



WOLLONDILLY SHIRE COUNCIL

Annual Financial Statements
For the year ended 30 June 2015

Wollondilly Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015



"Rural Living"

Wollondilly Shire Council

General Purpose Financial Statements

for the financial year ended 30 June 2015

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
- Statement of Financial Position	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])	79
- On the Conduct of the Audit (Sect 417 [3])	81

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 detailed in Paragraph 8 of the LGA and includes giving Council;

- the ability to provide goods, services & facilities, and to carry out activities appropriate to the current & future needs of the local community and of the wider public,
- the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the area.

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 19 October 2015. Council has the power to amend and reissue these financial statements.
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Wollondilly Shire Council

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

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 2015.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. The Income Statement

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

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

More information

Key financial figures from Council's financial statements over the past 5 years can be found at Note 28 of the financial statements.

Wollondilly Shire Council

General Purpose Financial Statements

for the financial year ended 30 June 2015

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 19 October 2015.



Clr S Landow
MAYOR



Clr H Gibbs
COUNCILLOR



L Johnson
GENERAL MANAGER



A Christie
RESPONSIBLE ACCOUNTING OFFICER

Wollondilly Shire Council

Income Statement

for the financial year ended 30 June 2015

Budget ¹			Actual	Actual
2015	\$ '000	Notes	2015	2014
	Income from Continuing Operations			
	Revenue:			
29,449	Rates & Annual Charges	3a	29,321	28,059
3,997	User Charges & Fees	3b	5,322	4,645
1,354	Interest & Investment Revenue	3c	1,793	1,802
886	Other Revenues	3d	1,608	1,631
6,807	Grants & Contributions provided for Operating Purposes	3e,f	7,772	6,083 ²
3,288	Grants & Contributions provided for Capital Purposes	3e,f	17,129	5,113
	Other Income:			
-	Net gains from the disposal of assets	5	73	262
45,781	Total Income from Continuing Operations		63,018	47,595
	Expenses from Continuing Operations			
18,753	Employee Benefits & On-Costs	4a	19,412	17,688
1,160	Borrowing Costs	4b	1,961	1,702
15,762	Materials & Contracts	4c	15,190	14,982
9,900	Depreciation & Amortisation	4d	10,899	11,143
-	Impairment	4d	-	-
4,671	Other Expenses	4e	8,084	4,116
50,246	Total Expenses from Continuing Operations		55,546	49,631
(4,465)	Operating Result from Continuing Operations		7,472	(2,036)
	Discontinued Operations			
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
(4,465)	Net Operating Result for the Year		7,472	(2,036)
	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(9,657)	(7,149)

¹ Original Budget as approved by Council - refer Note 16

² Financial Assistance Grants for 13/14 were lower reflecting a one off timing difference due to a change in how the grant was paid in prior years - refer Note 3 (e)

Wollondilly Shire Council

Statement of Comprehensive Income
for the financial year ended 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
Net Operating Result for the year (as per Income statement)		7,472	(2,036)
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	33,312	(65)
Total Items which will not be reclassified subsequently to the Operating Result		33,312	(65)
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Other Comprehensive Income for the year		33,312	(65)
Total Comprehensive Income for the Year		40,784	(2,101)
Total Comprehensive Income attributable to Council		40,784	(2,101)
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Wollondilly Shire Council

Statement of Financial Position
as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	3,710	3,106
Investments	6b	30,250	28,250
Receivables	7	4,135	4,536
Inventories	8	2,120	2,000
Other	8	164	210
Total Current Assets		40,379	38,102
Non-Current Assets			
Investments	6b	10,738	11,812
Infrastructure, Property, Plant & Equipment	9	385,093	348,729
Total Non-Current Assets		395,831	360,541
TOTAL ASSETS		436,210	398,643
LIABILITIES			
Current Liabilities			
Payables	10	3,387	4,638
Borrowings	10	2,024	1,724
Provisions	10	5,908	4,883
Total Current Liabilities		11,319	11,245
Non-Current Liabilities			
Borrowings	10	14,570	16,595
Provisions	10	12,333	13,599
Total Non-Current Liabilities		26,903	30,194
TOTAL LIABILITIES		38,222	41,439
Net Assets		397,988	357,204
EQUITY			
Retained Earnings	20	300,223	292,751
Revaluation Reserves	20	97,765	64,453
Total Equity		397,988	357,204

Wollondilly Shire Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2015						
Opening Balance (as per Last Year's Audited Accounts)		292,638	64,453	357,091	-	357,091
a. Correction of Prior Period Errors	20 (c)	113	-	113	-	113
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/14)		292,751	64,453	357,204	-	357,204
c. Net Operating Result for the Year		7,472	-	7,472	-	7,472
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	33,312	33,312	-	33,312
Other Comprehensive Income		-	33,312	33,312	-	33,312
Total Comprehensive Income (c&d)		7,472	33,312	40,784	-	40,784
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		300,223	97,765	397,988	-	397,988

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2014						
Opening Balance (as per Last Year's Audited Accounts)		294,674	64,518	359,192	-	359,192
a. Correction of Prior Period Errors	20 (c)	113	-	113	-	113
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/13)		294,787	64,518	359,305	-	359,305
c. Net Operating Result for the Year		(2,036)	-	(2,036)	-	(2,036)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	(65)	(65)	-	(65)
Other Comprehensive Income		-	(65)	(65)	-	(65)
Total Comprehensive Income (c&d)		(2,036)	(65)	(2,101)	-	(2,101)
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		292,751	64,453	357,204	-	357,204

Wollondilly Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
Cash Flows from Operating Activities				
Receipts:				
29,590	Rates & Annual Charges		29,513	28,060
4,173	User Charges & Fees		5,173	6,529
1,373	Investment & Interest Revenue Received		1,907	1,698
10,439	Grants & Contributions		16,976	9,967
-	Bonds, Deposits & Retention amounts received		-	21
999	Other		3,826	3,643
Payments:				
(18,347)	Employee Benefits & On-Costs		(18,730)	(17,282)
(15,844)	Materials & Contracts		(20,099)	(17,142)
(1,169)	Borrowing Costs		(1,154)	(860)
-	Bonds, Deposits & Retention amounts refunded		(40)	-
(4,671)	Other		(4,971)	(3,999)
6,543	Net Cash provided (or used in) Operating Activities	11b	12,401	10,633
Cash Flows from Investing Activities				
Receipts:				
8,240	Sale of Investment Securities		33,074	33,088
-	Sale of Real Estate Assets		-	258
-	Sale of Infrastructure, Property, Plant & Equipment		121	90
Payments:				
-	Purchase of Investment Securities		(34,000)	(40,000)
(13,226)	Purchase of Infrastructure, Property, Plant & Equipment		(9,267)	(10,714)
(4,986)	Net Cash provided (or used in) Investing Activities		(10,072)	(17,329)
Cash Flows from Financing Activities				
Receipts:				
-	Proceeds from Borrowings & Advances		-	9,000
Payments:				
(1,724)	Repayment of Borrowings & Advances		(1,725)	(1,134)
(1,724)	Net Cash Flow provided (used in) Financing Activities		(1,725)	7,866
(167)	Net Increase/(Decrease) in Cash & Cash Equivalents		604	1,170
674	plus: Cash & Cash Equivalents - beginning of year	11a	3,106	1,936
507	Cash & Cash Equivalents - end of the year	11a	3,710	3,106
Additional Information:				
	plus: Investments on hand - end of year	6b	40,988	40,062
	Total Cash, Cash Equivalents & Investments		44,698	43,168

Please refer to Note 11 for additional cash flow information

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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	26
2(b)	Council Functions / Activities - Component Descriptions	27
3	Income from Continuing Operations	28
4	Expenses from Continuing Operations	33
5	Gains or Losses from the Disposal of Assets	37
6(a)	Cash & Cash Equivalent Assets	38
6(b)	Investments	38
6(c)	Restricted Cash, Cash Equivalents & Investments - Details	39
7	Receivables	41
8	Inventories and Other Assets	42
9(a)	Infrastructure, Property, Plant & Equipment	44
9(b)	Externally Restricted Infrastructure, Property, Plant and Equipment	45 n/a
9(c)	Infrastructure, Property, Plant and Equipment - Current Year Impairments	45 n/a
10(a)	Payables, Borrowings and Provisions	45
10(b)	Description of (and movements in) Provisions	46
11	Statement of Cash Flows - Additional Information	47
12	Commitments for Expenditure	49
13	Statement of Performance Measures:	
13a (i)	Local Government Industry Indicators (Consolidated)	51
13a (ii)	Local Government Industry Graphs (Consolidated)	52
14	Investment Properties	54 n/a
15	Financial Risk Management	54
16	Material Budget Variations	58
17	Statement of Developer Contributions	60
18	Contingencies and Other Liabilities/Assets not recognised	63
19	Interests in Other Entities	64 n/a
20	Equity - Retained Earnings and Revaluation Reserves	65
21	Financial Result & Financial Position by Fund	66 n/a
22	"Held for Sale" Non Current Assets & Disposal Groups	67 n/a
23	Events occurring after the Reporting Date	67 n/a
24	Discontinued Operations	67 n/a
25	Intangible Assets	67 n/a
26	Reinstatement, Rehabilitation and Restoration Liabilities	68
27	Fair Value Measurement	70

Additional Council Disclosures

28	Financial Review	77
29	Council Information and Contact Details	78

n/a - not applicable

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

(iii) New and amended standards adopted by Council

There were no accounting standards that became mandatory this year which materially impacted on Council's financial statements.

(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 2014.

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

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

(vi) Changes in Accounting Policies

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(vii) Critical Accounting Estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

Critical judgements in applying Council's accounting policies

- (i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.
- (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 it and specific criteria have been met for each of the Council's activities as described below.

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

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

A provision for the impairment on rates receivables has 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).

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.

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

Other Income

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

(c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2015) and **(ii)** all the related operating results (for the financial year ended the 30th June 2015).

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 Committees have been excluded from consolidation:

(ii) The Trust Fund

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

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

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(iii) Joint Arrangements

Council has no interest in any Joint Arrangements.

(iv) Associates

Council has no interest in any Associates.

(v) County Councils

Council is not a member of any County Councils.

(vi) Unconsolidated Structured Entities

Council has no interest in any Unconsolidated Structured Entities.

(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

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

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

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

(f) Investments and Other Financial Assets

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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.

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.

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

(g) Fair value estimation

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

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

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

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

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

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

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

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

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

(h) Receivables

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

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

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

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

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

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

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

costs of completion and the estimated costs necessary to make the sale.

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

Acquisition of assets

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

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

- **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 assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

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

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

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

Subsequent costs

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

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:

- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**
(External Valuation)
- **Plant and Equipment**
(as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**
(Internal Valuation)
- **Drainage Assets** (Internal Valuation)

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

Other Infrastructure Assets

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

Other Infrastructure	> \$10,000
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Depreciation

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

Land is not depreciated.

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

- Unsealed Pavement Structure	10 years
- Bulk earthworks	Infinite
- Concrete Bridges	100 years
- Timber Bridges	80 years
• Structure & Girders	60 years
• Deck	30 years
- Swimming Pools	50 years
- Other Open Space/Recreational Assets	
• Playground Equipment	5-15 years
• Tennis Courts	
◦ Concrete	50 years
◦ Synthetic	10 years
• Outdoor Furniture	10 years
• Shelters	20 years
• Sporting Equip (goal posts, etc)	20-30 years
• Floodlighting	10 years
• BBQ's	20 years
Other Infrastructure	
- Traffic Facilities	
• LATM devices, traffic islands	70 years
• Steel guard rails	20 years
• Roadside fencing	20 years
- Line marking	5 years
- Signs	10 years
- Roadside furniture	10-20 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	60 years

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

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

Disposal and De-recognition

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

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

(k) Land

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

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

(l) Land under roads

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

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

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. 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.

(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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

and use in accordance with the specific purposes to which the reserves are dedicated.

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

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

(o) Rural Fire Service assets

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

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

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.

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

(s) Impairment of assets

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

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

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

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

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

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

(t) Payables

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

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

(u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

(v) Borrowing costs

Borrowing costs are expensed.

(w) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

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

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

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

(x) Employee benefits

(i) Short Term Obligations

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

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

(ii) Other Long Term Obligations

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

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

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

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

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

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

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

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

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

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on the 20th February 2013 and covers the period ended 30 June 2013. However the position is monitored annually and the Actuary has estimated that as at 30 June 2015 the prior period deficit still exists.

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Expenses at Note 4(a) for the year ending 30 June 2015 was \$383,705.

The amount of additional contributions included in the total employer contribution advised above is \$153,158.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$433,087 as at 30 June 2015.

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.

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(ab) New accounting standards and interpretations

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

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.

Apart from the AASB disclosures below, there are no other standards that are "not yet effective" which are expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

Applicable to Local Government:

AASB 9 - Financial Instruments (and associated amending standards)

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

- fair value and
- amortised cost (where financial assets will only be able to be measured at amortised cost where very specific conditions are met).

AASB 15 - Revenue from contracts with customers and associated amending standards

AASB 15 will introduce a five step process for revenue recognition with the core principle of the new Standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

The full impact of AASB 15 has not yet been ascertained or quantified.

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2017.

Not applicable to Local Government per se;

None

(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 2015

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Governance	-	-	6	641	730	764	(641)	(730)	(758)	-	-	-	2
Administration	1,673	1,077	2,223	8,692	4,681	5,742	(7,019)	(3,604)	(3,519)	10	3	50,911	49,165
Public Order & Safety	605	966	1,013	2,834	3,161	3,011	(2,229)	(2,195)	(1,998)	297	292	8,209	7,896
Health	140	233	270	5	2	1	135	231	269	-	-	10	5
Environment	7,628	8,248	7,197	7,901	8,379	8,082	(273)	(131)	(885)	454	210	1,891	1,903
Community Services & Education	671	799	752	1,398	1,811	1,681	(727)	(1,012)	(929)	349	354	357	358
Housing & Community Amenities	3,447	7,651	3,777	2,639	4,659	4,806	808	2,992	(1,029)	-	-	3,504	3,721
Recreation & Culture	459	921	1,078	6,624	8,423	8,530	(6,165)	(7,502)	(7,452)	637	189	77,068	78,095
Mining, Manufacturing & Construction	442	684	538	659	1,027	709	(217)	(343)	(171)	-	-	-	-
Transport & Communication	2,875	14,362	5,046	17,836	21,525	15,299	(14,961)	(7,163)	(10,253)	1,711	1,291	292,695	255,932
Economic Affairs	327	337	515	1,017	1,148	1,006	(690)	(811)	(491)	-	-	1,565	1,566
Total Functions & Activities	18,267	35,278	22,415	50,246	55,546	49,631	(31,979)	(20,268)	(27,216)	3,458	2,339	436,210	398,643
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	27,514	27,740	25,180	-	-	-	27,514	27,740	25,180	3,760	2,015	-	-
Operating Result from Continuing Operations	45,781	63,018	47,595	50,246	55,546	49,631	(4,465)	7,472	(2,036)	7,218	4,354	436,210	398,643

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 2015

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

Fire protection, animal control, 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,

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, RMS 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 2015

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		19,560	18,690
Farmland		906	891
Mining		1,063	1,132
Business		1,035	1,057
Total Ordinary Rates		22,564	21,770
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		6,502	6,037
Stormwater Management Services		255	252
Total Annual Charges		6,757	6,289
<u>TOTAL RATES & ANNUAL CHARGES</u>		<u>29,321</u>	<u>28,059</u>

Council has used 2014 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 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Waste Management Services (non-domestic)		120	108
Total User Charges		120	108
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Animal Registration Fees		139	155
Planning & Building Regulation		1,612	1,365
Private Works - Section 67		22	49
Rezoning Fees		-	201
Section 149 Certificates (EPA Act)		150	135
Section 603 Certificates		95	84
Septic Tank Fees		327	226
Other		139	116
Total Fees & Charges - Statutory/Regulatory		2,484	2,331
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Cemeteries		79	70
Children Services		370	378
Development Management		353	246
Leaseback Fees - Council Vehicles		216	208
Leisure Centre		80	81
Plan Checking Fees		257	190
Restoration Charges		57	34
Royalties		379	293
Waste Disposal Tipping Fees		658	493
Contract Works		134	115
Other		135	98
Total Fees & Charges - Other		2,718	2,206
TOTAL USER CHARGES & FEES		5,322	4,645

Wollondilly Shire Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		193	203
- Interest earned on Investments (interest & coupon payment income)		1,600	1,599
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>1,793</u>	<u>1,802</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		193	203
General Council Cash & Investments		1,155	1,119
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		227	229
Domestic Waste Management operations		150	178
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		68	73
<u>Total Interest & Investment Revenue Recognised</u>		<u>1,793</u>	<u>1,802</u>
(d) Other Revenues			
Rental Income - Other Council Properties		489	472
Fines		269	290
Legal Fees Recovery - Rates & Charges (Extra Charges)		120	184
Legal Fees Recovery - Other		34	103
Commissions & Agency Fees		35	32
Diesel Rebate		40	30
Insurance Claim Recoveries		5	-
Insurance Premium Rebate		161	170
Photocopying Income		-	6
Reimbursements		240	104
Sales - General		60	50
Training Income		-	21
Other		155	169
<u>TOTAL OTHER REVENUE</u>		<u>1,608</u>	<u>1,631</u>

Wollondilly Shire Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance	3,432	1,697	-	-
Pensioners' Rates Subsidies - General Component	328	318	-	-
Total General Purpose	3,760	2,015	-	-

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

Specific Purpose

Bushfire & Emergency Services	297	292	-	-
Child Care	160	188	-	-
Community Services	189	166	-	-
Environmental Management	454	210	-	-
Library	130	129	200	-
LIRS Subsidy	332	162	-	-
Recreation & Culture	-	-	307	60
Street Lighting	79	7	-	-
Transport (Roads to Recovery)	-	-	603	384
Transport (Other Roads & Bridges Funding)	-	31	697	707
Other	10	3	-	-
Total Specific Purpose	1,651	1,188	1,807	1,151
Total Grants	5,411	3,203	1,807	1,151

Grant Revenue is attributable to:

- Commonwealth Funding	3,563	1,857	1,223	384
- State Funding	1,848	1,346	584	767
	5,411	3,203	1,807	1,151

Wollondilly Shire Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 93F - Contributions using Planning Agreements	-	-	5,582	287
S 94 - Contributions towards amenities/services	-	-	1,274	1,945
S 94A - Fixed Development Consent Levies	-	-	298	111
Total Developer Contributions 17	-	-	7,154	2,343
Other Contributions:				
Bushfire Services	496	1,100	4	32
Community Services	43	5	-	-
Dedications (other than by S94)	-	-	7,526	-
Kerb & Gutter	-	-	-	57
Recreation & Culture	-	-	105	3
Roads & Bridges	-	-	25	823
RMS Contributions (Regional Roads, Block Grant)	1,822	1,774	508	704
Other	-	1	-	-
Total Other Contributions	2,361	2,880	8,168	1,619
Total Contributions	2,361	2,880	15,322	3,962
TOTAL GRANTS & CONTRIBUTIONS	7,772	6,083	17,129	5,113

\$ '000	Actual 2015	Actual 2014
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(g) Restrictions relating to Grants and Contributions**Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:**

Unexpended at the Close of the Previous Reporting Period	9,915	11,031
add: Grants & contributions recognised in the current period but not yet spent:	7,069	2,893
less: Grants & contributions recognised in a previous reporting period now spent:	(199)	(4,009)
Net Increase (Decrease) in Restricted Assets during the Period	6,870	(1,116)
Unexpended and held as Restricted Assets	16,785	9,915
Comprising:		
- Specific Purpose Unexpended Grants	1,597	874
- Developer Contributions	14,866	8,826
- Other Contributions	322	215
	16,785	9,915

Wollondilly Shire Council

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

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Employee Benefits & On-Costs			
Salaries and Wages		17,452	16,294
Employee Leave Entitlements (ELE)		590	461
Superannuation		1,675	1,546
Workers' Compensation Insurance		386	491
Fringe Benefit Tax (FBT)		157	95
Training Costs (other than Salaries & Wages)		213	197
Employment Advertising		110	126
Other		9	6
Total Employee Costs		20,592	19,216
less: Capitalised Costs		(1,180)	(1,528)
TOTAL EMPLOYEE COSTS EXPENSED		19,412	17,688
Number of "Equivalent Full Time" Employees at year end		221	219
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		1,144	931
Total Interest Bearing Liability Costs Expensed		1,144	931
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	817	771
Total Other Borrowing Costs		817	771
TOTAL BORROWING COSTS EXPENSED		1,961	1,702

Wollondilly Shire Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Materials & Contracts			
Raw Materials & Consumables		6,653	5,796
Contractor & Consultancy Costs			
- Waste Contractors		5,309	5,637
- Road Maintenance & Construction		4,611	6,466
- Planning & Development Consultants		99	123
- Street & Gutter Cleaning Contract		271	282
- Environmental Services		2,342	703
- Property Consultants		27	36
- Leisure Centre Management		188	72
- General Maintenance		2,271	2,733
- Other		1,181	901
Auditors Remuneration ⁽¹⁾		71	69
Legal Expenses:			
- Legal Expenses: Planning & Development		262	360
- Legal Expenses: Other		448	488
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽²⁾		794	781
Total Materials & Contracts		24,527	24,447
less: Capitalised Costs		(9,337)	(9,465)
TOTAL MATERIALS & CONTRACTS		15,190	14,982
1. Auditor Remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
(i) Audit and Other Assurance Services			
- Audit & review of financial statements: Council's Auditor		38	37
- Internal Audit Services External Provider		33	32
Remuneration for audit and other assurance services		71	69
Total Auditor Remuneration		71	69
2. Operating Lease Payments are attributable to:			
Computers		249	229
Motor Vehicles		521	543
Other		24	9
		794	781

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	507	919
Office Equipment		-	-	91	314
Furniture & Fittings		-	-	64	64
Land Improvements (depreciable)		-	-	40	149
Buildings - Non Specialised		-	-	626	571
Buildings - Specialised		-	-	996	986
Other Structures		-	-	623	616
Infrastructure:					
- Roads		-	-	4,671	4,362
- Bridges		-	-	518	517
- Footpaths		-	-	246	196
- Stormwater Drainage		-	-	379	351
- Other Infrastructure		-	-	1,862	1,827
Other Assets					
- Other		-	-	27	22
Asset Reinstatement Costs	9 & 26	-	-	249	249
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	10,899	11,143

Wollondilly Shire Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		149	157
Agency Charges		64	65
Bad & Doubtful Debts		18	3
Bank Charges		41	38
Computer Software Charges		209	271
Contributions/Levies to Other Levels of Government			
- Bushfire Fighting Fund		490	510
- Department of Planning Levy		48	47
- NSW Rural Fire Service Levy		44	45
- Section 88 Waste & Environment Levy		281	185
Councillor Expenses - Mayoral Fee		39	38
Councillor Expenses - Councillors' Fees		163	159
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		21	35
Donations, Contributions & Assistance to other organisations (Section 356)		145	208
Electricity & Heating		322	345
Insurance		521	644
Photocopier Charges		88	74
Postage		133	111
Revaluation Decrements (Fair Valuation of I,PP&E Assets)	9(a)	4,230	-
Street Lighting		509	514
Telephone & Communications		129	118
Valuation Fees		102	100
Vehicle Registration / Insurance		91	209
Water Charges		113	103
Other		166	154
Total Other Expenses		8,116	4,133
less: Capitalised Costs		(32)	(17)
<u>TOTAL OTHER EXPENSES</u>		<u>8,084</u>	<u>4,116</u>

Wollondilly Shire Council

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

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2015	Actual 2014
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		121	90
less: Carrying Amount of P&E Assets Sold / Written Off		(48)	(16)
Net Gain/(Loss) on Disposal		73	74
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		-	258
less: Carrying Amount of Real Estate Assets Sold / Written Off		-	(70)
Net Gain/(Loss) on Disposal		-	188
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		33,074	33,088
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(33,074)	(33,088)
Net Gain/(Loss) on Disposal		-	-
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>73</u>	<u>262</u>

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		3,710	-	3,106	-
Total Cash & Cash Equivalents		3,710	-	3,106	-
Investments (Note 6b)					
- Long Term Deposits		30,250	-	28,250	5,000
- NCD's, FRN's (with Maturities > 3 months)		-	6,000	-	2,000
- Mortgage Backed Securities		-	1,738	-	1,812
- Other Long Term Financial Assets		-	3,000	-	3,000
Total Investments		30,250	10,738	28,250	11,812
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		33,960	10,738	31,356	11,812
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"		3,710	-	3,106	-
Investments					
b. "Held to Maturity"	6(b-ii)	30,250	10,738	28,250	11,812
Investments		30,250	10,738	28,250	11,812
Reconciliation of Investments classified as "Held to Maturity"					
Balance at the Beginning of the Year		28,250	11,812	22,750	10,400
Additions		30,000	4,000	36,500	3,500
Disposals (sales & redemptions)		(33,000)	(74)	(33,000)	(88)
Transfers between Current/Non Current		5,000	(5,000)	2,000	(2,000)
Balance at End of Year		30,250	10,738	28,250	11,812
Comprising:					
- Long Term Deposits		30,250	-	28,250	5,000
- NCD's, FRN's (with Maturities > 3 months)		-	6,000	-	2,000
- Mortgage Backed Securities		-	1,738	-	1,812
- Other Long Term Financial Assets		-	3,000	-	3,000
Total		30,250	10,738	28,250	11,812

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

Wollondilly Shire Council

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

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

	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
\$ '000				
Total Cash, Cash Equivalents and Investments	33,960	10,738	31,356	11,812
attributable to:				
External Restrictions (refer below)	12,736	10,738	10,930	11,812
Internal Restrictions (refer below)	20,076	-	18,383	-
Unrestricted	1,148	-	2,044	-
	33,960	10,738	31,356	11,812

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
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Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	5,559	-	(5,108)	451
External Restrictions - Included in Liabilities	5,559	-	(5,108)	451

External Restrictions - Other

Developer Contributions - General (D)	8,826	6,081	(40)	14,866
Specific Purpose Unexpended Grants (F)	874	842	(123)	1,597
Domestic Waste Management (G)	6,823	779	(1,688)	5,914
Stormwater Management (G)	445	255	(376)	324
Other Contributions (E)	215	144	(37)	322
External Restrictions - Other	17,183	8,101	(2,264)	23,023
Total External Restrictions	22,742	8,101	(7,372)	23,474

- A** Loan moneys which must be applied for the purposes for which the loans were raised.
- D** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- F** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- G** Domestic Waste Management (DWM) & Stormwater Management Charges are externally restricted assets and must be applied for the purposes for which they were raised.
- E** 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 2015

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

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Employees Leave Entitlement	1,455	277	-	1,732
Library	92	100	-	192
Recreation	283	-	-	283
Sportsgrounds	360	261	(3)	618
Effluent Disposal	268	-	(34)	234
Animal Management	23	-	(3)	20
Legal Claims	1,209	-	(120)	1,089
Infrastructure & Asset Maintenance	6,266	3,768	(2,993)	7,041
Plant & Vehicle Replacement	1,583	352	(454)	1,481
Swimming Pool	518	100	(76)	542
Information Technology	164	-	(28)	136
Risk Management	399	164	(90)	473
Organisational Development	529	-	(2)	527
Property	2,692	389	(385)	2,696
Roads	281	7	-	288
Tourism & Economic Development	117	50	(34)	133
Election	130	75	-	205
Special Rate Variation	403	1,776	(2,013)	166
Growth Management Strategy	842	600	(86)	1,356
Sinking Fund	200	-	-	200
Work in Progress	569	331	(236)	664
Total Internal Restrictions	18,383	8,250	(6,557)	20,076
TOTAL RESTRICTIONS	41,125	16,351	(13,929)	43,550

Wollondilly Shire Council

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

Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		1,411	-	1,603	-
Interest & Extra Charges		541	-	573	-
User Charges & Fees		846	-	470	-
Accrued Revenues					
- Interest on Investments		516	-	598	-
- Other Income Accruals		521	-	95	-
Government Grants & Subsidies		195	-	1,126	-
Net GST Receivable		140	-	125	-
Total		4,170	-	4,590	-
less: Provision for Impairment					
User Charges & Fees		(35)	-	(54)	-
Total Provision for Impairment - Receivables		(35)	-	(54)	-
<u>TOTAL NET RECEIVABLES</u>		4,135	-	4,536	-
Externally Restricted Receivables					
Domestic Waste Management		560	-	607	-
Stormwater Management		26	-	29	-
Total External Restrictions		586	-	636	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		3,549	-	3,900	-
TOTAL NET RECEIVABLES		4,135	-	4,536	-

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 8.50% (2014 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 2015

Note 8. Inventories & Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		230	-	230	-
Stores & Materials		1,887	-	1,766	-
Trading Stock		3	-	4	-
Total Inventories		2,120	-	2,000	-
Other Assets					
Prepayments		164	-	210	-
Total Other Assets		164	-	210	-
TOTAL INVENTORIES / OTHER ASSETS		2,284	-	2,210	-
Externally Restricted Assets					
Water					
Nil					
Sewerage					
Nil					
Domestic Waste Management					
Nil					
Other					
Stores & Materials		1,715	-	1,648	-
Total Other		1,715	-	1,648	-
Total Externally Restricted Assets		1,715	-	1,648	-
Total Internally Restricted Assets		-	-	-	-
Total Unrestricted Assets		569	-	562	-
TOTAL INVENTORIES & OTHER ASSETS		2,284	-	2,210	-

Wollondilly Shire Council

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

Note 8. Inventories & Other Assets (continued)

\$ '000	2015		2014	
	Current	Non Current	Current	Non Current
(i) Other Disclosures				
(a) Details for Real Estate Development				
Residential	230	-	230	-
Total Real Estate for Resale	230	-	230	-
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	76	-	76	-
Development Costs	154	-	154	-
Total Costs	230	-	230	-
Total Real Estate for Resale	230	-	230	-
Movements:				
Real Estate assets at beginning of the year	230	-	249	-
- Purchases and other costs	-	-	51	-
- WDV of Sales (exp)	-	-	(70)	-
Total Real Estate for Resale	230	-	230	-

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

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

	2015	2014
Real Estate for Resale	195	195
	195	195

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

- Stores & Materials	320	337
- Trading Stock	6	6

(d) Inventory Write Downs

\$29,022 was recognised as an expense relating to the write down of Inventory balances held during the year.

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

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

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2014					Asset Movements during the Reporting Period								as at 30/6/2015				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Adjustments & Transfers	Revaluation Decrements to P&L	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment												Dep'n	Impairment	
Capital Work in Progress	1,557	-	-	-	1,557	353	-	-	(1,524)	-	-	-	-	386	-	-	-	386
Plant & Equipment	-	12,478	10,705	-	1,773	538	(48)	(507)	-	-	-	-	-	-	12,613	10,857	-	1,756
Office Equipment	-	3,778	3,614	-	164	32	-	(91)	-	-	-	-	-	-	3,810	3,705	-	105
Furniture & Fittings	-	777	441	-	336	21	-	(64)	-	(7)	-	-	-	-	791	505	-	286
Land:																		
- Operational Land	-	12,972	-	-	12,972	-	-	-	-	-	-	-	-	-	12,972	-	-	12,972
- Community Land	-	27,469	-	-	27,469	269	-	-	-	-	-	-	-	-	27,738	-	-	27,738
Land Improvements - depreciable	-	1,743	350	-	1,393	89	-	(40)	815	(91)	-	-	-	-	2,443	277	-	2,166
Buildings - Non Specialised	-	25,507	13,845	-	11,662	50	-	(626)	-	7	-	-	-	-	25,563	14,470	-	11,093
Buildings - Specialised	-	47,335	19,844	-	27,491	346	-	(996)	477	-	-	-	-	-	48,157	20,839	-	27,318
Other Structures	-	17,075	7,013	-	10,062	642	-	(623)	72	(10,153)	-	-	-	-	-	-	-	-
Infrastructure:																		
- Roads	-	193,604	56,562	-	137,042	8,264	-	(4,671)	-	-	(4,230)	(25,376)	-	-	208,537	97,508	-	111,029
- Bridges	-	43,885	20,716	-	23,169	61	-	(518)	-	-	-	-	12,943	-	62,163	26,508	-	35,655
- Footpaths	-	8,746	1,902	-	6,844	1,976	-	(246)	-	362	-	-	2,197	-	14,079	2,946	-	11,133
- Bulk Earthworks (non-depreciable)	-	15,864	-	-	15,864	-	-	-	-	-	-	-	28,467	-	44,331	-	-	44,331
- Stormwater Drainage	-	36,951	9,402	-	27,549	2,857	-	(379)	4	-	-	-	9,001	-	50,496	11,464	-	39,032
- Swimming Pools	-	-	-	-	-	-	-	-	-	1,875	-	-	-	-	3,000	1,125	-	1,875
- Other Open Space/Recreational Assets	-	-	-	-	-	-	-	-	-	7,583	-	-	-	-	13,275	5,692	-	7,583
- Other Infrastructure	-	62,330	19,818	-	42,512	2,743	-	(1,862)	156	333	-	-	6,080	-	72,790	22,828	-	49,962
Other Assets:																		
- Library Books	-	1,025	1,025	-	-	-	-	-	-	-	-	-	-	-	1,025	1,025	-	-
- Other	-	810	234	-	576	79	-	(27)	-	-	-	-	-	-	889	261	-	628
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26):																		
- Tip Assets	-	8,055	7,761	-	294	-	-	(249)	-	-	-	-	-	-	8,055	8,010	-	45
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	1,557	520,404	173,232	-	348,729	18,320	(48)	(10,899)	-	(91)	(4,230)	(25,376)	58,688	386	612,727	228,020	-	385,093

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$6,988K) and New Assets (\$10,304K).
Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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

Wollondilly Shire Council

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

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.

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services		1,013	-	3,374	-
Payments Received In Advance		258	-	192	-
Accrued Expenses:					
- Borrowings		87	-	97	-
- Salaries & Wages		132	-	6	-
- Other Expenditure Accruals		1,348	-	315	-
Security Bonds, Deposits & Retentions		328	-	368	-
Other		221	-	286	-
Total Payables		3,387	-	4,638	-
Borrowings					
Loans - Secured ¹		2,024	14,570	1,724	16,595
Total Borrowings		2,024	14,570	1,724	16,595
Provisions					
Employee Benefits;					
Annual Leave		1,845	-	1,717	-
Sick Leave		196	-	191	-
Long Service Leave		3,435	135	2,975	91
Sub Total - Aggregate Employee Benefits		5,476	135	4,883	91
Asset Remediation/Restoration (Future Works)	26	432	12,198	-	13,508
Total Provisions		5,908	12,333	4,883	13,599
Total Payables, Borrowings & Provisions		11,319	26,903	11,245	30,194

(i) Liabilities relating to Restricted Assets

There are no restricted assets (external or internal) applicable to the above liabilities.

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 2015

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

	Actual 2015	Actual 2014
\$ '000		

(ii) Current Liabilities not anticipated to be settled within the next 12 months

The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.

Provisions - Employees Benefits	3,958	3,472
	3,958	3,472

Note 10b. Description of and movements in Provisions

Class of Provision	2014	2015				Closing Balance as at 30/6/15
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	1,717	1,127	(999)	-	-	1,845
Sick Leave	191	5	-	-	-	196
Long Service Leave	3,066	351	(165)	318	-	3,570
Asset Remediation	13,508	930	(1,808)	-	-	12,630
TOTAL	18,482	2,413	(2,972)	318	-	18,241

- 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.
- 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 2015

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2015	Actual 2014
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	3,710	3,106
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		3,710	3,106
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		7,472	(2,036)
Adjust for non cash items:			
Depreciation & Amortisation		10,899	11,143
Net Losses/(Gains) on Disposal of Assets		(73)	(262)
Non Cash Capital Grants and Contributions		(8,962)	(630)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Write Offs relating to the Fair Valuation of I,PP&E		4,230	-
Unwinding of Discount Rates on Reinstatement Provisions		817	771
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		420	656
Increase/(Decrease) in Provision for Doubtful Debts		(19)	2
Decrease/(Increase) in Inventories		(120)	(637)
Decrease/(Increase) in Other Assets		46	280
Increase/(Decrease) in Payables		(2,361)	893
Increase/(Decrease) in accrued Interest Payable		(10)	71
Increase/(Decrease) in other accrued Expenses Payable		1,159	101
Increase/(Decrease) in Other Liabilities		(39)	(195)
Increase/(Decrease) in Employee Leave Entitlements		637	476
Increase/(Decrease) in Other Provisions		(1,695)	-
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		12,401	10,633

Wollondilly Shire Council

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

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

\$ '000	Notes	Actual 2015	Actual 2014
(c) Non-Cash Investing & Financing Activities			
Bushfire Grants		67	630
Infrastructure Dedications "in kind"		7,526	-
S93F Contributions "in kind"		1,300	-
Revaluation of Propagated Nursery Stock		69	-
Total Non-Cash Investing & Financing Activities		8,962	630
(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		71	86
Total Financing Arrangements Utilised		371	386

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 2015

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2015	Actual 2014
(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 ⁽¹⁾		275	-
Plant & Equipment ⁽²⁾		342	-
Corporate Information System ⁽³⁾		39	20
Recreation ⁽⁴⁾		38	22
Major Road & Bridge Works ⁽⁵⁾		161	-
Tip Remediation ⁽⁶⁾		261	-
Other ⁽⁷⁾		8	3
Total Commitments		1,124	45
These expenditures are payable as follows:			
Within the next year		1,124	45
Total Payable		1,124	45
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		161	-
Unexpended Grants & Contributions		-	25
Internally Restricted Reserves		963	20
Total Sources of Funding		1,124	45

Details of Capital Commitments

- Buildings \$275k - Antill Park Fire Safety (\$7k); Colden Street renovations (\$254k); Bargo RFS Building (\$13.9k)
- Plant & Equipment \$342k- Jetpatch paveliner purchase
- Corporate Information System \$39K - Internet website implementation.
- Recreation \$38K - Picton Sportsground (\$9k), Bargo Playing Fields Construction (\$18k), Tahmoor Netball Courts Extension (\$8k), Tahmoor sportsground Floodlighting (\$3k)
- Major Road & Bridge Works \$161k - Camden Road (\$114k); Silverdale Rd to Eltons Rd (\$7k); Thirlmere Way Stage 1 (\$9k); West Parade (\$31k)
- Tip Remediation \$261k - Warragamba Tip
- Other \$8k - Storage Cages on order for Depot (\$7k); Warragamba Memorial Wall (\$1k)

Wollondilly Shire Council

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

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(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		713	467
Later than one year and not later than 5 years		784	424
Later than 5 years		90	-
Total Non Cancellable Operating Lease Commitments		1,587	891

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 Finance 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.

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.

(d) Investment Property Commitments

Nil

Wollondilly Shire Council

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

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 20142013	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
(excl. Capital Grants & Contributions) - Operating Expenses	(5,500)	-12.00%	-17.55%	-12.55%
Total continuing operating revenue ⁽¹⁾	45,816			
(excl. Capital Grants & Contributions)				
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
(excl. ALL Grants & Contributions)	38,044	60.44%	76.35%	73.40%
Total continuing operating revenue ⁽¹⁾	62,945			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	25,147	3.42x	3.18	2.76
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	7,361			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation	7,360	2.00x	1.92	2.90
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	3,686			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	1,952	6.14%	7.10%	7.64%
Rates, Annual and Extra Charges Collectible	31,810			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents + All Term Deposits	33,960	8.72 mths	10.79	9.08
Payments from cash flow of operating and financing activities	3,893			

NOTES

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

⁽³⁾ Refer to Note 10(a).

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

Wollondilly Shire Council

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

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

<div><div>1. Operating Performance Ratio</div><div><table><thead><tr><th>Year</th><th>Ratio %</th></tr></thead><tbody><tr><td>2012</td><td>-6.51%</td></tr><tr><td>2013</td><td>-12.55%</td></tr><tr><td>2014</td><td>-17.55%</td></tr><tr><td>2015</td><td>-12.00%</td></tr></tbody></table></div><div><div>Benchmark: Minimum $\geq 0.00\%$</div><div>Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</div></div></div>	Year	Ratio %	2012	-6.51%	2013	-12.55%	2014	-17.55%	2015	-12.00%	<div><div>Purpose of Operating Performance Ratio</div><div>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</div></div>	<div><div>Commentary on 2014/15 Result</div><div><div>2014/15 Ratio</div><div>-12.00%</div></div><div>The negative results for this ratio each year are of concern as it shows that Council has not been generating sufficient revenue to fund the increasing cost of providing its wide range of services to the community. The need for additional funding sources to address this issue was addressed with the recent approval of a 4 year special rate variation, commencing in 2015/16.</div></div>
Year	Ratio %											
2012	-6.51%											
2013	-12.55%											
2014	-17.55%											
2015	-12.00%											
	<div><div> Ratio is within Benchmark</div><div> Ratio is outside Benchmark</div></div>											

<div><div>2. Own Source Operating Revenue Ratio</div><div><table><thead><tr><th>Year</th><th>Ratio %</th></tr></thead><tbody><tr><td>2012</td><td>70.76%</td></tr><tr><td>2013</td><td>73.40%</td></tr><tr><td>2014</td><td>76.35%</td></tr><tr><td>2015</td><td>60.44%</td></tr></tbody></table></div><div><div>Benchmark: Minimum $\geq 60.00\%$</div><div>Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</div></div></div>	Year	Ratio %	2012	70.76%	2013	73.40%	2014	76.35%	2015	60.44%	<div><div>Purpose of Own Source Operating Revenue Ratio</div><div>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions.</div></div>	<div><div>Commentary on 2014/15 Result</div><div><div>2014/15 Ratio</div><div>60.44%</div></div><div>Council has historically exceeded the minimum benchmark for this ratio, indicating an acceptably low degree of reliance on external funding. The result fell to close to the benchmark minimum in 2014/15 due to the recognition of \$8.8 million of (non-cash) contributed assets being handed over into Council's control.</div></div>
Year	Ratio %											
2012	70.76%											
2013	73.40%											
2014	76.35%											
2015	60.44%											
	<div><div> Ratio is within Benchmark</div><div> Ratio is outside Benchmark</div></div>											

<div><div>3. Unrestricted Current Ratio</div><div><table><thead><tr><th>Year</th><th>Ratio (x)</th></tr></thead><tbody><tr><td>2012</td><td>3.42</td></tr><tr><td>2013</td><td>2.76</td></tr><tr><td>2014</td><td>3.18</td></tr><tr><td>2015</td><td>3.42</td></tr></tbody></table></div><div><div>Benchmark: Minimum ≥ 1.50</div><div>Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</div></div></div>	Year	Ratio (x)	2012	3.42	2013	2.76	2014	3.18	2015	3.42	<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 2014/15 Result</div><div><div>2014/15 Ratio</div><div>3.42x</div></div><div>Council's unrestricted current ratio has continued to remain well above the target ratio of 2:1. This indicates that Council has the ability to easily meet all of its short term obligations.</div></div>
Year	Ratio (x)											
2012	3.42											
2013	2.76											
2014	3.18											
2015	3.42											
	<div><div> Ratio is within Benchmark</div><div> Ratio is outside Benchmark</div></div>											

Wollondilly Shire Council

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

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

<div><div>4. Debt Service Cover Ratio</div><div><table><tr><th>Year</th><th>Ratio (x)</th></tr><tr><td>2012</td><td>4.18</td></tr><tr><td>2013</td><td>2.90</td></tr><tr><td>2014</td><td>1.92</td></tr><tr><td>2015</td><td>2.00</td></tr></table><div>Benchmark: <div></div> Minimum ≥ 2.00 Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</div></div></div> <div><div>Purpose of Debt Service Cover Ratio</div><div>This ratio measures the availability of operating cash to service debt including interest, principal and lease payments</div></div>	Year	Ratio (x)	2012	4.18	2013	2.90	2014	1.92	2015	2.00
Year	Ratio (x)									
2012	4.18									
2013	2.90									
2014	1.92									
2015	2.00									
<div><div>Commentary on 2014/15 Result</div><div>2014/15 Ratio 2.00x</div><div>This ratio has improved marginally on last year's result, showing Council to have sufficient operating cash in order to meet its debt servicing obligations.</div></div>										

<div><div>5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</div><div><table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2012</td><td>9.11%</td></tr><tr><td>2013</td><td>7.64%</td></tr><tr><td>2014</td><td>7.10%</td></tr><tr><td>2015</td><td>6.14%</td></tr></table><div>Benchmark: <div></div> Maximum $< 10.00\%$ Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</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>	Year	Ratio %	2012	9.11%	2013	7.64%	2014	7.10%	2015	6.14%
Year	Ratio %									
2012	9.11%									
2013	7.64%									
2014	7.10%									
2015	6.14%									
<div><div>Commentary on 2014/15 Result</div><div>2014/15 Ratio 6.14%</div><div>This ratio has been steadily improving over the last 4 years and is now well below the industry benchmark of 10%. The continued improvement in the ratio is primarily due to the engagement of a third party debt recovery agency. Council's target result for this ratio is to be below 5%.</div></div>										

<div><div>6. Cash Expense Cover Ratio</div><div><table><tr><th>Year</th><th>Ratio (mths)</th></tr><tr><td>2012</td><td>7.56</td></tr><tr><td>2013</td><td>9.08</td></tr><tr><td>2014</td><td>10.79</td></tr><tr><td>2015</td><td>8.72</td></tr></table><div>Benchmark: <div></div> Minimum ≥ 3.00 Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</div></div></div> <div><div>Purpose of Cash Expense Cover Ratio</div><div>This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.</div></div>	Year	Ratio (mths)	2012	7.56	2013	9.08	2014	10.79	2015	8.72
Year	Ratio (mths)									
2012	7.56									
2013	9.08									
2014	10.79									
2015	8.72									
<div><div>Commentary on 2014/15 Result</div><div>2014/15 Ratio 8.72 mths</div><div>Council's short term financial position is very sound, as evidenced by this ratio being almost 3 times above the minimum benchmark. This indicates that Council has the ability to easily meet all of its short term obligations.</div></div>										

Wollondilly Shire Council

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

Note 14. Investment Properties

\$ '000

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

Note 15. Financial Risk Management

Risk Management

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

The Council's overall risk management program focuses on the 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	
	2015	2014	2015	2014
Financial Assets				
Cash and Cash Equivalents	3,710	3,106	4,007	3,106
Investments				
- "Held to Maturity"	40,988	40,062	41,081	40,163
Receivables	4,135	4,536	4,095	4,536
Total Financial Assets	48,833	47,704	49,183	47,805
Financial Liabilities				
Payables	3,129	4,446	3,441	4,446
Loans / Advances	16,594	18,319	16,594	18,319
Total Financial Liabilities	19,723	22,765	20,035	22,765

Fair Value is determined as follows:

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

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

Wollondilly Shire Council

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

Note 15. Financial Risk Management (continued)

\$ '000

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

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

Council's Finance area manages the Cash & Investments portfolio with the assistance of independent advisors.

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

The risks associated with the investments held are:

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

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

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
2015				
Possible impact of a 10% movement in Market Values	182	182	(182)	(182)
Possible impact of a 1% movement in Interest Rates	446	446	(446)	(446)
2014				
Possible impact of a 10% movement in Market Values	176	176	(176)	(176)
Possible impact of a 1% movement in Interest Rates	430	430	(430)	(430)

Wollondilly Shire Council

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

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	100%	84%	100%	74%
Overdue	0%	16%	0%	26%
	100%	100%	100%	100%

		Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(ii) Ageing of Receivables - value					
Rates & Annual Charges	Other Receivables				
Current	Current	1,411	2,307	1,603	2,224
< 1 year overdue	0 - 30 days overdue	-	309	-	203
1 - 2 years overdue	30 - 60 days overdue	-	4	-	49
2 - 5 years overdue	60 - 90 days overdue	-	27	-	3
> 5 years overdue	> 90 days overdue	-	112	-	508
		1,411	2,759	1,603	2,987

(iii) Movement in Provision for Impairment of Receivables

	2015	2014
Balance at the beginning of the year	54	52
+ new provisions recognised during the year	18	4
- amounts already provided for & written off this year	(37)	(2)
Balance at the end of the year	35	54

Wollondilly Shire Council

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

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2015									
Trade/Other Payables	328	-	-	-	-	-	-	328	3,129
Loans & Advances	-	3,069	2,738	2,378	2,389	2,345	9,506	22,425	16,594
Total Financial Liabilities	328	3,069	2,738	2,378	2,389	2,345	9,506	22,753	19,723
2014									
Trade/Other Payables	368	4,149	-	-	-	-	-	4,517	4,446
Loans & Advances	-	2,879	3,069	2,738	2,378	2,389	11,851	25,304	18,319
Total Financial Liabilities	368	7,028	3,069	2,738	2,378	2,389	11,851	29,821	22,765

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

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

	2015		2014	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	3,129	0.0%	4,446	0.0%
Loans & Advances - Fixed Interest Rate	16,594	6.6%	18,319	6.5%
	<u>19,723</u>		<u>22,765</u>	

Wollondilly Shire Council

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

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 16 June 2014.

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

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

Note that for Variations* of Budget to Actual :

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

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

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----	
REVENUES				
Rates & Annual Charges	29,449	29,321	(128)	(0%) U
User Charges & Fees	3,997	5,322	1,325	33% F
Development related income exceeded expectations due to the accelerated level of development in the shire. There was also a substantial increase in income from tipping fees due to increased dumping at Bargo Waste Management Centre.				
Interest & Investment Revenue	1,354	1,793	439	32% F
Income from investments exceeded budget levels due to a higher than expected balance of invested funds. There was a delay in the commencement and/or completion of some major projects.				
Other Revenues	886	1,608	722	81% F
Other revenue exceeded budgeted levels due mainly to the reimbursement of legal fees and other costs including EPA reimbursement of costs relating to the removal of contaminated dumped material. Council also received an insurance premium rebate as a result of its good claims history to date.				
Operating Grants & Contributions	6,807	7,772	965	14% F
Additional grant funding was received for waste education, building resistance to climate change, RFS hazard reduction contributions. Council also received additional grant funding for various environmental & road projects				
Capital Grants & Contributions	3,288	17,129	13,841	421% F
A higher than budget amount of Developer Contributions were received due to the accelerated level of development within the shire. \$8.825m of non-cash infrastructure dedications were also recognised in the 2014/15 year. Additional government funding was received for floodlighting at Picton Sportsground, the library renovation project and additional funding for various road programs.				
Net Gains from Disposal of Assets	-	73	73	0% F
Council does not budget for any gains or losses from asset sales, however during the year Council traded in several vehicle and plant items. The net result from these sales was a \$73K profit. Further details are available in Note 5.				

Wollondilly Shire Council

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

Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----	
EXPENSES				
Employee Benefits & On-Costs	18,753	19,412	(659)	(4%) U
Borrowing Costs	1,160	1,961	(801)	(69%) U
Borrowing costs exceeded budget due to the non cash entry required to recognise the \$817K unwinding of a present value discount in relation to the future remediation of Council's Tip asset.				
Materials & Contracts	15,762	15,190	572	4% F
Depreciation & Amortisation	9,900	10,899	(999)	(10%) U
The 2014/15 budget was developed prior to the end of the 2013/14 financial year and at that time, the depreciation estimate based on existing asset valuations was \$11.143 million. Some plant & equipment and office equipment items were fully depreciated in 2013/14 resulting in a decrease in Council's annual depreciation charge for 2014/15.				
Other Expenses	4,671	8,084	(3,413)	(73%) U
Council's road assets were revalued as at 30 June 2015 and the resulting \$4.23 million revaluation decrement was not included in the original budget. These costs were partially offset by lower than expected utility costs, including streetlighting charges and insurance premiums.				

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

Cash Flows from Operating Activities	6,543	12,401	5,858	89.5%	F
The increase in cash flows from operating activities was due mainly to additional grant and developer contribution funding received during the year. There was also an increase in development related income and reimbursements received. Outgoings for utility costs and insurance premiums were lower than expected.					
Cash Flows from Investing Activities	(4,986)	(10,072)	(5,086)	102.0%	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 increase in major projects completed during the year and the additional Developer contributions received, Council managed to increase its investment portfolio.					
Cash Flows from Financing Activities	(1,724)	(1,725)	(1)	0.1%	U

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & 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	
Traffic Facilities	2,516	476	-	64	(40)	-	3,015	26,610	(31,054)	(1,429)	-
Open Space	1,547	328	-	40	-	-	1,915	84,980	(96,676)	(9,781)	-
Community Facilities	2,156	465	-	56	-	-	2,677	13,813	(32,665)	(16,175)	-
Bushfire Protection	8	5	-	-	-	-	13	55	(68)	-	-
Other	1	-	-	-	-	-	1	103	(104)	-	-
S94 Contributions - under a Plan	6,228	1,274	-	160	(40)	-	7,621	125,561	(160,567)	(27,385)	-
S94A Levies - under a Plan	1,215	298	-	32	-	-	1,545				-
Total S94 Revenue Under Plans	7,443	1,572	-	192	(40)	-	9,166				-
S93F Planning Agreements	1,383	4,282	1,300	35	-	-	5,700				-
Total Contributions	8,826	5,854	1,300	227	(40)	-	14,866	125,561	(160,567)	(27,385)	-

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - 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	1,177	423	-	30	-	-	1,630	23,783	(26,842)	(1,429)	-
Open Space	999	317	-	26	-	-	1,342	83,855	(94,850)	(9,653)	-
Community Facilities	1,012	456	-	26	-	-	1,494	13,120	(30,357)	(15,743)	-
Bushfire Protection	8	5	-	-	-	-	13	55	(68)	-	-
Total	3,196	1,201	-	82	-	-	4,479	120,813	(152,117)	(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	1,339	53	-	34	(40)	-	1,385	2,827	(4,212)	0	-
Open Space	548	11	-	14	-	-	573	1,125	(1,826)	(128)	-
Community Facilities	1,144	9	-	30	-	-	1,183	693	(2,308)	(432)	-
Other	1	-	-	-	-	-	1	103	(104)	-	-
Total	3,032	73	-	78	(40)	-	3,142	4,748	(8,450)	(560)	-

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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	1,215	298	-	32	-	-	1,545	-	-		-
Total	1,215	298	-	32	-	-	1,545				-

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	
Drainage	-	-	512	-	-	-	-	-	-		-
Traffic Facilities	660	2,060	473	17	-	-	2,737	2,328	(5,140)		-
Open Space	82	1,571	315	2	-	-	1,655	10,835	(12,487)		-
Community Facilities	593	579	-	15	-	-	1,187	2,899	(4,086)		-
Animal Management	4	17	-	-	-	-	21	33	(54)		-
Bushfire Protection	40	54	-	1	-	-	95	105	(200)		-
Tree Planting	4	1	-	-	-	-	5	8	(13)		-
Total	1,383	4,282	1,300	35	-	-	5,700				-

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other Guarantees

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

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

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

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

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

ASSETS NOT RECOGNISED:

(i) Land Under Roads

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

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.

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

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

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

Note 19. Interests in Other Entities

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

Wollondilly Shire Council

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

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2015	Actual 2014
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		292,638	294,674
a. Correction of Prior Period Errors	20 (c)	113	113
b. Net Operating Result for the Year		7,472	(2,036)
Balance at End of the Reporting Period		300,223	292,751

(b) Reserves

(i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	97,765	64,453
Total	97,765	64,453

(ii) Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		64,453	64,518
- Revaluations for the year	9(a)	33,312	(65)
- Balance at End of Year		97,765	64,453
TOTAL VALUE OF RESERVES		97,765	64,453

(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.

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

\$ '000	Notes	Actual 2015	Actual 2014
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(c) Correction of Error/s relating to a Previous Reporting Period

Correction of errors disclosed in this year's financial statements:

During the year, Council identified an error in the prior year accounts whereby costs associated with the rehabilitation of Warragamba Tip had incorrectly been capitalised as land improvements, rather than being applied against the provision for tip rehabilitation. The error has now been rectified, however the effect on the 2013/14 financial statements was that Council's "Infrastructure Property Plant & Equipment" in Note 9 and "Provision for Asset Remediation" in Note 10 were both overstated. The adjustments made to the 2013/14 accounts are as follows:

Provision for Asset Remediation (debit)	204	-
Land Improvement Assets - At Fair Value (credit)	(204)	-
Land Improvement Assets - Accumulated Depreciation (debit)	113	-
Equity (credit)	(113)	-

In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.

These amounted to the following Equity Adjustments:

- Adjustments to Opening Equity - 1/7/13 (relating to adjustments for the 30/6/13 reporting year end and prior periods)	-	-
- Adjustments to Closing Equity - 30/6/14 (relating to adjustments for the 30/6/14 year end)	113	-
Total Prior Period Adjustments - Prior Period Errors	113	-

(d) Voluntary Changes in Accounting Policies

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

Note 21. Financial Result & Financial Position by Fund

Council utilises only a General Fund for its operations.

Wollondilly Shire Council

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

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

\$ '000

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

Note 23. Events occurring after the Reporting Date

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

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

Accordingly, the "authorised for issue" date is 19/10/15.

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

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

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

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

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

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

Note 24. Discontinued Operations

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 2015

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	
		2015	2014
Tip Site - Bargo	2022	4,241	4,000
Tip Site - Warragamba (closed)	2015	432	2,001
Tip Site - Picton (closed)	Undetermined	5,403	5,097
Tip Site - Appin (closed)	Undetermined	2,132	2,011
Effluent Ponds - Bargo (closed)	Undetermined	422	399
Balance at End of the Reporting Period	10(a)	12,630	13,508

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	13,508	12,850
Amortisation of discount (expensed to borrowing costs)	817	771
Expenditure incurred attributable to Provisions	(1,695)	(113)
Total - Reinstatement, rehabilitation and restoration provision	12,630	13,508

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 2015

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities (continued)

\$ '000

Provisions for close down and restoration and for environmental clean up costs – Tips and Quarries

Restoration

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and 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. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals

Close down and restoration costs are a normal consequence of 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.

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

Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting 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 reporting 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 unwinding 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.

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

\$ '000

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

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

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

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

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

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

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

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

		Fair Value Measurement Hierarchy			
2015		Level 1	Level 2	Level 3	Total
	Date of latest Valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Assets					
Investments					
- "Held to Maturity"	30/06/15	-	-	40,988	40,988
Total Financial Assets		-	-	40,988	40,988
Infrastructure, Property, Plant & Equipment					
Work in Progress	30/06/15	-	386	-	386
Plant & Equipment	30/06/15	-	-	1,756	1,756
Office Equipment	30/06/15	-	-	105	105
Furniture & Fittings	30/06/15	-	-	286	286
Operational Land	30/06/15	-	-	12,972	12,972
Community Land	30/06/15	-	-	27,738	27,738
Land Improvements - depreciable	30/06/15	-	-	2,166	2,166
Buildings	30/06/15	-	-	38,411	38,411
Swimming Pools & Other Recreational Assets	30/06/15	-	-	9,458	9,458
Road Infrastructure	30/06/15	-	-	252,110	252,110
Stormwater Drainage	30/06/15	-	-	39,032	39,032
Other Assets	30/06/15	-	-	628	628
Tip Assets	30/06/15	-	-	45	45
Total Infrastructure, Property, Plant & Equipment		-	386	384,707	385,093

Wollondilly Shire Council

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

Note 27. Fair Value Measurement (continued)

\$ '000

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

		Fair Value Measurement Hierarchy			
2014		Level 1	Level 2	Level 3	Total
	Date of latest Valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Assets					
Investments					
- "Held to Maturity"	30/06/14	-	40,062	-	40,062
Total Financial Assets		-	40,062	-	40,062
Infrastructure, Property, Plant & Equipment					
Work in Progress	30/06/14	-	1,557	-	1,557
Plant & Equipment	30/06/14	-	-	1,773	1,773
Office Equipment	30/06/14	-	-	164	164
Furniture & Fittings	30/06/14	-	-	336	336
Operational Land	30/06/14	-	-	12,972	12,972
Community Land	30/06/14	-	-	27,469	27,469
Land Improvements - depreciable	30/06/14	-	-	1,393	1,393
Buildings	30/06/14	-	-	39,153	39,153
Other Structures	30/06/14	-	-	10,062	10,062
Road Infrastructure	30/06/14	-	-	225,431	225,431
Stormwater Drainage	30/06/14	-	-	27,549	27,549
Other Assets	30/06/14	-	-	576	576
Tip Assets	30/06/14	-	-	294	294
Total Infrastructure, Property, Plant & Equipment		-	1,557	347,172	348,729

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

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

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

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

Work in Progress

Work in Progress is valued at cost but disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the small period of time that has elapsed between the incurring of the expenditure and the reported valuation in the financial statements.

There has been no change to the valuation techniques during the reporting period.

Plant & Equipment, Office Equipment and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

The key unobservable inputs to the valuation are the remaining useful life and residual value. Council reviews the value of these assets against quoted prices for the gross replacement cost of similar assets and by taking account of the pattern of consumption, the remaining useful life and residual value are able to be estimated. There has been no change to the valuation process during the reporting period.

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The valuation of Council's operational land was undertaken at 30 June 2013 by Scott Fullarton Valuations Pty Ltd, FAPI, Certified Practising Valuer, Registration No. VAL2144. Operational land has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in settling the price. Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset; and cash flows from the future use and disposal. There has been no change to the valuation process during the reporting period.

Community Land

Valuations of all Council's Community Land and Council managed land were based on either the land values provided by the Valuer-General or an average unit rate based on the land values for similar properties where the Valuer-General did not provide a land value having regard to the highest and best use for this land. As these rates were not considered to be observable market evidence they have been classified as Level 3. There has been no change to the valuation process during the reporting period.

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

Land Improvements - depreciable

This asset class comprises land improvements such as gardens, mulched areas, streetscaping and landscaping. These assets may be located on parks, reserves and also within road reserves.

Council carries fair value of land improvements using Level 3 valuation inputs. Such valuations are undertaken by Council Staff or by an external valuer depending upon the asset.

The unobservable Level 3 inputs used include as estimated pattern of consumption, residual value, asset condition and useful life. There has been no change to the valuation techniques during the reporting period. There has been no change to the valuation process during the reporting period.

Buildings – Non Specialised and Specialised

Council's buildings were valued utilising the cost approach by Scott Fullarton Valuations Pty Ltd in June 2013. The approach estimated the replacement cost of each building and componentising of significant parts with different useful lives and taking into account a range of factors. The unit rates could be supported by market evidence (Level 2 inputs), other inputs (such as estimates of residual value, useful life and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets have been valued using Level 3 inputs. There has been no change to the valuation techniques during the reporting period.

Swimming Pools & Other Open Space/Recreational Assets

Council's Swimming Pools & Other Open Space/Recreational Assets were valued using the cost approach. Council carries fair value of Other Structure assets using Level 3 inputs. Such valuations are undertaken by Council Staff or by an external valuer depending upon the structure.

The unobservable Level 3 inputs used include as estimated pattern of consumption, residual value, asset condition and useful life. There has been no change to the valuation techniques during the reporting period.

Road Infrastructure

This asset class includes roads, bridges, car parks, kerb and gutter, traffic facilities, footpaths and bulk earthworks undertaken in the course of construction. The 'Cost Approach' using Level 3 inputs was used to value the road carriageway and other road infrastructure. Valuations for the road carriageway, comprising surface, pavement and formation were based primarily on standard industry unit rates. Other inputs (such as estimated pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there some uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Stormwater Drainage

Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices. The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The Level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Other Assets

Council's Other Assets were valued using the cost approach. Council carries fair value of Other Assets using Level 3 inputs. Such valuations are undertaken by Council Staff or by an external valuer depending upon the asset. The unobservable Level 3 inputs used include estimated patterns of consumption, residual value, asset condition and useful life. There has been no change to the valuation techniques during the reporting period.

Tip Assets

Council is obligated to restore/rehabilitate closed former landfill sites at Warragamba, Picton and Appin and the closed Bargo Effluent Ponds. Council will also eventually be required to remediate the existing active landfill site at Bargo. It has been recognised that there will be significant costs associated with the closure and remediation or post closure management of these sites. Remediation of the sites to meet the requirements of the stringent standards and guidelines will involve a wide range of activities including preparation of a Landfill Closure and Management Plans, as well as environmental assessments with appropriate remediation works. In some instances this remediation may involve extensive re-profiling or shaping works, final capping of the landfill waste and site re-vegetation, installation of a final landfill gas management system, revision of the surface water management system and leachate management infrastructure to suit post-closure operation, decommissioning and removing infrastructure and equipment that will not be required post-closure, and fencing sensitive infrastructure.

The key unobservable inputs are the discount rate, cost escalation rate, actual timing of costs and future environmental management requirements. There has been no change to the valuation process during the reporting period.

Wollondilly Shire Council

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

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

	Plant & Equipment	Office Equipment	Furniture & Fittings	Operational Land	Total
Opening Balance - 1/7/13	2,360	462	295	13,037	16,154
Transfers from/(to) another asset class	(6)	-	-	-	(6)
Purchases (GBV)	354	16	105	-	475
Disposals (WDV)	(16)	-	-	-	(16)
Depreciation & Impairment	(919)	(314)	(64)	-	(1,297)
FV Decrements to Equity	-	-	-	(65)	(65)
Closing Balance - 30/6/14	1,773	164	336	12,972	15,245

Transfers from/(to) another asset class	-	-	(7)	-	(7)
Purchases (GBV)	538	32	21	-	591
Disposals (WDV)	(48)	-	-	-	(48)
Depreciation & Impairment	(507)	(91)	(64)	-	(662)
Closing Balance - 30/6/15	1,756	105	286	12,972	15,119

	Community Land	Land Improv's	Buildings	Open Space & Recreational Assets	Total
Opening Balance - 1/7/13	27,395	1,398	39,792	10,375	78,960
Transfers from/(to) another asset class	1	-	5	-	6
Purchases (GBV)	76	144	913	303	1,436
Depreciation & Impairment	-	(149)	(1,557)	(616)	(2,322)
Other adjustments	(3)	-	-	-	(3)
Closing Balance - 30/6/14	27,469	1,393	39,153	10,062	78,077
Transfers from/(to) another asset class	-	815	484	(623)	676
Purchases (GBV)	269	89	396	642	1,396
Depreciation & Impairment	-	(40)	(1,622)	(623)	(2,285)
Prior period adjustment	-	(91)	-	-	(91)
Closing Balance - 30/6/15	27,738	2,166	38,411	9,458	77,773

Wollondilly Shire Council

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

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

	Road Infrastruct.	Stormwater Drainage	Other Assets	Tip Assets	Total
Opening Balance - 1/7/13	223,229	27,898	529	543	252,199
Purchases (GBV)	9,104	2	69	-	9,175
Depreciation & Impairment	(6,902)	(351)	(22)	(249)	(7,524)
Closing Balance - 30/6/14	225,431	27,549	576	294	253,850
Transfers from/(to) another asset class	851	4	-	-	855
Purchases (GBV)	13,044	2,857	79	-	15,980
Depreciation & Impairment	(7,297)	(379)	(27)	(249)	(7,952)
FV Gains - Other Comprehensive Income	24,311	9,001	-	-	33,312
FV Decrements - Income Statement	(4,230)	-	-	-	(4,230)
Closing Balance - 30/6/15	252,110	39,032	628	45	291,815

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

There were no transfers applicable to the assets above.

(5). Highest and best use

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

Wollondilly Shire Council

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

Note 28. Financial Review

\$ '000

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

Financial Performance Figures	2015	2014	2013	2012	2011
Inflows:					
Rates & Annual Charges Revenue	29,321	28,059	26,356	24,599	23,391
User Charges Revenue	5,322	4,645	3,533	4,011	3,981
Interest & Investment Revenue (Losses)	1,793	1,802	1,781	1,835	1,577
Grants Income - Operating & Capital	7,218	4,354	5,910	8,221	6,591
Total Income from Continuing Operations	63,018	47,595	45,920	45,116	43,081
Sale Proceeds from I,PP&E	121	348	1,567	972	966
New Loan Borrowings & Advances	-	9,000	2,750	-	-
Outflows:					
Employee Benefits & On-cost Expenses	19,412	17,688	16,193	16,096	14,025
Borrowing Costs	1,961	1,702	1,458	1,421	1,487
Materials & Contracts Expenses	15,190	14,982	13,113	11,790	11,733
Total Expenses from Continuing Operations	55,546	49,631	44,897	42,744	40,340
Total Cash purchases of I,PP&E	9,267	10,714	10,256	8,070	8,942
Total Loan Repayments (incl. Finance Leases)	1,725	1,134	747	664	453
Operating Surplus/(Deficit) (excl. Capital Income)	(9,657)	(7,149)	(3,942)	(2,275)	(3,060)
Financial Position Figures	2015	2014	2013	2012	2011
Current Assets	40,379	38,102	31,752	29,464	26,471
Current Liabilities	11,319	11,245	9,145	9,114	8,167
Net Current Assets	29,060	26,857	22,607	20,350	18,304
Cash & Investments - Unrestricted	1,148	2,044	1,476	32	659
Cash & Investments - Internal Restrictions	20,076	18,383	13,975	12,355	11,067
Cash & Investments - Total	44,698	43,168	35,086	29,109	26,367
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	16,594	18,319	10,453	8,450	9,114
Total Value of I,PP&E (excl. Land & Earthworks)	528,072	465,656	454,740	433,035	425,133
Total Accumulated Depreciation	228,020	173,232	162,427	161,617	152,025
Indicative Remaining Useful Life (as a % of GBV)	57%	63%	64%	63%	64%

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 2015

Note 29. 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**

L Johnson

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 - 19/10/15)****MAYOR**

Clr S Landow

COUNCILLORS

Clr H Gibbs (Deputy Mayor)

Clr L Amato

Clr B Banasik

Clr M Banasik

Clr J Hannan

Clr R Law

Clr C Mitchell

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 2015.

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 its 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: 19 October 2015

Warton Thompson & Co

ABN 67 161 637 181

Chartered Accountants

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19 October 2015

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

Ladies and Gentlemen,

Report on the Conduct of the 2015 Audit

I report completion of the audit of the financial records of Council for the year ended 30 June 2015 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 2015 and 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 2015**
- b) **Statement of Comprehensive Income for the year ended 30 June 2015**
- c) **Statement of Financial Position as at 30 June 2015**
- d) **Statement of Changes in Equity for the year ended 30 June 2015**
- e) **Statement of Cash Flows for the year ended 30 June 2015**

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 2015.

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 \$7,472k and compares with a deficit of \$2,036k for year 2013/2014. The result for the year compares with an original budgeted deficit of \$4.46m. 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 2014/2015 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 \$12k**. This surplus compares with a Working Funds balanced budget for year 2014/2015. The Revenue result of General Fund for the year and "Working Funds" at 1 July 2014 and at 30 June 2015 would therefore be as shown in the table below: -

	<u>Working Funds</u>	<u>Revenue Results</u>	<u>Working Funds</u>
	<u>1.7.2014</u>	<u>2015</u>	<u>30.06.2015</u>
	<u>Surplus (+)</u>	<u>Surplus (+)</u>	<u>Surplus (+)</u>
	<u>Deficiency (-)</u>	<u>Deficit (-)</u>	<u>Deficiency (-)</u>
General Fund	+\$1,672k	+\$12k	+\$1,684k

Council's available working capital is summarised as follows:

	30.06.2015	30.06.2014
	\$K	\$K
Net Current Assets	39798	38669
Less: External Restrictions	24060	23378
Less: Internal Restrictions	20076	18383
Less: Current Real Estate Assets	195	195
Less: Current Restricted Inventories	1715	1648
	(6248)	(4935)
Add: Current Liabilities to be funded from 2015/2016 Budget	7932	6607
Available Working Capital	\$1684	\$1672

The surplus of \$12k has increased accumulated Working Funds at 30 June 2015 to a balance of \$1.68m, 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 \$195k, for sale during year 2015/2016. Whilst it is not anticipated that any of these properties will be sold during 2015/2016 year any sales will further increase Council's working funds position.

Council has recorded Rural Fire Services Inventories of \$1,715k 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 2015.

Internal Restrictions (Reserves)

Reserves held at 30 June 2015 totalled \$20,076k, an increase of \$1,693k during the year. **The creation of reserves to plan for future major expenditure is highly recommended.**

Reserves held at 30 June 2015 and 30 June 2014 were as follows: -

	2015	2014
• Improvement Programs	664k	569k
• Employees' Leave Entitlements	1732k	1455k
• Plant & Vehicles	1481k	1583k
• Sinking Funds	200k	200k
• Effluent	234k	268k
• Infrastructure & Asset Maintenance	7041k	6266k
• Library	192k	92k
• Acquisition of Property	2696k	2692k
• Technology	136k	164k
• Recreation & Facilities	1443k	1161k
• Legal & Risk	1562k	1608k
• Wilton Junction Planning	1356k	842k
• Special Rate Variation	166k	403k
• Roads	288k	281k
• Election	205k	130k
• Other	680k	669k
	<hr/>	<hr/>
	\$20,076k	\$18,383k

Accrued Leave Entitlements and Reserves Held

The liability for Employees' Leave Entitlements increased by \$637k during the year to a balance of \$5.61m and the Reserve held to meet these commitments amounted to \$1,732k (\$1,455k at 30 June 2014).

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 2015 and 2014 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>2015</u>	<u>2014</u>
General	\$41,877k	\$2,869k	6.85%	5.38%.

The Debt Servicing Percentage increased by 1.47% during 2014/2015 year to a satisfactory level of 6.85%. This percentage (6.85%) 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 100.76% (100.16 in 2014) of the Rates and Annual Charges Revenue for the year. Net arrears totalled \$1,952k and represented 6.14% (7.10% at 30 June 2014) of the collectible Rates and Annual Charges of \$31,810k for the year.

Rates and Annual Charges of \$1,952k outstanding at 30 June 2015 have decreased by \$224k during year 2014/2015 and compares with a balance of \$2,176k at 20 June 2014. Whilst it is pleasing to see that rates and annual charges outstanding have decreased during the year, the percentage of 6.14% 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 \$44.69m of which \$23.47m 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	1.60m
• Unexpended Loans	0.45m
• Developer Contributions - Section 94	14.87m
• Other Contributions	0.32m
• Stormwater Management	0.32m
• Domestic Waste Management Services	5.91m

<u>Restricted Cash and Investments</u>	<u>\$23.47m</u>
--	-----------------

The balance of Cash and Investments, after financing the above external restrictions, totalled \$21.22m and was held to fund Internal Restrictions (Reserves) to the value of \$20.07m. The balance of \$1.15m represented unrestricted cash and investments which were held to assist in financing Council's current commitments. The cash position at 30 June 2015 and 30 June 2014 is summarised as follows:

	30.06.2015	30.06.2014
	\$m	\$m
Externally Restricted	23.47m	22.74m
Internally Restricted (Reserves)	20.07m	18.38m
Unrestricted	1.15m	2.04m
	<u>44.69m</u>	<u>43.16m</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's internal restrictions (reserves) at 30 June 2015 totalled \$20.07m, 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 a decrease of \$224k in the level of rates and annual charges debts due to Council but stringent debt recovery procedures need to be applied to ensure that debts due to Council are reduced to a more satisfactory level.

As mentioned in my Audit Reports for years 2013 and 2014, 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 2014/2015 of \$9.65m. This compares with Deficits of \$7.15m and \$3.94m for years 2014 and 2013 respectively. Since Capital Grants and Contributions are applied to the acquisition or construction of new assets, the maintenance of Council's existing assets, especially its 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 \$47.2m (\$45.1m at 30 June 2014). This Schedule, I believe, reaffirms the need to plan and budget for the future maintenance and replacement of Council's infrastructure assets and buildings. It is pleasing to note that at 30 June 2015 Council had provided, by way of reserve funds, \$7.04m (\$6.26m at 30 June 2014) for future infrastructure and asset maintenance.

The audit of Council's books and financial records for the year ended 30 June 2015 was conducted progressively throughout year 2015. 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 2015 audit.

Yours faithfully,



PA Webster FCA
Warton Thompson & Co

Wollondilly Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015



"Rural Living"

Wollondilly Shire Council

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

Council has no reportable Business Activities

Wollondilly Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2015



"Rural Living"

Wollondilly Shire Council

Special Schedules

for the financial year ended 30 June 2015

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 Operations - incl. Income Statement	n/a
- Special Schedule No. 4	Water Supply - Statement of Financial Position	n/a
- Special Schedule No. 5	Sewerage Service Operations - incl. Income Statement	n/a
- Special Schedule No. 6	Sewerage Service - Statement of Financial Position	n/a
- Notes to Special Schedules No. 3 & 5		n/a
- Special Schedule No. 7	Report on Infrastructure Assets (as at 30 June 2015)	5
- Special Schedule No. 8	Financial Projections	n/a
- Special Schedule No. 9	Permissible Income Calculation	10

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

Background

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

Wollondilly Shire Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	730	-	-	(730)
Administration	4,681	1,077	-	(3,604)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	1,645	777	4	(864)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	1,471	51	-	(1,420)
Animal Control	45	134	-	89
Other	-	-	-	-
Total Public Order & Safety	3,161	962	4	(2,195)
Health	2	233	-	231
Environment				
Noxious Plants and Insect/Vermin Control	-	1	-	1
Other Environmental Protection	1,296	735	-	(561)
Solid Waste Management	6,716	7,257	-	541
Street Cleaning	330	-	-	(330)
Drainage	-	-	-	-
Stormwater Management	37	255	-	218
Total Environment	8,379	8,248	-	(131)
Community Services and Education				
Administration & Education	943	269	-	(674)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	102	-	-	(102)
Children's Services	766	530	-	(236)
Total Community Services & Education	1,811	799	-	(1,012)
Housing and Community Amenities				
Public Cemeteries	71	81	-	10
Public Conveniences	-	-	-	-
Street Lighting	509	79	-	(430)
Town Planning	2,988	1,310	5,854	4,176
Other Community Amenities	1,091	327	-	(764)
Total Housing and Community Amenities	4,659	1,797	5,854	2,992
Water Supplies	-	-	-	-
Sewerage Services	-	-	-	-

Wollondilly Shire Council

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

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	1,390	141	200	(1,049)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	2,426	1	-	(2,425)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	215	22	-	(193)
Swimming Pools	444	79	-	(365)
Parks & Gardens (Lakes)	38	15	-	(23)
Other Sport and Recreation	3,910	51	412	(3,447)
Total Recreation and Culture	8,423	309	612	(7,502)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	1,027	684	-	(343)
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	1,027	684	-	(343)
Transport and Communication				
Urban Roads (UR) - Local	21,525	3,703	10,659	(7,163)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads (SRR) - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	-	-	-	-
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	-	-	-	-
Aerodromes	-	-	-	-
Other Transport & Communication	-	-	-	-
Total Transport and Communication	21,525	3,703	10,659	(7,163)
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	1,148	337	-	(811)
Total Economic Affairs	1,148	337	-	(811)
Totals – Functions	55,546	18,149	17,129	(20,268)
General Purpose Revenues ⁽²⁾		27,740		27,740
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT ⁽¹⁾	55,546	45,889	17,129	7,472

(1) As reported in the Income Statement

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

Wollondilly Shire Council

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

for the financial year ended 30 June 2015

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	1,724	16,595	18,319	-	1,725	-	-	1,144	2,024	14,570	16,594
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	1,724	16,595	18,319	-	1,725	-	-	1,144	2,024	14,570	16,594
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	1,724	16,595	18,319	-	1,725	-	-	1,144	2,024	14,570	16,594

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).

Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Buildings	Council Offices / Administration Centres	1,102	576	153	3,969	0%	0%	100%	0%	0%
	Council Works Depot	89	137	66	989	0%	11%	73%	16%	0%
	Council Public Halls	2,825	643	347	7,986	0%	15%	76%	5%	4%
	Libraries	1,590	69	43	961	0%	0%	100%	0%	0%
	Childcare Centre(s)	42	380	5	165	0%	64%	36%	0%	0%
	Amenities/Toilets	1,984	145	18	4,004	1%	18%	76%	5%	0%
	Sheds	710	46	62	2,257	0%	20%	74%	3%	3%
	Sports Facilities	1,382	171	40	11,773	0%	1%	83%	16%	0%
	Other	129	46	67	6,307	0%	40%	45%	13%	2%
	sub total	9,853	2,213	801	38,411	0.1%	13.6%	75.8%	9.2%	1.3%
Roads	Sealed Roads Surface	9,630	4,896	1,228	44,713	19%	32%	38%	6%	5%
	Sealed Roads Structure	20,504	786	1,385	64,336	0%	15%	68%	14%	3%
	Unsealed Roads	348	242	352	1,978	0%	14%	73%	12%	1%
	Bridges	2,140	714	1,146	35,656	8%	31%	45%	12%	4%
	Footpaths	159	182	51	6,948	4%	0%	96%	0%	0%
	Cycleways	249	139	19	4,186	25%	71%	4%	1%	0%
	sub total	33,030	6,959	4,181	157,817	8.3%	24.2%	54.0%	10.2%	3.3%

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

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Stormwater Drainage	Basins	-	7	40	424	100%	0%	0%	0%	0%
	Channels	-	19	57	549	0%	100%	0%	0%	0%
	Culverts	-	4	103	427	10%	90%	0%	0%	0%
	Head Walls	49	7	13	269	11%	42%	28%	9%	9%
	Pipes	-	243	188	30,079	35%	65%	0%	0%	0%
	Pits	608	145	138	6,122	35%	8%	27%	8%	22%
	Rock	-	7	-	218	0%	100%	0%	0%	0%
	Wetlands	-	5	-	162	0%	100%	0%	0%	0%
	GPT	-	17	13	782	52%	20%	28%	0%	0%
	sub total	657	454	552	39,032	34.7%	55.4%	5.0%	1.3%	3.6%
Open Space/ Recreational Assets	Swimming Pools	-	60	209	1,875	86%	14%	0%	0%	0%
	Other	1,028	622	931	7,583	23%	43%	32%	1%	1%
	sub total	1,028	682	1,140	9,458	35.6%	37.2%	25.7%	0.8%	0.8%
Other Infrastructure Assets	Car Parks	-	252	-	3,635	4%	0%	96%	0%	0%
	Kerb and Gutter	646	670	26	34,041	34%	58%	8%	0%	0%
	Road Furniture	134	57	-	692	47%	38%	15%	0%	0%
	Signs & Linemarking	990	373	192	1,305	14%	14%	46%	20%	6%
	Guardrail & Fencing	877	734	222	9,112	1%	58%	33%	8%	0%
	Road Structures	27	22	-	1,177	48%	38%	15%	0%	0%
	sub total	2,674	2,108	440	49,962	25.8%	52.0%	20.1%	1.9%	0.2%

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

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
	TOTAL - ALL ASSETS	47,242	12,416	7,114	294,680	14.6%	32.1%	43.7%	7.2%	2.5%

Notes:

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

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

Wollondilly Shire Council

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

for the financial year ended 30 June 2015

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 20142013	
Infrastructure Asset Performance Indicators Consolidated				
1. Building, Infrastructure & Other Structures Renewals Ratio				
Asset Renewals				
(Building, Infrastructure & Other Structures) ⁽¹⁾	6,988	70.44%	86.27%	63.37%
Depreciation, Amortisation & Impairment	9,921			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	47,242			
Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	296,846	15.91%	15.68%	16.00%
3. Asset Maintenance Ratio				
Actual Asset Maintenance	7,114			
Required Asset Maintenance	12,416	0.57	1.47	0.85
4. Capital Expenditure Ratio				
Annual Capital Expenditure	18,272			
Annual Depreciation	10,899	1.68	1.02	1.03

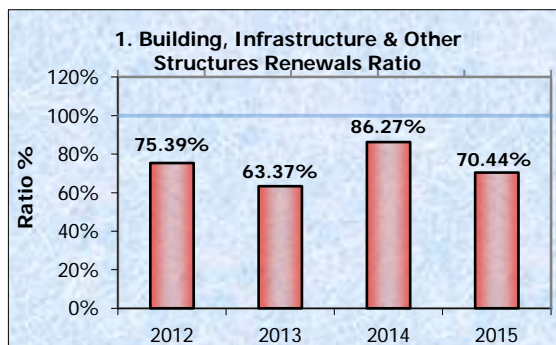
Notes

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

⁽²⁾ Written Down Value

Wollondilly Shire Council

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



Benchmark: — Minimum $\geq 100.00\%$

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

Purpose of Asset Renewals Ratio

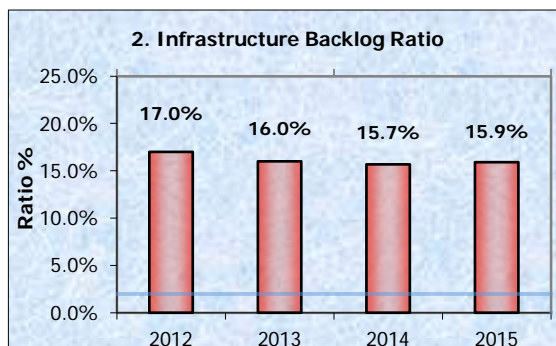
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on 2014/15 Result

2014/15 Ratio 70.44%

This ratio has been consistently below the required level and is the primary reason for Council's large infrastructure backlog. This issue has been addressed with the recently approved special rate variation that was sought for the purpose of renewing Council's infrastructure assets.

Ratio is within Benchmark
Ratio is outside Benchmark



Benchmark: — Maximum < 0.02

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

Purpose of Infrastructure Backlog Ratio

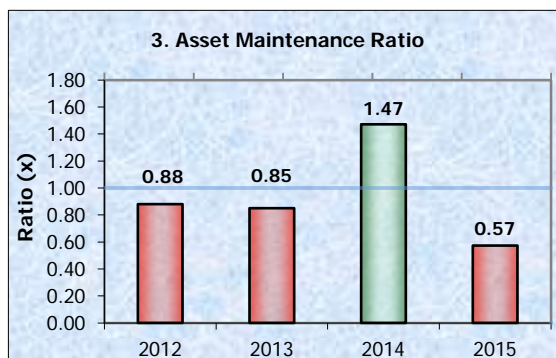
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on 2014/15 Result

2014/15 Ratio 15.91%

This ratio has been consistently well in excess of the 2% benchmark. This unfavourable situation is being addressed through the recently approved special rate variation that was sought for the purpose of renewing Council's infrastructure assets and reducing the infrastructure backlog.

Ratio is within Benchmark
Ratio is outside Benchmark



Benchmark: — Minimum > 1.00

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

Purpose of Asset Maintenance Ratio

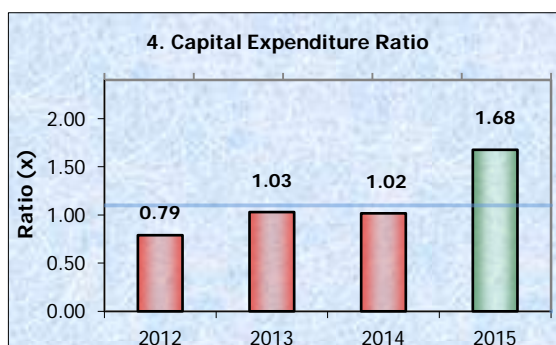
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.

Commentary on 2014/15 Result

2014/15 Ratio 0.57 x

This ratio had been up around the required level during the period of the "Your Future" special rate variation (11/12 to 13/14) combined with LIRS funding, however the ratio dropped back to the "normal" insufficient levels in 2014/15 highlighting the need for additional funding sources for future years.

Ratio is within Benchmark
Ratio is outside Benchmark



Benchmark: — Minimum > 1.10

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

Purpose of Capital Expenditure Ratio

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

Commentary on 2014/15 Result

2014/15 Ratio 1.68 x

In previous years, this ratio has fallen short of the industry benchmark, however in 2014/15 there was a considerable increase in the result due to the recognition of \$8.8m worth of (non-cash) contributed assets from recently developed land releases.

Ratio is within Benchmark
Ratio is outside Benchmark

Wollondilly Shire Council

Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2016

\$'000		Calculation 2014/15	Calculation 2015/16
Notional General Income Calculation ⁽¹⁾			
Last Year Notional General Income Yield	a	22,466	23,149
Plus or minus Adjustments ⁽²⁾	b	155	307
Notional General Income	c = (a + b)	22,621	23,456
Permissible Income Calculation			
Special variation percentage ⁽³⁾	d	0.00%	10.80%
or Rate peg percentage	e	2.30%	2.40%
or Crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	h = d x (c-g)	-	2,533
or plus Rate peg amount	i = c x e	520	-
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
sub-total	k = (c+g+h+i+j)	23,141	25,989
plus (or minus) last year's Carry Forward Total	l	-	17
less Valuation Objections claimed in the previous year	m	(70)	(95)
sub-total	n = (l + m)	(70)	(78)
Total Permissible income	o = k + n	23,071	25,912
less Notional General Income Yield	p	23,149	25,902
Catch-up or (excess) result	q = o - p	(78)	10
plus Income lost due to valuation objections claimed ⁽⁴⁾	r	95	-
less Unused catch-up ⁽⁵⁾	s	-	-
Carry forward to next year	t = q + r - s	17	10

Notes

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

Warton Thompson & Co

ABN 67 161 637 181

Chartered Accountants

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Wollondilly Shire Council

Special Schedule No. 9

Independent Auditor's Report

Report on Special Schedule No. 9

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Wollondilly Shire Municipal Council for the year ended 30 June 2016.

Responsibility of Council for Special Schedule No. 9

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

Auditor's Responsibility

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

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

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

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

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

Independence

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

Audit Opinion

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

Basis of Accounting

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

Warton Thompson & Co

A handwritten signature in dark ink, appearing to read 'P A Webster', is written over a horizontal line.

P A Webster FCA

Principal

Dated at Carlingford this 19th day of October 2015