorporate 5 "primary" financial statements:

1. An Income Statement

A summary of Council's financial performance for the year, listing all income & expenses.

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

2. A Statement of Comprehensive Income

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

3. A Balance Sheet

A 30 June snapshot of Council's Financial Position including its Assets & Liabilities.

4. A Statement of Changes in Equity

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

5. A Statement of Cash Flows

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

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

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the 5 Primary Financial Statements.

About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

Council is required to forward an audited set of Financial Statements to the Division of Local Government.

More information

Key financial figures from Council's financial statements over the past 5 years can be found at Note 27 of the Financial Statements.

Wollondilly Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2012

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

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

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

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

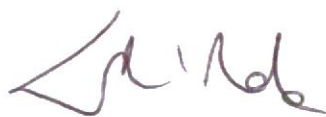
- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 15 October 2012.



C/r C Mitchell
MAYOR

C/r B Banasik
COUNCILLOR

J L McMahon
GENERAL MANAGER

A Christie
RESPONSIBLE ACCOUNTING OFFICER

Wollondilly Shire Council

Income Statement

for the financial year ended 30 June 2012

Budget ⁽¹⁾ 2012 \$ '000		Notes	Actual 2012	Actual 2011
Income from Continuing Operations				
Revenue:				
24,424	Rates & Annual Charges	3a	24,599	23,391
3,248	User Charges & Fees	3b	4,011	3,981
1,122	Interest & Investment Revenue	3c	1,835	1,577
597	Other Revenues	3d	1,241	1,051
5,656	Grants & Contributions provided for Operating Purposes	3e,f	8,446	6,845
3,445	Grants & Contributions provided for Capital Purposes	3e,f	4,647	5,801
Other Income:				
-	Net gains from the disposal of assets	5	337	435
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
38,492	Total Income from Continuing Operations		45,116	43,081
Expenses from Continuing Operations				
16,065	Employee Benefits & On-Costs	4a	16,096	14,025
748	Borrowing Costs	4b	1,421	1,487
12,874	Materials & Contracts	4c	11,790	11,733
9,250	Depreciation & Amortisation	4d	9,906	9,498
3,707	Other Expenses	4e	3,531	3,597
42,644	Total Expenses from Continuing Operations		42,744	40,340
(4,152)	Operating Result from Continuing Operations		2,372	2,741
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
(4,152)	Net Operating Result for the Year		2,372	2,741
(7,597)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(2,275)	(3,060)

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

Wollondilly Shire Council

Statement of Comprehensive Income for the financial year ended 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
Net Operating Result for the year (as per Income statement)		2,372	2,741
Other Comprehensive Income			
Gain (loss) on revaluation of I,PP&E	20b (ii)	-	9,945
Adjustment to prior period depreciation due to revaluations	20b (ii)	-	3,723
Total Other Comprehensive Income for the year		-	13,668
Total Comprehensive Income for the Year		2,372	16,409

Wollondilly Shire Council

Balance Sheet

as at 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	3,180	2,411
Investments	6b	16,500	17,000
Receivables	7	7,608	5,156
Inventories	8	1,723	1,517
Other	8	453	387
Total Current Assets		29,464	26,471
Non-Current Assets			
Investments	6b	9,429	6,956
Infrastructure, Property, Plant & Equipment	9	325,855	327,917
Total Non-Current Assets		335,284	334,873
TOTAL ASSETS		364,748	361,344
LIABILITIES			
Current Liabilities			
Payables	10	4,255	4,036
Borrowings	10	612	666
Provisions	10	4,247	3,465
Total Current Liabilities		9,114	8,167
Non-Current Liabilities			
Borrowings	10	7,838	8,448
Provisions	10	12,195	11,500
Total Non-Current Liabilities		20,033	19,948
TOTAL LIABILITIES		29,147	28,115
Net Assets		335,601	333,229
EQUITY			
Retained Earnings	20	285,068	282,696
Revaluation Reserves	20	50,533	50,533
Total Equity		335,601	333,229

Wollondilly Shire Council

Statement of Changes in Equity
for the financial year ended 30 June 2012

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2012						
Opening Balance (as per Last Year's Audited Accounts)		282,696	50,533	333,229	-	333,229
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/11)		282,696	50,533	333,229	-	333,229
c. Net Operating Result for the Year		2,372	-	2,372	-	2,372
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	-	-	-	-
- Revaluations: Depreciation Adjustments	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	-	-	-	-
Total Comprehensive Income (c&d)		2,372	-	2,372	-	2,372
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		285,068	50,533	335,601	-	335,601

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2011						
Opening Balance (as per Last Year's Audited Accounts)		276,232	40,588	316,820	-	316,820
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/10)		276,232	40,588	316,820	-	316,820
c. Net Operating Result for the Year		2,741	-	2,741	-	2,741
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	9,945	9,945	-	9,945
- Revaluations: Depreciation Adjustments	20b (ii)	3,723	-	3,723	-	3,723
Other Comprehensive Income		3,723	9,945	13,668	-	13,668
Total Comprehensive Income (c&d)		6,464	9,945	16,409	-	16,409
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		282,696	50,533	333,229	-	333,229

Wollondilly Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2012

Budget 2012 \$ '000		Notes	Actual 2012	Actual 2011
Cash Flows from Operating Activities				
Receipts:				
25,949	Rates & Annual Charges		24,445	23,003
3,083	User Charges & Fees		3,763	3,983
1,122	Investment & Interest Revenue Received		1,717	1,356
9,101	Grants & Contributions		12,049	12,167
-	Bonds, Deposits & Retention amounts received		23	-
2,671	Other		2,295	2,997
Payments:				
(18,258)	Employee Benefits & On-Costs		(16,170)	(14,230)
(11,595)	Materials & Contracts		(13,280)	(13,174)
(748)	Borrowing Costs		(805)	(845)
(6,663)	Other		(3,498)	(3,959)
4,662	Net Cash provided (or used in) Operating Activities	11b	10,539	11,298
Cash Flows from Investing Activities				
Receipts:				
4,341	Sale of Investment Securities		17,027	14,500
-	Sale of Real Estate Assets		510	754
-	Sale of Infrastructure, Property, Plant & Equipment		462	212
Payments:				
-	Purchase of Investment Securities		(18,977)	(18,028)
(10,925)	Purchase of Infrastructure, Property, Plant & Equipment		(8,070)	(8,942)
-	Purchase of Real Estate Assets		(58)	(54)
(6,584)	Net Cash provided (or used in) Investing Activities		(9,106)	(11,558)
Cash Flows from Financing Activities				
Receipts:				
2,500	Proceeds from Borrowings & Advances		-	-
Payments:				
(667)	Repayment of Borrowings & Advances		(664)	(453)
1,833	Net Cash Flow provided (used in) Financing Activities		(664)	(453)
(89)	Net Increase/(Decrease) in Cash & Cash Equivalents		769	(713)
350	plus: Cash & Cash Equivalents - beginning of year	11a	2,411	3,124
261	Cash & Cash Equivalents - end of the year	11a	3,180	2,411
	plus: Investments on hand - end of year	6b	25,929	23,956
	Total Cash, Cash Equivalents & Investments		29,109	26,367

Please refer to Note 11 for information on the following:

- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10
2(a)	Council Functions / Activities - Financial Information	28
2(b)	Council Functions / Activities - Component Descriptions	29
3	Income from Continuing Operations	30
4	Expenses from Continuing Operations	36
5	Gains or Losses from the Disposal of Assets	40
6(a)	Cash & Cash Equivalent Assets	41
6(b)	Investment Securities	41
6(c)	Restricted Cash, Cash Equivalents & Investments - Details	42
7	Receivables	44
8	Inventories & Other Assets	45
9(a)	Infrastructure, Property, Plant & Equipment	47
9(b)	Externally Restricted Infrastructure, Property, Plant & Equipment	48 n/a
9(c)	Infrastructure, Property, Plant & Equipment - Current Year Impairments	48 n/a
10(a)	Payables, Borrowings & Provisions	49
10(b)	Description of (& movements in) Provisions	50
11	Statement of Cash Flows - Additional Information	51
12	Commitments for Expenditure	53
13a	Statements of Performance Measures:	
	(i) Local Government Industry Indicators (Consolidated)	54
	(ii) Local Government Industry Graphs (Consolidated)	55
14	Investment Properties	56 n/a
15	Financial Risk Management	56
16	Material Budget Variations	60
17	Statement of Developer Contributions	62
18	Contingencies and Other Liabilities/Assets not recognised	65
19	Controlled Entities, Associated Entities & Interests in Joint Ventures	66 n/a
20	Equity - Retained Earnings and Revaluation Reserves	67
21	Financial Result & Financial Position by Fund	68 n/a
22	"Held for Sale" Non Current Assets & Disposal Groups	68 n/a
23	Events occurring after Balance Sheet Date	68
24	Discontinued Operations	69 n/a
25	Intangible Assets	69 n/a
26	Reinstatement, Rehabilitation & Restoration Liabilities	70

Additional Council Disclosures

27	Financial Review - 5 year snapshot	71
28	Council Information & Contact Details	72

n/a - not applicable

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because Australian Accounting Standards (AASB's) are sector neutral, some standards either:

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

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

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

(iii) New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

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

(v) Basis of Accounting

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

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

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

(vi) Changes in Accounting Policies

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(vii) Critical Accounting Estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

Critical judgements in applying the entity's accounting policies

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

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and

specific criteria have been met for each of the Council's activities as described below.

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

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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.

Interest Income from Cash & Investments is accounted for using the Effective Interest method in accordance with AASB 139.

(c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of Council and any Entities (or operations) that it **controls** (as at 30/6/12) and (ii) all the related operating results (for the financial year ended the 30th June 2012).

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

(i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

Due to their immaterial value and nature, Council's Management Committee's have been excluded from consolidation:

(ii) The Trust Fund

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

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

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(iii) Joint Ventures

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

(iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity), ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the equity method of accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed Associates.

(v) County Councils

Council is not a member of any County Councils.

(vi) Additional Information

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

(d) Leases

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

Finance Leases

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

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

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

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

The interest element of the finance charge is costed to the income statement over the lease period so as

to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

Council does not currently have any finance leases.

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

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

(f) Investments and Other Financial Assets

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

- **financial assets at fair value through profit or loss**,

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

- **loans and receivables,**
- **held-to-maturity investments,** and
- **available-for-sale financial assets.**

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

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

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

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

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

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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

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

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

Financial Assets – Reclassification

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

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

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

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

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

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

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

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

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

Impairment

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

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

If there is evidence of impairment for any of Council's financial assets carried at amortised cost (eg. loans and receivables), the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

(iii) Types of Investments

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments that Council holds are no longer prescribed however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

(g) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

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

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

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

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

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

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

(h) Receivables

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

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

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

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

Raw materials and stores, work in progress and finished goods in respect of business undertakings

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

are all stated at the lower of cost and net realisable value.

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

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

Acquisition of assets

Council's non current assets have been progressively revalued to fair value in accordance with a staged implementation as advised by the Division of Local Government.

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

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

Initial Recognition

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

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

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

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

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

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

Capitalisation Thresholds

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

Plant & Equipment	> \$2,000
Office Equipment	> \$2,000
Furniture & Fittings	> \$2,000

Land

- Operational Land	100% Capitalised
- Community Land	100% Capitalised
- Land under roads (purchases before 30/6/08)	Not capitalised

- Land under roads (purchases after 30/6/08)	Data collected and will be capitalised when valuation methodology is determined
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Land Improvements	> \$10,000
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Buildings (specialised & non-specialised)

- Construction/Extensions	100% Capitalised
- Renovations	> \$10,000

Other Structures	> \$10,000
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Infrastructure

- Road construction & reconstruction	100% Capitalised
- Reseal/Re-sheet & major repairs:	> \$10,000
- Bridge construction & reconstruction	100% Capitalised
- Stormwater drainage	100% Capitalised

Depreciation

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

Land is not depreciated.

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

Plant & Equipment	
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

Office Equipment	
- Computer Equipment	5 years
- Other Office Equipment	5 to 10 years

Furniture & Fittings	10 to 20 years
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Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Buildings

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

Infrastructure

- Sealed Surfacings	
• Asphalt	25 years
• Flush Seal	15 years
- Sealed Pavement Structure	80 years
- Kerb & Gutter	70 years
- Paved Footpaths	
• Concrete	50 years
• Asphalt Seal	20 years
• Gravel	10 years
- Unsealed Pavement Structure	10 years
- Bulk earthworks	Infinite
- Traffic Facilities	
• LATM devices, traffic islands	70 years
• Steel guard rails	20 years
• Roadside fencing	20 years
- Line marking	4 years
- Signs	10 years
- Roadside furniture	10-20 years
- Concrete Bridges	100 years
- Timber Bridges	80 years
• Structure & Girders	60 years
Deck	30 years

Stormwater Drainage

- Culverts	
• Major	100 years
• Steel	50 years
- Pipes	150 years
- Pits	70 years
- Structures including Headwalls	70 years
- Detention Basins	100 years
- Gross Pollutant Traps	
• Traps	60 years
• Litter Baskets	10 years

All asset residual values and useful lives are reviewed and adjusted (where appropriate), at each balance sheet date.

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

Disposal and De-recognition

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

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

(k) Land

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

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

(l) Land under roads

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

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

Data in relation to land under roads, acquired after 1 July 2008 has been collected, but not recognised in these accounts because of the lack of a valid methodology.

Council will review the recognition of land under roads when the valuation methodology has been determined by the industry. In the meantime, Council will continue collecting the necessary physical data to undertake the valuation.

(m) Intangible Assets

Council has not classified any assets as Intangible.

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(n) Crown Reserves

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

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

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

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

(o) Rural Fire Service assets

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

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

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

(p) Investment property

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council.

Council doesn't currently own any investment properties.

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

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

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

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date. These costs are charged to the income statement.

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

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

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

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

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

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

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

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

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

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

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

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

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

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

(s) Impairment of assets

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

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

circumstances indicate that the carrying amount may not be recoverable.

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

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

For non-cash generating assets of Council such as roads, drains, public buildings etc - value in use is represented by the "deprival value" of the asset which is approximated as its written down replacement cost.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(t) Payables

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

The amounts for goods and services are unsecured and are usually paid within 30 days from the end of the invoice month..

(u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer

settlement of the liability for at least 12 months after the balance sheet date.

(v) Borrowing costs

Borrowing costs are expensed.

(w) Provisions

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

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

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

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

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

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(x) Employee benefits

(i) Short Term Obligations

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

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

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

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

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

(ii) Other Long Term Obligations

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

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

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

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

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to

defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

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

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

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

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

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Accordingly, Council's contributions to the scheme for the current reporting year have been recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a).

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities.

As a result, they have asked for significant increases in future contributions to recover that deficiency.

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

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

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

Defined Contribution Plans

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

(y) Self insurance

Council does not self insure.

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

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

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

Exceptions

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

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

(aa) Taxes

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

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

Goods & Services Tax (GST)

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

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

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

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

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

(ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2012.

Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

AASB 9 Financial Instruments, AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2013 but is available for early adoption.

When adopted, the standard will affect in particular the Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

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

The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed

AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, revised AASB 127 - Separate Financial Statements and AASB 128 - Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

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

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation.

However, the standard introduces a single definition of control that applies to all entities.

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

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns.

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

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

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

AASB 13 was released in September 2011.

It explains how to measure fair value and aims to enhance fair value disclosures. Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.

It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

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

Applicable to Local Government but no implications for Council;

None

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

Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)

In September 2011, the AASB released a revised standard on accounting for employee benefits.

It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.

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

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

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

The amendments will have to be implemented retrospectively.

Council does not recognise defined benefit assets and liabilities for the reasons set out in note 1 (s)(iii) and so these changes will not have an impact on its reported results.

Not applicable to Local Government per se;

None

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

(ac) Rounding of amounts

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

(ad) Comparative Figures

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

(ae) Disclaimer

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

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2012	2012	2011	2012	2012	2011	2012	2012	2011	2012	2011	2012	2011
Governance	-	-	-	688	552	516	(688)	(552)	(516)	25	-	-	-
Administration	1,488	1,830	665	4,349	4,250	3,396	(2,861)	(2,420)	(2,731)	-	-	36,688	32,946
Public Order & Safety	513	1,375	1,089	2,533	3,105	2,534	(2,020)	(1,730)	(1,445)	288	234	7,768	8,141
Health	189	201	12	302	382	4	(113)	(181)	8	-	-	4	8
Environment	6,367	6,978	6,541	6,919	6,749	6,085	(552)	229	456	498	397	2,069	1,863
Community Services & Education	710	756	893	1,862	1,663	1,552	(1,152)	(907)	(659)	369	454	358	362
Housing & Community Amenities	2,463	1,602	2,939	3,597	3,938	4,009	(1,134)	(2,336)	(1,070)	-	-	4,304	4,511
Water Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation & Culture	319	564	1,147	6,520	8,614	6,861	(6,201)	(8,050)	(5,714)	218	514	55,383	55,408
Fuel & Energy	-	-	-	-	-	-	-	-	-	-	-	-	-
Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining, Manufacturing & Construction	324	384	467	595	590	612	(271)	(206)	(145)	-	-	-	-
Transport & Communication	3,453	6,614	6,553	14,529	12,124	14,106	(11,076)	(5,510)	(7,553)	2,572	1,706	257,818	257,323
Economic Affairs	361	660	580	750	777	665	(389)	(117)	(85)	-	-	356	782
Total Functions & Activities	16,187	20,964	20,886	42,644	42,744	40,340	(26,457)	(21,780)	(19,454)	3,970	3,305	364,748	361,344
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	22,305	24,152	22,195	-	-	-	22,305	24,152	22,195	4,251	3,286	-	-
Operating Result from Continuing Operations	38,492	45,116	43,081	42,644	42,744	40,340	(4,152)	2,372	2,741	8,221	6,591	364,748	361,344

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

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

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

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

RECREATION & CULTURE

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

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		16,378	15,541
Farmland		808	783
Mining		825	787
Business		862	821
Total Ordinary Rates		18,873	17,932
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		5,481	5,235
Stormwater Management Services		245	224
Total Annual Charges		5,726	5,459
<u>TOTAL RATES & ANNUAL CHARGES</u>		<u>24,599</u>	<u>23,391</u>

Council has used 2011 year valuations provided by the NSW Valuer General in calculating its rates.

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Waste Management Services (non-domestic)		95	66
Total User Charges		95	66
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Animal Registration Fees		153	75
Planning & Building Regulation		1,079	1,127
Private Works - Section 67		377	245
Rezoning Fees		288	33
Section 149 Certificates (EPA Act)		117	85
Section 603 Certificates		57	56
Septic Tank Fees		220	292
Other		50	77
Total Fees & Charges - Statutory/Regulatory		2,341	1,990
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Cemeteries		66	63
Children Services		353	355
Development Management		11	295
Leaseback Fees - Council Vehicles		211	224
Leisure Centre		97	104
Plan Checking Fees		83	154
Restoration Charges		21	32
Royalties		270	251
Waste Disposal Tipping Fees		368	369
Other		95	78
Total Fees & Charges - Other		1,575	1,925
TOTAL USER CHARGES & FEES		4,011	3,981

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		260	175
- Interest earned on Investments (interest & coupon payment income)		1,552	1,402
Amortisation of Premiums & Discounts			
- "Held to Maturity" Investments		23	-
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>1,835</u>	<u>1,577</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		260	175
General Council Cash & Investments		945	972
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		325	269
Domestic Waste Management operations		222	156
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		83	5
<u>Total Interest & Investment Revenue Recognised</u>		<u>1,835</u>	<u>1,577</u>
(d). Other Revenues			
Rental Income - Other Council Properties		486	457
Fines		225	190
Legal Fees Recovery - Rates & Charges (Extra Charges)		-	1
Legal Fees Recovery - Other		99	31
Commissions & Agency Fees		34	40
Consulting Income		-	1
Diesel Rebate		29	28
Insurance Claim Recoveries		-	5
Insurance Premium Rebate		104	122
Reimbursements		125	47
Sales - General		64	61
Other		75	68
<u>TOTAL OTHER REVENUE</u>		<u>1,241</u>	<u>1,051</u>

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance	3,944	2,980	-	-
Pensioners' Rates Subsidies - General Component	307	306	-	-
Total General Purpose	4,251	3,286	-	-
Specific Purpose				
Bushfire & Emergency Services	288	234	-	-
Child Care	171	188	-	-
Community Services	169	266	29	-
Environmental Management	498	397	-	-
Federal RCLIP	-	41	-	237
Library	139	80	-	40
Recreation & Culture	-	-	79	116
Street Lighting	7	7	-	-
Traffic Route Subsidy	-	1	-	-
Transport (Roads to Recovery)	-	-	782	668
Transport (Other Roads & Bridges Funding)	15	-	1,793	1,009
Other	-	21	-	-
Total Specific Purpose	1,287	1,235	2,683	2,070
Total Grants	5,538	4,521	2,683	2,070
Grant Revenue is attributable to:				
- Commonwealth Funding	4,085	3,187	1,791	1,228
- State Funding	1,453	1,334	892	842
	5,538	4,521	2,683	2,070

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 93F - Contributions using Planning Agreements	-	-	132	981
S 94 - Contributions towards amenities/services	-	-	109	509
S 94A - Fixed Development Consent Levies	-	-	188	206
Total Developer Contributions 17	-	-	429	1,696
Other Contributions:				
Bushfire Services	689	364	439	228
Community Services	25	42	-	-
Environment	-	10	-	-
Kerb & Gutter	-	-	46	18
Recreation & Culture	19	19	43	383
Roads & Bridges	-	-	380	1,281
RMS Contributions (Regional Roads, Block Grant)	1,675	1,636	627	125
Strategic Planning Studies	500	252	-	-
Other	-	1	-	-
Total Other Contributions	2,908	2,324	1,535	2,035
Total Contributions	2,908	2,324	1,964	3,731
TOTAL GRANTS & CONTRIBUTIONS	8,446	6,845	4,647	5,801

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

	Actual 2012	Actual 2011
\$ '000		
(g). Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	9,740	10,054
add: Grants & contributions recognised in the current period but not yet spent:	3,723	3,647
less: Grants & contributions recognised in a previous reporting period now spent:	(2,651)	(3,961)
Net Increase (Decrease) in Restricted Assets during the Period	1,072	(314)
Unexpended and held as Restricted Assets	10,812	9,740
Comprising:		
- Specific Purpose Unexpended Grants	2,673	1,988
- Developer Contributions	7,257	7,324
- Other Contributions	882	428
	10,812	9,740

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a) Employee Benefits & On-Costs			
Salaries and Wages		14,146	13,361
Employee Leave Entitlements (ELE)		871	(20)
Superannuation		1,495	1,435
Workers' Compensation Insurance		385	395
Fringe Benefit Tax (FBT)		35	42
Training Costs (other than Salaries & Wages)		151	92
Other		75	49
Total Employee Costs		17,158	15,354
less: Capitalised Costs		(1,062)	(1,329)
TOTAL EMPLOYEE COSTS EXPENSED		16,096	14,025
Number of "Equivalent Full Time" Employees at year end		196	201
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		735	840
Total Interest Bearing Liability Costs		735	840
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		735	840
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	686	647
Total Other Borrowing Costs		686	647
TOTAL BORROWING COSTS EXPENSED		1,421	1,487

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c) Materials & Contracts			
Raw Materials & Consumables		5,719	6,087
Contractor & Consultancy Costs			
- Waste Contractors		4,582	3,972
- Road Maintenance & Construction		2,572	2,367
- Planning & Development Consultants		176	433
- Street & Gutter Cleaning Contract		253	259
- Environmental Services		224	226
- Property Consultants		118	63
- Leisure Centre Management		197	162
- General Maintenance		2,705	1,658
- Other		552	851
Auditors Remuneration ⁽¹⁾		66	35
Legal Expenses:			
- Legal Expenses: Planning & Development		363	890
- Legal Expenses: Other		125	150
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽²⁾		790	891
Total Materials & Contracts		18,442	18,044
less: Capitalised Costs		(6,652)	(6,311)
TOTAL MATERIALS & CONTRACTS		11,790	11,733

1. Auditor Remuneration

During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):

- Audit & review of financial statements: Council's Auditor	35	35
- Internal Audit Services External Provider	31	-
Total Auditor Remuneration	66	35

2. Operating Lease Payments are attributable to:

Computers	206	283
Motor Vehicles	568	593
Other	16	15
	790	891

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2012	Actual 2011	Actual 2012	Actual 2011
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	848	751
Office Equipment		-	-	322	307
Furniture & Fittings		-	-	25	21
Land Improvements (depreciable)		-	-	32	39
Buildings - Non Specialised		-	-	373	371
Buildings - Specialised		-	-	633	606
Other Structures		-	-	610	349
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	6,430	6,403
- Stormwater Drainage		-	-	346	346
Other Assets					
- Library Books		-	-	15	27
- Other		-	-	23	29
Asset Reinstatement Costs	9 & 26	-	-	249	249
Total Depreciation & Impairment Costs		-	-	9,906	9,498
less: Capitalised Costs		-	-	-	-
less: Impairments (to)/from ARR [Equity]	9a	-	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	9,906	9,498

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		120	137
Agency Charges		62	59
Bad & Doubtful Debts		(87)	4
Bank Charges		40	34
Computer Software Charges		261	236
Contributions/Levies to Other Levels of Government			
- Bushfire Fighting Fund		369	341
- Department of Planning Levy		45	44
- NSW Rural Fire Service Levy		44	44
- Section 88 Waste & Environment Levy		148	97
Councillor Expenses - Mayoral Fee		38	37
Councillor Expenses - Councillors' Fees		137	150
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		24	38
Donations, Contributions & Assistance to other organisations (Section 356)		192	154
Electricity & Heating		333	430
Insurance		620	606
Photocopier Charges		61	76
Postage		103	106
Street Lighting		427	379
Telephone & Communications		120	114
Valuation Fees		88	82
Vehicle Registration / Insurance		181	204
Water Charges		56	48
Other		167	194
Total Other Expenses		3,549	3,614
less: Capitalised Costs		(18)	(17)
<u>TOTAL OTHER EXPENSES</u>		<u>3,531</u>	<u>3,597</u>

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2012	Actual 2011
Property (excl. Investment Property)			
Proceeds from Disposal - Property		416	-
less: Carrying Amount of Property Assets Sold / Written Off		(465)	-
Net Gain/(Loss) on Disposal		(49)	-
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		46	212
less: Carrying Amount of P&E Assets Sold / Written Off		(43)	(28)
Net Gain/(Loss) on Disposal		3	184
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		510	754
less: Carrying Amount of Real Estate Assets Sold / Written Off		(127)	(503)
Net Gain/(Loss) on Disposal		383	251
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		17,027	14,500
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(17,027)	(14,500)
Net Gain/(Loss) on Disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		337	435

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 6a. - Cash Assets and Note 6b. - Investment Securities

\$ '000	Notes	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		3,180	-	2,411	-
Total Cash & Cash Equivalents		3,180	-	2,411	-
Investment Securities (Note 6b)					
- Long Term Deposits		16,500	2,000	15,500	3,000
- NCD's, FRN's (with Maturities > 3 months)		-	2,500	1,000	-
- CDO's		-	-	500	-
- Mortgage Backed Securities		-	1,929	-	1,956
- Other Long Term Financial Assets		-	3,000	-	2,000
Total Investment Securities		16,500	9,429	17,000	6,956
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		19,680	9,429	19,411	6,956

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

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

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"		3,180	-	2,411	-
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Investments

a. "Held to Maturity"	6(b-ii)	16,500	9,429	17,000	6,956
Investments		16,500	9,429	17,000	6,956

Note 6(b-i)

Reconciliation of Investments classified as "Held to Maturity"

Balance at the Beginning of the Year		17,000	6,956	14,500	5,928
Amortisation of Premiums & Discounts		23	-	-	-
Additions		15,477	3,500	15,500	3,000
Disposals (sales & redemptions)		(17,000)	(27)	(14,500)	(472)
Transfers between Current/Non Current		1,000	(1,000)	1,500	(1,500)
Balance at End of Year		16,500	9,429	17,000	6,956

Comprising:

- Long Term Deposits		16,500	2,000	15,500	3,000
- NCD's, FRN's (with Maturities > 3 months)		-	2,500	1,000	-
- CDO's		-	-	500	-
- Mortgage Backed Securities		-	1,929	-	1,956
- Other Long Term Financial Assets		-	3,000	-	2,000
Total		16,500	9,429	17,000	6,956

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	19,680	9,429	19,411	6,956
attributable to:				
External Restrictions (refer below)	7,293	9,429	7,685	6,956
Internal Restrictions (refer below)	12,355	-	11,067	-
Unrestricted	32	-	659	-
	19,680	9,429	19,411	6,956

2012 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Nil

External Restrictions - Other

Developer Contributions - General (A)	7,324	754	(821)	7,257
Specific Purpose Unexpended Grants (B)	1,988	2,279	(1,596)	2,673
Domestic Waste Management (C)	4,713	938	(61)	5,590
Stormwater Management (C)	188	245	(113)	320
Other Contributions (D)	428	689	(235)	882
External Restrictions - Other	14,641	4,905	(2,826)	16,722
Total External Restrictions	14,641	4,905	(2,826)	16,722

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

RMA Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.

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

C Domestic Waste Management (DWM) & Stormwater Management Charges are externally restricted assets and must be applied for the purposes for which they were raised.

D Other Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

2012 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Library	92	-	-	92
Recreation	210	-	-	210
Sportsgrounds	284	243	-	527
Effluent Disposal	375	-	(63)	312
Animal Management	54	-	(11)	43
Legal Claims	281	300	(78)	503
Infrastructure & Asset Maintenance	2,083	2,251	(2,591)	1,743
Plant & Vehicle Replacement	981	691	(261)	1,411
Investments	380	150	-	530
Swimming Pool	88	100	-	188
Information Technology	505	83	(52)	536
Employee Leave Entitlements	1,019	234	-	1,253
Risk Management	295	60	(27)	328
Organisational Development	30	107	(3)	134
Property	1,667	798	(244)	2,221
Roads	99	5	-	104
Tourism & Economic Development	101	30	(10)	121
Election	181	55	(13)	223
Special Rate Variation	-	799	(458)	341
Sustainability Savings	-	18	-	18
Growth Management Strategy	-	500	-	500
Sinking Fund	300	-	(100)	200
Work in Progress	2,042	168	(1,393)	817
Total Internal Restrictions	11,067	6,592	(5,304)	12,355
TOTAL RESTRICTIONS	25,708	11,497	(8,130)	29,077

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 7. Receivables

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		2,233	-	2,079	-
Interest & Extra Charges		250	-	306	-
User Charges & Fees		1,357	-	1,010	-
Accrued Revenues					
- Interest on Investments		539	-	388	-
- Other Income Accruals		97	-	66	-
Government Grants & Subsidies		2,702	-	1,371	-
Net GST Receivable		-	-	148	-
Other Debtors		500	-	-	-
Total		7,678	-	5,368	-
less: Provision for Impairment					
User Charges & Fees		(70)	-	(212)	-
Total Provision for Impairment - Receivables		(70)	-	(212)	-
<u>TOTAL NET RECEIVABLES</u>		<u>7,608</u>	<u>-</u>	<u>5,156</u>	<u>-</u>
Externally Restricted Receivables					
Domestic Waste Management		753	-	683	-
Stormwater Management		38	-	32	-
Total External Restrictions		791	-	715	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		6,817	-	4,441	-
TOTAL NET RECEIVABLES		7,608	-	5,156	-

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 11.00% (2011 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Wollondilly Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 8. Inventories & Other Assets

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		601	-	670	-
Stores & Materials		1,114	-	839	-
Trading Stock		8	-	8	-
Total Inventories		1,723	-	1,517	-
Other Assets					
Prepayments		453	-	387	-
Total Other Assets		453	-	387	-
TOTAL INVENTORIES / OTHER ASSETS		2,176	-	1,904	-
Externally Restricted Assets					
Other					
Stores & Materials		1,018	-	736	-
Total Other		1,018	-	736	-
Total Externally Restricted Assets		1,018	-	736	-
Total Unrestricted Assets		1,158	-	1,168	-
TOTAL INVENTORIES & OTHER ASSETS		2,176	-	1,904	-

Wollondilly Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 8. Inventories & Other Assets (continued)

\$ '000	2012		2011	
	Current	Non Current	Current	Non Current
(i) Other Disclosures				
(a) Details for Real Estate Development				
Residential	601	-	618	-
Industrial/Commercial	-	-	52	-
Total Real Estate for Resale	601	-	670	-
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	601	-	670	-
Total Costs	601	-	670	-
less: Provision for Under Recovery	-	-	-	-
Total Real Estate for Resale	601	-	670	-
Movements:				
Real Estate assets at beginning of the year	670	-	1,103	-
- Purchases and other costs	58	-	54	-
- Transfers in from (out to) Note 9	-	-	16	-
- WDV of Sales (exp) 5	(127)	-	(503)	-
Total Real Estate for Resale	601	-	670	-

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

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

	2012	2011
Real Estate for Resale	204	566
	204	566

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 9a. Infrastructure, Property, Plant & Equipment

	as at 30/6/2011					Asset Movements during the Reporting Period				as at 30/6/2012				
	At	At	Accumulated		Carrying	Asset	WDV	Depreciation	Adjustments	At	At	Accumulated		Carrying
\$ '000	Cost	Fair Value	Dep'n	Impairment	Value	Additions	of Asset Disposals	Expense	& Transfers	Cost	Fair Value	Dep'n	Impairment	Value
Plant & Equipment	-	11,948	8,805	-	3,143	310	(43)	(848)	-	-	12,139	9,577	-	2,562
Office Equipment	-	3,572	2,717	-	855	131		(322)	-	-	3,702	3,038	-	664
Furniture & Fittings	-	482	319	-	163	81		(25)	-	-	563	344	-	219
Land:														
- Operational Land	-	11,551	-	-	11,551	56	(465)	-	-	-	11,142	-	-	11,142
- Community Land	-	27,394	-	-	27,394	37		-	-	-	27,431	-	-	27,431
Land Improvements - depreciable	-	1,170	116	-	1,054	147	-	(32)	190	-	1,507	148	-	1,359
Buildings - Non Specialised	-	20,419	15,770	-	4,649	311	-	(373)	-	-	20,730	16,143	-	4,587
Buildings - Specialised	-	37,974	23,544	-	14,430	600	-	(633)	-	-	38,336	23,939	-	14,397
Other Structures	-	16,107	5,192	-	10,915	585	-	(610)	(190)	-	16,502	5,802	-	10,700
Infrastructure:														
- Roads, Bridges, Footpaths	-	287,389	79,021	-	208,368	5,914	-	(6,430)	-	-	293,304	85,452	-	207,852
- Bulk Earthworks (non-depreciable)	-	15,864	-	-	15,864	-	-	-	-	-	15,864	-	-	15,864
- Stormwater Drainage	-	36,355	8,355	-	28,000	94	-	(346)	-	-	36,449	8,701	-	27,748
Other Assets:														
- Library Books	-	1,025	1,010	-	15	-	-	(15)	-	-	1,025	1,025	-	-
- Other	-	637	163	-	474	86	-	(23)	-	-	723	186	-	537
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)														
- Tip Asset	-	8,055	7,013	-	1,042	-	-	(249)	-	-	8,055	7,262	-	793
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	-	479,942	152,025	-	327,917	8,352	(508)	(9,906)	-	-	487,472	161,617	-	325,855

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$6,223) and New Assets (\$1,428).

Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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

\$ '000

Council has no Externally Restricted Infrastructure, Property, Plant & Equipment.

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

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		2,148	-	2,184	-
Payments Received In Advance		386	-	345	-
Accrued Expenses:					
- Borrowings		7	-	77	-
- Salaries & Wages		-	-	200	-
- Other Expenditure Accruals		655	-	318	-
Security Bonds, Deposits & Retentions		352	-	329	-
ATO - Net GST Payable		106	-	-	-
Unclaimed Money		262	-	262	-
Other		339	-	321	-
Total Payables		4,255	-	4,036	-
Borrowings					
Loans - Secured ¹		612	7,838	666	8,448
Total Borrowings		612	7,838	666	8,448
Provisions					
Employee Benefits;					
Annual Leave		1,169	-	1,183	-
Sick Leave		195	-	209	-
Long Service Leave		2,883	73	2,073	64
Sub Total - Aggregate Employee Benefits		4,247	73	3,465	64
Asset Remediation/Restoration (Future Works)	26	-	12,122	-	11,436
Total Provisions		4,247	12,195	3,465	11,500
Total Payables, Borrowings & Provisions		9,114	20,033	8,167	19,948

(i) Liabilities relating to Restricted Assets

Externally Restricted Assets

Nil

Internally Restricted Assets

Nil

¹. Loans are secured over the General Rating Income of Council

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	2012	2011
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	3,216	2,414
	3,216	2,414

Note 10b. Description of and movements in Provisions

Class of Provision	2011	2012				Closing Balance as at 30/6/12
	Opening Balance as at 1/7/11	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	1,183	882	(896)	-	-	1,169
Sick Leave	209	2	(16)	-	-	195
Long Service Leave	2,137	319	(160)	660	-	2,956
Asset Remediation	11,436	686	-	-	-	12,122
TOTAL	14,965	1,889	(1,072)	660	-	16,442

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

b. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2012	Actual 2011
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	3,180	2,411
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		3,180	2,411
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		2,372	2,741
Adjust for non cash items:			
Depreciation & Amortisation		9,906	9,498
Net Losses/(Gains) on Disposal of Assets		(337)	(435)
Non Cash Capital Grants and Contributions		(282)	-
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- "Held to Maturity" Financial Assets		(23)	-
Unwinding of Discount Rates on Reinstatement Provisions		686	647
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(2,310)	(1,412)
Increase/(Decrease) in Provision for Doubtful Debts		(142)	10
Decrease/(Increase) in Inventories		(275)	18
Decrease/(Increase) in Other Assets		(66)	(25)
Increase/(Decrease) in Payables		(36)	337
Increase/(Decrease) in accrued Interest Payable		(70)	(5)
Increase/(Decrease) in other accrued Expenses Payable		137	145
Increase/(Decrease) in Other Liabilities		188	(80)
Increase/(Decrease) in Employee Leave Entitlements		791	(141)
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		10,539	11,298

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
(c) Non-Cash Investing & Financing Activities			
Bushfire Grants		282	-
Total Non-Cash Investing & Financing Activities		282	-
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		300	300
Credit Cards / Purchase Cards		100	100
Total Financing Arrangements		400	400
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		300	300
- Credit Cards / Purchase Cards		55	51
Total Financing Arrangements Utilised		355	351

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

(ii) Secured Loan Liabilities

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2012	Actual 2011
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		44	66
Plant & Equipment		-	14
Corporate Information System		20	20
Recreation		-	154
Roads, Bridges & Footpaths		659	306
Property		26	52
Other		381	6
These expenditures are payable as follows:			
Within the next year		1,104	572
Later than one year and not later than 5 years		26	46
Total Payable		1,130	618
Sources for Funding of Capital Commitments:			
Sect 64 & 94 Funds/Reserves		26	52
Unexpended Grants		991	532
Internally Restricted Reserves		93	34
Total Sources of Funding		1,130	618

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:

Within the next year	662	635
Later than one year and not later than 5 years	576	464
Total Non Cancellable Operating Lease Commitments	1,238	1,099

b. Non Cancellable Operating Leases include the following assets:

Motor Vehicles and IT Equipment

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

Conditions relating to Operating Leases:

- All Operating Lease Agreements are secured only against the Leased Asset.
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Amounts 2012	Indicator 2012	Prior Periods 20112010	
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	20,158	3.42 : 1	2.91	2.65
Current Liabilities less Specific Purpose Liabilities ^(2,3)	5,898			
2. Debt Service Ratio				
Debt Service Cost	1,299	3.58%	3.83%	4.02%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	36,274			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	24,599	54.52%	54.30%	55.12%
Income from Continuing Operations	45,116			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	2,483	9.11%	9.35%	8.06%
Rates, Annual & Extra Charges Collectible	27,244			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾	5,867	75.39%	77.78%	108.25%
Depreciation, Amortisation & Impairment	7,782			

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

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

⁽²⁾ Refer to Note 10(a).

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

⁽⁴⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Asset Renewals include building and infrastructure assets only.

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 13a(ii). Statement of Performance Measurement - Graphs (Consolidated)

<div><div>1. Unrestricted Current Ratio</div><div><div>Ratio : 1</div><div><div><div><div>5.0</div><div>4.0</div><div>3.0</div><div>2.0</div><div>1.0</div><div>0.0</div></div><div><div><div>2009</div><div>2010</div><div>2011</div><div>2012</div></div><div><div>2.13</div><div>2.65</div><div>2.91</div><div>3.42</div></div></div></div></div></div></div>	<div><div>Purpose of Unrestricted Current Ratio</div><div>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</div></div>	<div><div>Commentary on 2011/12 Result</div><div><div>2011/12 Ratio</div><div>3.42 : 1</div></div><div>Council's unrestricted current ratio has continued to improve and indicates that it has the ability to easily meet all of its short term obligations. A ratio of 2 or more is considered to be more than satisfactory.</div></div>
<div><div>2. Debt Service Ratio</div><div><div>Ratio %</div><div><div><div>6%</div><div>5%</div><div>4%</div><div>3%</div><div>2%</div><div>1%</div><div>0%</div></div><div><div><div>2009</div><div>2010</div><div>2011</div><div>2012</div></div><div><div>4.05%</div><div>4.02%</div><div>3.83%</div><div>3.58%</div></div></div></div></div></div>	<div><div>Purpose of Debt Service Ratio</div><div>To assess the impact of loan principal & interest repayments on the discretionary revenue of council.</div></div>	<div><div>Commentary on 2011/12 Result</div><div><div>2011/12 Ratio</div><div>3.58%</div></div><div>The debt service ratio marginally decreased from last year due to an increase in Council's revenue base. Debt servicing costs remained fairly constant due to no new loans being taken up and no existing loans being extinguished.</div></div>
<div><div>3. Rates & Annual Charges Coverage Ratio</div><div><div>Ratio %</div><div><div><div>80%</div><div>60%</div><div>40%</div><div>20%</div><div>0%</div></div><div><div><div>2009</div><div>2010</div><div>2011</div><div>2012</div></div><div><div>54.26%</div><div>55.12%</div><div>54.30%</div><div>54.52%</div></div></div></div></div></div>	<div><div>Purpose of Rates & Annual Charges Coverage Ratio</div><div>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</div></div>	<div><div>Commentary on 2011/12 Result</div><div><div>2011/12 Ratio</div><div>54.52%</div></div><div>This ratio has remained fairly constant reflecting the stability of Council's income sources.</div></div>
<div><div>4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</div><div><div>Ratio %</div><div><div><div>14%</div><div>12%</div><div>10%</div><div>8%</div><div>6%</div><div>4%</div><div>2%</div><div>0%</div></div><div><div><div>2009</div><div>2010</div><div>2011</div><div>2012</div></div><div><div>8.76%</div><div>8.06%</div><div>9.35%</div><div>9.11%</div></div></div></div></div></div>	<div><div>Purpose of Rates & Annual Charges Outstanding Ratio</div><div>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</div></div>	<div><div>Commentary on 2011/12 Result</div><div><div>2011/12 Ratio</div><div>9.11%</div></div><div>This ratio is again higher than the preferred benchmark of 5%. The 2 main contributing factors are staff shortages and the continuing impact of the global financial crisis on people's ability to pay.</div></div>
<div><div>5. Building & Infrastructure Renewals Ratio</div><div><div>Ratio %</div><div><div><div>140%</div><div>120%</div><div>100%</div><div>80%</div><div>60%</div><div>40%</div><div>20%</div><div>0%</div></div><div><div><div>2009</div><div>2010</div><div>2011</div><div>2012</div></div><div><div>62.67%</div><div>108.25%</div><div>77.78%</div><div>75.39%</div></div></div></div></div></div>	<div><div>Purpose of Asset Renewals Ratio</div><div>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</div></div>	<div><div>Commentary on Result</div><div><div>2011/12 Ratio</div><div>75.39%</div></div><div>This ratio has remained at a similar level to last year, which is well below the desired level of greater than 100%. A figure of less than 100% indicates that Council is underinvesting in the renewal of its deteriorating infrastructure assets.</div></div>

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 14. Investment Properties

\$ '000

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

Note 15. Financial Risk Management

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2012	2011	2012	2011
Financial Assets				
Cash and Cash Equivalents	3,180	2,411	3,188	2,611
Investments				
- "Held to Maturity"	25,929	23,956	25,762	22,935
Receivables	7,608	5,156	7,418	5,156
Total Financial Assets	36,717	31,523	36,368	30,702
Financial Liabilities				
Payables	3,869	3,691	3,869	3,691
Loans / Advances	8,450	9,114	8,450	9,114
Total Financial Liabilities	12,319	12,805	12,319	12,805

Fair Value is determined as follows:

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

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

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

Council's Finance Section manages the Cash & Investments portfolio with the assistance of independent advisor:

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

The major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

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

A further risk associated with Cash & Investments is credit risk - the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2012				
Possible impact of a 10% movement in Market Values	152	152	(152)	(152)
Possible impact of a 1% movement in Interest Rates	283	283	(283)	(283)
2011				
Possible impact of a 10% movement in Market Values	155	155	(155)	(155)
Possible impact of a 1% movement in Interest Rates	252	252	(252)	(252)

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

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

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

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

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

	2012 Rates & Annual Charges	2012 Other Receivables	2011 Rates & Annual Charges	2011 Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	2,233	4,694	2,079	2,581
Past due by up to 30 days	-	238	-	311
Past due between 31 and 180 days	-	513	-	397
	2,233	5,445	2,079	3,289
(ii) Movement in Provision for Impairment of Receivables			2012	2011
Balance at the beginning of the year			212	202
+ new provisions recognised during the year			1	110
- amounts already provided for & written off this year			(143)	(100)
Balance at the end of the year			70	212

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2012									
Trade/Other Payables	352	3,461	-	-	-	-	-	3,813	3,869
Loans & Advances	-	1,295	1,061	1,061	1,250	1,040	8,205	13,912	8,450
Total Financial Liabilities	352	4,756	1,061	1,061	1,250	1,040	8,205	17,725	12,319
2011									
Trade/Other Payables	329	3,707	-	-	-	-	-	4,036	3,691
Loans & Advances	-	1,412	1,305	1,086	1,086	1,276	8,121	14,286	9,114
Total Financial Liabilities	329	5,119	1,305	1,086	1,086	1,276	8,121	18,322	12,805

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

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

	2012		2011	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	3,869	0.0%	3,691	0.0%
Loans & Advances - Fixed Interest Rate	8,450	8.3%	9,114	8.2%
	<u>12,319</u>		<u>12,805</u>	

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 11/12 was adopted by the Council on 20 June 2011.

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

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

Note that for Variations* of Budget to Actual :

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

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

\$ '000	2012 Budget	2012 Actual	2012 Variance*		
REVENUES					
Rates & Annual Charges	24,424	24,599	175	1%	F
User Charges & Fees	3,248	4,011	763	23%	F
The higher than expected user charges and fees resulted from a number of factors including: higher than expected Royalty income; additional income due to increased development in the Shire; additional tipping fee income due to increased usage; increased vehicle servicing income; increased children's services income due to increased use of the service; increased income from hire of Council facilities and an increase in number of sewage licences issued.					
Interest & Investment Revenue	1,122	1,835	713	64%	F
Income on investments was higher than expected due to a higher than expected balance of invested funds. This resulted from a delay in the commencement of some major projects and additional grant income that was received, including the receipt of prepaid Financial Assistance Grant funds.					
Other Revenues	597	1,241	644	108%	F
Other Revenues exceeded the budgeted amount for the following reasons: various reimbursements were received including reimbursements for legal costs, training costs and for signs and linemarking. Council also received an insurance premium rebate for its good claims history. Other revenue also included an increase in property rental income.					
Operating Grants & Contributions	5,656	8,446	2,790	49%	F
Council received a prepayment of part of its 2012/13 Financial Assistance Grant and a State Govt contribution towards planning at Wilton junction. Additional hazard reduction funding was also received.					

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 16. Material Budget Variations (continued)

\$ '000	2012 Budget	2012 Actual	2012 Variance*	
REVENUES (continued)				
Capital Grants & Contributions	3,445	4,647	1,202	35% F
Additional capital grant and contribution funding received included: additional Black Spot funding, Road Toll Response funding, road funding from Xstrata Coal and various kerb and gutter contributions from ratepayers.				
Net Gains from Disposal of Assets	-	337	337	0% F
Council does not budget for any gains or losses from asset sales, however during the year Council disposed of four parcels of land, traded-in four motor vehicles and sold 2 other plant items. The net result from these sales was a \$337K profit. Further details are available in Note 5.				
EXPENSES				
Employee Benefits & On-Costs	16,065	16,096	(31)	(0%) U
Borrowing Costs	748	1,421	(673)	(90%) U
Borrowing costs exceeded budget due to the non-cash entry required to recognise the \$686K unwinding of a PV discount in relation to the future remediation of Council's tip assets.				
Materials & Contracts	12,874	11,790	1,084	8% F
Depreciation & Amortisation	9,250	9,906	(656)	(7%) U
Other Expenses	3,707	3,531	176	5% F
Budget Variations relating to Council's Cash Flow Statement include:				
Cash Flows from Operating Activities	4,662	10,539	5,877	126.1% F
The large increase in cash inflows from operating activities was due to a smaller than expected increase in employee costs as well as additional grant funds received during the year. When setting the original budget, Council only budgets for grant funding that has already been approved by the funding body. Additional grants that are approved during the year are introduced to the budget via the quarterly budget review process.				
Cash Flows from Investing Activities	(6,584)	(9,106)	(2,522)	38.3% U
The significant reduction in the expected cash inflows from investing activities was primarily due to the original expectation that Council would be required to reduce the size of its investment portfolio in order to accommodate the proposed schedule of major works. Due to the decrease in major projects completed during the year, Council managed to increase its investment portfolio.				
Cash Flows from Financing Activities	1,833	(664)	(2,497)	(136.2%) U
The reduction in the expected cash inflows from financing activities was because the proposed \$2.5m loan for the purpose of tip remediation wasn't required due to the deferment of this project.				

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	2,874	65	-	120	(389)	-	2,670	28,046	(32,145)	(1,429)	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	1,333	29	-	49	(308)	-	1,103	86,027	(96,913)	(9,783)	-
Community Facilities	1,269	15	-	58	(41)	-	1,301	15,117	(32,591)	(16,173)	-
Animal Management	3	-	-	-	(3)	-	-	-	-	-	-
Other	4	-	-	-	(4)	-	-	173	(173)	-	-
S94 Contributions - under a Plan	5,483	109	-	227	(745)	-	5,074	129,363	(161,822)	(27,385)	-
S94A Levies - under a Plan	620	188	-	38	-	-	846				-
Total S94 Revenue Under Plans	6,103	297	-	265	(745)	-	5,920				-
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	1,221	132	-	60	(76)	-	1,337				
S64 Contributions	-	-	-	-	-	-	-				
Total Contributions	7,324	429	-	325	(821)	-	7,257	129,363	(161,822)	(27,385)	-

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - 2005

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Traffic Facilities	357	14	-	17	-	-	388	24,949	(26,766)	(1,429)	-
Open Space	378	18	-	18	(23)	-	391	84,761	(94,806)	(9,654)	-
Community Facilities	190	6	-	8	(11)	-	193	14,371	(30,306)	(15,742)	-
Animal Management	2	-	-	-	(2)	-	-	-	-	-	-
Other	3	-	-	-	(3)	-	-	69	(69)	-	-
Total	930	38	-	43	(39)	-	972	124,150	(151,947)	(26,825)	-

CONTRIBUTION PLAN - PRIOR YEARS

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Traffic Facilities	2,517	51	-	103	(389)	-	2,282	3,097	(5,379)	-	-
Open Space	955	11	-	31	(285)	-	712	1,266	(2,107)	(129)	-
Community Facilities	1,079	9	-	50	(30)	-	1,108	746	(2,285)	(431)	-
Animal Management	1	-	-	-	(1)	-	-	-	-	-	-
Other	1	-	-	-	(1)	-	-	104	(104)	-	-
Total	4,553	71	-	184	(706)	-	4,102	5,213	(9,875)	(560)	-

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN - 2005

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other	620	188	-	38	-	-	846	-	-		-
Total	620	188	-	38	-	-	846				-

S93F PLANNING AGREEMENTS

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Traffic Facilities	630	87	-	33	(10)	-	740	4,939	(5,754)	(75)	-
Open Space	8	37	-	-	(45)	-	-	12,487	(12,487)	-	-
Community Facilities	521	4	-	25	-	-	550	3,487	(4,037)	-	-
Animal Management	14	1	-	-	(13)	-	2	52	(54)	-	-
Bushfire Protection	48	2	-	2	(8)	-	44	159	(203)	-	-
Tree Planting	-	1	-	-	-	-	1	12	(13)	-	-
Total	1,221	132	-	60	(76)	-	1,337	21,136	(22,548)	(75)	-

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other Guarantees

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

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

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

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

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

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

ASSETS NOT RECOGNISED:

(i) Land Under Roads

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

Data in relation to land under roads acquired after 1 July 2008 has been collected, but not recognised in these accounts because of the lack of a valid valuation methodology.

Council will review the recognition of land under roads when the valuation methodology has been determined by the industry and is, in the meantime will continue collecting the necessary physical data to undertake the valuation.

(ii) Infringement Notices/Fines

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

Council's Revenue Recognition policy for such income is to account for it as revenue on receipt.

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

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

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2012	Actual 2011
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		282,696	276,232
a. Correction of Prior Period Errors	20 (c)	-	-
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	3,723
d. Net Operating Result for the Year		2,372	2,741
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
Balance at End of the Reporting Period		285,068	282,696

b. Reserves

(i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	50,533	50,533
Total	50,533	50,533

(ii). Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance	50,533	40,588
- Revaluations for the year	9(a) -	9,945
- Balance at End of Year	50,533	50,533

TOTAL VALUE OF RESERVES

50,533	50,533
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(iii). Nature & Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve

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

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

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

d. Voluntary Changes in Accounting Policies

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

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 21. Financial Result & Financial Position by Fund

\$ '000

Council utilises only a General Fund for its operations.

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

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

Note 23. Events occurring after Balance Sheet Date

Events that occur after the reporting date of 30 June 2012, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 15/10/12.

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

(i) Events that have provided evidence of conditions that existed at the Reporting Date

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2012.

(ii) Events that have provided evidence of conditions that arose after the Reporting Date

These financial statements (& figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2012 and which are only indicative of conditions that arose after 30 June 2012.

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

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 24. Discontinued Operations

\$ '000

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

Note 25. Intangible Assets

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2012	2011
Tip Site - Bargo	2014	12,122	11,436
Tip Site - Warragamba	Closed	-	-
Tip Site - Picton	Closed	-	-
Tip Site - Appin	Closed	-	-
Effluent Ponds - Bargo	Closed	-	-
Balance at End of the Reporting Period	10(a)	12,122	11,436

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

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

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

Reconciliation of movement in Provision for year:

Balance at beginning of year	11,436	10,789
Amortisation of discount (expensed to borrowing costs)	686	647
Total - Reinstatement, rehabilitation and restoration provision	12,122	11,436

Amount of Expected Reimbursements

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 27. Key Financial Figures of Council over the past 5 years (consolidated)

\$ '000

Financial Performance Figures	2012	2011	2010	2009	2008
Inflows:					
Rates & Annual Charges Revenue	24,599	23,391	22,083	19,886	17,787
User Charges Revenue	4,011	3,981	3,584	3,588	3,514
Interest & Investment Revenue (Losses)	1,835	1,577	1,087	866	1,232
Grants Income - Operating & Capital	8,221	6,591	8,071	8,578	6,862
Total Income from Continuing Operations	45,116	43,081	40,061	36,649	32,655
Sale Proceeds from I,PP&E	972	966	564	389	194
New Loan Borrowings & Advances	-	-	-	1,200	2,400
Outflows:					
Employee Benefits & On-cost Expenses	16,096	14,025	13,445	12,695	12,628
Borrowing Costs	1,421	1,487	1,375	1,292	470
Materials & Contracts Expenses	11,790	11,733	10,180	11,957	10,442
Total Expenses from Continuing Operations	42,744	40,340	34,930	36,041	35,013
Total Cash purchases of I,PP&E	8,070	8,942	8,059	8,780	7,140
Total Loan Repayments (incl. Finance Leases)	664	453	490	461	329
Operating Surplus/(Deficit) (excl. Capital Income)	(2,275)	(3,060)	(374)	(3,406)	(6,263)
Financial Position Figures	2012	2011	2010	2009	2008
Current Assets	29,464	26,471	23,708	18,895	14,446
Current Liabilities	9,114	8,167	7,776	7,627	5,795
Net Current Assets	20,350	18,304	15,932	11,268	8,651
Cash & Investments - Unrestricted	32	659	1,163	593	1,326
Cash & Investments - Internal Restrictions	12,355	11,067	8,980	6,770	6,559
Cash & Investments - Total	29,109	26,367	23,552	19,493	19,901
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	8,450	9,114	9,567	10,057	9,318
Total Value of I,PP&E (excl. Land & Earthworks)	433,035	425,133	413,006	343,096	333,779
Total Accumulated Depreciation	161,617	152,025	145,583	162,991	156,091
Indicative Remaining Useful Life (as a % of GBV)	63%	64%	65%	52%	53%

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

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 28. Council Information & Contact Details

Principal Place of Business:

62-64 Menangle Street
Picton NSW 2571

Contact Details**Mailing Address:**

PO Box 21
Picton NSW 2571

Opening Hours:

Monday to Friday
8.00am to 4.00pm

Telephone: (02) 4677 1100

Facsimile: (02) 4677 2339

Internet: www.wollondilly.nsw.gov.au

Email: council@wollondilly.nsw.gov.au

Officers**GENERAL MANAGER**

J L McMahon

RESPONSIBLE ACCOUNTING OFFICER

A Christie

PUBLIC OFFICER

J Sproule

AUDITORS

Warton Thompson & Co
PO Box 2754
Carlingford NSW 2118
ph: (02) 9872 5199

**Elected Members (as at the date these statements
were authorised for issue - 15/10/12)****MAYOR**

Clr C Mitchell

COUNCILLORS

Clr B Banasik (Deputy Mayor)

Clr L Amato

Clr M Banasik

Clr H Gibbs

Clr J Hannan

Clr S Landow

Clr R Law

Clr K Terry

Other Information

ABN: 93 723 245 808

Wollondilly Council

INDEPENDENT AUDIT REPORT

S417 (2) – Report on the general purpose financial statements

In my opinion,

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

This opinion must be read in conjunction with the rest of our audit report.

Scope and summary of our role

The financial report and Council's responsibility

The financial statements comprises the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement, accompanying notes to the financial statements, and the Statement by Councillors and Management in the approved form as required by Section 413 (2) of the Local Government Act 1993 for Wollondilly Council, for the year ended 30 June 2012.

The council is responsible for the preparation and true and fair presentation of the financial statements in accordance with the Local Government Act 1993. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

We conducted an independent audit of the financial statements in order to express an opinion on them to the Council. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our audit responsibility does not extend to the Original Budget figures included in the Income Statement, Cash Flow Statement and the Original Budget disclosures in Notes 2(a) and 16 to the financial statements and accordingly, we express no opinion on them. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial statements presents fairly, in accordance with the Local Government Act 1993, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Council's financial position, and it's performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by Councillors or management.

Independence

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



PA Webster FCA
Warton Thompson & Co

Dated: 15 October 2012

15 October 2012

The Mayor and Councillors
Wollondilly Council
PO Box 21
Picton NSW 2571

Ladies and Gentlemen,

Report on the Conduct of the 2012 Audit

I report completion of the audit of the financial records of Council for the year ended 30 June 2012 and advise that I have received all information and explanations required by me.

In accordance with Section 417(3) of the Local Government Act 1993, I now comment on Council's Financial Statements and list relevant performance indicators that may assist Council in determining its Financial Position at 30 June 2012 and the Operating Result for the year.

General Purpose Financial Statements

The report includes Notes to the Accounts and Special Schedules with the Principal Statements being: -

- a) **Income Statement for the year ended 30 June 2012**
- b) **Statement of Comprehensive Income for the year ended 30 June 2012**
- c) **Balance Sheet as at 30 June 2012**
- d) **Statement of Changes in Equity for the year ended 30 June 2012**
- e) **Statement of Cash Flows for the year ended 30 June 2012**

Performance Indicators

In assessing the financial strength of a Council it is necessary to produce and examine financial data extracted from Council's financial statements, which will provide information concerning the performance of Council throughout the year and its financial position at 30 June 2012.

Those performance indicators that I believe offer assistance in the evaluation of Council's financial position and performance are:

- **The Level of Working Funds; and**
- **The amount held as Internal Restrictions (Reserves); and**
- **The Debt Servicing Cost to Council; and**
- **The Level of Rate Arrears, Annual Charges and Other Debts due to Council.**

The above-mentioned performance indicators are now analysed in greater detail.

Operating Result

The Income Statement shows a Net Operating Result (surplus) for the year of \$2.37m and compares with a surplus of \$2.74m for the 2010/2011. The result for the year compares with an original budgeted deficit of \$4.15m. Material budget variances are explained in greater detail in Note 16 of the Financial Statements.

Working Funds

The level of Working Funds is an important measure of Council's financial position as it reflects its equity in the net current assets held and represents the working capital used to meet day to day commitments and finance debtors, stores, etc. A healthy balance of Working Funds provides a buffer against unforeseen increases in expenditure and also allows Council to operate without undue reliance on bank overdraft accommodation and trade credit.

In order to make some comparison with Council's Budget for year 2011/2012 the above figure needs to be adjusted back to a **"Fund Accounting" surplus or deficit**. After making the appropriate adjustments for Capital movements, Government Grants, Section 94 Contributions, etc, **the surplus for the year was \$1.88m**. This surplus compares with a Working Funds deficit budget of \$30k for year 2011/2012. The Revenue result of General Fund for the year and "Working Funds" at 1 July 2011 and at 30 June 2012 would therefore be as shown in the table below: -

	<u>Working Funds</u>	<u>Revenue Results</u>	<u>Working Funds</u>
	1.7.2011	2012	30.06.2012
	Surplus (+)	Surplus (+)	Surplus (+)
	<u>Deficiency (-)</u>	<u>Deficit (-)</u>	<u>Deficiency (-)</u>
General Fund	+\$1,666k	+\$1,882k	+\$3,548k

Council's available working capital is summarised as follows:

	30.06.2011	30.06.2012
	\$K	\$K
Net Current Assets	25260	29779
Less: Current External Restrictions	8	17513
Less: Current Internal Restrictions	10890	12355
Less: Current Real Estate Assets	1103	204
Less: Current Restricted Inventories	738	1018
	(2849)	(1311)
Add: Current Liabilities to be funded from 2011/2012 Budget	4405	4859
Available Working Capital	\$1556	\$3548

The surplus of \$1.88m has increased accumulated Working Funds at 30 June 2012 to a balance of \$3.548m, which I believe is adequate for Council's needs. The adequacy of working funds is further supported by the Unrestricted Current Ratio (Current Assets to Current Liabilities) shown on Note 13 of the financial statements which calculates as 3.42:1. This ratio exceeds the industry benchmark of 1.50:1. Council has earmarked several properties, at a cost value of \$204k, for sale during year 2012/2013. Whilst it is not anticipated that any of these properties will be sold during 2012/2013 year any sales will further increase Council's working funds position.

Council has recorded Rural Fire Services Inventories of \$1,018k as a Current Asset. Since Council does not have control over these inventories they have been excluded from the balance of Working Funds at 30 June 2012.

Internal Restrictions (Reserves)

Reserves held at 30 June 2012 totalled \$12,355k, an increase of \$1,288k during the year. **The creation of reserves to plan for future major expenditure is highly recommended.**

Reserves held at 30 June 2011 and 30 June 2012 were as follows: -

	2011	2012
• Improvement Programs	2042k	817k
• Employees' Leave Entitlements	1019k	1253k
• Plant & Vehicles	981k	1411k
• Sinking Funds	300k	200k
• Effluent	375k	312k
• Infrastructure & Asset Maintenance	2083k	1743k
• Library	92k	92k
• Acquisition of Property	1667k	2221k
• Technology	505k	536k
• Recreation & Facilities	582k	925k
• Legal & Risk	576k	831k
• Investments	380k	530k
• Wilton Junction Planning		500k
• Special Rate Variation		341k
• Roads	99k	104k
• Election	181k	223k
• Other	185k	316k
	<hr/>	<hr/>
	\$11,067k	\$12,355k

Accrued Leave Entitlements and Reserves Held

The liability for Employees' Leave Entitlements increased by \$791k during the year to a balance of \$4.32m and the Reserve held to meet these commitments amounted to \$1,253k (\$1,019k at 30 June 2011).

The Employees Leave Entitlements Reserve is considered adequate to meet potential retirement payouts within the next three years as well as to provide for any major unscheduled or unexpected employee retirements.

Loan Repayments

Loan Repayment Commitments in 2011 and 2012 are set out hereunder as a percentage to rate revenue and untied grants for General Fund: -

<u>Fund</u>	<u>Untied Revenue</u>	<u>Principal & Interest Repaid</u>	<u>2011</u>	<u>2012</u>
General	\$36,274k	\$1,299k	3.83%	3.58%.

The Debt Servicing Percentage decreased by 0.25% during 2011/2012 year to a satisfactory level of 3.58%. This percentage (3.58%) is below the industry benchmark of 10%. No new loans were received during the year.

Outstanding Rates and Annual Charges

Collection of rates and charges represented 99.61% (98.11 in 2011) of the Rates and Annual Charges Revenue for the year. Net arrears totalled \$2,483k and represented 9.11% (9.35% at 30 June 2011) of the collectible Rates and Annual Charges of \$27,244k for the year.

Rates and Annual Charges of \$2,483k outstanding at 30 June 2012 have increased by \$98k during year 2011/2012 and compares with a balance of \$2,385k at 20 June 2011. The percentage of 9.11% is still too high and it is considered that a debt level of less than 5% would be satisfactory.

Cash Position

At year end, Council held in cash and on investment, funds totalling \$29.10m of which \$16.72m is regarded as externally restricted assets, i.e., assets the use of which are restricted, wholly or partially, by regulations or other externally imposed requirements.

The total externally Restricted Investments were held for the following purposes: -

• Unexpended Grants	2.67m
• Developer Contributions - Section 94	7.26m
• Other Contributions	0.88m
• Stormwater Management	0.32m
• Domestic Waste Management Services	5.59m

<u>Restricted Cash and Investments</u>	<u>\$16.72m</u>
--	-----------------

The balance of Investments, after financing the above external restrictions, totalled \$12.38m and was held to fund Internal Restrictions (Reserves) to the value of \$12.36m. The balance of \$0.02m, representing unrestricted cash and investments, was held to assist in financing Council's current commitments. The cash position at 30 June 2011 and 30 June 2012 is summarised as follows:

	30.06.2011	30.06.2012
	\$m	\$m
Externally Restricted	15.12m	16.72m
Internally Restricted (Reserves)	10.89m	12.36m
Unrestricted	0.56m	0.02m
	<u>26.57m</u>	<u>29.10m</u>

Conclusion

In my opinion Council's short-term financial position is very sound with working capital and debt servicing commitment in excess of accepted industry benchmarks. Council has increased internal restrictions (reserves) during the year by \$1,288k, which should enable Council to finance future expenditure on those capital projects as shown in Note 6 of the Financial Report, as and when required. There has been an increase of \$98k in the level of rates and annual charges debts due to Council and stringent debt recovery procedures need to be applied to ensure that debts due to Council are reduced to a satisfactory level.

As mentioned in my Audit Reports for years 2010 and 2011, Council's short-term financial position is very sound. However, Council's long-term financial position needs to be constantly monitored. Council recorded an Operating Deficit before Capital Grants and Contributions for year 2011/2012 of \$2.27m. This compares with Deficits of \$3.06m, \$0.37m and \$3.47m for years 2011, 2010 and 2009 respectively. Since Capital Grants and Contributions are applied to the acquisition or construction of new assets, the maintenance of Council's existing assets, especially it's infrastructure assets, needs to be financed from its Operating Budget.

If Council continues to incur Operating Deficits, it may be difficult to raise funds in the future to replace existing assets whose condition is unsatisfactory and their useful lives have almost expired. As shown on Special Schedule 7 of the Financial Report, Council has estimated that the costs to improve Infrastructure Assets and Buildings to a satisfactory standard total \$44.4m (\$51.2m at 30 June 2011). This Schedule, I believe, reaffirms the need to plan and budget for the future maintenance and replacement of Council's infrastructure assets and buildings. At 30 June 2012 Council had provided, by way of reserve funds, \$1.73m for future infrastructure and asset maintenance.

The audit of Council's books and financial records for the year ended 30 June 2012 was conducted progressively throughout year 2012. Our interim audits dealt with reviews of Council's accounting systems and internal control procedures and examinations of transactions and data, on a test basis, to ensure that records were been adequately maintained in accordance with legislation and systems implemented.

I wish to record my appreciation for the co-operation and assistance rendered to my staff and I by Council staff during the conduct of the year 2012 audit.

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'PA Webster FCA', written in a cursive style.

PA Webster FCA
Warton Thompson & Co

Wollondilly Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

"Rural Living"



Wollondilly Shire Council

Special Purpose Financial Statements for the financial year ended 30 June 2012

Council has no Reportable Business Activities

Wollondilly Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2012

"Rural Living"



Wollondilly Shire Council

Special Schedules

for the financial year ended 30 June 2012

Contents

Page

Special Schedules¹

- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply - Income Statement	n/a
- Special Schedule No. 4	Water Supply - Balance Sheet	n/a
- Special Schedule No. 5	Sewerage Service - Income Statement	n/a
- Special Schedule No. 6	Sewerage Service - Balance Sheet	n/a
- Notes to Special Schedules No. 3 & 5		n/a
- Special Schedule No. 7	Condition of Public Works	5
- Special Schedule No. 8	Financial Projections	7

¹ Special Purpose Schedules are not audited.

Background

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

Wollondilly Shire Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	552	-	-	(552)
Administration	4,250	1,830	-	(2,420)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	2,071	679	439	(953)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	999	105	-	(894)
Animal Control	35	152	-	117
Other	-	-	-	-
Total Public Order & Safety	3,105	936	439	(1,730)
Health	382	201	-	(181)
Environment				
Noxious Plants and Insect/Vermin Control	-	1	-	1
Other Environmental Protection	855	564	-	(291)
Solid Waste Management	5,544	6,131	-	587
Street Cleaning	256	-	-	(256)
Drainage	-	-	-	-
Stormwater Management	94	282	-	188
Total Environment	6,749	6,978	-	229
Community Services and Education				
Administration & Education	716	188	29	(499)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	96	-	-	(96)
Children's Services	851	539	-	(312)
Total Community Services & Education	1,663	727	29	(907)
Housing and Community Amenities				
Public Cemeteries	118	66	-	(52)
Public Conveniences	-	-	-	-
Street Lighting	427	7	-	(420)
Town Planning	2,415	880	429	(1,106)
Other Community Amenities	978	220	-	(758)
Total Housing and Community Amenities	3,938	1,173	429	(2,336)
Water Supplies	-	-	-	-
Sewerage Services	-	-	-	-

Wollondilly Shire Council

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

for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	1,208	149	-	(1,059)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	2,871	87	43	(2,741)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	181	36	-	(145)
Swimming Pools	659	97	-	(562)
Parks & Gardens (Lakes)	71	14	36	(21)
Other Sport and Recreation	3,624	59	43	(3,522)
Total Recreation and Culture	8,614	442	122	(8,050)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	590	384	-	(206)
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	590	384	-	(206)
Transport and Communication				
Urban Roads (UR) - Local	10,519	1,645	2,667	(6,207)
Urban Roads - Regional	-	1,675	627	2,302
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads (SRR) - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	178	-	-	(178)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	149	-	-	(149)
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	18	-	-	(18)
Aerodromes	-	-	-	-
Other Transport & Communication	1,260	-	-	(1,260)
Total Transport and Communication	12,124	3,320	3,294	(5,510)
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	777	326	334	(117)
Total Economic Affairs	777	326	334	(117)
Totals – Functions	42,744	16,317	4,647	(21,780)
General Purpose Revenues⁽²⁾		24,152		24,152
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT⁽¹⁾	42,744	40,469	4,647	2,372

(1) As reported in the Income Statement | (2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants & Interest on Investments (excl. Ext. Restricted Assets)

Wollondilly Shire Council

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

for the financial year ended 30 June 2012

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	666	8,448	9,114	-	564	100	-	735	612	7,838	8,450
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	666	8,448	9,114	-	564	100	-	735	612	7,838	8,450
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	666	8,448	9,114	-	564	100	-	735	612	7,838	8,450

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

		Dep'n. Rate (%)	Dep'n Expense (\$)			Accum. Depreciation & Impairment	Carrying Amount (WDV)	Asset Condition ^{#.}	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
ASSET CLASS	Asset Category			Cost	Valuation						
Buildings		per Note 1	per Note 4	<<<<<<<<<<<<<<<<<<<<<<>>>>>>>>>>>>>							
	Council Offices	2.80%	132	-	6,548	5,640	908	4	6,333	535	447
	Council Works Depot	2.50%	41	-	2,022	1,832	190	3	143	130	135
	Council Halls	1 - 5%	191	-	12,931	7,826	5,105	3	1,523	598	444
	Library	4.80%	47	-	1,772	1,542	230	3	297	64	89
	Childcare Centre(s)	1 - 2.5%	7	-	382	316	66	4	606	353	329
	Amenities/Toilets	1 - 2.5%	129	-	8,065	5,504	2,561	3	103	134	138
	Sheds	1.7 - 3.4%	63	-	4,351	2,515	1,836	2	80	43	80
	Sports Facilities	1 - 2.5%	213	-	14,493	9,607	4,886	3	320	159	182
	Other	5.00%	183	-	8,502	5,300	3,202	3	121	43	129
	sub total		1,006	-	59,066	40,082	18,984		9,526	2,059	1,973
Other Structures											
	Assets not included in Buildings	1 - 5%	610	-	16,502	5,802	10,700	3	2,889	628	283
	sub total		610	-	16,502	5,802	10,700		2,889	628	283
Public Roads											
	Sealed Roads	1 - 2.5%	3,116	-	67,470	36,193	31,277	4	19,360	3,951	3,510
	Unsealed Roads	1 - 2.5%	25	-	1,442	447	995	3	636	147	178
	Sealed Roads Structure	1 - 2.5%	832	-	114,879	11,401	103,478	2	2,143	1,463	1,829
	Bridges	1 - 2.5%	501	-	42,339	19,692	22,647	3	5,351	511	158
	Footpaths	1 - 2.5%	161	-	6,959	1,532	5,427	2	215	164	241
	Kerb and Gutter	1 - 2.5%	555	-	38,735	10,483	28,252	2	261	155	101
	Road Furniture	1 - 2.5%	37	-	782	254	528	1	43	26	101
	Signs & Linemarking	1 - 2.5%	444	-	3,088	1,560	1,528	3	381	278	242
	Guardrail & Fencing	1 - 2.5%	721	-	14,419	3,350	11,069	3	259	268	26
	Road Structures LATM devices, roundabout	1 - 2.5%	21	-	1,563	291	1,272	2	19	15	10
	Car Parks	1 - 2.5%	17	-	1,628	249	1,379	2	102	36	90
	sub total		6,430	-	293,304	85,452	207,852		28,770	7,014	6,486

		Dep'n. Rate (%)	Dep'n Expense (\$)			Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition ^{#.}	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
ASSET CLASS	Asset Category			Cost	Valuation						
Drainage Works		per Note 1	per Note 4	<<<<<<<<<< per Note 9 >>>>>>>>>							
	Basins	1.00%	1	-	59	7	52	1	-	1	-
	Channels	1.00%	17	-	689	137	552	1	-	17	-
	Culverts	1.00%	4	-	550	152	398	2	-	4	-
	GPT	1.00%	32	-	1,481	275	1,206	2	102	76	21
	Head Walls	1.00%	8	-	564	232	332	2	220	8	-
	Pipes	1.00%	162	-	24,663	4,580	20,083	1	-	162	57
	Pits	1.00%	112	-	7,948	3,214	4,734	3	2,937	113	56
	Rock	1.00%	5	-	265	42	223	1	-	5	-
	Wetlands	1.00%	5	-	230	62	168	2	-	5	-
	sub total		346	-	36,449	8,701	27,748		3,259	391	134
	TOTAL - ALL ASSETS		8,392	-	405,321	140,037	265,284		44,444	10,092	8,876

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

1	Excellent - No work required (normal maintenance)
2	Good - Only minor maintenance work required
3	Average - Maintenance work required

- Special Schedules 2012

Wollondilly Shire Council

Special Schedule No. 8 - Financial Projections
as at 30 June 2012

\$'000	Actual ⁽¹⁾ 11/12	Forecast 12/13	Forecast 13/14	Forecast 14/15	Forecast 15/16
(i) OPERATING BUDGET					
Income from continuing operations	45,116	42,224	45,703	47,510	48,428
Expenses from continuing operations	42,744	44,769	45,509	46,590	47,815
Operating Result from Continuing Operations	2,372	(2,545)	194	920	613
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	2,065	3,504	1,876	3,864	877
Replacement/Refurbishment of Existing Assets	6,287	7,408	2,286	2,719	2,725
Total Capital Budget	8,352	10,912	4,162	6,583	3,602
Funded by:					
– Loans	-	2,750	-	2,000	-
– Asset sales	-	-	-	-	-
– Reserves	3,392	3,073	1,833	3,172	2,260
– Grants/Contributions	4,493	5,089	2,329	1,411	1,342
– Recurrent revenue	467	-	-	-	-
– Other	-	-	-	-	-
	8,352	10,912	4,162	6,583	3,602

Notes:

(1) From 11/12 Income Statement.

(2) New Capital Works are major non-recurrent projects.

(3) Financial Projections are in accordance with Council's Integrated Planning & Reporting framework.