

Wollondilly Shire Council

Annual Financial Statements for the year ended 30 June 2011



Wollondilly Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2011

"Rural Living"



Wollondilly Shire Council

General Purpose Financial Statements

for the financial year ended 30 June 2011

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Overview

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

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

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

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

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

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

(iv) These financial statements were authorised for issue by the Council on 12/10/11.
Council has the power to amend and reissue the financial statements.

Wollondilly Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2011

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 2011.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The Financial Statements incorporate 5 "primary" financial statements:

1. An Income Statement

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

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

2. A Statement of Comprehensive Income

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

3. A Balance Sheet

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

4. A Statement of Changes in Equity

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

5. A Statement of Cash Flows

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

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

More information

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

Wollondilly Shire Council

General Purpose Financial Statements

for the financial year ended 30 June 2011

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 17 October 2011.


Cllr C Mitchell
MAYOR
Cllr B Banasik
COUNCILLOR
J L McMahon
GENERAL MANAGER
A Christie
RESPONSIBLE ACCOUNTING OFFICER

Wollondilly Shire Council

Income Statement

for the financial year ended 30 June 2011

| Budget ⁽¹⁾ 2011 \$ '000 | | Notes | Actual 2011 | Actual 2010 |
|--|--|-------|----------------|----------------|
| Income from Continuing Operations | | | | |
| Revenue: | | | | |
| 23,516 | Rates & Annual Charges | 3a | 23,391 | 22,083 |
| 3,246 | User Charges & Fees | 3b | 3,981 | 3,584 |
| 923 | Interest & Investment Revenue | 3c | 1,577 | 1,087 |
| 719 | Other Revenues | 3d | 1,051 | 1,290 |
| 5,100 | Grants & Contributions provided for Operating Purposes | 3e,f | 6,845 | 6,429 |
| 3,480 | Grants & Contributions provided for Capital Purposes | 3e,f | 5,801 | 5,505 |
| Other Income: | | | | |
| - | Net gains from the disposal of assets | 5 | 435 | 83 |
| 36,984 | Total Income from Continuing Operations | | 43,081 | 40,061 |
| Expenses from Continuing Operations | | | | |
| 14,590 | Employee Benefits & On-Costs | 4a | 14,025 | 13,445 |
| 994 | Borrowing Costs | 4b | 1,487 | 1,375 |
| 11,068 | Materials & Contracts | 4c | 11,733 | 10,180 |
| 6,600 | Depreciation & Amortisation | 4d | 9,498 | 6,841 |
| - | Impairment | 4d | - | - |
| 3,726 | Other Expenses | 4e | 3,597 | 3,089 |
| 36,978 | Total Expenses from Continuing Operations | | 40,340 | 34,930 |
| 6 | Operating Result from Continuing Operations | | 2,741 | 5,131 |
| Discontinued Operations | | | | |
| - | Net Profit/(Loss) from Discontinued Operations | 24 | - | - |
| 6 | Net Operating Result for the Year | | 2,741 | 5,131 |
| (3,474) | Net Operating Result for the year before Grants and Contributions provided for Capital Purposes | | (3,060) | (374) |

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

Wollondilly Shire Council

Statement of Comprehensive Income
for the financial year ended 30 June 2011

| \$ '000 | Notes | Actual 2011 | Actual 2010 |
|---|----------|----------------|----------------|
| Net Operating Result for the year (as per Income statement) | | 2,741 | 5,131 |
| Other Comprehensive Income | | | |
| Gain (loss) on revaluation of I,PP&E | 20b (ii) | 9,945 | 36,572 |
| Adjustment to prior period depreciation due to revaluations | 20b (ii) | 3,723 | 65,258 |
| Total Other Comprehensive Income for the year | | 13,668 | 101,830 |
| Total Comprehensive Income for the Year | | 16,409 | 106,961 |

Wollondilly Shire Council

Balance Sheet

as at 30 June 2011

| \$ '000 | Notes | Actual 2011 | Actual 2010 |
|---|-------|----------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash & Cash Equivalents | 6a | 2,411 | 3,124 |
| Investments | 6b | 17,000 | 14,500 |
| Receivables | 7 | 5,156 | 3,754 |
| Inventories | 8 | 1,517 | 1,968 |
| Other | 8 | 387 | 362 |
| Total Current Assets | | 26,471 | 23,708 |
| Non-Current Assets | | | |
| Investments | 6b | 6,956 | 5,928 |
| Infrastructure, Property, Plant & Equipment | 9 | 327,917 | 314,849 |
| Total Non-Current Assets | | 334,873 | 320,777 |
| TOTAL ASSETS | | 361,344 | 344,485 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 10 | 4,036 | 3,639 |
| Borrowings | 10 | 666 | 547 |
| Provisions | 10 | 3,465 | 3,590 |
| Total Current Liabilities | | 8,167 | 7,776 |
| Non-Current Liabilities | | | |
| Borrowings | 10 | 8,448 | 9,020 |
| Provisions | 10 | 11,500 | 10,869 |
| Total Non-Current Liabilities | | 19,948 | 19,889 |
| TOTAL LIABILITIES | | 28,115 | 27,665 |
| Net Assets | | 333,229 | 316,820 |
| EQUITY | | | |
| Retained Earnings | 20 | 282,696 | 276,232 |
| Revaluation Reserves | 20 | 50,533 | 40,588 |
| Total Equity | | 333,229 | 316,820 |

Wollondilly Shire Council

Statement of Changes in Equity
for the financial year ended 30 June 2011

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

| \$ '000 | Notes | Retained Earnings | Reserves (Refer 20b) | Council Equity Interest | Minority Interest | Total Equity |
|--|----------|-------------------|----------------------|-------------------------|-------------------|----------------|
| 2010 | | | | | | |
| Opening Balance (as per Last Year's Audited Accounts) | | 205,988 | 4,016 | 210,004 | - | 210,004 |
| a. Correction of Prior Period Errors | 20 (c) | - | - | - | - | - |
| b. Changes in Accounting Policies (prior year effects) | 20 (d) | (145) | - | (145) | - | (145) |
| Revised Opening Balance (as at 1/7/09) | | 205,843 | 4,016 | 209,859 | - | 209,859 |
| c. Net Operating Result for the Year | | 5,131 | - | 5,131 | - | 5,131 |
| d. Other Comprehensive Income | | | | | | |
| - Revaluations : IPP&E Asset Revaluation Rsve | 20b (ii) | - | 36,572 | 36,572 | - | 36,572 |
| - Revaluations: Depreciation adjustments | 20b (ii) | 65,258 | - | 65,258 | - | 65,258 |
| Other Comprehensive Income | | 65,258 | 36,572 | 101,830 | - | 101,830 |
| Total Comprehensive Income (c&d) | | 70,389 | 36,572 | 106,961 | - | 106,961 |
| e. Distributions to/(Contributions from) Minority Interests | | - | - | - | - | - |
| f. Transfers between Equity | | - | - | - | - | - |
| Equity - Balance at end of the reporting period | | 276,232 | 40,588 | 316,820 | - | 316,820 |

Wollondilly Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2011

| Budget 2011 | \$ '000 | Notes | Actual 2011 | Actual 2010 |
|---|---|-------|-----------------|-----------------|
| Cash Flows from Operating Activities | | | | |
| Receipts: | | | | |
| 23,516 | Rates & Annual Charges | | 23,003 | 22,161 |
| 3,354 | User Charges & Fees | | 3,983 | 3,687 |
| 923 | Investment & Interest Revenue Received | | 1,356 | 751 |
| 9,169 | Grants & Contributions | | 12,167 | 12,891 |
| 2,514 | Other | | 2,997 | 1,984 |
| Payments: | | | | |
| (14,590) | Employee Benefits & On-Costs | | (14,230) | (13,320) |
| (12,175) | Materials & Contracts | | (13,174) | (12,382) |
| (994) | Borrowing Costs | | (845) | (767) |
| (4,099) | Other | | (3,959) | (3,027) |
| 7,618 | Net Cash provided (or used in) Operating Activities | 11b | 11,298 | 11,978 |
| Cash Flows from Investing Activities | | | | |
| Receipts: | | | | |
| - | Sale of Real Estate Assets | | 754 | - |
| - | Sale of Infrastructure, Property, Plant & Equipment | | 212 | 564 |
| Payments: | | | | |
| - | Purchase of Investment Securities | | (3,528) | (6,890) |
| (11,157) | Purchase of Infrastructure, Property, Plant & Equipment | | (8,942) | (8,059) |
| - | Purchase of Real Estate Assets | | (54) | - |
| (11,157) | Net Cash provided (or used in) Investing Activities | | (11,558) | (14,385) |
| Cash Flows from Financing Activities | | | | |
| Receipts: | | | | |
| 3,000 | Proceeds from Borrowings & Advances | | - | - |
| Payments: | | | | |
| (536) | Repayment of Borrowings & Advances | | (453) | (490) |
| 2,464 | Net Cash Flow provided (used in) Financing Activities | | (453) | (490) |
| (1,075) | Net Increase/(Decrease) in Cash & Cash Equivalents | | (713) | (2,897) |
| 3,124 | plus: Cash & Cash Equivalents - beginning of year | 11a | 3,124 | 6,021 |
| 2,049 | Cash & Cash Equivalents - end of the year | 11a | 2,411 | 3,124 |
| | plus: Investments on hand - end of year | 6b | 23,956 | 20,428 |
| | Total Cash, Cash Equivalents & Investments | | 26,367 | 23,552 |

Please refer to Note 11 for information on the following:

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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n/a - not applicable

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

- Australian Accounting Standards,
- Other authoritative pronouncements of the Australian Accounting Standards Board,
- Urgent Issues Group Interpretations,
- the Local Government Act (1993) and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

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

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

(iii) Basis of Accounting

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

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

(iv) Changes in Accounting Policies

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

Unless otherwise stated, there have also been no changes in accounting policies when compared with previous financial statements.

(v) Critical Accounting Estimates

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

It also requires Council management to exercise their judgement in the process of applying Council's accounting policies.

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Council's activities as described below.

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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.

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

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

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any Entities (or operations) that it **controls** (as at 30/6/11) and **(ii)** all the related operating results (for the financial year ended the 30th June 2011).

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 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.

(iii) Joint Ventures

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

(iv) Associated Entities

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

Such entities are usually termed Associates.

(v) County Councils

Council is not a member of any County Councils.

(vi) Additional Information

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

(d) Leases

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

Finance Leases

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

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

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

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

Council does not currently have any finance leases.

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

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

(f) Investments and Other Financial Assets

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

- financial assets at fair value through profit or loss,
- loans and receivables,

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

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

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

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

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

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

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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 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.

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

Impairment

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

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

If there is evidence of impairment for any of Council's financial assets carried at amortised cost, 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. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the income statement.

(iii) Types of Investments

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

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

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

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

(g) Fair value estimation

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

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

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

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

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

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

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

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

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

(h) Receivables

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

Acquisition of assets

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

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

- **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:

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

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

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

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

Capitalisation Thresholds

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

| | |
|---------------------------------|-----------|
| Plant & Equipment | > \$1,000 |
| Office Equipment | > \$1,000 |
| Furniture & Fittings | > \$1,000 |

| | |
|---|---|
| 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 | > \$5,000 |
|--------------------------|-----------|

| | |
|--|------------------|
| Buildings (specialised & non-specialised) | |
| - Construction/Extensions | 100% Capitalised |
| - Renovations | > \$5,000 |

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

Other Structures > \$5,000

Infrastructure

| | |
|--|------------------|
| - Road construction & reconstruction | 100% Capitalised |
| - Reseal/Re-sheet & major repairs: | > \$5,000 |
| - Bridge construction & reconstruction | 100% Capitalised |
| - Stormwater drainage | 100% Capitalised |

Depreciation

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

Land is not depreciated.

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

Plant & Equipment

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

Office Equipment

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

Furniture & Fittings 10 to 20 years

Buildings

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

Infrastructure

| | |
|-------------------------------|----------|
| - Sealed Surfacing | |
| • Asphalt | 25 years |
| • Flush Seal | 15 years |
| - Sealed Pavement Structure | 80 years |
| - Kerb & Gutter | 70 years |
| - Paved Footpaths | |
| • Concrete | 50 years |
| • Asphalt Seal | 20 years |
| • Gravel | 10 years |
| - Unsealed Pavement Structure | 10 years |
| - Bulk earthworks | Infinite |

Traffic Facilities

| | |
|---------------------------------|-------------|
| • LATM devices, traffic islands | 70 years |
| • Steel guard rails | 20 years |
| • Roadside fencing | 20 years |
| - Line marking | 4 years |
| - Signs | 10 years |
| - Roadside furniture | 10-20 years |
| - Concrete Bridges | 100 years |
| - Timber Bridges | 80 years |
| • Structure & Girders | 60 years |
| Deck | 30 years |

Stormwater Drainage

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

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

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

Disposal and De-recognition

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

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

(k) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

Government Act (1993) classified as either Operational or Community.

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

(l) Land under roads

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

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

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

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

(m) Intangible Assets

Council has not classified any assets as Intangible.

(n) Crown Reserves

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

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

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

Representations are currently being sought across State and Local Government to develop a consistent

accounting treatment for Crown Reserves across both tiers of government.

(o) Rural Fire Service assets

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

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

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

(p) Investment property

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

Council doesn't currently own any investment properties.

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

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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 disclosed as a borrowing cost in Note 4(b).

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

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

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

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.

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

(s) Impairment of assets

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

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

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

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

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

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

(t) Payables

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

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

(u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

(v) Borrowing costs

Borrowing costs are expensed.

(w) Provisions

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

Provisions are not recognised for future operating losses.

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

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

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

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

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

(x) Employee benefits

(i) Short Term Obligations

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

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

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

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at 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 (which is not expected to be settled within the 12 months after the reporting period) are recognised in the provision for employee benefits in respect of services provided by employees up to the reporting date.

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

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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.

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

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

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

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

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

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

Define 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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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.

(ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2011.

Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

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

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

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

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

Applicable to Local Government but no implications for Council;

AASB 2009 14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (effective from 1 January 2011)

In December 2009, the AASB made an amendment to Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme.

It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. Council does not make any such prepayments.

Council does not make any such prepayments. The amendment is therefore not expected to have any impact on Council.

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

Amendments made to AASB 7 Financial Instruments: Disclosures in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets.

The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties.

They are not expected to have any significant impact on Council's disclosures.

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

None

Not applicable to Local Government per se;

Revised AASB 124 Related Party Disclosures and AASB 2009 12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures.

It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively.

The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities.

AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia.

Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements.

Local Government are specifically excluded from adopting the new Australian Accounting Standards – Reduced Disclosure Requirements.

AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (effective from 1 January 2012)

In December 2010, the AASB amended AASB 112 Income Taxes to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model.

AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or through sale.

Council is not subject to Income Tax and accordingly this amendment will have no impact on future financial statements.

(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 2011

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 2011 | Actual 2011 | Actual 2010 | Original Budget 2011 | Actual 2011 | Actual 2010 | Original Budget 2011 | Actual 2011 | Actual 2010 | Actual 2011 | Actual 2010 | Actual 2011 | Actual 2010 |
| | | | | | | | | | | | | | |
| Governance | - | - | - | 557 | 516 | 471 | (557) | (516) | (471) | - | - | - | - |
| Administration | 1,314 | 665 | 858 | 4,679 | 3,396 | 3,715 | (3,365) | (2,731) | (2,857) | - | - | 32,946 | 29,681 |
| Public Order & Safety | 511 | 1,089 | 725 | 2,184 | 2,534 | 2,231 | (1,673) | (1,445) | (1,506) | 234 | 589 | 8,141 | 7,871 |
| Health | 183 | 12 | 42 | 268 | 4 | 6 | (85) | 8 | 36 | - | - | 8 | - |
| Environment | 6,202 | 6,541 | 6,239 | 6,374 | 6,085 | 5,778 | (172) | 456 | 461 | 397 | 507 | 1,863 | 1,951 |
| Community Services & Education | 664 | 893 | 788 | 1,728 | 1,552 | 1,464 | (1,064) | (659) | (676) | 454 | 465 | 362 | 345 |
| Housing & Community Amenities | 1,055 | 2,939 | 3,004 | 3,303 | 4,009 | 3,470 | (2,248) | (1,070) | (466) | - | - | 4,511 | 4,601 |
| Water Supplies | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Sewerage Services | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Recreation & Culture | 310 | 1,147 | 1,229 | 5,884 | 6,861 | 8,673 | (5,574) | (5,714) | (7,444) | 514 | 434 | 55,408 | 41,328 |
| Fuel & Energy | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Agriculture | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Mining, Manufacturing & Construction | 318 | 467 | 384 | 632 | 612 | 394 | (314) | (145) | (10) | - | - | - | - |
| Transport & Communication | 6,187 | 6,553 | 5,714 | 10,592 | 14,106 | 8,077 | (4,405) | (7,553) | (2,363) | 1,706 | 3,035 | 257,323 | 257,475 |
| Economic Affairs | 263 | 580 | 386 | 777 | 665 | 651 | (514) | (85) | (265) | - | - | 782 | 1,233 |
| Total Functions & Activities | 17,007 | 20,886 | 19,369 | 36,978 | 40,340 | 34,930 | (19,971) | (19,454) | (15,561) | 3,305 | 5,030 | 361,344 | 344,485 |
| Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| General Purpose Income ¹ | 19,977 | 22,195 | 20,692 | - | - | - | 19,977 | 22,195 | 20,692 | 3,286 | 3,041 | - | - |
| Operating Result from Continuing Operations | 36,984 | 43,081 | 40,061 | 36,978 | 40,340 | 34,930 | 6 | 2,741 | 5,131 | 6,591 | 8,071 | 361,344 | 344,485 |

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 2011

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

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

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

RECREATION & CULTURE

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

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations

| \$ '000 | Notes | Actual 2011 | Actual 2010 |
|--|-------|----------------------|----------------------|
| (a). Rates & Annual Charges | | | |
| Ordinary Rates | | | |
| Residential | | 15,541 | 14,535 |
| Farmland | | 783 | 812 |
| Mining | | 787 | 782 |
| Business | | 821 | 810 |
| Total Ordinary Rates | | 17,932 | 16,939 |
| Annual Charges (pursuant to s.496, s.501 & s.611) | | | |
| Domestic Waste Management Services | | 5,235 | 4,924 |
| Stormwater Management Services | | 224 | 220 |
| Total Annual Charges | | 5,459 | 5,144 |
| <u>TOTAL RATES & ANNUAL CHARGES</u> | | <u>23,391</u> | <u>22,083</u> |

Council has used 2008 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 2011

Note 3. Income from Continuing Operations (continued)

| \$ '000 | Notes | Actual 2011 | Actual 2010 |
|--|-------|----------------|----------------|
| (b). User Charges & Fees | | | |
| Specific User Charges (per s.502 - Specific "actual use" charges) | | | |
| Waste Management Services (non-domestic) | | 66 | 46 |
| Total User Charges | | 66 | 46 |
| Other User Charges & Fees | | | |
| (i) Fees & Charges - Statutory & Regulatory Functions (per s608 & 610A) | | | |
| Animal Registration Fees | | 75 | 77 |
| Planning & Building Regulation | | 1,127 | 1,007 |
| Private Works - Section 67 | | 245 | 250 |
| Rezoning Fees | | 33 | 32 |
| Section 149 Certificates (EPA Act) | | 85 | 96 |
| Section 603 Certificates | | 56 | 63 |
| Septic Tank Fees | | 292 | 348 |
| Other | | 77 | 31 |
| Total Fees & Charges - Statutory/Regulatory | | 1,990 | 1,904 |
| (ii) Fees & Charges - Other (incl. General User Charges (per s.610C)) | | | |
| Cemeteries | | 63 | 57 |
| Childrens Services | | 355 | 269 |
| Development Management | | 295 | 140 |
| Leaseback Fees - Council Vehicles | | 224 | 238 |
| Leisure Centre | | 104 | 88 |
| Plan Checking Fees | | 154 | 64 |
| Restoration Charges | | 32 | 18 |
| Royalties | | 251 | 226 |
| Waste Disposal Tipping Fees | | 369 | 456 |
| Other | | 78 | 78 |
| Total Fees & Charges - Other | | 1,925 | 1,634 |
| TOTAL USER CHARGES & FEES | | 3,981 | 3,584 |

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

| \$ '000 | Notes | Actual 2011 | Actual 2010 |
|---|-------|---------------------|---------------------|
| (c). Interest & Investment Revenue (incl. losses) | | | |
| Interest & Dividends | | | |
| - Interest on Overdue Rates & Annual Charges | | 175 | 141 |
| - Interest earned on Investments (interest & coupon payment income) | | 1,402 | 880 |
| Fair Value Adjustments | | | |
| - Fair Valuation movements in Investments (other) | | - | 66 |
| <u>TOTAL INTEREST & INVESTMENT REVENUE</u> | | <u>1,577</u> | <u>1,087</u> |
| Interest Revenue is attributable to: | | | |
| Unrestricted Investments/Financial Assets: | | | |
| Overdue Rates & Annual Charges | | 175 | 141 |
| General Council Cash & Investments | | 972 | 712 |
| Restricted Investments/Funds - External: | | | |
| Development Contributions | | | |
| - Section 94 | | 269 | 234 |
| Domestic Waste Management operations | | 156 | - |
| Restricted Investments/Funds - Internal: | | | |
| Internally Restricted Assets | | 5 | - |
| Total Interest & Investment Revenue Recognised | | <u>1,577</u> | <u>1,087</u> |
| (d). Other Revenues | | | |
| Rental Income - Other Council Properties | | 457 | 444 |
| Fines | | 190 | 273 |
| Legal Fees Recovery - Rates & Charges (Extra Charges) | | 1 | 9 |
| Legal Fees Recovery - Other | | 31 | 131 |
| Commissions & Agency Fees | | 40 | 44 |
| Consulting Income | | 1 | 108 |
| Diesel Rebate | | 28 | 31 |
| Insurance Claim Recoveries | | 5 | - |
| Insurance Premium Rebate | | 122 | 81 |
| Reimbursements | | 47 | 59 |
| Sales - General | | 61 | 55 |
| Other | | 68 | 55 |
| <u>TOTAL OTHER REVENUE</u> | | <u>1,051</u> | <u>1,290</u> |

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

| \$ '000 | 2011 Operating | 2010 Operating | 2011 Capital | 2010 Capital |
|---|-------------------|-------------------|-----------------|-----------------|
| (e). Grants | | | | |
| General Purpose (Untied) | | | | |
| Financial Assistance | 2,980 | 2,729 | - | - |
| Pensioners' Rates Subsidies - General Component | 306 | 312 | - | - |
| Total General Purpose | 3,286 | 3,041 | - | - |
| Specific Purpose | | | | |
| Bushfire & Emergency Services | 234 | 589 | - | - |
| Child Care | 188 | 180 | - | - |
| Community Services | 266 | 278 | - | - |
| Environmental Management | 397 | 479 | - | 28 |
| Federal RCLIP | 41 | - | 237 | 279 |
| Library | 80 | 78 | 40 | 40 |
| Recreation & Culture | - | - | 116 | - |
| Street Lighting | 7 | 7 | - | - |
| Traffic Route Subsidy | 1 | 1 | - | - |
| Transport (Roads to Recovery) | - | - | 668 | 611 |
| Transport (Other Roads & Bridges Funding) | - | 17 | 1,009 | 2,399 |
| Other | 21 | 7 | - | 37 |
| Total Specific Purpose | 1,235 | 1,636 | 2,070 | 3,394 |
| Total Grants | 4,521 | 4,677 | 2,070 | 3,394 |
| Grant Revenue is attributable to: | | | | |
| - Commonwealth Funding | 3,187 | 2,893 | 1,228 | 2,910 |
| - State Funding | 1,334 | 1,784 | 842 | 484 |
| | 4,521 | 4,677 | 2,070 | 3,394 |

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

| \$ '000 | 2011 Operating | 2010 Operating | 2011 Capital | 2010 Capital |
|---|-------------------|-------------------|-----------------|-----------------|
| (f). Contributions | | | | |
| Developer Contributions: | | | | |
| (s93 & s94 - EP&A Act, s64 of the NSW LG Act): | | | | |
| S 93F - Contributions using Planning Agreements | - | - | 981 | - |
| S 94 - Contributions towards amenities/services | - | - | 509 | 1,363 |
| S 94A - Fixed Development Consent Levies | - | - | 206 | 205 |
| Total Developer Contributions 17 | - | - | 1,696 | 1,568 |
| Other Contributions: | | | | |
| Bushfire Services | 364 | 153 | 228 | - |
| Community Services | 42 | 38 | - | - |
| Kerb & Gutter | - | - | 18 | 23 |
| Recreation & Culture | 19 | 2 | 383 | 520 |
| Roads & Bridges | - | - | 1,281 | - |
| RTA Contributions (Regional/Local, Block Grant) | 1,636 | 1,558 | 125 | - |
| Environment | 10 | - | - | - |
| Strategic Planning Studies | 252 | - | - | - |
| Other | 1 | 1 | - | - |
| Total Other Contributions | 2,324 | 1,752 | 2,035 | 543 |
| Total Contributions | 2,324 | 1,752 | 3,731 | 2,111 |
| TOTAL GRANTS & CONTRIBUTIONS | 6,845 | 6,429 | 5,801 | 5,505 |

| \$ '000 | Actual 2011 | Actual 2010 |
|---------|----------------|----------------|
|---------|----------------|----------------|

(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 | 10,054 | 9,674 |
| add: Grants & contributions recognised in the current period but not spent: | 3,647 | 3,371 |
| less: Grants & contributions recognised in a previous reporting period & now spent | (3,961) | (2,991) |
| Net Increase (Decrease) in Restricted Assets | (314) | 380 |
| Unexpended and held as Restricted Assets | 9,740 | 10,054 |
| Comprising: | | |
| - Specific Purpose Unexpended Grants | 1,988 | 1,927 |
| - Developer Contributions | 7,324 | 7,699 |
| - Other Contributions | 428 | 428 |
| | 9,740 | 10,054 |

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations

| \$ '000 | Notes | Actual 2011 | Actual 2010 |
|---|-------|----------------|----------------|
| (a) Employee Benefits & On-Costs | | | |
| Salaries and Wages | | 13,361 | 12,893 |
| Employee Leave Entitlements (ELE) | | (20) | 273 |
| Superannuation | | 1,435 | 1,402 |
| Workers' Compensation Insurance | | 395 | 394 |
| Fringe Benefit Tax (FBT) | | 42 | 29 |
| Training Costs (other than Salaries & Wages) | | 92 | 55 |
| Other | | 49 | 49 |
| Total Employee Costs | | 15,354 | 15,095 |
| less: Capitalised Costs | | (1,329) | (1,650) |
| TOTAL EMPLOYEE COSTS EXPENSED | | 14,025 | 13,445 |
| Number of "Equivalent Full Time" Employees at year end | | 201 | 197 |
| (b) Borrowing Costs | | | |
| (i) Interest Bearing Liability Costs | | | |
| Interest on Overdraft | | - | 1 |
| Interest on Loans | | 840 | 763 |
| Total Interest Bearing Liability Costs | | 840 | 764 |
| less: Capitalised Costs | | - | - |
| Total Interest Bearing Liability Costs Expensed | | 840 | 764 |
| (ii) Other Borrowing Costs | | | |
| Discount adjustments relating to movements in Provisions (other than ELE) | | | |
| - Remediation Liabilities | 26 | 647 | 611 |
| Total Other Borrowing Costs | | 647 | 611 |
| TOTAL BORROWING COSTS EXPENSED | | 1,487 | 1,375 |

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations (continued)

| \$ '000 | Notes | Actual 2011 | Actual 2010 |
|--|-------|----------------|----------------|
| (c) Materials & Contracts | | | |
| Raw Materials & Consumables | | 6,087 | 4,800 |
| Contractor & Consultancy Costs | | | |
| - Waste Contractors | | 3,972 | 3,759 |
| - Road Maintenance & Construction | | 2,367 | 2,428 |
| - Planning & Development Consultants | | 433 | 149 |
| - Street & Gutter Cleaning Contract | | 259 | 249 |
| - Environmental Services | | 226 | 270 |
| - Property Consultants | | 63 | 43 |
| - Leisure Centre Management | | 162 | 301 |
| - General Maintenance | | 1,658 | 2,113 |
| - Other | | 851 | 733 |
| Auditors Remuneration | | | |
| - Audit Services: Council's Auditor | | 35 | 45 |
| Legal Expenses: | | | |
| - Legal Expenses: Planning & Development | | 890 | 333 |
| - Legal Expenses: Other | | 150 | 294 |
| Operating Leases: | | | |
| - Operating Lease Rentals: Minimum Lease Payments ⁽¹⁾ | | 891 | 846 |
| Total Materials & Contracts | | 18,044 | 16,363 |
| less: Capitalised Costs | | (6,311) | (6,183) |
| TOTAL MATERIALS & CONTRACTS | | 11,733 | 10,180 |
| 1. Operating Lease Payments are attributable to: | | | |
| - Computers | | 283 | 244 |
| - Motor Vehicles | | 593 | 587 |
| - Other | | 15 | 15 |
| | | 891 | 846 |

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations (continued)

| \$ '000 | Notes | Impairment Costs | | Depreciation/Amortisation | |
|--|--------|------------------|----------------|---------------------------|----------------|
| | | Actual 2011 | Actual 2010 | Actual 2011 | Actual 2010 |
| Plant and Equipment | | - | - | 751 | 693 |
| Office Equipment | | - | - | 307 | 321 |
| Furniture & Fittings | | - | - | 21 | 22 |
| Land Improvements (depreciable) | | - | - | 39 | 26 |
| Buildings - Non Specialised | | - | - | 371 | 353 |
| Buildings - Specialised | | - | - | 606 | 583 |
| Other Structures | | - | - | 349 | 352 |
| Infrastructure: | | | | | |
| - Roads, Bridges & Footpaths | | - | - | 6,403 | 4,024 |
| - Stormwater Drainage | | - | - | 346 | 144 |
| Other Assets | | | | | |
| - Library Books | | - | - | 27 | 45 |
| - Other | | - | - | 29 | 29 |
| Asset Reinstatement Costs | 9 & 26 | - | - | 249 | 249 |
| Total Depreciation & Impairment Costs | | - | - | 9,498 | 6,841 |
| less: Capitalised Costs | | - | - | - | - |
| less: Impairments offset in ARR (Equity) | 9a | - | - | - | - |
| <u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u> | | - | - | 9,498 | 6,841 |

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations (continued)

| \$ '000 | Notes | Actual 2011 | Actual 2010 |
|--|-------|---------------------|---------------------|
| (e) Other Expenses | | | |
| Other Expenses for the year include the following: | | | |
| Advertising | | 137 | 97 |
| Agency Charges | | 59 | 74 |
| Bad & Doubtful Debts | | 4 | 110 |
| Bank Charges | | 34 | 22 |
| Computer Software Charges | | 236 | 92 |
| Contributions/Levies to Other Levels of Government | | | |
| - NSW Rural Fire Service Levy | | 44 | 40 |
| - Bushfire Fighting Fund | | 341 | 303 |
| - Department of Planning Levy | | 44 | 42 |
| - Section 88 Waste & Environment Levy | | 97 | 84 |
| Councillor Expenses - Mayoral Fee | | 37 | 30 |
| Councillor Expenses - Councillors' Fees | | 150 | 122 |
| Councillors' Expenses (incl. Mayor) - Other (excluding fees above) | | 38 | 23 |
| Donations, Contributions & Assistance to other organisations (Section 356) | | 154 | 134 |
| Election Expenses | | - | 57 |
| Electricity & Heating | | 430 | 198 |
| Insurance | | 606 | 584 |
| Postage | | 106 | 92 |
| Photocopier Charges | | 76 | 69 |
| Street Lighting | | 379 | 346 |
| Telephone & Communications | | 114 | 105 |
| Valuation Fees | | 82 | 76 |
| Vehicle Registration / Insurance | | 204 | 183 |
| Water Charges | | 48 | 47 |
| Other | | 194 | 184 |
| Total Other Expenses | | 3,614 | 3,114 |
| less: Capitalised Costs | | (17) | (25) |
| <u>TOTAL OTHER EXPENSES</u> | | <u>3,597</u> | <u>3,089</u> |

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 5. Gains or Losses from the Disposal of Assets

| \$ '000 | Notes | Actual 2011 | Actual 2010 |
|---|-------|----------------|----------------|
| Property (excl. Investment Property) | | | |
| Proceeds from Disposal | | - | 504 |
| less: Carrying Amount of Property Assets Sold / Written Off | | - | (462) |
| Net Gain/(Loss) on Disposal | | - | 42 |
| Plant & Equipment | | | |
| Proceeds from Disposal | | 212 | 60 |
| less: Carrying Amount of P&E Assets Sold | | (28) | (19) |
| Net Gain/(Loss) on Disposal | | 184 | 41 |
| Real Estate Assets Held For Sale | | | |
| Proceeds from Disposal | | 754 | - |
| less: Carrying Amount of Real Estate Assets Sold | | (503) | - |
| Net Gain/(Loss) on Disposal | | 251 | - |
| NET GAIN/(LOSS) ON DISPOSAL OF ASSETS | | 435 | 83 |

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

| \$ '000 | Notes | 2011 Actual Current | 2011 Actual Non Current | 2010 Actual Current | 2010 Actual Non Current |
|--|-------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| Cash & Cash Equivalents (Note 6a) | | | | | |
| Cash on Hand and at Bank | | 2,411 | - | 3,124 | - |
| Total Cash & Cash Equivalents | | 2,411 | - | 3,124 | - |
| Investment Securities (Note 6b) | | | | | |
| - Long Term Deposits | | 15,500 | 3,000 | 13,500 | - |
| - NCD's, FRN's (with Maturities > 3 months) | | 1,000 | - | - | 1,000 |
| - CDO's | | 500 | - | 1,000 | 500 |
| - Mortgage Backed Securities | | - | 1,956 | - | 2,428 |
| - Other Long Term Financial Assets | | - | 2,000 | - | 2,000 |
| Total Investment Securities | | 17,000 | 6,956 | 14,500 | 5,928 |
| TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS | | 19,411 | 6,956 | 17,624 | 5,928 |

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

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

Cash & Cash Equivalents

| | | | | | |
|--|--|--------------|----------|--------------|----------|
| a. "At Fair Value through the Profit & Loss" | | 2,411 | - | 3,124 | - |
|--|--|--------------|----------|--------------|----------|

Investments

| | | | | | |
|-----------------------|---------|---------------|--------------|---------------|--------------|
| b. "Held to Maturity" | 6(b-ii) | 17,000 | 6,956 | 14,500 | 5,928 |
| Investments | | 17,000 | 6,956 | 14,500 | 5,928 |

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

| | | | | |
|---------------------------------------|---------------|--------------|---------------|--------------|
| Balance at the Beginning of the Year | 14,500 | 5,928 | 7,000 | 6,472 |
| Additions | 15,500 | 3,000 | 7,000 | - |
| Disposals (sales & redemptions) | (14,500) | (472) | (44) | - |
| Transfers between Current/Non Current | 1,500 | (1,500) | 544 | (544) |
| Balance at End of Year | 17,000 | 6,956 | 14,500 | 5,928 |

Comprising:

| | | | | |
|---|---------------|--------------|---------------|--------------|
| - Long Term Deposits | 15,500 | 3,000 | 13,500 | - |
| - NCD's, FRN's (with Maturities > 3 months) | 1,000 | - | - | 1,000 |
| - CDO's | 500 | - | 1,000 | 500 |
| - Mortgage Backed Securities | - | 1,956 | - | 2,428 |
| - Other Long Term Financial Assets | - | 2,000 | - | 2,000 |
| Total | 17,000 | 6,956 | 14,500 | 5,928 |

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

| \$ '000 | 2011 Actual Current | 2011 Actual Non Current | 2010 Actual Current | 2010 Actual Non Current |
|---|---------------------------|-------------------------------|---------------------------|-------------------------------|
| Total Cash, Cash Equivalents and Investment Securities | 19,411 | 6,956 | 17,624 | 5,928 |
| attributable to: | | | | |
| External Restrictions (refer below) | 7,685 | 6,956 | 7,481 | 5,928 |
| Internal Restrictions (refer below) | 11,067 | - | 8,980 | - |
| Unrestricted | 659 | - | 1,163 | - |
| | 19,411 | 6,956 | 17,624 | 5,928 |

| 2011 \$ '000 | Opening Balance | Transfers to Restrictions | Transfers from Restrictions | Closing Balance |
|-----------------|--------------------|------------------------------|--------------------------------|--------------------|
|-----------------|--------------------|------------------------------|--------------------------------|--------------------|

Details of Restrictions

External Restrictions - Included in Liabilities

| | | | | |
|--|------------|----------|--------------|----------|
| Specific Purpose Unexpended Loans-General (A) | 172 | - | (172) | - |
| External Restrictions - Included in Liabilities | 172 | - | (172) | - |

External Restrictions - Other

| | | | | |
|--|---------------|--------------|----------------|---------------|
| Developer Contributions - General (B) | 7,699 | 1,965 | (2,340) | 7,324 |
| RTA Contributions (C) | 2 | - | (2) | - |
| Specific Purpose Unexpended Grants (D) | 1,927 | 1,512 | (1,435) | 1,988 |
| Domestic Waste Management (E) | 3,108 | 1,605 | - | 4,713 |
| Stormwater Management (E) | 75 | 224 | (111) | 188 |
| Other Contributions (F) | 426 | 200 | (198) | 428 |
| External Restrictions - Other | 13,237 | 5,506 | (4,086) | 14,641 |
| Total External Restrictions | 13,409 | 5,506 | (4,258) | 14,641 |

- A** Loan moneys which must be applied for the purposes for which the loans were raised.
- B** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- C** RTA Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- D** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- E** Domestic Waste Management (DWM) & Stormwater Management Charges are externally restricted assets and must be applied for the purposes for which they were raised.
- F** 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 2011

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

| 2011 \$ '000 | Opening Balance | Transfers to Restrictions | Transfers from Restrictions | Closing Balance |
|-------------------------------------|--------------------|------------------------------|--------------------------------|--------------------|
| Internal Restrictions | | | | |
| Plant & Vehicle Replacement | 1,376 | 633 | (1,028) | 981 |
| Employees Leave Entitlement | 1,019 | - | - | 1,019 |
| Building Construction & Maintenance | 276 | 204 | (50) | 430 |
| Sinking Funds | 300 | - | - | 300 |
| Asset Management | 193 | 2,103 | (552) | 1,744 |
| Property | 1,009 | 741 | (83) | 1,667 |
| Effluent Treatment | 415 | - | (39) | 376 |
| Information Technology | 719 | - | (214) | 505 |
| Work in Progress | 2,125 | 1,192 | (1,275) | 2,042 |
| Recreation & Facilities | 280 | 335 | (33) | 582 |
| Legal & Risk | 706 | 42 | (172) | 576 |
| Investments | 153 | 227 | - | 380 |
| Roads | 94 | 5 | - | 99 |
| Election | 126 | 55 | - | 181 |
| Other | 189 | 10 | (14) | 185 |
| Total Internal Restrictions | 8,980 | 5,547 | (3,460) | 11,067 |
| TOTAL RESTRICTIONS | 22,389 | 11,053 | (7,718) | 25,708 |

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 7. Receivables

| \$ '000 | Notes | 2011 | | 2010 | |
|---|-------|---------------------|-----------------|---------------------|-----------------|
| | | Current | Non Current | Current | Non Current |
| Purpose | | | | | |
| Rates & Annual Charges | | 2,079 | - | 1,691 | - |
| Interest & Extra Charges | | 306 | - | 249 | - |
| User Charges & Fees | | 1,010 | - | 935 | - |
| Accrued Revenues | | | | | |
| - Interest on Investments | | 388 | - | 224 | - |
| - Other Income Accruals | | 66 | - | 586 | - |
| Government Grants & Subsidies | | 1,371 | - | 131 | - |
| Net GST Receivable | | 148 | - | 140 | - |
| Total | | 5,368 | - | 3,956 | - |
| less: Provision for Impairment | | | | | |
| User Charges & Fees | | (212) | - | (202) | - |
| Total Provision for Impairment - Receivables | | (212) | - | (202) | - |
| <u>TOTAL NET RECEIVABLES</u> | | <u>5,156</u> | <u>-</u> | <u>3,754</u> | <u>-</u> |
| Externally Restricted Receivables | | | | | |
| Domestic Waste Management | | 683 | | 530 | - |
| Stormwater Management | | 32 | | 24 | - |
| Total External Restrictions | | 715 | - | 554 | - |
| Internally Restricted Receivables | | | | | |
| Nil | | | | | |
| Unrestricted Receivables | | 4,441 | - | 3,200 | - |
| TOTAL NET RECEIVABLES | | 5,156 | - | 3,754 | - |

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 9.00% (2010 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 2011

Note 8. Inventories & Other Assets

| \$ '000 | Notes | 2011 | | 2010 | |
|---|-------|--------------|-------------|--------------|-------------|
| | | Current | Non Current | Current | Non Current |
| Inventories | | | | | |
| Real Estate for resale (refer below) | | 670 | - | 1,103 | - |
| Stores & Materials | | 839 | - | 856 | - |
| Trading Stock | | 8 | - | 9 | - |
| Total Inventories | | 1,517 | - | 1,968 | - |
| Other Assets | | | | | |
| Prepayments | | 387 | - | 362 | - |
| Total Other Assets | | 387 | - | 362 | - |
| TOTAL INVENTORIES / OTHER ASSETS | | 1,904 | - | 2,330 | - |
| Externally Restricted Assets | | | | | |
| Other | | | | | |
| Stores & Materials | | 736 | - | 738 | - |
| Total Other | | 736 | - | 738 | - |
| Total Externally Restricted Assets | | 736 | - | 738 | - |
| Total Unrestricted Assets | | 1,168 | - | 1,592 | - |
| TOTAL INVENTORIES & OTHER ASSETS | | 1,904 | - | 2,330 | - |

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 8. Inventories & Other Assets (continued)

| \$ '000 | 2011 | | 2010 | |
|--|------------|-------------|--------------|-------------|
| | Current | Non Current | Current | Non Current |
| (i) Other Disclosures | | | | |
| (a) Details for Real Estate Development | | | | |
| Residential | 618 | - | 1,057 | - |
| Industrial/Commercial | 52 | - | 46 | - |
| Total Real Estate for Resale | 670 | - | 1,103 | - |
| (Valued at the lower of cost and net realisable value) | | | | |
| Represented by: | | | | |
| Acquisition Costs | 670 | - | 1,103 | - |
| Total Costs | 670 | - | 1,103 | - |
| less: Provision for Under Recovery | - | - | - | - |
| Total Real Estate for Resale | 670 | - | 1,103 | - |
| Movements: | | | | |
| Real Estate assets at beginning of the year | 1,103 | - | 1,103 | - |
| - Purchases and other costs | 54 | - | - | - |
| - Transfers in from (out to) Note 9 | 16 | - | - | - |
| - WDV of Sales (exp) 5 | (503) | - | - | - |
| Total Real Estate for Resale | 670 | - | 1,103 | - |

(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;

| | 2011 | 2010 |
|------------------------|------------|--------------|
| Real Estate for Resale | 566 | 1,103 |
| | 566 | 1,103 |

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 9a. Infrastructure, Property, Plant & Equipment

| \$ '000 | as at 30/6/2010 | | | | | Asset Movements during the Reporting Period | | | | | | as at 30/6/2011 | | | | |
|---|-----------------|------------------|----------------|------------|-------------------|---|------------------------------|-------------------------|----------------------------|---|---|-----------------|------------------|----------------|------------|-------------------|
| | At Cost | At Fair Value | Accumulated | | Carrying Value | Asset Additions | WDV of Asset Disposals | Depreciation Expense | Adjustments & Transfers | Tfrs from/(to) Real Estate Assets (Note 8) | Revaluation Increments to Equity (ARR) | At Cost | At Fair Value | Accumulated | | Carrying Value |
| | | | Deprec. | Impairment | | | | | | | | | | Dep'n | Impairment | |
| Plant & Equipment | - | 11,435 | 8,604 | - | 2,831 | 1,074 | (28) | (751) | 17 | - | - | - | 11,948 | 8,805 | - | 3,143 |
| Office Equipment | - | 3,415 | 2,411 | - | 1,004 | 156 | - | (307) | 2 | - | - | - | 3,572 | 2,717 | - | 855 |
| Furniture & Fittings | - | 422 | 298 | - | 124 | 77 | - | (21) | (17) | - | - | - | 482 | 319 | - | 163 |
| Land: | | | | | | | | | | | | | | | | |
| - Operational Land | - | 11,560 | - | - | 11,560 | 10 | - | - | (3) | (16) | - | - | 11,551 | - | - | 11,551 |
| - Community Land | 20,002 | - | - | - | 20,002 | 9 | - | - | 3 | - | 7,380 | - | 27,394 | - | - | 27,394 |
| - Land under Roads (pre 1/7/08) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - Land under Roads (post 30/6/08) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Land Improvements - depreciable | 1,116 | - | 77 | - | 1,039 | 54 | - | (39) | - | - | - | - | 1,170 | 116 | - | 1,054 |
| Buildings - Non Specialised | - | 20,402 | 15,400 | - | 5,002 | 11 | - | (371) | 7 | - | - | - | 20,419 | 15,770 | - | 4,649 |
| Buildings - Specialised | - | 36,892 | 22,939 | - | 13,953 | 1,088 | - | (606) | (5) | - | - | - | 37,974 | 23,544 | - | 14,430 |
| Other Structures | 11,957 | - | 7,346 | - | 4,611 | 365 | - | (349) | 3,723 | - | 2,565 | - | 16,107 | 5,192 | - | 10,915 |
| Infrastructure: | | | | | | | | | | | | | | | | |
| - Roads, Bridges, Footpaths | - | 281,617 | 72,618 | - | 208,999 | 5,772 | - | (6,403) | - | - | - | - | 287,389 | 79,021 | - | 208,368 |
| - Bulk Earthworks (non-depreciable) | - | 15,864 | - | - | 15,864 | - | - | - | - | - | - | - | 15,864 | - | - | 15,864 |
| - Stormwater Drainage | - | 36,034 | 8,010 | - | 28,024 | 322 | - | (346) | - | - | - | - | 36,355 | 8,355 | - | 28,000 |
| Other Assets: | | | | | | | | | | | | | | | | |
| - Library Books | 1,025 | - | 983 | - | 42 | - | - | (27) | - | - | - | - | 1,025 | 1,010 | - | 15 |
| - Other | 636 | - | 133 | - | 503 | - | - | (29) | - | - | - | - | 637 | 163 | - | 474 |
| Reinstatement, Rehabilitation & Restoration Assets (refer Note 26) | | | | | | | | | | | | | | | | |
| - Tip Asset | 8,055 | - | 6,764 | - | 1,291 | - | - | (249) | - | - | - | - | 8,055 | 7,013 | - | 1,042 |
| TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP. | 42,791 | 417,641 | 145,583 | - | 314,849 | 8,938 | (28) | (9,498) | 3,727 | (16) | 9,945 | - | 479,942 | 152,025 | - | 327,917 |

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2011

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

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

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

\$ '000

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 10a. Payables, Borrowings & Provisions

| \$ '000 | Notes | 2011 | | 2010 | |
|--|-------|--------------|---------------|--------------|---------------|
| | | Current | Non Current | Current | Non Current |
| Payables | | | | | |
| Goods & Services | | 2,184 | - | 1,847 | - |
| Payments Received In Advance | | 345 | - | 346 | - |
| Accrued Expenses: | | | | | |
| - Borrowings | | 77 | - | 82 | - |
| - Salaries & Wages | | 200 | - | 144 | - |
| - Other Expenditure Accruals | | 318 | - | 229 | - |
| Security Bonds, Deposits & Retentions | | 329 | - | 414 | - |
| Unclaimed Money | | 262 | - | 262 | - |
| Other | | 321 | - | 315 | - |
| Total Payables | | 4,036 | - | 3,639 | - |
| Borrowings | | | | | |
| Loans - Secured ¹ | | 666 | 8,448 | 547 | 9,020 |
| Total Borrowings | | 666 | 8,448 | 547 | 9,020 |
| Provisions | | | | | |
| Employee Benefits; | | | | | |
| Annual Leave | | 1,183 | - | 1,275 | - |
| Sick Leave | | 209 | - | 245 | - |
| Long Service Leave | | 2,073 | 64 | 2,070 | 80 |
| Sub Total - Aggregate Employee Benefits | | 3,465 | 64 | 3,590 | 80 |
| Asset Remediation/Restoration (Future Works) | 26 | - | 11,436 | - | 10,789 |
| Total Provisions | | 3,465 | 11,500 | 3,590 | 10,869 |
| Total Payables, Borrowings & Provisions | | 8,167 | 19,948 | 7,776 | 19,889 |

(i) Liabilities relating to Restricted Assets

Externally Restricted Assets

Nil

Internally Restricted Assets

Nil

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

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

| \$ '000 | 2011 | 2010 |
|---|--------------|--------------|
| (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 | 2,414 | 2,553 |
| | 2,414 | 2,553 |

Note 10b. Description of and movements in Provisions

| Class of Provision | 2010 | 2011 | | | | Closing Balance as at 30/6/11 |
|--------------------|------------------------------|-----------------------|--------------------------|--|-------------------------|-------------------------------|
| | Opening Balance as at 1/7/10 | Additional Provisions | Decrease due to Payments | Remeasurement effects due to Discounting | Unused amounts reversed | |
| Annual Leave | 1,275 | 819 | (911) | - | - | 1,183 |
| Sick Leave | 245 | 6 | (42) | - | - | 209 |
| Long Service Leave | 2,150 | 70 | (83) | - | - | 2,137 |
| Asset Remediation | 10,789 | 647 | - | - | - | 11,436 |
| TOTAL | 14,459 | 1,542 | (1,036) | - | - | 14,965 |

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

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

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 11. Statement of Cash Flows - Additional Information

| \$ '000 | Notes | Actual 2011 | Actual 2010 |
|---|-------|----------------|----------------|
| (a) Reconciliation of Cash Assets | | | |
| Total Cash & Cash Equivalent Assets | 6a | 2,411 | 3,124 |
| Less Bank Overdraft | 10 | - | - |
| BALANCE as per the STATEMENT of CASH FLOWS | | 2,411 | 3,124 |
| (b) Reconciliation of Net Operating Result to Cash provided from Operating Activities | | | |
| Net Operating Result from Income Statement | | 2,741 | 5,131 |
| Adjust for non cash items: | | | |
| Depreciation & Amortisation | | 9,498 | 6,841 |
| Net Losses/(Gains) on Disposal of Assets | | (435) | (83) |
| Non Cash Capital Grants and Contributions | | - | (331) |
| Losses/(Gains) recognised on Fair Value Re-measurements through the P&L: | | | |
| - Investments classified as "@ Fair Value" or "Held for Trading" | | - | (66) |
| Unwinding of Discount Rates on Reinstatement Provisions | | 647 | 611 |
| +/- Movement in Operating Assets and Liabilities & Other Cash Items: | | | |
| Decrease/(Increase) in Receivables | | (1,412) | (104) |
| Increase/(Decrease) in Provision for Doubtful Debts | | 10 | 70 |
| Decrease/(Increase) in Inventories | | 18 | (340) |
| Decrease/(Increase) in Other Assets | | (25) | 164 |
| Increase/(Decrease) in Payables | | 337 | (357) |
| Increase/(Decrease) in accrued Interest Payable | | (5) | (3) |
| Increase/(Decrease) in other accrued Expenses Payable | | 145 | 144 |
| Increase/(Decrease) in Other Liabilities | | (80) | 61 |
| Increase/(Decrease) in Employee Leave Entitlements | | (141) | 240 |
| NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS | | 11,298 | 11,978 |

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

| \$ '000 | Notes | Actual 2011 | Actual 2010 |
|--|-------|----------------|----------------|
| (c) Non-Cash Investing & Financing Activities | | | |
| Bushfire Grants | | - | 331 |
| Total Non-Cash Investing & Financing Activities | | - | 331 |
| (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 | | 51 | 51 |
| Total Financing Arrangements Utilised | | 351 | 351 |

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

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

(ii) Secured Loan Liabilities

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

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 12. Commitments for Expenditure

| \$ '000 | Notes | Actual 2011 | Actual 2010 |
|--|-------|----------------|----------------|
| (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 | | 66 | 358 |
| Plant & Equipment | | 14 | 54 |
| Corporate Information System | | 20 | 20 |
| Recreation | | 154 | 244 |
| Roads, Bridges & Footpaths | | 306 | 2,720 |
| Property | | 52 | 78 |
| Other | | 6 | 6 |
| Total Commitments | | 618 | 3,480 |
| These expenditures are payable as follows: | | | |
| Within the next year | | 572 | 3,428 |
| Later than one year and not later than 5 years | | 46 | 52 |
| Later than 5 years | | - | - |
| Total Payable | | 618 | 3,480 |
| Sources for Funding of Capital Commitments: | | | |
| Unrestricted General Funds | | - | 1,343 |
| Future Grants & Contributions | | - | 200 |
| Sect 64 & 94 Funds/Reserves | | 52 | 1,427 |
| Unexpended Grants | | 532 | 458 |
| Internally Restricted Reserves | | 34 | 52 |
| Total Sources of Funding | | 618 | 3,480 |
| (b) Other Expenditure Commitments (exclusive of GST) | | | |
| Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: | | | |
| DWM & Recycling Services | | 26,937 | 24,368 |
| Cleaning Services | | - | 124 |
| Audit Services | | 71 | 105 |
| Other | | 85 | 381 |
| Total Commitments | | 27,093 | 24,978 |
| These expenditures are payable as follows: | | | |
| Within the next year | | 3,806 | 4,050 |
| Later than one year and not later than 5 years | | 11,815 | 7,960 |
| Later than 5 years | | 11,472 | 12,968 |
| Total Payable | | 27,093 | 24,978 |

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 12. Commitments for Expenditure (continued)

| \$ '000 | Notes | Actual 2011 | Actual 2010 |
|--|-------|----------------|----------------|
| (c) Finance Lease Commitments | | | |
| Nil | | | |
| (d) 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 | | 635 | 751 |
| Later than one year and not later than 5 years | | 464 | 627 |
| Later than 5 years | | - | - |
| Total Non Cancellable Operating Lease Commitments | | 1,099 | 1,378 |

b. Non Cancellable Operating Leases include the following assets:

Motor Vehicles and IT Equipment

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

Conditions relating to Operating Leases:

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

(e) Investment Property Commitments

Nil

(f) Remuneration Commitments

Commitments for the payment of salaries & other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities are payable:

| | | |
|--|--------------|--------------|
| Within the next year | 602 | 602 |
| Later than one year and not later than 5 years | 899 | 1,501 |
| Later than 5 years | - | - |
| Total Payable | 1,501 | 2,103 |

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

| \$ '000 | Amounts 2011 | Indicator 2011 | Prior Periods 20102009 | |
|---|-----------------|-------------------|---------------------------|--------|
| Local Government Industry Indicators | | | | |
| 1. Unrestricted Current Ratio | | | | |
| Current Assets less all External Restrictions ⁽¹⁾ | 16,769 | 2.91 : 1 | 2.65 | 2.13 |
| Current Liabilities less Specific Purpose Liabilities ^(2,3) | 5,753 | | | |
| 2. Debt Service Ratio | | | | |
| Debt Service Cost | 1,293 | 3.83% | 4.02% | 4.05% |
| Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions | 33,721 | | | |
| 3. Rates & Annual Charges Coverage Ratio | | | | |
| Rates & Annual Charges | 23,391 | 54.30% | 55.12% | 54.26% |
| Income from Continuing Operations | 43,081 | | | |
| 4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage | | | | |
| Rates, Annual & Extra Charges Outstanding | 2,385 | 9.35% | 8.06% | 8.76% |
| Rates, Annual & Extra Charges Collectible | 25,507 | | | |
| 5. Building & Infrastructure Renewals Ratio | | | | |
| Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure] | 6,009 | 77.78% | 108.25% | 62.67% |
| Depreciation, Amortisation & Impairment (Building & Infrastructure Assets) | 7,726 | | | |

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

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

⁽²⁾ Refer to Note 10(a).⁽³⁾ Refer to Note 10(c) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).⁽⁴⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity or performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2011

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

| <div><div>1. Unrestricted Current Ratio</div><div><table><tr><th>Year</th><th>Ratio</th></tr><tr><td>2008</td><td>2.77</td></tr><tr><td>2009</td><td>2.13</td></tr><tr><td>2010</td><td>2.65</td></tr><tr><td>2011</td><td>2.91</td></tr></table></div></div> | Year | Ratio | 2008 | 2.77 | 2009 | 2.13 | 2010 | 2.65 | 2011 | 2.91 | <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 2010/11 Result</div><div><div>2010/11 Ratio2.91 : 1</div><div>Council's unrestricted current ratio is very healthy and indicates that it has the ability to easily meet all of its short term obligations. A ratio of 2 or more is considered to be more than satisfactory.</div></div></div> |
|---|---------|---------|------|--------|------|---------|------|--------|---|--|--|---|
| Year | Ratio | | | | | | | | | | | |
| 2008 | 2.77 | | | | | | | | | | | |
| 2009 | 2.13 | | | | | | | | | | | |
| 2010 | 2.65 | | | | | | | | | | | |
| 2011 | 2.91 | | | | | | | | | | | |
| <div><div>2. Debt Service Ratio</div><div><table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2008</td><td>3.01%</td></tr><tr><td>2009</td><td>4.05%</td></tr><tr><td>2010</td><td>4.02%</td></tr><tr><td>2011</td><td>3.83%</td></tr></table></div></div> | Year | Ratio % | 2008 | 3.01% | 2009 | 4.05% | 2010 | 4.02% | 2011 | 3.83% | <div><div>Purpose of Debt Service Ratio</div><div>To assess the impact of loan principal & interest repayments on the discretionary revenue of council.</div></div> | <div><div>Commentary on 2010/11 Result</div><div><div>2010/11 Ratio3.83%</div><div>The debt service ratio has remained relatively stable over the past few years because no loans have been taken up and no old loans extinguished. As a result, servicing costs have remained at the current level. Interest rate movements have no effect on the ratio as all loans are currently on fixed rates.</div></div></div> |
| Year | Ratio % | | | | | | | | | | | |
| 2008 | 3.01% | | | | | | | | | | | |
| 2009 | 4.05% | | | | | | | | | | | |
| 2010 | 4.02% | | | | | | | | | | | |
| 2011 | 3.83% | | | | | | | | | | | |
| <div><div>3. Rates & Annual Charges Coverage Ratio</div><div><table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2008</td><td>54.78%</td></tr><tr><td>2009</td><td>54.26%</td></tr><tr><td>2010</td><td>55.12%</td></tr><tr><td>2011</td><td>54.30%</td></tr></table></div></div> | Year | Ratio % | 2008 | 54.78% | 2009 | 54.26% | 2010 | 55.12% | 2011 | 54.30% | <div><div>Purpose of Rates & Annual Charges Coverage Ratio</div><div>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</div></div> | <div><div>Commentary on 2010/11 Result</div><div><div>2010/11 Ratio54.30%</div><div>The slight decrease in the ratio compared to 2009/10 is a result of slight improvements in some of Council's other revenue sources ie: additional grant income, interest on investments, user charges & fees and gains on the sale of assets.</div></div></div> |
| Year | Ratio % | | | | | | | | | | | |
| 2008 | 54.78% | | | | | | | | | | | |
| 2009 | 54.26% | | | | | | | | | | | |
| 2010 | 55.12% | | | | | | | | | | | |
| 2011 | 54.30% | | | | | | | | | | | |
| <div><div>4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</div><div><table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2008</td><td>5.11%</td></tr><tr><td>2009</td><td>8.76%</td></tr><tr><td>2010</td><td>8.06%</td></tr><tr><td>2011</td><td>9.35%</td></tr></table></div></div> | Year | Ratio % | 2008 | 5.11% | 2009 | 8.76% | 2010 | 8.06% | 2011 | 9.35% | <div><div>Purpose of Rates & Annual Charges Outstanding Ratio</div><div>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</div></div> | <div><div>Commentary on 2010/11 Result</div><div><div>2010/11 Ratio9.35%</div><div>This ratio is again higher than the preferred benchmark of 5%. The 2 main contributing factors are staff shortages and the continuing impact of the global financial crisis on people's ability to pay.</div></div></div> |
| Year | Ratio % | | | | | | | | | | | |
| 2008 | 5.11% | | | | | | | | | | | |
| 2009 | 8.76% | | | | | | | | | | | |
| 2010 | 8.06% | | | | | | | | | | | |
| 2011 | 9.35% | | | | | | | | | | | |
| <div><div>5. Building & Infrastructure Renewals Ratio</div><div><table><tr><th>Year</th><th>Ratio %</th></tr><tr><td>2009</td><td>62.67%</td></tr><tr><td>2010</td><td>108.25%</td></tr><tr><td>2011</td><td>77.78%</td></tr></table></div></div> | Year | Ratio % | 2009 | 62.67% | 2010 | 108.25% | 2011 | 77.78% | <div><div>Purpose of Bldg & Infrastructure Renewals Ratio</div><div>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</div></div> | <div><div>Commentary on Result</div><div><div>2010/11 Ratio0.00%</div><div>This ratio fell considerably from 2009/10 to 2010/11 primarily as a result of the infrastructure revaluations carried out at the end of 2009/10. The revaluations resulted in an increase in Council's annual depreciation of approx \$2.5 million p.a., thereby decreasing the ratio considerably.</div></div></div> | | |
| Year | Ratio % | | | | | | | | | | | |
| 2009 | 62.67% | | | | | | | | | | | |
| 2010 | 108.25% | | | | | | | | | | | |
| 2011 | 77.78% | | | | | | | | | | | |

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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 | |
|------------------------------------|----------------|---------------|---------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| Financial Assets | | | | |
| Cash and Cash Equivalents | 2,411 | 3,124 | 2,611 | 3,116 |
| Investments | | | | |
| - "Held to Maturity" | 23,956 | 20,428 | 22,935 | 19,113 |
| Receivables | 5,156 | 3,754 | 5,156 | 3,754 |
| Total Financial Assets | 31,523 | 27,306 | 30,702 | 25,983 |
| Financial Liabilities | | | | |
| Payables | 3,691 | 3,293 | 3,712 | 3,293 |
| Loans / Advances | 9,114 | 9,567 | 9,114 | 9,567 |
| Total Financial Liabilities | 12,805 | 12,860 | 12,826 | 12,860 |

Fair Value is determined as follows:

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

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

\$ '000

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

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

Council's Finance Section manages the Cash & Investments portfolio with the assistance of independent 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 major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

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

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

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

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

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

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

| | Increase of Values/Rates | | Decrease of Values/Rates | |
|--|--------------------------|--------|--------------------------|--------|
| | Profit | Equity | Profit | Equity |
| 2011 | | | | |
| Possible impact of a 10% movement in Market Values | 155 | 155 | (155) | (155) |
| Possible impact of a 1% movement in Interest Rates | 252 | 252 | (252) | (252) |
| 2010 | | | | |
| Possible impact of a 10% movement in Market Values | 532 | 532 | (532) | (532) |
| Possible impact of a 1% movement in Interest Rates | 237 | 237 | (237) | (237) |

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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.

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:

| | 2011 Rates & Annual Charges | 2011 Other Receivables | 2010 Rates & Annual Charges | 2010 Other Receivables |
|----------------------------------|--------------------------------------|------------------------------|--------------------------------------|------------------------------|
| (i) Ageing of Receivables | | | | |
| Current (not yet overdue) | 2,079 | 2,581 | 1,691 | 1,845 |
| Past due by up to 30 days | - | 311 | - | 31 |
| Past due between 31 and 180 days | - | 397 | - | 389 |
| | 2,079 | 3,289 | 1,691 | 2,265 |

(ii) Movement in Provision for Impairment of Receivables

| | 2011 | 2010 |
|--|------------|------------|
| Balance at the beginning of the year | 202 | 132 |
| + new provisions recognised during the year | 110 | 109 |
| - amounts already provided for & written off this year | (100) | (39) |
| Balance at the end of the year | 212 | 202 |

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

| \$ '000 | Subject to no maturity | ≤ 1 Year | 1-2 Yrs | payable in: | | | | Total Cash Outflows | Actual Carrying Values |
|------------------------------------|------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------------------|------------------------------|
| | | | | 2-3 Yrs | 3-4 Yrs | 4-5 Yrs | > 5 Yrs | | |
| 2011 | | | | | | | | | |
| Trade/Other Payables | 329 | 3,707 | - | - | - | - | - | 4,036 | 3,691 |
| Loans & Advances | - | 1,412 | 1,305 | 1,086 | 1,086 | 1,276 | 8,121 | 14,286 | 9,114 |
| Total Financial Liabilities | 329 | 5,119 | 1,305 | 1,086 | 1,086 | 1,276 | 8,121 | 18,322 | 12,805 |
| 2010 | | | | | | | | | |
| Trade/Other Payables | 414 | 3,239 | - | - | - | - | - | 3,653 | 3,293 |
| Loans & Advances | - | 1,295 | 1,395 | 1,289 | 1,055 | 1,244 | 10,883 | 17,161 | 9,567 |
| Total Financial Liabilities | 414 | 4,534 | 1,395 | 1,289 | 1,055 | 1,244 | 10,883 | 20,814 | 12,860 |

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:

| | 2011 | | 2010 | |
|--|-------------------|--------------------------|-------------------|--------------------------|
| | Carrying Value | Average Interest Rate | Carrying Value | Average Interest Rate |
| Trade/Other Payables | 3,691 | 0.0% | 3,293 | 0.0% |
| Loans & Advances - Fixed Interest Rate | 9,114 | 8.2% | 9,567 | 8.1% |
| | <u>12,805</u> | | <u>12,860</u> | |

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 10/11 was incorporated as part of its Management Plan and was adopted by the Council on 20 June 2011.

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

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

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

Note that for Variations: **F** = Favourable Budget Variation, **U** = Unfavourable Budget Variation

| \$ '000 | 2011 Budget | 2011 Actual | 2011 Variance* | | |
|--|----------------|----------------|-------------------|-------------|----------|
| REVENUES | | | | | |
| Rates & Annual Charges | 23,516 | 23,391 | (125) | (1%) | U |
| User Charges & Fees | 3,246 | 3,981 | 735 | 23% | F |
| The higher than expected user charges and fees resulted mainly from increased planning & building regulation fee income (\$434K), increased income from private works (\$225K) and increased royalty income (\$120K). | | | | | |
| Interest & Investment Revenue | 923 | 1,577 | 654 | 71% | F |
| Improvements in the global financial markets led to higher investment returns than was originally budgeted for. Also, delays in the completion of some major projects meant that there was an increase in funds available for investment. | | | | | |
| Other Revenues | 719 | 1,051 | 332 | 46% | F |
| Insurance rebates of \$122K were received as a result of a good claims history. Increased income was received from property rentals(\$45K) and mobile phone tower leases (\$12K). Other items affecting the increased revenue include the reimbursement of legal fees (\$33K), increased diesel rebate received (\$13K), increased vehicle service income (\$16K), event and sponsorship income (\$22K) and the reimbursement of some property expenses (\$11K). | | | | | |
| Operating Grants & Contributions | 5,100 | 6,845 | 1,745 | 34% | F |
| Council received a prepayment of some of its 2011/12 Financial Assistance Grant allocation (\$755K). Additional RFS funding received included hazard reduction contributions (\$211K), contributions for water tanks (\$51K) and other general reimbursements (\$102K). Other increased grant & contribution funding received includes additional road safety contributions (\$16K), additional community services grants (\$127K), environmental grants (\$329K) and contributions for strategic planning studies (\$252K). | | | | | |

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 16. Material Budget Variations (continued)

| \$ '000 | 2011 Budget | 2011 Actual | 2011 Variance* | |
|---|-----------------|-----------------|-------------------|-------------------|
| REVENUES (continued) | | | | |
| Capital Grants & Contributions | 3,480 | 5,801 | 2,321 | 67% F |
| Additional Federal grant funding was received for Black Spot projects, Roads to Recovery and Stimulus (RLCIP) grants (\$850K). Additional funding was also received for various road projects (\$606K), Thirlmere bushfire station (\$182K), purchase of a bushfire vehicle (\$46K), building construction and sportsground improvements (\$402K) | | | | |
| Net Gains from Disposal of Assets | - | 435 | 435 | 0% F |
| Council does not budget for any gains or losses from asset sales, however during the year Council sold 2 parcels of land (Real Estate Inventory) and a number of plant items. The net result from these sales was a \$435K profit. Further details are available in Note 5. | | | | |
| EXPENSES | | | | |
| Employee Benefits & On-Costs | 14,590 | 14,025 | 565 | 4% F |
| Borrowing Costs | 994 | 1,487 | (493) | (50%) U |
| The main reason for the increased borrowing costs was from the unwinding of a PV discount (\$647K) in relation to the future remediation of Council's tip assets. Partially offsetting this increase, was a reduction in the expected level of interest on loans because the original budget included a loan of \$3m for the purpose of tip remediation. This loan was not required due to delays in the commencement of the project. | | | | |
| Materials & Contracts | 11,068 | 11,733 | (665) | (6%) U |
| Depreciation & Amortisation | 6,600 | 9,498 | (2,898) | (44%) U |
| The 2010/11 budget was developed prior to the end of the 2009/10 financial year and at that time the depreciation estimate based on existing asset valuations was \$6.6 million. Infrastructure assets were revalued at the end of the 09/10 financial year (ie: after the 10/11 budget was adopted) and the revaluations resulted in a significant increase to the value of Council's assets and therefore a corresponding increase in the annual depreciation charge. | | | | |
| Other Expenses | 3,726 | 3,597 | 129 | 3% F |
| Budget Variations relating to Council's Cash Flow Statement include: | | | | |
| Cash Flows from Operating Activities | 7,618 | 11,298 | 3,680 | 48.3% F |
| The large increase in cash inflows from operating activities is due to the additional grants funds that were received during the year. When setting the original budget, Council only budgets for grant funding that has already been approved by the funding body. Additional grants that are approved during the year are included in the budget via the quarterly budget review process. | | | | |
| Cash Flows from Investing Activities | (11,157) | (11,558) | (401) | 3.6% U |
| Cash Flows from Financing Activities | 2,464 | (453) | (2,917) | (118.4%) U |
| There was a significant reduction in the expected cash inflows from financing activities because the proposed \$3m loan for the purpose of tip remediation wasn't required due to the delay in the commencement date of this project. | | | | |

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

| PURPOSE | Opening Balance | Contributions received during the Year | | Interest earned in Year | Expenditure during Year | Internal Borrowing (to)/from | Held as Restricted Asset | Projections | | | Cumulative Internal Borrowings due/(payable) |
|---|-----------------|--|----------|-------------------------|-------------------------|------------------------------|--------------------------|----------------|-----------------------|-------------------------|--|
| | | Cash | Non Cash | | | | | Future income | Exp still outstanding | Over or (under) Funding | |
| Drainage | - | - | - | - | - | - | - | 1,826 | (2,219) | (393) | - |
| Roads | - | - | - | - | - | - | - | - | - | - | - |
| Traffic Facilities | 4,206 | 254 | - | 126 | (1,712) | - | 2,874 | 28,110 | (32,413) | (1,429) | - |
| Parking | - | - | - | - | - | - | - | - | - | - | - |
| Open Space | 1,238 | 178 | - | 55 | (138) | - | 1,333 | 86,056 | (97,171) | (9,782) | - |
| Community Facilities | 1,370 | 76 | - | 57 | (234) | - | 1,269 | 15,132 | (32,574) | (16,173) | - |
| Animal Management | 15 | - | - | - | (12) | - | 3 | - | (3) | - | - |
| Other | 14 | 1 | - | - | (11) | - | 4 | 273 | (277) | - | - |
| S94 Contributions - under a Plan | 6,843 | 509 | - | 238 | (2,107) | - | 5,483 | 131,397 | (164,657) | (27,777) | - |
| S94A Levies - under a Plan | 567 | 206 | - | 20 | (173) | - | 620 | | | | - |
| Total S94 Revenue Under Plans | 7,410 | 715 | - | 258 | (2,280) | - | 6,103 | | | | - |
| S94 not under Plans | - | - | - | - | - | - | - | - | - | - | - |
| S93F Planning Agreements | 289 | 981 | - | 11 | (60) | - | 1,221 | | | | |
| S64 Contributions | - | - | - | - | - | - | - | | | | |
| Total Contributions | 7,699 | 1,696 | - | 269 | (2,340) | - | 7,324 | 131,397 | (164,657) | (27,777) | - |

Notes to the Financial Statements
for the financial year ended 30 June 2011

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 | |
| Drainage | - | - | - | - | - | - | - | 1,822 | (2,214) | (392) | - |
| Roads | - | - | - | - | - | - | - | - | - | - | - |
| Traffic Facilities | 249 | 95 | - | 13 | - | - | 357 | 24,963 | (26,749) | (1,429) | - |
| Parking | - | - | - | - | - | - | - | - | - | - | - |
| Open Space | 343 | 144 | - | 11 | (120) | - | 378 | 84,779 | (94,811) | (9,654) | - |
| Community Facilities | 137 | 48 | - | 7 | (2) | - | 190 | 14,377 | (30,309) | (15,742) | - |
| Animal Management | 2 | - | - | - | - | - | 2 | - | (2) | - | - |
| Other | 6 | - | - | - | (3) | - | 3 | 170 | (173) | - | - |
| Total | 737 | 287 | - | 31 | (125) | - | 930 | 126,111 | (154,258) | (27,217) | - |

CONTRIBUTION PLAN - 2000

| PURPOSE | Opening Balance | Contributions received during the Year | | Interest earned in Year | Expenditure during Year | Internal Borrowing (to)/from | Held as Restricted Asset | Projections | | | Cumulative Internal Borrowings due/(payable) |
|----------------------|-----------------|--|----------|-------------------------|-------------------------|------------------------------|--------------------------|---------------|-----------------------|-------------------------|--|
| | | Cash | Non Cash | | | | | Future income | Exp still outstanding | Over or (under) Funding | |
| Drainage | - | - | - | - | - | - | - | - | - | - | - |
| Roads | - | - | - | - | - | - | - | - | - | - | - |
| Traffic Facilities | 3,957 | 159 | - | 113 | (1,712) | - | 2,517 | 3,147 | (5,664) | - | - |
| Parking | - | - | - | - | - | - | - | - | - | - | - |
| Open Space | 871 | 34 | - | 43 | (18) | - | 930 | 587 | (1,576) | (59) | - |
| Community Facilities | 827 | 28 | - | 32 | (196) | - | 691 | 483 | (1,450) | (276) | - |
| Animal Management | 13 | - | - | - | (12) | - | 1 | - | (1) | - | - |
| Other | 8 | 1 | - | - | (8) | - | 1 | 15 | (16) | - | - |
| Total | 5,676 | 222 | - | 188 | (1,946) | - | 4,140 | 4,232 | (8,707) | (335) | - |

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN 1993

| 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 | - | - | - | - | - | - | - | 4 | (5) | (1) | - |
| Roads | - | - | - | - | - | - | - | - | - | - | - |
| Traffic Facilities | - | - | - | - | - | - | - | - | - | - | - |
| Parking | - | - | - | - | - | - | - | - | - | - | - |
| Open Space | 24 | - | - | 1 | - | - | 25 | 690 | (784) | (69) | - |
| Community Facilities | 406 | - | - | 18 | (36) | - | 388 | 272 | (815) | (155) | - |
| Animal Management | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | 88 | (88) | - | - |
| Total | 430 | - | - | 19 | (36) | - | 413 | 1,054 | (1,692) | (225) | - |

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN NUMBER - 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 | |
| Drainage | - | - | - | - | - | - | - | - | - | | - |
| Roads | - | - | - | - | - | - | - | - | - | | - |
| Traffic Facilities | - | - | - | - | - | - | - | - | - | | - |
| Parking | - | - | - | - | - | - | - | - | - | | - |
| Open Space | - | - | - | - | - | - | - | - | - | | - |
| Community Facilities | - | - | - | - | - | - | - | - | - | | - |
| Other | 567 | 206 | - | 20 | (173) | - | 620 | - | - | | - |
| Total | 567 | 206 | - | 20 | (173) | - | 620 | | | | |

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 17. Statement of Developer Contributions (continued)

\$ '000

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 | - | - | - | - | - | - | - | - | - | - | - |
| Roads | - | - | - | - | - | - | - | - | - | - | - |
| Traffic Facilities | 193 | 427 | - | 10 | - | - | 630 | 5,059 | (5,614) | 75 | - |
| Parking | - | - | - | - | - | - | - | - | - | - | - |
| Open Space | 54 | 8 | - | - | (54) | - | 8 | 12,524 | (12,532) | - | - |
| Community Facilities | 34 | 492 | - | 1 | (6) | - | 521 | 3,516 | (4,037) | - | - |
| Animal Management | 2 | 12 | - | - | - | - | 14 | 53 | (67) | - | - |
| Bushfire Protection | 6 | 42 | - | - | - | - | 48 | 163 | (211) | - | - |
| Administration | - | - | - | - | - | - | - | 721 | (721) | - | - |
| Tree Planting | - | - | - | - | - | - | - | 13 | (13) | - | - |
| Total | 289 | 981 | - | 11 | (60) | - | 1,221 | 22,049 | (23,195) | 75 | - |

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions from 2009/10 & beyond.

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 2011

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.

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2011

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

\$ '000

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

Note 20. Equity - Retained Earnings and Revaluation Reserves

| | Notes | Actual 2011 | Actual 2010 |
|---|--------|----------------|----------------|
| a. Retained Earnings | | | |
| Movements in Retained Earnings were as follows: | | | |
| Balance at beginning of Year (from previous years audited accounts) | | 276,232 | 205,988 |
| a. Correction of Prior Period Errors | 20 (c) | - | - |
| b. Changes in Accounting Policies (prior period effects) | 20 (d) | - | (145) |
| c. Other Comprehensive Income (excl. direct to Reserves transactions) | | 3,723 | 65,258 |
| d. Net Operating Result for the Year | | 2,741 | 5,131 |
| e. Distributions to/(Contributions from) Minority Interests | | - | - |
| f. Transfers between Equity | | - | - |
| g. Other Changes | | - | - |
| Balance at End of the Reporting Period | | 282,696 | 276,232 |

b. Reserves

(i) Reserves are represented by:

| | | |
|---|---------------|---------------|
| - Infrastructure, Property, Plant & Equipment Revaluation Reserve | 50,533 | 40,588 |
| Total | 50,533 | 40,588 |

(ii). Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve

| | | |
|---------------------------------|---------------|---------------|
| - Opening Balance | 40,588 | 4,016 |
| - Revaluations for the year | 9,945 | 36,572 |
| - Balance at End of Year | 50,533 | 40,588 |

TOTAL VALUE OF RESERVES

| | |
|---------------|---------------|
| 50,533 | 40,588 |
|---------------|---------------|

(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 2011

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

| \$ '000 | Notes | Actual 2011 | Actual 2010 |
|---------|-------|----------------|----------------|
|---------|-------|----------------|----------------|

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

Adjustments in last year's 09/10 YE Accounts

During 2009/10, Council identified a system error that was causing an overstatement of accrued expenses. The error has now been rectified, however the effect on the 2008/09 financial statements was that "Materials & Contracts" expenses and "Goods & Services" payables were both overstated. The adjustments made to the 2008/09 accounts were as follows:

| | |
|--|------|
| Materials & Contracts Expense (credit) | (69) |
| Payables - Goods & Services (debit) | 69 |

d. Voluntary Changes in Accounting Policies

Changes in last year's 09/10 YE Accounts

Council has previously included its Management Committees as part of the Consolidated Fund, however due to their immaterial value and nature they are now excluded from consolidation. (Refer Note 1)

The various financial statement lines that have been affected are:

| | | |
|---|---|-------|
| - Cash & Cash Equivalents | - | (119) |
| - Infrastructure, Property, Plant & Equipment | - | (26) |

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

These amounted to the following Equity Adjustments:

| | | |
|--|----------|--------------|
| - Adjustments to Opening Equity - 1/7/09 (relating to adjustments for the 30/6/09 reporting year end and prior periods) | - | (145) |
| - Adjustments to Closing Equity - 30/6/10 (relating to adjustments for the 30/6/10 year end) | - | - |
| Total Prior Period Adjustments - Accounting Policy Changes | - | (145) |

Wollondilly Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 21. Financial Result & Financial Position by Fund

\$ '000

Council operates a General Fund only.

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

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

Note 23. Events occurring after Balance Sheet Date

Events that occur after the reporting date of 30 June 2011, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 12/10/11.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2011.

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

These financial statements (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2011 and which are only indicative of conditions that arose after 30 June 2011.

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".

Wollondilly Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 25. Intangible Assets

\$ '000

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

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

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

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

| Asset/Operation | Estimated year of restoration | NPV of Provision | |
|---|-------------------------------------|------------------|---------------|
| | | 2011 | 2010 |
| Tip Site - Bargo | 2014 | 11,436 | 10,789 |
| Tip Site - Warragamba | Closed | - | - |
| Tip Site - Picton | Closed | - | - |
| Tip Site - Appin | Closed | - | - |
| Effluent Ponds - Bargo | Closed | - | - |
| Balance at End of the Reporting Period | 10 | 11,436 | 10,789 |

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 | 10,789 | 10,178 |
| Amortisation of discount (expensed to borrowing costs) | 647 | 611 |
| Total - Reinstatement, rehabilitation and restoration provision | 11,436 | 10,789 |

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 2011

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

\$ '000

| Financial Performance Figures | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|----------------|-------------|-------------|-------------|-------------|
| Inflows: | | | | | |
| Rates & Annual Charges Revenue | 23,391 | 22,083 | 19,886 | 17,787 | 16,192 |
| User Charges Revenue | 3,981 | 3,584 | 3,588 | 3,514 | 3,536 |
| Interest & Investment Revenue (Losses) | 1,577 | 1,087 | 866 | 1,232 | 1,287 |
| Grants Income - Operating & Capital | 6,591 | 8,071 | 8,578 | 6,862 | 7,671 |
| Total Income from Continuing Operations | 43,081 | 40,061 | 36,649 | 32,655 | 32,557 |
| Sale Proceeds from I,PP&E | 966 | 564 | 389 | 194 | 359 |
| New Loan Borrowings & Advances | - | - | 1,200 | 2,400 | 900 |
| Outflows: | | | | | |
| Employee Benefits & On-cost Expenses | 14,025 | 13,445 | 12,695 | 12,628 | 12,110 |
| Borrowing Costs | 1,487 | 1,375 | 1,292 | 470 | 950 |
| Materials & Contracts Expenses | 11,733 | 10,180 | 11,957 | 10,442 | 9,584 |
| Total Expenses from Continuing Operations | 40,340 | 34,930 | 36,041 | 35,013 | 31,861 |
| Total Cash purchases of I,PP&E | 8,942 | 8,059 | 8,780 | 7,140 | 8,254 |
| Total Loan Repayments (incl. Finance Leases) | 453 | 490 | 461 | 329 | 289 |
| Operating Surplus/(Deficit) (excl. Capital Income) | (3,060) | (374) | (3,406) | (6,263) | (3,400) |
| Financial Position Figures | 2011 | 2010 | 2009 | 2008 | 2007 |
| Current Assets | 26,471 | 23,708 | 18,895 | 14,446 | 17,579 |
| Current Liabilities | 8,167 | 7,776 | 7,627 | 5,795 | 6,409 |
| Net Current Assets | 18,304 | 15,932 | 11,268 | 8,651 | 11,170 |
| Available Working Capital (Unrestricted Net Current Assets) | 1,666 | 1,213 | 396 | 997 | 836 |
| Cash & Investments - Unrestricted | 659 | 1,163 | 593 | 1,326 | 597 |
| Cash & Investments - Internal Restrictions | 11,067 | 8,980 | 6,770 | 6,559 | 6,212 |
| Cash & Investments - Total | 26,367 | 23,552 | 19,493 | 19,901 | 17,099 |
| Total Borrowings Outstanding (Loans, Advances & Finance Leases) | 9,114 | 9,567 | 10,057 | 9,318 | 7,247 |
| Total Value of I,PP&E (excl. Land & Earthworks) | 425,133 | 413,006 | 343,096 | 333,779 | 318,196 |
| Total Accumulated Depreciation | 152,025 | 145,583 | 162,991 | 156,091 | 138,778 |
| Indicative Remaining Useful Life (as a % of GBV) | 64% | 65% | 52% | 53% | 56% |

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 2011

Note 28. Council Information & Contact Details

Principal Place of Business:

62-64 Menangle Street
Picton NSW 2571

Contact Details**Mailing Address:**

PO Box 21
Picton NSW 2571

Opening Hours:

Monday to Friday
8.00am to 4.00pm

Telephone: (02) 4677 1100

Facsimile: (02) 4677 2339

Internet: www.wollondilly.nsw.gov.au

Email: council@wollondilly.nsw.gov.au

Officers**GENERAL MANAGER**

J L McMahon

RESPONSIBLE ACCOUNTING OFFICER

A Christie

PUBLIC OFFICER

J Sproule

AUDITORS

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

Elected Members (as at the date these statements
were authorised for issue - 17/10/11)

MAYOR

Clr C Mitchell

COUNCILLORS

Clr B Banasik (Deputy Mayor)

Clr M Banasik

Clr J Hannan

Clr R Khan

Clr S Landow

Clr S Read

Clr C Vernon

Clr M Beshara (resigned)

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 2011.

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

Audit approach

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

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

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

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

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

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

Independence

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



PA Webster FCA
Warton Thompson & Co

Dated: 12 October 2011

12 October 2011

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

Ladies and Gentlemen,

Report on the Conduct of the 2011 Audit

I report completion of the audit of the financial records of Council for the year ended 30 June 2011 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 2011 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 2011**
- b) **Statement of Comprehensive Income for the year ended 30 June 2011**
- c) **Balance Sheet as at 30 June 2011**
- d) **Statement of Changes in Equity for the year ended 30 June 2011**
- e) **Statement of Cash Flows for the year ended 30 June 2011**

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 2011.

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

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

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

Operating Result

The Income Statement shows a Net Operating Result (surplus) for the year of \$2.74m and compares with a surplus of \$5.13m for the 2009/2010. The result for the year compares with an original budgeted surplus of \$6k. Material budget variances are explained in greater detail in Note 16 of the Financial Statements.

During year 2010/2011 Council, in accordance with the timetable stipulated by the Department of Local Government, was required to revalue Community Land, Land Improvements, Other Structures, Library Books and Other Assets. The revaluation resulted in an increase in Council's Assets to the value of \$13.67m.

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 2010/2011 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 \$453k**. This surplus compares with a Working Funds balanced budget for year 2010/2011. The Revenue result of General Fund for the year and "Working Funds" at 1 July 2010 and at 30 June 2011 would therefore be as shown in the table below: -

| | <u>Working Funds</u> | <u>Revenue Results</u> | <u>Working Funds</u> |
|---------------------|-----------------------|------------------------|-----------------------|
| | <u>1.7.2010</u> | <u>2011</u> | <u>30.06.2011</u> |
| | <u>Surplus (+)</u> | <u>Surplus (+)</u> | <u>Surplus (+)</u> |
| | <u>Deficiency (-)</u> | <u>Deficit (-)</u> | <u>Deficiency (-)</u> |
| General Fund | +\$1,213k | +\$453k | +\$1,666k |

Council's available working capital is summarised as follows:

| | <u>30.06.2011</u> | <u>30.06.2010</u> |
|---|-------------------|-------------------|
| | <u>\$K</u> | <u>\$K</u> |
| Net Current Assets | 18304 | 15932 |
| Less: Current External Restrictions | 8400 | 8035 |
| Less: Current Internal Restrictions | 11067 | 8980 |
| Less: Current Real Estate Assets | 566 | 1103 |
| Less: Current Restricted Inventories | 736 | 738 |
| | (2465) | (2924) |
| Add: Current Liabilities to be funded from 2011/2012 Budget | 4131 | 4137 |
| Available Working Capital | \$1666 | \$1213 |

The surplus of \$453k has increased accumulated Working Funds at 30 June 2011 to a balance of \$1.66m, which I believe is adequate for Council's needs. The adequacy of working funds is further supported by the Unrestricted Current Ratio (Unrestricted Current Assets to Unrestricted Current Liabilities) shown on Note 13 of the financial statements which calculates as 2.92:1. This ratio exceeds the industry benchmark of 1.50:1. Council has earmarked several properties, at a cost value of \$566k, for sale during year 2011/2012. Whilst it is not anticipated that any of these properties will be sold during 2011/2012 year, any sales will further increase Council's working funds position.

Council has recorded Rural Fire Services Inventories of \$736k 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 2011.

Internal Restrictions (Reserves)

Reserves held at 30 June 2011 totalled \$11.07m, an increase of \$2.09m during the year. **The creation of reserves to plan for future major expenditure is highly recommended.**

Reserves held at 30 June 2011 and 30 June 2010 were as follows: -

| | 2011 | 2010 |
|---------------------------------|-----------|----------|
| • Improvement Programs | 2042k | 2125k |
| • Employees' Leave Entitlements | 1019k | 1019k |
| • Construction of Buildings | 430k | 276k |
| • Plant & Vehicles | 981k | 1376k |
| • Sinking Funds | 300k | 300k |
| • Effluent | 376k | 415k |
| • Infrastructure Replacement | 1744k | 193k |
| • Acquisition of Property | 1667k | 1009k |
| • Technology | 505k | 719k |
| • Recreation & Facilities | 582k | 280k |
| • Legal & Risk | 576k | 706k |
| • Investments | 380k | 153k |
| • Roads | 99k | 94k |
| • Election | 181k | 126k |
| • Other | 185k | 189k |
| | <hr/> | <hr/> |
| | \$11,067k | \$8,980k |

Accrued Leave Entitlements and Reserves Held

The liability for Employees' Leave Entitlements increased by \$141k during the year to a balance of \$3.53m and the Reserve held to meet these commitments amounted to \$1.02m (\$1.02m at 30 June 2010).

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 2010 and 2011 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>2010</u> | <u>2011</u> |
|-------------|-----------------------|--|-------------|-------------|
| General | \$33.72m | \$1.29m | 4.02% | 3.83%. |

The Debt Servicing Percentage decreased by 0.19% during 2010/2011 year to a satisfactory level of 3.83%. This percentage (3.83%) 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 98.11% (99.54 in 2010) of the Rates and Annual Charges Revenue for the year. Net arrears totalled \$2.38m and represented 9.35% (8.06% at 30 June 2010) of the collectible Rates and Annual Charges of \$25.51m for the year.

Rates and Annual Charges of \$2.38m outstanding at 30 June 2011 represents an increase of \$445k during year 2010/2011 and compares with a balance of \$1.94m at 20 June 2010. It is noted that the arrears percentage had decreased to 6.77% at 15 September 2011 and, whilst this decrease is encouraging, the arrears are 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 \$26.37m of which \$14.64m 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 | 1.99m |
| • Developer Contributions - Section 94 | 7.32m |
| • Other Contributions | 0.43m |
| • Stormwater Management | 0.19m |
| • Domestic Waste Management Services | 4.71m |

| | |
|--|-----------------|
| <u>Restricted Cash and Investments</u> | <u>\$14.64m</u> |
|--|-----------------|

The balance of Investments, after financing the above external restrictions, totalled \$11.73m and was held to fund Internal Restrictions (Reserves) to the value of \$11.07m. The balance of \$0.66m, representing unrestricted cash and investments which were held to assist in financing Council's current commitments. The cash position at 30 June 2011 and 30 June 2010 is summarised as follows:

| | 30.06.2011 | 30.06.2010 |
|----------------------------------|---------------|---------------|
| | \$m | \$m |
| Externally Restricted | 14.64m | 13.41m |
| Internally Restricted (Reserves) | 11.07m | 8.98m |
| Unrestricted | 0.66m | 1.16m |
| | <u>26.37m</u> | <u>23.55m</u> |

Collateralised Debt Obligations (CDOs)

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

At 30 June 2011 Wollondilly Council held \$0.5m in a CDO. This CDO has been impacted by this market volatility. The security does not have a market value that is independently quoted and it is not widely traded. An independent market valuation is not readily available and, in many cases, the value is assessed based on estimates from the issuers and/or evaluation models for which there is limited market evidence available to verify its reasonableness. Further, the ongoing volatility of financial markets creates uncertainty to the valuation process.

I have not been able to obtain sufficient appropriate audit evidence to satisfy myself as the value and recoverability of this CDO to the value of \$0.5m, however, I believe that the value of the CDO investment is not material to the financial report.

Conclusion

In my opinion Council's short-term financial position is very sound with working capital and debt servicing commitment in excess of accepted industry benchmarks. Council has increased internal restrictions (reserves) during the year by \$2.09m, which should enable Council to finance future expenditure on those capital projects as shown in Note 6 of the Financial Report, as and when required. There has been an increase of \$445k in the level of rates and annual charges debts due to Council and stringent debt recovery procedures need to be applied to ensure that debts due to Council are reduced to a satisfactory level.

As mentioned in my Audit Reports for years 2008, 2009 and 2010, 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 2010/2011 of \$3.06m. This compares with Deficits of \$0.37m, \$3.47m and \$2.72m for years 2010, 2009 and 2008 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 \$51.28m (\$48.7m at 30 June 2010). This Schedule, I believe, reaffirms the need to plan and budget for the future maintenance and replacement of Council's infrastructure assets and buildings.

The audit of Council's books and financial records for the year ended 30 June 2011 was conducted progressively throughout year 2011. 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 2011 audit.

Yours faithfully,



PA Webster FCA
Warton Thompson & Co

Wollondilly Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2011

"Rural Living"



Wollondilly Shire Council

Special Purpose Financial Statements for the financial year ended 30 June 2011

Council has no Reportable Business Activities

Wollondilly Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2011

"Rural Living"



Wollondilly Shire Council

Special Schedules

for the financial year ended 30 June 2011

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Special Schedules¹

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| - Special Schedule No. 2(a) | Statement of Long Term Debt (all purposes) | 4 |
| - Special Schedule No. 2(b) | Statement of Internal Loans (Sect. 410(3) LGA 1993) | n/a |
| - Special Schedule No. 3 | Water Supply - Income Statement | n/a |
| - Special Schedule No. 4 | Water Supply - Balance Sheet | n/a |
| - Special Schedule No. 5 | Sewerage Service - Income Statement | n/a |
| - Special Schedule No. 6 | Sewerage Service - Balance Sheet | n/a |
| - Notes to Special Schedules No. 3 & 5 | | n/a |
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¹ Special Purpose Schedules are not audited.

Background

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

Wollondilly Shire Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2011

\$'000

| Function or Activity | Expenses from Continuing Operations | Income from continuing operations | | Net Cost of Services |
|--|-------------------------------------|-----------------------------------|--------------|----------------------|
| | | Non Capital | Capital | |
| Governance | 516 | - | - | (516) |
| Administration | 3,396 | 664 | 1 | (2,731) |
| Public Order and Safety | | | | |
| Fire Service Levy, Fire Protection, Emergency Services | 1,310 | 604 | 228 | (478) |
| Beach Control | - | - | - | - |
| Enforcement of Local Govt Regs | 1,190 | 183 | - | (1,007) |
| Animal Control | 34 | 74 | - | 40 |
| Other | - | - | - | - |
| Total Public Order & Safety | 2,534 | 861 | 228 | (1,445) |
| Health | 4 | 12 | - | 8 |
| Environment | | | | |
| Noxious Plants and Insect/Vermin Control | - | 2 | - | 2 |
| Other Environmental Protection | 906 | 297 | - | (609) |
| Solid Waste Management | 4,849 | 6,018 | - | 1,169 |
| Street Cleaning | 330 | - | - | (330) |
| Drainage | - | - | - | - |
| Stormwater Management | - | 224 | - | 224 |
| Total Environment | 6,085 | 6,541 | - | 456 |
| Community Services and Education | | | | |
| Administration & Education | 675 | 210 | 28 | (437) |
| Social Protection (Welfare) | - | - | - | - |
| Aged Persons and Disabled | 81 | - | - | (81) |
| Childrens Services | 796 | 655 | - | (141) |
| Total Community Services & Education | 1,552 | 865 | 28 | (659) |
| Housing and Community Amenities | | | | |
| Public Cemeteries | 119 | 63 | - | (56) |
| Public Conveniences | - | - | - | - |
| Street Lighting | 379 | 7 | - | (372) |
| Town Planning | 2,629 | 881 | 1,696 | (52) |
| Other Community Amenities | 882 | 292 | - | (590) |
| Total Housing and Community Amenities | 4,009 | 1,243 | 1,696 | (1,070) |
| Water Supplies | - | - | - | - |
| Sewerage Services | - | - | - | - |

Wollondilly Shire Council

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

for the financial year ended 30 June 2011

\$'000

| Function or Activity | Expenses from Continuing Operations | Income from continuing operations | | Net Cost of Services |
|---|-------------------------------------|-----------------------------------|--------------|----------------------|
| | | Non Capital | Capital | |
| Recreation and Culture | | | | |
| Public Libraries | 1,288 | 91 | 40 | (1,157) |
| Museums | - | - | - | - |
| Art Galleries | - | - | - | - |
| Community Centres and Halls | 2,200 | 96 | 369 | (1,735) |
| Performing Arts Venues | - | - | - | - |
| Other Performing Arts | - | - | - | - |
| Other Cultural Services | - | - | - | - |
| Sporting Grounds and Venues | - | 36 | - | 36 |
| Swimming Pools | 760 | 122 | - | (638) |
| Parks & Gardens (Lakes) | - | 4 | - | 4 |
| Other Sport and Recreation | 2,613 | 31 | 358 | (2,224) |
| Total Recreation and Culture | 6,861 | 380 | 767 | (5,714) |
| Fuel & Energy | - | - | - | - |
| Agriculture | - | - | - | - |
| Mining, Manufacturing and Construction | | | | |
| Building Control | 612 | 467 | - | (145) |
| Other Mining, Manufacturing & Construction | - | - | - | - |
| Total Mining, Manufacturing and Const. | 612 | 467 | - | (145) |
| Transport and Communication | | | | |
| Urban Roads (UR) - Local | 14,080 | 3,310 | 3,081 | (7,689) |
| Urban Roads - Regional | - | 162 | - | 162 |
| Sealed Rural Roads (SRR) - Local | - | - | - | - |
| Sealed Rural Roads - 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 | 26 | - | - | (26) |
| Total Transport and Communication | 14,106 | 3,472 | 3,081 | (7,553) |
| Economic Affairs | | | | |
| Camping Areas & Caravan Parks | - | - | - | - |
| Other Economic Affairs | 665 | 580 | - | (85) |
| Total Economic Affairs | 665 | 580 | - | (85) |
| Totals – Functions | 40,340 | 15,085 | 5,801 | (19,454) |
| General Purpose Revenues⁽²⁾ | | 22,195 | | 22,195 |
| Share of interests - joint ventures & associates using the equity method | - | - | | - |
| NET OPERATING RESULT ⁽¹⁾ | 40,340 | 37,280 | 5,801 | 2,741 |

(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)

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)
for the financial year ended 30 June 2011

\$'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 | 547 | 9,020 | 9,567 | - | 453 | - | - | 840 | 666 | 8,448 | 9,114 |
| Other | - | - | - | - | - | - | - | - | - | - | - |
| Total Loans | 547 | 9,020 | 9,567 | - | 453 | - | - | 840 | 666 | 8,448 | 9,114 |
| Other Long Term Debt | | | | | | | | | | | |
| Ratepayers Advances | - | - | - | - | - | - | - | - | - | - | - |
| Government Advances | - | - | - | - | - | - | - | - | - | - | - |
| Finance Leases | - | - | - | - | - | - | - | - | - | - | - |
| Deferred Payments | - | - | - | - | - | - | - | - | - | - | - |
| Total Long Term Debt | - | - | - | - | - | - | - | - | - | - | - |
| Total Debt | 547 | 9,020 | 9,567 | - | 453 | - | - | 840 | 666 | 8,448 | 9,114 |

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

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

| | | Dep'n. Rate (%) | Dep'n. Expense (\$) | | | Accum. Depreciation Amortisation & Impairment | Carrying Amount (WDV) | Asset Condition [#] | Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾ | Required ⁽²⁾ Annual Maintenance | Current ⁽³⁾ Annual Maintenance |
|------------------|---|-----------------------|---------------------------|--------------------------------|-----------|---|-----------------------------|-------------------------------------|---|--|---|
| ASSET CLASS | Asset Category | | | Cost | Valuation | | | | | | |
| Buildings | | per Note 1 | per Note 4 | <<<<<<<<< per Note 9 >>>>>>>>> | | | | <<<<<<< per Section 428(2d) >>>>>>> | | | |
| | Council Offices | 2.80% | 132 | - | 6,548 | 5,508 | 1,040 | 4 | 6,422 | 519 | 376 |
| | Council Works Depot | 2.50% | 42 | - | 2,022 | 1,791 | 231 | 3 | 170 | 126 | 109 |
| | Council Halls | 1% - 5% | 182 | - | 13,119 | 7,874 | 5,245 | 3 | 1,696 | 581 | 317 |
| | Library | 4.80% | 45 | - | 1,772 | 1,495 | 277 | 3 | 321 | 62 | 42 |
| | Childcare Centre(s) | 1% - 2.5% | 7 | - | 382 | 308 | 74 | 3 | 5,880 | 3,425 | 374 |
| | Amenities/Toilets | 1% - 2.5% | 129 | - | 7,854 | 5,375 | 2,479 | 3 | 294 | 130 | 58 |
| | Sheds | 1.7% - 3.4% | 57 | - | 4,112 | 2,451 | 1,661 | 2 | 117 | 42 | 24 |
| | Sports Facilities | 1% - 2.5% | 213 | - | 14,312 | 9,394 | 4,918 | 3 | 683 | 57 | 66 |
| | Other | 5.00% | 170 | - | 8,272 | 5,118 | 3,154 | 3 | 117 | 42 | 31 |
| | sub total | | 977 | - | 58,393 | 39,314 | 19,079 | | 15,700 | 4,984 | 1,397 |
| Other Structures | Assets not included in Buildings | 1% - 5% | 349 | - | 16,107 | 5,192 | 10,915 | 3 | 2,719 | 610 | 250 |
| | sub total | | 349 | - | 16,107 | 5,192 | 10,915 | | 2,719 | 610 | 250 |
| Public Roads | | | | | | | | | | | |
| | Sealed Roads Surface | } 1%-2.5% | 3,095 | - | 62,732 | 33,076 | 29,656 | 4 | 20,106 | 3,855 | 1,259 |
| | Unsealed Roads | | 25 | - | 1,442 | 422 | 1,020 | 3 | 622 | 143 | 377 |
| | Sealed Roads Structure | | 831 | - | 114,290 | 10,570 | 103,720 | 2 | 2,105 | 1,420 | 2,024 |
| | Bridges | | 500 | - | 42,191 | 19,191 | 23,000 | 3 | 5,489 | 496 | 790 |
| | Footpaths | | 159 | - | 6,688 | 1,371 | 5,317 | 2 | 152 | 159 | 98 |
| | Kerb and Gutter | | 553 | - | 38,567 | 9,928 | 28,639 | 2 | 351 | 150 | 91 |
| | Road Furniture | | 37 | - | 782 | 217 | 565 | 1 | 33 | 25 | 16 |
| | Signs & Linemarking | | 444 | - | 3,088 | 1,116 | 1,972 | 3 | 319 | 270 | 210 |
| | Guardrail & Fencing | | 721 | - | 14,419 | 2,629 | 11,790 | 2 | 277 | 260 | 131 |
| | Road Structures LATM devices, roundabouts | | 21 | - | 1,562 | 270 | 1,292 | 2 | 13 | 15 | 10 |
| | Car Parks | | 17 | - | 1,628 | 231 | 1,397 | 2 | 199 | 35 | 135 |
| | sub total | | 6,403 | - | 287,389 | 79,021 | 208,368 | | 29,666 | 6,828 | 5,141 |

| | | Dep'n. Rate (%) | Dep'n. Expense (\$) | Cost | Valuation | Accum. Depreciation Amortisation & Impairment | Carrying Amount (WDV) | Asset Condition [#] | Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾ | Required ⁽²⁾ Annual Maintenance | Current ⁽³⁾ Annual Maintenance |
|-----------------------|---------------------------|-----------------------|---------------------------|--------------------------------|----------------|---|-----------------------------|-------------------------------------|---|--|---|
| ASSET CLASS | Asset Category | | | | | | | | | | |
| Drainage Works | | per Note 1 | per Note 4 | <<<<<<<<< per Note 9 >>>>>>>>> | | | | <<<<<<< per Section 428(2d) >>>>>>> | | | |
| | Basins | 1.00% | 1 | - | 59 | 6 | 53 | 1 | - | 1 | - |
| | Channels | 1.00% | 17 | - | 689 | 120 | 569 | 1 | - | 17 | - |
| | Culverts | 1.00% | 4 | - | 550 | 148 | 402 | 2 | - | 4 | - |
| | GPT | 1.00% | 32 | - | 1,481 | 243 | 1,238 | 2 | 131 | 76 | 95 |
| | Head Walls | 1.00% | 8 | - | 564 | 224 | 340 | 2 | 214 | 8 | - |
| | Pipes | 1.00% | 162 | - | 24,570 | 4,418 | 20,152 | 1 | - | 162 | 113 |
| | Pits | 1.00% | 112 | - | 7,948 | 3,102 | 4,846 | 3 | 2,851 | 113 | 113 |
| | Rock | 1.00% | 5 | - | 265 | 37 | 228 | 1 | - | 5 | - |
| | Wetlands | 1.00% | 5 | - | 230 | 57 | 173 | 2 | - | 5 | - |
| | sub total | | 346 | - | 36,355 | 8,355 | 28,000 | | 3,196 | 391 | 321 |
| | TOTAL - ALL ASSETS | | 8,075 | - | 398,244 | 131,882 | 266,362 | | 51,281 | 12,813 | 7,109 |

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

| | |
|---|---|
| 1 | Near Perfect - Ranges from New or Good |
| 2 | Superficial Deterioration - Ranges from Generally Good to Fair |
| 3 | Deterioration Evident - Ranges from Fair to Marginal |

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Wollondilly Shire Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2011

| \$'000 | Actual ⁽¹⁾ 10/11 | Forecast 11/12 | Forecast 12/13 | Forecast 13/14 | Forecast 14/15 |
|--|--------------------------------|-------------------|-------------------|-------------------|-------------------|
| (i) RECURRENT BUDGET | | | | | |
| Income from continuing operations | 43,081 | 35,308 | 36,572 | 38,278 | 39,412 |
| Expenses from continuing operations | 40,340 | 40,477 | 41,615 | 42,634 | 43,625 |
| Operating Result from Continuing Operations | 2,741 | (5,169) | (5,043) | (4,356) | (4,213) |
| (ii) CAPITAL BUDGET | | | | | |
| New Capital Works ⁽²⁾ | 2,929 | 3,445 | 2,375 | 2,331 | 2,133 |
| Replacement/Refurbishment of Existing Assets | 6,009 | 7,403 | 1,701 | 1,618 | 1,896 |
| Total Capital Budget | 8,938 | 10,848 | 4,076 | 3,949 | 4,029 |
| Funded by: | | | | | |
| – Loans | - | 2,500 | - | - | - |
| – Asset sales | - | - | - | - | - |
| – Reserves | 4,583 | 6,153 | 2,196 | 1,570 | 2,884 |
| – Grants/Contributions | 3,710 | 2,195 | 1,880 | 2,379 | 1,145 |
| – Recurrent revenue | 645 | - | - | - | - |
| – Other | - | - | - | - | - |
| | 8,938 | 10,848 | 4,076 | 3,949 | 4,029 |

Notes:

(1) From 10/11 Income Statement.

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