

WOLLONDILLY

Annual Financial Statements

For the year ended 30 June 2014



Wollondilly Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2014



"Rural Living"



General Purpose Financial Statements

for the financial year ended 30 June 2014

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

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

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

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

(iv) These financial statements were authorised for issue by the Council on 13 October 2014. Council has the power to amend and reissue these financial statements.



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

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 2014.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. The Income Statement

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

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

More information...

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



General Purpose Financial Statements
for the financial year ended 30 June 2014

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 13 October 2014.

A handwritten signature in blue ink, appearing to read 'Col Mitchell', written over a horizontal line.

Clr Col Mitchell
MAYOR

A handwritten signature in blue ink, appearing to read 'Simon Landow', written over a horizontal line.

Clr Simon Landow
DEPUTY MAYOR

A handwritten signature in blue ink, appearing to read 'L Johnson', written over a horizontal line.

L Johnson
GENERAL MANAGER

A handwritten signature in blue ink, appearing to read 'A Christie', written over a horizontal line.

A Christie
RESPONSIBLE ACCOUNTING OFFICER



Income Statement

for the financial year ended 30 June 2014

Budget ¹ 2014 \$ '000		Notes	Actual 2014	Actual 2013
Income from Continuing Operations				
Revenue:				
27,965	Rates & Annual Charges	3a	28,059	26,356
3,444	User Charges & Fees	3b	4,645	3,533
1,233	Interest & Investment Revenue	3c	1,802	1,781
664	Other Revenues	3d	1,631	1,255
6,935	Grants & Contributions provided for Operating Purposes	3e,f	6,083 ²	6,964
3,742	Grants & Contributions provided for Capital Purposes	3e,f	5,113	4,965
Other Income:				
-	Net gains from the disposal of assets	5	262	1,066
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
43,983	Total Income from Continuing Operations		47,595	45,920
Expenses from Continuing Operations				
17,521	Employee Benefits & On-Costs	4a	17,688	16,193
1,166	Borrowing Costs	4b	1,702	1,458
14,695	Materials & Contracts	4c	14,982	13,113
9,900	Depreciation & Amortisation	4d	11,143	9,937
-	Impairment	4d	-	-
4,746	Other Expenses	4e	4,116	4,196
48,028	Total Expenses from Continuing Operations		49,631	44,897
(4,045)	Operating Result from Continuing Operations		(2,036)	1,023
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
(4,045)	Net Operating Result for the Year		(2,036)	1,023
(7,787)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(7,149)	(3,942)

¹ Original Budget as approved by Council - refer Note 16

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



Statement of Comprehensive Income

for the financial year ended 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
Net Operating Result for the year (as per Income statement)		(2,036)	1,023
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	(65)	13,985
Total Items which will not be reclassified subsequently to the Operating Result		(65)	13,985
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Adjustment to prior period depreciation due to revaluations	20b (ii)	-	8,583
Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met		-	8,583
Total Other Comprehensive Income for the year		(65)	22,568
Total Comprehensive Income for the Year		(2,101)	23,591



Statement of Financial Position

as at 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	3,106	1,936
Investments	6b	28,250	22,750
Receivables	7	4,536	5,194
Inventories	8	2,000	1,382
Other	8	210	490
Total Current Assets		38,102	31,752
Non-Current Assets			
Investments	6b	11,812	10,400
Infrastructure, Property, Plant & Equipment	9	348,729	348,609
Total Non-Current Assets		360,541	359,009
TOTAL ASSETS		398,643	390,761
LIABILITIES			
Current Liabilities			
Payables	10	4,638	3,768
Borrowings	10	1,724	958
Provisions	10	4,883	4,419
Total Current Liabilities		11,245	9,145
Non-Current Liabilities			
Borrowings	10	16,595	9,495
Provisions	10	13,712	12,929
Total Non-Current Liabilities		30,307	22,424
TOTAL LIABILITIES		41,552	31,569
Net Assets		357,091	359,192
EQUITY			
Retained Earnings	20	292,638	294,674
Revaluation Reserves	20	64,453	64,518
Total Equity		357,091	359,192



Statement of Changes in Equity

for the financial year ended 30 June 2014

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2014						
Opening Balance (as per Last Year's Audited Accounts)		294,674	64,518	359,192	-	359,192
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/13)		294,674	64,518	359,192	-	359,192
c. Net Operating Result for the Year		(2,036)	-	(2,036)	-	(2,036)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	(65)	(65)	-	(65)
- Revaluations: Depreciation Adjustments	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	(65)	(65)	-	(65)
Total Comprehensive Income (c&d)		(2,036)	(65)	(2,101)	-	(2,101)
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		292,638	64,453	357,091	-	357,091

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2013						
Opening Balance (as per Last Year's Audited Accounts)		285,068	50,533	335,601	-	335,601
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/12)		285,068	50,533	335,601	-	335,601
c. Net Operating Result for the Year		1,023	-	1,023	-	1,023
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	13,985	13,985	-	13,985
- Revaluations: Depreciation Adjustments	20b (ii)	8,583	-	8,583	-	8,583
Other Comprehensive Income		8,583	13,985	22,568	-	22,568
Total Comprehensive Income (c&d)		9,606	13,985	23,591	-	23,591
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		294,674	64,518	359,192	-	359,192



Statement of Cash Flows

for the financial year ended 30 June 2014

Budget 2014	\$ '000	Notes	Actual 2014	Actual 2013
Cash Flows from Operating Activities				
Receipts:				
28,224	Rates & Annual Charges		28,060	26,586
3,525	User Charges & Fees		6,529	2,720
1,173	Investment & Interest Revenue Received		1,698	1,902
10,819	Grants & Contributions		9,967	15,082
-	Bonds, Deposits & Retention amounts received		21	-
654	Other		3,643	3,573
Payments:				
(17,511)	Employee Benefits & On-Costs		(17,282)	(16,101)
(14,276)	Materials & Contracts		(17,142)	(14,880)
(1,110)	Borrowing Costs		(860)	(711)
-	Bonds, Deposits & Retention amounts refunded		-	(5)
(4,745)	Other		(3,999)	(5,487)
6,753	Net Cash provided (or used in) Operating Activities	11b	10,633	12,679
Cash Flows from Investing Activities				
Receipts:				
(1,987)	Sale of Investment Securities		33,088	31,547
-	Sale of Real Estate Assets		258	1,111
(12,118)	Sale of Infrastructure, Property, Plant & Equipment		90	456
Payments:				
-	Purchase of Investment Securities		(40,000)	(38,750)
-	Purchase of Infrastructure, Property, Plant & Equipment		(10,714)	(10,256)
-	Purchase of Real Estate Assets		(51)	(34)
(14,105)	Net Cash provided (or used in) Investing Activities		(17,329)	(15,926)
Cash Flows from Financing Activities				
Receipts:				
9,000	Proceeds from Borrowings & Advances		9,000	2,750
Payments:				
(1,468)	Repayment of Borrowings & Advances		(1,134)	(747)
7,532	Net Cash Flow provided (used in) Financing Activities		7,866	2,003
180	Net Increase/(Decrease) in Cash & Cash Equivalents		1,170	(1,244)
1,661	plus: Cash & Cash Equivalents - beginning of year	11a	1,936	3,180
1,841	Cash & Cash Equivalents - end of the year	11a	3,106	1,936
Additional Information:				
plus:	Investments on hand - end of year	6b	40,062	33,150
Total Cash, Cash Equivalents & Investments			43,168	35,086

Please refer to Note 11 for additional cash flow information



Notes to the Financial Statements

for the financial year ended 30 June 2014

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n/a - not applicable



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

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

(iii) New and amended standards adopted by Council

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

- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

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

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

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

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

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

(iv) Early adoption of Accounting Standards

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

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



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

Note 1. Summary of Significant Accounting Policies

(v) Basis of Accounting

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

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

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

(vi) Changes in Accounting Policies

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

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

(vii) Critical Accounting Estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

Critical judgements in applying Council's accounting policies

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

(b) Revenue recognition

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

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

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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



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

Note 1. Summary of Significant Accounting Policies

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

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

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

Other Income

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

(c) Principles of Consolidation

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

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



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

unless it is required to be held in the Council's Trust Fund.

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

(ii) The Trust Fund

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

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

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

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

(iii) Joint Ventures

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

(iv) Associated Entities

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

Such entities are usually termed Associates.

(v) County Councils

Council is not a member of any County Councils.

(vi) Additional Information

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

(d) Leases

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

Finance Leases

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

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

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

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

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

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

Council does not currently have any finance leases.

Operating Leases

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

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

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



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

Note 1. Summary of Significant Accounting Policies

(e) Cash and Cash Equivalents

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

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

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

(f) Investments and Other Financial Assets

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

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

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

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

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

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

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

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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

Accordingly, this classification principally comprises marketable equity securities, but can include all types



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

Note 1. Summary of Significant Accounting Policies

of financial assets that could otherwise be classified in one of the other investment categories.

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

Financial Assets – Reclassification

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

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

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

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

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

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

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

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

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

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

Impairment

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

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

If there is evidence of impairment for any of Council's financial assets carried at amortised cost (eg. loans and receivables), the amount of the loss is measured



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

Note 1. Summary of Significant Accounting Policies

as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

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

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

(iii) Types of Investments

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

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

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

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

(g) Fair value estimation

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

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

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

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

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

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

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

(h) Receivables

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

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

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

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

The amount of the provision is the difference between the asset's carrying amount and the present



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

Note 1. Summary of Significant Accounting Policies

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

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

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



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

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

Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that

which would be determined if the asset were revalued at the reporting date.

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

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

Capitalisation Thresholds

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

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

Land

- Operational Land	100% Capitalised
- Community Land	100% Capitalised
- Land under roads (purchases before 30/6/08)	Not capitalised
- Land under roads (purchases after 30/6/08)	Data collected and will be capitalised when valuation methodology is determined

Land Improvements	> \$10,000
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Buildings (specialised & non-specialised)

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

Other Structures	> \$10,000
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Infrastructure

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

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.



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

Note 1. Summary of Significant Accounting Policies

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

Plant & Equipment

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

Office Equipment

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

Furniture & Fittings

10 to 20 years

Buildings

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

Infrastructure

- Sealed Surfacings	
• Asphalt	25 years
• Flush Seal	15 years
- Sealed Pavement Structure	80 years
- Kerb & Gutter	70 years
- Paved Footpaths	
• Concrete	50 years
• Asphalt Seal	20 years
• Gravel	10 years
- 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 (if appropriate), at each reporting date.

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

Disposal and De-recognition

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

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

(k) Land

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

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

(l) Land under roads

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

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

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

(m) Intangible Assets

Council has not classified any assets as Intangible.



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

Note 1. Summary of Significant Accounting Policies

(n) Crown Reserves

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

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

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

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

(o) Rural Fire Service assets

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

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

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

(p) Investment property

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

Council doesn't currently own any investment properties.

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

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

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

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

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

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



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

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(s) Impairment of assets

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

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



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

Note 1. Summary of Significant Accounting Policies

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

(t) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid. The amounts for goods and services are unsecured and are usually paid within 30 days from the end of the invoice month.

(u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

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

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

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

(v) Borrowing costs

Borrowing costs are expensed.

(w) Provisions

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

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

Provisions are not recognised for future operating losses.

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

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(x) Employee benefits

(i) Short Term Obligations

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

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables. These provisions are measured at the amounts expected to be paid when the liabilities are settled. All other short-term employee benefit obligations are presented as payables.



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

Note 1. Summary of Significant Accounting Policies

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

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

(ii) Other Long Term Obligations

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be wholly settled within the 12 months after the reporting period) are recognised in the provision for employee benefits. These liabilities are measured at the present value of the expected future payments to be made using the projected unit credit method.

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

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

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

(iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Defined Benefit Plans

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

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

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

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

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B". This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

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

The last valuation of the Scheme was performed by Martin Stevenson BSc, FIA, FIAA on the 20th February 2013 and covers the period ended 30 June 2013. However the position is monitored annually and the Actuary has estimated that as at 30 June 2014 the prior period deficit still exists.

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2014 was \$314,967.

The amount of additional contributions included in the total employer contribution advised above is \$155,546.



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

Note 1. Summary of Significant Accounting Policies

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$612,632 as at 30 June 2014.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in these financial statements.

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

Defined Contribution Plans

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

(y) Self insurance

Council does not self insure.

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

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

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

Exceptions

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

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

(aa) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax. Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST. The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

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

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

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

(ab) New accounting standards and interpretations

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

Council has not adopted any of these standards early.

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



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

Note 1. Summary of Significant Accounting Policies

Applicable to Local Government with implications:

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

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

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

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

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

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

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

The Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

Applicable to Local Government but no implications for Council;

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

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

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

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

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

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

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

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

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

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

There is also new guidance on participating and protective rights and on agent/principal relationships.



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

Note 1. Summary of Significant Accounting Policies

Council does not expect the new standard to have a significant impact on its composition.

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

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

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

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

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

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

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

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

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

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

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

The amendments also introduce a "partial disposal" concept. Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2015.

Not applicable to Local Government per se;

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

(ac) Rounding of amounts

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

(ad) Comparative Figures

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

(ae) Disclaimer

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

Notes to the Financial Statements

for the financial year ended 30 June 2014

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2014	2014	2013	2014	2014	2013	2014	2014	2013	2014	2013	2014	2013
Governance	-	6	-	872	764	886	(872)	(758)	(886)	3	30	2	-
Administration	824	2,223	914	4,861	5,742	4,305	(4,037)	(3,519)	(3,391)	-	-	49,165	42,981
Public Order & Safety	941	1,013	958	3,474	3,011	2,568	(2,533)	(1,998)	(1,610)	292	286	7,896	7,471
Health	154	270	168	254	1	343	(100)	269	(175)	-	-	5	1
Environment	6,910	7,197	6,990	7,526	8,082	6,953	(616)	(885)	37	210	401	1,903	1,921
Community Services & Education	671	752	790	1,834	1,681	1,735	(1,163)	(929)	(945)	354	381	358	376
Housing & Community Amenities	2,398	3,777	1,655	4,434	4,806	4,359	(2,036)	(1,029)	(2,704)	-	-	3,721	4,016
Recreation & Culture	1,335	1,078	593	7,469	8,530	7,935	(6,134)	(7,452)	(7,342)	189	195	78,095	78,691
Mining, Manufacturing & Construction	356	538	414	691	709	716	(335)	(171)	(302)	-	-	-	-
Transport & Communication	3,930	5,046	7,037	15,591	15,299	14,264	(11,661)	(10,253)	(7,227)	1,129	1,072	255,932	254,829
Economic Affairs	278	515	1,155	1,022	1,006	833	(744)	(491)	322	-	-	1,566	475
Total Functions & Activities	17,797	22,415	20,674	48,028	49,631	44,897	(30,231)	(27,216)	(24,223)	2,177	2,365	398,643	390,761
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	26,186	25,180	25,246	-	-	-	26,186	25,180	25,246	2,015	3,545	-	-
Operating Result from Continuing Operations	43,983	47,595	45,920	48,028	49,631	44,897	(4,045)	(2,036)	1,023	4,192	5,910	398,643	390,761

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



Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

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

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

RECREATION & CULTURE

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

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		18,690	17,658
Farmland		891	842
Mining		1,132	931
Business		1,057	916
Total Ordinary Rates		21,770	20,347
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		6,037	5,764
Stormwater Management Services		252	245
Total Annual Charges		6,289	6,009
<u>TOTAL RATES & ANNUAL CHARGES</u>		<u>28,059</u>	<u>26,356</u>

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



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Waste Management Services (non-domestic)		108	103
Total User Charges		108	103
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Animal Registration Fees		155	121
Planning & Building Regulation		1,365	971
Private Works - Section 67		164	81
Rezoning Fees		201	141
Section 149 Certificates (EPA Act)		135	108
Section 603 Certificates		84	66
Septic Tank Fees		226	187
Other		116	49
Total Fees & Charges - Statutory/Regulatory		2,446	1,724
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Cemeteries		70	60
Children Services		378	382
Development Management		246	55
Leaseback Fees - Council Vehicles		208	209
Leisure Centre		81	85
Plan Checking Fees		190	145
Restoration Charges		34	19
Royalties		293	236
Waste Disposal Tipping Fees		493	436
Other		98	79
Total Fees & Charges - Other		2,091	1,706
TOTAL USER CHARGES & FEES		4,645	3,533



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		203	238
- Interest earned on Investments (interest & coupon payment income)		1,599	1,543
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>1,802</u>	<u>1,781</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		203	238
General Council Cash & Investments		1,119	1,037
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		229	238
Domestic Waste Management operations		178	189
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		73	79
<u>Total Interest & Investment Revenue Recognised</u>		<u>1,802</u>	<u>1,781</u>
(d) Other Revenues			
Rental Income - Other Council Properties		472	453
Fines		290	190
Legal Fees Recovery - Rates & Charges (Extra Charges)		184	78
Legal Fees Recovery - Other		103	8
Commissions & Agency Fees		32	29
Diesel Rebate		30	28
Insurance Premium Rebate		170	124
Reimbursements		104	201
Sales - General		50	61
Training Income		21	7
Photocopying Income		6	6
Other		169	70
<u>TOTAL OTHER REVENUE</u>		<u>1,631</u>	<u>1,255</u>



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance	1,697	3,231	-	-
Pensioners' Rates Subsidies - General Component	318	314	-	-
Total General Purpose	2,015	3,545	-	-
¹ The Financial Assistance Grant for 13/14 reflects a one off reduction due to the fact that this grant is no longer being paid in advance by up to 50% as has occurred in previous years - it does not represent a loss of income but is instead a timing difference.				
Specific Purpose				
Bushfire & Emergency Services	292	286	-	-
Child Care	188	200	-	-
Community Services	166	181	-	-
Environmental Management	210	401	-	-
Library	129	125	-	-
Recreation & Culture	-	-	60	70
Street Lighting	7	7	-	-
Transport (Roads to Recovery)	-	-	384	611
Transport (Other Roads & Bridges Funding)	31	7	707	447
Planning & Development	-	30	-	-
Other	3	-	-	-
Total Specific Purpose	1,026	1,237	1,151	1,128
Total Grants	3,041	4,782	1,151	1,128
Grant Revenue is attributable to:				
- Commonwealth Funding	1,857	3,400	384	1,058
- State Funding	1,184	1,382	767	70
	3,041	4,782	1,151	1,128



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 93F - Contributions using Planning Agreements	-	-	287	-
S 94 - Contributions towards amenities/services	-	-	1,945	509
S 94A - Fixed Development Consent Levies	-	-	111	191
Total Developer Contributions 17	-	-	2,343	700
Other Contributions:				
Bushfire Services	1,100	318	32	181
Community Services	5	26	-	-
Kerb & Gutter	-	-	57	52
LIRS Subsidy	162	-	-	-
Recreation & Culture	-	1	3	48
Roads & Bridges	-	62	823	1,374
RMS Contributions (Regional Roads, Block Grant)	1,774	1,747	704	1,440
Other	1	28	-	42
Total Other Contributions	3,042	2,182	1,619	3,137
Total Contributions	3,042	2,182	3,962	3,837
<u>TOTAL GRANTS & CONTRIBUTIONS</u>	<u>6,083</u>	<u>6,964</u>	<u>5,113</u>	<u>4,965</u>

\$ '000	Actual 2014	Actual 2013
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(g) Restrictions relating to Grants and Contributions

Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:

Unexpended at the Close of the Previous Reporting Period	11,031	10,812
add: Grants & contributions recognised in the current period but not yet spent:	2,893	3,917
less: Grants & contributions recognised in a previous reporting period now spent:	(4,009)	(3,698)
Net Increase (Decrease) in Restricted Assets during the Period	(1,116)	219
Unexpended and held as Restricted Assets	<u>9,915</u>	<u>11,031</u>
Comprising:		
- Specific Purpose Unexpended Grants	874	2,853
- Developer Contributions	8,826	7,310
- Other Contributions	215	868
	<u>9,915</u>	<u>11,031</u>



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
(a) Employee Benefits & On-Costs			
Salaries and Wages		16,294	14,954
Employee Leave Entitlements (ELE)		461	4
Superannuation		1,546	1,466
Workers' Compensation Insurance		491	526
Fringe Benefit Tax (FBT)		95	43
Training Costs (other than Salaries & Wages)		197	178
Employment Advertising		126	169
Other		6	19
Total Employee Costs		19,216	17,359
less: Capitalised Costs		(1,528)	(1,166)
TOTAL EMPLOYEE COSTS EXPENSED		17,688	16,193
Number of "Equivalent Full Time" Employees at year end		219	208
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		931	730
Total Interest Bearing Liability Costs Expensed		931	730
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	771	728
Total Other Borrowing Costs		771	728
TOTAL BORROWING COSTS EXPENSED		1,702	1,458



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(c) Materials & Contracts			
Raw Materials & Consumables		5,796	5,591
Contractor & Consultancy Costs			
- Waste Contractors		5,637	4,684
- Road Maintenance & Construction		6,466	3,892
- Planning & Development Consultants		123	212
- Street & Gutter Cleaning Contract		282	262
- Environmental Services		703	369
- Property Consultants		36	81
- Leisure Centre Management		72	81
- General Maintenance		2,733	3,141
- Other		901	888
Auditors Remuneration ⁽¹⁾		69	66
Legal Expenses:			
- Legal Expenses: Planning & Development		360	376
- Legal Expenses: Other		488	502
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽²⁾		781	813
Total Materials & Contracts		24,447	20,958
less: Capitalised Costs		(9,465)	(7,845)
TOTAL MATERIALS & CONTRACTS		14,982	13,113

1. Auditor Remuneration

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

(i) Audit and Other Assurance Services

- Audit & review of financial statements: Council's Auditor	37	36
- Internal Audit Services External Provider	32	30
Remuneration for audit and other assurance services	69	66
Total Auditor Remuneration	69	66

2. Operating Lease Payments are attributable to:

Computers	229	231
Motor Vehicles	543	566
Other	9	16
	781	813



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2014	Actual 2013	Actual 2014	Actual 2013
Plant and Equipment		-	-	919	667
Office Equipment		-	-	314	262
Furniture & Fittings		-	-	64	33
Land Improvements (depreciable)		-	-	149	34
Buildings - Non Specialised		-	-	571	410
Buildings - Specialised		-	-	986	648
Other Structures		-	-	616	613
Infrastructure:					
- Roads		-	-	4,362	4,159
- Bridges		-	-	517	507
- Footpaths		-	-	196	173
- Stormwater Drainage		-	-	351	350
- Other Infrastructure		-	-	1,827	1,806
Other Assets					
- Other		-	-	22	26
Asset Reinstatement Costs	9 & 26	-	-	249	249
<u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u>		<u>-</u>	<u>-</u>	<u>11,143</u>	<u>9,937</u>



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		157	156
Agency Charges		65	59
Bad & Doubtful Debts		3	78
Bank Charges		38	37
Computer Software Charges		271	181
Contributions/Levies to Other Levels of Government			
- Bushfire Fighting Fund		510	454
- Department of Planning Levy		47	46
- NSW Rural Fire Service Levy		45	43
- Section 88 Waste & Environment Levy		185	172
Councillor Expenses - Mayoral Fee		38	37
Councillor Expenses - Councillors' Fees		159	145
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		35	37
Donations, Contributions & Assistance to other organisations (Section 356)		208	164
Election Expenses		-	194
Electricity & Heating		345	345
Insurance		644	637
Photocopier Charges		74	69
Postage		111	90
Street Lighting		514	496
Telephone & Communications		118	116
Valuation Fees		100	95
Vehicle Registration / Insurance		209	204
Water Charges		103	79
Other		154	301
Total Other Expenses		4,133	4,235
less: Capitalised Costs		(17)	(39)
<u>TOTAL OTHER EXPENSES</u>		<u>4,116</u>	<u>4,196</u>



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2014	Actual 2013
Property (excl. Investment Property)			
Proceeds from Disposal - Property		-	400
less: Carrying Amount of Property Assets Sold / Written Off		-	(61)
Net Gain/(Loss) on Disposal		-	339
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		90	56
less: Carrying Amount of P&E Assets Sold / Written Off		(16)	(59)
Net Gain/(Loss) on Disposal		74	(3)
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		258	1,111
less: Carrying Amount of Real Estate Assets Sold / Written Off		(70)	(399)
Net Gain/(Loss) on Disposal		188	712
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		33,088	31,547
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(33,088)	(31,529)
Net Gain/(Loss) on Disposal		-	18
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		262	1,066
* Financial Assets disposals / redemptions include:			
- Net Gain/(Loss) from Financial Instruments designated "Held to Maturity"		-	18
Net Gain/(Loss) on Disposal of Financial Instruments		-	18



Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		3,106	-	1,936	-
Total Cash & Cash Equivalents		3,106	-	1,936	-
Investments (Note 6b)					
- Long Term Deposits		28,250	5,000	22,750	4,000
- NCD's, FRN's (with Maturities > 3 months)		-	2,000	-	1,500
- Mortgage Backed Securities		-	1,812	-	1,900
- Other Long Term Financial Assets		-	3,000	-	3,000
Total Investments		28,250	11,812	22,750	10,400
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		31,356	11,812	24,686	10,400
Cash, Cash Equivalents & Investments were classified at year end in accordance with AASB 139 as follows:					
Cash & Cash Equivalents					
a. "At Fair Value through the Profit & Loss"		3,106	-	1,936	-
Investments					
b. "Held to Maturity"	6(b-ii)	28,250	11,812	22,750	10,400
Investments		28,250	11,812	22,750	10,400
Reconciliation of Investments classified as "Held to Maturity"					
Balance at the Beginning of the Year		22,750	10,400	16,500	9,429
Additions		36,500	3,500	20,750	4,000
Disposals (sales & redemptions)		(33,000)	(88)	(16,500)	(1,029)
Transfers between Current/Non Current		2,000	(2,000)	2,000	(2,000)
Balance at End of Year		28,250	11,812	22,750	10,400
Comprising:					
- Long Term Deposits		28,250	5,000	22,750	4,000
- NCD's, FRN's (with Maturities > 3 months)		-	2,000	-	1,500
- Mortgage Backed Securities		-	1,812	-	1,900
- Other Long Term Financial Assets		-	3,000	-	3,000
Total		28,250	11,812	22,750	10,400

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



Notes to the Financial Statements

for the financial year ended 30 June 2014

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

	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
\$ '000				
Total Cash, Cash Equivalents and Investments	31,356	11,812	24,686	10,400
attributable to:				
External Restrictions (refer below)	10,930	11,812	13,029	6,606
Internal Restrictions (refer below)	18,383	-	11,650	2,325
Unrestricted	2,043	-	7	1,469
	31,356	11,812	24,686	10,400

2014 \$ '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)	1,578	9,000	(5,019)	5,559
External Restrictions - Included in Liabilities	1,578	9,000	(5,019)	5,559

External Restrictions - Other

Developer Contributions - General (B)	7,310	2,572	(1,056)	8,826
Specific Purpose Unexpended Grants (C)	2,853	302	(2,281)	874
Domestic Waste Management (D)	6,642	541	(360)	6,823
Stormwater Management (D)	384	253	(192)	445
Other Contributions (E)	868	24	(677)	215
External Restrictions - Other	18,057	3,692	(4,566)	17,183
Total External Restrictions	19,635	12,692	(9,585)	22,742

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



Notes to the Financial Statements

for the financial year ended 30 June 2014

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

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Employees Leave Entitlement	1,346	109	-	1,455
Library	92	-	-	92
Recreation	210	79	(6)	283
Sportsgrounds	293	280	(213)	360
Effluent Disposal	286	-	(18)	268
Animal Management	43	-	(20)	23
Legal Claims	991	218	-	1,209
Infrastructure & Asset Maintenance	2,499	6,179	(2,412)	6,266
Plant & Vehicle Replacement	1,537	347	(301)	1,583
Investments	130	-	(130)	-
Swimming Pool	188	330	-	518
Information Technology	378	-	(214)	164
Risk Management	344	159	(104)	399
Organisational Development	167	387	(25)	529
Property	2,686	271	(265)	2,692
Roads	274	7	-	281
Tourism & Economic Development	138	25	(46)	117
Election	75	55	-	130
Special Rate Variation	764	1,723	(2,084)	403
Sustainability Savings	37	42	(79)	-
Growth Management Strategy	336	617	(111)	842
Sinking Fund	200	-	-	200
Work in Progress	961	46	(438)	569
Total Internal Restrictions	13,975	10,874	(6,466)	18,383
TOTAL RESTRICTIONS	33,610	23,566	(16,051)	41,125



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 7. Receivables

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		2,002	-	2,003	-
Interest & Extra Charges		174	-	219	-
User Charges & Fees		470	-	2,326	-
Accrued Revenues					
- Interest on Investments		598	-	449	-
- Other Income Accruals		95	-	83	-
Government Grants & Subsidies		1,126	-	49	-
Net GST Receivable		125	-	117	-
Total		4,590	-	5,246	-
less: Provision for Impairment					
User Charges & Fees		(54)	-	(52)	-
Total Provision for Impairment - Receivables		(54)	-	(52)	-
<u>TOTAL NET RECEIVABLES</u>		<u>4,536</u>	<u>-</u>	<u>5,194</u>	<u>-</u>
Externally Restricted Receivables					
Domestic Waste Management		607	-	709	-
Stormwater Management		29	-	38	-
Total External Restrictions		636	-	747	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		3,900	-	4,447	-
TOTAL NET RECEIVABLES		4,536	-	5,194	-

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% (2013 10.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 8. Inventories & Other Assets

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		230	-	249	-
Stores & Materials		1,766	-	1,127	-
Trading Stock		4	-	6	-
Total Inventories		2,000	-	1,382	-
Other Assets					
Prepayments		210	-	490	-
Total Other Assets		210	-	490	-
TOTAL INVENTORIES / OTHER ASSETS		2,210	-	1,872	-
Externally Restricted Assets					
Other					
Stores & Materials		1,648	-	1,018	-
Total Other		1,648	-	1,018	-
Total Externally Restricted Assets		1,648	-	1,018	-
Total Internally Restricted Assets		-	-	-	-
Total Unrestricted Assets		562	-	854	-
TOTAL INVENTORIES & OTHER ASSETS		2,210	-	1,872	-



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 8. Inventories & Other Assets (continued)

\$ '000	2014		2013	
	Current	Non Current	Current	Non Current
(i) Other Disclosures				
(a) Details for Real Estate Development				
Residential	230	-	249	-
Total Real Estate for Resale	230	-	249	-
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	76	-	147	-
Development Costs	154	-	102	-
Total Costs	230	-	249	-
Total Real Estate for Resale	230	-	249	-
Movements:				
Real Estate assets at beginning of the year	249	-	601	-
- Purchases and other costs	51	-	34	-
- Transfers in from (out to) Note 9	-	-	13	-
- WDV of Sales (exp) 5	(70)	-	(399)	-
Total Real Estate for Resale	230	-	249	-

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

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

	2014	2013
Real Estate for Resale	195	178
	195	178

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

- Stores & Materials	337	336
- Trading Stock	6	6

(d) Inventory Write Downs

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

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

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

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2013					Asset Movements during the Reporting Period						as at 30/6/2014				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Adjustments & Transfers	Revaluation Decrements to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment										Dep'n	Impairment	
Capital Work in Progress	1,296	-	-	-	1,296	262	-	-	(1)	-	-	1,557	-	-	-	1,557
Plant & Equipment	-	12,483	10,123	-	2,360	354	(16)	(919)	-	(6)	-	-	12,478	10,705	-	1,773
Office Equipment	-	3,762	3,300	-	462	16	-	(314)	-	-	-	-	3,778	3,614	-	164
Furniture & Fittings	-	672	377	-	295	105	-	(64)	-	-	-	-	777	441	-	336
Land:																
- Operational Land	-	13,037	-	-	13,037	-	-	-	-	-	(65)	-	12,972	-	-	12,972
- Community Land	-	27,395	-	-	27,395	76	-	-	1	(3)	-	-	27,469	-	-	27,469
Land Improvements - depreciable	-	1,600	202	-	1,398	144	-	(149)	-	-	-	-	1,743	350	-	1,393
Buildings - Non Specialised	-	24,755	13,274	-	11,481	752	-	(571)	-	-	-	-	25,507	13,845	-	11,662
Buildings - Specialised	-	47,169	18,858	-	28,311	161	-	(986)	-	5	-	-	47,335	19,844	-	27,491
Other Structures	-	16,772	6,397	-	10,375	303	-	(616)	-	-	-	-	17,075	7,013	-	10,062
Infrastructure:																
- Roads	-	188,016	52,200	-	135,816	5,588	-	(4,362)	-	-	-	-	193,604	56,562	-	137,042
- Bridges	-	42,848	20,199	-	22,649	1,037	-	(517)	-	-	-	-	43,885	20,716	-	23,169
- Footpaths	-	7,603	1,705	-	5,898	1,142	-	(196)	-	-	-	-	8,746	1,902	-	6,844
- Bulk Earthworks (non-depreciable)	-	15,864	-	-	15,864	-	-	-	-	-	-	-	15,864	-	-	15,864
- Stormwater Drainage	-	36,949	9,051	-	27,898	2	-	(351)	-	-	-	-	36,951	9,402	-	27,549
- Other Infrastructure	-	60,994	17,992	-	43,002	1,337	-	(1,827)	-	-	-	-	62,330	19,818	-	42,512
Other Assets:																
- Library Books	-	1,025	1,025	-	-	-	-	-	-	-	-	-	1,025	1,025	-	-
- Other	-	741	212	-	529	69	-	(22)	-	-	-	-	810	234	-	576
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26):																
- Tip Assets	-	8,055	7,512	-	543	-	-	(249)	-	-	-	-	8,055	7,761	-	294
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	1,296	509,740	162,427	-	348,609	11,348	(16)	(11,143)	-	(4)	(65)	1,557	520,404	173,232	-	348,729

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$8,132) and New Assets (\$1,887).
Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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



Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

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

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

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

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services		3,374	-	2,481	-
Payments Received In Advance		192	-	335	-
Accrued Expenses:					
- Borrowings		97	-	26	-
- Other Expenditure Accruals		321	-	220	-
Security Bonds, Deposits & Retentions		368	-	347	-
Unclaimed Money		3	-	5	-
Other		283	-	354	-
Total Payables		4,638	-	3,768	-
Borrowings					
Loans - Secured ¹		1,724	16,595	958	9,495
Total Borrowings		1,724	16,595	958	9,495
Provisions					
Employee Benefits;					
Annual Leave		1,717	-	1,470	-
Sick Leave		191	-	190	-
Long Service Leave		2,975	91	2,759	79
Sub Total - Aggregate Employee Benefits		4,883	91	4,419	79
Asset Remediation/Restoration (Future Works)	26	-	13,621	-	12,850
Total Provisions		4,883	13,712	4,419	12,929
Total Payables, Borrowings & Provisions		11,245	30,307	9,145	22,424

(i) Liabilities relating to Restricted Assets

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

¹ Loans are secured over the General Rating Income of Council

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



Notes to the Financial Statements

for the financial year ended 30 June 2014

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

	Actual 2014	Actual 2013
\$ '000		

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

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

Provisions - Employees Benefits	3,472	3,064
	3,472	3,064

Note 10b. Description of and movements in Provisions

Class of Provision	2013	2014				Closing Balance as at 30/6/14
	Opening Balance as at 1/7/13	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	1,470	1,189	(942)	-	-	1,717
Sick Leave	190	6	(5)	-	-	191
Long Service Leave	2,838	348	(169)	49	-	3,066
Asset Remediation	12,850	771	-	-	-	13,621
TOTAL	17,348	2,314	(1,116)	49	-	18,595

- Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2014	Actual 2013
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	3,106	1,936
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		3,106	1,936
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		(2,036)	1,023
Adjust for non cash items:			
Depreciation & Amortisation		11,143	9,937
Net Losses/(Gains) on Disposal of Assets		(262)	(1,066)
Non Cash Capital Grants and Contributions		(630)	-
Unwinding of Discount Rates on Reinstatement Provisions		771	728
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		656	2,432
Increase/(Decrease) in Provision for Doubtful Debts		2	(18)
Decrease/(Increase) in Inventories		(637)	(11)
Decrease/(Increase) in Other Assets		280	(37)
Increase/(Decrease) in Payables		893	333
Increase/(Decrease) in accrued Interest Payable		71	19
Increase/(Decrease) in other accrued Expenses Payable		101	(435)
Increase/(Decrease) in Other Liabilities		(195)	(404)
Increase/(Decrease) in Employee Leave Entitlements		476	178
NET CASH PROVIDED FROM/(USED IN)			
OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		10,633	12,679



Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
(c) Non-Cash Investing & Financing Activities			
Bushfire Grants		630	-
Total Non-Cash Investing & Financing Activities		630	-
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		300	300
Credit Cards / Purchase Cards		100	100
Total Financing Arrangements		400	400
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		300	300
- Credit Cards / Purchase Cards		86	81
Total Financing Arrangements Utilised		386	381

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.



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2014	Actual 2013
(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		-	956
Plant & Equipment		-	38
Corporate Information System ⁽¹⁾		20	67
Recreation ⁽²⁾		22	115
Roads, Bridges & Footpaths		-	2,352
Other ⁽³⁾		3	72
Total Commitments		45	3,600
These expenditures are payable as follows:			
Within the next year		45	3,600
Total Payable		45	3,600
Sources for Funding of Capital Commitments:			
Sect 64 & 94 Funds/Reserves		-	704
Unexpended Grants & Contributions		25	1,574
Internally Restricted Reserves		20	851
Unexpended Loans		-	471
Total Sources of Funding		45	3,600

Details of Capital Commitments

1. Corporate Information System \$20K - Final payment for implementation project, pending completion of outstanding items.
2. Recreation \$22K - Appin Cycleway Construction
3. Other \$3K - Final payment for mine subsidence funded works at Oxley St, Tahmoor.

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

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

Within the next year	467	628
Later than one year and not later than 5 years	424	630
Total Non Cancellable Operating Lease Commitments	891	1,258

b. Non Cancellable Operating Leases include the following assets:

Motor Vehicles and IT Equipment.

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

Conditions relating to Finance Leases:

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



Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 2013 2012	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
(excl. Capital Grants & Contributions) - Operating Expenses	(7,411)	-17.55%	-12.55%	-6.51%
Total continuing operating revenue ⁽¹⁾	42,220			
(excl. Capital Grants & Contributions)				
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
(less ALL Grants & Contributions)	36,137	76.35%	73.40%	70.76%
Total continuing operating revenue ⁽¹⁾	47,333			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	24,693	3.18 : 1	2.76	3.42
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	7,773			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	5,434	1.92	2.90	4.18
Principal Repayments (from the Statement of Cash Flows)	2,836			
+ Borrowing Interest Costs (from the Income Statement)				
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	2,176	7.10%	7.64%	9.11%
Rates, Annual and Extra Charges Collectible	30,668			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents including All Term Deposits	36,356	10.79	9.08	7.56
Payments from cash flow of operating and financing activities	3,368			

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

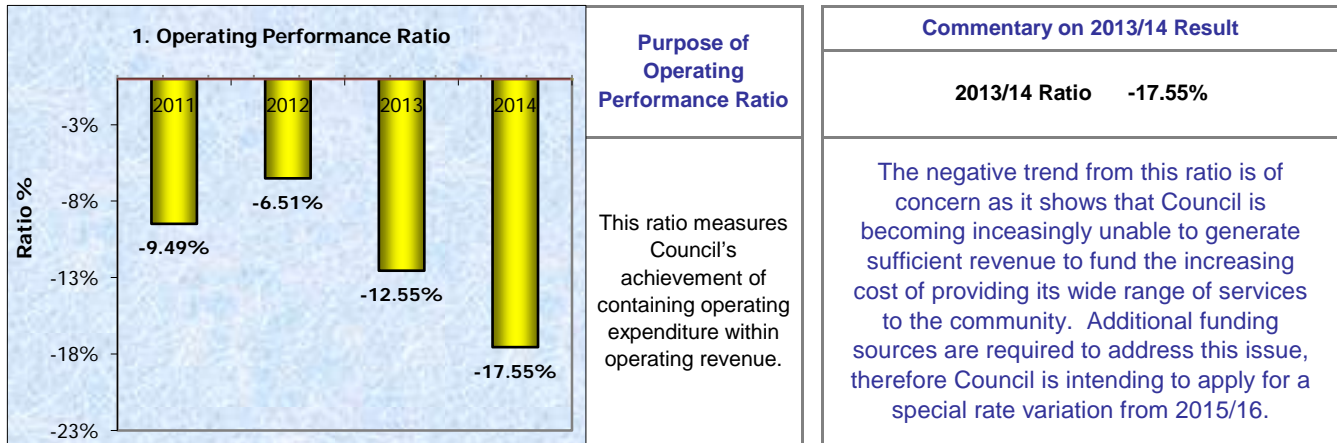
⁽³⁾ Refer to Note 10(a).

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



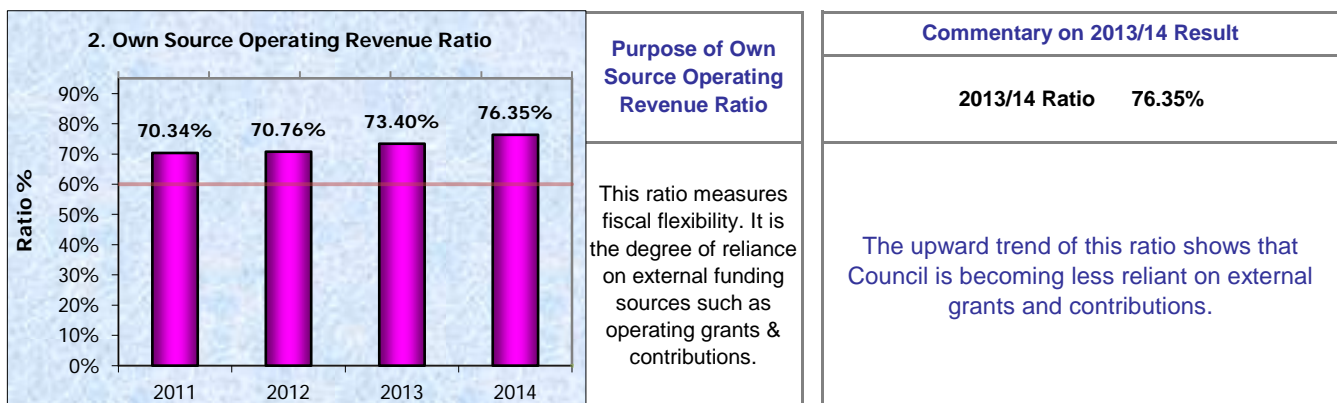
Notes to the Financial Statements for the financial year ended 30 June 2014

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



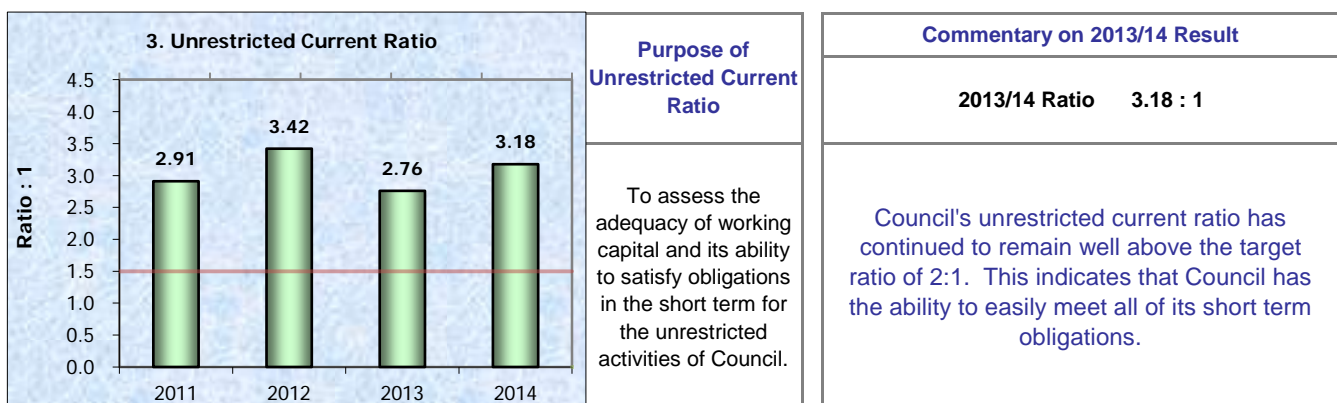
— Minimum 0.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



— Minimum 60.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



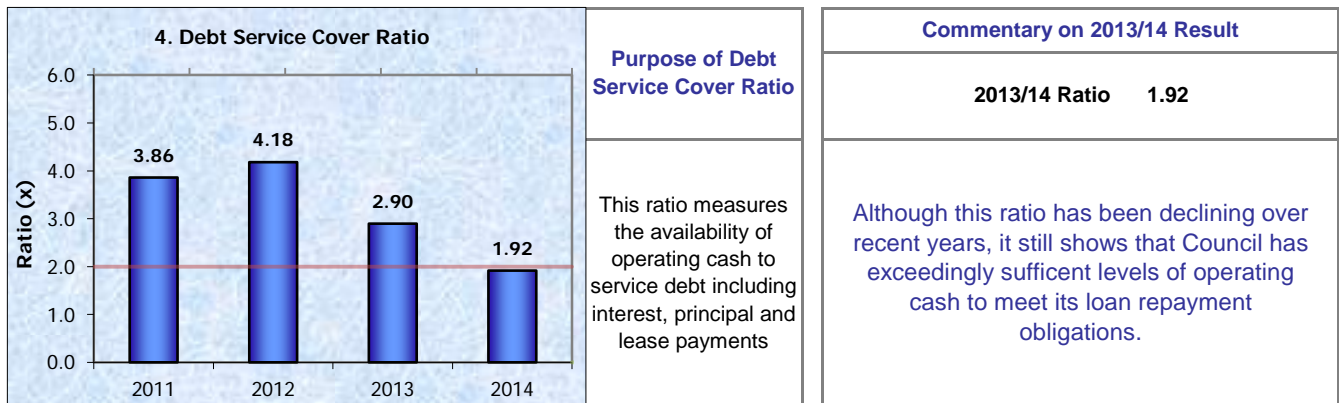
— Minimum 1.50

Source for Benchmark: Code of Accounting Practice and Financial Reporting



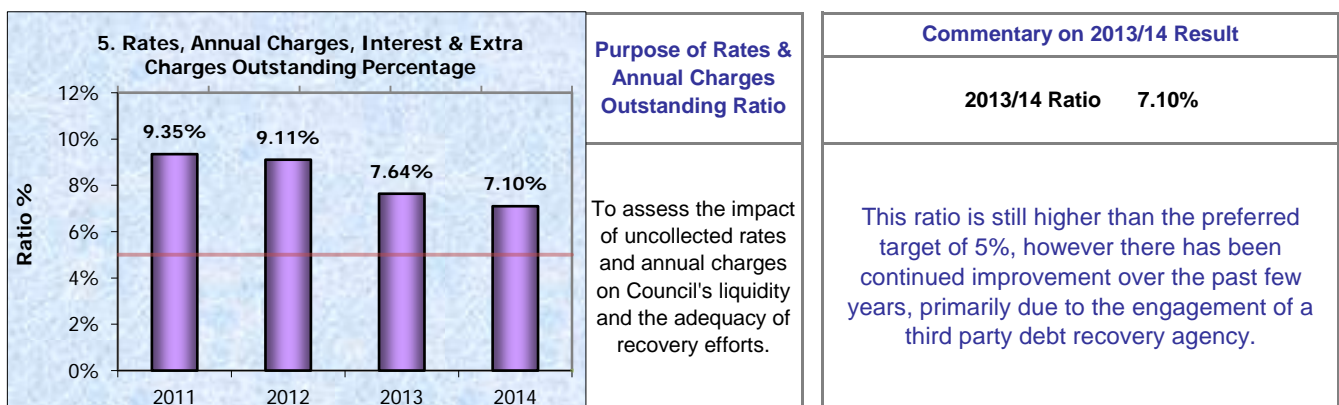
Notes to the Financial Statements for the financial year ended 30 June 2014

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



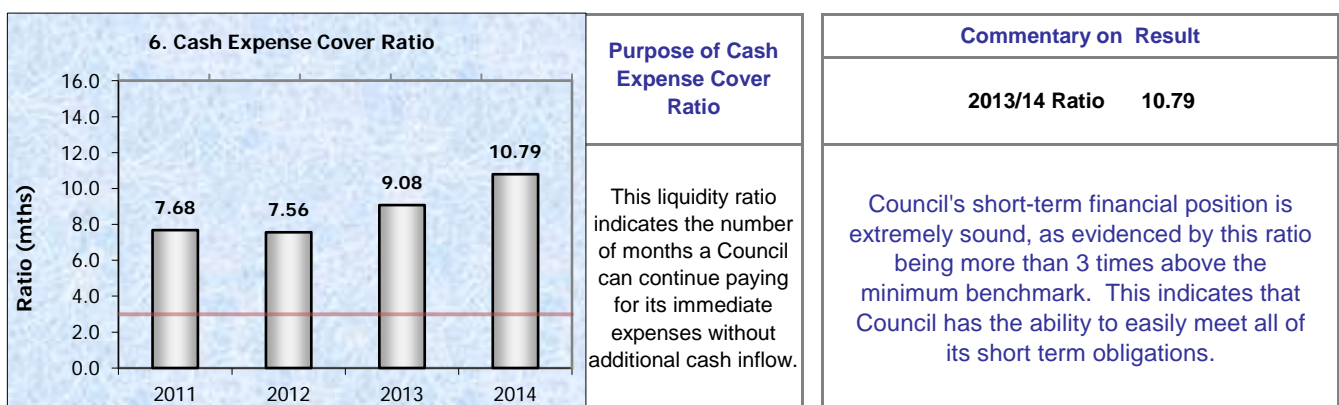
— Minimum 2.00

Source for Benchmark: NSW Treasury Corporation



— Maximum 5.00%

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



— Minimum 3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 14. Investment Properties

\$ '000

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

Note 15. Financial Risk Management

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2014	2013	2014	2013
Financial Assets				
Cash and Cash Equivalents	3,106	1,936	3,106	1,985
Investments				
- "Held to Maturity"	40,062	33,150	40,163	32,815
Receivables	4,536	5,194	4,536	5,205
Total Financial Assets	47,704	40,280	47,805	40,005
Financial Liabilities				
Payables	4,446	3,433	4,446	3,433
Loans / Advances	18,319	10,453	18,319	10,453
Total Financial Liabilities	22,765	13,886	22,765	13,886

Fair Value is determined as follows:

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

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



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

The risks associated with the investments held are:

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2014				
Possible impact of a 10% movement in Market Values	176	176	(176)	(176)
Possible impact of a 1% movement in Interest Rates	430	430	(430)	(430)
2013				
Possible impact of a 10% movement in Market Values	119	119	(119)	(119)
Possible impact of a 1% movement in Interest Rates	332	332	(332)	(332)



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

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

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

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

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

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

	2014 Rates & Annual Charges	2014 Other Receivables	2013 Rates & Annual Charges	2013 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	100%	74%	100%	93%
Overdue	0%	26%	0%	7%
	100%	100%	100%	100%

(ii) Ageing of Receivables - value

	2014	2014	2013	2013
Current (not yet overdue)	2,002	1,825	2,003	3,023
Past due by up to 30 days	-	203	-	42
Past due between 31 and 60 days	-	49	-	178
Past due between 61 and 90 days	-	3	-	-
Past due by more than 90 days	-	508	-	-
	2,002	2,588	2,003	3,243

(iii) Movement in Provision for Impairment of Receivables

	2014	2013
Balance at the beginning of the year	52	70
+ new provisions recognised during the year	4	60
- amounts already provided for & written off this year	(2)	(78)
Balance at the end of the year	54	52



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2014									
Trade/Other Payables	368	4,149	-	-	-	-	-	4,517	4,446
Loans & Advances	-	2,879	3,069	2,738	2,378	2,389	11,851	25,304	18,319
Total Financial Liabilities	368	7,028	3,069	2,738	2,378	2,389	11,851	29,821	22,765
2013									
Trade/Other Payables	347	3,059	-	-	-	-	-	3,406	3,433
Loans & Advances	-	1,516	1,700	1,890	1,560	1,200	7,465	15,331	10,453
Total Financial Liabilities	347	4,575	1,700	1,890	1,560	1,200	7,465	18,737	13,886

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

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

	2014		2013	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	4,446	0.0%	3,433	0.0%
Loans & Advances - Fixed Interest Rate	18,319	6.5%	10,453	7.3%
	<u>22,765</u>		<u>13,886</u>	



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 13/14 was adopted by the Council on 17 June 2013.

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

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

Note that for Variations* of Budget to Actual :

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

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

\$ '000	2014 Budget	2014 Actual	2014 ----- Variance* -----	
REVENUES				
Rates & Annual Charges	27,965	28,059	94	0% F
User Charges & Fees	3,444	4,645	1,201	35% F
Development related income exceeded expectations due to the accelerated level of development within the shire. Compliance income also increased due to additional prosecutions.				
Interest & Investment Revenue	1,233	1,802	569	46% F
Income from investments exceeded budgeted levels due to a higher than expected balance of invested funds. This resulted from the delay in the commencement of some major projects and the draw down of loan funding in 2013/14 rather than spreading it over 2013/14 and 2014/15.				
Other Revenues	664	1,631	967	146% F
Other Revenue exceeded the budgeted amount due mainly to the reimbursement of legal fees and the receipt of an insurance premium rebate as a result of Council's good claims history. Additional income received also included an increase in property rental income and other reimbursements (including \$143K transfer of bonds and prepayments to income)				
Operating Grants & Contributions	6,935	6,083	(852)	(12%) U
Operating grants and contribution received were less than budgeted mainly due to the early receipt of the 2013/14 Financial Assistance Grant. A large portion of the grant was prepaid in 2012/13 rather than receiving the entire grant in 2013/14.				
Capital Grants & Contributions	3,742	5,113	1,371	37% F
A higher than budgeted amount of developer contributions were received due to the accelerated level of development within the shire. Additional contributions were received from third parties for major roadworks and additional grant funding was received from the State Government for the various road programs.				
Net Gains from Disposal of Assets	-	262	262	0% F
Council does not budget for any gains or losses from asset sales, however during the year Council disposed of a parcel of land and traded-in six vehicles. The net result from these sales was a \$262K profit. Further details are available in Note 5.				



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 16. Material Budget Variations (continued)

\$ '000	2014 Budget	2014 Actual	2014 ----- Variance* -----	
EXPENSES				
Employee Benefits & On-Costs	17,521	17,688	(167)	(1%) U
Borrowing Costs	1,166	1,702	(536)	(46%) U
Borrowing costs exceeded budget due to the non-cash entry required to recognise the \$771K unwinding of a PV discount in relation to the future remediation of Council's tip assets. This was partially offset by lower than expected loan borrowing costs due to the delayed uptake of the 2013/14 loan program. Interest was budgeted from September 2013, however the loan was not drawn down until February 2014.				
Materials & Contracts	14,695	14,982	(287)	(2%) U
Depreciation & Amortisation	9,900	11,143	(1,243)	(13%) U
The 2013/14 budget was developed prior to the end of the 2012/13 financial year and at that time the depreciation estimate based on existing asset valuations was \$9.9 million. Buildings were revalued at the end of the 2012/13 financial year (ie: after the 13/14 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	4,746	4,116	630	13% F
Insurance premiums, streetlighting charges and waste tipping fees were lower than were originally budgeted.				

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

Cash Flows from Operating Activities	6,753	10,633	3,880	57.5%	F
The increase in cash flows from operating activities was due mainly to additional grant and contribution funding received during the year. There was also an increase in development related income. Outgoings for electricity costs, insurance premiums and waste tipping fees were lower than expected.					
Cash Flows from Investing Activities	(14,105)	(17,329)	(3,224)	22.9%	U
The significant reduction in the expected cash inflows from investing activities was primarily due to the original expectation that Council would be required to reduce the size of its investment portfolio in order to accommodate the proposed schedule of major works. Due to the increase in major projects completed during the year, Council managed to increase its investment portfolio.					
Cash Flows from Financing Activities	7,532	7,866	334	4.4%	F

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

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Traffic Facilities	2,690	776	-	66	(1,016)	-	2,516	27,086	(31,029)	(1,427)	-
Open Space	1,140	395	-	40	(28)	-	1,547	85,307	(96,637)	(9,783)	-
Community Facilities	1,348	765	-	55	(12)	-	2,156	14,278	(32,581)	(16,147)	-
Bushfire Protection	-	8	-	-	-	-	8	60	(68)	-	-
Other	-	1	-	-	-	-	1	103	(104)	-	-
S94 Contributions - under a Plan	5,178	1,945	-	161	(1,056)	-	6,228	126,834	(160,419)	(27,357)	-
S94A Levies - under a Plan	1,072	111	-	32	-	-	1,215				-
Total S94 Revenue Under Plans	6,250	2,056	-	193	(1,056)	-	7,443				-
S93F Planning Agreements	1,060	287	-	36	-	-	1,383				
Total Contributions	7,310	2,343	-	229	(1,056)	-	8,826	126,834	(160,419)	(27,357)	-

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

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - 2005

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Traffic Facilities	549	597	-	31	-	-	1,177	24,206	(26,811)	(1,428)	-
Open Space	622	353	-	26	(2)	-	999	84,171	(94,825)	(9,655)	-
Community Facilities	257	729	-	26	-	-	1,012	13,576	(30,330)	(15,742)	-
Bushfire Protection	-	8	-	-	-	-	8	60	(68)	-	-
Total	1,428	1,687	-	83	(2)	-	3,196	122,013	(152,034)	(26,825)	-

CONTRIBUTION PLAN - PRIOR YEARS

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Traffic Facilities	2,141	179	-	35	(1,016)	-	1,339	2,880	(4,218)	1	-
Open Space	518	42	-	14	(26)	-	548	1,136	(1,812)	(128)	-
Community Facilities	1,091	36	-	29	(12)	-	1,144	702	(2,251)	(405)	-
Other	-	1	-	-	-	-	1	103	(104)	-	-
Total	3,750	258	-	78	(1,054)	-	3,032	4,821	(8,385)	(532)	-

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

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN - 2005

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other	1,072	111	-	32	-	-	1,215	-	-		-
Total	1,072	111	-	32	-	-	1,215				-

S93F PLANNING AGREEMENTS

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Traffic Facilities	455	188	-	17	-	-	660	4,751	(5,496)	(85)	-
Open Space	-	80	-	2	-	-	82	12,406	(12,487)		-
Community Facilities	568	9	-	16	-	-	593	3,478	(4,071)		-
Animal Management	2	2	-	-	-	-	4	50	(54)		-
Bushfire Protection	34	5	-	1	-	-	40	159	(199)		-
Tree Planting	1	3	-	-	-	-	4	9	(13)		-
Total	1,060	287	-	36	-	-	1,383				-



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other Guarantees

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



Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

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

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

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

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

ASSETS NOT RECOGNISED:

(i) Land Under Roads

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

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

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

(ii) Infringement Notices/Fines

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

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

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

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

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

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



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2014	Actual 2013
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		294,674	285,068
a. Other Comprehensive Income (excl. direct to Reserves transactions)		-	8,583
b. Net Operating Result for the Year		(2,036)	1,023
Balance at End of the Reporting Period		292,638	294,674

(b) Reserves

(i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	64,453	64,518
Total	64,453	64,518

(ii) Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance	64,518	50,533
- Revaluations for the year	(65)	13,985
- Balance at End of Year	64,453	64,518

TOTAL VALUE OF RESERVES

64,453	64,518
---------------	---------------

(iii) Nature & Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve

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

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

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

(d) Voluntary Changes in Accounting Policies

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



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 21. Financial Result & Financial Position by Fund

\$ '000

Council utilises only a General Fund for its operations.

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

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

Note 23. Events occurring after the Reporting Date

Events that occur between the end of the reporting period (ending 30 June 2014) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 13/10/14.

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

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

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

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

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

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

Note 24. Discontinued Operations

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

Note 25. Intangible Assets

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

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



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2014	2013
Tip Site - Bargo	2022	4,000	3,774
Tip Site - Warragamba (closed)	2015	2,114	1,994
Tip Site - Picton (closed)	Undetermined	5,097	4,809
Tip Site - Appin (closed)	Undetermined	2,011	1,897
Effluent Ponds - Bargo (closed)	Undetermined	399	376
Balance at End of the Reporting Period	10(a)	13,621	12,850

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	12,850	12,122
Amounts capitalised to new or existing assets:		
Amortisation of discount (expensed to borrowing costs)	771	728
Total - Reinstatement, rehabilitation and restoration provision	13,621	12,850

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.



Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

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

Restoration

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals

Close down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

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

Rehabilitation

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

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the reporting date. These costs are charged to the income statement. Movements in the environmental clean up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

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

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

\$ '000

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

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

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

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

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

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

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

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

		Fair Value Measurement Hierarchy			
2014		Level 1	Level 2	Level 3	Total
	Date of latest Valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Assets					
Investments					
- "Held to Maturity"	30/06/14	-	43,168	-	43,168
Total Financial Assets		-	43,168	-	43,168
Financial Liabilities					
Payables	30/06/14	4,446	-	-	4,446
Loans / Advances	30/06/14	18,319	-	-	18,319
Total Financial Liabilities		22,765	-	-	22,765
Infrastructure, Property, Plant & Equipment					
Work in Progress	30/06/14	-	1,557	-	1,557
Plant & Equipment	30/06/14	-	-	1,773	1,773
Office Equipment	30/06/14	-	-	164	164
Furniture & Fittings	30/06/14	-	-	336	336
Operational Land	30/06/14	-	-	12,972	12,972
Community Land	30/06/14	-	-	27,469	27,469
Land Improvements - depreciable	30/06/14	-	-	1,393	1,393
Buildings	30/06/14	-	-	39,153	39,153
Other Structures	30/06/14	-	-	10,062	10,062
Road Infrastructure	30/06/14	-	-	225,431	225,431
Stormwater Drainage	30/06/14	-	-	27,549	27,549
Other Assets	30/06/14	-	-	576	576
Tip Assets	30/06/14	-	-	294	294
Total Infrastructure, Property, Plant & Equipment		-	1,557	347,172	348,729



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

Note 27. Fair Value Measurement (continued)

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

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

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

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

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

Financial Assets

Council obtains valuations from its Investment Advisor on a monthly basis and at the end of each accounting period to ensure the financial statements reflect the most up to date valuation. There has been no change to the valuation techniques during the reporting period.

Work in Progress

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

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

Plant & Equipment, Office Equipment and Furniture & Fittings

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

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

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The valuation of Council's operational land was undertaken at 30 June 2013 by Scott Fullarton Valuations Pty Ltd, FAPI, Certified Practising Valuer, Registration No. VAL2144. Operational land has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in settling the price. Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset; and cash flows from the future use and disposal. There has been no change to the valuation process during the reporting period.

Community Land

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

Land Improvements - depreciable

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

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

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

Buildings – Non Specialised and Specialised

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

Other Structures

Council's Other Structures were valued using the cost approach. Council carries fair value of Other Structure assets using Level 3 inputs. Such valuations are undertaken by Council Staff or by an external valuer depending upon the structure.

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

Road Infrastructure

This asset class includes roads, bridges, car parks, kerb and gutter, traffic facilities, footpaths and bulk earthworks undertaken in the course of construction. The 'Cost Approach' using Level 3 inputs was used to



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

value the road carriageway and other road infrastructure. Valuations for the road carriageway, comprising surface, pavement and formation were based primarily on standard industry unit rates. Other inputs (such as estimated pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there some uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Stormwater Drainage

Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices. The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The Level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Other Assets

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

Tip Assets

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

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



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

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

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

	Plant & Equipment	Office Equipment	Furniture & Fittings	Operational Land	Total
Opening Balance - 1/7/12	2,562	664	219	11,142	14,587
Additions / Disposals / Depreciation	(225)	(183)	76	719	387
Revaluations & other adjustments	23	(19)	-	1,176	1,180
Closing Balance - 30/6/13	2,360	462	295	13,037	16,154
Transfers from/(to) another asset class	(6)	-	-	-	(6)
Purchases (GBV)	354	16	105	-	475
Disposals (WDV)	(16)	-	-	-	(16)
Depreciation & Impairment	(919)	(314)	(64)	-	(1,297)
Other movement (details here)	-	-	-	(65)	(65)
Closing Balance - 30/6/14	1,773	164	336	12,972	15,245

	Community Land	Land Improv's	Buildings	Other Structures	Total
Opening Balance - 1/7/12	27,431	1,359	18,984	10,700	58,474
Additions / Disposals / Depreciation	1	9	(477)	(295)	(762)
Revaluations & other adjustments	(37)	30	21,285	(30)	21,248
Closing Balance - 30/6/13	27,395	1,398	39,792	10,375	78,960
Transfers from/(to) another asset class	1	-	5	-	6
Purchases (GBV)	76	144	913	303	1,436
Depreciation & Impairment	-	(149)	(1,557)	(616)	(2,322)
Other movement (details here)	(3)	-	-	-	(3)
Closing Balance - 30/6/14	27,469	1,393	39,153	10,062	78,077

	Road Infrastruct.	Stormwater Drainage	Other Assets	Tip Assets	Total
Opening Balance - 1/7/12	223,716	27,748	537	793	252,794
Additions / Disposals / Depreciation	(487)	150	(8)	(250)	(595)
Closing Balance - 30/6/13	223,229	27,898	529	543	252,199
Purchases (GBV)	9,104	2	69	-	9,175
Depreciation & Impairment	(6,902)	(351)	(22)	(249)	(7,524)
Closing Balance - 30/6/14	225,431	27,549	576	294	253,850



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

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

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

There are no transfers identified in the table above.

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

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

I, PP&E

Class	Fair Value (30/6/14) \$'000	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Plant & Equipment, Office Equipment and Furniture & Fittings	2,273	<ul style="list-style-type: none"> Gross replacement cost Remaining useful life 	<ul style="list-style-type: none"> Varies 0 - 50 years 	Significant changes in the gross replacement value or the pattern of consumption affecting the remaining useful life would result in significant changes to fair value measurement.
Operational Land	12,972	<ul style="list-style-type: none"> Price per square metre 	<ul style="list-style-type: none"> \$2 - \$500 per square metre 	Significant changes in the price per square metre would result in significant changes to fair value measurement.
Community Land	27,469	<ul style="list-style-type: none"> Unimproved capital value (price per square metre) 	<ul style="list-style-type: none"> \$1 - \$2,000 per square metre 	Significant changes in the price per square metre based on the unimproved capital value would result in significant changes to fair value measurement.
Land Improvements - depreciable	1,393	<ul style="list-style-type: none"> Gross replacement cost Asset condition Remaining useful life 	<ul style="list-style-type: none"> Varies Very Poor to Excellent 0 - 100 years 	Significant changes in the gross replacement value, asset condition or the pattern of consumption affecting the remaining useful life would result in significant changes to fair value measurement.
Buildings	39,153	<ul style="list-style-type: none"> Gross replacement cost Asset condition Remaining useful life 	<ul style="list-style-type: none"> Varies Very Poor to Excellent 0 - 100 years 	Significant changes in the gross replacement value, asset condition or the pattern of consumption affecting the remaining useful life would result in significant changes to fair value measurement.



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

Class	Fair Value (30/6/14) \$'000	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Other Structures	10,062	<ul style="list-style-type: none"> Gross replacement cost Asset condition Remaining useful life 	<ul style="list-style-type: none"> Varies Very Poor to Excellent 0 - 100 years 	Significant changes in the gross replacement value, asset condition or the pattern of consumption affecting the remaining useful life would result in significant changes to fair value measurement.
Road Infrastructure	225,431	<ul style="list-style-type: none"> Gross replacement cost Asset condition Remaining useful life 	<ul style="list-style-type: none"> Varies Very Poor to Excellent 0 - 100 years 	Significant changes in the gross replacement value, asset condition or the pattern of consumption affecting the remaining useful life would result in significant changes to fair value measurement.
Stormwater Drainage	27,549	<ul style="list-style-type: none"> Gross replacement cost Asset condition Remaining useful life 	<ul style="list-style-type: none"> Varies Very Poor to Excellent 0 - 150 years 	Significant changes in the gross replacement value, asset condition or the pattern of consumption affecting the remaining useful life would result in significant changes to fair value measurement.
Other Assets	576	<ul style="list-style-type: none"> Gross replacement cost Asset condition Remaining useful life 	<ul style="list-style-type: none"> Varies Very Poor to Excellent 0 - 50 years 	Significant changes in the gross replacement value, asset condition or the pattern of consumption affecting the remaining useful life would result in significant changes to fair value measurement.
Tip Assets	294	<ul style="list-style-type: none"> Discount rate Estimated inflation rate 	<ul style="list-style-type: none"> 6% 3% 	Significant changes in the discount rate or estimated inflation rate would result in significant changes to fair value measurement.

(5). Highest and best use

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



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 28. Financial Review

\$ '000

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

Financial Performance Figures	2014	2013	2012	2011	2010
Inflows:					
Rates & Annual Charges Revenue	28,059	26,356	24,599	23,391	22,083
User Charges Revenue	4,645	3,533	4,011	3,981	3,584
Interest & Investment Revenue (Losses)	1,802	1,781	1,835	1,577	1,087
Grants Income - Operating & Capital	4,192	5,910	8,221	6,591	8,071
Total Income from Continuing Operations	47,595	45,920	45,116	43,081	40,061
Sale Proceeds from I,PP&E	348	1,567	972	966	564
New Loan Borrowings & Advances	9,000	2,750	-	-	-
Outflows:					
Employee Benefits & On-cost Expenses	17,688	16,193	16,096	14,025	13,445
Borrowing Costs	1,702	1,458	1,421	1,487	1,375
Materials & Contracts Expenses	14,982	13,113	11,790	11,733	10,180
Total Expenses from Continuing Operations	49,631	44,897	42,744	40,340	34,930
Total Cash purchases of I,PP&E	10,714	10,256	8,070	8,942	8,059
Total Loan Repayments	1,134	747	664	453	490
Operating Surplus/(Deficit) (excl. Capital Income)	(7,149)	(3,942)	(2,275)	(3,060)	(374)
Financial Position Figures	2014	2013	2012	2011	2010
Current Assets	38,102	31,752	29,464	26,471	23,708
Current Liabilities	11,245	9,145	9,114	8,167	7,776
Net Current Assets	26,857	22,607	20,350	18,304	15,932
Cash & Investments - Unrestricted	2,043	1,476	32	659	1,163
Cash & Investments - Internal Restrictions	18,383	13,975	12,355	11,067	8,980
Cash & Investments - Total	43,168	35,086	29,109	26,367	23,552
Total Borrowings Outstanding	18,319	10,453	8,450	9,114	9,567
Total Value of I,PP&E (excl. Land & Earthworks)	465,656	454,740	433,035	425,133	413,006
Total Accumulated Depreciation	173,232	162,427	161,617	152,025	145,583
Indicative Remaining Useful Life (as a % of GBV)	63%	64%	63%	64%	65%

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



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 29. Council Information & Contact Details

Principal Place of Business:

62-64 Menangle Street
Picton NSW 2571

Contact Details

Mailing Address:

PO Box 21
Picton NSW 2571

Opening Hours:

Monday to Friday
8.00am to 4.00pm

Telephone: (02) 4677 1100

Facsimile: (02) 4677 2339

Internet: www.wollondilly.nsw.gov.au

Email: council@wollondilly.nsw.gov.au

Officers

GENERAL MANAGER

L Johnson

RESPONSIBLE ACCOUNTING OFFICER

A Christie

PUBLIC OFFICER

J Sproule

AUDITORS

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

Elected Members (as at the date these statements were authorised for issue - 13/10/14)

MAYOR

Clr Col Mitchell

COUNCILLORS

Clr S Landow (Deputy Mayor)

Clr L Amato

Clr B Banasik

Clr M Banasik

Clr H Gibbs

Clr J Hannan

Clr R Law

Clr K Terry

Other Information

ABN: 93 723 245 808

Wollondilly Council

INDEPENDENT AUDIT REPORT

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

In my opinion,

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

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

Scope and summary of our role

The financial report and Council's responsibility

The financial statements comprises the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement, accompanying notes to the financial statements, and the Statement by Councillors and Management in the approved form as required by Section 413 (2) of the Local Government Act 1993 for Wollondilly Council, for the year ended 30 June 2014.

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

Audit approach

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

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

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

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

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

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

Independence

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



PA Webster FCA
Warton Thompson & Co

Dated: 13 October 2014

Warton Thompson & Co

ABN 14 568 258 158

Chartered Accountants

Phillip A. Webster, FCA



PO Box 2754

Carlingford NSW 2118

Phone: (02) 9872 5199

Fax: (02) 9872 5634

1st Floor, 821-825 Pennant Hills Road,
CARLINGFORD NSW 2118

Email: wartonthompson@optusnet.com.au

13 October 2014

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

Ladies and Gentlemen,

Report on the Conduct of the 2014 Audit

I report completion of the audit of the financial records of Council for the year ended 30 June 2014 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 2014 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 2014**
- b) **Statement of Comprehensive Income for the year ended 30 June 2014**
- c) **Balance Sheet as at 30 June 2014**
- d) **Statement of Changes in Equity for the year ended 30 June 2014**
- e) **Statement of Cash Flows for the year ended 30 June 2014**

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 2014.

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 (deficit) for the year of \$2,036k and compares with a surplus of \$1,023k for year 2012/2013. The result for the year compares with an original budgeted deficit of \$4.04m. Material budget variances are explained in greater detail in Note 16 of the Financial Statements.

Working Fund

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 2013/2014 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 deficit for the year was \$1,159k. This deficit has resulted from Council's prudent decision to transfer excess working funds to Internal Restrictions to fund future infrastructure maintenance. This Restriction (Reserve) has increased by \$3,767k during the year to a balance of \$6,266k at 30 June 2014. The deficit compares with a Working Funds balanced budget for year 2013/2014. The Revenue result for the year and "Working Funds" at 1 July 2013 and at 30 June 2014 would therefore be as shown in the table below: -

	<u>Working Funds</u>	<u>Revenue Results</u>	<u>Working Funds</u>
	<u>1.7.2013</u>	<u>2014</u>	<u>30.06.2014</u>
	<u>Surplus (+)</u>	<u>Surplus (+)</u>	<u>Surplus (+)</u>
	<u>Deficiency (-)</u>	<u>Deficit (-)</u>	<u>Deficiency (-)</u>
General Fund	+\$2,831k	-\$1,159k	+\$1,672k

Council's available working capital is summarised as follows:

	30.06.2013	30.06.2014
	\$K	\$K
Net Current Assets	33007	38669
Less: External Restrictions	20382	23378
Less: Internal Restrictions	13975	18383
Less: Current Real Estate Assets	178	195
Less: Current Restricted Inventories	1018	1648
	(2546)	(4935)
Add: Current Liabilities to be funded from 2014/2015 Budget	5377	6607
Available Working Capital	\$2831	\$1672

The deficit of \$1,159k has reduced accumulated Working Funds at 30 June 2014 to a balance of \$1.67m, which I believe is adequate for Council's needs. The adequacy of working funds is further supported by the Unrestricted Current Ratio (Current Assets to Current Liabilities) shown on Note 13 of the financial statements which calculates as 3.18:1. This ratio exceeds the industry benchmark of 1.50:1. Council has earmarked several properties, at a cost value of \$230k, for sale. It is anticipated that only one property to the value of \$35k will be sold during 2014/2015 year so the working funds balance at 30 June 2014 excludes properties to the value of \$195k as they are not expected to be sold during year 2014/2015.

Council has recorded Rural Fire Services Inventories of \$1,648k 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 2014.

Internal Restrictions (Reserves)

Reserves held at 30 June 2014 totalled \$18,383k, an increase of \$4,408k during the year. **The creation of reserves to plan for future major expenditure is highly recommended.** Reserves held at 30 June 2013 and 30 June 2014 were as follows: -

	2013	2014
• Work In Progress	961k	569k
• Employees' Leave Entitlements	1346k	1455k
• Plant & Vehicles	1537k	1583k
• Sinking Funds	200k	200k
• Effluent	286k	268k
• Infrastructure & Asset Maintenance	2499k	6266k
• Library	92k	92k
• Acquisition of Property	2686k	2692k
• Technology	378k	164k
• Recreation & Facilities	691k	1161k
• Legal & Risk	1335k	1608k
• Investments	130k	
• Growth Management Strategy	336k	842k
• Special Rate Variation	764k	403k
• Roads	274k	281k
• Election	75k	130k
• Other	385k	669k
	<hr/>	<hr/>
	\$13,975k	\$18,383k

Accrued Leave Entitlements and Reserves Held

The liability for Employees' Leave Entitlements increased by \$476k during the year to a balance of \$4.97m and the Reserve held to meet these commitments amounted to \$1,455k (\$1,346k at 30 June 2013).

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 2013 and 2014 are set out hereunder as a percentage to rate revenue and untied grants for General Fund: -

<u>Fund</u>	<u>Untied Revenue</u>	<u>Principal & Interest Repaid</u>	<u>2013</u>	<u>2014</u>
General	\$38,414k	\$2,065k	3.93%	5.38%.

The Debt Servicing Percentage increased by 1.45% during 2013/2014 year to a satisfactory level of 5.38%. This percentage (5.38%) is below the industry benchmark of 10%. New loans of \$9m were received during the year.

Outstanding Rates and Annual Charges

Collection of rates and charges represented 100.16% (100.98 in 2013) of the Rates and Annual Charges Revenue for the year. Net arrears totalled \$2,176k and represented 7.10% (7.64% at 30 June 2013) of the collectible Rates and Annual Charges of \$30,668k for the year.

Rates and Annual Charges of \$2,176k outstanding at 30 June 2014 have decreased by \$46k during year 2013/2014 and compares with a balance of \$2,222k at 30 June 2013. The percentage of 7.10% is below the Office of Local Government's preferred target of 10% for Rural Councils but it is considered that a debt level of less than 5% would be more satisfactory.

Cash Position

At year end, Council held in cash and on investment, funds totalling \$43.16m of which \$22.74m 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	0.87m
• Unexpended Loans	5.56m
• Developer Contributions - Section 94	8.83m
• Other Contributions	0.22m
• Stormwater Management	0.44m
• Domestic Waste Management Services	6.82m

<u>Restricted Cash and Investments</u>	<u>\$22.74m</u>
--	-----------------

The balance of Investments, after financing the above external restrictions, totalled \$20.42m and was held to fund Internal Restrictions (Reserves) to the value of \$18.38m. The balance of \$2.04m, represented unrestricted cash and investments which were held to assist in financing Council's current commitments. The cash position at 30 June 2013 and 30 June 2014 is summarised as follows:

	30.06.2013	30.06.2014
	\$m	\$m
Externally Restricted	19.63m	22.74m
Internally Restricted (Reserves)	13.97m	18.38m
Unrestricted	1.48m	2.04m
	<u>35.08m</u>	<u>43.16m</u>

Conclusion

In my opinion Council's short-term financial position is very sound with working capital and debt servicing commitment in excess of accepted industry benchmarks. Council's internal restrictions (reserves) at 30 June 2014 totalled \$18.38m, which should enable Council to finance future expenditure on those capital projects as shown in Note 6 of the Financial Report, as and when required. There has been a decrease of \$46k in the level of rates and annual charges debts due to Council but stringent debt recovery procedures need to be applied to ensure that debts due to Council are reduced to a lower level.

As mentioned in my Audit Reports for years 2012 and 2013, 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 2013/2014 of \$7.15m. This compares with Deficits of \$3.94m, \$2.27m and \$3.06m for years 2013, 2012 and 2011 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 \$45.1m (\$45.3m at 30 June 2013). This Schedule, I believe, reaffirms the need to plan and budget for the future maintenance and replacement of Council's infrastructure assets and buildings. **It is pleasing to note that at 30 June 2014 Council has provided, by way of reserve funds, \$6.27m for future infrastructure and asset maintenance.** To ensure that Council can fully address its infrastructure maintenance issues and position itself to be "Fit for the Future", it may consider obtaining additional revenue sources, perhaps through a special rate increase or some other means.

The audit of Council's books and financial records for the year ended 30 June 2014 was conducted progressively throughout year 2014. 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 2014 audit.

Yours faithfully,



P A Webster FCA
Warton Thompson & Co

Wollondilly Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2014



"Rural Living"



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

Council has no Reportable Business Activities

Wollondilly Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2014



"Rural Living"



Special Schedules

for the financial year ended 30 June 2014

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- Special Schedule No. 3	Water Supply Operations - incl. Income Statement	n/a
- Special Schedule No. 4	Water Supply - Statement of Financial Position	n/a
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¹ Special Schedules are not audited (with the exception of Special Schedule 9).

Background

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



Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	764	6	-	(758)
Administration	5,742	2,223	-	(3,519)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	1,714	789	32	(893)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	1,251	41	-	(1,210)
Animal Control	46	151	-	105
Other	-	-	-	-
Total Public Order & Safety	3,011	981	32	(1,998)
Health	1	270	-	269
Environment				
Noxious Plants and Insect/Vermin Control	-	1	-	1
Other Environmental Protection	1,165	334	-	(831)
Solid Waste Management	6,572	6,610	-	38
Street Cleaning	330	-	-	(330)
Drainage	-	-	-	-
Stormwater Management	15	252	-	237
Total Environment	8,082	7,197	-	(885)
Community Services and Education				
Administration & Education	813	179	-	(634)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	93	-	-	(93)
Children's Services	775	573	-	(202)
Total Community Services & Education	1,681	752	-	(929)
Housing and Community Amenities				
Public Cemeteries	64	71	-	7
Public Conveniences	-	-	-	-
Street Lighting	514	7	-	(507)
Town Planning	3,218	1,130	2,343	255
Other Community Amenities	1,010	226	-	(784)
Total Housing and Community Amenities	4,806	1,434	2,343	(1,029)



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

for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	1,383	140	-	(1,243)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	2,363	2	13	(2,348)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	150	13	-	(137)
Swimming Pools	530	81	-	(449)
Parks & Gardens (Lakes)	53	14	-	(39)
Other Sport and Recreation	4,051	765	50	(3,236)
Total Recreation and Culture	8,530	1,015	63	(7,452)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	709	538	-	(171)
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	709	538	-	(171)
Transport and Communication				
Urban Roads (UR) - Local	15,299	2,371	2,675	(10,253)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads (SRR) - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	-	-	-	-
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	-	-	-	-
Aerodromes	-	-	-	-
Other Transport & Communication	-	-	-	-
Total Transport and Communication	15,299	2,371	2,675	(10,253)
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	1,006	515	-	(491)
Total Economic Affairs	1,006	515	-	(491)
Totals – Functions	49,631	17,302	5,113	(27,216)
General Purpose Revenues ⁽²⁾		25,180		25,180
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT ⁽¹⁾	49,631	42,482	5,113	(2,036)

(1) As reported in the Income Statement

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

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

for the financial year ended 30 June 2014

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	958	9,495	10,453	9,000	1,134	-	-	931	1,724	16,595	18,319
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	958	9,495	10,453	9,000	1,134	-	-	931	1,724	16,595	18,319
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	958	9,495	10,453	9,000	1,134	-	-	931	1,724	16,595	18,319

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

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

Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard ⁽¹⁾	Required Annual Maintenance ⁽²⁾	Actual Maintenance 2013/14 ⁽³⁾	Written Down Value (WDV) ⁽⁴⁾	Assets in Condition as a % of WDV ^{(4), (5)}				
						1	2	3	4	5
Buildings	Council Offices / Administration Centres	420	562	1,044	4,210	0%	0%	100%	0%	0%
	Council Works Depot	243	134	120	1,024	0%	10%	74%	16%	0%
	Council Public Halls	1,899	628	471	8,206	0%	16%	77%	4%	2%
	Library	1,520	67	136	1,022	0%	0%	100%	0%	0%
	Childcare Centre(s)	48	371	44	174	0%	64%	36%	0%	0%
	Amenities/Toilets	1,962	141	37	4,218	0%	18%	76%	5%	0%
	Sheds	649	45	133	2,344	0%	20%	74%	3%	3%
	Sports Facilities	1,403	167	192	11,568	0%	1%	83%	16%	0%
	Other	510	45	152	6,387	0%	40%	45%	13%	2%
	sub total	8,654	2,160	2,329	39,153	0.0%	14.1%	76.0%	9.0%	0.9%
Other Structures	Other Structures	1,003	666	1,806	10,062	23%	43%	32%	1%	1%
	sub total	1,003	666	1,806	10,062	23.0%	43.0%	32.0%	1.0%	1.0%
Roads	Sealed Roads Surface	1,910	3,476	3,465	31,595	18%	62%	18%	1%	1%
	Sealed Roads Structure	22,575	1,856	5,129	104,502	0%	12%	68%	17%	2%
	Unsealed Roads	428	156	336	944	0%	14%	72%	13%	1%
	Bridges	2,839	455	1,154	23,170	15%	66%	11%	0%	8%
	Footpaths	1,289	207	453	6,844	36%	22%	30%	11%	2%
	sub total	29,041	6,150	10,537	167,055	7.1%	29.5%	49.2%	11.4%	2.7%
Stormwater Drainage	Basins	-	1	-	50	100%	0%	0%	0%	0%
	Channels	1	18	-	518	100%	0%	0%	0%	0%
	Culverts	15	5	506	390	10%	60%	30%	0%	0%
	GPT	218	80	14	1,142	0%	0%	0%	0%	100%

continued...

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

as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard ⁽¹⁾	Required Annual Maintenance ⁽²⁾	Actual Maintenance 2013/14 ⁽³⁾	Written Down Value (WDV) ⁽⁴⁾	Assets in Condition as a % of WDV ^{(4), (5)}				
						1	2	3	4	5
Stormwater Drainage (continued)	Head Walls	236	235	-	316	5%	45%	30%	10%	10%
	Pipes	-	172	43	20,131	20%	80%	0%	0%	0%
	Pits	3,082	119	29	4,631	15%	10%	35%	10%	30%
	Rock	-	5	5	213	100%	0%	0%	0%	0%
	Wetlands	-	5	5	158	0%	100%	0%	0%	0%
	sub total	3,552	640	602	27,549	20.2%	62.1%	6.7%	1.8%	9.3%
Other Infrastructure Assets	Car Parks	49	38	264	1,344	5%	25%	45%	24%	1%
	Kerb and Gutter	536	678	731	29,178	16%	69%	10%	2%	3%
	Road Furniture	560	39	23	454	0%	40%	24%	23%	13%
	Signs & Linemarking	586	372	306	640	10%	15%	48%	21%	6%
	Guardrail & Fencing	574	719	41	9,651	1%	51%	31%	7%	10%
	Road Structures	561	14	247	1,245	42%	42%	16%	0%	0%
	sub total	2,866	1,860	1,612	42,512	12.7%	61.6%	16.9%	4.3%	4.5%
	TOTAL - ALL ASSETS	45,116	11,476	16,886	286,331	8.8%	35.8%	43.4%	8.7%	3.3%

Notes:

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

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

4	Poor	Renewal required
5	Very Poor	Urgent renewal/upgrading required



Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2014

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 20132012	
Infrastructure Asset Performance Indicators Consolidated				
1. Building and Infrastructure Renewals Ratio				
Asset Renewals (Building and Infrastructure) ⁽¹⁾	8,132	92.30%	63.37%	75.39%
Depreciation, Amortisation & Impairment	8,810			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	45,116	0.16	0.16	0.17
Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	287,724			
3. Asset Maintenance Ratio				
Actual Asset Maintenance	16,886	1.47	0.85	0.88
Required Asset Maintenance	11,476			
4. Capital Expenditure Ratio				
Annual Capital Expenditure	11,332	1.02	1.03	0.79
Annual Depreciation	11,143			

Notes

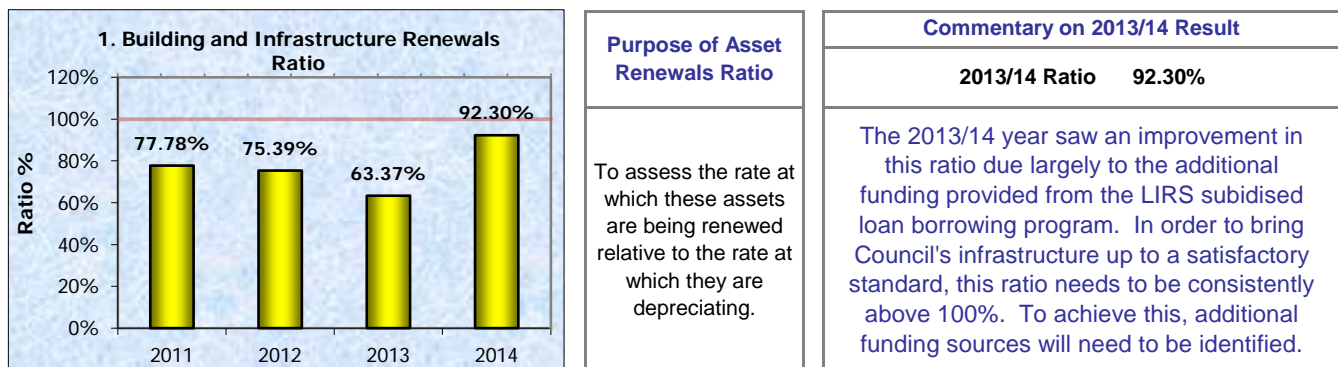
⁽¹⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

⁽²⁾ Written down value



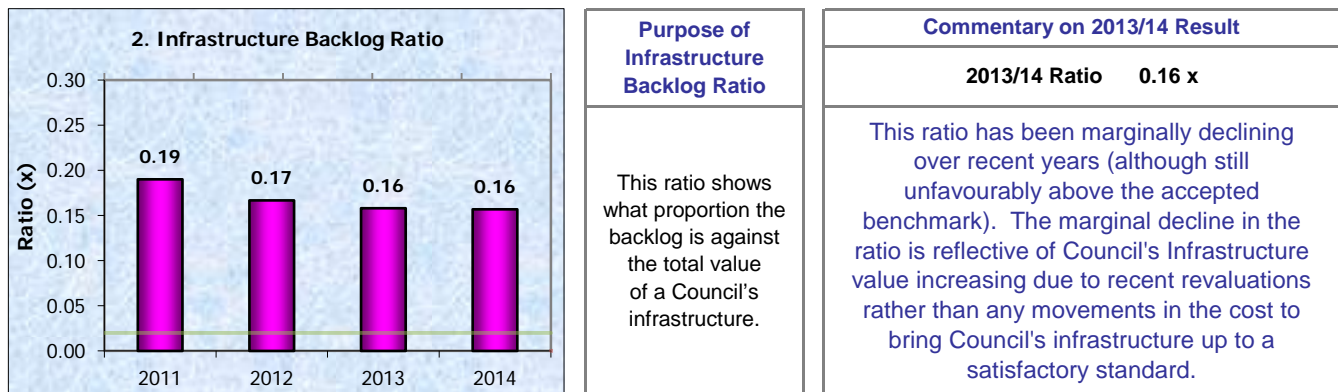
Special Schedule No. 7 - Report on Infrastructure Assets (continued)

for the financial year ended 30 June 2014



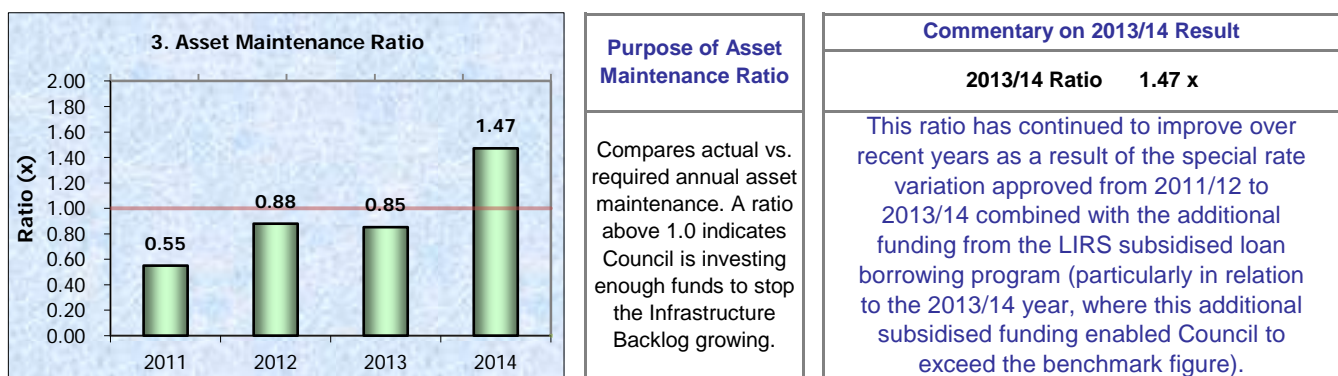
— Minimum 100.00%

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)



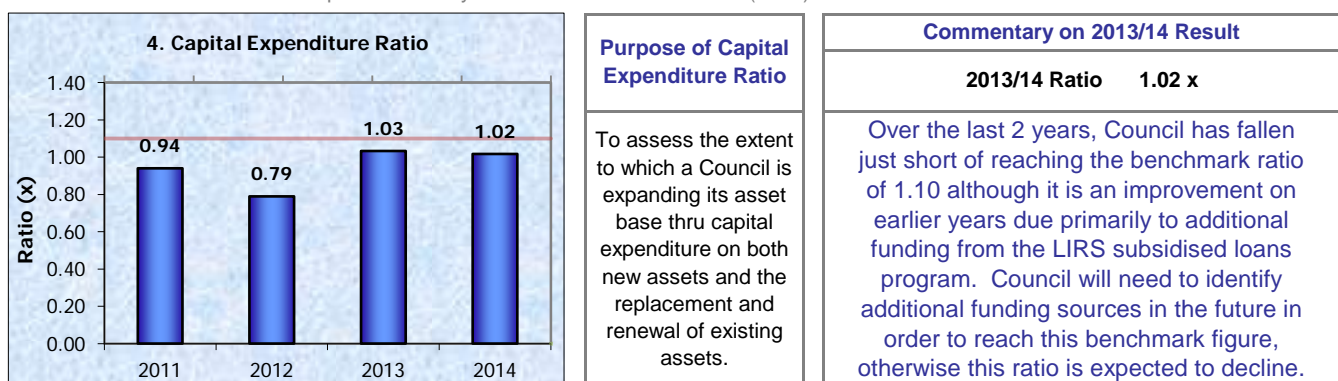
— Maximum .02

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)



— Minimum 1.00

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)



— Minimum 1.10

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

Special Schedule No. 8 - Financial Projections

as at 30 June 2014

\$'000	Actual ⁽¹⁾ 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16	Forecast ⁽³⁾ 16/17	Forecast ⁽³⁾ 17/18	Forecast ⁽³⁾ 18/19	Forecast ⁽³⁾ 19/20	Forecast ⁽³⁾ 20/21	Forecast ⁽³⁾ 21/22	Forecast ⁽³⁾ 22/23	Forecast ⁽³⁾ 23/24
(i) OPERATING BUDGET											
Income from continuing operations	47,595	45,781	45,801	46,451	47,626	48,758	50,137	51,785	53,056	54,643	56,195
Expenses from continuing operations	49,631	50,246	50,492	52,941	54,054	55,404	56,870	58,566	59,883	61,467	63,175
Operating Result from Continuing Operations	(2,036)	(4,465)	(4,691)	(6,490)	(6,428)	(6,646)	(6,733)	(6,781)	(6,827)	(6,824)	(6,980)
(ii) CAPITAL BUDGET											
New Capital Works ⁽²⁾	5,261	4,465	5,482	1,389	745	752	759	886	898	910	922
Replacement/Refurbishment of Existing Assets	6,198	8,461	4,456	2,436	3,289	2,868	2,957	3,005	3,315	3,326	3,630
Total Capital Budget	11,459	12,926	9,938	3,825	4,034	3,620	3,716	3,891	4,213	4,236	4,552
Funded by:											
– Loans	3,633	3,050	-	-	-	-	-	-	-	-	-
– Asset sales	-	-	-	-	-	-	-	-	-	-	-
– Reserves	3,959	3,613	1,863	665	667	668	670	672	674	1,272	1,272
– Grants/Contributions	3,862	4,748	6,679	1,622	1,480	972	972	972	1,272	676	676
– Recurrent revenue	5	1,515	1,396	1,538	1,887	1,980	2,074	2,247	2,267	2,288	2,604
– Other	-	-	-	-	-	-	-	-	-	-	-
	11,459	12,926	9,938	3,825	4,034	3,620	3,716	3,891	4,213	4,236	4,552

Notes:

(1) From 13/14 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.



Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2015

\$'000		Calculation 2013/14	Calculation 2014/15
Notional General Income Calculation ⁽¹⁾			
Last Year Notional General Income Yield	a	22,466	22,466
Plus or minus Adjustments ⁽²⁾	b	(1,319)	155
Notional General Income	c	21,146	22,621
Permissible Income Calculation			
Special variation percentage ⁽³⁾	d	5.90%	
or Rate peg percentage	e		2.30%
or Crown land adjustment incl. rate peg percentage	f		
less expiring Special variation amount	g	-	-
plus Special variation amount	h = c x d	1,248	-
or plus Rate peg amount	i = c x e	-	520
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
sub-total	k = (c+g+h+i+j)	22,394	23,141
plus (or minus) last year's Carry Forward Total	l	2	0
less Valuation Objections claimed in the previous year	m	-	(70)
sub-total	n = (l + m)	2	(70)
Total Permissible income	o = k + n	22,396	23,071
less Notional General Income Yield	p	22,466	23,149
Catch-up or (excess) result	q = o - p	(70)	(78)
plus Income lost due to valuation objections claimed ⁽⁴⁾	r	70	95
less Unused catch-up ⁽⁵⁾	s	-	-
Carry forward to next year	t = q + r - s	0	17

Notes

- ¹ The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- ² Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- ³ The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- ⁴ Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- ⁵ Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.

Wollondilly Shire Council

Special Schedule No. 9

Independent Auditor's Report

Report on Special Schedule No. 9

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Wollondilly Shire Council for the year ended 30 June 2015.

Responsibility of Council for Special Schedule No. 9

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 22. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

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

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

Independence

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

Audit Opinion

In our opinion, Special Schedule No. 9 of Wollondilly Shire Council for 2014/15 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

Basis of Accounting

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

Warton Thompson & Co



P A Webster FCA
Principal

Dated at Carlingford this 13th day of October 2014