

# FINANCIAL REPORT

## 30 JUNE 2013

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Adopted on 13 June 2007 OC146/07

# WINGECARRIBEE SHIRE COUNCIL

## General Purpose Financial Reports for the year ended 30th June 2013

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## Wingecarribee Council

### INDEPENDENT AUDIT REPORT

#### S417 (2) – Report on the general purpose financial report

##### Qualified audit opinion

In our opinion except for the effects on the financial statements of the matter referred to in the paragraph below titled Basis for qualified Auditor's Opinion,

- a) the 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 report:
  - (i) has been presented in accordance with the requirements of this Division;
  - (ii) is consistent with the Council's accounting records;
  - (iii) presents fairly the Council's financial position, the results of its operations and its cash flows; and
  - (iv) is 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 report 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.

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

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

At 30 June 2013, Wingecarribee Council's investment portfolio totalled \$74.45million and included securities totalling \$3.62 million that have been impacted by this market volatility. The impact on individual securities varies depending on their degree of exposure to affected markets.

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

These circumstances have resulted in our inability to obtain sufficient appropriate audit evidence to satisfy ourselves as to the fair value and recoverability of \$3.62 million of Council's total investment portfolio.

### **Scope and summary of our role**

### **The financial report and Council's responsibility**

The financial report comprises the Balance Sheet, Income Statement, 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 Wingecarribee Council, for the year ended 30 June 2013.

The council is responsible for the preparation and true and fair presentation of the financial reporting 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 report.

### **Audit approach**

We conducted an independent audit of the financial report 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 report is 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 report 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 or significant accounting estimates made by the Council.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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: 31 October 2013

# Warton Thompson & Co

ABN 14 568 258 158

Chartered Accountants

Phillip A. Webster, FCA



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

31 October 2013

The Mayor and Councillors  
Wingecarribee Council  
PO Box 141  
Moss Vale NSW 2577

Ladies and Gentlemen,

## Report on the Conduct of the 2013 Audit

I report completion of the audit of the financial records of Council for the year ended 30 June 2013 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 Reports and list relevant performance indicators that may assist Council in determining its Financial Position at 30 June 2013 and Operating Result for the year. Various matters of an audit nature, which were noted during the course of the audit, have been referred to Council's management for attention.

## General Purpose Financial Report

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

- a) **Income Statement for the year ended 30 June 2013**
- b) **Balance Sheet as at 30 June 2013**
- c) **Statement of Changes in Equity for the year ended 30 June 2013**
- d) **Statement of Cash Flows for the year ended 30 June 2013**

## Performance Indicators

In assessing the financial strength of a Council it is necessary to examine financial data extracted from Council's financial reports that will provide information concerning the performance of Council throughout the year and its financial position at year-end.

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

- **The level of Working Funds; and**
- **Funds held as Reserves for future capital expenditure; and**
- **The Debt Servicing Cost to Council; and**
- **The level of Debts due to Council.**

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

**Working Funds**

The Income Statement shows a Net Operating Result for the year (surplus) of \$5,482,087 which is the Consolidated Result and is comprised of the following Fund results: -

• General Fund	+ \$ 588,116
• Water Fund	+ \$ 497,253
• Sewerage Fund	+\$4,396,718
•	
	<hr/>
	+ \$5,482,087

In order to make some comparison with Council's Estimates for 2013 the above result needs to be adjusted back to a "Fund Accounting" surplus or deficit. After making the appropriate adjustments for Capital movements, Grants and Section 94 Funds, the results for each Fund were as follows: -

• General Fund	+ \$758,695
• Water Fund	+ \$243,358
• Sewerage Fund	+ \$227,729

<b>Surplus</b>	<hr/>	<b>+ \$1,229,782</b>
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The level of Working Funds is an important measure of each Fund's financial position as it reflects Council's equity in the net current assets held and represents the working capital used to meet day to day commitments and to 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.

The Revenue results of each Fund and the "Working Capital" of each Fund at 1 July 2012 and at 30 June 2013 would therefore be as shown in the table below: -

	<u>Working Funds</u>	<u>Revenue Results</u>	<u>Working Funds</u>
	01.07.2012	2012/2013	30.06.2013
	Surplus (+) Deficiency (-)	Surplus (+) Deficit (-)	Surplus (+) Deficiency(-)
General Fund	+ 4,580,654	+758,695	+ 5,339,349
Water Fund	+ 4,619,550	+243,358	+ 4,862,908
Sewerage Fund	+ 3,464,445	+227,729	+ 3,692,174
	<hr/>	<hr/>	<hr/>
	+ 12,664,649	+1,229,782	+13,894,431
	<hr/>	<hr/>	<hr/>

The Surplus for the year of \$1,229,782 compares with an original balanced surplus of \$300,000 for 2012/2013 year.

a) General Fund

The General Fund Surplus for the year ended 30 June 2013 was \$758,695 and compares with a Surplus for 2012 of \$686,668. The Surplus has increased Working Funds to a satisfactory balance of \$5,339,349 at year-end.

The financial strength of a Council is not determined solely by an examination of the balance of its Working Funds but by an assessment of the adequacy of the level of Working Funds and Reserves together, since Reserves are created by appropriations from working funds. Therefore, when considered in conjunction with Reserve Funds held, the balance of Working Funds at 30 June 2013 is sound as it provides a reasonable Equity in Net Current Assets held.

b) Water Fund

The result for Water Fund, a Surplus of \$243,358 (surplus of \$436,088 in 2012) has increased Working Funds to a healthy balance of \$4,862,908 at 30 June 2013.

c) Sewerage Fund

Sewerage Fund recorded a Surplus for the year ended 30 June 2013 of \$227,729 (deficit of \$347,023 in 2012) which has reduced Working Funds at 30 June 2013 to a satisfactory \$3,692,174.

Reserve Funds

Reserves held at 30 June 2013 and 30 June 2012 for each Fund, which were funded by investments, are set out in the table below:

	<u>30/06/2013</u>	<u>30/06/2012</u>
• General Fund	\$18,244,250	\$18,538,069
• Water Fund	\$10,331,449	\$ 8,929,511
• Sewerage Fund	\$ 3,969,462	\$ 3,240,872

The above reserves have been set aside to meet specific future expenditures and to balance the financial burden of various projects over a period of years. The establishment and accretion of these Reserves to provide for future projects is, in my opinion, prudent and commendable.

The significant Reserves held were: -

a) **General Fund: -**

Property Development	\$2,606,241
Entrepreneurial Reserve	1,370,447
Land Rental Charge	4,179,445
Work In Progress	2,256,806
Plant Reserve	842,606
Capital Projects	1,166,821
Employees Leave Entitlements	1,278,206
Waste Reserves	1,329,909

b) **Water Fund: -**

Water Sales Fluctuation Reserve	\$4,736,643
Plant Reserve	522,725
Work In Progress	1,587,265
Water Augmentation	3,439,815
Pump Replacement	45,000

**c) Sewerage Fund: -**

Sewer Augmentation	3,123,276
Pump Replacement	50,818
Sewer Fund Plant	329,529
Work In Progress	465,838

The amount of \$4,309,909 placed to the Reserves for Works in Progress (all funds) represented works budgeted to be commenced and completed during 2012/2013, which were incomplete as at 30 June 2013. These works will now be completed in 2013/2014 and will be funded from the Reserves.

**Accrued Leave Entitlements and Reserves held**

The accrual for Employees Leave Entitlements at 30 June 2013 totalled \$6,304,610 whilst the Reserve held to meet these commitments amounted to \$1,278,206 (\$1,049,205 in 2012).

In my opinion the Employees Leave Entitlements Reserve at year-end is adequate to meet potential retirement payouts within the next three years as well as to provide for any unscheduled or unexpected employee retirements.

**Debt Servicing Commitment**

Loan Repayment Commitments in 2013 and 2012 are set out hereunder as a percentage to Operating Revenue: -

<u>Fund</u>	<u>Untied Revenue</u>	<u>Principal &amp; Interest Repaid</u>	<u>2013</u>	<u>2012</u>
General	49,989,840	619,427	1.24%	1.24%
Water	11,687,650	471,141	4.03%	4.14%
Sewerage	12,596,291	3,709,436	29.45%	29.41%

The percentage of Untied Operating Revenue in General Fund committed to loan repayments of 1.24% compares with 1.24% in 2012. The percentage of 1.24% is well below the industry benchmark of 10%.

In the case of the Water and Sewerage Funds, the debt servicing commitment is generally a higher percentage of the untied revenue principally because those Funds are very capital intensive and, where there is major capital expenditure, there is substantial long-term borrowing. The operational costs of Water and Sewerage Funds are usually the minor costs in those funds and therefore high debt servicing commitments are to be expected.

New loans totalling \$12.5m (General Fund \$8.0m and Sewer Fund \$4.5m) were received during year 2012/2013.

**Receivables**

Rates and Annual Charges outstanding at 30 June 2013 totalled \$1,600,378 and represented 3.16% of the Rates and Annual Charges Collectible. This percentage compares with 2.98% as at 30 June 2012, an increase during the year of 0.18%. Rates and Annual Charges collected represented a satisfactory 96.84% of the total collectible rates and annual charges of \$50,572,141 for the year. The arrears at 30 June 2013 (3.16%) are below the industry benchmark of 10%.

Water and Sewerage User Charges outstanding at 30 June 2012 totalled \$165,091 and compares with debtors at 30 June 2012 of \$69,096, an increase during year 2012/2013 of \$95,995. The User Charges outstanding at 30 June 2013 represented 2.27% of the Water and Sewerage Charges collectible for the year and compares with 1.27% at 30 June 2012, an increase during the year of 1.00%. Debts due to Council in respect of Water and Sewerage User Charges are significantly less than industry standards (10%) and Council is to be commended for reducing these debts to such a low level.

### Cash Position

At year end Council held in cash and on investment funds totalling \$74.45M of which \$51.43M is regarded as externally restricted assets, i.e., assets the use of which are restricted, wholly or partially, by regulation or other externally imposed requirements.

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

Developer Contributions - Section 94	\$21.54m
Unexpended Loans	\$ 2.29m
Unexpended Grants	\$ 3.94m
Water Supply Funds	\$15.91m
Sewerage Funds	\$ 5.84m
Domestic Waste Management Services	\$ 1.33m
Stormwater Management	\$ 0.58m
	<hr/>
	\$51.43m
	<hr/>

The balance of cash and investments, after financing the above external restrictions, totalled \$23.02m and was held to fund Internal Restrictions to the value of \$19.35m. The balance of \$3.67m, representing unrestricted cash and investments, was held to assist in financing Council's current commitments. The cash position at 30 June 2013 is summarised as follows:

	30 June 2013	30 June 2012
	\$m	\$m
Externally Restricted	\$51.43	\$41.69
Internally Restricted	\$19.35	\$20.84
Unrestricted	\$ 3.67	\$ 6.83
	<hr/>	<hr/>
	\$74.45	\$69.36
	<hr/>	<hr/>

Council's Cash and Investments of \$74.45m at 30 June 2013 included Collateralised Debt Obligations (CDOs) totalling \$3.62m. These CDO investments have been recorded in the Financial Report as "Held to Maturity" investments. Since July 2007 global financial markets have experienced a period of high volatility led by events in the US housing market, particularly sub-prime loans, which have impacted the value, recoverability, liquidity, cash flows and rates of return of many financial assets including Collateralised Debt Obligations (CDOs), Equity Linked Notes (ELNs) and certain Managed Funds.

The CDOs totalling \$3.62m do not have market values that are independently quoted and they are not widely traded. Independent market valuations are not readily available and in many cases are assessed based on estimates from issuers and/or evaluation models for which there is limited market evidence available to verify their reasonableness. Further, the ongoing volatility of financial markets creates uncertainty to the valuation process.

These circumstances have resulted in our inability to obtain sufficient appropriate audit evidence to satisfy ourselves as to the value and recoverability of \$3.62m of Council's total investment portfolio.

Our Audit Report required and issued in accordance with Section 417(2) of the Local Government Act 1993 contains a qualification in respect of these CDO investments.

**Conclusion**

The audit of Council's books and financial records for the year ended 30 June 2013 was conducted progressively throughout year 2013.

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 being adequately maintained in accordance with legislation and systems instituted.

Management letters have been forwarded to your General Manager detailing internal control and audit matters that required the attention of management.

I wish to record my appreciation for the co-operation and assistance rendered to my staff and I by your General Manager and his staff during the conduct of the 2013 audit.

Yours faithfully,



**PA Webster FCA**  
**Warton Thompson & Co**

# WINGECARRIBEE SHIRE COUNCIL

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2013

### STATEMENT BY COUNCILLORS AND MANAGEMENT MADE PURSUANT TO SECTION 413 (2)(c) OF THE LOCAL GOVERNMENT ACT 1993 (as amended)

The attached Annual Financial Statements have been drawn up in accordance with

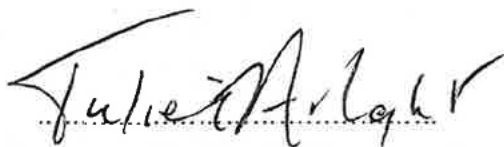
- The Local Government Act 1993 (as amended) and the Regulations made thereunder
- The Local Government Code of Accounting Practice and Financial Reporting
- The Australian Accounting Standards and professional pronouncements

To the best of our knowledge and belief, these reports

- Present fairly the Council's financial position and operating result for the year, and
- Accord with Council's accounting and other records

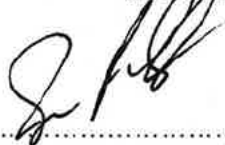
We are not aware of any matter that would render the reports false or misleading in any way.

Signed in accordance with a resolution of Council made on 25<sup>TH</sup> September 2013



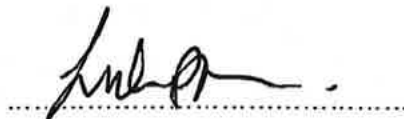
Cllr J Arkwright

**MAYOR**



Jason R Gordon

**GENERAL MANAGER**



Cllr L Whipper

**DEPUTY MAYOR**



Robert W Brown

**RESPONSIBLE ACCOUNTING OFFICER**

# WINGECARRIBEE SHIRE COUNCIL

## INCOME STATEMENT for the year ended 30th June 2013

Budget 2013 \$'000		Notes	Actual 2013 \$'000	Actual 2012 \$'000
<b>INCOME</b>				
<b>Revenue:</b>				
50,366	Rates & Annual Charges	3	49,094	44,567
19,969	User Charges & Fees	3	13,237	14,733
1,804	Investment Revenues	3	3,503	-
924	Other Revenues	3	3,841	2,956
23,453	Grants & Contributions - Operating	3	8,474	10,699
5,671	Grants & Contributions - Capital	3	9,574	14,284
<b>Other Income:</b>				
-	Gain from Disposal of Assets	5	-	85
-	Gain from interests in Joint Ventures & Associates	19	-	-
102,186	<b>Total Income from Continuing Operations</b>		<b>87,722</b>	<b>87,324</b>
<b>EXPENSES</b>				
29,998	Employee Benefits and oncosts	4	26,970	27,256
16,376	Materials & Contracts	4	17,535	16,809
3,407	Borrowing Costs	4	2,156	2,305
20,149	Depreciation & Amortisation	4	23,415	22,607
-	Impairment	4	-	-
34,071	Other Expenses	4	11,925	10,721
-	Interest and investment losses	3	-	1,471
-	Loss from Disposal of Assets	5	239	-
-	Loss from interests in Joint Ventures & Associates	19	-	-
104,001	<b>Total expenses from continuing operations</b>		<b>82,240</b>	<b>81,168</b>
(1,815)	<b>OPERATING RESULT FROM CONTINUING OPERATIONS</b>		<b>5,482</b>	<b>6,156</b>
(1,815)	<b>NET OPERATING RESULT FOR YEAR</b>		<b>5,482</b>	<b>6,156</b>
(1,815)	Attributable to:			
-	WINGECARRIBEE SHIRE COUNCIL		5,482	6,156
(1,815)	Non-controlling Interests	19	5,482	6,156
(7,486)	<b>Net operating result before capital grants and contributions</b>		<b>(4,092)</b>	<b>(8,128)</b>

This Statement is to be read in conjunction with the attached Notes.

# WINGECARRIBEE SHIRE COUNCIL

## STATEMENT OF COMPREHENSIVE INCOME for the year ended 30th June 2013

	Notes	2013 \$'000	2012 \$'000
<b>Net operating result for year</b>			
from Income Statement		5,482	6,156
<b>Other comprehensive income</b>			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Revaluation of infrastructure, property, plant & equipment		20,461	25,453
<b>Total other comprehensive income</b>		<u>20,461</u>	<u>25,453</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>25,944</u>	<u>31,609</u>
Attributable to:			
WINGECARRIBEE SHIRE COUNCIL		25,944	31,609
Non-controlling Interests	19	\$ <u>25,944</u>	\$ <u>31,609</u>

This Statement is to be read in conjunction with the attached Notes.

# WINGECARRIBEE SHIRE COUNCIL

## STATEMENT OF FINANCIAL POSITION

as at 30th June 2013

	Notes	2013 \$'000	2012 \$'000
<b>CURRENT ASSETS</b>			
Cash & cash equivalents	6	9,413	9,750
Investments	6	62,791	49,414
Receivables	7	8,391	8,446
Inventories	8	435	552
Other	8	936	552
Non-current assets held for sale	22		
<b>TOTAL CURRENT ASSETS</b>		<u>81,966</u>	<u>68,715</u>
<b>NON-CURRENT ASSETS</b>			
Investments	6	2,250	10,195
Receivables	7	30	17
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	1,189,045	1,159,337
Equity accounted investments	19	-	-
Investment Property	14	-	-
Intangible Assets	25		
Other	8	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<u>1,191,325</u>	<u>1,169,549</u>
<b>TOTAL ASSETS</b>		<u>1,273,291</u>	<u>1,238,264</u>
<b>CURRENT LIABILITIES</b>			
Payables	10	8,131	9,774
Borrowings	10	2,773	2,588
Provisions	10	6,021	5,213
<b>TOTAL CURRENT LIABILITIES</b>		<u>16,925</u>	<u>17,575</u>
<b>NON-CURRENT LIABILITIES</b>			
Payables	10	-	-
Borrowings	10	38,500	28,521
Provisions	10	284	634
<b>TOTAL NON CURRENT LIABILITIES</b>		<u>38,784</u>	<u>29,155</u>
<b>TOTAL LIABILITIES</b>		<u>55,709</u>	<u>46,730</u>
<b>NET ASSETS</b>		<u>\$ 1,217,582</u>	<u>1,191,534</u>
<b>EQUITY</b>			
Accumulated Surplus	20	539,810	534,223
Revaluation Reserves	20	677,772	657,311
<b>Council Equity Interest</b>		<u>1,217,582</u>	<u>1,191,534</u>
Non-controlling Interest	19	-	-
<b>TOTAL EQUITY</b>		<u>\$ 1,217,582</u>	<u>1,191,534</u>

This Statement is to be read in conjunction with the attached Notes

# WINGECARRIBEE SHIRE COUNCIL

## STATEMENT OF CHANGES IN EQUITY for the year ended 30th June 2013

2013	Retained Earnings	Asset Reval. Reserve	Other Reserves	Council Equity Interest	Minority Interest	Total
	\$'000					
Balance at end of previous reporting period	534,223	657,311	-	1,191,534	-	1,191,534
Effect of correction of errors in previous years on retained earnings	105			105		105
Restated opening balance	534,328	657,311	-	1,191,639	-	1,191,639
<b>Net Operating Result for the year</b>	<b>5,482</b>			<b>5,482</b>	-	<b>5,482</b>
<b>Other comprehensive income</b>						
<i>Amounts which will not be reclassified subsequently to operating result</i>						
Revaluation of infrastructure, property, plant &		20,461		20,461	-	20,461
<b>Total other comprehensive income</b>	<b>-</b>	<b>20,461</b>	<b>-</b>	<b>20,461</b>	<b>-</b>	<b>20,461</b>
<b>Balance at end of the reporting period</b>	<b>539,810</b>	<b>677,772</b>	<b>-</b>	<b>1,217,582</b>	<b>-</b>	<b>1,217,582</b>

2012	Retained Earnings	Asset Reval. Reserve	Other Reserves	Council Equity Interest	Minority Interest	Total
	\$'000					
Balance at end of previous reporting period	528,068	631,857	-	1,159,925	-	1,159,925
Effect of correction of errors in previous years on retained earnings	-	0	0	-	0	-
Effect of accounting policy changes on retained earnings	-	0	0	-	0	-
Change in associated entities recognised	-	0	0	-	0	-
Restated opening balance	528,068	631,857	-	1,159,925	-	1,159,925
<b>Net Operating Result for the year</b>	<b>6,156</b>	<b>-</b>	<b>-</b>	<b>6,156</b>	<b>-</b>	<b>6,156</b>
Revaluation of infrastructure, property, plant &	-	25,453	-	25,453	-	25,453
<b>Total other comprehensive income</b>	<b>-</b>	<b>25,453</b>	<b>-</b>	<b>25,453</b>	<b>-</b>	<b>25,453</b>
<b>Balance at end of the reporting period</b>	<b>534,223</b>	<b>657,311</b>	<b>-</b>	<b>1,191,534</b>	<b>-</b>	<b>1,191,534</b>

This Statement is to be read in conjunction with the attached Notes

# WINGECARRIBEE SHIRE COUNCIL

## STATEMENT OF CASH FLOWS for the year ended 30th June 2013

Budget 2013 \$'000		Actual 2013 \$'000	Actual 2012 \$'000
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Notes</b>	
	<u>Receipts</u>		
50,252	Rates & Annual Charges	49,431	44,305
19,049	User Charges & Fees	12,019	20,460
1,804	Investment Income	4,211	-
27,530	Grants & Contributions	18,442	27,950
-	Deposits and retentions received	68	-
3,990	Other operating receipts	8,125	7,013
	<u>Payments</u>		
(29,843)	Employee Benefits and oncosts	(26,601)	(27,484)
(20,933)	Materials & Contracts	(21,032)	(18,799)
(3,407)	Borrowing Costs	(1,985)	(1,962)
-	Deposits and retentions refunded	-	(1,122)
(36,131)	Other operating payments	(15,628)	(18,709)
12,312	<b>Net Cash provided by (or used in) Operating Activities</b>	11 27,050	31,653
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	<u>Receipts</u>		
-	Proceeds from sale of Infrastructure, Property, Plant & Equipment	1,043	1,316
-	Proceeds from sale of Investment Property	-	103
-	Proceeds from sale of Investment Securities	7,996	20,622
-	Repayments from Deferred Debtors	111	-
	<u>Payments</u>		
(32,123)	Purchase of Infrastructure, Property, Plant & Equipment	(33,134)	(34,148)
-	Purchase of Investment Securities	(13,400)	(16,000)
-	Loans to Deferred Debtors	(50)	-
(32,123)	<b>Net Cash provided by (or used in) Investing Activities</b>	(37,434)	(28,108)
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	<u>Receipts</u>		
15,928	Proceeds from Borrowings & Advances	12,500	-
	<u>Payments</u>		
(3,065)	Repayments of Borrowings & Advances	(2,453)	(2,181)
12,863	<b>Net Cash provided by (or used in) Financing Activities</b>	10,047	(2,181)
(6,948)	<b>Net Increase (Decrease) in cash held</b>	(337)	1,364
9,750	Cash Assets at beginning of reporting period	11 9,750	8,386
2,802	<b>Cash Assets at end of reporting period</b>	11 9,413	9,750

This Statement is to be read in conjunction with the attached Notes

# Wingecarribee Shire Council

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **(a) Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, the Local Government Act (1993) and Regulation, and the Local Government Code of Accounting Practice and Financial Reporting. Wingecarribee Shire Council is a not-for-profit entity for the purpose of preparing the financial statements

##### *New and amended standards adopted by Council.*

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

##### *Early adoption of standards.*

Wingecarribee Shire Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2012

##### *Historical cost convention*

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

##### *Critical accounting estimates*

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

- *Critical accounting estimates and assumptions*

Wingecarribee Shire 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 investment properties.
- (ii) Estimated fair values of infrastructure, property, plant and equipment.

- *Critical judgements in applying the entity's accounting policies*

- (i) *Impairment of Receivables*

Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

- (ii) *Projected Section 94 Commitments*

Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

#### **(b) Revenue recognition**

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

# Wingecarribee Shire Council

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 1 Summary of significant accounting policies

#### *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. 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.

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.

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 is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g). The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

#### *User charges and fees*

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

#### *Sale of plant, property, infrastructure 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*

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

### **(c) Principles of consolidation**

#### *(i) The Consolidated Fund*

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund. The consolidated fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the Consolidated fund:

- General purpose operations
- Water service
- Sewerage service

Section 355 Committees of Council, the transactions of which are considered immaterial either by amount or nature have been excluded from these accounts.

**Wingecarribee Shire Council**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 1 Summary of significant accounting policies**

The total revenue and expenditure from continuing operations and the net assets held by these Committees is as follows:

	\$
Total income from continuing operations	167,000
Total expenditure from continuing operations	180,000
Total net assets (Equity) held	221,000

*Note:*

Where actual figures are not known, best estimates have been applied.

**(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 reports.

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

**(iii) Joint ventures**

**Jointly controlled assets**

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings. Details of the joint venture are set out in Note 19.

**(d) Leases**

Leases of property, plant and equipment where the Council, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Council currently has no Finance leases.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee 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 where Council is a lessor is recognised in income on a straight-line basis over the lease term.

**(e) Acquisition of assets**

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

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

**(f) Impairment of assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

**Wingecarribee Shire Council**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 1 Summary of significant accounting policies**

Where an asset is not held principally for cash generating purposes 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.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. No impairment loss has been identified for inclusion in these accounts.

**(g) Cash and cash equivalents**

For cash flow statement 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 statement of financial position.

**(h) Receivables**

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is 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**

*(i) Materials and stores (apart from real estate).*

Inventories held in respect of business undertakings have been stated at the lower of cost and net realisable value. Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential. Costs are assigned to individual items of inventory on basis of weighted average cost. In both cases costs have been assigned to particular inventory items by the method of specific identification.

Obsolete stock of \$96.88 was identified at the Visitor Information Centre and written off during the period.

*(ii) 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.

**Wingecarribee Shire Council**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 1 Summary of significant accounting policies**

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) Non-Current assets (or disposal groups) held for sale**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liability of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

**(k) Investments and other financial assets**

***Classification***

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables and held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Council and Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, 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 are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

***(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 are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables (note 7) in the statement of financial position.

***(iii) Held-to-maturity investments***

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council and its management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. 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.

# Wingecarribee Shire Council

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 1 Summary of significant accounting policies

As provided for under the Local Government Code of Accounting Practice and Financial Reporting, Council has adopted an Investment Strategy which has classified its CDO's as held to Maturity financial 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. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are 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.

#### *Investment Policy*

Council has an approved investment policy complying with Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005. Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

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

#### **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. In addition, Council may 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.

#### **Recognition and de-recognition**

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

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

#### **Subsequent measurement**

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

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the

**Wingecarribee Shire Council**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 1 Summary of significant accounting policies**

'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Details on how the fair value of financial instruments is determined are disclosed in note 1(l).

***Impairment***

Council assesses at the end of each reporting period 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. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

***(i) Assets carried at amortised cost***

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

**(l) 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 statement of financial position date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The financial assets shown in these reports at fair value through profit and loss have been shown at values provided by Amicus Advisory Pty Ltd.

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

**(m) Infrastructure, property, plant and equipment (IPPE)**

Council's assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Department of Local Government. Valuations are carried out by a member of the Australian Property Institute. At balance date the following classes of IPPE were stated at their fair value:

**Wingecarribee Shire Council**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 1 Summary of significant accounting policies**

Land-Operational & Community (External Valuation)

Buildings - Specialised/Non Specialised (External Valuation)

Water/Sewerage Networks (Internal Valuation)

Plant and equipment (as approximated by depreciated historical costs)

Road assets – roads, bridges, footpaths drainage assets (Internal Valuation)

Drainage assets (Internal Valuation)

Bulk earthworks (Internal Valuation)

Land Improvements (as approximated by depreciated historical cost)

Other structures (as approximated by depreciated historical cost)

Other assets (as approximated by depreciated historical cost)

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water – Rates Reference Manual. For all other assets, 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.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

*(i) Plant and Equipment, Office Equipment, Furniture and Fittings*

Assets acquired after 1 January 1993 are recorded at cost. Assets acquired prior to that date are shown at written down cost in accordance with Section (b) of this Note.

Major depreciation periods are:

Vehicles	10-16 years
Earthmoving Equipment	10-12 years
Other Mechanical Equipment	5-33 years
Office Equipment& Furniture	5-10 years

Asset capitalisation threshold applied is \$1,000.

*(ii) Land – Council Owned and Council Controlled*

All Council owned and controlled land, other than land under roads, is classified as either operational or community in accordance with Part 2 of Chapter 6 of the Local Government Act 1993, was revalued in the reporting period ended 30 June 2008. All acquisitions made after the respective dates of valuation are recorded at cost.

No capitalisation threshold is applied to the acquisition of land or interests in land.

**Wingecarribee Shire Council**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 1 Summary of significant accounting policies**

*(iii) Buildings, Land Improvements & Other Structures*

Buildings were valued by independent valuation, during the reporting period ended 30 June 2008. These assets are now recorded at fair value. All acquisitions made after the respective dates of valuation are recorded at cost.

Major depreciation periods are:

Buildings	50-80 years
Other structures	10-100 years

Asset capitalisation threshold applied is \$1,000.

*(iv) Water and Sewerage Infrastructure Assets.*

Water and Sewerage Infrastructure Assets are revalued annually by Council's Water and Sewerage Engineer using the Conquest Asset Management System and NSW Office of Water Reference rates for the valuation of existing Water Supply and Sewerage Assets.

This revaluation resulted in amounts of \$ 4,275,673.39 and \$ 676,629.47 being debited respectively to the Water Fund and Sewer Fund revaluation reserve accounts as follows:

Capital Revaluation Water	\$ 6,743,982.15	Debit
Depreciation Revaluation Water	\$ 2,468,308.76	Credit
Capital Revaluation Sewer	\$ 2,668,202.82	Debit
Depreciation Revaluation Sewer	\$ 1,991,573.35	Credit

These revaluations included a review of the remaining useful life of the assets within this class and did not include any changes to their designated useful life. No valuations of Developer donated assets have been brought to account in this reporting period.

*(v) Transportation and Communication Assets*

Transportation and Communication Assets are revalued annually by Council's Roads and Traffic Asset Engineer using the Conquest Asset Management System and the Roads and Traffic Authority Road Cost Index.

This valuation resulted in an amount of \$ 14,810,047.10 being debited to the General Fund revaluation reserve account.

Capital Revaluation	\$ 17,219,718.80	Debit
Depreciation Revaluation	\$ 2,100,577.17	Credit

Major depreciation periods are:

Bulk earthworks	indefinite
Roads and bridges	60-80 years
Transport facilities	5-60 years

Assets acquired after 1 July 2004 have been recognised at cost, excepting assets acquired by donation where no reliable cost information was available. No valuations of donated assets have been brought to account in this reporting period. Where donated assets had no reliable cost information available their value was determined by Council Officers at current replacement cost. No capitalisation threshold is applied to the acquisition of transportation and communication assets.

*(vi) Drainage Assets*

Drainage Assets are revalued annually by Council's Assistant Works Engineer using the Conquest Asset Management System.

This valuation resulted in an amount of \$ 699,136.67 being debited to the General Fund revaluation reserve account.

**Wingecarribee Shire Council**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 1 Summary of significant accounting policies**

Capital Revaluation	\$ 1,324,030.50	Debit
Depreciation Revaluation	\$ 624,892.90	Credit

Major depreciation periods are 80 to 100 years.

Assets acquired after 1 July 2004 have been recognised at cost, excepting assets acquired by donation where no reliable cost information was available. No valuations of donated assets have been brought to account in this reporting period. Where donated assets had no reliable cost information available their value was determined by Council Officers at current replacement cost. No capitalisation threshold is applied to the acquisition of drainage assets.

**(vii) All Other Assets**

Office equipment, furniture and fitting assets are recorded at fair value.

Major depreciation periods are:

Library Books	10 years
Improvements	indefinite

Asset capitalisation threshold applied to improvements is \$1,000. No capitalisation threshold is applied to library books.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

**(n) Investment property**

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, Council uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. These valuations are reviewed annually by a member of the Australian Property Institute. Changes in fair values are recorded in profit or loss as part of other income. Council does not currently have any investment properties.

Investment property includes properties that are under construction for future use as investment properties. These are also carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete.

Council has determined that it has no investment Properties.

**(o) Payables**

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

**(p) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

# Wingecarribee Shire Council

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 1 Summary of significant accounting policies

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

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 reporting date.

#### (q) Borrowing costs

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

#### (r) Provisions

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable 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.

Periodically amounts are set aside for future long-term purposes. The amounts set aside as at 30 June 2013 are as follows:

#### **General Fund**

Employee Leave Entitlement	1,278,206.00	
Property Development	2,606,241.00	
Domestic Waste Management	1,329,909.00	
Other Waste	100,000.00	
Environment Levy	486,639.00	
Work in Progress	2,256,806.00	
Plant Reserve	842,606.00	
Land Rental Charge	4,179,445.00	
Family Day Care	183,810.00	
Effluent Disposal Facility	65,700.26	
Cemeteries	39,305.00	
Capital Projects	1,166,821.00	
Computer Reserve	280,638.00	
Tourism	74,957.00	
Emergency Assistance Fund	30,000.00	
Revolving Energy Fund	37,465.00	
Alexandra Square	280,089.00	
Bridges	821,481.00	
Moss Vale Indoor Pool	491,862.00	
Mittagong Pool	270,534.00	
Renwick Asset Management	8,125.00	
Integrated Planning & Reporting	43,164.00	
Entrepreneurial Reserve	1,370,447.27	\$ 18,244,250.53

#### **Water Fund**

Water Fund Plant	522,725.52	
Water Fund Pump Replacement	45,000.00	
Water Fund Works in Progress	1,587,265.00	
Water Fund Augmentation	3,439,815.31	
Water Sales Fluctuation Reserve	4,736,643.14	\$ 10,331,448.97

# Wingecarribee Shire Council

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 1 Summary of significant accounting policies

#### **Sewer Fund**

Sewer Fund Pump Replacement	50,818.00	
Sewer Fund Plant	329,529.72	
Sewer Fund Augmentation	3,123,276.37	
Sewer Fund Works in Progress	465,838.00	\$ 3,969,462.09

Total \$ 32,545,161.59

These amounts also appear on Note 6 to these Accounts.

#### **(s) Employee benefits**

##### *(i) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

##### *(ii) Other long-term employee benefit obligations*

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless if when the actual settlement is expected to occur.

##### *(iii) Retirement benefit obligations*

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to a defined benefit plan on behalf of its employees.

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the statement of financial position, 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 accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans (see below).

The Local Government Superannuation Scheme – Pool B (the Scheme) is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB 119. Sufficient information under AASB 119 is not available to account for the Scheme as a defined benefit plan, because the assets to the Scheme are pooled together for all employees.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognized as an expense for the year ending 30 June 2013 was \$626,779. The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20<sup>th</sup> 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<sup>th</sup> June 2013 a deficit still exists. Effective from 1

**Wingecarribee Shire Council**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 1 Summary of significant accounting policies**

July 2013, employers are required to contribute additional contributions to assist in extinguishing this deficit. The annual amount of additional contributions payable until the deficit is extinguished is \$298,566. The additional contributions remitted during the year is included in the total employer contributions set out in the beginning of this paragraph.

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$1,388,137 as at 30 June 2013.

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has significant deficiency of assets over liabilities. As a result, they have asked for significant increases in contributions to recover that deficiency.

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

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.

**(t) Rounding of amounts**

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

**(u) Land under roads**

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051. Any land under roads that was recognised before 1 July 2008 was derecognised at 1 July 2008 against opening balance of retained earnings.

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

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

**(v) Provisions for restoration and environmental clean up costs – Tips and quarries**

**(i) 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 normally 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 estimates to be approximately \$2,000,000. As the useful life of the tip has already expired, a *Contingent Liability* for the estimated restoration costs has been included in Note 18 of these accounts.

**(w) Allocation between current and non-current assets and liabilities**

**Wingecarribee Shire Council**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 1 Summary of significant accounting policies**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. 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. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

**(x) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. NSW Council's assessment of the impact of these new standards and interpretations is set out below.

- (i) *AASB 9 Financial Instruments, AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 201-6 Amendment to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures (effective from 1 January 2015)*

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition 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 the Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss 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 the Council does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.

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

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

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. 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

**Wingecarribee Shire Council**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 1 Summary of significant accounting policies**

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 disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

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

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

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

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

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

In September 2011, the AASB released a revised standard on accounting for employee benefits. It requires the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively. Council does not recognise defined benefit assets and liabilities for the reasons set out in note 1 (s)(iii) and so these changes will not have an impact on its reported results.

*(v) AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 132 & AASB 7] (effective 1 January 2013)*

This standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

The adoption of this standard will not change the reported financial position and performance of the entity, there is no impact on disclosures as there is no offsetting arrangement currently in place.

**Wingecarribee Shire Council**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 1 Summary of significant accounting policies**

- (vi) *AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (effective 1 January 2014)*

This standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

The adoption of this standard will not change the reported financial position and performance of the entity, there is no impact on disclosures as there is no offsetting arrangement currently in place.

- (vii) *AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (effective 1 January 2013)*

AASB 1 – this standard clarifies that an entity can apply AASB 1 more than once. An entity can elect to apply AASB 123 from the transition date or an earlier date.

AASB 101 – clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments.

AASB 116 – clarifies the classification of servicing equipment.

AASB 134 – provides clarification about segment reporting.

The amendments arising from the standard are not expected to change the reported financial position or performance of the Council.

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

**(y) Self insurance**

Council does not self-insure.

**(z) Intangible assets**

*IT development and software*

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

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

**(aa) 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 purpose 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 recognized within Council's Income Statement.

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

**Wingecarribee Shire Council**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 1 Summary of significant accounting policies**

**(bb) Rural Fire Service assets**

Under section 119 of the Rural Fire Services 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". Until such time as discussions on this matter have been concluded and the legislation changed, councils will recognise rural fire service assets including land, buildings, plant and vehicles.

**(cc) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 2 - FUNCTIONS

REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES												
Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
ORIGINAL BUDGET	ACTUAL	ACTUAL	ORIGINAL BUDGET	ACTUAL	ACTUAL	ORIGINAL BUDGET	ACTUAL	ACTUAL				
2013 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
GOVERNANCE	1	649	-	1,932	1,821	1,383	(1,931)	(1,172)	(1,383)	-	-	-
ADMINISTRATION	1,145	1,048	1,762	19,780	27,241	15,448	(18,635)	(26,193)	(13,686)	44	51	41,085
PUBLIC ORDER & SAFETY	1,203	1,410	1,374	2,580	1,872	2,372	(1,377)	(462)	(998)	727	1,116	9,009
HEALTH	86	53	64	1,148	672	663	(1,063)	(619)	(599)	51	50	34
ENVIRONMENT	14,347	11,466	12,231	14,077	11,904	15,099	269	(438)	(2,868)	271	-	10,157
COMMUNITY SERVICES & EDUCATION	751	755	689	1,641	1,085	1,257	(890)	(330)	(568)	506	518	7,966
HOUSING & COMMUNITY AMENITIES	1,021	312	298	3,635	2,537	2,007	(2,614)	(2,226)	(1,709)	527	681	56,344
WATER SUPPLIES	10,080	11,182	9,276	10,985	10,314	9,662	(905)	868	(386)	225	412	195,567
SEWERAGE SERVICES	14,954	17,104	19,309	12,130	11,001	11,093	2,824	6,103	8,216	4,749	9,330	239,206
RECREATION & CULTURE	675	830	1,489	8,722	5,144	7,200	(8,046)	(4,314)	(5,711)	344	287	98,552
MINING, MANUFACTURING & CONSTRUCTION	1,740	1,531	1,915	4,201	2,892	1,815	(2,461)	(1,361)	100	-	-	738
TRANSPORT & COMMUNICATION	6,272	3,772	4,523	21,252	5,739	11,220	(14,980)	(1,967)	(6,697)	3,643	3,291	573,960
ECONOMIC AFFAIRS	13,719	1,453	1,530	1,918	17	1,949	11,801	1,436	(419)	82	54	15,803
<b>TOTALS - FUNCTIONS</b>	<b>65,994</b>	<b>51,564</b>	<b>54,459</b>	<b>104,001</b>	<b>82,240</b>	<b>81,168</b>	<b>(38,007)</b>	<b>(30,677)</b>	<b>(26,709)</b>	<b>11,171</b>	<b>15,790</b>	<b>1,273,291</b>
GENERAL PURPOSE REVENUES	36,192	36,159	32,864	-	-	-	36,192	36,159	32,864	3,502	5,666	-
<b>TOTALS</b>	<b>102,186</b>	<b>87,722</b>	<b>87,324</b>	<b>104,001</b>	<b>82,240</b>	<b>81,168</b>	<b>(1,815)</b>	<b>5,482</b>	<b>6,156</b>	<b>14,673</b>	<b>21,455</b>	<b>1,273,291</b>

The above functions conform to those used by the Australian Bureau of Statistics and provide a basis for comparison with other Councils.

# **Wingecarribee Shire Council**

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

### **Note 2 (b) - COMPONENTS OF FUNCTIONS**

The activities relating to Council functions are as follows:

#### **Governance**

Costs relating to Council's role as a component of democratic government, including elections, meetings and associated activities, area representation, and public disclosure and compliance, together with related administration costs.

#### **Administration**

Costs not otherwise attributed to functions.

#### **Public Order & Safety**

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

#### **Health**

Administration and inspection, immunisations, food control, insect & vermin control, noxious plants, health centres, other.

#### **Community Services & Education**

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

#### **Housing & Community Amenities**

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

#### **Water Supplies**

#### **Sewerage Services**

#### **Recreation & Culture**

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

#### **Mining, Manufacturing & Construction**

Building control, quarries and pits, other.

#### **Transport & Communication**

Roads and streets, bridges, footpaths, parking areas, bus shelters and services, works undertaken for Roads & Transport Authority, other.

#### **Economic Affairs**

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

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 3 - INCOME

<b>RATES &amp; ANNUAL CHARGES</b>	<b>2013 \$'000</b>	<b>2012 \$'000</b>
<u>Ordinary Rates</u>		
Residential	20,941	19,786
Farmland	3,534	3,417
Mining	57	57
Business	4,183	4,123
	<u>28,715</u>	<u>27,383</u>
<u>Special Rates</u>		
Special Environmental Levy	1,094	1,008
	<u>1,094</u>	<u>1,008</u>
<u>Annual Charges</u>		
Domestic Waste Management	5,176	4,928
Water Supply	2,712	1,725
Sewerage Services	10,904	9,036
Stormwater Management	494	487
	<u>19,285</u>	<u>16,176</u>
<b>Total Rates &amp; Annual Charges</b>	<b><u>49,094</u></b>	<b><u>44,567</u></b>

*Rates have been made and levied on the basis of valuations as at 1 July 2011 supplied by the Valuer-General (2012: 1 July 2008).*

### USER CHARGES & FEES

<u>User Charges</u>		
Water Supply	6,728	5,480
Sewerage Services	531	443
Other Waste Management	2,572	4,565
	<u>9,832</u>	<u>10,487</u>
<u>Fees</u>		
Private Works	164	69
Building Services - Other	261	241
Planning and Building - Regulatory	903	941
Inspection fees	299	309
s603 Certificates	125	116
s149 Certificates	167	183
Caravan and Camping fees	4	-
GIPA fees	1	2
Pound Fees & Animal Income	87	91
Swimming Centres	343	241
Other Waste Management	466	1,169
Child Care Services	177	149
Sludge Removal	29	329
Permits & Licences	51	112
Water	159	166
Sewer	102	111
Other	67	15
	<u>3,405</u>	<u>4,246</u>
<b>Total User Charges &amp; Fees</b>	<b><u>13,237</u></b>	<b><u>14,733</u></b>

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 3 - REVENUES (cont)

	2013 \$'000	2012 \$'000
<b>INVESTMENT REVENUES</b>		
Interest receivable		
- overdue rates & charges	114	87
- cash & investments	2,451	2,432
Fair value adjustments - investments	28	(5,022)
Externally restricted:		
Section 94 Contributions	401	490
Section 64 Contributions	502	539
Amortisation of discounts and premiums	7	2
<b>Gross Investment Revenues</b>	<b>3,503</b>	<b>(1,471)</b>
Less: Interest deducted from capitalised borrowing costs	-	-
<b>Total Investment Revenues</b>	<b>3,503</b>	<b>(1,471)</b>

Council's net return on investments during both reporting periods has been materially affected by the potential loss in value of certain financial instruments, full details of which have been provided in Note 15.

### OTHER REVENUES

Commissions & Agency Fees	2	99
Printing & Photocopying	10	6
Fines	207	171
Sales - General	36	28
Other Waste Income	171	133
Quarries Income	98	112
Rebates & Reimbursements	29	37
Legal Fees Recovery (Rates)	503	219
Hall & Room Rental	96	63
Cemetries	168	188
Tourism Income	608	414
Saleyards Income	752	645
Water Supplies	0	34
Sewerage Supplies	-	4
Insurance Claims	223	103
Lease Rental	701	684
Quarries Income	52	-
Other	185	14
<b>Total Other Revenues</b>	<b>3,841</b>	<b>2,956</b>

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 3 - INCOME (cont)

	Notes	OPERATING		CAPITAL	
		2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000
<b>GRANTS</b>					
General Purpose (Untied)					
Financial Assistance		4,179	5,265	-	-
Pensioner Rates Subsidies (General)		420	401		
Specific Purpose					
Pensioner Rates Subsidies					
Water Supplies		175	170	-	-
Sewerage Services		156	146	4,593	8,958
Domestic Waste Management		130	124	-	-
Water Supplies		50	242	-	-
Administration		44	51	-	-
Noxious Plants		51	50	-	-
Childrens Services		439	432	-	-
Housing & Community		420	486	-	-
Environmental Protection		27	130	-	-
Recreation & Culture		115	235	30	-
Transport & Communication		1,317	1,637	1,753	1,215
Tourism		82	54	-	-
Aged & Disabled		38	1	-	-
Youth Services		30	-	-	-
Street Lighting		-	33	-	-
Roads & Bridges		-	2	-	-
Heritage & Cultural Services		71	52	-	-
Natural Disaster Subsidy		6	455	-	-
NSW Rural Fire Services		458	477	87	639
<b>Total Grants &amp; Subsidies</b>		<b>8,210</b>	<b>10,441</b>	<b>6,462</b>	<b>10,812</b>
<b>Comprising:</b>					
- Commonwealth funding		4,669	-	832	-
- State funding		3,432	-	5,630	-
- Other funding		110	-	-	-
		<b>8,210</b>	<b>-</b>	<b>6,462</b>	<b>-</b>
<b>CONTRIBUTIONS &amp; DONATIONS</b>					
Developer Contributions					
Section 94	17	-	-	2,302	3,472
Planning agreements	17	197	97	-	-
RMS Contributions		-	-	-	-
Section 64					
Sewer	17	29	153	-	-
Subdivider dedications	11	-	-	615	-
Other		39	7	194	-
<b>Total Contributions &amp; Donations</b>		<b>264</b>	<b>257</b>	<b>3,112</b>	<b>3,472</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>		<b>8,474</b>	<b>10,699</b>	<b>9,574</b>	<b>14,284</b>

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 3 - INCOME (cont)

#### CONDITIONS OVER GRANTS & CONTRIBUTIONS

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

	2013 \$'000		2012 \$'000	
	<u>Grants</u>	<u>Contrib</u>	<u>Grants</u>	<u>Contrib</u>
Unexpended at the close of the previous reporting period	3,798	20,468	4,395	19,235
Less: expended during the current period from revenues recognised in previous reporting periods				
Section 94/64 Developer Contributions	-	2,137	-	3,268
Roads Infrastructure	2,071	-	246	-
Heritage & Cultural Services	-	-	-	-
Community Care Services	-	-	-	-
Other	1,727	-	4,072	-
Subtotal	3,798	2,137	4,317	3,268
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions				
Section 94/64 Developer Contributions	-	3,205	-	4,501
Roads Infrastructure	854	-	819	-
Heritage & Cultural Services	-	-	-	-
Community Care Services	-	-	-	-
Other	3,091	-	2,902	-
Subtotal	3,944	3,205	3,721	4,501
Unexpended at the close of this reporting period and held as restricted assets	3,944	21,536	3,798	20,468
Net increase (decrease) in restricted assets in the current	146	1,068	-597	1,233

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 4 - EXPENSES

	2013 \$'000	2012 \$'000
<b>EMPLOYEE BENEFITS AND ONCOSTS</b>		
Salaries and Wages	21,690	20,826
Travelling	51	52
Employee Leave Entitlements	2,189	2,932
Superannuation - defined contribution plan contributions	1,767	1,564
Superannuation - defined benefit plan contributions	674	693
Workers' Compensation Insurance	892	1,273
Fringe Benefits Tax	62	37
Payroll Tax	218	195
Training Costs (excluding Salaries)	603	568
Other	359	408
Less: Capitalised and distributed costs	(1,534)	(1,293)
<b>Total Operating Employee Costs</b>	<b>26,970</b>	<b>27,256</b>
<b>Total Number of Employees</b>	<b>357</b>	<b>352</b>
<i>(Full time equivalent at end of reporting period)</i>		
<b>BORROWING COSTS</b>		
Interest on Loans	2,038	2,177
Unwinding of present value discounts & premiums	118	128
<b>Gross Interest Charges</b>	<b>2,156</b>	<b>2,305</b>
Less: Borrowing Costs capitalised		
<b>Total Interest Charges</b>	<b>2,156</b>	<b>2,305</b>
<b>MATERIALS &amp; CONTRACTS</b>		
Raw materials & consumables	4,451	5,677
Contractor and consultancy costs	11,683	9,810
Auditor's Remuneration (see following page)	124	99
Legal Expenses		
- Planning & Development	311	197
- Other Legal Expenses	669	563
Operating Leases		
- Computers	89	251
- Other	48	47
Other	158	165
<b>Total Materials &amp; Contracts</b>	<b>17,535</b>	<b>16,809</b>

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

<b>Note 4 - EXPENSES (cont)</b>	<b>2013 \$'000</b>	<b>2012 \$'000</b>
<u>Auditors Remuneration</u>		
During the year the following fees were paid or payable for services by Council's auditor:		
<i>Audit and other assurance services</i>		
Audit and review of financial statements	61	45
Other assurance services:		
- due diligence services	63	54
Total remuneration	<u>124</u>	<u>99</u>
 <b>DEPRECIATION &amp; AMORTISATION</b>		
Plant and Equipment	1,891	1,696
Office Equipment	302	304
Furniture & Fittings	46	49
Land Improvements	100	102
Buildings - non-specialised	12	12
Buildings - specialised	1,008	985
Other Structures	708	672
Infrastructure		
- roads, bridges & footpaths	10,116	9,354
- stormwater drainage	759	739
- water supply network not elsewhere included	4,261	4,326
- sewerage network not elsewhere included	3,774	3,947
Other assets		
- library books	437	421
- other	0	0
<b>Total Depreciation &amp; Amortisation</b>	<u><b>23,415</b></u>	<u><b>22,607</b></u>

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

Note 4 - EXPENSES (cont)	2013 \$'000	2012 \$'000
<b>OTHER EXPENSES</b>		
Advertising	247	366
Bad and Doubtful Debts	0	22
Bank Charges	223	222
Carbon tax expense	159	-
Chemicals	687	643
Cleaning	0	2
Clothing	117	96
Computer Hardware Maintenance	26	38
Computer Software Maintenance	563	447
Mayoral fee	37	34
Councillors' (incl. Mayor) Expenses	95	103
Councillors' Fees & Allowances	154	153
Donations & Contributions to Local & Regional Bodies	728	658
Election Expenses	222	0
EPA Licence	39	28
Equipment & Fittings M & R	262	147
Freight	7	14
Insurances	980	957
Licence - Other	17	7
Light, Power & Heating	2,136	1,773
Memberships	173	180
Payments to other levels of Government	882	664
Emergency services levy	451	467
Postage	173	158
Printing & Stationery	294	309
Promotions	40	87
Rent	11	11
Security Services	45	37
Street Lighting	391	421
Subscriptions & Publications	162	126
Telephone & Communications	254	297
Valuation Services	146	126
Waste Disposal Costs	875	911
Water Purchases	1,103	937
Other	226	278
<b>Total Other Expenses</b>	<b>11,925</b>	<b>10,721</b>

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 5 - GAIN OR LOSS ON DISPOSAL OF ASSETS

	2013 \$'000	2012 \$'000
<b>DISPOSAL OF INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>		
Proceeds from disposal	1,043	1,306
Less: Carrying amount of assets sold	1,282	1,229
<b>Gain (Loss) on disposal</b>	<u>(239)</u>	<u>76</u>
<b>DISPOSAL OF INVESTMENT PROPERTY</b>		
Proceeds from disposal	-	10
Less: Carrying amount of assets sold	-	1
<b>Gain (Loss) on disposal</b>	<u>-</u>	<u>9</u>
<b>DISPOSAL OF FINANCIAL ASSETS</b>		
Proceeds from disposal	7,996	15,600
Less: Carrying amount of assets sold	7,996	15,600
<b>Gain (Loss) on disposal</b>	<u>-</u>	<u>-</u>
<b>NET GAIN (LOSS) ON DISPOSAL OF ASSETS</b>	<u>(239)</u>	<u>85</u>

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 6 - CASH ASSETS & INVESTMENT SECURITIES

	2013 \$'000		2012 \$'000	
	Current	Non-Current	Current	Non-Current
<b>CASH ASSETS</b>				
Cash on Hand and at Bank	407		1,000	
Deposits at Call	9,006		8,750	
<b>Total Cash Assets</b>	<b>9,413</b>		<b>9,750</b>	

Cash Assets comprise short-term, highly liquid investments readily convertible to known amounts of cash that are subject to insignificant risk of changes of value.

#### INVESTMENT SECURITIES

##### Summary

Financial assets at fair value through profit and loss - held for trading	1,520	-	1,520	-
Held to maturity investments	61,271	2,250	47,894	10,195
<b>Total</b>	<b>62,791</b>	<b>2,250</b>	<b>49,414</b>	<b>10,195</b>

##### Financial assets at fair value through profit and loss - held for trading

At beginning of year	1,520	-	10,164	-
Revaluation to Income Statement	-	-	(144)	-
Additions	-	-	-	-
Disposals	-	-	(8,500)	-
Reclassifications	-	-	-	-
Transfers Current/Non-current	-	-	-	-
At end of year	<b>1,520</b>	<b>-</b>	<b>1,520</b>	<b>-</b>

##### Held for trading:

- FRNs	1,520	-	1,520	-
	<b>1,520</b>	<b>-</b>	<b>1,520</b>	<b>-</b>

Fair values for financial assets at fair value through profit or loss - held for trading are determined by quoted prices in active markets for identical investments.

##### Held to Maturity Investments

At beginning of year	47,894	10,195	37,600	16,466
Additions	13,400	-	16,000	-
Disposals	(7,968)	-	(7,100)	(4,877)
Transfers Current/Non-current	7,945	(7,945)	1,394	(1,394)
At end of year	<b>61,271</b>	<b>2,250</b>	<b>47,894</b>	<b>10,195</b>

##### Comprising:

- Government Bonds	-	-	-	-
- Term Deposits	59,900	-	46,500	-
- Bank Bills	-	-	-	-
- Other	1,371	2,250	1,394	10,195
	<b>61,271</b>	<b>2,250</b>	<b>47,894</b>	<b>10,195</b>

The permitted forms of investment in financial instruments of the Council are defined in an order made by the Minister for Local Government on 12 January 2011, and may broadly be described as "Trustee Securities". Deposits and Bills are with, or have been accepted by, banks and credit unions and bear various rates of interest between 3.29% and 4.27% (2012- 3.77% and 4.85%). NCDs, CDOs, FRNs and Managed Funds are all with organisations with credit ratings that complied with the Minister's Order at the time of acquisition and bear various rates of return between 3.686% and 5.225% (2012 - 4.870% and 8.293%).

For further information refer to Note 15 below.

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 6 - CASH ASSETS & INVESTMENT SECURITIES (cont)

#### RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

	2013 \$'000		2012 \$'000	
	Current	Non-Current	Current	Non-Current
Cash & Cash Equivalent Assets	9,413		9,750	
Investment Securities	62,791	2,250	49,414	10,195
<b>TOTAL CASH &amp; INVESTMENT SECURITIES</b>	<b>72,204</b>	<b>2,250</b>	<b>59,164</b>	<b>10,195</b>
External Restrictions	46,494	2,250	32,844	8,845
Internal Restrictions	19,348	-	19,492	1,350
Unrestricted	6,362	-	6,829	-
	<b>72,204</b>	<b>2,250</b>	<b>59,164</b>	<b>10,195</b>

#### DETAILS OF MOVEMENTS OF RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

Notes	Opening Balance 30 June 2010 \$'000	Movements		Closing Balance 30 June 2011 \$'000
		Transfers To Restriction \$'000	Transfers From Restriction \$'000	
<b>External Restrictions</b>				
Included in liabilities				
Unexpended Loans	373	2,262	341	2,294
	<b>373</b>	<b>2,262</b>	<b>341</b>	<b>2,294</b>
<b>Other</b>				
Developer Contributions	20,468	3,205	2,137	21,536
RTA Contributions	2,071	854	2,071	854
Unexpended Grants	1,727	3,091	1,727	3,091
Water Supply funds	11,511	1,568	-	13,079
Sewerage funds	4,508	1,467	-	5,975
Domestic Waste Management	1,030	300	-	1,330
Stormwater Management	-	587	-	587
	<b>41,316</b>	<b>11,071</b>	<b>5,935</b>	<b>46,451</b>
<b>Total External Restrictions</b>	<b>41,689</b>	<b>13,332</b>	<b>6,277</b>	<b>48,744</b>

External Restrictions arise pursuant to section 409(3) of the Local Government Act, the Local Government (General) Regulation 2005 and other applicable legislation. Further information relating to Developer Contributions is provided in Note 17 and Unexpended Grants in Note 3. Amounts raised by special rates (eg. Water & Sewer) and certain annual charges may only be used for those purposes.

#### **Internal Restrictions**

Employee Leave Entitlements	1,049	499	270	1,278
Property Operations PDR	2,493	183	70	2,606
Plant replacement	1,888	2,243	3,288	843
Carry-over works	4,508	2,257	4,508	2,257
Capital Projects	1,207	-	40	1,167
Cemeteries	59	-	20	39
Performance Appraisal	-	-	-	-
Computer	181	100	-	281
Land Rental Charge	3,993	690	503	4,179
Other Waste	-	100	-	100
Family Day Care	148	43	7	184
Depreciation	-	-	-	-
Environment Levy	487	-	-	487
Effluent Disposal	66	-	-	66
Emergency Assistance	23	7	-	30
Entrepreneurial Fund	1,357	13	-	1,370
Tourism	50	25	-	75
Former Trust recognised as revenue	2,520	-	520	2,000
Former Trust recognised as creditors	814	-	380	433
Revolving Energy Fund	-	37	-	37
Alexandra Square	-	280	-	280
Bridges	-	821	-	821
MV Indoor Pool	-	492	-	492
Mittagong Pool	-	271	-	271
Renwick Asset Management	-	8	-	8
Integrated Planning & Reporting	-	43	-	43
<b>Total Internal Restrictions</b>	<b>20,842</b>	<b>8,112</b>	<b>9,606</b>	<b>19,348</b>

Internal Restrictions arise pursuant to resolutions of Council to set aside reserves of cash resources either relating to liabilities recognised in these reports or to fund future expenditure for the stated purpose. Such reserves are not permitted to exceed the amounts of cash assets and cash investments not otherwise restricted.

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 7 - RECEIVABLES

	2013 \$'000		2012 \$'000	
	Current	Non-Current	Current	Non-Current
Rates & Annual Charges	747	-	1,085	-
User Charges & Fees	5,129	-	4,020	-
Domestic Waste Management	288	-	264	-
Accrued Revenues	812	-	744	-
Other levels of Government	634	-	806	-
Loans to Sporting Clubs	19	30	109	17
Other	760	-	1,430	-
Total	8,391	30	8,459	17
Less: Allowance for Doubtful Debts				
Other	-	-	13	-
	8,391	30	8,446	17

#### Rates, Annual Charges, Interest & Extra Charges

Overdue rates and annual charges (being amounts not paid on or before the due date determined in accordance with the Local Government Act) are secured over the relevant land and are subject to simple interest at a rate of 10.00% (2012: 11.00%). Although Council is not materially exposed to any individual ratepayer, credit risk exposure is concentrated within the Council boundaries in the State of New South Wales.

#### Deferred Debtors

Loans made to ratepayers under the assisted housing scheme and to local organisations bear interest at rates varying between NIL and 7.35%. Council is not materially exposed to any individual debtor, and credit risk exposure is concentrated within the Council boundaries in the State of New South Wales.

#### Other levels of Government

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Government of New South Wales and the Government of Australia.

#### Other Receivables

Amounts due (other than User Charges which are secured over the relevant land) are unsecured and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State of New South Wales.

#### AGGREGATE ASSET ARISING FROM EMPLOYEE BENEFITS

0	0	0	0
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#### RESTRICTED RECEIVABLES

Water Supply	2,321	-	1,910	-
Sewerage Services	2,863	-	2,596	-
Domestic Waste Management	288	-	264	-
Total Restrictions	5,473	-	4,770	-
Unrestricted Receivables	2,918	30	3,676	17
Total Receivables	8,391	30	8,446	17

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 8 - INVENTORIES & OTHER ASSETS

	2013 \$'000		2012 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
<b>INVENTORIES</b>				
Stores & Materials	317	-	403	-
Trading Stock	119	-	150	-
<b>Total Inventories</b>	<b>435</b>	<b>-</b>	<b>552</b>	<b>-</b>
<i>Inventories not expected to be realised within the next 12 months.</i>	-	-	-	-
<i>Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical</i>				
<b>OTHER ASSETS</b>				
Prepayments	936	-	552	-
Other	-	-	-	-
<b>Total Other Assets</b>	<b>936</b>	<b>-</b>	<b>552</b>	<b>-</b>
<b>RESTRICTIONS EXIST IN RESPECT OF THE FOLLOWING:</b>				
<b>Inventories</b>				
Water Supplies	86	-	82	-
Sewerage Services	5	-	4	-
<b>Other Assets</b>				
Water Supplies	56	-	141	-
Sewerage Services	207	-	143	-
	<b>354</b>	<b>-</b>	<b>370</b>	<b>-</b>

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 9 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2012 \$'000				CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000				2013 \$'000			
	AT COST	AT FAIR VALUE	ACCUM DEPN	CARRYING AMOUNT	Asset Purchases	Asset Disposals	Depreciation	Net Revaluation	AT COST	AT FAIR VALUE	ACCUM DEPN	CARRYING AMOUNT
Capital Work-in-progress	-	-	-	-	161	-	-	-	161	-	-	161
Plant & Equipment	-	22,604	(9,950)	12,654	5,184	(1,282)	(1,891)	-	-	25,597	(10,932)	14,665
Office Equipment	-	7,643	(6,811)	833	240	-	(302)	-	-	7,884	(7,113)	771
Furniture & Fittings	-	1,251	(1,074)	177	29	-	(46)	-	-	1,280	(1,120)	160
Leased Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-	-	-	-
- Operational Land	-	46,838	-	46,838	41	-	-	-	-	46,879	-	46,879
- Community Land	-	77,889	-	77,889	-	-	-	-	-	77,889	-	77,889
Land under roads	-	-	-	-	-	-	-	-	-	-	-	-
- pre 1 July 2008	-	-	-	-	-	-	-	-	-	-	-	-
- post 1 July 2008	-	-	-	-	-	-	-	-	-	-	-	-
Land Improvements - non-depreciable	-	-	-	-	-	-	-	-	-	-	-	-
Land Improvements - depreciable	-	5,449	(1,662)	3,787	47	-	(100)	-	-	5,497	(1,762)	3,735
Buildings - non-specialised	-	987	(495)	492	-	-	(12)	-	-	987	(508)	479
Buildings - specialised	-	69,435	(11,762)	57,673	6,956	-	(1,008)	-	-	76,390	(12,770)	63,621
Other Structures	-	12,106	(3,935)	8,171	590	-	(708)	-	-	12,695	(4,643)	8,052
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-
- Roads, bridges, footpaths	-	539,540	(208,129)	331,411	5,810	-	(10,116)	9,081	-	556,532	(220,345)	336,186
- Bulk earthworks (non-deprec.)	-	195,281	-	195,281	29	-	-	5,729	-	201,038	-	201,038
- Stormwater drainage	-	63,961	(23,721)	40,240	1,239	-	(759)	699	-	66,525	(25,105)	41,420
- Water Supply Network	-	296,787	(128,300)	168,488	2,319	-	(4,261)	4,276	-	305,850	(135,029)	170,821
- Sewerage Network	-	267,216	(72,162)	215,054	11,133	-	(3,774)	677	-	301,017	(77,927)	223,090
- Other Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-
- Heritage Collections	-	-	-	-	-	-	-	-	-	-	-	-
- Library Books	-	4,207	(3,858)	348	166	-	(437)	-	-	4,373	(4,296)	77
- Other	-	3	(3)	0	-	-	(0)	-	-	3	(3)	0
Future Reinstatement Costs	-	-	-	-	-	-	-	-	-	-	-	-
- Tips	-	-	-	-	-	-	-	-	-	-	-	-
- Quarries	-	-	-	-	-	-	-	-	-	-	-	-
- Other remediation assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	-	<b>1,631,198</b>	<b>(471,861)</b>	<b>1,159,337</b>	<b>33,944</b>	<b>(1,282)</b>	<b>(23,415)</b>	<b>20,461</b>	<b>161</b>	<b>1,690,436</b>	<b>(501,552)</b>	<b>1,189,045</b>

Asset acquisitions were apportioned between:

Building & Infrastructure Renewals	5,884
Building & Infrastructure New Assets	21,581
Other Assets	6,478

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 9 (cont) - RESTRICTED PROPERTY, PLANT & EQUIPMENT

	2013 \$'000				2012 \$'000			
	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT
<b>Water Supply</b>								
Plant & Equipment	-	1,321	572	749	-	1,352	520	832
Office Equipment	-	138	128	9	-	149	120	29
Furniture & Fittings	-	-	-	-	-	-	-	-
Leased Plant & Equipment	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-
- Operational	-	6,219	-	6,219	-	6,219	-	6,219
- non depreciable land improv't	-	-	-	-	-	-	-	-
Land Improvements - depreciable	-	-	-	-	-	-	-	-
Buildings	-	804	208	596	-	804	192	612
Other Structures	-	305,850	135,029	170,821	-	296,787	128,300	168,488
Water Supply Infrastructure	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
<b>Total Water Supply</b>	-	314,332	135,937	178,394	-	305,311	129,131	176,180
<b>Sewerage Services</b>								
Plant & Equipment	-	1,565	746	820	-	1,511	656	855
Office Equipment	-	44	43	1	-	48	43	5
Furniture & Fittings	-	-	-	-	-	-	-	-
Leased Plant & Equipment	-	-	-	-	-	-	-	-
Land	-	11,543	-	11,543	-	11,543	-	11,543
- Operational	-	-	-	-	-	-	-	-
- non depreciable land improv't	-	-	-	-	-	-	-	-
Land Improvements - depreciable	-	-	-	-	-	-	-	-
Buildings	-	363	93	270	-	363	86	277
Other Structures	-	-	-	-	-	-	-	-
Sewerage Infrastructure	-	301,017	77,927	223,090	-	287,216	72,162	215,054
- Roads, bridges, footpaths	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
<b>Total Sewerage Services</b>	-	314,532	78,809	235,723	-	300,680	72,946	227,734
<b>Domestic Waste Management</b>								
Plant & Equipment	-	2,446	1,041	182	-	2,208	998	1,209
Office Equipment	-	20	20	-	-	20	18	2
Furniture & Fittings	-	-	-	-	-	-	-	-
Leased Plant & Equipment	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-
- Operational	-	1,160	-	1,160	-	1,160	-	1,160
- non depreciable land improv't	-	-	-	-	-	-	-	-
Land Improvements - depreciable	-	-	-	-	-	-	-	-
Buildings	-	1,836	254	1,581	-	1,831	219	1,613
Other Structures	-	196	49	146	-	196	39	156
- Other	-	-	-	-	-	-	-	-
<b>Total Domestic Waste</b>	-	5,658	1,365	3,070	-	5,415	1,274	4,140
<b>Other (specify)</b>								
Plant & Equipment	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-
Leased Plant & Equipment	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-
- Council owned (freehold)	-	-	-	-	-	-	-	-
- Council controlled	-	-	-	-	-	-	-	-
- non depreciable land improv't	-	-	-	-	-	-	-	-
Land Improvements - depreciable	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
Other Structures	-	-	-	-	-	-	-	-
Other Assets	-	94,288	25,423	68,865	-	91,592	24,279	67,313
- Heritage Collections	-	2,783	1,140	1,643	-	2,711	1,070	1,641
- Library Books	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
<b>Total</b>	-	97,071	26,563	70,508	-	94,303	25,349	68,953
<b>TOTAL RESTRICTIONS</b>	-	731,593	242,675	487,695	-	705,708	228,701	477,008

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 10 - LIABILITIES

	2013 \$'000		2012 \$'000	
	Current	Non-Current	Current	Non-Current
<b>PAYABLES</b>				
Goods & Services	4,871	-	6,515	-
Payments received in advance	929	-	1,078	-
Accrued salaries & wages	375	-	345	-
Accrued interest payable	372	-	319	-
Deposits, Retentions & Bonds	1,584	-	1,517	-
<b>Total Payables</b>	<b>8,131</b>	<b>-</b>	<b>9,774</b>	<b>-</b>

*Current payables not expected to be settled within the next 12 months.*

#### **BORROWINGS**

Bank Overdraft	-	-	-	-
Loans				
- Secured	2,773	38,500	2,588	28,521
<b>Total Borrowings</b>	<b>2,773</b>	<b>38,500</b>	<b>2,588</b>	<b>28,521</b>

*All interest bearing liabilities are secured over the future revenues of the Council.*

#### **PROVISIONS**

Employee benefits - annual leave	2,227	-	1,887	-
- sick leave	-	-	-	-
- long service leave	3,794	284	3,327	634
<b>Total Provisions</b>	<b>6,021</b>	<b>284</b>	<b>5,213</b>	<b>634</b>

*Current payables not expected to be settled within the next 12 months.*

**3,732**

**3,944**

<b>Movements in Provisions</b>	Opening balance \$'000	Increases in provision \$'000	Payments \$'000	Remeasure- ment \$'000	Closing balance \$'000
Annual leave	1,887	340	-	-	2,227
Long service leave	3,961	117	-	-	4,078
Closing Balance	5,847	457	-	-	6,305

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### NOTE 10 - LIABILITIES (cont)

#### Provision for Self Insurance

In accordance with the relevant licences, Council makes provision for the actuarial estimate of the probable costs it will incur relating to unpaid reported claims, claims incurred but not reported (IBNR), claims incurred but not enough reported (IBNER) and direct and indirect claims settlement costs.

#### Provision for Reinstatement, rehabilitation & restoration liabilities

Council is required by law to reinstate/ rehabilitate the areas of certain tips and quarries for roadmaking materials when it ceases to use each facility. Engineering estimates have been made based on current reinstatement standards and discounted to its present value over the estimated remaining life of each facility at the rates applicable to government securities.

#### Provision for Carbon tax

Calculated emissions from its landfill facility being in excess of 25,000 tonnes of CO2 equivalent per annum, Council is required to purchase emissions permits throughout the future periods when these emissions will occur. The provision is the result of estimating the quantum and timing of future emissions and the future purchase costs, discounted to present values using government bond interest rates.

	2013 \$'000		2012 \$'000	
	Current	Non-Current	Current	Non-Current
<b>AGGREGATE LIABILITY ARISING FROM EMPLOYEE BENEFITS</b>	<b>6,395</b>	<b>284</b>	<b>5,558</b>	<b>634</b>
<b>LIABILITIES relating to RESTRICTED ASSETS</b>				
<u>Domestic Waste Management</u>				
Payables	-	-	-	-
Interest Bearing Liabilities	330	2,601	332	2,929
Provisions	-	-	-	-
Subtotal	330	2,601	332	2,929
<u>Water Supplies</u>				
Payables	349	-	94	-
Interest Bearing Liabilities	222	2,998	211	3,220
Provisions	465	20	344	40
Subtotal	1,036	3,018	649	3,260
<u>Sewerage Services</u>				
Payables	1,187	-	346	-
Interest Bearing Liabilities	1,737	24,463	1,870	21,527
Provisions	100	24	472	55
Subtotal	3,025	24,487	2,688	21,582
<b>TOTAL</b>	<b>4,391</b>	<b>30,105</b>	<b>3,669</b>	<b>27,771</b>

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

#### (a) Reconciliation of Cash

Cash Assets comprise short-term, highly liquid investments readily convertible to known amounts of cash that are subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

	2013 \$'000	2012 \$'000
Total Cash Assets (Note 6)	9,413	9,750
Less: Bank Overdraft (Note 10)	-	-
Balances per Statement of Cash Flows	<u>9,413</u>	<u>9,750</u>

#### (b) Reconciliation of Change in Net Assets to Cash from Operating Activities

Net Operating Result from Income Statement	5,482	6,156
Add: Depreciation, Amortisation & Impairment	23,415	22,607
Unwinding of present value discounts & premiums	201	-
Investments - impairment & fair value adjustments	(28)	-
Increase in provision for doubtful debts	13	6
Increase in employee benefits provisions	457	-
Decrease in receivables	-	2,484
Decrease in inventories	117	-
Decrease in other assets	-	151
Increase in accrued interest payable	53	352
Increase in other payables	-	1,197
Loss on Sale of Assets	239	-
	<u>29,950</u>	<u>32,953</u>
Less: Decrease in provision for doubtful debts	-	-
Present value discounts & premiums recognised	7	-
Decrease in employee benefits provisions	-	228
Increase in receivables	30	-
Increase in inventories	-	35
Increase in other assets	384	-
Decrease in trade creditors & other accruals	1,670	-
Gain on Sale of Assets	-	85
Non-cash Capital Grants and Contributions	809	953
<b>Net Cash provided by (or used in) operations</b>	<u><b>27,050</b></u>	<u><b>31,653</b></u>

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 11 (cont) - RECONCILIATION TO CASH FLOW STATEMENT

	2013 \$'000	2012 \$'000
<b>(c) Non-Cash Financing and Investing Activities</b>		
Acquisition of assets by means of:		
- Bushfire Grants	194	639
- Other	615	314
	<u>809</u>	<u>953</u>

### **(d) Financing Arrangements**

Unrestricted access was available at balance date to the following lines of credit:

Bank Overdrafts		
Total Facilities	300	300
Corporate Credit Cards	150	150

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Interest rates on overdrafts are variable while the rates for loans are fixed for the period of the loan.

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 12 - COMMITMENTS FOR EXPENDITURE

	2013 \$'000	2012 \$'000
<b>(a) Capital Commitments</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Land	-	-
Construction of Investment Property	15,778	31,719
Buildings	5,686	5,070
Plant & Equipment	1,648	2,799
	<u>23,112</u>	<u>39,587</u>

*Commitments for Capital Expenditures relating to Joint Ventures and Partnerships are set out in Note 19.*

#### **(b) Service Commitments (exclusive of GST)**

Other non-capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities include:

Audit Services	-	46
Waste Management Services	25,352	13,409
Courier Services	65	65
	<u>25,417</u>	<u>13,520</u>
These expenditures are payable:		
Not later than one year	8,362	3,675
Later than one year and not later than five years	6,128	5,448
Later than five years	10,927	4,398
	<u>25,417</u>	<u>13,520</u>

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 12 - COMMITMENTS FOR EXPENDITURE (continued)

	2013	2012
<b>(d) Operating Lease Commitments (Non-Cancellable)</b>		
Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows:		
Not later than one year	431	431
Later than one year and not later than five years	552	982
Later than five years		
	<u>982</u>	<u>1,413</u>

Council has entered into non-cancellable operating leases for various items of computer and other plant and equipment.

(i) Contingent rental payments have been determined on the change over and or upgrade of PC's and ancillary computer equipment during the term of the lease with adjustments to the lease reflecting such upgrades.

(ii) No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

(iii) The lease agreement included the option of renewing the lease for a period of up to 12 months. Council

### **(e) Remuneration Commitments**

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

Within one year	562	697
Later than one year and not later than 5 years	1,145	2,086
Later than five years		
	<u>1,707</u>	<u>2,782</u>

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 13 - STATEMENT OF PERFORMANCE MEASUREMENT

INDICATORS - CONSOLIDATED				
		2013	2012	2011
	<u>Amounts</u>	<u>Indicators</u>		
<b>Unrestricted Current Ratio</b>				
<u>Unrestricted Current Assets*</u>	\$29,645	3.37:1	2.2:1	3.58:1
Current Liabilities not relating to Restricted Assets	\$8,802			
<b>Debt Service Ratio</b>				
<u>Net Debt Service Cost*</u>	\$4,491	0.06:1	0.06:1	0.08:1
Operating Revenue*	\$74,274			
<b>Rate &amp; Annual Charges Coverage Ratio</b>				
<u>Rates &amp; Annual Charges Revenues</u>	\$49,094	0.56:1	0.51:1	0.48:1
Revenue from continuing operations	\$87,722			
<b>Rates &amp; Annual Charges Outstanding Percentage</b>				
<u>Rates &amp; Annual Charges Outstanding</u>	\$747	1.49%	2.39%	2.39%
Rates & Annual Charges Collectible	\$50,293			
<b>Building &amp; Infrastructure Renewals Ratio</b>				
<u>Asset renewals*</u>	\$5,884	0.3:1	1.5:1	1.04:1
Depreciation, Amortisation, Impairment	\$19,930			

INDICATORS - BY FUND			
	Current Year Indicators		
	General	Water	Sewer
<b>Unrestricted Current Ratio</b>			
<u>Unrestricted Current Assets*</u>	2.99:1	19.1:1	3.15:1
Current Liabilities not relating to Restricted Assets			
<b>Debt Service Ratio</b>			
<u>Net Debt Service Cost*</u>	0.02:1	0.04:1	0.28:1
Operating Revenue*			
<b>Rate &amp; Annual Charges Coverage Ratio</b>			
<u>Rates &amp; Annual Charges Revenues</u>	0.47:1	0.91:1	0.64:1
Revenue from continuing operations			
<b>Rates &amp; Annual Charges Outstanding Percentage</b>			
<u>Rates &amp; Annual Charges Outstanding</u>	1.55%	2.39%	2.39%
Rates & Annual Charges Collectible			
<b>Building &amp; Infrastructure Renewals Ratio</b>			
<u>Asset renewals*</u>	0.27:1	0.44:1	0.2:1
Depreciation, Amortisation, Impairment			

\* Detailed methods of calculation of these indicators is defined in the Code.

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 13 - STATEMENT OF PERFORMANCE MEASUREMENT (cont)

#### Supplementary Indicators - TCorp performance measures

The following indicators are proposed to be used from the 2014 reporting period, and disclosure here is voluntary. It is anticipated that further development of these indicators, possibly involving re-definition of calculation methods, will occur prior to formal adoption.

INDICATORS - CONSOLIDATED				
	Amounts	2013 Indicators	2012	2011
<b>1. Operating performance</b>				
Operating result *	(\$4,120)	-5.27%:1	-3.98%:1	-2.44%:1
Operating revenues *	\$78,120			
<b>2. Own source operating revenue</b>				
Rates, utilities and charges *	\$62,331	71.08%	64.22%	64.83%
Total operating revenue *	\$87,694			
<b>3. Debt service cover ratio</b>				
Operating result * before interest and depreciation	\$21,451	4.65:1	4.86:1	3.91:1
Principal repayments & interest costs *	\$4,609			
<b>4. Capital expenditure ratio</b>				
Annual capital expenditure	\$32,662	1.39:1	1.5:1	1.01:1
Annual depreciation	\$23,415			
<b>5. Infrastructure backlog ratio</b>				
Estimated cost to bring to a satisfactory condition	\$74,401	0.09:1	0.1:1	0.1:1
Total value of selected assets *	\$847,404			
<b>6. Asset maintenance ratio</b>				
Actual asset maintenance	\$12,192	0.73:1	1.06:1	1.07:1
Required asset maintenance	\$16,707			
<b>7. Cash expense cover ratio</b>				
Current year cash & cash equivalents	\$9,413	1.99:1	2.08:1	1.88:1
Total expenses excl. depreciation & interest / 12	\$4,722			
<b>8. Interest cover ratio</b>				
Operating result * before interest and depreciation	\$21,451	9.95:1	9.46:1	8.87:1
Borrowing interest costs	\$2,156			

\* Detailed methods of calculation of these indicators is defined in the Code.

#### INDICATORS - BY FUND

\* Calculated as for the consolidated indicators shown above.

	Current Year Indicators		
	General	Water	Sewer
<b>1. Operating performance</b>	-30.01%:1	-7.69%:1	101.72%:1
<b>2. Own source operating revenue</b>	62.94%	93.81%	89.97%
<b>3. Debt service cover ratio</b>	12.67:1	11.22:1	1.66:1
<b>4. Capital expenditure ratio</b>	1.26:1	0.53:1	2.87:1
<b>5. Infrastructure backlog</b>	0.16:1	0.02:1	0.01:1
<b>6. Asset maintenance ratio</b>	0.51:1	0.95:1	1.03:1
<b>7. Cash expense cover ratio</b>	0.23:1	7.83:1	-7.44:1
<b>8. Interest cover ratio</b>	28.13:1	24.76:1	3.5:1

# **WINGECARRIBEE SHIRE COUNCIL**

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013**

### **Note 14 - INVESTMENT PROPERTY**

Council does not hold any Investment Properties

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 15 - FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. All financial instruments are denominated in Australian dollars, and hence currency risk does not apply.

Financial risk management is carried out by Finance section in accordance with policies approved by Council and in accordance with statutory requirements, and seeks to maximise revenue while protecting the corpus of the funds invested.

Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Financial Assets</b>				
Cash and Cash Equivalents	9,413	9,750	9,413	9,750
Receivables	8,420	8,463	8,420	8,463
Financial assets at fair value through profit & loss	1,520	1,520	1,520	1,520
Available-for-sale financial assets	63,521	58,089	63,521	58,089
Held-to-maturity investments	-	-	-	-
Investments categorised as loans and receivables	-	-	-	-
	<u>82,875</u>	<u>77,822</u>	<u>82,875</u>	<u>77,822</u>
<b>Financial Liabilities</b>				
Payables	8,131	9,774	8,131	9,774
Borrowings	41,274	31,109	41,274	31,109
	<u>49,404</u>	<u>40,883</u>	<u>49,404</u>	<u>40,883</u>

Fair value is estimated as follows:

\* Cash & equivalents, receivables & payables - due to the short-term nature, face value (carrying value) approximates fair value.

\* Held-to-maturity investments and borrowings - anticipated future cash flows discounted by current market interest rates applicable to assets and liabilities with similar risk profiles.

\* Financial assets at fair value through profit & loss, and available-for-sale - based on quoted market prices (where a liquid market exists) or independent valuation. Particular difficulties were experienced in assessing fair value of CDOs, and these have been reported in Note 1.

#### Fair value hierarchy

The fair values of financial instruments carried at fair value have been classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The levels of the hierarchy are as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly

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

The value of financial assets carried at fair value shown in the relevant level of the hierarchy is shown below:

	2013 \$'000	2012 \$'000
Level 1		
Level 2		
Level 3	65,041	59,609
Financial assets carried at fair value	<u>65,041</u>	<u>59,609</u>
Financial assets carried at cost / amortised cost	<u>17,834</u>	<u>18,213</u>
	<u>82,875</u>	<u>77,822</u>
<b>Reconciliation of movement in level 3 financial assets</b>		
Balance at 1 July	13,109	26,631
Gains or losses for the period		
Recognised in profit and loss	-	-
Recognised in other comprehensive income	-	-
Purchases	-	-
Sales	(7,968)	(13,522)
Settlements	-	-
Issues	-	-
Transfers in / (out) of level 3	-	-
Balance 30th June	<u>5,141</u>	<u>13,109</u>

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 15 - FINANCIAL RISK MANAGEMENT (cont)

#### Cash and cash equivalents

#### Financial assets at fair value through profit & loss

#### Available-for-sale financial assets

#### Held-to-maturity investments

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

The investment portfolio is managed in accordance with Council's policy (which complies with the *Local Government Act & Regulations*), and the Minister's Order. The investment policy is reviewed regularly, and a report in accordance with section 625 of the Act provided to Council monthly.

The investment portfolio is managed so as to provide adequate liquidity at all times, particularly during the periods between the quarterly receipt of rates instalments and grants. In addition, Council has access to overdraft facilities set out in Note 12.

Less than 5% of Council's portfolio is invested in products that are subject to price risk, principally CDOs. Council views the loss in market value - which has been recognised in these reports - as deriving principally from a lack of liquidity in the market. Council has now determined to retain these financial instruments on a long term basis, and has reviewed its liquidity projections to confirm that it will be able to do so. Council expects to recoup the full amounts of principal and interest over the life of the investment, and has not received any information that would indicate to the contrary.

The remainder of Council's investment portfolio consists of deposits at fixed and variable interest rates, generally for periods of less than 120 days. Whilst these are subject to interest rate risk, this is minimised by the short term of the financial assets held.

#### Interest Sensitivity Analysis

	2013 \$'000	2012 \$'000
Impact of a 10% movement in price of investments (for assets subject to price risk only)		
- Equity	6,504	5,961
- Income Statement	6,504	5,961
Impact of a 1% change in interest rates on cash & investments		
- Equity	745	694
- Income Statement	745	694

#### Receivables

Credit risk on receivables for rates, annual charges and service charges made under section 502 is minimised as these are secured over the subject land. The security extends to interest levied for late payment.

Other receivables are subject to a range of credit risk minimisation procedures as appropriate, varying from credit checks to specific security pledges. Council is not materially exposed to any individual debtor, and credit risk exposure is concentrated within the Council boundaries in the State of New South Wales. There are no material receivables that have been subject to re-negotiation of repayment terms.

Council receives regular summary reports of receivables due, and detailed reports where appropriate.

At reporting date, all amounts receivable were reviewed, and adequate allowance made for amounts considered doubtful.

	2013 \$'000	2012 \$'000
Percentage of Rates & Annual Charges		
- Current	96%	98%
- Overdue	4%	2%

#### Payables

#### Borrowings

Payables and borrowings are subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as they fall due. The investment portfolio is managed so as to provide adequate liquidity at all times, particularly during the periods between the quarterly receipt of rates instalments and grants. In addition, Council has access to overdraft facilities set out in Note 12.

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 15 - FINANCIAL RISK MANAGEMENT (cont)

#### Liquidity Sensitivity Table

The contractual undiscounted cash flows of Council's payables and borrowings are shown below:

	2013 '000	Due			Total Contractual I	Carrying Value
		≤ 1 year	2 - 5 years	> 5 years		
Payables		8,131	-	-	8,131	8,131
Borrowings		2,335	33,350	6,045	41,731	41,274
		<u>10,466</u>	<u>33,350</u>	<u>6,045</u>	<u>49,862</u>	<u>49,405</u>

	2012 '000	Due			Total Contractual Cash Flows	Carrying Value
		≤ 1 year	2 - 5 years	> 5 years		
Payables		9,774	-	-	9,774	9,774
Borrowings		2,587	11,570	20,527	34,684	31,109
		<u>12,361</u>	<u>11,570</u>	<u>20,527</u>	<u>44,458</u>	<u>40,883</u>

Borrowings are also subject to interest rate risk - the risk that changes in interest rates could adversely affect funding costs. Council manages this risk by generally borrowing long term, commonly at rates fixed for the duration of the loan. Bank overdraft and less than 10% of borrowings are at variable rates; the associated interest rate risk is not considered material.

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

	2013		2012	
	Wtd ave interest rate	Balance	Wtd ave interest rate	Balance
Overdraft	-	-	-	-
Loans - fixed interest rate	6.140%	41,274	6.398%	31,109
Loans - variable interest rate	-	-	-	-
		<u>41,274</u>		<u>31,109</u>

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 16 - SIGNIFICANT VARIATIONS FROM ORIGINAL BUDGET

Council's original budget comprised part of the Management Plan adopted by Council on 27 June 2012. The original projections on which the budget was based have been affected by decisions made by Council throughout the course of the financial year, new grant programs initiated by the State Government, Developer Contributions received under Section 94 of the Environmental and Planning Assessment Act, Infrastructure Assets provided by Developers and by the weather.

This Note sets out details of material variations between the original Budget and Actual results for the Statement of Financial Performance and the Operating Result column of Note 2 included in these reports. Material favourable (F) and unfavourable (U) variances represent amounts of 10% or more of the budgeted amount

#### 1 STATEMENT OF FINANCIAL PERFORMANCE

##### 1.1 User Charges & Fees

Actual User Charges & Fees were \$6,688 (U), less than the original budget due to the elimination of Plant Hire income of \$1,620 for General Fund, \$350k for Water Fund, and \$234k for Sewer Fund. Also, internal Waste Charges of \$2,789 were eliminated.

##### 1.2 Interest & Investment Revenue

Interest received has been greater than originally estimated by \$1,671k (F), due to S94 Interest of \$902k (F) not being budgeted for, and a surplus on Interest on Investments of \$565k (F).

##### 1.3 Other Revenues

Actual other Revenue received varied from the amounts budgeted for by \$2,821 (F). This was essentially due to increased income for Lease Rentals \$190k (F), Legal Fees Recovery Rates \$514k (F), Tourism and Tulip Time Income \$285k (F), and Insurance Claims \$232k (F) not in the original budget.

##### 1.4 Grants & Contributions - Operating

The variation in this instance is the elimination of internal overheads totalling \$11,185k (U).

##### 1.5 Grants & Contributions - Capital

Actual Capital Grants & Contributions varied from the amounts budgeted for by \$3,453(F). This relates to more money being brought to account for S94 in General Fund \$483k (F). Also the grant claimed for Robertson Sewerage Scheme was \$2,026k more than the budget due to more work than anticipated being done on the new scheme.

##### 1.6 Employee Costs

The variation in this instance is the elimination of capitalised wages \$1,534 (F), a reduction in ELE \$945k (F), and a Workers Comp adjustment \$282k (F).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 16 - Significant Variations from Original Budget (cont)

#### 1.7 Materials & Contracts

Actual Materials & Contracts varied from the original amounts budgeted for by \$1,789 (U). This was essentially due to a number of projects which were commenced during the course of the year which were not part of Council's original budget. This was made up of S94 Pathways at East Bowral \$289k (U), Other S94 Projects \$181k (U), Robertson Pathway \$102k (U), Railway Rd Bus Turning Area \$52k (U), Mt Emyard Pedestrian Refuge \$510k (U), and Exeter Intersection Upgrade \$305k (U).

#### 1.8 Borrowing Costs

Actual Borrowing Costs varied from the amounts budgeted for by \$1,251 (F) due to Loans for the Moss Vale Indoor Pool and the Robertson Sewerage Scheme not being taken up until the last quarter of the year.

#### 1.9 Depreciation & Amortisation

Actual Depreciation & Amortisation varied from the amounts budgeted for by \$3,267 (U). In General Fund this amounted to \$2,598k comprising \$2,097k for Roads, Bridges and Footpaths, \$252k for Plant & Equipment, \$148k for Other Structures, and \$43k for Buildings. Depreciation in Water Fund increased by \$285k, and by \$384k in Sewer Fund.

#### 1.10 Other Expenses

Actual Other Expenses varied from the amounts budgeted for by \$23,005 (F). In General Fund this was due to the elimination of internal overheads & contributions \$11,508k (F), Internal Plant Hire \$1,146k (F), Pensioner Rebates \$941k (F), and Rates Water & Sewer Charges \$816k (F). In Sewer Fund this was due to the elimination of internal overheads \$677k (F), Infrastructure Charge \$532k (F), Internal Plant Hire \$209k (F), Pensioner Rebates \$251k (F), and Rates Water & Sewer Charges \$86k (F). In Water Fund this was due to the elimination of internal overheads \$784k (F), Infrastructure Charge \$458k (F), Internal Plant Hire \$301k (F), Pensioner Rebates \$295k (F), and Rates Water & Sewerage Charges \$67k (F).

## 2 NOTE 2 (b) – FUNCTIONS

### 2.1 Administration & Governance

The actual revenue for this function was \$2,527k (F) more than original budget due to a contribution to the plant fund \$1,224k (F), Vehicle lease income \$823k (F), and Legal Fees Recovered \$191k (F). Expenditure was more than the original budget \$8,150 (U) due to depreciation expenses.

### 2.2 Public Order & Safety

The actuals for this function varied from the amounts budgeted as a result of the elimination of internal overheads \$112k (F), and depreciation expense \$534k (F).

### 2.3 Health

The actuals for this function varied from the amounts budgeted as a result of internal overheads of \$265K (F) being eliminated.

### 2.4 Environment

The actuals for this function varied from the amounts budgeted as a result of the elimination of internal contributions \$1,186k (F), and less than budgeted expenditure for the Stormwater Management Charge \$586k (F), and WOFE \$297k (F). Also, income from Internal overheads of \$2591k (U) was eliminated, as well as Internal Tipping Charges of \$2,702k (U).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 16 - Significant Variations from Original Budget (cont)

#### 2.5 Community Services & Education

The actuals for this function varied from the amounts budgeted as a result of the elimination of internal overheads \$358K (F), and depreciation expense \$109k (F).

#### 2.6 Housing & Community Amenities

The actuals for this function varied from the amounts budgeted as a result of internal overheads of \$851 (F) being eliminated.

#### 2.7 Water Services

The actuals for this function varied from the amounts budgeted as a result of more income from Water Usage Charges \$1,754k (F). As well internal overheads of \$760k (F) were eliminated.

#### 2.8 Sewerage Services

The actuals for this function varied from the original amounts budgeted due to increased income of \$2026 (F) being brought to account for the Robertson Sewerage Scheme. Also, \$406k additional income was received from Annual Charges and User Charges. As well, internal overheads of \$653k were eliminated.

#### 2.9 Recreation & Culture

The actuals for this Function varied from the amounts budgeted as a result of the elimination of internal overheads \$621k (F), and depreciation expense \$1626k (F). Also, additional grant income of \$261k (F) was received, plus additional income of \$78k (F) from Pools.

#### 2.10 Mining, Manufacturing & Construction

The actuals for this Function varied from the amounts budgeted as a result of additional income received for Environmental Assessment \$91k (F), plus savings in Environmental Assessment employment costs of \$306k (F).

#### 2.11 Transport & Communication

The actuals for this Function varied from the amounts budgeted as a result of internal overheads of \$1,324k (F) being eliminated, and depreciation of \$8,526 being shown in Admin. Also, internal income for Plant Hire \$1,620k (U), and Workshop \$352k (U), was also eliminated.

#### 2.12 Economic Affairs

The actuals for this function varied from the original amounts budgeted for as a result of internal overhead income of \$11,347 (U) being eliminated.

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 17 - STATEMENT OF CONTRIBUTION PLANS

#### SUMMARY OF CONTRIBUTIONS

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENDED DURING YEAR	INTERNAL BORROW-INGS (to)/from	HELD AS RESTR-ICTED ASSET	EST. FUTURE CONTRIB S	EST. WORKS OUT-STANDIN	EST. OVER/ (UNDER) FUNDING	BALANCE INTERNAL BORROW-INGS
		CASH	NON-CASH								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Drainage	2,757	109	-	112	310	-	2,669	-	-	2,669	-
Roads	2,311	128	-	98	113	-	2,423	-	-	2,423	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	3,508	275	-	170	263	-	3,690	-	-	3,690	-
Community facilities	259	39	-	11	39	-	269	-	-	269	-
Administration	0	50	-	0	42	-	8	-	-	8	-
Other	158	127	-	11	53	-	242	-	-	242	-
Subtotal S94 under plans	8,993	728	-	401	821	-	9,301	-	-	9,301	-
Sec 94 not under plans	1,210	14	-	51	20	-	1,255	-	-	-	-
Sec 94 not under plans (VPA)	427	28	-	-	-	-	455	-	-	-	-
Water	5,743	763	-	255	-	-	6,761	-	-	-	-
Sewer	4,094	770	-	197	1,296	-	3,765	-	-	-	-
<b>Total Contributions</b>	<b>20,468</b>	<b>2,302</b>	<b>-</b>	<b>903</b>	<b>2,137</b>	<b>-</b>	<b>21,536</b>	<b>-</b>	<b>-</b>	<b>9,301</b>	<b>-</b>

**Note:** The above summary of contribution plans represents the total of Council's individual contribution plans. Individual plan details are shown below.

#### CONTRIBUTION PLAN - 1

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENDED DURING YEAR	INTERNAL BORROW-INGS (to)/from	HELD AS RESTR-ICTED ASSET	EST. FUTURE CONTRIB S	EST. WORKS OUT-STANDIN	EST. OVER/ (UNDER) FUNDING	BALANCE INTERNAL BORROW-INGS
		CASH	NON-CASH								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Drainage	2,757	109	-	112	310	-	2,669	-	-	2,669	-
Roads	2,311	128	-	98	113	-	2,423	-	-	2,423	-
Open Space	3,508	275	-	170	263	-	3,690	-	-	3,690	-
Community facilities	259	39	-	11	39	-	269	-	-	269	-
Administration	0	50	-	0	42	-	8	-	-	-	-
Other	158	127	-	11	53	-	242	-	-	242	-
<b>Total</b>	<b>8,993</b>	<b>728</b>	<b>-</b>	<b>401</b>	<b>821</b>	<b>-</b>	<b>9,301</b>	<b>-</b>	<b>-</b>	<b>9,293</b>	<b>-</b>

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 17 - STATEMENT OF CONTRIBUTION PLANS (cont)

#### CONTRIBUTIONS NOT UNDER PLANS (1)

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	EST. FUTURE CONTRIB S	EST. WORKS OUT- STANDIN	EST. OVER/ (UNDER) FUNDING	BALANCE INTERNAL BORROW- INGS
		CASH \$'000	NON-CASH \$'000					\$'000	\$'000	\$'000	\$'000
Drainage	1	-	-	-	1	-	-	-	-	-	-
Community facilities	2	-	-	-	2	-	-	-	-	-	-
<b>Total</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### CONTRIBUTIONS NOT UNDER PLANS (2)

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	EST. FUTURE CONTRIB S	EST. WORKS OUT- STANDIN	EST. OVER/ (UNDER) FUNDING	BALANCE INTERNAL BORROW- INGS
		CASH \$'000	NON-CASH \$'000					\$'000	\$'000	\$'000	\$'000
Parking	1,207	14	-	51	16	-	1,255	-	-	1,255	-
<b>Total</b>	<b>1,207</b>	<b>14</b>	<b>-</b>	<b>51</b>	<b>16</b>	<b>-</b>	<b>1,255</b>	<b>-</b>	<b>-</b>	<b>1,255</b>	<b>-</b>

#### CONTRIBUTIONS NOT UNDER PLANS (VPA)

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	EST. FUTURE CONTRIB S	EST. WORKS OUT- STANDIN	EST. OVER/ (UNDER) FUNDING	BALANCE INTERNAL BORROW- INGS
		CASH \$'000	NON-CASH \$'000					\$'000	\$'000	\$'000	\$'000
Roads	301	28	-	-	-	-	328	-	-	328	-
Sewer	126	-	-	-	-	-	126	-	-	-	-
<b>Total</b>	<b>427</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>455</b>	<b>-</b>	<b>-</b>	<b>328</b>	<b>-</b>

# **Wingecarribee Shire Council**

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013**

### **Note 18 - CONTINGENCIES**

#### **Contingent Liabilities**

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position but knowledge of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

#### **Landfill Remediation**

The former landfill site at Welby requires remediation. While total costs for the project are yet to be determined it is estimated that the cost may be up to \$2,000,000. It is anticipated that funding will be from the Domestic Waste Management and Resource Recovery Reserves and SCA grant funds. The rehabilitation plan for the site proposes to restore the site to a form that meets the relevant environmental standards and is capable of being adapted to a range of future open space uses. The timing of the rehabilitation works has not been scheduled at this point in time.

#### **Investments**

During the reporting period Council continued its legal proceedings against its former investment advisor. During the reporting period Council incurred costs of \$36,873.61 in regards to this matter. While it is anticipated that this action will continued for some time, it is estimated that Council is not anticipating incurring any further significant legal costs in this matter.

#### **Local Government Superannuation Scheme**

Council contributes to the Local Government Superannuation Scheme which has a closed section where a portion of member entitlements are defined as a multiple of salary. Member councils bear the responsibility of ensuring there are sufficient monies available to pay out benefits as these members cease employment. The Scheme has a deficit of assets over liabilities and its administrators have advised Council that it will need to make significantly higher contributions to help reverse this deficit. However, they may call upon Council to make an immediate payment sufficient to offset this deficit at any time. As the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils, the proportion total liability attributed to Council as at 30 June 2013 is \$1,388,137.

# Wingecarribee Shire Council

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 19 - INTEREST IN JOINT VENTURES & ASSOCIATES

Council is involved in a Joint Venture with the South Western Sydney Area Health Service for the purpose of constructing a Central Library and Community Health Centre. This development is located on Council owned land. The joint venture agreement provides for a 45 year rent free lease by Council to the Area Health Service in exchange for a capital contribution of \$2.025M.

	2013 \$'000	2012 \$'000
The net contributions of joint venture activities to Council's operating results are summarised as follows:		
Share of joint venture revenues in operating revenues		
Share of joint venture costs in operating expenses		
<b>Net Contribution</b>	<u>0</u>	<u>0</u>

The Council's share of assets and liabilities committed to the joint venture are included in the Balance Sheet under the following classifications:

#### Current Assets

Cash and cash equivalents  
Receivables  
Inventories

<u>0</u>	<u>0</u>
----------	----------

#### Non-Current Assets

Receivables  
Investments  
Property, Plant & Equipment

<u>6,239</u>	<u>6,326</u>
<u>6,239</u>	<u>6,326</u>
<u>6,239</u>	<u>6,326</u>

**Share of Assets employed in Joint Venture**

#### Current Liabilities

Payables  
Borrowings  
Provisions

<u>0</u>	<u>0</u>
----------	----------

#### Non-Current Liabilities

Payables  
Borrowings  
Provisions

<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>

**Share of Liabilities incurred in Joint Venture**

**NET INTEREST IN JOINT VENTURE**

<u>6,239</u>	<u>6,326</u>
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# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 20 - RETAINED EARNINGS & REVALUATION RESERVES

<b>RETAINED EARNINGS</b>	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at end of previous reporting period	534,223	528,068
Effect of correction of errors in previous years (see below)	105	-
Effect of accounting policy changes	-	-
Change in associated entities recognised	-	-
Restated opening balance	534,328	528,068
<b>Net operating result for the year</b>	<b>5,482</b>	<b>6,156</b>
<b>Balance at end of the reporting period</b>	<b>539,810</b>	<b>534,223</b>

### REVALUATION RESERVES

#### *Infrastructure, Property, Plant & Equipment*

Balance at end of previous reporting period	657,311	631,857
Revaluation of infrastructure, property, plant & equipment	20,461	25,453
Share of other comprehensive income (revaluations) - joint ventures & associates	-	-
Impairment (expense) / recoupments offset to asset revaluation reserve	-	-
Transfer to retained earnings on sale of revalued infrastructure, property, plant & equipment	-	-
<b>Balance at end of reporting period</b>	<b>677,772</b>	<b>657,311</b>

At the end of the reporting period, the amount held in the reserve related to the following asset classes:

Plant & Equipment	5	5
Office Equipment	793	793
Furniture & Fittings	136	136
Leased Plant & Equipment	-	-
Land		
- Operational Land	97,321	97,321
- Community Land	-	-
Land under roads		
- pre 1 July 2008	-	-
- post 1 July 2008	-	-
Land Improvements - non-depreciable	(157)	(157)
Land Improvements - depreciable	-	-
Buildings - non-specialised	560	560
Buildings - specialised	25,492	25,492
Other Structures	614	614
Infrastructure		
- Roads, bridges, footpaths	263,270	248,460
- Bulk earthworks (non-deprec.)	-	-
- Stormwater drainage	21,318	20,619
- Water Supply Network	171,150	166,875
- Sewerage Network	98,739	98,062
Other Assets		
- Heritage Collections	-	-
- Library Books	(1,468)	(1,468)
- Other	-	-
Future Reinstatement Costs		
- Tips	-	-
- Quarries	-	-
- Other remediation assets	-	-
<b>Balance at end of reporting period</b>	<b>677,772</b>	<b>657,311</b>

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### NOTE 21 - RESULTS BY FUND

Moneys raised pursuant to certain sections of the Local Government Act, and of certain other Acts, may not be used for the general purposes of the Council, or must be held as cash or authorised investments until expended for the purposes they were raised. This Note identifies the operating result and net assets of the general purposes operations of the Council, and of the principal special purpose operations.

Amounts are shown on a gross basis - before consolidation eliminations - and do NOT reconcile to the principal statements, and are shown for the current year only.

	GENERAL FUND \$'000	WATER SUPPLY \$'000	SEWER \$'000
<b>INCOME STATEMENT</b>			
<b>INCOME</b>			
Rates & Annual Charges	36,991	3,030	10,880
User Charges & Fees	5,486	7,197	619
Investment Revenues	2,629	512	362
Other Revenues	3,621	949	763
Grants & Contributions - Operating	8,034	225	156
Grants & Contributions - Capital	3,448	763	5,363
Profit from Disposal of Assets	0	0	0
Profit from interests in Joint Ventures & Associates	0	0	0
<b>Total Income from Continuing Operations</b>	<b>60,209</b>	<b>12,676</b>	<b>18,144</b>
<b>EXPENSES</b>			
Employee Costs	21,392	3,178	2,400
Materials & Contracts	11,448	2,249	3,838
Borrowing Costs	414	175	1,567
Depreciation & Amortisation	15,073	4,419	3,924
Impairment	0	0	0
Other Expenses	11,093	2,145	1,993
Interest and investment losses	0	0	0
Loss from Disposal of Assets	201	12	26
Loss from interests in Joint Ventures & Associates	0	0	0
<b>Total expenses from Continuing Operations</b>	<b>59,621</b>	<b>12,178</b>	<b>13,748</b>
<b>OPERATING RESULT FROM CONTINUING OPERATIONS</b>	<b>588</b>	<b>497</b>	<b>4,397</b>
Operating result from discontinued operations		0	0
Gain (loss) on restructure			
<b>NET OPERATING RESULT FOR YEAR</b>	<b>588</b>	<b>497</b>	<b>4,397</b>
Attributable to:			
WINGECARRIBEE SHIRE COUNCIL	588	497	4,397
Minority Interests	588	497	4,397
<i>Net operating result before capital grants and contributions</i>	<i>(2,860)</i>	<i>(266)</i>	<i>(967)</i>

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013

### Note 21 - Results by Fund (cont)

	GENERAL FUND \$'000	WATER SUPPLY \$'000	SEWER \$'000
<b>BALANCE SHEET</b>			
<b>CURRENT ASSETS</b>			
Cash & cash equivalents	1,034	4,840	3,539
Investments	41,791	15,000	6,000
Receivables	3,206	2,321	2,863
Inventories	345	86	5
Other	673	56	207
Non-current assets held for sale	0	0	0
<b>TOTAL CURRENT ASSETS</b>	<b>47,049</b>	<b>22,304</b>	<b>12,614</b>
<b>NON-CURRENT ASSETS</b>			
Investments	2,050	0	200
Receivables	30	0	0
Inventories	0	0	0
Infrastructure, Property, Plant & Equipment	774,781	178,451	235,812
Equity accounted investments	0	0	0
Investment Property	0	0	0
Intangible Assets	0	0	0
Other	0	0	0
<b>TOTAL NON-CURRENT ASSETS</b>	<b>776,861</b>	<b>178,451</b>	<b>236,012</b>
<b>TOTAL ASSETS</b>	<b>823,910</b>	<b>200,755</b>	<b>248,626</b>
<b>CURRENT LIABILITIES</b>			
Payables	6,594	349	1,187
Borrowings	814	222	1,737
Provisions	5,455	465	100
<b>TOTAL CURRENT LIABILITIES</b>	<b>12,864</b>	<b>1,036</b>	<b>3,025</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables	0	0	0
Borrowings	11,040	2,998	24,463
Provisions	240	20	24
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>11,280</b>	<b>3,018</b>	<b>24,487</b>
<b>TOTAL LIABILITIES</b>	<b>24,143</b>	<b>4,054</b>	<b>27,511</b>
<b>NET ASSETS</b>	<b>799,767</b>	<b>196,701</b>	<b>221,115</b>
<b>EQUITY</b>			
Accumulated Surplus	394,832	44,229	100,749
Revaluation Reserves	404,935	152,472	120,366
Council Equity Interest	799,767	196,701	221,115
Minority Equity Interest	0	0	0
<b>TOTAL EQUITY</b>	<b>799,767</b>	<b>196,701</b>	<b>221,115</b>

# **Wingecarribee Shire Council**

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2013**

### **Note 22 - REINSTATEMENT, REHABILITATION AND RESTORATION LIABILITIES**

#### **Asset Remediation**

Council has one tip site at Welby that is no longer operational. Some remediation works have been undertaken at the site, and it is likely that additional works may be required in the near future. However, the scope of works has not been determined and the associated costs can not be reliably measured. Accordingly Council has recognised a contingent liability at Note 18.

# **WINGECARRIBEE SHIRE COUNCIL**

## **Special Purpose Financial Reports**

**for the year ended 30th June 2013**

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# Warton Thompson & Co

ABN 14 568 258 158

Chartered Accountants

Phillip A. Webster, FCA

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CARLINGFORD NSW 2118



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Carlingford NSW 2118

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## *Wingecarribee Council*

### *Special Purpose Financial Reports*

#### *Independent Audit Report*

#### Scope

*I have audited the special purpose financial reports of Wingecarribee Council for the year ended 30 June 2013, comprising the Statement by Council, Operating Statement of Business Activities, Statement of Financial Position by Business Activities, and the accompanying Notes to the Accounts. The financial statements include the accounts of the business activities of the Council and the entities it controlled at the year's end or from time to time during the year. The Council is responsible for the preparation and presentation of the financial statements and the information contained therein. I have conducted an independent audit of the financial statements in order to express an opinion on them to Council.*

*The special purpose financial reports have been prepared for distribution to the Council and the Department of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. I disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Department of Local Government or for any purpose other than for which the report was prepared.*

*My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with those Australian Accounting Standards adopted and the Local Government Code of Accounting Practice and Financial Reporting so as to present a view which is consistent with our understanding of the Council's business activities and their financial position and, the results of their operations.*

*The audit opinion expressed in this report has been formed on the above basis.*

#### Audit Opinion

*In my opinion, the Special Purpose Financial Reports of Wingecarribee Council are presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.*

**PA Webster**

**Warton Thompson & Co**

*Dated at Sydney this 31st day of October 2013*

# WINGECARRIBEE SHIRE COUNCIL

## SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2013

### STATEMENT BY COUNCILLORS AND MANAGEMENT MADE PURSUANT TO THE LOCAL GOVERNMENT CODE OF ACCOUNTING PRACTICE AND FINANCIAL REPORTING

The attached special purpose Financial Statements have been drawn up in accordance with the

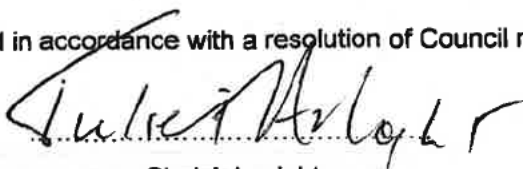
- NSW Government Policy Statement "*Application of National Competition Policy to Local Government*"
- Division of Local Government guidelines "*Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality*".
- Local Government Code of Accounting Practice and Financial Reporting
- The NSW Office of Water guidelines.

To the best of our knowledge and belief, these reports

- present fairly the financial position and operating result for each of Council's declared Business Units for the year, and
- accord with Council's accounting and other records

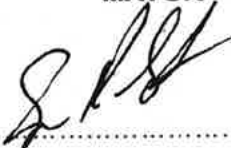
We are not aware of any matter that would render the reports false or misleading in any way.

Signed in accordance with a resolution of Council made on 25<sup>TH</sup> September 2013



Cllr J Arkwright

**MAYOR**



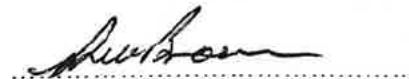
Jason R Gordon

**GENERAL MANAGER**



Cllr L Whipper

**DEPUTY MAYOR**



Robert W Brown

**RESPONSIBLE ACCOUNTING OFFICER**

## WINGECARRIBEE SHIRE COUNCIL

**INCOME STATEMENT**  
**WATER SUPPLY BUSINESS ACTIVITY**  
for the year ended 30th June 2013

	Notes	2013 '000	2012 '000	2011 '000
<b>INCOME FROM CONTINUING OPERATIONS</b>				
Access Charges	A4	3,030	2,503	2,191
User Charges	A4	7,197	5,480	5,016
Fees	A4	949	599	581
Interest Received	A4	512	745	628
Grants & Contributions - Operating	A4	225	412	543
Gain on Disposal of Assets	A5	-	-	15
Other Operating Revenues	A4	-	-	-
<b>TOTAL</b>		<b>11,913</b>	<b>9,739</b>	<b>8,974</b>
<b>EXPENSES FROM CONTINUING OPERATIONS</b>				
Employee Costs	A3	3,369	2,705	2,342
Materials & Contracts	A3	2,058	1,443	1,640
Borrowing Costs	A3	175	185	196
Depreciation & Amortisation	A3	4,419	4,475	4,119
Water Purchase Charges		1,098	937	765
Loss on Disposal of Assets	A5	12	11	-
Debt Guarantee Fee		170	170	169
NCP Tax Equivalents	1	100	-	-
Loss on Investments		-	1,504	-
Other Operating Expenses	A3	777	1,647	1,746
<b>TOTAL</b>		<b>12,178</b>	<b>13,076</b>	<b>10,976</b>
<b>CONTINUING OPERATIONS RESULT BEFORE CAPITAL AMOUNTS</b>		<b>(266)</b>	<b>(3,337)</b>	<b>(2,001)</b>
Grants & Contributions - Capital	A4	763	1,089	651
<b>RESULT FROM CONTINUING OPERATIONS</b>		<b>497</b>	<b>(2,248)</b>	<b>(1,350)</b>
Discontinued Operations		-	-	-
<b>SURPLUS (DEFICIT) BEFORE TAX</b>		<b>497</b>	<b>(2,248)</b>	<b>(1,350)</b>
Corporate Taxation Equivalent	1	-	-	-
<b>SURPLUS (DEFICIT) FOR YEAR</b>		<b>497</b>	<b>(2,248)</b>	<b>(1,350)</b>
Add: Accumulated Surplus brought forward		191,658	193,735	194,917
Adjustments for amounts unpaid		4,276	1,342	4,560
NCP Tax Equivalents retained	1	170	170	169
Debt Guarantee Fee retained	1	100	-	-
Corporate Tax Equivalent retained	1	-	-	-
Less: Dividends Paid	1	-	-	-
<b>ACCUMULATED SURPLUS</b>		<b>196,701</b>	<b>191,658</b>	<b>193,735</b>
<b>RATE OF RETURN ON CAPITAL</b>	1	<b>NIL</b>	<b>0.00%</b>	<b>0.00%</b>
<b>NOTIONAL SUBSIDY FROM COUNCIL</b>	1	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>Calculation of Dividend Payable during next financial year</i>				
Surplus after tax		497	(2,248)	(1,350)
Less: Capital grants & contribs from LWUs		225	-	-
Surplus for dividend calculation purposes		272	0	0
Dividend calculated from surplus		136	0	0

This Statement is to be read in conjunction with the attached Notes.

## WINGECARRIBEE SHIRE COUNCIL

**INCOME STATEMENT**  
**SEWERAGE BUSINESS ACTIVITY**  
for the year ended 30th June 2013

	Notes	2013 '000	2012 '000	2011 '000
<b>INCOME FROM CONTINUING OPERATIONS</b>				
Access Charges	A4	10,880	9,890	9,162
User Charges	A4	511	443	362
Liquid Trade Waste Charges	A4	108	107	90
Fees	A4	-	-	-
Interest Received	A4	362	473	448
Grants & Contributions - Operating	A4	156	146	139
Gain on Disposal of Assets	A5	-	-	-
Other Operating Revenues	A4	763	617	717
<b>TOTAL</b>		<b>12,781</b>	<b>11,675</b>	<b>10,917</b>
<b>EXPENSES FROM CONTINUING OPERATIONS</b>				
Employee Costs	A3	3,804	2,881	2,739
Materials & Contracts	A3	2,433	1,811	1,784
Borrowing Costs	A3	1,567	1,889	1,670
Depreciation & Amortisation	A3	3,924	4,091	3,532
Loss on Disposal of Assets	A5	26	2	9
NCP Tax Equivalents	1	362	362	343
Debt Guarantee Fee		744	-	-
Loss on Investments		-	572	-
Other Operating Expenses	A3	887	2,610	1,917
<b>TOTAL</b>		<b>13,748</b>	<b>14,218</b>	<b>11,994</b>
<b>CONTINUING OPERATIONS RESULT BEFORE CAPITAL AMOUNTS</b>		<b>(967)</b>	<b>(2,543)</b>	<b>(1,077)</b>
Grants & Contributions - Capital	A4	5,363	10,551	4,659
<b>RESULT FROM CONTINUING OPERATIONS</b>		<b>4,397</b>	<b>8,007</b>	<b>3,582</b>
Discontinued Operations		-	-	-
<b>SURPLUS (DEFICIT) BEFORE TAX</b>		<b>4,397</b>	<b>8,007</b>	<b>3,582</b>
Corporate Taxation Equivalent	1	-	-	-
<b>SURPLUS (DEFICIT) FOR YEAR</b>		<b>4,397</b>	<b>8,007</b>	<b>3,582</b>
Add: Accumulated Profits brought forward		214,935	199,064	193,862
Adjustments for amounts unpaid		677	7,502	1,277
NCP Tax Equivalents retained	1	362	362	343
Debt Guarantee Fee retained		744	-	-
Corporate Tax Equivalent retained		-	-	-
Less: Dividends Paid	1	-	-	-
<b>ACCUMULATED SURPLUS</b>		<b>221,115</b>	<b>214,935</b>	<b>199,064</b>
<b>RATE OF RETURN ON CAPITAL</b>	1	<b>0.25%</b>	<b>0.00%</b>	<b>0.34%</b>
<b>NOTIONAL SUBSIDY FROM COUNCIL</b>	1	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>Calculation of Dividend Payable during next financial year</i>				
Surplus after tax		4,397	8,007	3,582
Less: Capital grants & contribs from LWUs		4,749	9,185	3,868
Surplus for dividend calculation purposes		0	0	0
Dividend calculated from surplus		0	0	0

This Statement is to be read in conjunction with the attached Notes.

**WINGECARRIBEE SHIRE COUNCIL****STATEMENT OF FINANCIAL POSITION  
WATER SUPPLY BUSINESS ACTIVITY**

for the year ended 30th June 2013

	Notes	2013 '000	2012 '000
<b>CURRENT ASSETS</b>			
Cash & cash equivalents	A6	4,840	1,331
Investments	A6	15,000	14,242
Receivables	A7	2,321	1,910
Inventories	A8	86	82
Other	A8	56	141
Non-current assets held for sale			
<b>TOTAL CURRENT ASSETS</b>		<b>22,304</b>	<b>17,705</b>
<b>NON-CURRENT ASSETS</b>			
Investments	A6		1,681
Receivables	A7		
Inventories	A8		
Infrastructure, Property, Plant & Equipment	A9	178,451	176,180
Investment Property			
Other	A8		
<b>TOTAL NON-CURRENT ASSETS</b>		<b>178,451</b>	<b>177,862</b>
<b>TOTAL ASSETS</b>		<b>200,755</b>	<b>195,567</b>
<b>CURRENT LIABILITIES</b>			
Payables	A10	349	94
Interest bearing liabilities	A10	222	211
Provisions	A10	465	344
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,036</b>	<b>649</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables	A10		
Interest bearing liabilities	A10	2,998	3,220
Provisions	A10	20	40
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>3,018</b>	<b>3,260</b>
<b>TOTAL LIABILITIES</b>		<b>4,054</b>	<b>3,909</b>
<b>NET ASSETS</b>		<b>\$ 196,701</b>	<b>191,658</b>
<b>EQUITY</b>			
Accumulated Surplus		44,229	53,143
Asset Revaluation Reserve		152,472	138,515
<b>TOTAL EQUITY</b>		<b>\$ 196,701</b>	<b>191,658</b>

This Statement is to be read in conjunction with the attached Notes

**WINGECARRIBEE SHIRE COUNCIL****STATEMENT OF FINANCIAL POSITION  
SEWERAGE BUSINESS ACTIVITY  
for the year ended 30th June 2013**

	Notes	2013 '000	2012 '000
<b>CURRENT ASSETS</b>			
Cash & cash equivalents	A6	3,539	5,787
Investments	A6	6,000	841
Receivables	A7	2,863	2,596
Inventories	A8	5	4
Other	A8	207	143
Non-current assets held for sale			
<b>TOTAL CURRENT ASSETS</b>		<b>12,614</b>	<b>9,371</b>
<b>NON-CURRENT ASSETS</b>			
Investments	A6	200	2,101
Receivables	A7		
Inventories	A8		
Infrastructure, Property, Plant & Equipment	A9	235,812	227,734
Investment Property			
Other	A8		
<b>TOTAL NON-CURRENT ASSETS</b>		<b>236,012</b>	<b>229,835</b>
<b>TOTAL ASSETS</b>		<b>248,626</b>	<b>239,206</b>
<b>CURRENT LIABILITIES</b>			
Payables	A10	1,187	346
Interest bearing liabilities	A10	1,737	1,870
Provisions	A10	100	472
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,025</b>	<b>2,688</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables	A10		
Interest bearing liabilities	A10	24,463	21,527
Provisions	A10	24	55
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>24,487</b>	<b>21,582</b>
<b>TOTAL LIABILITIES</b>		<b>27,511</b>	<b>24,270</b>
<b>NET ASSETS</b>		<b>\$ 221,115</b>	<b>214,935</b>
<b>EQUITY</b>			
Accumulated Surplus		100,749	95,246
Asset Revaluation Reserve		120,366	119,689
<b>TOTAL EQUITY</b>		<b>\$ 221,115</b>	<b>214,935</b>

This Statement is to be read in conjunction with the attached Notes

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2013

### Note 1 - SIGNIFICANT ACCOUNTING POLICIES

#### 1. The Special Purpose Financial Statements

These financial statements are a Special Purpose Financial Report prepared for use by the Council and the Division of Local Government. They have been prepared to report the results of business units determined by Council in accordance with the requirements of National Competition Policy guidelines, and the specific requirements relating to Best Practice Management of water and sewer business units. For the purposes of these statements, the Council is not a reporting not-for-profit entity.

In preparing these reports, each business unit has been viewed as a separate unit, and accordingly transactions between different business units, and between business units and other Council operations, have not been eliminated.

#### 2. Basis of Accounting

##### 2.1 Compliance

The financial reports comply with the Local Government Code of Accounting Practice and Financial Reporting, and with the principles of the June 1996 NSW Government Policy Statement *"Application of National Competition Policy to Local Government"*, the Department of Local Government's July 1997 guidelines *"Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality"* and the NSW Office of Water, Department of Environment, Climate Change and Water 2007 guidelines *"Best-Practice Management of Water Supply and Sewerage"*.

Except where directed to the contrary by the above documents, the financial report also complies with all applicable Australian Accounting Standards and professional pronouncements, and is based on information consistent with that forming the basis of Council's general purpose Annual Financial Statements for the year.

##### 2.2 Basis

The financial report has been prepared on the accrual basis of accounting and, except where specifically indicated in these Notes or in the Notes to the general purpose Annual Financial Statements, in accordance with the historical cost convention.

#### 3. National Competition Policy

In accordance with the framework set out in the June 1996 NSW Government Policy Statement *"Application of National Competition Policy to Local Government"* and other guidelines and documentation in relation to this matter, Council has declared that the following are to be considered as Business Units:

##### Wingecarribee Shire Council Water Fund

Comprising the whole of the operations and assets of the water supply systems servicing the major towns of Moss Vale, Bowral, Mittagong, Robertson and Bundanoon and surrounding villages and are all included in the Wingecarribee Shire Council Water Fund (see item 4 below). As the total annual operating revenues exceed \$2,000,000, it is defined as a "Category 1" Business Unit.

##### Wingecarribee Shire Council Sewerage Fund

Comprising the whole of the operations and assets of the sewerage reticulation and treatment system servicing the major towns of Moss Vale, Bowral and Bundanoon, and Mittagong and surrounding villages, and the village of Berrima and are all included in the Wingecarribee Shire Council Sewer Fund (see item 4 below). As the total annual operating revenues exceed \$2,000,000, it is defined as a "Category 1" Business Unit.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

**Note 1 - Significant Accounting Policies (cont)**

The Division of Local Government's July 1997 guidelines "*Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality*" outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, council subsidies, rate of return on investments in business units and dividends paid. The NSW Office of Water, Department of Environment, Climate Change and Water's 2007 guidelines "*Best-Practice Management of Water Supply and Sewerage*" include specific requirements relating to the calculation and payment of "dividends" by water supply and sewerage business units.

**3.1 Taxation Equivalent Payments**

Council does not pay certain taxes and duties that are paid by equivalent private sector operations, but is liable for others. The Special Purpose Financial Reports disclose the effect of imputing these taxes to the declared business units at the several rates that would have applied to equivalent private sector operations. The NSW Office of Water's guidelines "*Best-Practice Management of Water Supply and Sewerage*" require that imputed amounts be paid into the general funds of the Council where it may be applied for any permitted purpose of the Local Government Act 1993 (as amended).

Details of the rates of each tax or duty applicable to each different business unit are set out in the table forming item 7 of this Note. The narration "applies" indicates that the tax or duty has in fact been paid to the taxing authority by the Business Unit, and that these costs have been included in actual Operating Expenses, and the narration "various" indicates that Council has based the calculation of imputed tax on the differing rates of tax or duty applicable to different purchases.

**3.2 Council Rates, Charges & Fees**

Council rates have been *imputed* in relation to all non-rateable land, and *applied* in relation to all rateable land, owned or exclusively used by all business units. Annual and User Charges, and Regulatory and Other Fees, have been *applied* in relation to all services supplied to business units by Council or other business units.

**3.3 Loan & Debt Guarantee Fees**

The debt guarantee fee is designed to ensure that Council's business units face equivalent commercial borrowing costs to private sector competitors. In order to calculate the debt guarantee fees, Council has determined the average differential between actual and commercial borrowing rates for each business unit.

**3.4 Corporate Taxation Equivalent**

In accordance with the Code of Local Government Accounting Practice and Financial Reporting, income taxation has been calculated on the Operating Result before Capital Amounts disclosed in the Statements of Financial Performance of the Special Purpose Financial Reports. No allowance has been made for non-deductible items, timing differences or carried forward losses. Australian Accounting Standard AASB 112 "Income Taxes" has not been applied.

**3.5 Dividends Paid**

In accordance with National Competition Policy guidelines, it is expected that business units will pay dividends to its owner, Council, equivalent to those paid by private sector competitors. In accordance with the Code of Local Government Accounting Practice and Financial Reporting, the rate of dividend paid has been expressed as a percentage of the Change in Net Assets Resulting from Operations after Taxation.

Council is permitted, but not required, to pay a dividend to the general funds of the Council from surpluses generated by water supply and sewerage operations. The maximum amount of such dividend permitted under the "*Best-Practice Management of Water Supply and Sewerage*" guidelines is set out at the foot of the relevant Statements of Financial Performance. Actual payment of the dividend is subject to compliance with the procedures set out in the guidelines.

**3.6 Return on Investment (Rate of Return)**

The Policy statement states that Category 1 businesses "would be expected to generate a rate of return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field." In accordance with the Code of Accounting Practice, the rate of return on monopoly businesses such as water and sewerage services has been set at an amount sufficient to cover costs and replace assets needed to maintain services. For competitive markets, the rate of return has been set equal to or better than the return on Commonwealth 10 year bonds.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

**Note 1 - Significant Accounting Policies (cont)**

In accordance with the Code of Accounting Practice, the rate of return has been calculated as the Operating Result before Capital Amounts plus Interest Expense expressed as a percentage of the carrying value of Property, Plant & Equipment at the reporting date.

**3.7 Notional Subsidy from Council**

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis, or accepts a lower rate of return on its investment in the business unit than would be acceptable to a private sector competitor.

In accordance with the Code of Accounting Practice, this amount has been calculated as the dollar difference between the required and actual rates of return.

**4. Special Rate Funds**

The Local Government Act 1993 (as amended) requires that moneys raised by way of Special Rates (or for Domestic Waste Management) be used only for those purposes, except for "dividends" payable in accordance with the *"Best-Practice Management of Water Supply and Sewerage"* guidelines, which also impose limits on the amounts payable. Accordingly, *imputed* amounts in excess of the permitted limits have been retained in those funds, and added back to Accumulated Surplus.

For Business Units not involving Special Rate Funds, *imputed* amounts have been transferred to Council's General Fund and are available to Council for utilisation for other purposes.

All such amounts have been eliminated in the course of preparation of the Council's general purpose Annual Financial Statements.

**5. Other Accounting Policies and Notes**

Other accounting policies relating to the determination of revenues and expenses, and assets and liabilities, not specifically referred to above are reported in Note 1 to the Council's Annual Financial Statements, and should be read in conjunction with this Note. Note references in the Statements of Financial Performance of Business Activities and the Statement of Financial Position of Business Activities that are prefixed "A" refer to the Notes to the Annual Financial Statements.

**6. Rounding**

In accordance with the Code of Accounting Practice all amounts shown in these statements are in Australian currency and, other than Notes 2 & 3, have been rounded to the nearest thousand dollars; amounts in Notes 2 & 3 are shown in whole dollars to meet the requirements of the NSW Office of Water.

**7. National Competition Policy Notional Payments**

The table forming part of this Note immediately follows.

**WINGECARRIBEE SHIRE COUNCIL****NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL REPORTS****NOTE 1 Table - NATIONAL COMPETITION POLICY NOTIONAL PAYMENTS  
for the year ended 30th June 2013**

	<b>BUSINESS ACTIVITIES</b>			
	<b>WATER</b>		<b>SEWER</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Category</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>TAXATION EQUIVALENT PAYMENTS</b>	<i>Rate</i>	<i>Rate</i>	<i>Rate</i>	<i>Rate</i>
Land Tax	<b>0.016</b>	<b>0.016</b>	<b>0.016</b>	<b>0.016</b>
Stamp Duty	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Payroll Tax	<b>Applies</b>	<b>Applies</b>	<b>Applies</b>	<b>Applies</b>
Fringe Benefits Tax	<b>Applies</b>	<b>Applies</b>	<b>Applies</b>	<b>Applies</b>
<b>COUNCIL RATES, CHARGES &amp; FEES</b>	See Note 1, Item 3.2			
<b>LOAN &amp; DEBT GUARANTEE FEES</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>
<b>CORPORATE TAXATION EQUIVALENT</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>
<b>DIVIDENDS PAID</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>RATE OF RETURN ON CAPITAL</b>				
Required Rate of Return				
Actual Rate of Return	<b>NIL</b>	<b>0.00%</b>	<b>0.25%</b>	<b>0.34%</b>

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE STATEMENTS for the year ended 30th June 2013

### Note 2 - BEST PRACTICE MANAGEMENT DISCLOSURES - WATER SUPPLY

	2013 \$
<i>Values shown in this Note are expressed in WHOLE DOLLARS</i>	
<b>Calculation and Payment of Tax-Equivalents</b>	
(i) Calculated Tax Equivalents	170,480
(ii) No of assessments multiplied by \$3/assessment	57,834
(iii) Amounts payable for Tax Equivalents	57,834
(iv) Tax Equivalents paid	57,834
<b>Dividend from Surplus</b>	
(i) 50% of Surplus before Dividends <i>(Calculated in accordance with Best Practice Management for Water Supply and Sewerage guidelines.)</i>	2,432,706
(ii) No of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	520,506
(iii) Cumulative Surplus before Dividends for 3 years to 30 June 2010, less cumulative dividends paid for 2 years to 30 June 2009	
(iv) Maximum Dividend from Surplus <i>(least of (i), (ii) and (iii) )</i>	520,506
(v) Dividend paid from Surplus	
<b>Required Outcomes for 6 Criteria</b>	
(i) Completion of Strategic Business Plan (including Financial Plan)	Y
(ii) Pricing with full cost-recovery, without significant cross subsidies <i>(Item 2(a) in Table 1 on page 22 of Best Practice guidelines)</i>	Y
Complying charges <i>(Item 2(b) in Table 1)</i>	Y
DSP with Commercial Developer Charges <i>(Item 2(e) in Table 1)</i>	Y
If Dual Water Supplies, Complying Charges <i>(Item 2(g) in Table 1)</i>	Y
(iii) Sound Water Conservation & Demand Management Implemented	Y
(iv) Sound Drought Management implemented	Y
(v) Complete Performance Reporting Form <i>(by 15 September each year)</i>	Y
(vi) Complete Integrated Water Cycle Management Evaluation	Y
(vii) Complete and implement Integrated Water Cycle Management Strategy	N
<b>National Water Initiative (NWI) Financial Performance Indicators</b>	
NWI F1 Total Revenue (Water)	\$'000 12,212
NWI F4 Residential Revenue from Usage Charges (Water)	% 68
NWI F9 Written Down Replacement Cost of Fixed Assets (Water)	\$'000 170,821
NWI F11 Operating Cost (OMA) (Water)	\$'000 6,526
NWI F14 Capital Expenditure (Water)	\$'000 2,420
NWI F17 Economic Real Rate of Return (Water)	% 1
NWI F20 Capital Works Grants (Water)	\$'000

# WINGECARRIBEE SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE STATEMENTS for the year ended 30th June 2013

### Note 3 - BEST PRACTICE MANAGEMENT DISCLOSURES - SEWERAGE

	2013
	\$
<i>Values shown in this Note are expressed in WHOLE DOLLARS</i>	
<b>Calculation and Payment of Tax-Equivalents</b>	
(i) Calculated Tax Equivalents	362,120
(ii) No of assessments multiplied by \$3/assessment	48,864
(iii) Amounts payable for Tax Equivalents (lesser of (i) and (ii) )	48,864
(iv) Tax Equivalents paid	48,864
<b>Dividend from Surplus</b>	
(i) 50% of Surplus before Dividends (Calculated in accordance with Best Practice Management for Water Supply and Sewerage guidelines.)	
(ii) No of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	439,776
(iii) Cumulative Surplus before Dividends for 3 years to 30 June 2010, less cumulative dividends paid for 2 years to 30 June 2009	
(iv) Maximum Dividend from Surplus (least of (i), (ii) and (iii) )	0
(v) Dividend paid from Surplus	
<b>Required Outcomes for 4 Criteria</b>	
(i) Complete current Strategic Business Plan (including Financial Plan)	Y
(ii) Pricing with full cost-recovery, without significant cross subsidies (Item 2(a) in Table 1 on page 18 of Best practice guidelines)	Y
Complying charges (a) Residential (Item 2(c) in Table 1)	Y
(b) Non-Residential (Item 2(c) in Table 1)	Y
(c) Trade Waste (Item 2(d) in Table 1)	Y
DSP with Commercial Developer Charges (Item 2(e) in Table 1)	Y
Liquid Trade Waste Approvals & Policy (Item 2(f) in Table 1)	Y
(iii) Complete Performance Reporting Form (by 15 September each year)	Y
(iv) a. Complete Integrated Water Cycle Management Evaluation	Y
(iv) b. Complete and implement Integrated Water Cycle Management Strategy	N
<b>National Water Initiative (NWI) Financial Performance Indicators</b>	
NWI F2 Total Revenue (Sewerage)	\$'000 13,189
NWI F10 Written Down Replacement Cost of Fixed Assets (Sewerage)	\$'000 223,090
NWI F12 Operating Cost (Sewerage)	\$'000 6,237
NWI F15 Capital Expenditure (Sewerage)	\$'000 11,358
NWI F18 Economic Real Rate of Return (Sewerage)	% 1.35%
NWI F27 Capital Works Grants (Sewer)	\$'000 4,593
NWI F3 Total Income (Water & Sewerage)	\$'000 25,362
NWI F8 Revenue from Community Service Obligations (Water & Sewerage)	% 1.31%
NWI F16 Capital Expenditure (Water & Sewerage)	\$'000 13,778
NWI F19 Economic Real Rate of Return (Water & Sewerage)	% 1.09%
NWI F20 Dividend (Water & Sewerage)	\$'000 0
NWI F21 Dividend Payout Ratio (Water & Sewerage)	% 0.00%
NWI F22 Net Debt to Equity (Water & Sewerage)	% -0.04%
NWI F23 Interest Cover (Water & Sewerage)	times 1.37
NWI F24 Net Profit after Tax (Water & Sewerage)	\$'000 300
NWI F25 Community Service Obligations (Water & Sewerage)	\$'000 331

# WINGECARRIBEE SHIRE COUNCIL

## Special Schedules

for the year ended 30th June 2013

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# WINGECARRIBEE SHIRE COUNCIL

## SPECIAL SCHEDULE NO 1 NET COST OF SERVICES for the year ended 30th June 2013

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations (non-capital)	Income from continuing operations (capital)	NET COST OF SERVICES
<b>GOVERNANCE</b>	1,821	649	-	1,172
<b>ADMINISTRATION</b>	27,241	854	194	26,193
<b>PUBLIC ORDER &amp; SAFETY</b>				
Fire Service Levy, Fire Protection, Emergency Services	969	374	751	(156)
Beach Control	-	-	-	-
Enforcement of Regulations	521	-	-	521
Animal Control	382	285	-	97
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	1,872	659	751	462
<b>HEALTH</b>	672	53	-	619
<b>ENVIRONMENT</b>				
Noxious Plants and Insect / Vermin Control	443	60	-	383
Other Environmental Protection	1,239	582	2,292	(1,636)
Solid Waste Management	8,742	7,929	-	813
Street Cleaning	858	-	-	858
Drainage	195	16	-	180
Stormwater Management	427	587	-	(160)
<b>Total Environment</b>	11,904	9,174	2,292	438
<b>COMMUNITY SERVICES &amp; EDUCATION</b>				
Administration & Education	73	136	-	(63)
Social Protection (welfare)	274	-	-	274
Aged Persons & Disabled	6	-	-	6
Childrens Services	733	619	-	114
<b>Total Community Services &amp; Education</b>	1,085	755	-	330
<b>HOUSING &amp; COMMUNITY AMENITIES</b>				
Public Cemeteries	167	172	-	(5)
Public Conveniences	373	-	-	373
Street Lighting	678	13	-	665
Town Planning	1,250	127	-	1,123
Other Community Amenities	70	-	-	70
<b>Total Housing &amp; Community Amenities</b>	2,537	312	-	2,226
<b>WATER SUPPLIES</b>	10,314	11,182	-	(868)
<b>SEWERAGE SERVICES</b>	11,001	12,510	4,593	(6,103)

# WINGECARRIBEE SHIRE COUNCIL

## SPECIAL SCHEDULE NO 1 - NET COST OF SERVICES (cont) for the year ended 30th June 2013

**\$'000**

Function or Activity	Expenses from continuing operations	Income from continuing operations (non-capital)	Income from continuing operations (capital)	NET COST OF SERVICES
<b>RECREATION &amp; CULTURE</b>				
Public Libraries	1,118	159	-	959
Museums	-	-	-	-
Art Galleries	16	-	-	16
Community Centres and Halls	718	41	-	677
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	164	8	-	156
Sporting Grounds	430	120	30	280
Swimming Pools	209	340	-	(131)
Parks & Gardens, Lakes	2,452	132	-	2,320
Other Sport & Recreation	37	-	-	37
<b>Total Recreation &amp; Culture</b>	<b>5,144</b>	<b>801</b>	<b>30</b>	<b>4,314</b>
<b>FUEL &amp; ENERGY</b>	-	-	-	-
<b>AGRICULTURE</b>	-	-	-	-
<b>MINING, MANUFACTURING &amp; CONSTRUCTION</b>				
Building Control	2,776	1,440	-	1,336
Other Mining Manufacturing & Construction	116	91	-	25
<b>Total Mining Manufacturing &amp; Construction</b>	<b>2,892</b>	<b>1,531</b>	<b>-</b>	<b>1,361</b>
<b>TRANSPORT &amp; COMMUNICATION</b>				
Urban Roads: Local	1,161	1,235	1,581	(1,655)
Urban Roads: Regional	1,159	-	-	1,159
Sealed Rural Roads: Local	-	-	-	-
Sealed Rural Roads: Regional	747	-	-	747
Unsealed Rural Roads: Local	116	-	-	116
Unsealed Rural Roads: Regional	699	-	-	699
Bridges - Urban Roads: Local	84	-	-	84
Bridges - Sealed Rural Roads: Local	-	-	-	-
Bridges - Unsealed Rural Roads: Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	176	-	-	176
Footpaths	345	-	-	345
Aerodromes	-	-	-	-
Other Transport & Communication	1,252	823	133	296
<b>Total Transport &amp; Communication</b>	<b>5,739</b>	<b>2,058</b>	<b>1,714</b>	<b>1,967</b>
<b>ECONOMIC AFFAIRS</b>				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	17	1,453	-	(1,436)
<b>Total Economic Affairs</b>	<b>17</b>	<b>1,453</b>	<b>-</b>	<b>(1,436)</b>
<b>TOTALS - FUNCTIONS</b>	<b>82,240</b>	<b>41,990</b>	<b>9,574</b>	<b>30,677</b>
<b>General Purpose Revenues</b>				<b>36,159</b>
<b>Equity accounted income (loss)</b>				<b>-</b>
				<b>36,159</b>
<b>NET OPERATING RESULT FOR YEAR</b>				<b>5,482</b>

# WINGECARRIBEE SHIRE COUNCIL

## SPECIAL SCHEDULE NO 2 (1) STATEMENT OF LONG TERM DEBT (ALL PURPOSE) for the year ended 30th June 2013

\$'000

Classification of Debt	Principal Outstanding at beginning of year			New Loans Raised	Debt Redemption		Tfrs to Sinking Funds	Interest applicable for year	Principal outstanding at end of year		
	Current	Non-Current	Total		From Revenue	Sinking Funds			Current	Non-Current	Total
<b>LOANS (by source)</b>											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	265	1,280	1,545	-	147	-	-	-	265	1,133	1,398
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	2,323	27,241	29,564	12,500	2,188	-	-	2,038	2,259	37,617	39,876
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	-	-	<b>31,109</b>	<b>12,500</b>	<b>2,335</b>	-	-	<b>2,038</b>	<b>2,524</b>	<b>38,749</b>	<b>41,274</b>
<b>OTHER LONG TERM DEBT</b>											
Ratepayers' Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payment	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other Long Term Debt</b>	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL LONG TERM DEBT</b>	-	-	<b>31,109</b>	<b>12,500</b>	<b>2,335</b>	-	-	<b>2,038</b>	<b>2,524</b>	<b>38,749</b>	<b>41,274</b>

This Schedule excludes Internal Loans and refinancing of existing borrowings.

# WINGECARRIBEE SHIRE COUNCIL

## SPECIAL SCHEDULE NO 2 (2) STATEMENT OF INTERNAL LOANS for the year ended 30th June 2013

\$'000

### SUMMARY OF INTERNAL LOANS

Borrower (by purpose)	Amount Originally Raised	Total Repaid During Year Principal & Interest	Principal Outstanding at End of Year
General	-	-	-
Water	-	-	-
Sewerage	-	-	-
Domestic Waste Management	-	-	-
Gas	-	-	-
Other	1,584	117	759
<b>Totals</b>	<b>1,584</b>	<b>117</b>	<b>759</b>

The above summary of internal loans represents the total of Council's internal loans categorised according to the purpose of the borrower. Details of individual internal loans are set out below.

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Maturity Date	Rate of Interest	Amount Originally Raised	Paid During Year - Princ and Interest	Principal Outstanding End of Year
General - Central Library	General PDR Reserve		30.06.98	9	30.06.07	7.5	725	44	60
General - Saleyards	General PDR Reserve		30.06.06	5	30.06.11	7	859	73	699
0									
0									
0									
0									
<b>Totals</b>							<b>1,584</b>	<b>117</b>	<b>759</b>

# WINGECARRIBEE SHIRE COUNCIL

## SPECIAL SCHEDULE NO 3 WATER SUPPLY OPERATIONS (Gross including Internal Transactions) for the year ended 30th June 2013

<b>A. EXPENSES &amp; REVENUES</b>	<b>2013</b>	<b>2012</b>
<b>EXPENSES</b>	<b>\$'000</b>	<b>\$'000</b>
1.a. Management - Administration	1,772	1,784
b. - Engineering & Supervision	756	848
2 Operations		
a. - Dams & Weirs - Operation Expenses	-	-
b. - Maintenance Expenses	20	38
c. - Mains - Operation Expenses	-	-
d. - Maintenance Expenses	610	200
e. - Reservoirs - Operation Expenses	223	129
f. - Maintenance Expenses	435	135
g. - Pumping Stations - Operation Expenses	16	14
h. - Energy Costs	650	496
i. - Maintenance Expenses	17	16
j. - Treatment - Operation Expenses	375	346
k. - Chemical Costs	292	222
l. - Maintenance Expenses	249	280
m. - Other - Operation Expenses	12	40
n. - Maintenance Expenses	-	-
o. - Purchase of Water	1,098	-
3.a. Depreciation - System Assets	4,419	4,342
b. - Plant & Equipment	-	132
4.a. Miscellaneous - Interest expenses	175	185
b. - Revaluation decrements	-	-
c. - Other	777	2,252
d. - NCP Tax & Other Equivalents	270	-
e. - Impairment system assets	-	-
f. - Impairment plant and equipment	-	-
g. - Aboriginal Communities Water & Sewerage Program	-	-
<b>5 Total Expenses</b>	<b>12,166</b>	<b>11,460</b>
<b>REVENUE</b>		
6 Residential Charges		
a. - Access (including rates)	2,555	2,119
b. - User Charges	5,374	3,960
7 Non-Residential Charges		
a. - Access (including rates)	476	384
b. - User Charges	1,823	1,520
8 Extra Charges	48	31
9 Interest income	464	713
10 Other Income	949	599
10a. - Aboriginal Communities Water & Sewerage Program	-	-
11.a. Grants - Acquisition of Assets	-	-
b. - Pensioner Rebates	175	170
c. - Other	50	242
12.a. Contributions - Developer Charges	763	1,089
b. - Developer Provided Assets	-	-
c. - Other Contributions	-	-
<b>13 Total Revenues</b>	<b>12,676</b>	<b>10,828</b>
14 Gain (Loss) on Disposal of Assets	(12)	(11)
<b>15 OPERATING RESULT</b>	<b>497</b>	<b>(643)</b>
15a. Operating Result before Grants for Acquisition of Assets	497	(643)

# WINGECARRIBEE SHIRE COUNCIL

## SPECIAL SCHEDULE NO 3 - WATER SUPPLY OPERATIONS (cont)

	2013 \$'000	2012 \$'000
<b>B. CAPITAL TRANSACTIONS</b>		
<b><u>Non - Operating Expenditure</u></b>		
16 Acquisition of Fixed Assets		
a. - New assets for improved standards	-	-
b. - New assets for growth	358	1,266
c. - Renewals	1,934	1,095
d. - Plant & Equipment	128	132
17 Repayment of Debt		
a. - Loans	211	200
b. - Advances	-	-
c. - Finance Leases	-	-
18 Transfers to Sinking Funds	-	-
19 Total Non-Operating Expenditure	<u>2,631</u>	<u>2,694</u>
<b><u>Non-Operating Funds Employed</u></b>		
20 Proceeds from Disposal of Assets	60	135
21 Borrowings Utilised		
a. - Loans	-	-
b. - Advances	-	-
c. - Finance Leases	-	-
22 Transfers from Sinking Funds	-	-
23 Total Non-Operating Funds Employed	<u>60</u>	<u>135</u>
<b>C. RATES &amp; CHARGES</b>		
24 Number of Assessments		
a. - Residential (occupied)	16,838	
b. - Residential (unoccupied - vacant land)	786	
c. - Non-Residential (occupied)	1,271	
d. - Non -Residential (unoccupied - vacant land)	383	
25 Number of ETs for which Developer Charges were	0 ET	
26 Total Amount of Pensioner Rebates	319 \$'000	
<b>D. BEST PRACTICE ANNUAL CHARGES &amp; DEVELOPER CHARGES</b>		
27 Annual Charges		
a Does Council have best-practice water supply annual charges and usage charges? Y		
If Yes, go to 28a.		
If No, has Council removed <u>land value</u> from access charges (i.e. rates)		0
b Cross subsidy <u>from</u> residential customers using less than allowance		
c Cross subsidy <u>to</u> non-residential customers		
d Cross subsidy <u>to</u> large connections in unmetered supplies		
28 Developer Charges		
a Has Council completed a water supply Development Servicing Plan? Y		
b Total cross-subsidy in water supply developer charges		
29 TOTAL OF CROSS SUBSIDIES		

Councils which have not yet implemented best practice water supply pricing should disclose cross subsidies in items 27b, 27c and 27d above. However, disclosure of cross-subsidies is NOT required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

# WINGECARRIBEE SHIRE COUNCIL

## SPECIAL SCHEDULE NO 4 WATER SUPPLY - STATEMENT OF FINANCIAL POSITION (Gross including Internal Transactions) for the year ended 30th June 2013

	Current \$'000	Non-Current \$'000	Total \$'000
<b>ASSETS</b>			
30 Cash and Investments			
a. - Developer Charges	6,761	-	6,761
b. - Specific Purpose Grants	-	-	-
c. - Accrued Leave	-	-	-
d. - Unexpended Loans	-	-	-
e. - Sinking Funds	-	-	-
f. - Other	13,079	-	13,079
31 Receivables			
a. - Specific Purpose Grants	120	-	120
b. - Rates & Availability Charges	246	-	246
c. - User charges	1,956	-	1,956
d. - Other	-	-	-
32 Inventories	86	-	86
33 Property, Plant & Equipment			
a. - System Assets		177,652	177,652
b. - Plant & Equipment		800	800
34 Other	56	-	56
35 <b>Total Assets</b>	<u>22,304</u>	<u>178,451</u>	<u>200,755</u>
<b>LIABILITIES</b>			
36 Bank Overdraft	-	-	-
37 Creditors	349	-	349
38 Borrowings			
a. - Loans	222	2,998	3,220
b. - Advances	-	-	-
c. - Finance Leases	-	-	-
39 Provisions			
- Tax Equivalents	-	-	-
a. - Dividend	-	-	-
b. - Other	465	20	486
40 <b>Total Liabilities</b>	<u>1,036</u>	<u>3,018</u>	<u>4,054</u>
41 <b>NET ASSETS COMMITTED</b>	<u>21,267</u>	<u>175,434</u>	<u>196,701</u>
<b>EQUITY</b>			
42 Accumulated Surplus			44,229
43 Asset Revaluation Reserve			152,472
44 <b>Total Equity</b>			<u>196,701</u>
45 Current Replacement Cost of System Assets			305,850
46 Accumulated Current Cost Depreciation of System Assets			135,029
47 Written Down Current Cost of System Assets			<u>170,821</u>

# WINGECARRIBEE SHIRE COUNCIL

## SPECIAL SCHEDULE NO 5 SEWERAGE SERVICE OPERATIONS (Gross including Internal Transactions) for the year ended 30th June 2013

<b>A. EXPENSES &amp; REVENUES</b>	<b>2013</b>	<b>2012</b>
<b>EXPENSES</b>	<b>\$'000</b>	<b>\$'000</b>
1.a. Management - Administration	1,660	1,919
b. - Engineering & Supervision	626	302
2 Operations & Maintenance Expenses		
a. -Mains - Operation Expenses	-	-
b. -Maintenance Expenses	841	954
c. - Pumping Stations - Operation Expenses	511	461
d. - Energy Costs	255	200
e. - Maintenance Expenses	136	180
f. - Treatment - Operation Expenses	1,120	821
g. - Chemical Costs	168	262
h. - Energy Costs	391	395
i. - Effluent Management	73	59
j. - Biosolids Management	158	199
k. - Maintenance Expenses	297	287
l. - Other - Operation Expenses	-	-
m. - Maintenance Expenses	-	-
3.a. Depreciation - System Assets	3,924	3,954
b. - Plant & Equipment	-	-
4.a. Miscellaneous - Interest expense	1,567	1,793
b. - Revaluation decrements	-	-
c. - Other	887	1,914
c. - NCP Tax & Other Equivalents	1,106	-
d. - Impairment system assets	-	-
e. - Impairment plant and equipment	-	-
f. - Aboriginal Communities Water & Sewerage Program	-	-
<b>5 Total Expenses</b>	<b>13,721</b>	<b>13,698</b>
<b>REVENUE</b>		
6 Residential Charges (including rates)	9,761	8,973
7 Non-Residential Charges		
a Access (including rates)	1,088	889
b User Charges	511	443
8 Trade Waste Charges		
a Annual Fees	31	28
b User Charges	108	107
c Excess Mass Charges	-	-
Re-inspection charges	-	-
9 Extra Charges	-	19
10 Interest income	362	454
11 Other Income	763	617
11a. Aboriginal Communities Water & Sewerage Program	-	-
12.a. Grants - Acquisition of Assets	4,593	9,185
b. - Pensioner Rebates	156	146
c. - Other	-	-
13.a Contributions - Developer Charges	770	1,366
b. - Developer Provided Assets	-	-
c. - Other Contributions	-	-
<b>14 Total Revenues</b>	<b>18,144</b>	<b>22,225</b>
15 Gain (Loss) on Disposal of Assets	(26)	(2)
<b>16 OPERATING RESULT</b>	<b>4,397</b>	<b>8,525</b>
16.a. Operating Result before Grants for Acquisition of Assets	(197)	(660)

# WINGECARRIBEE SHIRE COUNCIL

## SPECIAL SCHEDULE NO 5 - SEWERAGE SERVICE OPERATIONS (cont)

	2013 \$'000	2012 \$'000
<b>B. CAPITAL TRANSACTIONS</b>		
<b><u>Non - Operating Expenditure</u></b>		
17 Acquisition of Fixed Assets		
a. - New assets for improved standards	-	-
b. - New assets for growth	10,559	13,372
c. - Renewals	799	1,548
d. - Plant & Equipment	-	123
18 Repayment of Debt		
a. - Loans	1,737	1,630
b. - Advances	-	-
c. - Finance Leases	-	-
19 Transfers to Sinking Funds	-	-
20 <b>Total Non-Operating Expenditure</b>	<b>13,096</b>	<b>16,673</b>
<b><u>Non-Operating Funds Employed</u></b>		
21 Proceeds of Disposal of Assets	78	35
22 Borrowings Utilised		
a. - Loans	4,500	-
b. - Advances	-	-
c. - Finance Leases	-	-
23 Transfers from Sinking Funds	-	-
24 <b>Total Non-Operating Funds Employed</b>	<b>4,578</b>	<b>35</b>
<b>C. RATES AND CHARGES</b>		
25 Number of Assessments		
a. - Residential (occupied)	14,708	
b. - Residential (unoccupied - vacant land)	590	
c. - Non-Residential (occupied)	886	
d. - Non-Residential (unoccupied - vacant land)	104	
26 Number of ETs for which Developer Charges were	- ET	
27 Total Amount of Pensioner Rebates	284	\$'000
<b>D. BEST PRACTICE ANNUAL CHARGES &amp; DEVELOPER CHARGES</b>		
28 <b>Annual Charges</b>		
Does Council have best-practice sewerage annual charges, usage charges and trade waste fees and charges?	<input type="text" value="Y"/>	
If Yes, go to 29a.		
If No, has Council removed <b>land value</b> from access charges (i.e. rates)	<input type="text"/>	
b Cross subsidy <u>to</u> non-residential customers		
c Cross subsidy <u>to</u> trade waste dischargers		
29 <b>Developer Charges</b>		
a Has Council completed a sewerage Development Servicing Plan?	<input type="text"/>	
b Total cross-subsidy in sewerage developer charges		
30 <b>TOTAL OF CROSS SUBSIDIES</b>		-

Councils which have not yet implemented best practice sewerage pricing and trade waste pricing should disclose cross subsidies in items 28b and 28c above. However, disclosure of cross-subsidies is NOT required where a Council has implemented best practice sewerage and liquid trade waste pricing and is phasing in such pricing over

# WINGECARRIBEE SHIRE COUNCIL

## SPECIAL SCHEDULE NO 6 SEWERAGE SERVICES - STATEMENT OF FINANCIAL POSITION (Gross including Internal Transactions) for the year ended 30th June 2013

	Current \$'000	Non-Current \$'000	Total \$'000
<b>ASSETS</b>			
31 Cash and Investments			
a. - Developer Charges	3,765	-	3,765
b. - Specific Purpose Grants	-	-	-
c. - Accrued Leave	-	-	-
d. - Unexpended Loans	-	-	-
e. - Sinking Funds	-	200	200
f. - Other	5,775	-	5,775
32 Receivables			
a. - Specific Purpose Grants	103	-	103
b. - Rates & Availability Charges	118	-	118
c. - User charges	2,642	-	2,642
d. - Other	-	-	-
33 Inventories	5	-	5
34 Property, Plant & Equipment			
a. - System Assets		234,927	234,927
b. - Plant & Equipment		885	885
35 Other	207	-	207
36 <b>Total Assets</b>	<u>12,614</u>	<u>236,012</u>	<u>248,626</u>
<b>LIABILITIES</b>			
37 Bank Overdraft	-	-	-
38 Creditors	1,187	-	1,187
39 Borrowings			
a. - Loans	1,737	24,463	26,200
b. - Advances	-	-	-
c. - Finance Leases	-	-	-
40 Provisions			
- Tax Equivalents	-	-	-
a. - Dividend	-	-	-
b. - Other	100	24	124
41 <b>Total Liabilities</b>	<u>3,025</u>	<u>24,487</u>	<u>27,511</u>
42 <b>NET ASSETS COMMITTED</b>	<u>9,589</u>	<u>211,526</u>	<u>221,115</u>
<b>EQUITY</b>			
43 Accumulated Surplus			100,749
44 Asset Revaluation Reserve			120,366
45 <b>Total Equity</b>			<u>221,115</u>
46 Current Replacement Cost of System Assets			301,017
47 Accumulated Current Cost Depreciation of System Assets			77,927
48 Written Down Current Cost of System Assets			<u>223,090</u>

# WINGECARRIBEE SHIRE COUNCIL

## SPECIAL SCHEDULE NO 7 CONDITION OF PUBLIC WORKS as at 30th June 2013

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense	Cost	Valuation	Accumulated Depreciation	Carrying Value	Asset Condition (see Notes attached)	Estimated Cost to bring to a Satisfactory Standard	Estimated Annual Maintenance Expense	Program Maintenance Works for current year
			'000	'000	'000	'000	'000		'000	'000	'000
<i>Local Govt. Act 1993, Section 428 (2d)</i>											
<i>References</i>		<i>Note 9</i>	<i>Note 4</i>	<i>Note 9</i>							
Public Buildings	Council Offices	1.25	105	-	8,367	(1,293)	9,660	Good	1,300	130	110
	Works Depot	2	58	-	3,263	612	2,652	Good	500	120	113
	Halls	1.25	200	-	15,924	3,062	12,862	Good	430	150	100
	Houses	1.25	12	-	987	508	479	Fair	120	30	-
	Museum	1.25	4	-	304	58	245	Good	15	15	-
	Library	1.25	93	-	7,475	853	6,622	Good	100	30	21
	Childcare Centres	1.25	32	-	2,536	427	2,109	Good	206	50	35
	Saleyards	1.25	80	-	6,378	324	6,054	Good	210	100	48
	Bushfire	2	63	-	3,578	481	3,097	Good	103	50	44
	Amenities/Toilets	2	61	-	3,060	691	2,369	Fair	350	175	63
	Art Galley	0	-	-	-	-	-	Good	-	-	-
	Other	1.25-2	313	-	25,510	4,968	20,542	Good	525	260	50
<b>Subtotal</b>			<b>1,020</b>	-	<b>77,382</b>	<b>10,692</b>	<b>66,691</b>		<b>3,859</b>	<b>1,110</b>	<b>584</b>
Public Roads	Sealed Roads	1.7	6,637	-	395,909	151,542	244,367	Fair	38,560	2,244	2,290
	Unsealed Roads	1.7	577	-	36,697	24,756	11,941	Fair	6,516	1,291	1,110
	Sealed Roads										
	Structure	0	-	-	201,038	-	201,038	Fair	-	-	-
	Bridges	1.2	281	-	16,119	7,681	8,438	Good	-	73	84
	Footpaths	2	269	-	16,726	6,411	10,315	Fair	4,433	289	210
	Cycleways	2	169	-	9,719	2,044	7,675	Good	813	83	7
	Kerb & Gutter	2	685	-	42,511	17,741	24,770	Fair	15,209	12	14
	Carparks	1.7	81	-	5,836	1,972	3,864	Fair	231	16	8
	Guardrails	2	31	-	2,659	871	1,787	Fair	-	-	-
	Road Furniture	10	119	-	4,996	3,734	1,262	Poor	-	-	-
<b>Subtotal</b>			<b>8,850</b>	-	<b>732,209</b>	<b>216,753</b>	<b>515,457</b>		<b>65,762</b>	<b>4,007</b>	<b>3,722</b>
Other Structures	Structures not included in buildings	1	708	-	12,744	4,643	8,101	Fair	-	3,983	364

This Schedule is to be read in conjunction with the explanatory notes following.

# WINGECARRIBEE SHIRE COUNCIL

## SPECIAL SCHEDULE NO 7 - CONDITION OF PUBLIC WORKS (cont) as at 30th June 2013

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense	Cost	Valuation	Accumulated Depreciation	Carrying Value	Asset Condition (see Notes attached)	Estimated Cost to bring to a Satisfactory Standard	Estimated Annual Maintenance Expense	Program Maintenance Works for current year
			'000	'000	'000	'000	'000		'000	'000	'000
	<i>References</i>	<i>Note 9</i>	<i>Note 4</i>		<i>Note 9</i>			<i>Local Govt. Act 1993, Section 428 (2d)</i>			
Water	Treatment Plants	2	587	-	43,229	19,057	24,172	Good	415	2,505	2,359
	Water Connections	1	292	-	27,454	10,984	16,470	Good	260	364	208
	Bores	1	179	-	16,353	6,954	9,399	Good	40	21	92
	Reservoirs	2	1,681	-	133,662	59,700	73,962	Good	481	600	571
	Dams	2	536	-	33,248	10,183	23,065	Good	119	288	254
	Hydrants	2	89	-	6,210	3,771	2,439	Good	1,285	161	202
	Stop Valves	2	408	-	22,959	12,711	10,248	Fair	57	23	99
	Pipelines	2	309	-	17,921	9,794	8,127	Fair	43	82	71
	Pump Stations	4	152	-	3,938	1,745	2,193	Good	300	34	30
	<b>Subtotal</b>		<b>4,233</b>	<b>-</b>	<b>304,973</b>	<b>134,898</b>	<b>170,076</b>		<b>2,999</b>	<b>4,077</b>	<b>3,885</b>
Sewerage	Pump Stations	3	7	-	229	30	199	Good	1	1	1
	Pipelines	0	4,261	-	305,850	135,029	170,821	-	3,160	4,082	3,889
	Manholes	2	561	-	35,440	8,990	26,449	Good	425	906	795
	Air Vent Stacks	2	1,167	-	111,458	29,116	82,341	Good	365	379	600
	Treatment Works	2	137	-	12,519	2,188	10,330	Good	42	44	69
	Connections	2	978	-	59,207	11,833	47,374	Good	520	1,917	1,895
	<b>Subtotal</b>		<b>7,112</b>	<b>-</b>	<b>524,702</b>	<b>187,187</b>	<b>337,515</b>		<b>4,513</b>	<b>7,330</b>	<b>7,250</b>
Drainage Works	Retarding Basins	1	7	-	868	485	383	Good	3	3	5
	Outfalls	1	474	-	46,448	12,116	34,332	Good	149	155	246
	Conduits	1	435	-	34,471	13,004	21,467	Good	113	117	19
	Inlet & Junction Pits	1	-	-	4	-	4	Good	-	-	-
	Head Walls	0	3,774	-	301,017	77,927	223,090	-	1,620	3,524	3,632
	Outfall Structures	1	710	-	65,559	24,955	40,604	-	-	-	-
	Converters	0	-	-	-	-	-	-	-	-	-
	<b>Subtotal</b>		<b>5,399</b>	<b>-</b>	<b>448,367</b>	<b>128,487</b>	<b>319,880</b>		<b>1,885</b>	<b>3,800</b>	<b>3,900</b>
<b>Total Classes - All Assets</b>			<b>27,323</b>	<b>-</b>	<b>2,100,378</b>	<b>682,659</b>	<b>1,417,719</b>		<b>79,019</b>	<b>24,307</b>	<b>19,706</b>

This Schedule is to be read in conjunction with the explanatory notes following.

## **WINGECARRIBEE SHIRE COUNCIL**

### **SPECIAL SCHEDULE NO 7 - CONDITION OF PUBLIC WORKS (cont) as at 30th June 2013**

#### **"SATISFACTORY" CONDITION OF PUBLIC ASSETS**

In assessing the condition of Public Assets Council has had regard to the condition, function and location of each asset, based on the original design standard. Changes in standards or proposed or potential enhancements to the existing asset design standard have been ignored. Assets within each Asset Category have been assessed on an overall basis, recognising that an average standard of "satisfactory" may be achieved even though certain assets may be above or below that standard on an individual basis.

Council recognises that the standard that it considers to be "satisfactory" may be different from that adopted by other Councils.

The information contained in this Schedule comprises accounting estimates formulated in accordance with the NSW Local Government Code of Accounting Practice and Financial Reporting. Nothing contained within this Schedule may be

#### **ASSET CONDITION**

The following condition codes have been used in this Schedule.

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

# WINGECARRIBEE SHIRE COUNCIL

## SPECIAL SCHEDULE NO 8 - FINANCIAL PROJECTIONS as at 30th June 2013

	2013 \$'m	2014 \$'m	2015 \$'m	2016 \$'m	2017 \$'m	2018 \$'m	2019 \$'m	2020 \$'m	2021 \$'m	2022 \$'m	2023 \$'m
<b>Recurrent Budget</b>											
Income from continuing operations	87,722	84,650	89,477	91,766	93,713	96,150	98,983	101,219	104,088	107,332	110,411
Expenses from continuing operations	82,240	88,188	90,320	92,537	94,888	97,667	99,918	102,218	104,941	107,712	110,298
Operating result from continuing operations	5,482	(3,538)	(843)	(771)	(1,175)	(1,517)	(935)	(999)	(853)	(380)	113
<b>Capital Budget</b>											
New Works											
Replacement of existing assets		23,454	20,163	18,701	22,903	27,943					
	-	23,454	20,163	18,701	22,903	27,943	-	-	-	-	-
<b>Funded by</b>											
- Loans		7,500									
- Asset Sales		-									
- Reserves		880									
- Grants/Contributions		6,367									
- Recurrent revenue		8,707									
- Other		-									
	-	23,454	-	-	-	-	-	-	-	-	-

Financial projections are in accordance with Council's Integrated Planning and Reporting framework.

# Wingecarribee Shire Council

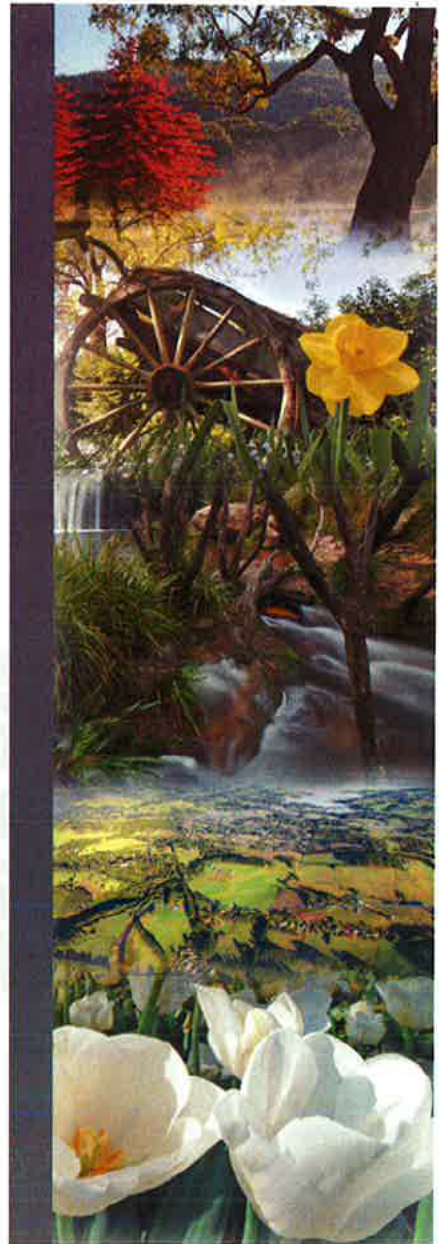
## SPECIAL SCHEDULE NO 9 GENERAL FUND - INCOME STATEMENT (Gross including Internal Transactions) for the year ended 30th June 2013

<b>A. REVENUES AND EXPENSES</b>	2013	2012
<b><u>REVENUES:</u></b>		
Total Revenues Excluding Developer Contributions & Gain on Sale of Assets	56,761	60,840
Developer Contributions	3,448	1,507
<b>Total Revenues</b>	<b>60,209</b>	<b>62,347</b>
		200,000
<b><u>EXPENSES</u></b>		
Total Expenses less Depreciation	44,347	48,540
Depreciation	15,073	14,041
<b>Total Expenses</b>	<b>59,419</b>	<b>62,581</b>
Gain (Loss) on Disposal of Assets	-201	98
<b>OPERATING RESULT</b>	<b>588</b>	<b>-136</b>
 <b><u>B. CAPITAL TRANSACTIONS</u></b>		
<b><u>Non-Operating Funds Employed</u></b>		
- Sale of Fixed Assets		
- Infra-Structure & Plant/Equip	905	1,146
	905	1,146
 Borrowings Utilised		
- Loans	114	317
- Advances	103	155
- Finance Leases		
	217	471
 <b>TOTALS:</b>	<b>1,121</b>	<b>1,617</b>
 <b><u>Non-Operating Expenditures</u></b>		
Acquisition of Fixed Assets		
- Infra-Structure	16,019	14,290
- Plant & Equipment	602	3,275
	16,621	17,565
 Repayment of Debt		
- Loans	505	479
- Advances	50	0
- Finance Leases		
	555	479
 <b>TOTALS:</b>	<b>17,175</b>	<b>18,043</b>

# Wingecarribee Shire Council

## SPECIAL SCHEDULE NO 10 GENERAL FUND - BALANCE SHEET (Gross including Internal Transactions) for the year ended 30th June 2013

	Current	Non-Current	Total
<b>ASSETS</b>			
Cash and Investments			
- Developer Charges	8,835	2,050	10,885
- Specific Purpose Grants			
- Accrued Leave			
- Unexpended Loans	2,294		2,294
- Sinking Funds			
- Internal Loans			
- Other	31,497		31,497
Receivables			
- Specific Purpose Grants	411		411
- Rates & Availability Charges	932		932
- Less Provision Doubtful Rates			
- Domestic Waste Mgmt Charges	288		288
- User Charges			
- Accrued Revenue	796		796
- Prepayments	873		873
- Deferred Debtors	19	30	49
- Other	760		760
- Less Provision Doubtful Debts			
Inventories			
- Stores & Materials	226		226
- Trading Stock	119		119
Property, Plant & Equipment			
- Infrastructure		760,886	760,886
- Plant & Equipment		13,896	13,896
Other			
<b>Total Assets</b>	<u>47,049</u>	<u>776,861</u>	<u>823,910</u>
<b>LIABILITIES</b>			
Creditors			
- Goods & Services	4,070		4,070
- Unearned Revenue	2,030		2,030
- Accrued Expenses	495		495
- Other HH Insurance			
Borrowings			
- Loans	814 OK	11,040	11,854
Provisions			
- Accrued Leave	5,455 OK	240	5,695
<b>Total Liabilities</b>	<u>12,864</u>	<u>11,280</u>	<u>24,143</u>
<b>NET ASSETS COMMITTED</b>	<u>34,185</u>	<u>765,582</u>	<u>799,767</u>
<b>EQUITY</b>			
Accumulated Surplus			394,832
Asset Revaluation Reserve			404,935
<b>Total Equity</b>			<u>799,767</u>
Current Replacement Cost of System Assets			1,044,432
Accumulated Current Cost Depreciation of System Assets			265,133
Written Down Current Cost of System Assets			<u>779,300</u>



# Wingecarribee Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

*Making your  
Southern Highlands  
a better place to live...*



# Wingecarribee Shire Council

## General Purpose Financial Statements

for the financial year ended 30 June 2014

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- On the Conduct of the Audit (Sect 417 [3])

#### 2. Statement by Councillors & Management

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#### 3. Primary Financial Statements:

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- Statement of Financial Position 6
- Statement of Changes in Equity 7
- Statement of Cash Flows 8

#### 4. Notes to the Financial Statements

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#### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Wingecarribee Shire Council.
- (ii) Wingecarribee 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 22 October 2014. Council has the power to amend and reissue these financial statements.
-

## Wingecarribee Council

### INDEPENDENT AUDIT REPORT

#### S417 (2) – Report on the general purpose financial report

##### Qualified audit opinion

In our opinion except for the effects on the financial statements of the matter referred to in the paragraph below titled Basis for qualified Auditor's Opinion,

- a) the 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 report:
  - (i) has been presented in accordance with the requirements of this Division;
  - (ii) is consistent with the Council's accounting records;
  - (iii) presents fairly the Council's financial position, the results of its operations and its cash flows; and
  - (iv) is 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 report 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.

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

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

Wingecarribee Council's cash and investment portfolio totalled \$79.11million and included securities totalling \$2.25 million that have been impacted by this market volatility. The impact on individual securities varies depending on their degree of exposure to affected markets.

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

These circumstances have resulted in our inability to obtain sufficient appropriate audit evidence to satisfy ourselves as to the fair value and recoverability of \$2.25 million of Council's total investment portfolio. The CDO of \$2.25m is due to mature on 22 December 2014.

### **Scope and summary of our role**

### **The financial report and Council's responsibility**

The financial report comprises the Balance Sheet, Income Statement, 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 Wingecarribee Council, for the year ended 30 June 2014.

The council is responsible for the preparation and true and fair presentation of the financial reporting 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 report.

### **Audit approach**

We conducted an independent audit of the financial report 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 report is 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 report 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 or significant accounting estimates made by the Council.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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: 22 October 2014

# Warton Thompson & Co

ABN 14 568 258 158

Chartered Accountants

Phillip A. Webster, FCA

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



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22 October 2014

The Mayor and Councillors  
Wingecarribee Council  
PO Box 141  
Moss Vale NSW 2577

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 Reports and list relevant performance indicators that may assist Council in determining its Financial Position at 30 June 2014 and Operating Result for the year. Various matters of an audit nature, which were noted during the course of the audit, have been referred to Council's management for attention.

## **General Purpose Financial Report**

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) **Balance Sheet as at 30 June 2014**
- c) **Statement of Changes in Equity for the year ended 30 June 2014**
- d) **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 examine financial data extracted from Council's financial reports that will provide information concerning the performance of Council throughout the year and its financial position at year-end.

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

- **The level of Working Funds; and**
- **Funds held as Reserves for future capital expenditure; and**
- **The Debt Servicing Cost to Council; and**
- **The level of Debts due to Council.**

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

**Working Funds**

The Income Statement shows a Net Operating Result for the year (deficit) of \$25k which is the Consolidated Result and is comprised of the following Fund results: -

• General Fund	- \$4,950
• Water Fund	+ \$3,410
• Sewerage Fund	+ \$1,515
•	
	<hr/>
	- \$25
	<hr/>

In order to make some comparison with Council's Estimates for 2014 the above result needs to be adjusted back to a "**Fund Accounting**" surplus or deficit. After making the appropriate adjustments for Capital movements, Grants and Section 94 Funds, the results for each Fund were as follows: -

• General Fund	+ \$ 31k
• Water Fund	+ \$183k
• Sewerage Fund	+ \$397k
	<hr/>

<b>Surplus</b>	<b>+ \$611k</b>
	<hr/>

The level of Working Funds is an important measure of each Fund's financial position as it reflects Council's equity in the net current assets held and represents the working capital used to meet day to day commitments and to 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.

The Revenue results of each Fund and the "**Working Capital**" of each Fund 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>
	01.07.2013	2013/2014	30.06.2014
	Surplus (+) <u>Deficiency (-)</u>	Surplus (+) <u>Deficit (-)</u>	Surplus (+) <u>Deficiency (-)</u>
General Fund	+ 5,339k	+ 31k	+ 5,370k
Water Fund	+ 4,863k	+183k	+ 5,046k
Sewerage Fund	+ 3,692k	+397k	+ 4,089k
	<hr/>	<hr/>	<hr/>
	+ 13,894k	+611k	+14,505k
	<hr/>	<hr/>	<hr/>

The Surplus for the year of \$611k compares with an original balanced budget for 2013/2014 year.

a) General Fund

The General Fund Surplus for the year ended 30 June 2014 was \$31k and compares with a Surplus for 2013 of \$758k. The Surplus has increased Working Funds to a satisfactory balance of \$5,370k at year-end.

The financial strength of a Council is not determined solely by an examination of the balance of its Working Funds but by an assessment of the adequacy of the level of Working Funds and Reserves together, since Reserves are created by appropriations from working funds. Therefore, when considered in conjunction with Reserve Funds held, the balance of Working Funds at 30 June 2014 is considered to be adequate for Council's needs. The Unrestricted Current Ratio as shown on Note 13 of the Financial Report calculates at 3.27:1 (327%) which is much higher than the accepted industry benchmark of 150%.

b) Water Fund

The result for Water Fund, a Surplus of \$183k (surplus of \$243k in 2013) has increased Working Funds to a healthy balance of \$5,046k at 30 June 2014.

c) Sewerage Fund

Sewerage Fund recorded a Surplus for the year ended 30 June 2014 of \$397k (surplus of \$228k in 2013) which has increased Working Funds at 30 June 2014 to a satisfactory \$4,089k.

Reserve Funds

Reserves held at 30 June 2013 and 30 June 2014 for each Fund, which were funded by investments, are set out in the table below:

	<u>30/06/2013</u>	<u>30/06/2014</u>
• General Fund	\$18,244k	\$19,359k
• Water Fund	\$10,331k	\$13,796k
• Sewerage Fund	\$ 3,969k	\$ 5,145k

The above reserves have been set aside to meet specific future expenditures and to balance the financial burden of various projects over a period of years. **The establishment and accretion of these Reserves to provide for future projects is, in my opinion, prudent and commendable.**

The significant Reserves held were: -

## a) General Fund: -

Property Development	\$2,617k
Entrepreneurial Reserve	1,547k
Land Rental Charge	4,656k
Work In Progress	1,558k
IRS	2,617k
Plant Reserve	885k
Capital Projects	1,893k
Employees Leave Entitlements	1,199k
Property Operations	1,906k

**b) Water Fund: -**

Water Sales Fluctuation Reserve	\$6,894k
Plant Reserve	456k
Work In Progress	441k
Water Augmentation	5,961k
Pump Replacement	45k

**c) Sewerage Fund: -**

Sewer Augmentation	4,462k
Pump Replacement	51k
Sewer Fund Plant	198k
Work In Progress	434k

The amount of \$2,433k placed to the Reserves for Works in Progress (all funds) represented works budgeted to be commenced and completed during 2013/2014, which were incomplete as at 30 June 2014. These works will now be completed in 2014/2015 and will be funded from the Reserves.

**Accrued Leave Entitlements and Reserves held**

The accrual for Employees Leave Entitlements at 30 June 2014 totalled \$6,427k whilst the Reserve held to meet these commitments amounted to \$1,199k (\$1278k in 2013).

In my opinion the Employees Leave Entitlements Reserve at year-end is adequate to meet potential retirement payouts within the next three years as well as to provide for any unscheduled or unexpected employee retirements.

**Debt Servicing Commitment**

Loan Repayment Commitments in 2013 and 2014 are set out hereunder as a percentage to Operating Revenue: -

<u>Fund</u>	<u>Untied Revenue</u>	<u>Principal &amp; Interest Repaid</u>	<u>2013</u>	<u>2014</u>
General	51,518	1,262	1.24%	2.45%
Water	12,943	384	4.03%	2.97%
Sewerage	13,384	3,636	29.45%	27.17%

The percentage of Untied Operating Revenue in General Fund committed to loan repayments of 2.45% compares with 1.24% in 2013. The percentage of 2.45% is well below the industry benchmark of 10%.

In the case of the Water and Sewerage Funds, the debt servicing commitment is generally a higher percentage of the untied revenue principally because those Funds are very capital intensive and, where there is major capital expenditure, there is substantial long-term borrowing. The operational costs of Water and Sewerage Funds are usually the minor costs in those funds and therefore high debt servicing commitments are to be expected.

New loans totalling \$2.1m (General Fund \$1.1m and Sewer Fund \$1.0m) were received during year 2013/2014.

Receivables

Rates and Annual Charges outstanding at 30 June 2014 totalled \$1,060k and represented 2.03% of the Rates and Annual Charges Collectible. This percentage compares with 1.47% as at 30 June 2013, an increase during the year of 0.56%. Rates and Annual Charges collected represented a satisfactory 97.97% of the total collectible rates and annual charges of \$52,312k for the year. The arrears at 30 June 2014 (2.03%) are below the industry benchmark of 10%.

Cash Position

At year end Council held in cash and on investment funds totalling \$79.91m of which \$50.70m is regarded as externally restricted assets, i.e., assets the use of which are restricted, wholly or partially, by regulation or other externally imposed requirements.

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

Developer Contributions - Section 94	\$22.73m
Unexpended Loans	\$ 0.15m
Unexpended Grants	\$ 2.14m
Water Supply Funds	\$16.66m
Sewerage Funds	\$ 6.05m
Domestic Waste Management Services	\$ 1.51m
Environment Levy	\$ 0.88m
Stormwater Management	\$ 0.58m
	<hr/>
	\$50.70m
	<hr/>

The balance of cash and investments, after financing the above external restrictions, totalled \$29.21m and was held to fund Internal Restrictions to the value of \$21.79m. The balance of \$7.42m, representing unrestricted cash and investments, was held to assist in financing Council's current commitments. The cash position at 30 June 2014 is summarised as follows:

	30 June 2013	30 June 2014
	\$m	\$m
Externally Restricted	\$51.43	\$50.70
Internally Restricted	\$19.35	\$21.79
Unrestricted	\$ 3.67	\$ 7.42
	<hr/>	<hr/>
	\$74.45	\$79.91
	<hr/>	<hr/>

Council's Cash and Investments of \$79.91m at 30 June 2014 included a Collateralised Debt Obligation (CDO) of \$2.25m. This CDO investment has been recorded in the Financial Report as a "Held to Maturity" investment. Since July 2007 global financial markets have experienced a period of high volatility led by events in the US housing market, particularly sub-prime loans, which have impacted the value, recoverability, liquidity, cash flows and rates of return of many financial assets including Collateralised Debt Obligations (CDOs), Equity Linked Notes (ELNs) and certain Managed Funds.

The CDO of \$2.25m do not have market values that are independently quoted and they are not widely traded. Independent market valuations are not readily available and in many cases are assessed based on estimates from issuers and/or evaluation models for which there is limited market evidence available to verify their reasonableness. Further, the ongoing volatility of financial markets creates uncertainty to the valuation process.

These circumstances have resulted in our inability to obtain sufficient appropriate audit evidence to satisfy ourselves as to the value and recoverability of \$2.25m of Council's total investment portfolio. The CDO is due to mature on 22 December 2014.

Our Audit Report required and issued in accordance with Section 417(2) of the Local Government Act 1993 contains a qualification in respect of this CDO investment.

**Conclusion**

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 being adequately maintained in accordance with legislation and systems instituted.

Management letters have been forwarded to your General Manager detailing internal control and audit matters that required the attention of management.

I wish to record my appreciation for the co-operation and assistance rendered to my staff and I by your General Manager and her staff during the conduct of the 2014 audit.

Yours faithfully,



**PA Webster FCA**  
**Warton Thompson & Co**

## Wingecarribee Shire Council

### 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:**

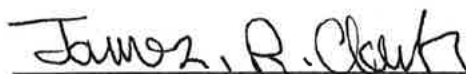
- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

**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 22 October 2014.**



Clr TD Gair  
**MAYOR**



Clr J Clark  
**COUNCILLOR**



Ann Prendergast  
**GENERAL MANAGER**



Robert Brown  
**RESPONSIBLE ACCOUNTING OFFICER**

## Wingecarribee Shire Council

## Income Statement

for the financial year ended 30 June 2014

Budget 2014	\$ '000	Notes	Actual 2014	Actual 2013
<b>Income from Continuing Operations</b>				
<b>Revenue:</b>				
50,553	Rates & Annual Charges	3a	51,129	49,094
19,082	User Charges & Fees	3b	15,767	13,414
1,954	Interest & Investment Revenue	3c	3,244	3,503
1,097	Other Revenues	3d	5,042	3,664
7,505	Grants & Contributions provided for Operating Purposes	3e,f	6,457 <sup>2</sup>	8,473
4,459	Grants & Contributions provided for Capital Purposes	3e,f	6,620	9,574
<b>Other Income:</b>				
	Net gains from the disposal of assets	5	-	-
84,650	Total Income from Continuing Operations		88,259	87,722
<b>Expenses from Continuing Operations</b>				
31,209	Employee Benefits & On-Costs	4a	29,660	26,970
2,584	Borrowing Costs	4b	2,648	2,156
16,000	Materials & Contracts	4c	18,039	17,451
23,529	Depreciation & Amortisation	4d	24,286	23,415
14,866	Other Expenses	4e	12,790	12,009
-	Net Losses from the Disposal of Assets	5	861	239
88,188	Total Expenses from Continuing Operations		88,284	82,240
(3,538)	Operating Result from Continuing Operations		(25)	5,482
(3,538)	Net Operating Result for the Year		(25)	5,482
(3,538)	Net Operating Result attributable to Council		(25)	5,482
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>				
(7,997)			(6,645)	(4,092)

<sup>1</sup> Original Budget as approved by Council - refer Note 16

<sup>2</sup> 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)

## Wingecarribee Shire Council

Statement of Comprehensive Income  
for the financial year ended 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
<b>Net Operating Result for the year</b> (as per Income statement)		<b>(25)</b>	<b>5,482</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	48,014	20,461
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>48,014</b>	<b>20,461</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
<b>Total Other Comprehensive Income for the year</b>		<b>48,014</b>	<b>20,461</b>
<b>Total Comprehensive Income for the Year</b>		<b>47,989</b>	<b>25,943</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>47,989</b>	<b>25,943</b>

## Wingecarribee Shire Council

## Statement of Financial Position

as at 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	7,253	9,413
Investments	6b	72,658	62,791
Receivables	7	9,922	8,343
Inventories	8	494	436
Other	8	267	936
<b>Total Current Assets</b>		<b>90,594</b>	<b>81,919</b>
<b>Non-Current Assets</b>			
Investments	6b	-	2,250
Receivables	7	236	30
Infrastructure, Property, Plant & Equipment	9	1,231,551	1,189,092
<b>Total Non-Current Assets</b>		<b>1,231,787</b>	<b>1,191,372</b>
<b>TOTAL ASSETS</b>		<b>1,322,381</b>	<b>1,273,291</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	9,758	8,131
Borrowings	10	9,530	2,773
Provisions	10	6,074	6,021
<b>Total Current Liabilities</b>		<b>25,362</b>	<b>16,925</b>
<b>Non-Current Liabilities</b>			
Borrowings	10	31,095	38,500
Provisions	10	353	284
<b>Total Non-Current Liabilities</b>		<b>31,448</b>	<b>38,784</b>
<b>TOTAL LIABILITIES</b>		<b>56,810</b>	<b>55,709</b>
<b>Net Assets</b>		<b>1,265,571</b>	<b>1,217,582</b>
<b>EQUITY</b>			
Retained Earnings	20	539,785	539,810
Revaluation Reserves	20	725,786	677,772
<b>Council Equity Interest</b>		<b>1,265,571</b>	<b>1,217,582</b>
<b>Total Equity</b>		<b>1,265,571</b>	<b>1,217,582</b>

## Wingecarribee Shire Council

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
<b>2014</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		539,824	677,772	1,217,596	-	1,217,596
a. Correction of Prior Period Errors	20 (c)	(14)	-	(14)	-	(14)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/13)		539,810	677,772	1,217,582	-	1,217,582
<b>c. Net Operating Result for the Year</b>		(25)	-	(25)	-	(25)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	48,014	48,014	-	48,014
<b>Other Comprehensive Income</b>		-	48,014	48,014	-	48,014
<b>Total Comprehensive Income</b> (c&d)		(25)	48,014	47,989	-	47,989
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		539,785	725,786	1,265,571	-	1,265,571

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2013</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		534,223	657,311	1,191,534	-	1,191,534
a. Correction of Prior Period Errors	20 (c)	105	-	105	-	105
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/12)		534,328	657,311	1,191,639	-	1,191,639
<b>c. Net Operating Result for the Year</b>		5,482	-	5,482	-	5,482
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	20,461	20,461	-	20,461
<b>Other Comprehensive Income</b>		-	20,461	20,461	-	20,461
<b>Total Comprehensive Income</b> (c&d)		5,482	20,461	25,943	-	25,943
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		539,810	677,772	1,217,582	-	1,217,582

## Wingecarribee Shire Council

## Statement of Cash Flows

for the financial year ended 30 June 2014

Budget 2014	\$ '000	Notes	Actual 2014	Actual 2013
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
50,234	Rates & Annual Charges		50,757	49,431
18,936	User Charges & Fees		16,184	12,019
1,945	Investment & Interest Revenue Received		2,947	4,211
12,102	Grants & Contributions		13,464	18,442
-	Bonds, Deposits & Retention amounts received		361	68
576	Other		9,165	8,125
<b>Payments:</b>				
(31,209)	Employee Benefits & On-Costs		(29,680)	(26,601)
(15,989)	Materials & Contracts		(19,641)	(21,032)
(2,903)	Borrowing Costs		(2,454)	(1,985)
(14,866)	Other		(15,555)	(15,628)
18,826	<b>Net Cash provided (or used in) Operating Activities</b>	11b	25,548	27,050
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
880	Sale of Investment Securities		1,371	7,996
94	Sale of Infrastructure, Property, Plant & Equipment		810	1,043
-	Deferred Debtors Receipts		-	111
<b>Payments:</b>				
(1,738)	Purchase of Investment Securities		(8,622)	(13,400)
(22,454)	Purchase of Infrastructure, Property, Plant & Equipment		(20,402)	(33,134)
-	Deferred Debtors & Advances Made		(110)	(50)
(23,218)	<b>Net Cash provided (or used in) Investing Activities</b>		(26,953)	(37,434)
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
7,500	Proceeds from Borrowings & Advances		2,100	12,500
<b>Payments:</b>				
(2,773)	Repayment of Borrowings & Advances		(2,855)	(2,453)
4,727	<b>Net Cash Flow provided (used in) Financing Activities</b>		(755)	10,047
335	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		(2,160)	(337)
6,665	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	9,413	9,750
7,000	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	7,253	9,413
<b>Additional Information:</b>				
	plus: <b>Investments on hand - end of year</b>	6b	72,658	65,041
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		79,911	74,454

Please refer to Note 11 for information on the following:

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

## Wingecarribee Shire Council

## Statement of Financial Position

as at 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013	Actual 2012
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents	6a	7,253	9,413	9,413
Investments	6b	72,658	62,791	62,791
Receivables	7	9,922	8,343	8,285
Inventories	8	494	436	436
Other	8	267	936	936
<b>Total Current Assets</b>		<b>90,594</b>	<b>81,919</b>	<b>81,861</b>
<b>Non-Current Assets</b>				
Investments	6b	-	2,250	2,250
Receivables	7	236	30	30
Infrastructure, Property, Plant & Equipment	9	1,231,551	1,189,092	1,189,045
<b>Total Non-Current Assets</b>		<b>1,231,787</b>	<b>1,191,372</b>	<b>1,191,325</b>
<b>TOTAL ASSETS</b>		<b>1,322,381</b>	<b>1,273,291</b>	<b>1,273,186</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	10	9,758	8,131	8,102
Borrowings	10	9,530	2,773	2,524
Provisions	10	6,427	6,021	6,021
<b>Total Current Liabilities</b>		<b>25,715</b>	<b>16,925</b>	<b>16,647</b>
<b>Non-Current Liabilities</b>				
Borrowings	10	31,095	38,500	38,750
Provisions	10	-	284	284
<b>Total Non-Current Liabilities</b>		<b>31,095</b>	<b>38,784</b>	<b>39,034</b>
<b>TOTAL LIABILITIES</b>		<b>56,810</b>	<b>55,709</b>	<b>55,681</b>
<b>Net Assets</b>		<b>1,265,571</b>	<b>1,217,582</b>	<b>1,217,505</b>
<b>EQUITY</b>				
Retained Earnings	20	539,785	539,810	539,733
Revaluation Reserves	20	725,786	677,772	677,772
<b>Council Equity Interest</b>		<b>1,265,571</b>	<b>1,217,582</b>	<b>1,217,505</b>
<b>Total Equity</b>		<b>1,265,571</b>	<b>1,217,582</b>	<b>1,217,505</b>

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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n/a - not applicable

# Wingecarribee Shire Council

## 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.

# Wingecarribee Shire Council

## 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 non current assets (eg. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

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

#### (vi) Changes in Accounting Policies

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

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

#### (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 investment properties
- (ii) Estimated fair values of infrastructure, property, plant and equipment.
- (iii) Estimated 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

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

rateable property or, where earlier, upon receipt of the rates.

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

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

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

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

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

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

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

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

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

#### User Charges, Fees and Other Income

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

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

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

#### Sale of Infrastructure, Property, Plant and Equipment

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

#### Interest and Rents

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.

#### Dividend Income

Revenue is recognised when the Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

#### 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).

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

The financial statements also include Council's share of the assets, liabilities, income and expenses of any **Jointly Controlled Operations** under the appropriate headings.

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

#### (i) The Consolidated Fund

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

The Consolidated Fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

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

- General Purpose Operations
- Water Supply
- Sewerage Service
- Other
- Other
- Other

Due to their immaterial value and nature, the following Committees, Entities & Operations have been excluded from consolidation:

- Oval Management Committee
- Park Management Committee

Section 355 Committees of Council, the transactions of which are considered immaterial either by amount or nature, have been excluded from these accounts.

The (i) total income and expenditure from continuing operations and (ii) the net assets held by these excluded Committees is as follows:

<b>Total income</b>	
<b>from continuing operations</b>	\$194,000
<b>Total expenditure</b>	
<b>from continuing operations</b>	\$126,000

**Total net assets held (ie Equity)** \$279,000

#### Note:

Where actual figures are not known, best estimates have been applied.

#### (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

#### Jointly Controlled Assets & Operations

The proportionate interests in the assets, liabilities and expenses of a Joint Venture Activity have been incorporated throughout the financial statements under the appropriate headings. Details of the Joint Venture are set out in Note 19.

#### (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.

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

#### (v) County Councils

Council is not a member of any County Councils.

#### (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 currently has no finance leases.

##### Operating Leases

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

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

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

#### (e) Cash and Cash Equivalents

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

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

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

#### (f) Investments and Other Financial Assets

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

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

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".

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

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.

Derivatives are classified as held for trading unless they are designated as hedges.

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

#### (ii) Loans and receivables

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

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

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

#### (iii) Held-to-maturity investments

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

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

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

#### (iv) Available-for-sale financial assets

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

Investments must be designated as available-for-sale if they do not have fixed maturities and fixed or

determinable payments and management intends to hold them for the medium to long term.

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

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

#### Financial Assets – Reclassification

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

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

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

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

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the 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

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

"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.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement.

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

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

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

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

#### (iii) Types of Investments

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

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

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

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

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

#### (g) Fair value estimation

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

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

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

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

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

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

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

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

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

#### (h) Receivables

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

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

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

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

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

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

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

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

#### (i) Inventories

##### Raw Materials and Stores, Work in Progress and Finished Goods

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

# Wingecarribee Shire Council

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

### Note 1. Summary of Significant Accounting Policies

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;

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks**  
(Both External and Internal Valuations)
- **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** (External Valuation)
- **Land Improvements**  
(as approximated by depreciated historical cost)
- **Other Structures**  
(as approximated by depreciated historical cost)
- **Other Assets**  
(as approximated by depreciated historical cost)

##### Initial Recognition

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

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

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

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

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.

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water - Rates Reference Manual.

For all other assets, 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;

##### Land

- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised

##### Plant & Equipment

Office Furniture	> \$1,000
Office Equipment	> \$1,000
Other Plant & Equipment	> \$1,000

##### Buildings & Land Improvements

Park Furniture & Equipment	> \$2,000
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##### Building

- construction/extensions	100% Capitalised
- renovations	> \$10,000

##### Other Structures

> \$2,000

##### Water & Sewer Assets

Reticulation extensions	> \$5,000
Other	> \$5,000

##### Stormwater Assets

Drains & Culverts	> \$5,000
Other	> \$5,000

##### Transport Assets

Road construction & reconstruction	> \$10,000
Reseal/Re-sheet & major repairs:	> \$10,000

Bridge construction & reconstruction	> \$10,000
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No capitalisation threshold is applied to library books.

#### Depreciation

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

Land is not depreciated.

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

# Wingecarribee Shire Council

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

### Note 1. Summary of Significant Accounting Policies

<b>Plant &amp; Equipment</b>	
- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years
<b>Other Equipment</b>	
- Playground equipment	5 to 15 years
- Benches, seats etc	10 to 20 years
<b>Buildings</b>	
- Buildings : Masonry	50 to 100 years
- Buildings : Other	20 to 40 years
<b>Stormwater Drainage</b>	
- Drains	80 to 100 years
- Culverts	50 to 80 years
<b>Transportation Assets</b>	
- Sealed Roads : Surface	20 years
- Sealed Roads : Structure	50 years
- Unsealed roads	20 years
- Bridge : Concrete	100 years
- Bridge : Other	50 years
- Road Pavements	60 years
- Kerb, Gutter & Paths	40 years
<b>Water &amp; Sewer Assets</b>	
- Dams and reservoirs	80 to 100 years
- Bores	20 to 40 years
- Reticulation pipes : PVC	80 years
- Reticulation pipes : Other	25 to 75 years
- Pumps and telemetry	15 to 20 years
<b>Other Infrastructure Assets</b>	
- Bulk earthworks	Infinite
- Library books	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.

#### (n) Crown Reserves

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

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

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.

Investment property is carried at fair value, representing an open-market value determined annually by external valuers.

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of "Other Income".

Full revaluations are carried out every three years with an appropriate index utilised each year in between the full revaluations.

Council does not have any investment properties currently.

#### (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.

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

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

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

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

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated 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.

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

#### (s) Impairment of assets

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

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

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

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

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was 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 (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

#### (t) Payables

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

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

#### (u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

#### (v) Borrowing costs

Borrowing costs are expensed except to the extent that they are incurred during the construction of qualifying assets.

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

#### (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.

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

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.

Amounts recognised as provisions as at 30 June 2014 are as follows:

**General Fund**

Capital Projects	1,893,317
Cemeteries	39,305
Computer	185,016
Effluent Disposal	63,004
Emergency Assistance	35,000
Employee Leave Entitlement	1,199,464
Entrepreneurial Fund	1,546,603
Family Day Care	158,320
Plant Replacement	884,626
Property Operations PDR	1,905,707
Tourism	43,457
Carry-Over Works	1,558,234
Land Rental Charge	4,656,141
Other Waste	87,056
Revolving Energy Fund	41,427
Alexandra Square	280,089
Bridges	821,481
Mittagong Pool	541,068
Renwick Asset Management	21,909
Integrated Planning & Reporting	43,164
Restructure Savings	46,716
Saleyards (SRLE)	40,837
IRS	2,617,209
Welby Hockey Field	650,000
	<b>\$19,359,151</b>

**Water Fund**

Water Fund Plant	455,767
Water Fund Replacement	45,000
Water Fund Works in Progress	440,946
Water Fund Augmentation	5,960,819
Water Fund Sales Fluctuation	6,893,721
	<b>\$13,796,253</b>

**Sewer Fund**

Sewer Fund Pump Replacement	50,818
Sewer Fund Plant	197,678
Sewer Fund Augmentation	4,462,481
Sewer Fund Works in Progress	433,931
	<b>\$5,144,909</b>

**Total** **\$38,300,313**

These amounts also appear in Note 6 to these Accounts.

**(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.

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

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

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 Mr Martin Stevenson BSc,FIA,FIAA) on 20 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 \$ 617,872.25.

The amount of additional contributions included in the total employer contribution advised above is 298,566.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$ 1,194,264 as at 30 June 2014, being additional contributions of \$298,566 per annum until 30 June 2018.

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

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

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.

#### (iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/14.

#### (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.**

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

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

#### **Applicable to Local Government with implications:**

**AASB 9 Financial Instruments, 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.

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

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

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

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

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;**

None.

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.

# Wingecarribee Shire Council

## 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	8	207	649	1,633	1,939	1,821	(1,625)	(1,732)	(1,173)	1,837	-	-	-
Administration	6,220	29	1,048	22,842	31,356	27,241	(16,622)	(31,327)	(26,194)	60	44	50,382	48,510
Public Order & Safety	1,613	1,275	1,410	2,770	2,979	1,872	(1,157)	(1,704)	(463)	748	727	9,013	8,678
Health	-	-	53	-	-	672	-	-	(619)	-	51	31	30
Environment	6,852	10,765	11,466	13,454	10,943	11,904	(6,602)	(178)	(438)	237	271	10,549	10,157
Community Services & Education	636	923	755	924	1,140	1,085	(288)	(217)	(330)	461	506	8,312	8,003
Housing & Community Amenities	1,959	2,453	312	3,417	3,478	2,537	(1,458)	(1,025)	(2,225)	447	527	55,825	53,750
Water Supplies	8,941	12,965	11,182	10,388	11,929	10,314	(1,447)	1,036	868	180	225	204,675	197,069
Sewerage Services	2,075	14,764	17,104	10,826	14,922	11,001	(8,751)	(158)	6,103	459	3,652	253,888	244,453
Recreation & Culture	1,697	833	830	11,328	17,634	5,144	(9,631)	(16,801)	(4,314)	135	344	108,288	104,264
Mining, Manufacturing & Construction	282	377	1,531	1,079	1,082	2,892	(797)	(705)	(1,361)	-	-	884	851
Transport & Communication	3,996	7,768	3,772	7,603	(11,910)	5,739	(3,607)	19,678	(1,967)	1,199	3,643	597,971	575,749
Economic Affairs	1,375	1,684	1,453	1,924	2,792	17	(549)	(1,108)	1,436	-	82	22,618	21,778
<b>Total Functions &amp; Activities</b>	<b>35,654</b>	<b>54,043</b>	<b>51,563</b>	<b>88,188</b>	<b>88,284</b>	<b>82,240</b>	<b>(52,534)</b>	<b>(34,241)</b>	<b>(30,677)</b>	<b>5,763</b>	<b>10,072</b>	<b>1,322,436</b>	<b>1,273,291</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income <sup>†</sup>	48,996	34,216	36,159	-	-	-	48,996	34,216	36,159	2,663	4,599	-	-
<b>Operating Result from Continuing Operations</b>	<b>84,650</b>	<b>88,259</b>	<b>87,722</b>	<b>88,188</b>	<b>88,284</b>	<b>82,240</b>	<b>(3,538)</b>	<b>(25)</b>	<b>5,482</b>	<b>8,426</b>	<b>14,671</b>	<b>1,322,436</b>	<b>1,273,291</b>

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

# Wingecarribee Shire Council

## 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,

#### **WATER SUPPLIES**

#### **SEWERAGE SERVICES**

#### **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.

## Wingecarribee Shire Council

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
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		21,803	20,941
Farmland		3,616	3,534
Mining		69	57
Business		4,295	4,183
<b>Total Ordinary Rates</b>		<b>29,783</b>	<b>28,715</b>
<b>Special Rates</b>			
Special Environmental Levy		1,187	1,094
<b>Total Special Rates</b>		<b>1,187</b>	<b>1,094</b>
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		5,477	5,176
Stormwater Management Services		497	494
Water Supply Services		2,292	2,712
Sewerage Services		11,893	10,904
<b>Total Annual Charges</b>		<b>20,159</b>	<b>19,286</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>51,129</b>	<b>49,094</b>

Council has used 2012 year valuations provided by the NSW Valuer General in calculating its rates.

## Wingecarribee Shire Council

## 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>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		8,230	6,646
Sewerage Services		631	615
Waste Management Services (non-domestic)		2,639	2,572
<b>Total User Charges</b>		<b>11,500</b>	<b>9,833</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Building Services - Other		835	261
Inspection Services		39	299
Planning & Building Regulation		975	903
Private Works - Section 67		193	164
Section 149 Certificates (EPA Act)		201	167
Section 603 Certificates		169	125
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>2,412</b>	<b>1,919</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Caravan and Camping Fees		-	4
Child Care		458	177
GIPA Fees		1	1
Leaseback Fees - Council Vehicles		343	346
Other Waste Management		128	466
Permits & Licences		134	51
Pound Fees & Animal Income		118	87
Sewer		92	102
Sludge Removal		25	29
Swimming Centres		202	173
Water		217	159
Tender Specification		1	-
Other		136	67
<b>Total Fees &amp; Charges - Other</b>		<b>1,855</b>	<b>1,662</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>15,767</b>	<b>13,414</b>

## Wingecarribee Shire Council

## 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>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		150	114
- Interest earned on Investments (interest & coupon payment income)		2,724	3,354
<b>Fair Value Adjustments</b>			
- Fair Valuation movements in Investments (at FV or Held for Trading)		366	28
<b>Amortisation of Premiums &amp; Discounts</b>			
- Interest Free (& Interest Reduced) Loans provided		4	7
<b>TOTAL INTEREST &amp; INVESTMENT REVENUE</b>		<b>3,244</b>	<b>3,503</b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		150	114
General Council Cash & Investments		1,620	2,488
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		267	401
- Section 64 - Water		262	255
- Section 64 - Sewer		162	197
- Section 64 - Storm Water		101	
Water Fund Operations		469	48
Sewerage Fund Operations		213	-
<b>Total Interest &amp; Investment Revenue Recognised</b>		<b>3,244</b>	<b>3,503</b>
<b>(d) Other Revenues</b>			
Fines		9	-
Fines - Parking		252	207
Legal Fees Recovery - Rates & Charges (Extra Charges)		286	503
Legal Fees Recovery - Other Investments		872	
Commissions & Agency Fees		215	83
Hall & Room Rental		106	96
Insurance Claim Recoveries		-	223
Lease Rental		388	358
Library		19	
Other Waste Income		97	171
Printing & Photocopying		12	10
Quarries Income		247	150
Rebates & Reimbursements		443	28
Sales - General		262	35
Saleyards Income		836	752
Sewerage Supplies		10	9
Swimming Centres		129	132
Tourism Income		295	395
Tulip Time		175	213
Water Supplies		18	14
Section 44 Bush Fire Claim		124	-
Other		36	117
<b>TOTAL OTHER REVENUE</b>		<b>5,042</b>	<b>3,664</b>

## Wingecarribee Shire Council

## 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
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	1,680	3,081	-	-
Financial Assistance - Local Roads Component	549	1,098	-	-
Pensioners' Rates Subsidies - General Component	434	420	-	-
<b>Total General Purpose</b>	<b>2,663</b>	<b>4,599</b>	<b>-</b>	<b>-</b>

<sup>1</sup> 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**

## Pensioners' Rates Subsidies:

- Water	180	175	-	-
- Sewerage	159	156	-	-
- Domestic Waste Management	134	130	-	-
Water Supplies	-	50	-	-
Sewerage Services	-	-	300	4,593
Administration	60	44	-	-
Aged & disabled	35	38	-	-
Child Care	59	81	-	-
Childrens Services	365	358	-	-
Environmental Protection	103	27	-	-
Heritage & Cultural	27	71	-	-
Housing & Community	447	420	-	-
Natural Disaster Subsidy	-	6	-	-
Noxious Weeds	20	51	-	-
NSW Rural Fire Services	449	458	266	87
Recreation & Culture	108	115	-	30
Street Lighting	13	13	-	-
Tourism	-	82	-	-
Transport & Communication	1,199	1,304	1,837	1,753
Youth Services	2	30	-	-
<b>Total Specific Purpose</b>	<b>3,360</b>	<b>3,609</b>	<b>2,403</b>	<b>6,463</b>
<b>Total Grants</b>	<b>6,023</b>	<b>8,208</b>	<b>2,403</b>	<b>6,463</b>

**Grant Revenue is attributable to:**

- Commonwealth Funding	2,652	4,669	1,271	832
- State Funding	3,222	3,432	1,132	5,631
- Other Funding	149	107	-	-
	<b>6,023</b>	<b>8,208</b>	<b>2,403</b>	<b>6,463</b>

## Wingecarribee Shire Council

## 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				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>				
S 93F - Contributions using Planning Agreements	9	197	-	-
S 94 - Contributions towards amenities/services	-	-	1,268	2,302
S 64 - Water Supply Contributions	-	-	1,059	-
S 64 - Sewerage Service Contributions	-	29	1,509	-
S 64 - Stormwater Contributions	-	-	211	-
Other Developer Contributions (VPA)	319	-	-	-
<b>Total Developer Contributions</b>	<b>328</b>	<b>226</b>	<b>4,047</b>	<b>2,302</b>
<b>Other Contributions:</b>				
Bushfire Services	-	-	170	-
Child Care Services	4	-	-	-
Library	3	-	-	-
Recreation & Culture	91	-	-	-
Sewerage (excl. Section 64 contributions)	-	-	-	-
Subdivider Dedications	-	-	-	615
Water Supplies (excl. Section 64 contributions)	2	-	-	-
Other	6	39	-	194
<b>Total Other Contributions</b>	<b>106</b>	<b>39</b>	<b>170</b>	<b>809</b>
<b>Total Contributions</b>	<b>434</b>	<b>265</b>	<b>4,217</b>	<b>3,111</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>6,457</b>	<b>8,473</b>	<b>6,620</b>	<b>9,574</b>

\$ '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	25,480	24,266
add: Grants & contributions recognised in the current period but not yet spent:		7,149
less: Grants & contributions recognised in a previous reporting period now spent:	(599)	(5,935)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>(599)</b>	<b>1,214</b>
<b>Unexpended and held as Restricted Assets</b>	<b>24,881</b>	<b>25,480</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	2,149	3,090
- Developer Contributions	22,732	21,536
- Other Contributions	-	854
	<b>24,881</b>	<b>25,480</b>

## Wingecarribee Shire Council

## 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
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		23,912	21,690
Travelling		58	51
Employee Leave Entitlements (ELE)		2,768	2,189
Superannuation		2,620	-
Superannuation - Defined Contribution Plans		-	1,767
Superannuation - Defined Benefit Plans		-	674
Workers' Compensation Insurance		1,813	892
Fringe Benefit Tax (FBT)		83	62
Payroll Tax		229	218
Training Costs (other than Salaries & Wages)		512	603
Other		32	357
<b>Total Employee Costs</b>		<b>32,027</b>	<b>28,504</b>
less: Capitalised Costs		(2,367)	(1,534)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>29,660</b>	<b>26,970</b>
Number of "Equivalent Full Time" Employees at year end		<b>359</b>	<b>357</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		2,427	2,038
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>2,427</b>	<b>2,038</b>
<b>(ii) Other Borrowing Costs</b>			
Fair Value Adjustments on Recognition of Advances & Deferred Debtors			
- Interest Free (or favourable) Loans and Advances made by Council		114	-
Fair Value Adjustment on Loans (to Council)		107	118
<b>Total Other Borrowing Costs</b>		<b>221</b>	<b>118</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>2,648</b>	<b>2,156</b>

## Wingecarribee Shire Council

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
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		18,086	4,451
Contractor & Consultancy Costs		22,120	11,599
Auditors Remuneration <sup>(1)</sup>		125	124
Legal Expenses:			
- Legal Expenses: Planning & Development		582	311
- Legal Expenses: Other		481	669
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments <sup>(2)</sup>		205	137
Other		59	160
<b>Total Materials &amp; Contracts</b>		<b>41,658</b>	<b>17,451</b>
less: Capitalised Costs		(23,619)	-
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>18,039</b>	<b>17,451</b>

**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	74	61
- Due diligence services	51	63
<b>Remuneration for audit and other assurance services</b>	<b>125</b>	<b>124</b>
<b>Total Auditor Remuneration</b>	<b>125</b>	<b>124</b>

**2. Operating Lease Payments are attributable to:**

Computers	-	89
Other	205	48
	<b>205</b>	<b>137</b>

## Wingecarribee Shire Council

## 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
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	2,032	1,891
Office Equipment		-	-	332	302
Furniture & Fittings		-	-	29	46
Land Improvements (depreciable)		-	-	-	100
Buildings - Non Specialised		-	-	11	12
Buildings - Specialised		-	-	919	1,008
Other Structures		-	-	29	708
Infrastructure:					
- Roads		-	-	12,049	10,117
- Bridges		-	-	144	-
- Footpaths		-	-	183	-
- Stormwater Drainage		-	-	641	759
- Water Supply Network		-	-	3,343	4,261
- Sewerage Network		-	-	3,568	3,774
- Swimming Pools		-	-	204	-
- Other Open Space/Recreational Asset		-	-	724	-
Other Assets					
- Library Books		-	-	77	437
- Other		-	-	1	-
<b>Total Depreciation &amp; Impairment Costs</b>		-	-	<b>24,286</b>	<b>23,415</b>
less: Capitalised Costs		-	-	-	-
less: Impairments (to)/from ARR [Equity]	9a	-	-	-	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		-	-	<b>24,286</b>	<b>23,415</b>

## Wingecarribee Shire Council

## 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
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		263	247
Bank Charges		207	223
Carbon Tax Expense		-	159
Chemicals		674	687
Cleaning		1	-
Clothing		86	117
Computer Hardware Maintenance		66	26
Computer Software Charges		608	563
Contributions/Levies to Other Levels of Government		953	882
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		523	451
Councillor Expenses - Mayoral Fee		38	37
Councillor Expenses - Councillors' Fees		159	154
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		-	95
Donations, Contributions & Assistance to other organisations (Section 356)		673	728
Election Expenses		-	222
Electricity & Heating		2,047	2,136
EPA Licence		4	39
Equipment & Fittings M & R		217	262
Freight		14	7
Insurance		1,052	980
Licence - Other		52	17
Postage		182	173
Printing & Stationery		269	294
Promotions		33	40
Rent		8	11
Security Services		48	45
Street Lighting		676	391
Subscriptions & Publications		344	335
Telephone & Communications		324	254
Valuation Fees		160	146
Waste Disposal Costs		1,517	875
Water Determination		82	84
Water Purchases		1,231	1,103
Other		279	226
<b>TOTAL OTHER EXPENSES</b>		<b>12,790</b>	<b>12,009</b>

## Wingecarribee Shire Council

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
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		810	1,043
less: Carrying Amount of P&E Assets Sold / Written Off		(1,671)	(1,282)
<b>Net Gain/(Loss) on Disposal</b>		<b>(861)</b>	<b>(239)</b>
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		1,371	7,996
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(1,371)	(7,996)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(861)</b>	<b>(239)</b>

## 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		653	-	407	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		6,600	-	9,006	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>7,253</b>	<b>-</b>	<b>9,413</b>	<b>-</b>
Investments (Note 6b)					
- Long Term Deposits		68,522	-	59,900	-
- NCD's, FRN's (with Maturities > 3 months)		1,886	-	1,520	-
- CDO's		2,250	-	1,371	2,250
<b>Total Investments</b>		<b>72,658</b>	<b>-</b>	<b>62,791</b>	<b>2,250</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>79,911</b>	<b>-</b>	<b>72,204</b>	<b>2,250</b>

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

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

<b>Cash &amp; Cash Equivalents</b>					
a. "At Fair Value through the Profit & Loss"		<b>7,253</b>	<b>-</b>	<b>9,413</b>	<b>-</b>
<b>Investments</b>					
a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	1,886	-	1,520	-
b. "Held to Maturity"	6(b-ii)	70,772	-	61,271	2,250
<b>Investments</b>		<b>72,658</b>	<b>-</b>	<b>62,791</b>	<b>2,250</b>

## Wingecarribee Shire Council

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

## Note 6b. Investments (continued)

\$ '000	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
<b>Note 6(b-i)</b>				
<b>Reconciliation of Investments classified as "At Fair Value through the Profit &amp; Loss"</b>				
Balance at the Beginning of the Year	1,520	-	1,520	-
Revaluations (through the Income Statement)	366	-	-	-
<b>Balance at End of Year</b>	<b>1,886</b>	<b>-</b>	<b>1,520</b>	<b>-</b>
<b>Comprising:</b>				
- NCD's, FRN's (with Maturities > 3 months)	1,886	-	1,520	-
<b>Total</b>	<b>1,886</b>	<b>-</b>	<b>1,520</b>	<b>-</b>
<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments classified as "Held to Maturity"</b>				
Balance at the Beginning of the Year	61,271	2,250	47,894	10,195
Additions	8,622	-	13,400	-
Disposals (sales & redemptions)	(1,371)	-	(7,968)	-
Transfers between Current/Non Current	2,250	(2,250)	7,945	(7,945)
Transfers from/(to) "At Fair Value"	-	-	-	-
Transfers from/(to) "Available for Sale"	-	-	-	-
<b>Balance at End of Year</b>	<b>70,772</b>	<b>-</b>	<b>61,271</b>	<b>2,250</b>
<b>Comprising:</b>				
- Long Term Deposits	68,494	-	59,900	-
- Government & Semi-Government Bonds	-	-	-	-
- Bills of Exchange	-	-	-	-
- Equity Linked Notes	-	-	-	-
- NCD's, FRN's (with Maturities > 3 months)	-	-	-	-
- CDO's	2,250	-	1,371	2,250
- Mortgage Backed Securities	-	-	-	-
- Listed Equity Securities	-	-	-	-
- Unlisted Equity Securities	-	-	-	-
- Other Long Term Financial Assets	28	-	-	-
<b>Total</b>	<b>70,772</b>	<b>-</b>	<b>61,271</b>	<b>2,250</b>

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

## Wingecarribee Shire Council

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

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

\$ '000	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
Total Cash, Cash Equivalents and Investments	79,911	-	72,204	2,250
attributable to:				
External Restrictions (refer below)	50,703	-	46,982	2,250
Internal Restrictions (refer below)	21,787	-	18,861	-
Unrestricted	7,421	-	6,361	-
	79,911	-	72,204	2,250

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)	2,294	-	(2,149)	145
<b>External Restrictions - Included in Liabilities</b>	<b>2,294</b>	<b>-</b>	<b>(2,149)</b>	<b>145</b>

## External Restrictions - Other

Developer Contributions - General (D)	10,884	2,175	(1,952)	11,107
Developer Contributions - Water Fund (D)	6,761	1,321	(815)	7,267
Developer Contributions - Sewer Fund (D)	3,891	1,671	(1,204)	4,358
RMS (formerly RTA) Contributions (E)	854	-	(854)	-
Specific Purpose Unexpended Grants (F)	3,090	-	(941)	2,149
Water Supplies (G)	13,079	3,584	-	16,663
Sewerage Services (G)	5,975	76	-	6,051
Domestic Waste Management (G)	1,330	176	-	1,506
Stormwater Management (G)	587	497	(507)	577
Environment Levy	487	1,230	(837)	880
<b>External Restrictions - Other</b>	<b>46,938</b>	<b>10,730</b>	<b>(7,110)</b>	<b>50,558</b>
<b>Total External Restrictions</b>	<b>49,232</b>	<b>10,730</b>	<b>(9,259)</b>	<b>50,703</b>

A Loan moneys which must be applied for the purposes for which the loans were raised.

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

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

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

G Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

## Wingecarribee Shire Council

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

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

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Capital Projects	1,167	1,481	(755)	1,893
Cemeteries	39	-	-	39
Computer	281	-	(96)	185
Effluent Disposal	66	3	(6)	63
Emergency Assistance	30	5	-	35
Employees Leave Entitlement	1,278	-	(79)	1,199
Entrepreneurial Fund	1,370	176	-	1,546
Family Day Care	184	23	(49)	158
Plant Replacement	843	1,062	(1,020)	885
Property Operations PDR	2,606	110	(811)	1,905
Tourism	75	-	(32)	43
Carry-Over Works	2,257	1,550	(2,249)	1,558
Land Rental Charge	4,180	690	(214)	4,656
Other Waste	100	-	(13)	87
Revolving Energy Fund	37	4	-	41
Alexandra Square	280	-	-	280
Bridges	821	-	-	821
MV Indoor Pool	492	-	(492)	-
Mittagong Pool	271	270	-	541
Renwick Asset Management	8	14	-	22
Integrated Planing & Reporting	43	-	-	43
Restructure Savings	-	63	(17)	46
Saleyards (SRLE)	-	41	-	41
IRS	-	12,270	(9,653)	2,617
Welby Hockey Field	-	650	-	650
Former Trust recognised as revenue	2,000	-	-	2,000
Former Trust recognised as creditors	433	-	-	433
<b>Total Internal Restrictions</b>	<b>18,861</b>	<b>18,412</b>	<b>(15,486)</b>	<b>21,787</b>
<b>TOTAL RESTRICTIONS</b>	<b>68,093</b>	<b>29,142</b>	<b>(24,745)</b>	<b>72,490</b>

## Wingecarribee Shire Council

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
<b>Purpose</b>					
Rates & Annual Charges		921	-	549	-
Interest & Extra Charges		139	-	199	-
User Charges & Fees		6,045	-	5,129	-
Domestic Waste Management		323	-	288	-
Accrued Revenues					
- Interest on Investments		330	-	343	-
- Other Income Accruals		993	-	469	-
Government Grants & Subsidies		247	-	634	-
Loans to Sporting Clubs		42	236	19	30
Other Debtors		882	-	712	-
<b>Total</b>		<b>9,922</b>	<b>236</b>	<b>8,343</b>	<b>30</b>
<b>less: Provision for Impairment</b>					
Nil					
<b>TOTAL NET RECEIVABLES</b>		<b>9,922</b>	<b>236</b>	<b>8,343</b>	<b>30</b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Specific Purpose Grants		-	-	-	-
- Rates & Availability Charges		-	-	-	-
- Other		2,748	-	2,321	-
<b>Sewerage Services</b>					
- Specific Purpose Grants		108	-	-	-
- Rates & Availability Charges		428	-	-	-
- Other		3,007	-	2,863	-
<b>Domestic Waste Management</b>		-	-	288	-
<b>Total External Restrictions</b>		<b>6,291</b>	-	<b>5,472</b>	-
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>3,631</b>	<b>236</b>	<b>2,871</b>	<b>30</b>
<b>TOTAL NET RECEIVABLES</b>		<b>9,922</b>	<b>236</b>	<b>8,343</b>	<b>30</b>

**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.

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Stores & Materials		331	-	317	-
Trading Stock		163	-	119	-
<b>Total Inventories</b>		<b>494</b>	<b>-</b>	<b>436</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		267	-	936	-
<b>Total Other Assets</b>		<b>267</b>	<b>-</b>	<b>936</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>761</b>	<b>-</b>	<b>1,372</b>	<b>-</b>
<b>Externally Restricted Assets</b>					
<b>Water</b>					
Stores & Materials		78	-	86	-
Prepayments		-	-	56	-
<b>Total Water</b>		<b>78</b>	<b>-</b>	<b>142</b>	<b>-</b>
<b>Sewerage</b>					
Stores & Materials		-	-	5	-
Prepayments		-	-	207	-
<b>Total Sewerage</b>		<b>-</b>	<b>-</b>	<b>212</b>	<b>-</b>
<b>Domestic Waste Management</b>					
Nil					
<b>Other</b>					
Nil					
<b>Total Externally Restricted Assets</b>		<b>78</b>	<b>-</b>	<b>354</b>	<b>-</b>
<b>Total Internally Restricted Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Unrestricted Assets</b>		<b>683</b>	<b>-</b>	<b>1,018</b>	<b>-</b>
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>		<b>761</b>	<b>-</b>	<b>1,372</b>	<b>-</b>

## (i) Other Disclosures

## (a) 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 &amp; Equipment

\$ '000	as at 30/6/2013					Asset Movements during the Reporting Period					as at 30/6/2014				
	At Cost	At Fair Value	Accumulated Dep'n	Impairment	Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated Dep'n	Impairment	Carrying Value
Capital Work in Progress	161	-	-	-	161	1,621	-	-	(161)	-	1,621	-	-	-	1,621
Plant & Equipment	-	25,596	10,931	-	14,665	2,548	(907)	(2,032)	-	-	-	25,109	10,835	-	14,274
Office Equipment	-	7,884	7,113	-	771	412	-	(332)	-	-	-	8,296	7,445	-	851
Furniture & Fittings	-	1,280	1,120	-	160	7	-	(29)	-	-	-	1,287	1,149	-	138
Plant & Equipment (under Finance Lease)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Land:</b>															
- Operational Land	-	48,804	-	-	48,804	-	-	-	-	-	-	48,804	-	-	48,804
- Community Land	-	75,964	-	-	75,964	-	-	-	-	-	-	75,964	-	-	75,964
Land Improvements - depreciable	-	-	-	-	-	356	-	-	-	-	-	356	-	-	356
Buildings - Non Specialised	-	987	508	-	479	-	-	(11)	-	174	-	1,527	885	-	642
Buildings - Specialised	-	63,742	10,771	-	52,971	543	-	(919)	-	(4,579)	-	73,954	25,938	-	48,016
Other Structures	-	745	149	-	596	42	-	(29)	-	-	-	788	179	-	609
<b>Infrastructure:</b>															
- Roads	-	513,967	204,257	-	309,710	4,621	-	(12,049)	161	(25,567)	-	498,238	221,362	-	276,876
- Bridges	-	16,119	7,681	-	8,438	-	-	(144)	-	657	-	17,038	8,087	-	8,951
- Footpaths	-	26,445	8,455	-	17,990	217	-	(183)	-	933	-	28,319	9,362	-	18,957
- Bulk Earthworks (non-depreciable)	-	201,038	-	-	201,038	271	-	-	-	11,600	-	212,909	-	-	212,909
- Stormwater Drainage	-	66,525	25,117	-	41,408	350	-	(641)	-	38,092	-	115,276	36,067	-	79,209
- Water Supply Network	-	305,878	135,029	-	170,849	2,368	-	(3,343)	-	(11,011)	-	263,365	104,502	-	158,863
- Sewerage Network	-	300,951	77,924	-	223,027	2,791	-	(3,568)	-	40,611	-	328,680	65,819	-	262,861
- Swimming Pools	-	13,512	2,358	-	11,154	3,795	(764)	(204)	-	(2,896)	-	13,716	2,631	-	11,085
- Other Open Space/Recreational Assets	-	16,670	5,840	-	10,830	289	-	(724)	-	-	-	16,959	6,564	-	10,395
<b>Other Assets:</b>															
- Library Books	-	4,373	4,296	-	77	162	-	(77)	-	-	-	4,535	4,373	-	162
- Other	-	3	3	-	-	9	-	(1)	-	-	-	12	4	-	8
<b>Reinstatement, Rehabilitation &amp; Restoration Assets</b> (refer Note 26):															
- Tip Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>161</b>	<b>1,690,483</b>	<b>501,552</b>	<b>-</b>	<b>1,189,092</b>	<b>20,402</b>	<b>(1,671)</b>	<b>(24,286)</b>	<b>-</b>	<b>48,014</b>	<b>1,621</b>	<b>1,735,132</b>	<b>505,202</b>	<b>-</b>	<b>1,231,551</b>

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$9,104) and New Assets (\$12,974).  
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.

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Actual 2014				Actual 2013			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
Plant & Equipment	-	1,471	656	815	-	1,321	572	749
Office Equipment	-	149	142	7	-	138	128	10
Land								
- Operational Land	-	6,219	-	6,219	-	6,219	-	6,219
Buildings	-	1,009	226	783	-	804	208	596
Other Structures	-	263,366	104,502	158,864	-	305,850	135,029	170,821
<b>Total Water Supply</b>	-	272,214	105,526	166,688	-	314,332	135,937	178,395
<b>Sewerage Services</b>								
Plant & Equipment	-	1,834	867	967	-	1,565	746	819
Office Equipment	-	48	45	3	-	44	43	1
Land								
- Operational Land	-	11,568	-	11,568	-	11,543	-	11,543
Buildings	-	363	101	262	-	363	93	270
Infrastructure	-	328,680	65,819	262,861	-	301,017	77,927	223,090
<b>Total Sewerage Services</b>	-	342,493	66,832	275,661	-	314,532	78,809	235,723
<b>Domestic Waste Management</b>								
Plant & Equipment	-	2,478	1,200	1,278	-	2,446	1,041	1,405
Office Equipment	-	20	20	-	-	20	20	-
Land								
- Operational Land	-	1,160	-	1,160	-	1,160	-	1,160
Buildings	-	1,836	290	1,546	-	1,836	254	1,582
Other Structures	-	201	59	142	-	196	49	147
<b>Total DWM</b>	-	5,695	1,569	4,126	-	5,658	1,364	4,294
<b>Other Restricted Assets</b>								
Other - Regional Roads	-	95,856	28,353	67,503	-	94,288	25,423	68,865
Other - Regional Bridges	-	2,850	1,195	1,655	-	2,783	1,140	1,643
<b>Total Other Restrictions</b>	-	98,706	29,548	69,158	-	97,071	26,563	70,508
<b>TOTAL RESTRICTED I,PP&amp;E</b>	-	719,108	203,475	515,633	-	731,593	242,673	488,920

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

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

## Wingecarribee Shire Council

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

## Note 10a. Payables, Borrowings &amp; Provisions

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		5,131	-	4,871	-
Payments Received In Advance		1,957	-	929	-
Accrued Expenses:					
- Borrowings		345	-	372	-
- Salaries & Wages		380	-	375	-
Security Bonds, Deposits & Retentions		1,945	-	1,584	-
<b>Total Payables</b>		<b>9,758</b>	<b>-</b>	<b>8,131</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		9,530	31,095	2,773	38,500
<b>Total Borrowings</b>		<b>9,530</b>	<b>31,095</b>	<b>2,773</b>	<b>38,500</b>
<b>Provisions</b>					
<b>Employee Benefits</b>					
Annual Leave		2,223	-	2,227	-
Long Service Leave		3,851	353	3,794	284
<b>Total Provisions</b>		<b>6,074</b>	<b>353</b>	<b>6,021</b>	<b>284</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>25,362</b>	<b>31,448</b>	<b>16,925</b>	<b>38,784</b>
<b>(i) Liabilities relating to Restricted Assets</b>					
		2014		2013	
		Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>					
Water		1,361	2,771	1,036	3,018
Sewer		9,801	16,657	3,025	24,487
Domestic Waste Management		285	2,384	330	2,601
Liabilities relating to externally restricted assets		11,447	21,812	4,391	30,106
<b>Internally Restricted Assets</b>					
Nil					
<b>Total Liabilities relating to restricted assets</b>		11,447	21,812	4,391	30,106
<b>Total Liabilities relating to Unrestricted Assets</b>		13,915	9,636	12,534	8,678
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>		<b>25,362</b>	<b>31,448</b>	<b>16,925</b>	<b>38,784</b>

<sup>1</sup> 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.

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

	Actual 2014	Actual 2013
<b>\$ '000</b>		

**(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	3,660	3,732
	<b>3,660</b>	<b>3,732</b>

## Note 10b. Description of and movements in Provisions

Class of Provision	2013	2014				
	Opening Balance as at 1/7/13	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/14
Annual Leave	2,227	1,714	(1,718)	-	-	<b>2,223</b>
Long Service Leave	4,078	880	(754)	-	-	<b>4,204</b>
<b>TOTAL</b>	<b>6,305</b>	<b>2,594</b>	<b>(2,472)</b>	<b>-</b>	<b>-</b>	<b>6,427</b>

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

## Wingecarribee Shire Council

## 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	7,253	9,413
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>7,253</b>	<b>9,413</b>
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
<b>Net Operating Result from Income Statement</b>		<b>(25)</b>	<b>5,482</b>
Adjust for non cash items:			
Depreciation & Amortisation		24,286	23,415
Net Losses/(Gains) on Disposal of Assets		861	239
Non Cash Capital Grants and Contributions		-	(809)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		(366)	(28)
- Fair Valuation Adjustment (re-measurement) of existing Loans to Council		107	-
- Interest Free Advances made by Council (Deferred Debtors)		114	-
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- Interest on all fair value adjusted Interest Free Advances made by Council		(4)	(7)
Unwinding of Discount Rates on Reinstatement Provisions		-	201
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(1,785)	(30)
Increase/(Decrease) in Provision for Doubtful Debts		-	13
Decrease/(Increase) in Inventories		(58)	117
Decrease/(Increase) in Other Assets		669	(384)
Increase/(Decrease) in Payables		260	(1,669)
Increase/(Decrease) in accrued Interest Payable		(27)	53
Increase/(Decrease) in other accrued Expenses Payable		5	-
Increase/(Decrease) in Other Liabilities		1,389	-
Increase/(Decrease) in Employee Leave Entitlements		122	457
<b>NET CASH PROVIDED FROM/(USED IN)</b>			
<b>OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>25,548</b>	<b>27,050</b>

## Wingecarribee Shire Council

## 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
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Bushfire Grants		-	194
Other Non Cash Items		-	615
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>-</b>	<b>809</b>

**(d) Financing Arrangements****(i) Unrestricted access was available at balance date to the following lines of credit:**

Bank Overdraft Facilities <sup>(1)</sup>	300	300
Credit Cards / Purchase Cards	150	150
<b>Total Financing Arrangements</b>	<b>450</b>	<b>450</b>

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 as disclosed in Note 15.

**(ii) Secured Loan Liabilities**

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

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Buildings		78	5,686
Infrastructure		886	1,648
Water System Assets		431	-
Sewer System Assets		322	15,778
<b>Total Commitments</b>		<b>1,717</b>	<b>23,112</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		1,717	23,112
<b>Total Payable</b>		<b>1,717</b>	<b>23,112</b>
<b>Sources for Funding of Capital Commitments:</b>			
Internally Restricted Reserves		1,717	23,112
<b>Total Sources of Funding</b>		<b>1,717</b>	<b>23,112</b>

**(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	155	431
Later than one year and not later than 5 years	219	552
<b>Total Non Cancellable Operating Lease Commitments</b>	<b>374</b>	<b>983</b>

**b. Non Cancellable Operating Leases include the following assets:**

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

**Conditions relating to Operating Leases:**

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

**(d) Investment Property Commitments**

Nil

## Wingecarribee Shire Council

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 <sup>(1)</sup>				
(excl. Capital Grants & Contributions) - Operating Expenses	<u>(6,150)</u>	-7.57%	-4.97%	-5.27%
Total continuing operating revenue <sup>(1)</sup>	<u>81,273</u>			
(excl. Capital Grants & Contributions)				
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue <sup>(1)</sup>				
(less ALL Grants & Contributions)	<u>74,816</u>	85.12%	79.42%	71.08%
Total continuing operating revenue <sup>(1)</sup>	<u>87,893</u>			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions <sup>(2)</sup>	<u>33,522</u>	3.27 : 1	3.31	3.37
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	<u>10,255</u>			
4. Debt Service Cover Ratio				
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	<u>20,784</u>	3.78	4.71	3.77
Principal Repayments (from the Statement of Cash Flows)	<u>5,503</u>			
+ Borrowing Interest Costs (from the Income Statement)				
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	<u>1,060</u>	2.03%	1.48%	2.39%
Rates, Annual and Extra Charges Collectible	<u>52,313</u>			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents including All Term Deposits	<u>75,775</u>	12.96	12.29	12.23
Payments from cash flow of operating and financing activities	<u>5,849</u>			

## Notes

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

<sup>(2)</sup> Refer Notes 6-8 inclusive.

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

<sup>(3)</sup> Refer to Note 10(a).

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

## Wingecarribee Shire Council

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

## Note 13b. Statement of Performance Measurement - Indicators (by Fund)

\$ '000	Water 2014	Sewer 2014	General <sup>5</sup> 2014
<b>Local Government Industry Indicators - by Fund</b>			
<b>1. Operating Performance Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
(excl. Capital Grants & Contributions) - Operating Expenses	<b>17.37%</b>	<b>-3.35%</b>	<b>-14.65%</b>
Total continuing operating revenue <sup>(1)</sup>			
(excl. Capital Grants & Contributions)	prior period: -1.81%	-1.74%	-6.44%
<b>2. Own Source Operating Revenue Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>	<b>90.31%</b>	<b>87.36%</b>	<b>83.26%</b>
(less ALL Grants & Contributions)			
Total continuing operating revenue <sup>(1)</sup>	prior period: 92.21%	69.58%	79.71%
<b>3. Unrestricted Current Ratio</b>			
Current Assets less all External Restrictions <sup>(2)</sup>	<b>14.32 : 1</b>	<b>0.96 : 1</b>	<b>3.27 : 1</b>
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>			
	prior period: 21.53	4.17	3.31
<b>4. Debt Service Cover Ratio</b>			
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	<b>15.17</b>	<b>1.10</b>	<b>7.54</b>
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)	prior period: 11.09	1.37	14.02
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
Rates, Annual and Extra Charges Outstanding	<b>0.00%</b>	<b>3.60%</b>	<b>1.69%</b>
Rates, Annual and Extra Charges Collectible			
	prior period: 0.00%	0.00%	2.09%
<b>6. Cash Expense Cover Ratio</b>			
Current Year's Cash and Cash Equivalents including All Term Deposits	<b>38.60</b>	<b>10.05</b>	<b>9.86</b>
Payments from cash flow of operating and financing activities	prior period: 46.12	13.41	6.71

## Notes

(1) - (4) Refer to Notes at Note 13a(i) above.

(5) General Fund refers to all of Council's activities except for its Water &amp; Sewer activities which are listed separately.

## Wingecarribee Shire Council

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
<b>Financial Assets</b>				
Cash and Cash Equivalents	7,253	9,413	7,253	9,413
Investments				
- "Held for Trading"	1,886	1,520	1,886	1,520
- "Held to Maturity"	70,772	63,521	70,744	63,521
Receivables	10,158	8,373	10,070	8,420
<b>Total Financial Assets</b>	<b>90,069</b>	<b>82,827</b>	<b>89,953</b>	<b>82,874</b>
<b>Financial Liabilities</b>				
Payables	7,801	7,202	7,160	7,173
Loans / Advances	40,625	41,273	40,727	41,273
<b>Total Financial Liabilities</b>	<b>48,426</b>	<b>48,475</b>	<b>47,887</b>	<b>48,446</b>

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

# Wingecarribee Shire Council

## 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
<b>2014</b>				
Possible impact of a 10% movement in Market Values	7,991	7,991	(7,991)	(7,991)
Possible impact of a 1% movement in Interest Rates	799	799	(799)	(799)
<b>2013</b>				
Possible impact of a 10% movement in Market Values	6,504	6,504	(6,504)	(6,504)
Possible impact of a 1% movement in Interest Rates	745	745	(745)	(745)

## Wingecarribee Shire Council

## 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
<b>(i) Ageing of Receivables - %</b>				
Current (not yet overdue)	100%	99%	96%	99%
Overdue	0%	1%	4%	1%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>(ii) Ageing of Receivables - value</b>				
Current (not yet overdue)	921	9,133	519	7,580
Past due by up to 30 days	-	7	30	136
Past due between 31 and 60 days	-	21	-	6
Past due between 61 and 90 days	-	76	-	102
	<b>921</b>	<b>9,237</b>	<b>549</b>	<b>7,824</b>

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 15. Financial Risk Management (continued)

\$ '000

## (c) Payables &amp; 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	1,945	-	-	-	-	-	-	1,945	7,801
Loans & Advances	-	11,901	10,612	13,547	13,768	1,374	57,507	108,709	40,625
Total Financial Liabilities	1,945	11,901	10,612	13,547	13,768	1,374	57,507	110,654	48,426
2013									
Trade/Other Payables	1,584	-	-	-	-	-	-	1,584	7,202
Loans & Advances	-	5,505	11,782	10,487	13,417	13,632	60,912	115,735	41,273
Total Financial Liabilities	1,584	5,505	11,782	10,487	13,417	13,632	60,912	117,319	48,475

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	7,801	0.00%	7,202	0.00%
Loans & Advances - Fixed Interest Rate	40,625	6.06%	41,273	6.14%
	<b>48,426</b>		<b>48,475</b>	

## Wingecarribee Shire Council

## 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 26 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* -----		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	<b>50,553</b>	<b>51,129</b>	<b>576</b>	<b>1%</b>	<b>F</b>
<b>User Charges &amp; Fees</b>	<b>19,082</b>	<b>15,767</b>	<b>(3,315)</b>	<b>(17%)</b>	<b>U</b>
Less than the original budget due to the elimination of plant hire income of \$2,520K for general fund, \$300K for water fund and \$249K for sewer fund.					
<b>Interest &amp; Investment Revenue</b>	<b>1,954</b>	<b>3,244</b>	<b>1,290</b>	<b>66%</b>	<b>F</b>
Greater than original estimate due to section 94 interest of \$792K(F) not budgeted for, and over the 3 funds interest on investments of \$71K(F)					
<b>Other Revenues</b>	<b>1,097</b>	<b>5,042</b>	<b>3,945</b>	<b>360%</b>	<b>F</b>
Greater than original budget, essentially due to recovery of legal costs, Lehman Bros \$*72K, Diesel fuel rebate \$309K, Saleyards income \$213K, Tulptime Income \$175K, Southern Phone dividend \$148K and section 44 bushfire claim \$124K.					
<b>Operating Grants &amp; Contributions</b>	<b>7,505</b>	<b>6,457</b>	<b>(1,048)</b>	<b>(14%)</b>	<b>U</b>
<b>Capital Grants &amp; Contributions</b>	<b>4,459</b>	<b>6,620</b>	<b>2,161</b>	<b>48%</b>	<b>F</b>
This variation relates to additional income being brought to account for Section 94 and Section 64 Contributions, plus Voluntary Planning Agreements and Subdivider dedications.					

## Wingecarribee Shire Council

## 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* -----		
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	<b>31,209</b>	<b>29,660</b>	<b>1,549</b>	<b>5%</b>	<b>F</b>
<b>Borrowing Costs</b>	<b>2,584</b>	<b>2,648</b>	<b>(64)</b>	<b>(2%)</b>	<b>U</b>
<b>Materials &amp; Contracts</b>	<b>16,000</b>	<b>18,039</b>	<b>(2,039)</b>	<b>(13%)</b>	<b>U</b>
There has been a significant reduction in the unexpended works (WIP) reserve from 30 June 2013 to 30 June 2014. This equates to, in effect, more net works being completed in 13/14 financial year than originally budgeted. The works in progress reserve consolidated as at 30 June 2013 totalled \$4,303,909 compared to the reserve balance as at 30 June 2014 of \$2,425,319.					
<b>Depreciation &amp; Amortisation</b>	<b>23,529</b>	<b>24,286</b>	<b>(757)</b>	<b>(3%)</b>	<b>U</b>
<b>Other Expenses</b>	<b>14,866</b>	<b>12,790</b>	<b>2,076</b>	<b>14%</b>	<b>F</b>
Other expenses were less than the original budget due to the elimination of internal plant hire charges, general fund \$1,193K, water fund \$299K and sewer fund \$208K					
<b>Net Losses from Disposal of Assets</b>	<b>-</b>	<b>861</b>	<b>(861)</b>	<b>0%</b>	<b>U</b>
Assets disposed of are budgeted at a net profit or loss on disposal. Loss on sale of plant was \$97K for the year and the write off of the old Moss Vale pool of \$764K.					

# 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	
Roads & Traffic Facilities	2,423	233	-	69	(1,121)	-	1,604	-	-	1,604	-
Open Space & Community Facilities	3,959	441	-	143	(325)	-	4,218	-	-	4,218	-
Administration	8	334	-	10	(67)	-	285	-	-	285	-
Resource Recovery Centre	-	87	-	-	(30)	-	57	-	-	57	-
<b>S94 Contributions - under a Plan</b>	<b>6,390</b>	<b>1,095</b>	<b>-</b>	<b>222</b>	<b>(1,543)</b>	<b>-</b>	<b>6,164</b>	<b>-</b>	<b>-</b>	<b>6,164</b>	<b>-</b>
<b>S94A Levies - under a Plan</b>	<b>242</b>	<b>173</b>	<b>-</b>	<b>-</b>	<b>(117)</b>	<b>-</b>	<b>298</b>				<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>6,632</b>	<b>1,268</b>	<b>-</b>	<b>222</b>	<b>(1,660)</b>	<b>-</b>	<b>6,462</b>				<b>-</b>
S94 not under Plans	1,255	9	-	45	-	-	1,309	-	-	1,309	-
S93F Planning Agreements	328	319	-	-	(292)	-	355				
S64 Contributions Water	6,761	1,059	-	262	(815)	-	7,267				
S64 Contributions Sewer	3,891	1,509	-	162	(1,204)	-	4,358				
S64 Stormwater	2,669	211	-	101	-	-	2,981				
<b>Total Contributions</b>	<b>21,536</b>	<b>4,375</b>	<b>-</b>	<b>792</b>	<b>(3,971)</b>	<b>-</b>	<b>22,732</b>	<b>-</b>	<b>-</b>	<b>7,473</b>	<b>-</b>

# Wingecarribee Shire Council

## 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 1

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	
Roads & Traffic Facilities	2,423	233	-	69	(1,121)	-	1,604	-	-	1,604	-
Open Space & Community Facilities	3,959	441	-	143	(325)	-	4,218	-	-	4,218	-
Administration	8	334	-	10	(67)	-	285	-	-	285	-
Resource Recovery Centre	-	87	-	-	(30)	-	57	-	-	57	-
<b>Total</b>	<b>6,390</b>	<b>1,095</b>	<b>-</b>	<b>222</b>	<b>(1,543)</b>	<b>-</b>	<b>6,164</b>	<b>-</b>	<b>-</b>	<b>6,164</b>	<b>-</b>

#### S94A LEVIES - UNDER A PLAN

##### CONTRIBUTION PLAN NUMBER XX

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	242	173	-	-	(117)	-	298	-	-	-	-
<b>Total</b>	<b>242</b>	<b>173</b>	<b>-</b>	<b>-</b>	<b>(117)</b>	<b>-</b>	<b>298</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### S94 CONTRIBUTIONS - NOT UNDER A PLAN

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	
Parking	1,255	-	-	45	-	-	1,300	-	-	1,300	-
Animal Shelter	-	9	-	-	-	-	9	-	-	9	-
<b>Total</b>	<b>1,255</b>	<b>9</b>	<b>-</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>1,309</b>	<b>-</b>	<b>-</b>	<b>1,309</b>	<b>-</b>

# Wingecarribee Shire Council

## 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 its Defined Benefit Scheme obligations in accordance with AASB 119.

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

##### (ii) Statewide Limited

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

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the Net Assets or Liabilities reflects Council's 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.

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 18. Contingencies &amp; 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.

**(iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council**

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (& subsequent land asset) from such potential acquisitions has not been possible.

**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.

**(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.

# Wingecarribee Shire Council

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

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

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\$ '000

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#### Landfill Remediation

The former landfill site at Welby requires remediation. While total costs for the project are yet to be determined it is estimated that the cost may be up to \$2,000,000. It is anticipated that funding will be from the Domestic Waste Management and Resource Recovery Reserves.

The rehabilitation plan for the site proposes to restore the site to a form that meets the relevant environmental standards and is capable of being adapted to a range of future open space uses. The timing of the rehabilitation works has not been scheduled at this point in time.

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

Council's objectives can and in some cases are best met through the use of separate entities & operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils, Bodies and other Outside Organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of Councils (i) interest and (ii) control and the type (form) of entity/operation, as follows;

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#### Subsidiaries

**Note 19(a)**

Operational Arrangements where Councils Control (but not necessarily Interest) exceeds 50%

#### Associated Entities & Joint Venture Entities

**Note 19(b) (i)&(ii)**

Arrangements in the form of a Separate Entity that deploys the resources of the operation itself. Under Associated Entities, Council significantly influences the operations (but does not control them, whilst for JV Entities, Council Jointly Controls the Operations with other parties.

#### Joint Venture Operations

**Note 19(c)**

Arrangements that do not comprise an actual individual entity which can deploy the resources of the individual participants. Under JV Operations, Council Jointly Controls the operations with the Other Parties involved.

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

## (a) Subsidiaries (ie. Entities &amp; Operations controlled by Council)

Council has no interest in any Subsidiaries.

## (b) Associated Entities &amp; Joint Venture Entities

Council has no interest in any Associated Entities &amp; Joint Venture Entities.

## (c) Joint Venture Operations

## (a) Council is involved in the following Joint Venture Operations (JVO)

Name of Operation	Principal Activity	Councils Interests in Outputs of JVO's	
Central Library & Health Centre	South Western Sydney Area Health Service	This development is on Council owner land. The agreement provides for a 45 year rent free lease	
(b) Council Assets employed in the Joint Venture Operations		2014	2013
Council's own assets employed in the Operations			
Current Assets:			
Property, Plant & Equipment		6,400	6,239
Total Assets - Council Owned		6,400	6,239
Total Net Assets Employed - Council & Jointly Owned		6,400	6,239

## Wingecarribee Shire Council

## 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
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		539,824	534,223
a. Correction of Prior Period Errors	20 (c)	(14)	105
b. Net Operating Result for the Year		(25)	5,482
Balance at End of the Reporting Period		<u>539,785</u>	<u>539,810</u>
<b>(b) Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		725,786	677,772
<b>Total</b>		<u><b>725,786</b></u>	<u><b>677,772</b></u>
<b>(ii) Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		677,772	657,311
- Revaluations for the year	9(a)	48,014	20,461
- <b>Balance at End of Year</b>		<u><b>725,786</b></u>	<u><b>677,772</b></u>
<b>TOTAL VALUE OF RESERVES</b>		<u><b>725,786</b></u>	<u><b>677,772</b></u>
<b>(iii) Nature &amp; Purpose of Reserves</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.			
<b>(c) Correction of Error/s relating to a Previous Reporting Period</b>			
<b>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.</b>			
<b>These amounted to the following Equity Adjustments:</b>			
- Adjustments to Closing Equity - 30/6/13 (relating to adjustments for the 30/6/13 year end)		(14)	119
<b>Total Prior Period Adjustments - Prior Period Errors</b>		<u><b>(14)</b></u>	<u><b>119</b></u>
<b>(d) Voluntary Changes in Accounting Policies</b>			
Council made no voluntary changes in any accounting policies during the year.			

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 21. Financial Result &amp; Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2014	Actual 2014	Actual 2014
<b>Continuing Operations</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	2,929	11,893	37,444
User Charges & Fees	8,545	877	6,345
Interest & Investment Revenue	731	375	1,773
Other Revenues	605	451	15,736
Grants & Contributions provided for Operating Purposes	181	160	6,734
Grants & Contributions provided for Capital Purposes	1,193	1,808	2,985
<b>Total Income from Continuing Operations</b>	<b>14,184</b>	<b>15,564</b>	<b>71,017</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	2,399	3,118	26,230
Borrowing Costs	163	1,682	803
Materials & Contracts	2,244	4,235	21,328
Depreciation & Amortisation	3,477	3,577	17,112
Other Expenses	2,489	1,424	10,014
Net Losses from the Disposal of Assets	2	13	480
<b>Total Expenses from Continuing Operations</b>	<b>10,774</b>	<b>14,049</b>	<b>75,967</b>
<b>Operating Result from Continuing Operations</b>	<b>3,410</b>	<b>1,515</b>	<b>(4,950)</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>2,217</b>	<b>(293)</b>	<b>(7,935)</b>

<sup>1</sup> General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal charges &amp; recoveries made between the Funds.

## Wingecarribee Shire Council

## Notes to the Financial Statements

as at 30 June 2014

## Note 21. Financial Result &amp; Financial Position by Fund (continued)

Statement of Financial Position by Fund \$ '000	Actual 2014	Actual 2014	Actual 2014
	Water	Sewer	General <sup>1</sup>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	148	96	7,009
Investments	23,782	10,113	38,763
Receivables	2,748	3,510	3,664
Inventories	78	-	416
Other	-	33	234
<b>Total Current Assets</b>	<b>26,756</b>	<b>13,752</b>	<b>50,086</b>
<b>Non-Current Assets</b>			
Investments	-	200	(200)
Receivables	-	-	236
Infrastructure, Property, Plant & Equipment	166,688	275,661	789,202
Other	-	-	200
<b>Total Non-Current Assets</b>	<b>166,688</b>	<b>275,861</b>	<b>789,438</b>
<b>TOTAL ASSETS</b>	<b>193,444</b>	<b>289,613</b>	<b>839,524</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	647	360	8,751
Borrowings	265	8,806	459
Provisions	449	635	4,990
<b>Total Current Liabilities</b>	<b>1,361</b>	<b>9,801</b>	<b>14,200</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	-
Borrowings	2,771	16,657	11,867
Provisions	-	-	353
<b>Total Non-Current Liabilities</b>	<b>2,771</b>	<b>16,657</b>	<b>12,220</b>
<b>TOTAL LIABILITIES</b>	<b>4,132</b>	<b>26,458</b>	<b>26,420</b>
<b>Net Assets</b>	<b>189,312</b>	<b>263,155</b>	<b>813,104</b>
<b>EQUITY</b>			
Retained Earnings	47,639	102,264	389,882
Revaluation Reserves	141,673	160,891	423,222
<b>Total Equity</b>	<b>189,312</b>	<b>263,155</b>	<b>813,104</b>

<sup>1</sup> General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal receivables &amp; payables between the Funds.

## Wingecarribee Shire Council

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

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

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\$ '000

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

#### Note 23. Events occurring after the Reporting Date

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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 22/10/14.

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

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

#### Note 25. Intangible Assets

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

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

#### Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

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Council has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement

\$ '000

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

- Infrastructure, Property, Plant and Equipment
- Investment Property
- 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:

2014		Fair Value Measurement Hierarchy			Total
		Level 1	Level 2	Level 3	
Recurring Fair Value Measurements		Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Financial Assets					
Investments					
- "Held for Trading"	30/06/14	1,886	-	-	1,886
- "Designated At Fair Value on Initial Recognition"	30/06/14	7,253	-	-	7,253
- "Held to Maturity"	30/06/14	68,522	-	2,250	70,772
<b>Total Financial Assets</b>		<b>77,661</b>	<b>-</b>	<b>2,250</b>	<b>79,911</b>
Financial Liabilities					
Bank Overdraft	30/06/14	300	-	-	300
Payables	30/06/14	7,856	-	-	7,856
Loans / Advances	30/06/14	40,175	-	-	40,175
Credit Cards / Purchase Cards	30/06/14	150	-	-	150
<b>Total Financial Liabilities</b>		<b>48,481</b>	<b>-</b>	<b>-</b>	<b>48,481</b>
Infrastructure, Property, Plant & Equipment					
Plant & Equipment	30/06/14	-	-	15,895	15,895
Office Equipment	30/06/14	-	-	851	851
Furniture & Fittings	30/06/14	-	-	138	138
Operational Land	30/06/14	-	-	48,804	48,804
Community Land	30/06/14	-	-	75,964	75,964
Land Improvements - depreciable	30/06/14	-	-	356	356
Buildings - Non Specialised	30/06/14	-	-	642	642

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement (continued)

\$ '000

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

Fair Value Measurements (continued).		Fair Value Measurement Hierarchy			
2014		Level 1	Level 2	Level 3	Total
	Date	Quoted	Significant	Significant	
Recurring Fair Value Measurements (continued)	of latest	prices in	observable	unobservable	
	Valuation	active mkts	inputs	inputs	
Infrastructure, Property, Plant & Equipment (cont'd)					
Buildings - Specialised	30/06/14	-	-	48,016	48,016
Other Structures	30/06/14	-	-	609	609
Roads	30/06/14	-	-	276,876	276,876
Bridges	30/06/14	-	-	8,951	8,951
Footpaths	30/06/14	-	-	18,957	18,957
Bulk Earthworks (non-depreciable)	30/06/14	-	-	212,909	212,909
Stormwater Drainage	30/06/14	-	-	79,209	79,209
Water Supply Network	30/06/14	-	-	158,863	158,863
Sewerage Network	30/06/14	-	-	262,861	262,861
Swimming Pools	30/06/14	-	-	11,085	11,085
Other Open Space/Recreational Assets	30/06/14	-	-	10,395	10,395
Library Books	30/06/14	-	-	162	162
Other	30/06/14	-	-	8	8
Total Infrastructure, Property, Plant & Equipment		-	-	1,231,551	1,231,551

## (2) Transfers between Level 1 &amp; 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.

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 27. Fair Value Measurement (continued)

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#### Infrastructure, Property, Plant & Equipment

## 1. GENERAL

### ACCURACY OF ASSETS REGISTER

Council acquired Conquest as a corporate asset register in 2009 and since then has collected all asset data and established a comprehensive assets register. Each asset is linked with the valuation unit rate, which is then applied to the component quantity ie (m2, m etc) to obtain the replacement cost for each asset.

### INSPECTION METHOD

Wingecarribee Shire Council has defined in corporate assets register (Conquest) all its road pavements, kerb and gutter, footpaths, bridges, culverts, stormwater and car parks inspection and assessment for renewal planning. The details are as following:

- Type of data to be collected for sealed roads are:- cracking, roughness, ravelling, stripping, rutting, potholes and deflection for Pavement Management.  
Systems (PMS) modelling. The other information normally collected is shape-loss, oxidation, patches, and surface defects.
- Type of data to be collected on unsealed roads: gravel depth, surface condition and pavement condition, potholes.
- Type of data to be collected on footpaths: vertical displacement and cracking.
- Type of data to be collected on kerb & gutter: - vertical displacement, tilting, cracking, chipping and ponding.
- Adopted condition rating:- 1-5 (as per DLG's new criteria).
- Criteria for measuring condition:- i.e. severity, extent or both.
- Method of measuring condition distresses: i.e. length, width, area, depth.

The inspection method that has been adopted is as follows:

1. Each road, footpath or kerb is divided into sections of homogeneous surface condition, terrain and surface type. These sections are called segments. Wingecarribee Shire Council has documented segmentation that is recorded in its asset register with descriptions of locations, start and finish points.
2. Condition is measured along the entire section of the segment i.e. not in representative gauge lengths or one lane or one side only. Visual condition is being assessed on foot or utilising a suitable vehicle.

## Wingecarribee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

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##### **STANDARD, USEFUL AND REMAINING LIFE:**

Standard life and Useful life of asset types has been derived from IPWEA (NSW) Road and Transport Directorate – Roads Fair Value Valuation Guide - June 2009, Council's Project Records, LGAM etc.

Remaining useful life is determined for each individual asset from condition rating. Reliable condition decay profiles are available in Council's pavement management system.

Age + Remaining useful life = Useful life

**Remaining Useful Life** is obtained from the condition rating

**Age** is the current date less year when asset was constructed

##### **DEPRECIATION METHOD**

The depreciation method used in Conquest is straight line method which is constant consumption of the asset over its useful life.

##### **Unit Rates Calculation:**

Standard unit rates have been developed for each asset type by using, where available, Rawlinson's Australian Construction Hand Book 2013, IPART's Local Infrastructure Benchmark Datasheets and then,

Council's contract rates or rates from similar neighbouring Council.

##### **Residual Value:**

Residual value is the estimated amount Council will obtain from the disposal of the asset. The residual value is recognized in the case of a road pavement asset, where the asset is renewed or replaced in full and the cost to restore the asset to as new condition is less than the replacement cost.

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

For infrastructure assets, fair value is the depreciated replacement cost

So, Depreciable amount = Current Replacement cost – Residual value

Depreciated Replacement Cost = Current Replacement cost - Accumulated Depreciation

## Wingecarribee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

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##### Condition Models Used for All Assets

The following condition rates from 1 to 5 has been used for all assets categories

Condition Rating	Condition Description	Life Consumed
1	Excellent/New-No work required	0
2	Good Condition-Normal Maintenance only	40
3	Fair (Average Condition)-Some work required	70
4	Poor Condition-Renewal required within one year	80
5	Very Poor (Critical Condition)-urgent renewal required	100

## 2. Infrastructure Assets Revaluation

### Data Acquisition:

1. Council's Assets data collection staff.
2. Condition Assessment Contractors.

### Frequency of Condition-Data Collection

- Roads: Condition data will be collected 20% of whole network each year.
- Stormwater: Condition data will be collected 20% of whole network each year.
- Footpaths, Kerb and Gutter: Condition data will be collected 33% of whole network each year.
- Bridges: Condition data will be collected 2 yearly.

### Data used in the valuation of Council's infrastructure assets is obtained from the following sources:

1. Council's Asset Management System—Conquest.
2. Council's Pavement Management System – SMEC PMS.
3. Council's Supply of Materials and Services Contract.
4. Rawlinson's Australian Construction Handbook 2012.
5. Other neighbouring Council.

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 27. Fair Value Measurement (continued)

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#### 6. IPART's Local Infrastructure Benchmark Datasheets.

#### **Council's Asset and Pavement Management Systems provide the following information:**

1. Individual asset valuation dimension (length, area, volume etc.)
2. Individual asset measurement units.
3. Condition at end of the life (intervention condition).
4. Components under each asset (for example a road segment has 3 components such as road formation earthworks, road pavements and road surfacing).

#### **Council's Asset Register Conquest provides the following information:**

1. Units of measurement of assets.
2. Materials and size for capacity.
3. Date of acquisition.
4. Condition rating based on current performance
5. Information on location, features, construction methods, geotechnical data, manufacturers etc.
6. Current replacement costs, remaining lives, useful lives, residual value and renewal strategies.
7. Unit rates for valuation.

#### **Asset Components:**

The asset components have been created for infrastructure assets (based on standard lives, residual values and depreciation rate):

#### **Bridge and Culvert Condition Assessment:**

Condition assessment is component based and carried out under a prescribed methodology. Each structure is broken down into individual components and for each component; Council's accredited Bridge Inspector or accredited Consultant/Contractor assessed the condition between a range of 1 and 4 in accordance with the following conditions:

- Condition 1 : Component in a good condition with little or no deterioration
- Condition 2 : Component shows deterioration of a major nature
- Condition 3 : Component shows advanced deterioration and loss of protection to the supporting material
- Condition 4 : Component shows advanced deterioration, loss of effective section, is acting differently to design or is showing signs of overstress.

## Wingecarribee Shire Council

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

## Note 27. Fair Value Measurement (continued)

**CONDITION RATING (Sample Photographs)****Sample Photographs of Road Surface Condition**






## Wingecarribee Shire Council

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

## Note 27. Fair Value Measurement (continued)

## Sample Photographs For Condition Rating of Footpath & Cycleways

### Footpath Condition








Score	Description	Example	Score	Description	Example
1	Excellent: No Work Required-Normal Maintenance Only		4	Poor: Some Rehabilitation Needed Within 1 Year	
2	Good: Only Minor work required		5	Very Poor: Asset in Critical Condition - Urgent Rehabilitation Required	
3	Average: Some work required				

## Wingecarribee Shire Council

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

## Note 27. Fair Value Measurement (continued)

## Concrete Bridge Condition Photographs

Score	Description	Example			
1	No structural cracking or spalling	No Photograph			
2	Few minor cracks or spalls, Minor discolouration				
3	Isolated delamination and spalling, 20% reinforcement corrosion				
4	Large areas of delamination and spalling, active corrosion of ducts and tendons.				

## Wingecarribee Shire Council

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

## Note 27. Fair Value Measurement (continued)

## Sample Photographs of Condition Rating for Kerb &amp; Gutter Assets



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

**Note 27. Fair Value Measurement** (continued)

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**WATER CONDITION RATINGS**

- Reticulation Assets
  - Hydrants – based on age and / or visual inspection & testing
  - Valves – based on age and / or visual inspection & testing
  - Meters – based on age, meter readers inspection
  - Mains (Pipes) – majority based on age. Some condition assessments completed on critical mains using non-destructive testing methods (wall thickness calculations).
- Headworks Assets
  - Treatment plants – contractors engaged every 5 years to inspect and report on condition of all assets, components & subcomponents
  - Dams – based on visual inspections by staff
  - Pump stations
    - Wet wells
    - Pumps – Council fitter has ongoing pump maintenance and renewal program
    - Pipework
    - Valves
  - Reservoirs – routine visual inspections by staff

**SEWER CONDITION RATINGS**

- Reticulation Assets
  - Manholes – based on age and / or visual inspection & testing by contractors
  - Valves – based on age and / or visual inspection & testing
  - Sidelines – based on age, meter readers inspection
  - Mains (Pipes) – based on CCTV inspections & age. CCTV inspections undertaken as per WSAA Conduit Inspection Reporting Code.
- Headworks Assets
  - Treatment plants – contractors engaged every 5 years to inspect and report on condition of all assets, components & subcomponents
  - Pump stations
    - Wet wells
    - Pumps – Council fitter has ongoing pump maintenance and renewal program
    - Pipework
    - Valves

**STANDARD LIFE, UNIT RATE & RESIDUAL VALUE BY ASSET TYPE**

The following section describes how the standard life, unit rates & residual values were reviewed. It also includes a description of where the data came from and how it was calculated. It includes all asset types for water & sewer.

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 27. Fair Value Measurement (continued)

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An asset's value is calculated by multiplying the quantity or dimension (e.g. length) by the unit rate. Unit rates shown are each for all assets except lineal assets (e.g. pipes) which are based on a \$/m rate.

#### WATER ASSET TYPES

##### RETICULATION

For reticulation assets including water mains, hydrants, valves, meters, services and telemetry a unit rate is used to calculate the replacement cost. The unit rate for reticulation assets is stored in the asset type within Conquest. All assets assigned to this asset type will use this unit rate. The calculation used is:

***Unit rate x measurement or dimension = Replacement cost.***

##### HEADWORKS

For water assets associated to the headworks, including treatment plants, pump stations, reservoirs, and dams, these assets are valued on an individual basis.

A unit rate cannot be applied to these assets due to the complexity and differing nature of such assets. Assets may be similar across different plants but their replacement rates differ due to a number of factors incl. technology, materials, method etc.

The replacement cost for a headworks asset is stored in the **Modify rate by** field in Conquest and the measurement field is applied. The calculation used is:

***Modify rate by x measurement = Replacement cost.***

#### NOTES ON STANDARD LIFE, UNIT RATE & RESIDUAL VALUE

- Pipes
  - Standard life for PE, PVC pipes increased to 100 years as reported by manufacturer.
  - Standard life for AC, CC pipes increased to 80 years based on engineering judgement. Existing AC and CC pipes are lasting longer than original 60 years standard life. Pipes that are older than 80 years will be prioritised for renewal in the next few years.
  - Unit Rate based on PE Blue Stripe Pipe as pipes would predominantly be pipe burst to PE upon renewal.
- Valves
  - Standard life for all valves (headworks and reticulation) except those below increased to 60 years based engineering judgement. Existing valves in general are lasting longer than 40 years. All valves set to 60 years to keep uniform.
  - Standard life for Pressure reduction valves remains unchanged at 50 years. Lower standard life as this valve has more moving parts.

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 27. Fair Value Measurement (continued)

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- Standard life for electric (solenoid) valves & actuator valve increased to 50 years to keep uniform with PRV i.e. has more moving parts.
- Loggers
  - Unit rate for flow & pressure loggers updated based on purchase of new loggers in 2013/14 financial year.
- Hydrants
  - Standard life increased to 60 years based on engineering judgement. Existing hydrants in the network are generally lasting longer than 50 years.
- Filling Stations & Telemetry
  - Mod rate is used to value individual assets at each site. Mod rate remains unchanged this revaluation.

#### SEWER ASSET TYPES

##### RETICULATION

For reticulation assets including sewer gravity mains, rising mains, manholes, lamp holes, maintenance shafts, valves, meters and service lines the unit rate is used to calculate the replacement rate. The unit rate for reticulation assets is stored in the asset type within Conquest. All assets assigned to this asset type will use this unit rate. The calculation used is:

***Unit rate x measurement = Replacement rate.***

##### HEADWORKS

For sewer assets associated to the headworks, including treatment plants, pump stations, power supplies these assets are valued on an individual basis. A unit rate cannot be applied to these assets due to the complexity and differing nature of such assets. Assets may be similar across different plants but their replacement rates differ due to a number of factors, some include technology, materials, method etc.

The replacement rate for headwork's assets is stored in the ***Modify rate by*** field in Conquest and the measurement field is applied.

The calculation used is:

***Modify rate by x measurement = Replacement rate.***

#### NOTES ON NEW STANDARD LIFE / UNIT RATE / RESIDUAL (WHERE APPLICABLE)

- Sewer Gravity Mains
  - Standard life for PE, PVC pipes increased to 100 years as reported by manufacturer.
  - Standard life for AC, CC pipes increased to 80 years based on engineering judgement. Existing AC and CC pipes are lasting longer than original 50 years standard life. Pipes that are older than 80 years will be prioritised for renewal in the

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 27. Fair Value Measurement (continued)

---

next few years. Changing life to 80 years from 50 decreases length of expired concrete main from 15.7km to 3.9km. 680m of this 3.9km to be replaced this year (14/15), with the remainder to be programmed for renewal over next few years.

- Standard life for DICL, CICL pipes remains unchanged at 60 years. This life appears to be reasonable with only 1 asset close to expiry (6 years away). Created a new type for CIPP (Cured in place pipe) with standard life of 30 years.
  - Unit Rates based on PE Blue Stripe Pipe as pipes would predominantly be pipe burst to PE upon renewal.
- Sewer Rising Mains
    - Standard life for PE, PVC pipes increased to 100 years as reported by manufacturer.
    - Standard life for AC, CC, DICL, CICL pipes unchanged.
    - Unit Rates based on PE Blue Stripe Pipe as pipes would predominantly be pipe burst to PE upon renewal.
  - Manholes
    - Standard life remains unchanged at 70 years.
    - Rehabilitated manholes will be treated as part renewal with 20yrs added to life of asset (expiry date extended by 20 years).
  - Vents
    - Standard life & unit rate remains unchanged.
  - Valves
    - Standard life increased to 40 years across all valves.
    - Unit rate remains unchanged for >80mm valves.
  - Residential PS
    - Standard life & unit rate remains unchanged for each component.

### EXPLANATION OF VALUATION SOURCE

#### HEADWORKS ASSETS

In 2014 WSC undertook an asset re-valuation & condition assessment project on all Headworks assets. A project specification was published on the e-tendering website for appropriate contractors to apply. AssetVal, a Brisbane based company were selected for the valuation & condition assessment project. All assets associated to the water & sewer headworks were valued by AssetVal in February 2014. A summary of their valuation method follows.

The water and sewer assets were segregated into active and passive assets; passive assets were not further componentized and consisted of pipework, hydrants and manholes. Unit rates were applied based on similar recent project costs, unit rate databases, indices, Rawlinson's Construction Handbook and quotations.

The remaining active assets consisted of treatment, pumping and storage assets. These assets were componentized and valued independently, with allowances for complexity, size, function and

## Wingecarribee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

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site factors. These are generally totalled to a lump sum item and compared against recent similar projects and in-house databases to check for relativity, appropriateness and sensibility.

Location Factors, soil type, weather conditions, raw material access and service level standards were assumed to be uniform across the council area.

Raw Costs were increased up to 27% depending on project complexity to allow for project overheads including survey, environmental and investigation costs, engineering design, planning and project management.

95% of visible above ground active water and sewer assets have been inspected as part of the valuation process.

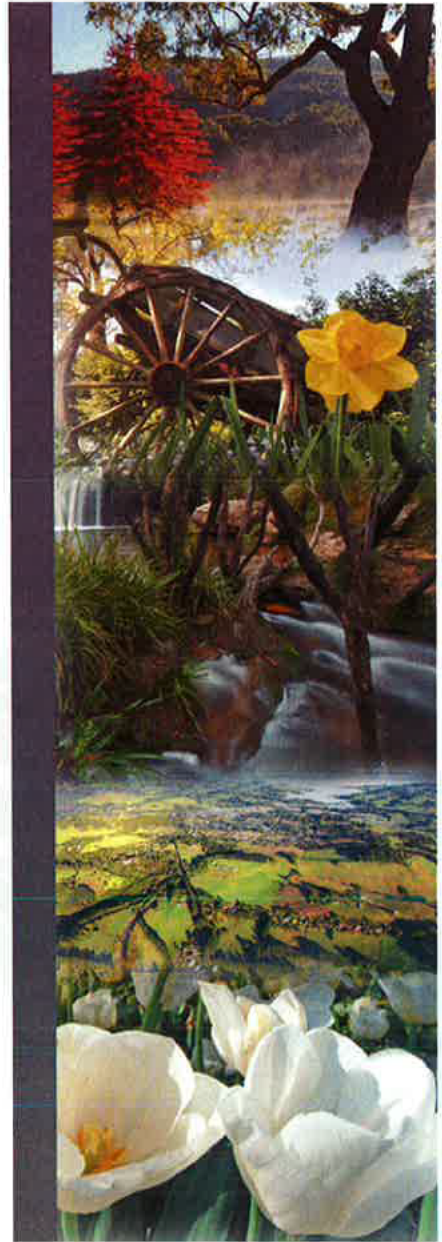
#### **RETICULATION ASSETS**

WSC's Development Engineer undertook an in-house review of all the reticulation assets for water & sewer.

This involved sourcing the current rates for mains & fittings from Council's suppliers via Council's Store and inputting into the asset costing's spreadsheet (originally created in 2007). The new rates were entered to the spreadsheet plus costing's for labour and plant were reworked based on current expenditures and experience.

#### **HIGHEST AND BEST USE**

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



# Wingecarribee Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

*Making your  
Southern Highlands  
a better place to live...*



# Wingecarribee Shire Council

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

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<b>1. Auditor's Report</b>	
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Income Statement - Sewerage Business Activity	4
Income Statement - Other Business Activities	n/a
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Statement of Financial Position - Other Business Activities	n/a
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### **Background**

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.

- (ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- (iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

- (iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).
-

*Wingecarribee Council*

*Special Purpose Financial Reports*

*Independent Audit Report*

**Scope**

*I have audited the special purpose financial reports of Wingecarribee Council for the year ended 30 June 2014, comprising the Statement by Council, Operating Statement of Business Activities, Statement of Financial Position by Business Activities, and the accompanying Notes to the Accounts. The financial statements include the accounts of the business activities of the Council and the entities it controlled at the year's end or from time to time during the year. The Council is responsible for the preparation and presentation of the financial statements and the information contained therein. I have conducted an independent audit of the financial statements in order to express an opinion on them to Council.*

*The special purpose financial reports have been prepared for distribution to the Council and the Department of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. I disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Department of Local Government or for any purpose other than for which the report was prepared.*

*My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with those Australian Accounting Standards adopted and the Local Government Code of Accounting Practice and Financial Reporting so as to present a view which is consistent with our understanding of the Council's business activities and their financial position and, the results of their operations.*

*The audit opinion expressed in this report has been formed on the above basis.*

**Audit Opinion**

*In my opinion, the Special Purpose Financial Reports of Wingecarribee Council are presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.*



**PA Webster**  
**Warton Thompson & Co**

*Dated at Sydney this 22nd day of October 2014*

# Wingecarribee Shire Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2014

### Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".

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

- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

**We are not aware of any matter that would render these Statements false or misleading in any way.**

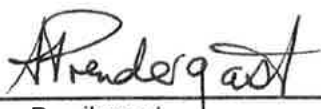
**Signed in accordance with a resolution of Council made on 22 October 2014.**



Clr TD Gair  
MAYOR



Clr J Clark  
COUNCILLOR



Ann Prendergast  
GENERAL MANAGER



Robert Brown  
RESPONSIBLE ACCOUNTING OFFICER

## Wingecarribee Shire Council

Income Statement of Council's Water Supply Business Activity  
for the financial year ended 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>Income from continuing operations</b>		
Access charges	2,929	3,030
User charges	8,230	7,197
Fees	315	653
Interest	731	512
Grants and contributions provided for non capital purposes	181	225
Profit from the sale of assets	-	-
Other income	605	296
<b>Total income from continuing operations</b>	<b>12,991</b>	<b>11,913</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	2,399	3,369
Borrowing costs	163	175
Materials and contracts	2,244	2,058
Depreciation and impairment	3,477	4,419
Water purchase charges	1,231	1,098
Loss on sale of assets	2	12
Calculated taxation equivalents	72	170
Debt guarantee fee (if applicable)	111	100
Other expenses	1,258	777
<b>Total expenses from continuing operations</b>	<b>10,957</b>	<b>12,178</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>2,034</b>	<b>(265)</b>
Grants and contributions provided for capital purposes	1,193	763
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>3,227</b>	<b>498</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>3,227</b>	<b>498</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(610)	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>2,617</b>	<b>498</b>
plus Opening Retained Profits	44,229	53,143
plus/less: Prior Period Adjustments	-	(9,682)
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	72	170
- Debt guarantee fees	111	100
- Corporate taxation equivalent	610	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>47,639</b>	<b>44,229</b>
<b>Return on Capital %</b>	<b>1.3%</b>	<b>-0.1%</b>
<b>Subsidy from Council</b>	<b>3,737</b>	<b>-</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	2,617	498
less: Capital grants and contributions (excluding developer contributions)	(134)	-
<b>Surplus for dividend calculation purposes</b>	<b>2,483</b>	<b>498</b>
<b>Potential Dividend calculated from surplus</b>	<b>1,241</b>	<b>249</b>

## Wingecarribee Shire Council

# Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>Income from continuing operations</b>		
Access charges	11,893	10,880
User charges	635	511
Liquid Trade Waste charges	127	108
Fees	115	-
Interest	375	362
Grants and contributions provided for non capital purposes	160	156
Profit from the sale of assets	-	-
Other income	451	763
<b>Total income from continuing operations</b>	<b>13,756</b>	<b>12,780</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	3,118	3,804
Borrowing costs	1,682	1,567
Materials and contracts	4,235	2,433
Depreciation and impairment	3,577	3,924
Loss on sale of assets	13	26
Calculated taxation equivalents	168	362
Debt guarantee fee (if applicable)	920	744
Other expenses	1,424	887
<b>Total expenses from continuing operations</b>	<b>15,137</b>	<b>13,747</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(1,381)</b>	<b>(967)</b>
Grants and contributions provided for capital purposes	1,808	5,363
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>427</b>	<b>4,396</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>427</b>	<b>4,396</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>427</b>	<b>4,396</b>
plus Opening Retained Profits	100,749	95,247
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	168	362
- Debt guarantee fees	920	744
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>102,264</b>	<b>100,749</b>
<b>Return on Capital %</b>	<b>0.1%</b>	<b>0.3%</b>
<b>Subsidy from Council</b>	<b>9,512</b>	<b>-</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	427	4,396
less: Capital grants and contributions (excluding developer contributions)	2,567	(4,593)
<b>Surplus for dividend calculation purposes</b>	<b>2,994</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>1,497</b>	<b>-</b>

## Wingecarribee Shire Council

Statement of Financial Position - Council's Water Supply Business Activity  
as at 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	148	4,840
Investments	23,782	15,000
Receivables	2,748	2,321
Inventories	78	86
Other	-	56
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>26,756</b>	<b>22,304</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	166,688	178,451
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>166,688</b>	<b>178,451</b>
<b>TOTAL ASSETS</b>	<b>193,444</b>	<b>200,755</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	647	349
Interest bearing liabilities	265	222
Provisions	449	465
<b>Total Current Liabilities</b>	<b>1,361</b>	<b>1,036</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	2,771	2,998
Provisions	-	20
<b>Total Non-Current Liabilities</b>	<b>2,771</b>	<b>3,018</b>
<b>TOTAL LIABILITIES</b>	<b>4,132</b>	<b>4,054</b>
<b>NET ASSETS</b>	<b>189,312</b>	<b>196,701</b>
<b>EQUITY</b>		
Retained earnings	47,639	44,229
Revaluation reserves	141,673	152,472
Council equity interest	189,312	196,701
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>189,312</b>	<b>196,701</b>

## Wingecarribee Shire Council

Statement of Financial Position - Council's Sewerage Business Activity  
as at 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	96	3,539
Investments	10,113	6,000
Receivables	3,510	2,863
Inventories	-	5
Other	33	207
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>13,752</b>	<b>12,614</b>
<b>Non-Current Assets</b>		
Investments	200	200
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	275,661	235,812
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>275,861</b>	<b>236,012</b>
<b>TOTAL ASSETS</b>	<b>289,613</b>	<b>248,626</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	360	1,187
Interest bearing liabilities	8,806	1,737
Provisions	635	100
<b>Total Current Liabilities</b>	<b>9,801</b>	<b>3,024</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	16,657	24,463
Provisions	-	24
<b>Total Non-Current Liabilities</b>	<b>16,657</b>	<b>24,487</b>
<b>TOTAL LIABILITIES</b>	<b>26,458</b>	<b>27,511</b>
<b>NET ASSETS</b>	<b>263,155</b>	<b>221,115</b>
<b>EQUITY</b>		
Retained earnings	102,264	100,749
Revaluation reserves	160,891	120,366
Council equity interest	263,155	221,115
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>263,155</b>	<b>221,115</b>

Wingecarribee Shire Council

## Wingecarribee Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2014

#### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
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2	Water Supply Business Best Practice Management disclosure requirements	11
3	Sewerage Business Best Practice Management disclosure requirements	13

# Wingecarribee Shire Council

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

### Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Office of Local Government.

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in these special purpose financial statements, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB) &
- Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with:

- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

The "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality" issued by the Office of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

#### Declared Business Activities

In accordance with *Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

##### Category 1

(where gross operating turnover is over \$2 million)

##### a. Wingecarribee Shire Council Water Fund

Comprising the whole of the operations and assets of the water supply systems servicing the major towns of Moss Vale, Bowral, Mittagong, Robertson and Bundanoon and surrounding villages.

##### b. Wingecarribee Shire Council Sewerage Fund

Comprising the whole of the operations and assets of the sewerage reticulation and treatment system servicing the major towns of Moss Vale, Bowral and Bundanoon, Robertson, and Mittagong and surrounding villages, and the village of Berrima.

##### Category 2

(where gross operating turnover is less than \$2 million)

#### Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

# Wingecarribee Shire Council

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

### Note 1. Significant Accounting Policies

#### (i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all council nominated business activities (this does not include council's non-business activities):

#### Notional Rate Applied %

##### Corporate Income Tax Rate – 30%

Land Tax – The first **\$412,000** of combined land values attracts **0%**. From \$412,001 to \$2,519,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,519,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$750,000.

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a "Dividend for Taxation equivalent", may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

#### Income Tax

An income tax equivalent has been applied on the profits of each reported Business Activity.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since this taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's General Purpose Financial Statements.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

#### Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the Business Activity.

#### Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

# Wingecarribee Shire Council

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

### Note 1. Significant Accounting Policies

#### (ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed.

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported Business Activity.

#### (iii) Return on Investments (Rate of Return)

The Policy statement requires that councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field".

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The Rate of Return on Capital is calculated as follows:

**Operating Result before Capital Income + Interest Expense**

**Written Down Value of I,PP&E as at 30 June**

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.56% at 30/6/14.

The actual rate of return achieved by each Business Activity is disclosed at the foot of each respective Income Statement.

#### (iv) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2014 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved the payment.

## Wingecarribee Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2014Note 2. Water Supply Business  
Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2014

## 1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	183,357
(ii)	No of assessments multiplied by \$3/assessment	58,401
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	58,401
(iv)	Amounts actually paid for Tax Equivalents	-

## 2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	1,241,275
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	525,609
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012	2,978,302

2014 Surplus	2,482,550	2013 Surplus	498,000	2012 Surplus	(2,248)
		2013 Dividend	-	2012 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	525,609
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

## 3. Required outcomes for 6 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	YES
(iii)	Sound Water Conservation and Demand Management implemented	YES
(iv)	Sound Drought Management implemented	YES
(v)	Complete Performance Reporting Form (by 15 September each year)	YES
(vi)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

## Wingecarribee Shire Council

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

## Note 2. Water Supply Business

## Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2014

## National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F1</b>	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	13,454
<b>NWI F4</b>	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	68.96%
<b>NWI F9</b>	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	165,872
<b>NWI F11</b>	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	7,101
<b>NWI F14</b>	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	746
<b>NWI F17</b>	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	1.71%
<b>NWI F26</b>	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

- Notes:
- References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
  - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

## Wingecarribee Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2014Note 3. Sewerage Business  
Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2014

## 1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	1,087,601
(ii)	No of assessments multiplied by \$3/assessment	49,380
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	49,380
(iv)	Amounts actually paid for Tax Equivalents	-

## 2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	1,497,199
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	444,420
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012	2,794,856

2014 Surplus	2,994,399	2013 Surplus	(197,000)	2012 Surplus	(2,543)
		2013 Dividend	-	2012 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	444,420
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

## 3. Required outcomes for 4 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	Complying charges (a) Residential [Item 2(c) in Table 1]	YES
	(b) Non Residential [Item 2(c) in Table 1]	YES
	(c) Trade Waste [Item 2(d) in Table 1]	YES
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii)	Complete Performance Reporting Form (by 15 September each year)	YES
(iv)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

## Wingecarribee Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2014Note 3. Sewerage Business  
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2014

## National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F2</b>	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	14,888
<b>NWI F10</b>	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	274,694
<b>NWI F12</b>	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	8,290
<b>NWI F15</b>	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	2,172
<b>NWI F18</b>	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	1.04%
<b>NWI F27</b>	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	300

National Water Initiative (NWI) Financial Performance Indicators  
Water & Sewer (combined)

<b>NWI F3</b>	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	28,327
<b>NWI F8</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.20%
<b>NWI F16</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	2,919
<b>NWI F19</b>	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	1.29%
<b>NWI F20</b>	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
<b>NWI F21</b>	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

## Wingecarribee Shire Council

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

## Note 3. Sewerage Business

## Best Practice Management disclosure requirements (continued)

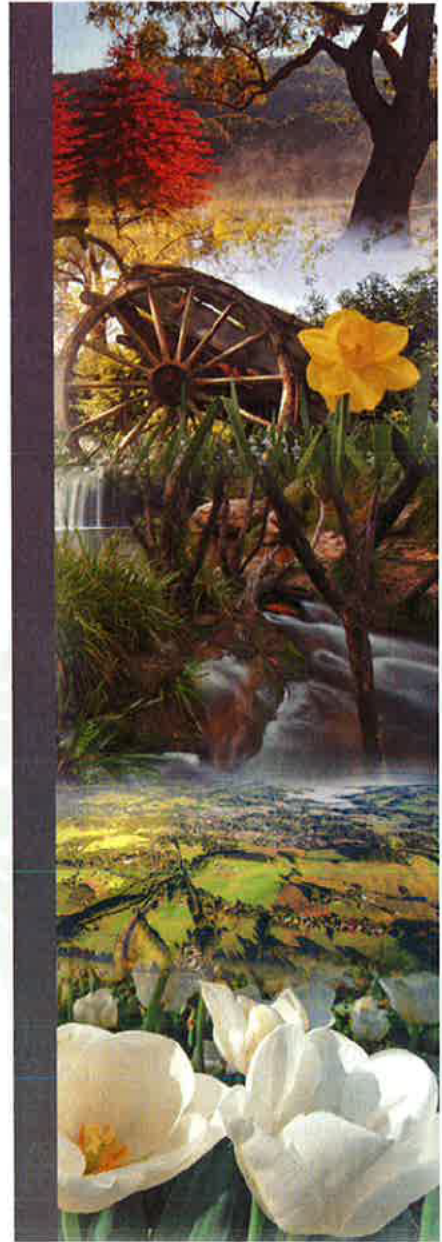
Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2014

National Water Initiative (NWI) Financial Performance Indicators  
Water & Sewer (combined)

<b>NWI F22</b>	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	-1.29%
<b>NWI F23</b>	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest  Earnings before Interest & Tax (EBIT): 5,723 Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)  Net Interest: 739 Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		8
<b>NWI F24</b>	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	4,626
<b>NWI F25</b>	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	339

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
  - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.



# Wingecarribee Shire Council

SPECIAL SCHEDULES

for the year ended 30 June 2014

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*Making your  
Southern Highlands  
a better place to live...*



# Wingecarribee Shire Council

## Special Schedules

for the financial year ended 30 June 2014

Contents	Page
<b>Special Schedules<sup>1</sup></b>	
- Special Schedule No. 1	Net Cost of Services 2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes) 4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993) 5
- Special Schedule No. 3	Water Supply Operations - incl. Income Statement 6
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- Special Schedule No. 5	Sewerage Service Operations - incl. Income Statement 11
- Special Schedule No. 6	Sewerage Service - Statement of Financial Position 15
- Notes to Special Schedules No. 3 & 5	16
- Special Schedule No. 7	Report on Infrastructure Assets (as at 30 June 2014) 17
- Special Schedule No. 8	Financial Projections 23
- Special Schedule No. 9	Permissible Income Calculation 24

<sup>1</sup> 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.

## Wingecarribee Shire Council

## 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	
<b>Governance</b>	<b>1,939</b>	<b>36</b>	<b>171</b>	<b>(1,732)</b>
<b>Administration</b>	<b>31,356</b>	<b>-</b>	<b>29</b>	<b>(31,327)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	1,423	503	272	(648)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	1,212	454	-	(758)
Animal Control	344	46	-	(298)
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	<b>2,979</b>	<b>1,003</b>	<b>272</b>	<b>(1,704)</b>
<b>Health</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	260	26	-	(234)
Other Environmental Protection	1,365	1,141	-	(224)
Solid Waste Management	8,496	8,844	-	348
Street Cleaning	-	-	-	-
Drainage	515	-	51	(464)
Stormwater Management	307	542	161	396
<b>Total Environment</b>	<b>10,943</b>	<b>10,553</b>	<b>212</b>	<b>(178)</b>
<b>Community Services and Education</b>				
Administration & Education	97	1	-	(96)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	68	37	-	(31)
Children's Services	975	885	-	(90)
<b>Total Community Services &amp; Education</b>	<b>1,140</b>	<b>923</b>	<b>-</b>	<b>(217)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	241	211	-	(30)
Public Conveniences	468	(1)	-	(469)
Street Lighting	676	13	-	(663)
Town Planning	1,701	2,146	-	445
Other Community Amenities	392	84	-	(308)
<b>Total Housing and Community Amenities</b>	<b>3,478</b>	<b>2,453</b>	<b>-</b>	<b>(1,025)</b>
<b>Water Supplies</b>	<b>11,929</b>	<b>12,965</b>	<b>-</b>	<b>1,036</b>
<b>Sewerage Services</b>	<b>14,922</b>	<b>14,464</b>	<b>300</b>	<b>(158)</b>

## Wingecarribee Shire Council

## 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	
<b>Recreation and Culture</b>				
Public Libraries	1,372	146	-	(1,226)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	833	98	-	(735)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	324	40	-	(284)
Sporting Grounds and Venues	412	(5)	-	(417)
Swimming Pools	11,707	173	-	(11,534)
Parks & Gardens (Lakes)	2,954	(40)	-	(2,994)
Other Sport and Recreation	32	32	389	389
<b>Total Recreation and Culture</b>	<b>17,634</b>	<b>444</b>	<b>389</b>	<b>(16,801)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	885	29	-	(856)
Other Mining, Manufacturing & Construction	197	348	-	151
<b>Total Mining, Manufacturing and Const.</b>	<b>1,082</b>	<b>377</b>	-	<b>(705)</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	(21,328)	673	525	22,526
Urban Roads - Regional	4	-	-	(4)
Sealed Rural Roads (SRR) - Local	1,448	2,197	701	1,450
Sealed Rural Roads (SRR) - Regional	514	-	1,132	618
Unsealed Rural Roads (URR) - Local	1,358	-	-	(1,358)
Unsealed Rural Roads (URR) - Regional	118	-	-	(118)
Bridges on UR - Local	126	-	-	(126)
Bridges on SRR - Local	36	-	-	(36)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	53	-	-	(53)
Footpaths	173	16	-	(157)
Aerodromes	-	-	-	-
Other Transport & Communication	5,588	-	2,524	(3,064)
<b>Total Transport and Communication</b>	<b>(11,910)</b>	<b>2,886</b>	<b>4,882</b>	<b>19,678</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	13	4	-	(9)
Other Economic Affairs	2,779	1,680	-	(1,099)
<b>Total Economic Affairs</b>	<b>2,792</b>	<b>1,684</b>	-	<b>(1,108)</b>
<b>Totals – Functions</b>	<b>88,284</b>	<b>47,788</b>	<b>6,255</b>	<b>(34,241)</b>
<b>General Purpose Revenues <sup>(2)</sup></b>		<b>34,216</b>		<b>34,216</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	-		-
<b>NET OPERATING RESULT <sup>(1)</sup></b>	<b>88,284</b>	<b>82,004</b>	<b>6,255</b>	<b>(25)</b>

(1) As reported in the Income Statement

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

# Wingecarribee Shire Council

## 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
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	265	1,590	1,855	-	265	-	-	-	265	1,325	1,590
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	2,259	37,617	39,876	2,100	2,590	-	-	2,427	9,265	30,121	39,386
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	<b>2,524</b>	<b>39,207</b>	<b>41,731</b>	<b>2,100</b>	<b>2,855</b>	<b>-</b>	<b>-</b>	<b>2,427</b>	<b>9,530</b>	<b>31,446</b>	<b>40,976</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>2,524</b>	<b>39,207</b>	<b>41,731</b>	<b>2,100</b>	<b>2,855</b>	<b>-</b>	<b>-</b>	<b>2,427</b>	<b>9,530</b>	<b>31,446</b>	<b>40,976</b>

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).

# Wingecarribee Shire Council

## Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993] for the financial year ended 30 June 2014

\$'000

### Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
General			
Water			
Sewer			
Domestic Waste Management			
Gas			
Other	1,584	110	691
<b>Totals</b>	<b>1,584</b>	<b>110</b>	<b>691</b>

Note: The summary of Internal Loans (above) represents the total of Council's Internal Loans categorised according to the borrower.

### Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
General - Central Lib	General PDR Res		30/06/98	9	30/06/07	7.50%	725	37	25
General - Saleyards	General PDR Res		30/06/06	5	30/06/11	7.00%	859	73	666
<b>Totals</b>							<b>1,584</b>	<b>110</b>	<b>691</b>

## Wingecarribee Shire Council

## Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
<b>A Expenses and Income Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	1,867	1,772
b. Engineering and Supervision	769	756
<b>2. Operation and Maintenance expenses</b>		
<b>- Dams &amp; Weirs</b>		
a. Operation expenses	-	-
b. Maintenance expenses	7	20
<b>- Mains</b>		
c. Operation expenses	-	-
d. Maintenance expenses	1,351	610
<b>- Reservoirs</b>		
e. Operation expenses	111	223
f. Maintenance expenses	101	435
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	15	16
h. Energy costs	598	650
i. Maintenance expenses	27	17
<b>- Treatment</b>		
j. Operation expenses (excluding chemical costs)	286	375
k. Chemical costs	293	292
l. Maintenance expenses	263	249
<b>- Other</b>		
m. Operation expenses	84	12
n. Maintenance expenses	98	-
o. Purchase of water	1,231	1,098
<b>3. Depreciation expenses</b>		
a. System assets	3,374	4,042
b. Plant and equipment	134	377
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	163	175
b. Revaluation Decrements	-	-
c. Other expenses	-	458
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>10,772</b>	<b>11,577</b>

## Wingecarribee Shire Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
Income		
<b>6. Residential charges</b>		
a. Access (including rates)	2,763	2,235
b. Usage charges	6,137	5,374
<b>7. Non-residential charges</b>		
a. Access (including rates)	494	476
b. Usage charges	2,093	1,823
<b>8. Extra charges</b>	-	48
<b>9. Interest income</b>	731	464
<b>10. Other income</b>	593	949
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	-	-
<b>11. Grants</b>		
a. Grants for acquisition of assets	-	50
b. Grants for pensioner rebates	180	175
c. Other grants	-	-
<b>12. Contributions</b>		
a. Developer charges	1,058	763
b. Developer provided assets	-	-
c. Other contributions	136	-
<b>13. Total income</b>	<b>14,185</b>	<b>12,357</b>
<b>14. Gain (or loss) on disposal of assets</b>	(2)	(12)
<b>15. Operating Result</b>	<b>3,411</b>	<b>768</b>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	3,411	718

## Wingecarribee Shire Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	443	358
c. Renewals	304	1,934
d. Plant and equipment	-	128
<b>17. Repayment of debt</b>		
a. Loans	222	211
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<b>968</b>	<b>2,631</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	45	60
<b>21. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>22. Transfer from sinking fund</b>	-	-
<b>23. Totals</b>	<b>45</b>	<b>60</b>
<b>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)	16,976	16,838
b. Residential (unoccupied, ie. vacant lot)	682	786
c. Non-residential (occupied)	1,625	1,271
d. Non-residential (unoccupied, ie. vacant lot)	184	383
<b>25. Number of ETs for which developer charges were received</b>	- ET	- ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 327,255	\$ 318,599

## Wingecarribee Shire Council

## Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2014

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>27. Annual charges</b>			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?			
<input type="checkbox"/> <input type="checkbox"/>			
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy <b>from</b> residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy <b>to</b> non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy <b>to</b> large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
<b>28. Developer charges</b>			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>29. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (27b +27c + 27d + 28b)</b>			<input type="text" value="-"/>

\* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

## Wingecarribee Shire Council

## Special Schedule No. 4 - Water Supply Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2014

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	7,267	-	7,267
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	16,663	-	16,663
<b>31. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	-	-	-
c. User Charges	2,626	-	2,626
d. Other	122	-	122
<b>32. Inventories</b>	78	-	78
<b>33. Property, plant and equipment</b>			
a. System assets	-	165,872	165,872
b. Plant and equipment	-	816	816
<b>34. Other assets</b>	-	-	-
<b>35. Total assets</b>	<b>26,756</b>	<b>166,688</b>	<b>193,444</b>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	-	-	-
<b>37. Creditors</b>	647	-	647
<b>38. Borrowings</b>			
a. Loans	265	2,771	3,036
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	449	-	449
<b>40. Total liabilities</b>	<b>1,361</b>	<b>2,771</b>	<b>4,132</b>
<b>41. NET ASSETS COMMITTED</b>	<b>25,395</b>	<b>163,917</b>	<b>189,312</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			47,639
<b>43. Asset revaluation reserve</b>			141,673
<b>44. TOTAL EQUITY</b>			<b>189,312</b>
<b>Note to system assets:</b>			
<b>45. Current replacement cost of system assets</b>			270,742
<b>46. Accumulated current cost depreciation of system assets</b>			(104,870)
<b>47. Written down current cost of system assets</b>			<b>165,872</b>

## Wingecarribee Shire Council

## Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
<b>A Expenses and Income Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	1,833	1,660
b. Engineering and Supervision	1,605	626
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	-	-
b. Maintenance expenses	1,032	841
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	274	511
d. Energy costs	318	255
e. Maintenance expenses	251	136
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	1,946	1,121
g. Chemical costs	128	168
h. Energy costs	380	391
i. Effluent Management	53	73
j. Biosolids Management	177	158
k. Maintenance expenses	293	297
<b>- Other</b>		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
<b>3. Depreciation expenses</b>		
a. System assets	3,577	3,924
b. Plant and equipment	143	-
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	1,682	1,567
b. Revaluation Decrements	-	-
c. Other expenses	343	887
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>14,035</b>	<b>12,615</b>

## Wingecarribee Shire Council

## Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
Income		
6. Residential charges (including rates)	10,916	10,055
7. Non-residential charges		
a. Access (including rates)	977	1,088
b. Usage charges	635	511
8. Trade Waste Charges		
a. Annual Fees	63	31
b. Usage charges	127	108
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	-	23
10. Interest income	375	339
11. Other income	503	469
11a. Aboriginal Communities Water & Sewerage Program	-	-
12. Grants		
a. Grants for acquisition of assets	300	4,593
b. Grants for pensioner rebates	159	156
c. Other grants	-	-
13. Contributions		
a. Developer charges	1,508	770
b. Developer provided assets	-	-
c. Other contributions	-	-
14. Total income	<b>15,563</b>	<b>18,143</b>
15. Gain (or loss) on disposal of assets	(13)	(26)
16. Operating Result	<b>1,515</b>	<b>5,502</b>
16a. Operating Result (less grants for acquisition of assets)	1,215	909

## Wingecarribee Shire Council

## Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	1,279	10,559
c. Renewals	893	799
d. Plant and equipment	-	-
<b>18. Repayment of debt</b>		
a. Loans	1,988	1,737
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>4,160</b>	<b>13,095</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	78
<b>22. Borrowing utilised</b>		
a. Loans	1,000	4,500
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>1,000</b>	<b>4,578</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	14,894	14,708
b. Residential (unoccupied, ie. vacant lot)	519	590
c. Non-residential (occupied)	914	886
d. Non-residential (unoccupied, ie. vacant lot)	133	104
<b>26. Number of ETs for which developer charges were received</b>	- ET	- ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 327,255	\$ 283,762

## Wingecarribee Shire Council

# Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2014

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>28. Annual charges</b>			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/>	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?			
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
<b>29. Developer charges</b>			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/>	
b. Total cross-subsidy in sewerage developer charges for 2012/13 (page 47 of Guidelines)			
<input type="text"/>			
<b>**</b> In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>30. Disclosure of cross-subsidies</b>			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text"/>

\* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.

## Wingecarribee Shire Council

## Special Schedule No. 6 - Sewerage Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2014

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	4,358	-	4,358
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	200	200
f. Other	5,851	-	5,851
<b>32. Receivables</b>			
a. Specific purpose grants	108	-	108
b. Rates and Availability Charges	428	-	428
c. User Charges	2,974	-	2,974
d. Other	33	-	33
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	-	274,694	274,694
b. Plant and equipment	-	967	967
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<b>13,752</b>	<b>275,861</b>	<b>289,613</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	360	-	360
<b>39. Borrowings</b>			
a. Loans	8,806	16,657	25,463
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	635	-	635
<b>41. Total Liabilities</b>	<b>9,801</b>	<b>16,657</b>	<b>26,458</b>
<b>42. NET ASSETS COMMITTED</b>	<b>3,951</b>	<b>259,204</b>	<b>263,155</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			102,264
<b>44. Asset revaluation reserve</b>			160,891
<b>45. TOTAL EQUITY</b>			<b>263,155</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost of system assets</b>			340,659
<b>47. Accumulated current cost depreciation of system assets</b>			(65,965)
<b>48. Written down current cost of system assets</b>			<b>274,694</b>

# Wingecarribee Shire Council

## Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2014

### Administration <sup>(1)</sup>

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Meter reading.
- Bad and doubtful debts.
- Other administrative/corporate support services.

### Engineering and supervision <sup>(1)</sup>

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Other technical and supervision staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.

**Operational expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

**Maintenance expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

**Other expenses** (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

**Revaluation decrements** (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

**Impairment Losses** (item 4d & 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

**Aboriginal Communities Water and Sewerage Program** (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

**Residential charges** <sup>(2)</sup> (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

**Non-residential charges** <sup>(2)</sup> (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

**Trade waste charges** (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

**Other income** (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

**Other contributions** (items 12c and 13c of Special Schedules 3 and 5 respectively) incl. capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

### Notes:

<sup>(1)</sup> Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

<sup>(2)</sup> To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

# Wingecarribee Shire Council

## 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 <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Actual <sup>(3)</sup> Maintenance 2013/14	Written Down Value (WDV) <sup>(4)</sup>	Assets in Condition as a % of WDV <sup>(4), (5)</sup>				
						1	2	3	4	5
Buildings	Council Offices / Administration Centres	1,300	130	70	15,335	0%	0%	100%	0%	0%
	Council Works Depot	500			5,898	0%	50%	50%	0%	0%
	Council Public Halls	1,500	750	500	17,693	0%	84%	12%	0%	4%
	Libraries	100	50	20	1,179	0%	100%	0%	0%	0%
	Cultural Facilities									
	Other Buildings	725	160	93	8,553	0%	0%	0%	0%	0%
	<b>sub total</b>	<b>4,125</b>	<b>1,090</b>	<b>683</b>	<b>48,658</b>	<b>0.0%</b>	<b>39.0%</b>	<b>41.9%</b>	<b>0.0%</b>	<b>1.5%</b>
Other Structures	Other Structures				609	25%	25%	25%	20%	5%
	<b>sub total</b>	-	-	-	<b>609</b>	<b>25.0%</b>	<b>25.0%</b>	<b>25.0%</b>	<b>20.0%</b>	<b>5.0%</b>
Roads	Bridges	3,962	28	40	8,951	83%	1%	0%	16%	0%
	Road Drainage	3,899	52	44	21,935	9%	10%	80%	1%	0%
	Carparks	469			3,273	56%	42%	0%	0%	2%
	Footpaths	1,170	483	441	18,938	39%	31%	27%	3%	1%
	Sealed Roads	6,481	3,340	3,237	215,110	60%	32%	7%	0%	0%
	Unsealed Roads	99	1,456	1,643	34,260	1%	44%	53%	1%	0%
	Sealed Roads Structure					0%	100%	0%	0%	0%
	Unsealed Roads Structure					0%	100%	0%	0%	0%
	Traffic Facilities	260	1,072	838	2,317	17%	49%	32%	2%	0%
	<b>sub total</b>	<b>16,340</b>	<b>6,431</b>	<b>6,243</b>	<b>304,784</b>	<b>48.3%</b>	<b>30.8%</b>	<b>18.3%</b>	<b>1.0%</b>	<b>0.3%</b>

# Wingecarribee Shire Council

## 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 <sup>(1)</sup>	Required Annual Maintenance <sup>(2)</sup>	Actual Maintenance 2013/14 <sup>(3)</sup>	Written Down Value (WDV) <sup>(4)</sup>	Assets in Condition as a % of WDV <sup>(4), (5)</sup>				
						1	2	3	4	5
Water Supply Network	Bulk Meters		5	3	511	100%	0%	0%	0%	0%
	Dams	32	9	88	11,215	2%	2%	96%	0%	0%
	Hydrants	1,623	1	175	11,620	90%	9%	1%	0%	0%
	Mains	1,604	1,021	695	54,610	98%	2%	0%	1%	0%
	Meters	552	40	31	2,796	93%	4%	1%	2%	0%
	Pump Stations	1,487	220	214	5,528	92%	7%	0%	1%	0%
	Reservoirs	523	211	210	17,326	65%	33%	2%	0%	0%
	Services	2,685	340	260	22,415	64%	15%	14%	7%	0%
	Treatment Plants	1,254	2,685	2,528	23,857	19%	61%	20%	0%	0%
	Stop Valves	1,133	137	93	8,985	91%	6%	2%	0%	0%
	Other				-					
	<b>sub total</b>	<b>10,893</b>	<b>4,669</b>	<b>4,297</b>	<b>158,863</b>	<b>69.5%</b>	<b>16.8%</b>	<b>12.4%</b>	<b>1.3%</b>	<b>0.1%</b>
Sewerage Network	Access Chambers	2,370	146	242	30,101	90%	8%	1%	0%	2%
	Gravity Mains	2,496	351	580	47,376	93%	4%	1%	1%	1%
	Pump Stations	805	970	806	24,039	89%	9%	1%	1%	0%
	Rising Mains	573	39	65	9,692	95%	1%	2%	3%	0%
	Service Lines	4,153	109	179	26,945	97%	2%	0%	0%	2%
	Treatment Plants	1,083	3,359	3,055	123,100	82%	14%	4%	1%	0%
	Valves	54	2	3	1,134	80%	1%	18%	0%	1%
	Vents	421	3	5	474	78%	1%	14%	7%	0%
	Other				-					
	<b>sub total</b>	<b>11,955</b>	<b>4,979</b>	<b>4,935</b>	<b>262,861</b>	<b>87.4%</b>	<b>9.0%</b>	<b>2.5%</b>	<b>0.7%</b>	<b>0.5%</b>

# Wingecarribee Shire Council

## 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 <sup>(1)</sup>	Required Annual Maintenance <sup>(2)</sup>	Actual Maintenance 2013/14 <sup>(3)</sup>	Written Down Value (WDV) <sup>(4)</sup>	Assets in Condition as a % of WDV <sup>(4), (5)</sup>				
						1	2	3	4	5
Stormwater Drainage	Other	5,517	427	371	79,209	18%	52%	29%	1%	0%
	sub total	5,517	427	371	79,209	18.2%	51.9%	29.0%	0.9%	0.0%
Open Space/ Recreational Assets	Swimming Pools	540	264	189	11,085	70%	17%		13%	0%
	Other Open Space		1,986	2,038	10,395	10%	50%	40%		0%
	sub total	540	2,250	2,227	21,480	41.0%	33.0%	19.4%	6.7%	0.0%

### 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

## Wingecarribee Shire Council

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

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 2013 2012	
<b>Infrastructure Asset Performance Indicators Consolidated</b>				
<b>1. Building and Infrastructure Renewals Ratio</b>				
Asset Renewals (Building and Infrastructure) <sup>(1)</sup>	<u>14,104</u>	<b>64.74%</b>	29.52%	50.00%
Depreciation, Amortisation & Impairment	<u>21,786</u>			
<b>2. Infrastructure Backlog Ratio</b>				
Estimated Cost to bring Assets to a Satisfactory Condition	<u>49,370</u>	<b>0.06</b>	0.09	0.10
Total value <sup>(2)</sup> of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	<u>876,820</u>			
<b>3. Asset Maintenance Ratio</b>				
Actual Asset Maintenance	<u>18,756</u>	<b>0.95</b>	0.73	1.06
Required Asset Maintenance	<u>19,846</u>			
<b>4. Capital Expenditure Ratio</b>				
Annual Capital Expenditure	<u>18,731</u>	<b>0.77</b>	1.39	1.50
Annual Depreciation	<u>24,286</u>			

**Notes**

<sup>(1)</sup> 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.

<sup>(2)</sup> Written down value

## Wingecarribee Shire Council

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

\$ '000	Water 2014	Sewer 2014	General <sup>(1)</sup> 2014
<b>Infrastructure Asset Performance Indicators By Fund</b>			
<b>1. Building and Infrastructure Renewals Ratio</b>			
<u>Asset Renewals (Building and Infrastructure) <sup>(1)</sup></u>	<b>56.37%</b>	<b>64.65%</b>	<b>66.81%</b>
Depreciation, Amortisation & Impairment			
prior period:	43.90%	55.61%	15.20%
<b>2. Infrastructure Backlog Ratio</b>			
<u>Estimated Cost to bring Assets to a Satisfactory Condition</u>			
	<b>0.07</b>	<b>0.05</b>	<b>0.06</b>
Total value <sup>(3)</sup> of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets			
prior period:	0.02	0.01	0.15
<b>3. Asset Maintenance Ratio</b>			
<u>Actual Asset Maintenance</u>	<b>0.92</b>	<b>0.99</b>	<b>0.93</b>
Required Asset Maintenance			
prior period:	1.05	0.97	0.50
<b>4. Capital Expenditure Ratio</b>			
<u>Annual Capital Expenditure</u>	<b>0.21</b>	<b>0.58</b>	<b>0.93</b>
Annual Depreciation			
prior period:	0.55	2.89	1.34

## Notes

<sup>(1)</sup> General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

<sup>(2)</sup> 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.

<sup>(3)</sup> Written down value

# Wingecarribee Shire Council

## Special Schedule No. 8 - Financial Projections

as at 30 June 2014

\$'000	Actual <sup>(1)</sup> 13/14	Forecast <sup>(3)</sup> 14/15	Forecast <sup>(3)</sup> 15/16	Forecast <sup>(3)</sup> 16/17	Forecast <sup>(3)</sup> 17/18	Forecast <sup>(3)</sup> 18/19	Forecast <sup>(3)</sup> 19/20	Forecast <sup>(3)</sup> 20/21	Forecast <sup>(3)</sup> 21/22	Forecast <sup>(3)</sup> 22/23	Forecast <sup>(3)</sup> 23/24
<b>(i) OPERATING BUDGET</b>											
Income from continuing operations	88,259	91,021	92,275	94,307	99,481	98,645	100,909	103,259	105,587	108,022	110,557
Expenses from continuing operations	88,284	91,768	93,815	95,822	97,656	100,797	103,118	105,787	108,540	110,933	113,619
<b>Operating Result from Continuing Operations</b>	<b>(25)</b>	<b>(747)</b>	<b>(1,540)</b>	<b>(1,515)</b>	<b>1,825</b>	<b>(2,152)</b>	<b>(2,209)</b>	<b>(2,528)</b>	<b>(2,953)</b>	<b>(2,911)</b>	<b>(3,062)</b>
<b>(ii) CAPITAL BUDGET</b>											
New Capital Works <sup>(2)</sup>	7,974	8,257	4,919	6,661	12,105	8,709	5,642	10,342	7,420	4,360	6,608
Replacement/Refurbishment of Existing Assets	14,104	14,825	14,445	12,750	19,638	15,922	12,610	12,830	14,435	10,745	12,662
<b>Total Capital Budget</b>	<b>22,078</b>	<b>23,082</b>	<b>19,364</b>	<b>19,411</b>	<b>31,743</b>	<b>24,631</b>	<b>18,252</b>	<b>23,172</b>	<b>21,855</b>	<b>15,105</b>	<b>19,270</b>
<b>Funded by:</b>											
– Loans	6,586	-	-	-	-	-	-	-	-	-	-
– Asset sales	-	-	-	-	-	-	-	-	-	-	-
– Reserves	11,308	17,498	15,739	15,952	25,305	21,586	14,731	19,621	18,354	11,604	15,729
– Grants/Contributions	2,383	3,449	2,089	2,015	5,052	1,965	1,985	1,965	1,965	1,965	2,005
– Recurrent revenue	1,801	2,136	1,536	1,445	1,386	1,081	1,536	1,586	1,536	1,536	1,536
– Other	-	-	-	-	-	-	-	-	-	-	-
	<b>22,078</b>	<b>23,083</b>	<b>19,364</b>	<b>19,412</b>	<b>31,743</b>	<b>24,632</b>	<b>18,252</b>	<b>23,172</b>	<b>21,855</b>	<b>15,105</b>	<b>19,270</b>

### 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.

## Wingecarribee Shire Council

## Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2015

\$'000		Calculation 2013/14	Calculation 2014/15
<b>Notional General Income Calculation <sup>(1)</sup></b>			
Last Year Notional General Income Yield	a	-	32,318
Plus or minus Adjustments <sup>(2)</sup>	b	-	221
<b>Notional General Income</b>	c	<b>-</b>	<b>32,539</b>
<b>Permissible Income Calculation</b>			
Special variation percentage <sup>(3)</sup>	d		
or Rate peg percentage	e	3.40%	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	-	-
or plus Rate peg amount	i = c x e	-	748
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
<b>sub-total</b>	k = (c+g+h+i+j)	<b>-</b>	<b>33,287</b>
plus (or minus) last year's Carry Forward Total	l	35	(32,283)
less Valuation Objections claimed in the previous year	m	-	-
<b>sub-total</b>	n = (l + m)	<b>35</b>	<b>(32,283)</b>
<b>Total Permissible income</b>	o = k + n	<b>35</b>	<b>1,004</b>
less Notional General Income Yield	p	32,318	33,509
<b>Catch-up or (excess) result</b>	q = o - p	<b>(32,283)</b>	<b>(32,505)</b>
plus Income lost due to valuation objections claimed <sup>(4)</sup>	r	-	215
less Unused catch-up <sup>(5)</sup>	s	-	-
<b>Carry forward to next year</b>	t = q + r - s	<b>(32,283)</b>	<b>(32,290)</b>

## Notes

- <sup>1</sup> 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.
- <sup>2</sup> 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.
- <sup>3</sup> The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- <sup>4</sup> 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.
- <sup>5</sup> 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.

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 Wingecarribee 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**

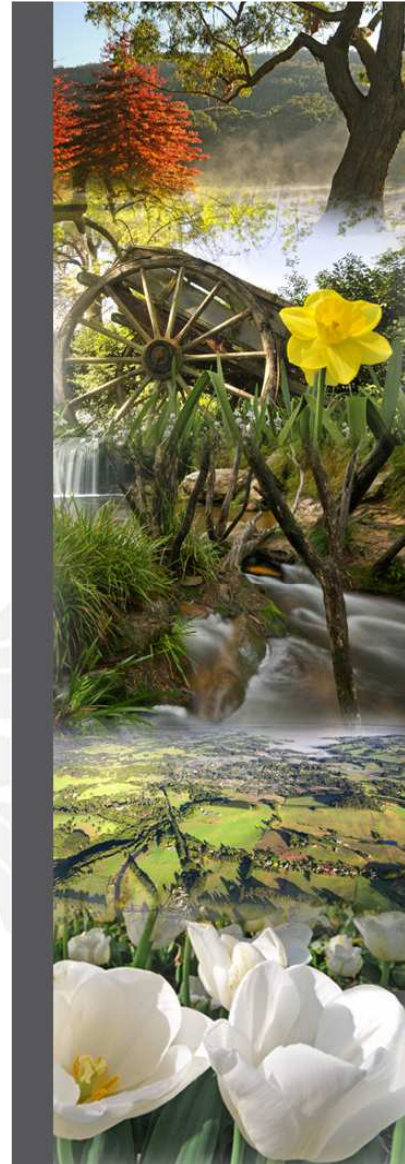
Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable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

### **Warton Thompson & Co**



**P A Webster FCA**  
Principal

Dated at Carlingford this 22nd day of October 2014



# Wingecarribee Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

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*Making your  
Southern Highlands  
a better place to live...*





# Wingecarribee Shire Council

## General Purpose Financial Statements for the financial year ended 30 June 2015

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### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Wingecarribee Shire Council.
- (ii) Wingecarribee 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 20 October 2015. Council has the power to amend and reissue these financial statements.
-

# Warton Thompson & Co

ABN 67 161 637 181

Chartered Accountants

Phillip A. Webster, FCA

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## Wingecarribee 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 Wingecarribee Council, for the year ended 30 June 2015.

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

## **Audit approach**

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

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

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

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

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

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

## **Independence**

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



**PA Webster FCA**  
**Warton Thompson & Co**

Dated: 20 October 2015

# Warton Thompson & Co

ABN 67 161 637 181

Chartered Accountants

Phillip A. Webster, FCA

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20 October 2015

The Mayor and Councillors  
Wingecarribee Council  
PO Box 141  
Moss Vale NSW 2577

Ladies and Gentlemen,

## Report on the Conduct of the 2015 Audit

I report completion of the audit of the financial records of Council for the year ended 30 June 2015 and advise that I have received all information and explanations required by me.

In accordance with Section 417(3) of the Local Government Act 1993, I now comment on Council's Financial Reports and list relevant performance indicators that may assist Council in determining its Financial Position at 30 June 2015 and Operating Result for the year. Various matters of an audit nature, which were noted during the course of the audit, have been referred to Council's management for attention.

## General Purpose Financial Report

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

- a) **Income Statement for the year ended 30 June 2015**
- b) **Balance Sheet as at 30 June 2015**
- c) **Statement of Changes in Equity for the year ended 30 June 2015**
- d) **Statement of Cash Flows for the year ended 30 June 2015**

## Performance Indicators

In assessing the financial strength of a Council it is necessary to examine financial data extracted from Council's financial reports that will provide information concerning the performance of Council throughout the year and its financial position at year-end.

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

- **The level of Working Funds; and**
- **Funds held as Reserves for future capital expenditure; and**
- **The Debt Servicing Cost to Council; and**
- **The level of Debts due to Council.**

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

**Working Funds**

The Income Statement shows a Net Operating Result for the year (surplus) of \$7.08m which is the Consolidated Result and is comprised of the following Fund results: -

• General Fund	+ \$2,531k
• Water Fund	+ \$4,885k
• Sewerage Fund	- \$ 335k
	<hr/>
	\$7,081k
	<hr/>

In order to make some comparison with Council's Estimates for 2015 the above result needs to be adjusted back to a "Fund Accounting" surplus or deficit. After making the appropriate adjustments for Capital movements, Grants and Section 94 Funds, the results for each Fund were as follows: -

• General Fund	- \$117k
• Water Fund	+ \$252k
• Sewerage Fund	- \$253k
	<hr/>
<b>Surplus</b>	- \$118k
	<hr/>

The level of Working Funds is an important measure of each Fund's financial position as it reflects Council's equity in the net current assets held and represents the working capital used to meet day to day commitments and to 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.

The Revenue results of each Fund and the "Working Capital" of each Fund at 1 July 2014 and at 30 June 2015 would therefore be as shown in the table below: -

	<u>Working Funds</u>	<u>Revenue Results</u>	<u>Working Funds</u>
	01.07.2014	2014/2015	30.06.2015
	Surplus (+) Deficiency (-)	Surplus (+) Deficit (-)	Surplus (+) Deficiency(-)
General Fund	+ 5,370k	- 117k	+ 5,253k
Water Fund	+ 5,046k	+ 252k	+ 5,298k
Sewerage Fund	+ 4,089k	- 253k	+ 3,836k
	<hr/>	<hr/>	<hr/>
	+ 14,505k	- 118k	+14,387k
	<hr/>	<hr/>	<hr/>

The Deficit for the year of \$118k compares with an original balanced budget for 2014/2015 year.

a) General Fund

The General Fund Deficit for the year ended 30 June 2015 was \$117k and compares with a Surplus for 2014 of \$31k. The Surplus has decreased Working Funds to a satisfactory balance of \$5,253k at year-end.

The financial strength of a Council is not determined solely by an examination of the balance of its Working Funds but by an assessment of the adequacy of the level of Working Funds and Reserves together, since Reserves are created by appropriations from working funds. Therefore, when considered in conjunction with Reserve Funds held, the balance of Working Funds at 30 June 2015 is considered to be adequate for Council's needs. The Unrestricted Current Ratio as shown on Note 13 of the Financial Report calculates at 4.76:1 (476%) which is much higher than the accepted industry benchmark of 150%.

b) Water Fund

The result for Water Fund, a Surplus of \$252k (surplus of \$183k in 2014) has increased Working Funds to a healthy balance of \$5,298k at 30 June 2015.

c) Sewerage Fund

Sewerage Fund recorded a Deficit for the year ended 30 June 2015 of \$253k (surplus of \$397k in 2014) which has decreased Working Funds at 30 June 2015 to a satisfactory \$3,836k.

Reserve Funds

Reserves held at 30 June 2015 and 30 June 2014 for each Fund, which were funded by investments, are set out in the table below:

	<u>30/06/2015</u>	<u>30/06/2014</u>
• General Fund	\$28,699k	\$19,359k
• Water Fund	\$17,305k	\$13,796k
• Sewerage Fund	\$ 8,256k	\$ 5,145k

The above reserves have been set aside to meet specific future expenditures and to balance the financial burden of various projects over a period of years. The establishment and accretion of these Reserves to provide for future projects is, in my opinion, prudent and commendable.

The significant Reserves held were: -

## a) General Fund: -

Road Sealing	\$4,000k
Entrepreneurial Reserve	1,560k
Land Rental Charge	4,781k
Work In Progress	1,574k
IRS	3,499k
Capital Projects	2,180k
Employees Leave Entitlements	1,900k
Property Operations	2,235k

## b) Water Fund: -

Water Sales Fluctuation Reserve	\$7,095k
Water Augmentation	9,503k
Plant	632k

## c) Sewerage Fund: -

Sewer Augmentation	\$7,605k
Sewer Fund Plant	503k

The amount of \$1,702k (\$2,433k at 30 June 2014) placed to the Reserves for Works in Progress (all funds) represented works budgeted to be commenced and completed during 2014/2015, which were incomplete as at 30 June 2015. These works will now be completed in 2015/2016 and will be funded from the Reserves.

**Accrued Leave Entitlements and Reserves held**

The accrual for Employees Leave Entitlements at 30 June 2015 totalled \$7,230k whilst the Reserve held to meet these commitments amounted to \$1,900k (\$1199k in 2014).

In my opinion the Employees Leave Entitlements Reserve at year-end is adequate to meet potential retirement payouts within the next three years as well as to provide for any unscheduled or unexpected employee retirements.

**Debt Servicing Commitment**

Loan Repayment Commitments in 2015 and 2014 are set out hereunder as a percentage to Operating Revenue: -

<u>Fund</u>	<u>Untied Revenue</u>	<u>Principal &amp; Interest Repaid</u>	<u>2015</u>	<u>2014</u>
General	54,654	1,573	2.88%	2.45%
Water	12,963	380	2.93%	2.97%
Sewerage	16,031	3,714	23.17%	27.17%

The percentage of Untied Operating Revenue in General Fund committed to loan repayments of 2.88% compares with 2.45% in 2014. The percentage of 2.88% is well below the industry benchmark of 10%.

In the case of the Water and Sewerage Funds, the debt servicing commitment is generally a higher percentage of the untied revenue principally because those Funds are very capital intensive and, where there is major capital expenditure, there is substantial long-term borrowing. The operational costs of Water and Sewerage Funds are usually the minor costs in those funds and therefore high debt servicing commitments are to be expected.

New loans totalling \$6.5m in respect of General Fund were received during year 2014/2015.

**Receivables**

Rates and Annual Charges outstanding at 30 June 2015 totalled \$874k (\$1,060k at 30 June 2014) and represented 1.54% of the Rates and Annual Charges Collectible. This percentage compares with 2.03% as at 30 June 2014, a decrease during the year of 0.49%. Rates and Annual Charges collected represented a satisfactory 98.46% of the total collectible rates and annual charges of \$56,600k for the year. The arrears at 30 June 2015 (1.54%) are below the industry benchmark of 10%.

**Cash Position**

At year end Council held in cash and on investment funds totalling \$93.28m of which \$59.52m is regarded as externally restricted assets, i.e., assets the use of which are restricted, wholly or partially, by regulation or other externally imposed requirements.

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

Developer Contributions - Section 94	\$24.26m
Unexpended Loans	\$ 0.04m
Unexpended Grants	\$ 2.20m
Water Supply Funds	\$21.22m
Sewerage Funds	\$ 8.07m
Domestic Waste Management Services	\$ 2.10m
Environment Levy	\$ 0.78m
Stormwater Management	\$ 0.85m
	<hr/>
	\$59.52m
	<hr/>

The balance of cash and investments, after financing the above external restrictions, totalled \$33.76m and was held to fund Internal Restrictions to the value of \$28.70m. The balance of \$5.06m, representing unrestricted cash and investments, was held to assist in financing Council's current commitments. The cash position at 30 June 2015 is summarised as follows:

	30 June 2015	30 June 2014
	\$m	\$m
Externally Restricted	\$59.52	\$50.70
Internally Restricted	\$28.70	\$21.79
Unrestricted	\$ 5.06	\$ 7.42
	<hr/>	<hr/>
	\$93.28	\$79.91
	<hr/>	<hr/>

### Conclusion

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

Our interim audits dealt with reviews of Council's accounting systems and internal control procedures and examinations of transactions and data, on a test basis, to ensure that records were being adequately maintained in accordance with legislation and systems instituted.

Management letters have been forwarded to your General Manager detailing internal control and audit matters that required the attention of management.

I wish to record my appreciation for the co-operation and assistance rendered to my staff and I by your General Manager and her staff during the conduct of the 2015 audit.

Yours faithfully,



**P A Webster FCA**  
**Warton Thompson & Co**

# Wingecarribee Shire Council

## General Purpose Financial Statements for the financial year ended 30 June 2015

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

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

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

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

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

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

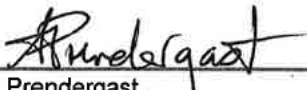
**Signed in accordance with a resolution of Council made on 23 September 2015.**



Clr Larry Whipper  
**MAYOR**



Clr Ian Scandrett  
**COUNCILLOR**



Ann Prendergast  
**GENERAL MANAGER**



Richard Mooney  
**RESPONSIBLE ACCOUNTING OFFICER**

## Wingecarribee Shire Council

## Income Statement

for the financial year ended 30 June 2015

Budget 2015	<sup>1</sup> \$ '000	Notes	Actual 2015	Actual 2014
Income from Continuing Operations				
Revenue:				
54,491	Rates & Annual Charges	3a	55,085	51,129
17,162	User Charges & Fees	3b	16,910	15,767
2,769	Interest & Investment Revenue	3c	2,878	3,244
3,528	Other Revenues	3d	3,818	5,042
7,868	Grants & Contributions provided for Operating Purposes	3e,f	8,611	6,457 <sup>2</sup>
5,215	Grants & Contributions provided for Capital Purposes	3e,f	11,413	6,620
Other Income:				
-	Net Share of interests in Joint Ventures & Associates using the equity method	19	-	-
91,033	Total Income from Continuing Operations		98,715	88,259
Expenses from Continuing Operations				
29,431	Employee Benefits & On-Costs	4a	31,629	29,660
2,577	Borrowing Costs	4b	2,539	2,648
18,942	Materials & Contracts	4c	18,293	18,039
24,505	Depreciation & Amortisation	4d	24,583	24,286
-	Impairment	4d	-	-
16,291	Other Expenses	4e	12,949	12,790
-	Net Losses from the Disposal of Assets	5	1,641	861
91,746	Total Expenses from Continuing Operations		91,634	88,284
(713)	Operating Result from Continuing Operations		7,081	(25)
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
(713)	Net Operating Result for the Year		7,081	(25)
(713)	Net Operating Result attributable to Council		7,081	(25)
-	Net Operating Result attributable to Non-controlling Interests		-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes				
(5,928)			(4,332)	(6,645)

<sup>1</sup> Original Budget as approved by Council - refer Note 16

<sup>2</sup> Financial Assistance Grants for 13/14 were lower reflecting one off timing differences due to changes in how the grant was paid in prior years - refer Note 3

## Wingecarribee Shire Council

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>Net Operating Result for the year</b> (as per Income statement)		<b>7,081</b>	<b>(25)</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	6,403	48,014
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>6,403</b>	<b>48,014</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Recognise Management Committee Equity	20b (ii)	286	-
<b>Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met</b>		<b>286</b>	<b>-</b>
<b>Total Other Comprehensive Income for the year</b>		<b>6,689</b>	<b>48,014</b>
<b>Total Comprehensive Income for the Year</b>		<b>13,770</b>	<b>47,989</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>13,770</b>	<b>47,989</b>
<b>Total Comprehensive Income attributable to Non-controlling Interests</b>		<b>-</b>	<b>-</b>

## Wingecarribee Shire Council

## Statement of Financial Position

as at 30 June 2015

<b>\$ '000</b>	<b>Notes</b>	<b>Actual 2015</b>	<b>Actual 2014</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	4,849	7,253
Investments	6b	88,428	72,658
Receivables	7	10,231	9,922
Inventories	8	533	494
Other	8	397	267
Non-current assets classified as "held for sale"	22	1,862	-
<b>Total Current Assets</b>		<b>106,300</b>	<b>90,594</b>
<b>Non-Current Assets</b>			
Investments	6b	-	-
Receivables	7	328	236
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	1,231,873	1,231,551
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	-	-
<b>Total Non-Current Assets</b>		<b>1,232,201</b>	<b>1,231,787</b>
<b>TOTAL ASSETS</b>		<b>1,338,501</b>	<b>1,322,381</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	7,922	9,758
Borrowings	10	9,791	9,530
Provisions	10	6,448	6,074
<b>Total Current Liabilities</b>		<b>24,161</b>	<b>25,362</b>
<b>Non-Current Liabilities</b>			
Payables	10	66	-
Borrowings	10	34,151	31,095
Provisions	10	782	353
<b>Total Non-Current Liabilities</b>		<b>34,999</b>	<b>31,448</b>
<b>TOTAL LIABILITIES</b>		<b>59,160</b>	<b>56,810</b>
<b>Net Assets</b>		<b>1,279,341</b>	<b>1,265,571</b>
<b>EQUITY</b>			
Retained Earnings	20	547,152	539,785
Revaluation Reserves	20	732,189	725,786
<b>Council Equity Interest</b>		<b>1,279,341</b>	<b>1,265,571</b>
<b>Non-controlling Equity Interests</b>		<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>1,279,341</b>	<b>1,265,571</b>

## Wingecarribee Shire Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2015</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		539,785	725,786	1,265,571	-	1,265,571
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/14)</b>		<b>539,785</b>	<b>725,786</b>	<b>1,265,571</b>	<b>-</b>	<b>1,265,571</b>
<b>c. Net Operating Result for the Year</b>		<b>7,081</b>	<b>-</b>	<b>7,081</b>	<b>-</b>	<b>7,081</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	6,403	6,403	-	6,403
- Recognise Management Committee Equity	20a	286	-	286	-	286
<b>Other Comprehensive Income</b>		<b>286</b>	<b>6,403</b>	<b>6,689</b>	<b>-</b>	<b>6,689</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>7,367</b>	<b>6,403</b>	<b>13,770</b>	<b>-</b>	<b>13,770</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>547,152</b>	<b>732,189</b>	<b>1,279,341</b>	<b>-</b>	<b>1,279,341</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2014</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		539,824	677,772	1,217,596	-	1,217,596
a. Correction of Prior Period Errors	20 (c)	(14)	-	(14)	-	(14)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/13)</b>		<b>539,810</b>	<b>677,772</b>	<b>1,217,582</b>	<b>-</b>	<b>1,217,582</b>
<b>c. Net Operating Result for the Year</b>		<b>(25)</b>	<b>-</b>	<b>(25)</b>	<b>-</b>	<b>(25)</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	48,014	48,014	-	48,014
<b>Other Comprehensive Income</b>		<b>-</b>	<b>48,014</b>	<b>48,014</b>	<b>-</b>	<b>48,014</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>(25)</b>	<b>48,014</b>	<b>47,989</b>	<b>-</b>	<b>47,989</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>539,785</b>	<b>725,786</b>	<b>1,265,571</b>	<b>-</b>	<b>1,265,571</b>

## Wingecarribee Shire Council

## Statement of Cash Flows

for the financial year ended 30 June 2015

Budget			Actual	Actual
2015	\$ '000	Notes	2015	2014
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
54,443	Rates & Annual Charges		55,276	50,757
17,123	User Charges & Fees		15,591	16,184
2,769	Investment & Interest Revenue Received		2,760	2,947
13,293	Grants & Contributions		14,568	13,464
-	Bonds, Deposits & Retention amounts received		-	361
3,667	Other		8,152	9,165
<b>Payments:</b>				
(29,442)	Employee Benefits & On-Costs		(30,784)	(29,680)
(18,056)	Materials & Contracts		(19,741)	(19,641)
(2,640)	Borrowing Costs		(2,376)	(2,454)
-	Bonds, Deposits & Retention amounts refunded		(382)	-
(16,291)	Other		(15,851)	(15,555)
<b>24,866</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>27,213</b>	<b>25,548</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
2,971	Sale of Investment Securities		24,250	1,371
40	Sale of Infrastructure, Property, Plant & Equipment		1,886	810
-	Other Investing Activity Receipts		286	-
<b>Payments:</b>				
(1,440)	Purchase of Investment Securities		(39,906)	(8,622)
(24,831)	Purchase of Infrastructure, Property, Plant & Equipment		(19,323)	(20,402)
-	Deferred Debtors & Advances Made		(33)	(110)
<b>(23,260)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(32,840)</b>	<b>(26,953)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
-	Proceeds from Borrowings & Advances		6,500	2,100
<b>Payments:</b>				
(3,606)	Repayment of Borrowings & Advances		(3,277)	(2,855)
<b>(3,606)</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>3,223</b>	<b>(755)</b>
<b>(2,000)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(2,404)</b>	<b>(2,160)</b>
6,000	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	7,253	9,413
<b>4,000</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>4,849</b>	<b>7,253</b>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	88,428	72,658
<b>Total Cash, Cash Equivalents &amp; Investments</b>			<b>93,277</b>	<b>79,911</b>

Please refer to Note 11 for additional cash flow information

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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n/a - not applicable

## Wingecarribee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

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

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

##### (a) Basis of preparation

###### (i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

###### (iii) New and amended standards adopted by Council

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

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosures of Interests in Other Entities

AASB 10 introduced a new definition of control based on the substance of the relationship and required Councils to consider their involvement with other entities regardless of whether there was a financial interest.

AASB 11 classified joint arrangements into either joint ventures (equity accounting) or joint operations (accounting for share of assets and liabilities).

AASB 12 has increased the level of disclosures required where Council has any interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

###### (iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

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

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

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,

## Wingecarribee Shire Council

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

#### Note 1. Summary of Significant Accounting Policies

- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of non-current assets (eg. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

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

##### (vi) Changes in Accounting Policies

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

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

##### (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 remediation provisions.

##### **Critical judgements in applying Council's accounting policies**

- (i) Projected Section 94 Commitments - Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

##### (b) Revenue recognition

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

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

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

Revenue is measured on major income categories as follows:

##### **Rates, Annual Charges, Grants and Contributions**

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

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

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

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

Revenue from Contributions is recognised when the Council either obtains control of the contribution or

## Wingecarribee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

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.

##### Dividend Income

Revenue is recognised when the Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

##### Other Income

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

#### (c) Principles of Consolidation

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

Detailed information relating to the entities that Council Controls can be found at Note 19 (a).

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

##### (i) The Consolidated Fund

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

## Wingecarribee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

The Consolidated Fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

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

- General Purpose Operations
- Water Supply
- Sewerage Service
- Section 355 Committees of Council

##### (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 Arrangements

Council has no interest in any Joint Arrangements.

##### (iv) Associates

Council has no interest in any Associates.

##### (v) County Councils

Council is not a member of any County Councils.

##### (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 hold any finance leases.

##### Operating Leases

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

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

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

##### (e) Cash and Cash Equivalents

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

## Wingecarribee Shire Council

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

#### Note 1. Summary of Significant Accounting Policies

- 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. 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.

Derivatives are classified as held for trading unless they are designated as hedges.

Assets in this category are primarily classified as current assets as they are primarily held for trading

and/or are expected to be realised within 12 months of the balance sheet date.

#### (ii) Loans and receivables

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

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

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

#### (iii) Held-to-maturity investments

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

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

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

#### (iv) Available-for-sale financial assets

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

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

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

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet

## Wingecarribee Shire Council

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

#### Note 1. Summary of Significant Accounting Policies

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.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as

## Wingecarribee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement.

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

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

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

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

##### (iii) Types of Investments

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

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

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

##### (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 with the exception of the following interest free loans to community groups that have the following outstanding balances.

- Bundanoon Bowling Club \$18,666
- Bowral Golf Club \$21,610
- Moss Vale Basketball \$466,666

## Wingecarribee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

##### (i) Inventories

###### Raw Materials and Stores, Work in Progress and Finished Goods

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

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

Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated 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;

- **Plant and Equipment**  
(as approximated by depreciated historical cost)
- **Operational Land** (External Valuation)
- **Community Land** (External Valuation)
- **Land Improvements**  
(as approximated by depreciated historical cost)
- **Buildings – Specialised/Non Specialised**  
(External Valuation)

## Wingecarribee Shire Council

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

#### Note 1. Summary of Significant Accounting Policies

- **Other Structures**  
(as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**  
(Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Stormwater Drainage** (Internal Valuation)
- **Water and Sewerage Networks**  
(Both External and Internal Valuation)
- **Swimming Pools**  
(External Valuation)
- **Other Open Space/Recreational Assets**  
(Internal Valuation)
- **Other Infrastructure**  
(Internal Valuation)
- **Other Assets**  
(as approximated by depreciated historical cost)
- **Investment Properties** – refer Note 1(p),

##### Initial Recognition

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

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

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

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

##### 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.

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water - Rates Reference Manual.

For all other assets, 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;

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 1. Summary of Significant Accounting Policies

<b>Land</b>					
- council land	100% Capitalised			- Office Equipment	5 to 10 years
- open space	100% Capitalised			- Office furniture	10 to 20 years
				- Vehicles	5 to 8 years
				- Heavy Plant/Road Making equip.	5 to 8 years
				- Other plant and equipment	5 to 15 years
<b>Plant &amp; Equipment</b>					
Office Furniture	> \$1,000			<b>Other Equipment</b>	
Office Equipment	> \$1,000			- Playground equipment	5 to 15 years
Other Plant & Equipment	> \$1,000			- Benches, seats etc	10 to 20 years
<b>Buildings &amp; Land Improvements</b>					
Park Furniture & Equipment	> \$2,000			<b>Buildings</b>	
Building				- Buildings : Masonry	50 to 150 years
- construction/extensions	100% Capitalised			- Buildings : Other	20 to 50 years
- renovations	> \$10,000				
Other Structures	> \$2,000			<b>Water &amp; Sewer Assets</b>	
				- Dams and reservoirs	80 to 100 years
<b>Water &amp; Sewer Assets</b>				- Bores	20 to 40 years
Reticulation extensions	> \$5,000			- Reticulation pipes : PVC	100 years
Other	> \$5,000			- Reticulation pipes : Other	80 years
				- Pumps and telemetry	15 to 20 years
<b>Stormwater Assets</b>					
Drains & Culverts	> \$5,000			<b>Stormwater Assets</b>	
Other	> \$5,000			- Drains	80 to 100 years
				- Culverts	50 to 80 years
<b>Transport Assets</b>					
Road construction & reconstruction	> \$10,000			<b>Transportation Assets</b>	
Reseal/Re-sheet & major repairs	> \$10,000			- Sealed Roads : Surface	14 to 25 years
Bridge construction & reconstruction	> \$10,000			- Sealed Roads : Structure	80 to 100 years
				- Unsealed roads	14 to 80 years
				- Bridge : Concrete	100 years
				- Bridge : Other	50 years
				- Road Pavements	80 to 100 years
				- Kerb, Gutter & Paths	50 to 60 years
<b>Other Infrastructure Assets</b>					
Swimming Pools	> \$10,000			<b>Other Infrastructure Assets</b>	
Other Open Space/Recreational Assets	> \$10,000			- Bulk earthworks	Infinite
Other Infrastructure	> \$10,000			- Swimming Pools	80 years
				- Other Open Space/Recreational Assets	10 to 150 years
				- Other Infrastructure	20 to 50 years
<b>Other Assets</b>					
Library Books	100% Capitalised			<b>Other Assets</b>	
				- Library Books	10 years

#### Depreciation

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

Land is not depreciated.

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

#### Plant & Equipment

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

## Wingecarribee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

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) Intangible Assets

Council has not classified any assets as Intangible.

##### (m) 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.

##### (n) 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.

##### (o) Investment property

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

Investment property is carried at fair value, representing an open-market value determined annually by external valuers.

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of "Other Income".

Full revaluations are carried out every three years with an appropriate index utilised each year in between the full revaluations.

Council does not have any investment properties currently.

##### (p) 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.

## Wingecarribee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

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

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

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

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

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

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated 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.

#### **(q) 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

## Wingecarribee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

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.

##### (r) Impairment of assets

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

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

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

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

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was 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 (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

##### (s) Payables

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

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

##### (t) 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.

In March 2010, Council secured an \$2.650 million interest free loan from the NSW Local Infrastructure Fund. In accordance with AASB 139 Financial Instruments: Recognition and Measurement, this loan has been recognised at fair value. Council's indebtedness equates to \$1,325 million as shown in Special Schedule 2 of these financial reports.

## Wingecarribee Shire Council

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

#### Note 1. Summary of Significant Accounting Policies

##### (u) Borrowing costs

Borrowing costs are expensed

##### (v) 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.

##### (w) 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.

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

## Wingecarribee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

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

##### (iii) Retirement benefit obligations

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

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

##### Defined Benefit Plans

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

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

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

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

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

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance

with AASB 119) because the assets to the scheme are pooled together for all Councils.

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc,FIA,FIAA on 20 February 2013 and covers the period ended 30 June 2013.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2015 the prior period deficit still exists.

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2015 was \$ 572,013.

The amount of additional contributions included in the total employer contribution advised above is \$ 298,566.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$ 298,566 as at 30 June 2015.

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

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

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

##### Defined Contribution Plans

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

##### (iv) Employee Benefit On-Costs

## Wingecarribee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30 June 2015.

##### **(x) Self insurance**

Council does not self insure.

##### **(y) 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.

##### **(z) 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 2015.

**Council has not adopted any of these standards early.**

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

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

##### **Applicable to Local Government:**

## Wingecarribee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

##### **AASB 9 - Financial Instruments** (and associated amending standards)

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

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

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

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

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

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

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

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

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

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

##### **AASB 124 - Related Party Disclosures**

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties (and fall under the related party reporting requirements).

##### **Not applicable to Local Government per se;**

None

##### **(ab) Rounding of amounts**

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

##### **(ac) 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.

##### **(ad) Disclaimer**

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

# Wingecarribee Shire Council

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

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2015	2015	2014	2015	2015	2014	2015	2015	2014	2015	2014	2015	2014
Governance	1	2,026	207	1,762	1,880	1,939	(1,761)	146	(1,732)	1	1,837	6,102	-
Administration	737	1,405	29	15,823	31,508	31,356	(15,086)	(30,103)	(31,327)	60	60	125,337	50,327
Public Order & Safety	865	2,138	1,275	3,284	3,439	2,979	(2,419)	(1,301)	(1,704)	492	748	10,688	9,013
Health	-	-	-	-	-	-	-	-	-	-	-	3,288	31
Environment	14,510	11,044	10,765	15,898	11,280	10,943	(1,388)	(236)	(178)	524	237	90,197	10,549
Community Services & Education	594	1,001	923	806	1,171	1,140	(212)	(170)	(217)	505	461	6,698	8,312
Housing & Community Amenities	1,984	2,958	2,453	3,337	3,246	3,478	(1,353)	(288)	(1,025)	121	447	2,963	55,825
Water Supplies	11,574	13,118	12,965	11,954	9,632	11,929	(380)	3,486	1,036	189	180	195,403	204,675
Sewerage Services	14,678	17,285	14,764	10,144	10,785	14,922	4,534	6,500	(158)	618	459	199,618	253,888
Recreation & Culture	529	2,729	833	10,671	8,181	17,634	(10,142)	(5,452)	(16,801)	305	135	87,808	108,288
Mining, Manufacturing & Construction	190	120	377	669	778	1,082	(479)	(658)	(705)	-	-	756	884
Transport & Communication	2,458	3,977	7,768	15,316	7,912	(11,910)	(12,858)	(3,935)	19,678	3,038	1,199	595,075	597,971
Economic Affairs	1,519	1,965	1,684	2,082	1,822	2,792	(563)	143	(1,108)	154	-	14,568	22,618
<b>Total Functions &amp; Activities</b>	<b>49,639</b>	<b>59,766</b>	<b>54,043</b>	<b>91,746</b>	<b>91,634</b>	<b>88,284</b>	<b>(42,107)</b>	<b>(31,868)</b>	<b>(34,241)</b>	<b>6,007</b>	<b>5,763</b>	<b>1,338,501</b>	<b>1,322,381</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income <sup>1</sup>	41,394	38,949	34,216	-	-	-	41,394	38,949	34,216	4,957	2,663	-	-
<b>Operating Result from Continuing Operations</b>	<b>91,033</b>	<b>98,715</b>	<b>88,259</b>	<b>91,746</b>	<b>91,634</b>	<b>88,284</b>	<b>(713)</b>	<b>7,081</b>	<b>(25)</b>	<b>10,964</b>	<b>8,426</b>	<b>1,338,501</b>	<b>1,322,381</b>

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

## Wingecarribee Shire Council

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

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

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

##### **GOVERNANCE**

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

##### **ADMINISTRATION**

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

##### **PUBLIC ORDER & SAFETY**

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

##### **HEALTH**

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

##### **ENVIRONMENT**

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

##### **COMMUNITY SERVICES & EDUCATION**

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

##### **HOUSING & COMMUNITY AMENITIES**

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

##### **WATER SUPPLIES**

##### **SEWERAGE SERVICES**

##### **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.

## Wingecarribee Shire Council

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

## Note 3. Income from Continuing Operations

<b>\$ '000</b>	<b>Notes</b>	<b>Actual 2015</b>	<b>Actual 2014</b>
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		23,536	21,803
Farmland		3,802	3,616
Mining		82	69
Business		4,199	4,295
<b>Total Ordinary Rates</b>		<b>31,619</b>	<b>29,783</b>
<b>Special Rates</b>			
Special Environmental Levy		1,081	1,187
<b>Total Special Rates</b>		<b>1,081</b>	<b>1,187</b>
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		6,672	5,477
Stormwater Management Services		486	497
Water Supply Services		2,509	2,292
Sewerage Services		12,718	11,893
<b>Total Annual Charges</b>		<b>22,385</b>	<b>20,159</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>55,085</b>	<b>51,129</b>

Council has used 2012 year valuations provided by the NSW Valuer General in calculating its rates.

## Wingecarribee Shire Council

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

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(b) User Charges & Fees			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		7,324	8,230
Sewerage Services		590	631
Waste Management Services (non-domestic)		3,056	2,639
<b>Total User Charges</b>		<b>10,970</b>	<b>11,500</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Building Services - Other		939	835
Inspection Services		33	39
Planning & Building Regulation		1,321	975
Private Works - Section 67		151	193
Section 149 Certificates (EPA Act)		212	201
Section 603 Certificates		191	169
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>2,847</b>	<b>2,412</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges</b> (per s.608)			
Child Care		484	458
GIPA Fees		1	1
Leaseback Fees - Council Vehicles		325	343
Other Waste Management		136	128
Permits & Licences		171	134
Pound Fees & Animal Income		138	118
Sewer		106	92
Sludge Removal		11	25
Swimming Centres		1,350	202
Tender Specification		4	1
Water		302	217
Other		65	136
<b>Total Fees &amp; Charges - Other</b>		<b>3,093</b>	<b>1,855</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>16,910</b>	<b>15,767</b>

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Interest & Investment Revenue (incl. losses)			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		159	150
- Interest earned on Investments (interest & coupon payment income)		2,697	2,724
<b>Fair Value Adjustments</b>			
- Fair Valuation movements in Investments (at FV or Held for Trading)		-	366
<b>Amortisation of Premiums &amp; Discounts</b>			
- Interest Free (& Interest Reduced) Loans provided		22	4
<b>TOTAL INTEREST &amp; INVESTMENT REVENUE</b>		<b>2,878</b>	<b>3,244</b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		99	105
General Council Cash & Investments		1,193	1,665
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		314	267
- Section 64 - Water		235	262
- Section 64 - Sewer		144	162
- Section 64 - Storm Water		102	101
Water Fund Operations		520	469
Sewerage Fund Operations		271	213
<b>Total Interest &amp; Investment Revenue Recognised</b>		<b>2,878</b>	<b>3,244</b>
(d) Other Revenues			
Fines		9	9
Fines - Parking		413	252
Legal Fees Recovery - Rates & Charges (Extra Charges)		296	286
Legal Fees Recovery - Other Investments		-	872
Cemeteries		245	211
Commissions & Agency Fees		253	215
Hall & Room Rental		55	106
Lease Rental		450	388
Library		3	19
Other Waste Income		78	97
Printing & Photocopying		19	12
Quarries Income		171	247
Rebates & Reimbursements		193	443
Sales - General		172	262
Saleyards Income		867	836
Section 44 Bush Fire Claim		-	124
Sewerage Supplies		9	10
Swimming Centres		86	129
Tourism Income		247	295
Tulip Time		199	175
Water Supplies		23	18
Other		30	36
<b>TOTAL OTHER REVENUE</b>		<b>3,818</b>	<b>5,042</b>

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	<sup>1</sup> 3,425	1,680	-	-
Financial Assistance - Local Roads Component	<sup>1</sup> 1,098	549	-	-
Pensioners' Rates Subsidies - General Component	434	434	-	-
<b>Total General Purpose</b>	<b>4,957</b>	<b>2,663</b>	<b>-</b>	<b>-</b>

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

**Specific Purpose**

## Pensioners' Rates Subsidies:

- Water	189	180	-	-
- Sewerage	168	159	-	-
- Domestic Waste Management	154	134	-	-
Sewerage Services	-	-	450	300
Administration	60	60	-	-
Aged & disabled	30	35	-	-
Child Care	55	59	-	-
Childrens Services	413	365	-	-
Community Care	25	-	-	-
Environmental Protection	69	103	-	-
Heritage & Cultural	23	27	-	-
Housing & Community	268	447	-	-
Noxious Weeds	84	20	-	-
NSW Rural Fire Services	367	449	96	266
Recreation & Culture	195	108	40	-
Street Lighting	101	13	-	-
Tourism	151	-	-	-
Transport & Communication	1,017	1,199	2,050	1,837
Youth Services	2	2	-	-
<b>Total Specific Purpose</b>	<b>3,371</b>	<b>3,360</b>	<b>2,636</b>	<b>2,403</b>
<b>Total Grants</b>	<b>8,328</b>	<b>6,023</b>	<b>2,636</b>	<b>2,403</b>

**Grant Revenue is attributable to:**

- Commonwealth Funding	4,891	2,652	814	1,271
- State Funding	3,390	3,222	1,822	1,132
- Other Funding	47	149	-	-
	<b>8,328</b>	<b>6,023</b>	<b>2,636</b>	<b>2,403</b>

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 3. Income from Continuing Operations (continued)

\$ '000		2015 Operating	2014 Operating	2015 Capital	2014 Capital
(f) Contributions					
<b>Developer Contributions:</b>					
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>					
S 93F - Contributions using Planning Agreements		71	9	-	-
S 94 - Contributions towards amenities/services		-	-	986	1,268
S 94A - Fixed Development Consent Levies		-	-	103	-
S 64 - Water Supply Contributions		-	-	810	1,059
S 64 - Sewerage Service Contributions		-	-	939	1,509
S 64 - Stormwater Contributions		-	-	282	211
Other Developer Contributions (VPA)		-	319	934	-
<b>Total Developer Contributions</b>	17	<b>71</b>	<b>328</b>	<b>4,054</b>	<b>4,047</b>
<b>Other Contributions:</b>					
Bushfire Services		-	-	1,040	170
Child Care Services		3	4	-	-
Library		3	3	-	-
Recreation & Culture		25	91	8	-
Subdivider Dedications		-	-	3,675	-
Water Supplies (excl. Section 64 contributions)		6	2	-	-
Other		175	6	-	-
<b>Total Other Contributions</b>		<b>212</b>	<b>106</b>	<b>4,723</b>	<b>170</b>
<b>Total Contributions</b>		<b>283</b>	<b>434</b>	<b>8,777</b>	<b>4,217</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>		<b>8,611</b>	<b>6,457</b>	<b>11,413</b>	<b>6,620</b>

\$ '000	Actual 2015	Actual 2014
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## (g) Restrictions relating to Grants and Contributions

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

Unexpended at the Close of the Previous Reporting Period	24,985	25,584
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	12,891	-
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	(11,414)	(599)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>1,477</b>	<b>(599)</b>
<b>Unexpended and held as Restricted Assets</b>	<b>26,462</b>	<b>24,985</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	2,199	2,149
- Developer Contributions	24,263	22,836
	<b>26,462</b>	<b>24,985</b>

## Wingecarribee Shire Council

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

## Note 4. Expenses from Continuing Operations

<b>\$ '000</b>	<b>Notes</b>	<b>Actual 2015</b>	<b>Actual 2014</b>
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		24,255	23,912
Travelling		67	58
Employee Leave Entitlements (ELE)		3,285	2,768
Superannuation		2,746	2,620
Workers' Compensation Insurance		1,975	1,813
Fringe Benefit Tax (FBT)		80	83
Payroll Tax		237	229
Training Costs (other than Salaries & Wages)		398	512
Other		29	32
<b>Total Employee Costs</b>		<b>33,072</b>	<b>32,027</b>
less: Capitalised Costs		(1,443)	(2,367)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>31,629</b>	<b>29,660</b>
Number of "Equivalent Full Time" Employees at year end			
		<b>367</b>	<b>359</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		2,390	2,427
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>2,390</b>	<b>2,427</b>
<b>(ii) Other Borrowing Costs</b>			
Fair Value Adjustments on Recognition of Advances & Deferred Debtor			
- Interest Free (or favourable) Loans and Advances made by Council		55	114
Interest applicable on Interest Free (& favourable) Loans to Council		94	107
<b>Total Other Borrowing Costs</b>		<b>149</b>	<b>221</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>2,539</b>	<b>2,648</b>

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 4. Expenses from Continuing Operations (continued)

<b>\$ '000</b>	<b>Notes</b>	<b>Actual 2015</b>	<b>Actual 2014</b>
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		17,169	18,086
Contractor & Consultancy Costs		22,372	22,120
Auditors Remuneration <sup>(1)</sup>		120	125
Legal Expenses:			
- Legal Expenses: Planning & Development		390	582
- Legal Expenses: Other		610	481
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Paymen <sup>(2)</sup>		136	205
Other		29	59
<b>Total Materials &amp; Contracts</b>		<b>40,826</b>	<b>41,658</b>
less: Capitalised Costs		(22,533)	(23,619)
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>18,293</b>	<b>18,039</b>
<b>1. Auditor Remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
<b>Audit and Other Assurance Services</b>			
- Audit & review of financial statements: Council's Auditor		59	74
- Due diligence services		61	51
<b>Remuneration for audit and other assurance services</b>		<b>120</b>	<b>125</b>
<b>Total Auditor Remuneration</b>		<b>120</b>	<b>125</b>
<b>2. Operating Lease Payments are attributable to:</b>			
Computers		136	205
		<b>136</b>	<b>205</b>

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	2,084	2,032
Office Equipment		-	-	281	332
Furniture & Fittings		-	-	28	29
Buildings - Non Specialised		-	-	27	11
Buildings - Specialised		-	-	1,842	919
Other Structures		-	-	30	29
Infrastructure:					
- Roads		-	-	9,983	12,049
- Bridges		-	-	153	144
- Footpaths		-	-	1,370	183
- Stormwater Drainage		-	-	925	641
- Water Supply Network		-	-	3,478	3,343
- Sewerage Network		-	-	3,463	3,568
- Swimming Pools		-	-	246	204
- Other Open Space/Recreational Asset		-	-	639	724
Other Assets					
- Library Books		-	-	33	77
- Other		-	-	1	1
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		-	-	<b>24,583</b>	<b>24,286</b>

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 4. Expenses from Continuing Operations (continued)

<b>\$ '000</b>	<b>Notes</b>	<b>Actual 2015</b>	<b>Actual 2014</b>
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		303	263
Bank Charges		248	207
Chemicals		632	674
Cleaning		-	1
Clothing		92	86
Computer Hardware Maintenance		44	66
Computer Software Charges		625	608
Contributions/Levies to Other Levels of Government		989	953
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		645	523
Councillor Expenses - Mayoral Fee		39	38
Councillor Expenses - Councillors' Fees		163	159
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		-	-
Donations, Contributions & Assistance to other organisations (Section 356)		661	673
Electricity & Heating		1,712	2,047
EPA Licence		13	4
Equipment & Fittings M & R		344	217
Freight		23	14
Insurance		1,076	1,052
Licence - Other		105	52
Postage		182	182
Printing & Stationery		327	269
Promotions		17	33
Rent		16	8
Security Services		40	48
Street Lighting		630	676
Subscriptions & Publications		253	344
Telephone & Communications		400	324
Valuation Fees		174	160
Waste Disposal Costs		1,600	1,517
Water Determination		38	82
Water Purchases		1,208	1,231
Other		350	279
<b>TOTAL OTHER EXPENSES</b>		<b>12,949</b>	<b>12,790</b>

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 5. Gains or Losses from the Disposal of Assets

<b>\$ '000</b>	<b>Notes</b>	<b>Actual 2015</b>	<b>Actual 2014</b>
<b>Infrastructure, Plant &amp; Equipment</b>			
Proceeds from Disposal - Infrastructure, Plant & Equipment		1,310	810
less: Carrying Amount of Infrast, P&E Assets Sold / Written Off		(3,242)	(1,671)
<b>Net Gain/(Loss) on Disposal</b>		<b>(1,932)</b>	<b>(861)</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		2,000	1,371
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(1,886)	(1,371)
<b>Net Gain/(Loss) on Disposal</b>		<b>114</b>	<b>-</b>
<b>Non Current Assets Classified as "Held for Sale"</b>			
Proceeds from Disposal - Non Current Assets "Held for Sale"		576	-
less: Carrying Amount of 'Held for Sale' Assets Sold / Written Off		(399)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>177</b>	<b>-</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(1,641)</b>	<b>(861)</b>
<b>* Financial Assets disposals / redemptions include:</b>			
- Net Gain/(Loss) from Financial Instruments "At Fair Value through profit & loss"		114	-
<b>Net Gain/(Loss) on Disposal of Financial Instruments</b>		<b>114</b>	<b>-</b>

## Wingecarribee Shire Council

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

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

		2015	2015	2014	2014
		Actual	Actual	Actual	Actual
\$ '000	Notes	Current	Non Current	Current	Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		849	-	653	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		4,000	-	6,600	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>4,849</b>	<b>-</b>	<b>7,253</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Long Term Deposits		88,428	-	68,522	-
- NCD's, FRN's (with Maturities > 3 months)		-	-	1,886	-
- CDO's		-	-	2,250	-
<b>Total Investments</b>		<b>88,428</b>	<b>-</b>	<b>72,658</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>93,277</b>	<b>-</b>	<b>79,911</b>	<b>-</b>

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

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

<b>Cash &amp; Cash Equivalents</b>					
a. "At Fair Value through the Profit & Loss"		<b>4,849</b>	<b>-</b>	<b>7,253</b>	<b>-</b>
<b>Investments</b>					
a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	-	-	1,886	-
b. "Held to Maturity"	6(b-ii)	88,428	-	70,772	-
<b>Investments</b>		<b>88,428</b>	<b>-</b>	<b>72,658</b>	<b>-</b>

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

## Wingecarribee Shire Council

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

## Note 6b. Investments (continued)

	2015	2015	2014	2014
	Actual	Actual	Actual	Actual
\$ '000	Current	Non Current	Current	Non Current
<b>Note 6(b-i)</b>				
<b>Reconciliation of Investments classified as "At Fair Value through the Profit &amp; Loss"</b>				
Balance at the Beginning of the Year	1,886	-	1,520	-
Revaluations (through the Income Statement)	-	-	366	-
Disposals (sales & redemptions)	(1,886)	-	-	-
<b>Balance at End of Year</b>	<b>-</b>	<b>-</b>	<b>1,886</b>	<b>-</b>
<b>Comprising:</b>				
- NCD's, FRN's (with Maturities > 3 months)	-	-	1,886	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,886</b>	<b>-</b>
<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments classified as "Held to Maturity"</b>				
Balance at the Beginning of the Year	70,772	-	61,271	2,250
Additions	39,906	-	8,622	-
Disposals (sales & redemptions)	(22,250)	-	(1,371)	-
Transfers between Current/Non Current	-	-	2,250	(2,250)
<b>Balance at End of Year</b>	<b>88,428</b>	<b>-</b>	<b>70,772</b>	<b>-</b>
<b>Comprising:</b>				
- Long Term Deposits	88,428	-	68,494	-
- CDO's	-	-	2,250	-
- Other Long Term Financial Assets	-	-	28	-
<b>Total</b>	<b>88,428</b>	<b>-</b>	<b>70,772</b>	<b>-</b>

## Wingecarribee Shire Council

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

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

	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
<b>\$ '000</b>				
Total Cash, Cash Equivalents and Investments	93,277	-	79,911	-
<b>attributable to:</b>				
External Restrictions (refer below)	59,521	-	50,807	-
Internal Restrictions (refer below)	28,699	-	21,787	-
Unrestricted	5,057	-	7,317	-
	<b>93,277</b>	<b>-</b>	<b>79,911</b>	<b>-</b>

	2015 Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>\$ '000</b>				

## Details of Restrictions

**External Restrictions - Included in Liabilities**

Specific Purpose Unexpended Loans-General (A)	145	-	(111)	34
<b>External Restrictions - Included in Liabilities</b>	<b>145</b>	<b>-</b>	<b>(111)</b>	<b>34</b>

**External Restrictions - Other**

Developer Contributions - General (B)	8,359	2,409	(1,483)	9,285
Developer Contributions - Water Fund (B)	7,265	1,045	(1,446)	7,224
Developer Contributions - Sewer Fund (B)	4,231	1,082	(1,000)	4,769
Developer Contributions - Stormwater (B)	2,981	384	(380)	2,985
Specific Purpose Unexpended Grants (C)	2,149	11,019	(11,414)	2,199
Water Supplies (D)	16,663	4,557	-	21,220
Sewerage Services (D)	6,051	2,015	-	8,066
Domestic Waste Management (D)	1,506	600	-	2,106
Stormwater Management (D)	577	272	-	849
Environment Levy (D)	880	-	(96)	784
<b>External Restrictions - Other</b>	<b>50,662</b>	<b>23,383</b>	<b>(15,819)</b>	<b>59,487</b>
<b>Total External Restrictions</b>	<b>50,807</b>	<b>23,383</b>	<b>(15,930)</b>	<b>59,521</b>

- A** Loan moneys which must be applied for the purposes for which the loans were raised.
- B** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- C** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- D** Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Alexandra Square	280	-	(5)	275
Bridges	821	-	(550)	271
Capital Projects	1,893	287	-	2,180
Carry-Over Works	1,558	16	-	1,574
Cemeteries	39	83	-	122
Computer	185	38	-	223
Effluent Disposal	63	-	-	63
Emergency Assistance	35	5	-	40
Employees Leave Entitlement	1,199	701	-	1,900
Entrepreneurial Fund	1,546	14	-	1,560
Family Day Care	158	-	(51)	107
Former Trust recognised as revenue	433	399	-	832
Former Trust recognised as creditors	2,000	-	(437)	1,563
Integrated Planing & Reporting	43	-	-	43
IRS	2,617	882	-	3,499
Land Rental Charge	4,656	125	-	4,781
Mittagong Pool	541	-	(205)	336
Mittagong Pool Loan	-	2,500	(1,545)	955
Other Waste	87	320	-	407
Plant Replacement	885	-	(293)	592
Property Operations PDR	1,905	330	-	2,235
Renwick Asset Management	22	23	-	45
Revolving Energy Fund	41	157	-	198
Restructure Savings	46	1	-	47
Road Resealing LIRS	-	4,000	-	4,000
Saleyards (SRLE)	41	132	-	173
Tourism	43	4	-	47
Welby Hockey Field	650	-	(19)	631
<b>Total Internal Restrictions</b>	<b>21,787</b>	<b>10,017</b>	<b>(3,105)</b>	<b>28,699</b>
<b>TOTAL RESTRICTIONS</b>	<b>72,594</b>	<b>33,400</b>	<b>(19,035)</b>	<b>88,220</b>

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		730	-	921	-
Interest & Extra Charges		144	-	139	-
Domestic Waste Management		303	-	323	-
User Charges & Fees		5,908	-	6,045	-
Accrued Revenues					
- Interest on Investments		421	-	330	-
- Other Income Accruals		363	-	993	-
Government Grants & Subsidies		1,021	-	247	-
Loans to Sporting Clubs		28	328	42	236
Net GST Receivable		562	-	193	-
Debtors - Hall & Room Rental		15	-	-	-
Debtors - Other Waste Income		251	-	-	-
Debtors - Saleyards		136	-	-	-
Debtors - Other Sewerage Services		136	-	-	-
Debtors - Swimming Centres		8	-	-	-
Debtors - Cemeteries		3	-	-	-
Debtors - Building Services - Other		17	-	-	-
Other Debtors		185	-	689	-
<b>Total</b>		<b>10,231</b>	<b>328</b>	<b>9,922</b>	<b>236</b>
<b>less: Provision for Impairment</b>					
Nil					
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>10,231</u></b>	<b><u>328</u></b>	<b><u>9,922</u></b>	<b><u>236</u></b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Other		1,803	-	2,748	-
<b>Sewerage Services</b>					
- Specific Purpose Grants		115	-	108	-
- Rates & Availability Charges		-	-	428	-
- Other		4,339	-	2,684	-
<b>Domestic Waste Management</b>		<b>302</b>	<b>-</b>	<b>323</b>	<b>-</b>
<b>Total External Restrictions</b>		<b>6,559</b>	<b>-</b>	<b>6,291</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>3,672</b>	<b>328</b>	<b>3,631</b>	<b>236</b>
<b>TOTAL NET RECEIVABLES</b>		<b>10,231</b>	<b>328</b>	<b>9,922</b>	<b>236</b>

**Notes on Debtors above:**

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 8.50% (2014 9.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Wingecarribee Shire Council

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

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Stores & Materials		342	-	331	-
Trading Stock		191	-	163	-
<b>Total Inventories</b>		<b>533</b>	<b>-</b>	<b>494</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		397	-	267	-
<b>Total Other Assets</b>		<b>397</b>	<b>-</b>	<b>267</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>930</b>	<b>-</b>	<b>761</b>	<b>-</b>
<b>Externally Restricted Assets</b>					
<b>Water</b>					
Stores & Materials		70	-	78	-
<b>Total Water</b>		<b>70</b>	<b>-</b>	<b>78</b>	<b>-</b>
<b>Total Externally Restricted Assets</b>		<b>70</b>	<b>-</b>	<b>78</b>	<b>-</b>
<b>Total Internally Restricted Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Unrestricted Assets</b>		<b>860</b>	<b>-</b>	<b>683</b>	<b>-</b>
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>		<b>930</b>	<b>-</b>	<b>761</b>	<b>-</b>

## Other Disclosures

## 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 2015

## Note 9a. Infrastructure, Property, Plant &amp; Equipment

	as at 30/6/2014				Asset Movements during the Reporting Period								as at 30/6/2015			
	At Cost	At Fair Value	Accumulated Dep'n	Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Adjustments & Transfers	Tfrs from/(to) "Held for Sale" category	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated Dep'n	Carrying Value
<b>\$ '000</b>																
Capital Work in Progress	1,621	-	-	1,621	3,526	-	-	(1,299)	-	-	-	-	3,848	-	-	3,848
Plant & Equipment	-	25,109	10,835	14,274	4,562	(1,314)	(2,084)	-	34	-	-	-	-	26,568	11,096	15,472
Office Equipment	-	8,296	7,445	851	112	-	(281)	-	7	-	-	-	-	8,046	7,357	689
Furniture & Fittings	-	1,287	1,149	138	34	-	(28)	-	-	-	-	-	-	1,321	1,177	144
<b>Land</b>																
- Operational Land	-	48,804	-	48,804	29	-	-	-	-	(2,186)	-	-	-	46,647	-	46,647
- Community Land	-	75,964	-	75,964	86	-	-	-	-	(75)	-	-	-	75,975	-	75,975
Land Improvements - depreciable	-	356	-	356	-	-	-	-	-	-	-	-	-	356	-	356
Buildings - Non Specialised	-	1,527	885	642	-	(165)	(27)	-	-	-	-	179	-	1,579	950	629
Buildings - Specialised	-	73,954	25,938	48,016	161	(76)	(1,842)	133	-	-	-	8,943	-	100,516	45,181	55,335
Other Structures	-	788	179	609	-	-	(30)	-	-	-	(69)	-	-	882	372	510
<b>Infrastructure</b>																
- Roads	-	498,238	221,362	276,876	6,791	(536)	(9,983)	1,164	-	-	-	39,128	-	518,078	204,638	313,440
- Bridges	-	17,038	8,087	8,951	946	-	(153)	-	-	-	-	13,033	-	29,572	6,795	22,777
- Footpaths	-	28,319	9,362	18,957	601	(5)	(1,370)	-	-	-	-	947	-	29,676	10,546	19,130
- Bulk Earthworks (non-depreciable)	-	212,909	-	212,909	177	(115)	-	-	-	-	-	3,016	-	215,987	-	215,987
- Stormwater Drainage	-	115,276	36,067	79,209	874	(37)	(925)	2	-	-	-	5,958	-	118,876	33,795	85,081
- Water Supply Network	-	263,365	104,502	158,863	2,668	(512)	(3,478)	-	-	-	-	4,011	-	276,522	114,970	161,552
- Sewerage Network	-	328,680	65,819	262,861	3,121	(483)	(3,463)	-	-	-	(67,065)	-	-	259,650	64,679	194,971
- Swimming Pools	-	13,716	2,631	11,085	54	-	(246)	-	(41)	-	-	536	-	14,313	2,925	11,388
- Other Open Space/Recreational Assets	-	16,959	6,564	10,395	140	-	(639)	-	-	-	(2,214)	-	-	13,824	6,142	7,682
<b>Other Assets</b>																
- Library Books	-	4,535	4,373	162	124	-	(33)	-	-	-	-	-	-	4,659	4,406	253
- Other	-	12	4	8	-	-	(1)	-	-	-	-	-	-	12	5	7
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>1,621</b>	<b>1,735,132</b>	<b>505,202</b>	<b>1,231,551</b>	<b>24,006</b>	<b>(3,243)</b>	<b>(24,583)</b>	<b>-</b>	<b>-</b>	<b>(2,261)</b>	<b>(69,348)</b>	<b>75,751</b>	<b>3,848</b>	<b>1,743,059</b>	<b>515,034</b>	<b>1,231,873</b>

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$10,429,390) and New Assets (\$4,942,610).  
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.

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000 Class of Asset	Actual 2015				Actual 2014			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
WIP	160	-	-	<b>160</b>	-	-	-	-
Plant & Equipment	-	1,569	725	<b>844</b>	-	1,471	656	<b>815</b>
Office Equipment	-	149	146	<b>3</b>	-	149	142	<b>7</b>
Land								
- Operational Land	-	6,220	-	<b>6,220</b>	-	6,219	-	<b>6,219</b>
Buildings	-	1,376	442	<b>934</b>	-	1,009	226	<b>783</b>
Infrastructure	-	276,522	114,970	<b>161,552</b>	-	263,366	104,502	<b>158,864</b>
<b>Total Water Supply</b>	<b>160</b>	<b>285,836</b>	<b>116,283</b>	<b>169,713</b>	-	<b>272,214</b>	<b>105,526</b>	<b>166,688</b>
<b>Sewerage Services</b>								
WIP	13	-	-	<b>13</b>	-	-	-	-
Plant & Equipment	-	1,911	995	<b>916</b>	-	1,834	867	<b>967</b>
Office Equipment	-	48	46	<b>2</b>	-	48	45	<b>3</b>
Land								
- Operational Land	-	10,727	-	<b>10,727</b>	-	11,568	-	<b>11,568</b>
Buildings	-	1,376	442	<b>934</b>	-	363	101	<b>262</b>
Infrastructure	-	259,650	64,679	<b>194,971</b>	-	328,680	65,819	<b>262,861</b>
<b>Total Sewerage Services</b>	<b>13</b>	<b>273,712</b>	<b>66,162</b>	<b>207,563</b>	-	<b>342,493</b>	<b>66,832</b>	<b>275,661</b>
<b>Domestic Waste Management</b>								
Plant & Equipment	-	2,321	1,494	<b>827</b>	-	2,478	1,200	<b>1,278</b>
Office Equipment	-	20	20	<b>-</b>	-	20	20	<b>-</b>
Land								
- Operational Land	-	1,160	-	<b>1,160</b>	-	1,160	-	<b>1,160</b>
Buildings	-	2,167	591	<b>1,576</b>	-	1,836	290	<b>1,546</b>
Other Structures	-	230	121	<b>109</b>	-	201	59	<b>142</b>
<b>Total DWM</b>	-	<b>5,898</b>	<b>2,226</b>	<b>3,672</b>	-	<b>5,695</b>	<b>1,569</b>	<b>4,126</b>
<b>Other Restricted Assets</b>								
Other - Regional Roads	-	96,905	25,878	<b>71,027</b>	-	95,856	28,353	<b>67,503</b>
Other - Regional Bridges	-	2,879	1,237	<b>1,642</b>	-	2,850	1,195	<b>1,655</b>
<b>Total Other Restrictions</b>	-	<b>99,784</b>	<b>27,115</b>	<b>72,669</b>	-	<b>98,706</b>	<b>29,548</b>	<b>69,158</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>173</b>	<b>665,230</b>	<b>211,786</b>	<b>453,617</b>	-	<b>719,108</b>	<b>203,475</b>	<b>515,633</b>

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

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

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 10a. Payables, Borrowings &amp; Provisions

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		5,485	66	5,131	-
Payments Received In Advance		93	-	1,957	-
Accrued Expenses:					
- Borrowings		359	-	345	-
- Salaries & Wages		422	-	380	-
Security Bonds, Deposits & Retentions		1,563	-	1,945	-
<b>Total Payables</b>		<b>7,922</b>	<b>66</b>	<b>9,758</b>	<b>-</b>
Borrowings					
Loans - Secured <sup>1</sup>		9,791	34,151	9,530	31,095
<b>Total Borrowings</b>		<b>9,791</b>	<b>34,151</b>	<b>9,530</b>	<b>31,095</b>
Provisions					
<b>Employee Benefits:</b>					
Annual Leave		1,605	-	2,223	-
Long Service Leave		4,843	782	3,851	353
<b>Total Provisions</b>		<b>6,448</b>	<b>782</b>	<b>6,074</b>	<b>353</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>24,161</b>	<b>34,999</b>	<b>25,362</b>	<b>31,448</b>
<b>(i) Liabilities relating to Restricted Assets</b>					
		<b>2015</b>		<b>2014</b>	
		<b>Current</b>	<b>Non Current</b>	<b>Current</b>	<b>Non Current</b>
<b>Externally Restricted Assets</b>					
Water		1,257	2,589	1,361	2,771
Sewer		8,498	15,908	9,801	16,657
Domestic Waste Management		1,263	1,121	285	2,384
Liabilities relating to externally restricted assets		11,018	19,618	11,447	21,812
<b>Internally Restricted Assets</b>					
Nil					
<b>Total Liabilities relating to restricted assets</b>		11,018	19,618	11,447	21,812
<b>Total Liabilities relating to Unrestricted Assets</b>		13,143	15,381	13,915	9,636
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>		<b>24,161</b>	<b>34,999</b>	<b>25,362</b>	<b>31,448</b>

<sup>1</sup>. 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.

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

	Actual 2015	Actual 2014
\$ '000		

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

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

Provisions - Employees Benefits	3,812	3,660
Payables - Security Bonds, Deposits & Retentions	1,064	1,208
	<b>4,876</b>	<b>4,868</b>

## Note 10b. Description of and movements in Provisions

Class of Provision	2014	2015				Closing Balance as at 30/6/15
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	2,223	1,018	(1,636)	-	-	<b>1,605</b>
Long Service Leave	4,204	2,296	(875)	-	-	<b>5,625</b>
<b>TOTAL</b>	<b>6,427</b>	<b>3,314</b>	<b>(2,511)</b>	<b>-</b>	<b>-</b>	<b>7,230</b>

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

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	4,849	7,253
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>4,849</b>	<b>7,253</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>7,081</b>	<b>(25)</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		24,583	24,286
Net Losses/(Gains) on Disposal of Assets		1,641	861
Non Cash Capital Grants and Contributions		(4,682)	-
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		-	(366)
- Interest Free Advances made by Council (Deferred Debtors)		55	114
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- Interest on all fair value adjusted Interest Free Advances made by Council		(22)	(4)
- Interest Exp. on Interest Free Loans received by Council (previously Fair Valued)		94	107
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(401)	(1,785)
Decrease/(Increase) in Inventories		(39)	(58)
Decrease/(Increase) in Other Assets		(130)	669
Increase/(Decrease) in Payables		420	260
Increase/(Decrease) in accrued Interest Payable		14	(27)
Increase/(Decrease) in other accrued Expenses Payable		42	5
Increase/(Decrease) in Other Liabilities		(2,246)	1,389
Increase/(Decrease) in Employee Leave Entitlements		803	122
<b>NET CASH PROVIDED FROM/(USED IN)</b>		<b>27,213</b>	<b>25,548</b>
<b>OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>27,213</b>	<b>25,548</b>

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

<b>\$ '000</b>	<b>Notes</b>	<b>Actual 2015</b>	<b>Actual 2014</b>
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Bushfire Grants		1,007	170
Other Dedications		3,675	-
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>4,682</b>	<b>170</b>
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdraft Facilities <sup>(1)</sup>		300	300
Credit Cards / Purchase Cards		150	150
<b>Total Financing Arrangements</b>		<b>450</b>	<b>450</b>

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.

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Buildings		80	78
Infrastructure		716	886
Water System Assets		31	431
Sewer System Assets		97	322
<b>Total Commitments</b>		<b>924</b>	<b>1,717</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		924	1,717
<b>Total Payable</b>		<b>924</b>	<b>1,717</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		924	1,717
<b>Total Sources of Funding</b>		<b>924</b>	<b>1,717</b>
<b>(b) Finance Lease Commitments</b>			
Nil			
<b>(c) Operating Lease Commitments (Non Cancellable)</b>			
<b>a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:</b>			
Within the next year		173	155
Later than one year and not later than 5 years		269	219
Later than 5 years		-	-
<b>Total Non Cancellable Operating Lease Commitments</b>		<b>442</b>	<b>374</b>

**b. Non Cancellable Operating Leases include the following assets:**

Council has entered into non-cancellable operating leases for various computer and printing equipment.

(i) No lease imposes any additional restrictions on Council in relation to additional debt or further leasing

(ii) The lease agreement included the option of renewing the lease for a period of up to 12 months.

Council must provide 30 days notice in writing if the lease is not to be extended.

**Conditions relating to Operating Leases:**

- All Operating Lease Agreements are secured only against the Leased Asset.

- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014      2013	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue <sup>(1)</sup>				
(excl. Capital Grants & Contributions) - Operating Expenses	(2,691)	-3.08%	-7.57%	-4.97%
Total continuing operating revenue <sup>(1)</sup>	87,302			
(excl. Capital Grants & Contributions)				
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue <sup>(1)</sup>				
(excl. ALL Grants & Contributions)	78,691	79.72%	85.12%	79.42%
Total continuing operating revenue <sup>(1)</sup>	98,715			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions <sup>(2)</sup>	40,150	4.86x	3.69	3.31
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	8,267			
4. Debt Service Cover Ratio				
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation	24,431	4.20x	3.78	4.71
Principal Repayments (from the Statement of Cash Flows)	5,816			
+ Borrowing Costs (from the Income Statement)				
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	874	1.54%	2.03%	1.48%
Rates, Annual and Extra Charges Collectible	56,600			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents				
+ All Term Deposits	93,277	15.46	12.96	12.29
Payments from cash flow of operating and financing activities	6,034	mths		

## Notes

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

<sup>(2)</sup> Refer Notes 6-8 inclusive.

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

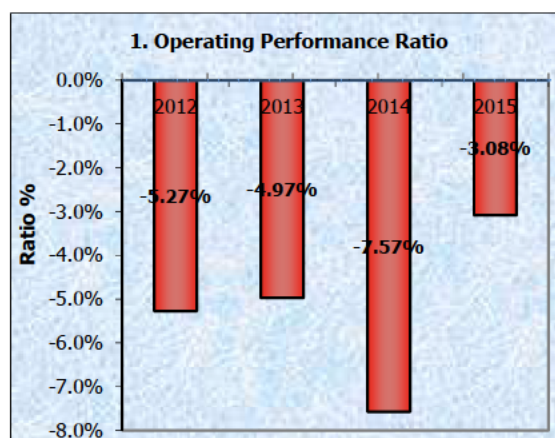
<sup>(3)</sup> Refer to Note 10(a).

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

## Wingecarribee Shire Council

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

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

**Purpose of Operating Performance Ratio**

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

**Commentary on 2014/15 Result**

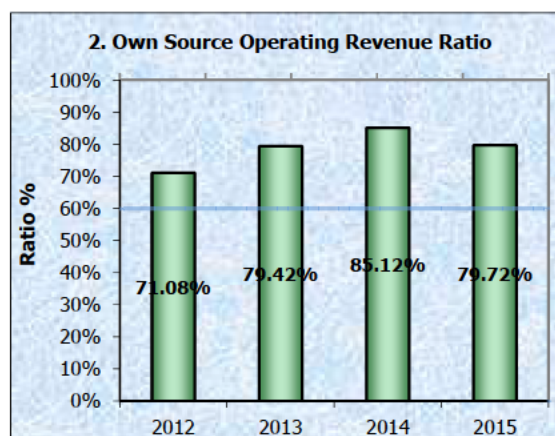
**2014/15 Ratio -3.08%**

The benchmark for this ratio is greater than 0.00%, which essentially means Council would be required to achieve an operating result surplus before Capital Grants and Contributions. Whilst Council has not met this benchmark for the 2014/15 financial year (-3.08%), there has been an improvement when compared to the 2013/14 financial year result (-7.57%). As part of its response to the State Government's Fit for the Future reform agenda, Council has identified a number of improvement strategies which are aimed at achieving this ratio (for General Fund only) by 2019/20.

Benchmark: ——— Minimum  $\geq 0.00\%$

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

Ratio is within Benchmark  
Ratio is outside Benchmark

**Purpose of Own Source Operating Revenue Ratio**

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions.

**Commentary on 2014/15 Result**

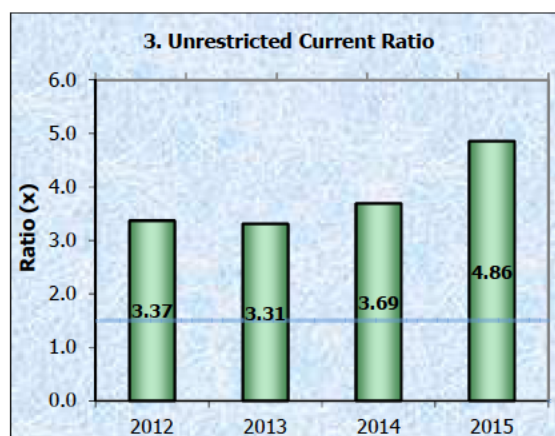
**2014/15 Ratio 79.72%**

The benchmark for this ratio is greater than 60.00%. Council continues to exceed this benchmark with an Own Source Operating Revenue ratio for the 2014/15 financial year of 79.72%. The decrease when compared to 2013/14 is a result of the recognition of non-cash capital grants and contributions in 2014/15 of \$4.682M. These contributions relate to the dedication of infrastructure relating to new subdivisions and the recognition of bushfire assets (non-cash grants).

Benchmark: ——— Minimum  $\geq 60.00\%$

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

Ratio is within Benchmark  
Ratio is outside Benchmark

**Purpose of Unrestricted Current Ratio**

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

**Commentary on 2014/15 Result**

**2014/15 Ratio 4.86x**

The benchmark for this ratio is greater than 1.50:1. This ratio continues to improve and exceed the benchmark with a ratio for the 2014/15 financial year of 4.86:1. This essentially means that for every \$1 of liability, Council has \$4.86 in assets to cover the payment of that liability. This ratio reflects Council's ongoing commitment to maintaining a strong financial position.

Benchmark: ——— Minimum  $\geq 1.50$

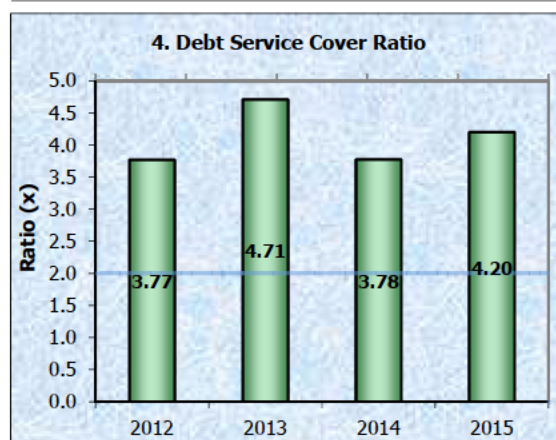
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark  
Ratio is outside Benchmark

## Wingecarribee Shire Council

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

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

**Purpose of Debt Service Cover Ratio**

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

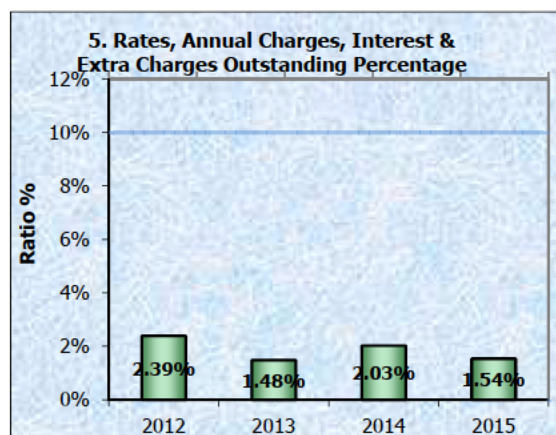
**Commentary on 2014/15 Result****2014/15 Ratio 4.20x**

The benchmark for this ratio is greater than 2.00. Council continues to exceed the benchmark with a ratio for the 2014/15 financial year of 4.20. During the 2014/15 financial year Council borrowed \$6.500M under the Local Infrastructure Renewal Scheme to fund improvements at Mittagong Pool and road reseals throughout the shire. Whilst the repayment of this loan will impact on future years ratios, forecasts indicate that Council will continue to achieve this benchmark in future years

Benchmark: ——— Minimum  $\geq 2.00$ 

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

Ratio is within Benchmark  
Ratio is outside Benchmark

**Purpose of Rates & Annual Charges Outstanding Ratio**

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

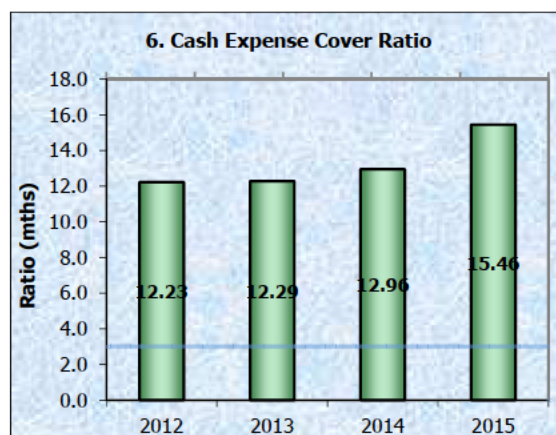
**Commentary on 2014/15 Result****2014/15 Ratio 1.54%**

The benchmark for this ratio is less than 10.00%. Council's performance significantly exceeds the industry benchmark with a Rates and Annual Charges Outstanding ratio for the 2014/15 financial year of 1.54%. This performance highlights the effectiveness of Council's debt recovery procedures and management of outstanding debts.

Benchmark: ——— Maximum  $< 10.00\%$ 

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

Ratio is within Benchmark  
Ratio is outside Benchmark

**Purpose of Cash Expense Cover Ratio**

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

**Commentary on 2014/15 Result****2014/15 Ratio 15.46 mths**

The benchmark for this ratio is more than 3 months. Council's ratio is well above the industry benchmark for the 2014/15 financial year with a ratio of 15.46 months. Similar to the unrestricted current ratio, this ratio reflects Council's ongoing commitment to maintaining a strong financial position.

Benchmark: ——— Minimum  $\geq 3.00$ 

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

Ratio is within Benchmark  
Ratio is outside Benchmark

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 13b. Statement of Performance Measurement - Indicators (by Fund)

\$ '000	Water 2015	Sewer 2015	General <sup>5</sup> 2015
<b>Local Government Industry Indicators - by Fund</b>			
<b>1. Operating Performance Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<b>10.64%</b>	<b>14.97%</b>	<b>-10.21%</b>
Total continuing operating revenue <sup>(1)</sup>			
(excl. Capital Grants & Contributions)	prior period: 17.39%	-3.26%	-14.68%
<b>2. Own Source Operating Revenue Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>	<b>86.66%</b>	<b>81.69%</b>	<b>77.76%</b>
<u>(excl. ALL Grants &amp; Contributions)</u>			
Total continuing operating revenue <sup>(1)</sup>	prior period: 90.31%	87.36%	83.26%
<b>3. Unrestricted Current Ratio</b>			
<u>Current Assets less all External Restrictions<sup>(2)</sup></u>	<b>16.88x</b>	<b>1.05x</b>	<b>4.64x</b>
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	prior period: 12.24	0.63	3.61
<b>4. Debt Service Cover Ratio</b>			
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation	<b>11.82x</b>	<b>1.65x</b>	<b>8.01x</b>
<u>Principal Repayments (from the Statement of Cash Flows)</u>			
+ Borrowing Costs (from the Income Statement)	prior period: 15.17	1.10	7.54
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
<u>Rates, Annual and Extra Charges Outstanding</u>	<b>0.00%</b>	<b>0.00%</b>	<b>2.14%</b>
Rates, Annual and Extra Charges Collectible	prior period: 0.00%	3.60%	1.69%
<b>6. Cash Expense Cover Ratio</b>			
Current Year's Cash and Cash Equivalents			
<u>+ All Term Deposits</u> x12	<b>47.01</b>	<b>18.14</b>	<b>11.01</b>
Payments from cash flow of operating and financing activities	prior period: 38.60	10.05	9.86

## Notes

(1) - (4) Refer to Notes at Note 13a(i) above.

(5) General Fund refers to all of Council's activities except for its Water &amp; Sewer activities which are listed separately.

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 14. Investment Properties

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

### Note 15. Financial Risk Management

#### Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2015	2014	2015	2014
<b>Financial Assets</b>				
Cash and Cash Equivalents	4,849	7,253	4,849	7,253
Investments				
- "Held for Trading"	-	1,886	-	1,886
- "Held to Maturity"	88,428	70,772	88,428	70,744
Receivables	10,559	10,158	11,216	10,070
<b>Total Financial Assets</b>	<b>103,836</b>	<b>90,069</b>	<b>104,493</b>	<b>89,953</b>
<b>Financial Liabilities</b>				
Payables	7,895	7,801	7,895	7,160
Loans / Advances	43,942	40,625	44,163	40,727
<b>Total Financial Liabilities</b>	<b>51,837</b>	<b>48,426</b>	<b>52,058</b>	<b>47,887</b>

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

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 15. Financial Risk Management (continued)

\$ '000

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

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

Council's Finance area manages the Cash & Investments portfolio.

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.

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
<b>2015</b>				
Possible impact of a 10% movement in Market Values	9,328	9,328	(9,328)	(9,328)
Possible impact of a 1% movement in Interest Rates	933	933	(933)	(933)
<b>2014</b>				
Possible impact of a 10% movement in Market Values	7,991	7,991	(7,991)	(7,991)
Possible impact of a 1% movement in Interest Rates	799	799	(799)	(799)

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 15. Financial Risk Management (continued)

\$ '000

#### (b) Receivables

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

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

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

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

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

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

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

		2015	2015	2014	2014
		Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables - %</b>					
Current (not yet overdue)		44%	98%	100%	99%
Overdue		56%	2%	0%	1%
		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
		Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(ii) Ageing of Receivables - value</b>					
<b>Rates &amp; Annual Charges</b>	<b>Other Receivables</b>				
Current	Current	321	9,656	921	9,133
< 1 year overdue	0 - 30 days overdue	125	104	-	7
1 - 2 years overdue	30 - 60 days overdue	94	48	-	21
2 - 5 years overdue	60 - 90 days overdue	153	21	-	76
> 5 years overdue	> 90 days overdue	37	-	-	-
		<b>730</b>	<b>9,829</b>	<b>921</b>	<b>9,237</b>

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 15. Financial Risk Management (continued)

\$ '000

#### (c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	≤ 1 Year	1-2 Yrs	payable in:				Total Cash Outflows	Actual Carrying Values
				2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2015</b>									
Trade/Other Payables	1,563	-	-	-	-	-	-	1,563	<b>7,895</b>
Loans & Advances	-	9,872	2,878	14,500	2,308	8,288	5,987	43,833	<b>43,942</b>
<b>Total Financial Liabilities</b>	<b>1,563</b>	<b>9,872</b>	<b>2,878</b>	<b>14,500</b>	<b>2,308</b>	<b>8,288</b>	<b>5,987</b>	<b>45,396</b>	<b>51,837</b>
<b>2014</b>									
Trade/Other Payables	1,945	-	-	-	-	-	-	1,945	<b>7,801</b>
Loans & Advances	-	11,901	10,612	13,547	13,768	1,374	57,507	108,709	<b>40,625</b>
<b>Total Financial Liabilities</b>	<b>1,945</b>	<b>11,901</b>	<b>10,612</b>	<b>13,547</b>	<b>13,768</b>	<b>1,374</b>	<b>57,507</b>	<b>110,654</b>	<b>48,426</b>

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

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

	2015		2014	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	7,895	0.0%	7,801	0.0%
Loans & Advances - Fixed Interest Rate	43,942	5.2%	40,625	6.1%
	<u>51,837</u>		<u>48,426</u>	

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 28 May 2014.

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

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

**Note that for Variations\* of Budget to Actual :**

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

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

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----		
<b>REVENUES</b>					
Rates & Annual Charges	54,491	55,085	594	1%	<b>F</b>
User Charges & Fees	17,162	16,910	(252)	(1%)	<b>U</b>
Interest & Investment Revenue	2,769	2,878	109	4%	<b>F</b>
Other Revenues	3,528	3,818	290	8%	<b>F</b>
Operating Grants & Contributions	7,868	8,611	743	9%	<b>F</b>
Capital Grants & Contributions	5,215	11,413	6,198	119%	<b>F</b>

Capital Grants and Contributions are greater than the original budget due to the following recognition of dedicated Assets, \$3.675M. Dedicated RFS assets \$1.007M, Cash contribution for Section 94 and Section 64 \$1.516M .

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----		
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	<b>29,431</b>	<b>31,629</b>	<b>(2,198)</b>	<b>(7%)</b>	<b>U</b>
<b>Borrowing Costs</b>	<b>2,577</b>	<b>2,539</b>	<b>38</b>	<b>1%</b>	<b>F</b>
<b>Materials &amp; Contracts</b>	<b>18,942</b>	<b>18,293</b>	<b>649</b>	<b>3%</b>	<b>F</b>
<b>Depreciation &amp; Amortisation</b>	<b>24,505</b>	<b>24,583</b>	<b>(78)</b>	<b>(0%)</b>	<b>U</b>
<b>Other Expenses</b>	<b>16,291</b>	<b>12,949</b>	<b>3,342</b>	<b>21%</b>	<b>F</b>
<p>The 2014/15 budget was prepared on the basis that waste charges were reflected as an external cost.  This has subsequently been reclassified internal charges resulting in a reduction in other expenses of \$2.972  There was also a range of other savings of \$370K</p>					
<b>Net Losses from Disposal of Assets</b>	<b>-</b>	<b>1,641</b>	<b>(1,641)</b>	<b>0%</b>	<b>U</b>
<p>The budget does not estimate the net profit/loss on the disposal of assets, it instead estimates the proceeds from the sale based on the carrying value. The loss represents \$1,641M</p>					

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

<b>Cash Flows from Operating Activities</b>	<b>24,866</b>	<b>27,213</b>	<b>2,347</b>	<b>9.4%</b>	<b>F</b>
<b>Cash Flows from Investing Activities</b>	<b>(23,260)</b>	<b>(32,840)</b>	<b>(9,580)</b>	<b>41.2%</b>	<b>U</b>
<b>Cash Flows from Financing Activities</b>	<b>(3,606)</b>	<b>3,223</b>	<b>6,829</b>	<b>(189.4%)</b>	<b>F</b>

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 17. Statement of Developer Contributions

\$ '000

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

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

#### SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	1,604	377	-	56	(200)	-	1,837	-	(1,837)	-	-
Community Facilities	282	2	-	6	(133)	-	157	-	(157)	-	-
Open Space & Community Facilities	3,937	436	-	135	(178)	-	4,330	-	(4,330)	-	-
Administration	-	60	-	-	(60)	-	-	-	-	-	-
Resource Recovery Centre	-	29	-	-	(29)	-	-	-	-	-	-
CF Library Loan	12	55	-	1	(25)	-	43	-	(43)	-	-
Administration (MVEC)	-	1	-	-	-	-	1	-	(1)	-	-
Future Works (MVEC)	-	60	-	1	-	-	61	-	(61)	-	-
Land Acquisition (MVEC)	-	4	-	-	-	-	4	-	(4)	-	-
<b>S94 Contributions - under a Plan</b>	<b>5,835</b>	<b>1,024</b>	<b>-</b>	<b>199</b>	<b>(625)</b>	<b>-</b>	<b>6,433</b>	<b>-</b>	<b>(6,433)</b>	<b>-</b>	<b>-</b>
<b>S94A Levies - under a Plan</b>	<b>308</b>	<b>103</b>	<b>-</b>	<b>12</b>	<b>(15)</b>	<b>-</b>	<b>408</b>	<b>-</b>	<b>(408)</b>	<b>-</b>	<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>6,143</b>	<b>1,127</b>	<b>-</b>	<b>211</b>	<b>(640)</b>	<b>-</b>	<b>6,841</b>	<b>-</b>	<b>(6,841)</b>	<b>-</b>	<b>-</b>
S94 not under Plans Parking	1,301	-	-	42	(27)	-	1,316	-	(1,316)	-	-
S94 not under Plans (VPA)	915	968	-	61	-	-	1,944	-	(1,944)	-	-
S64 Contributions Water	7,265	810	-	235	(1,446)	-	6,864	-	(6,864)	-	-
S64 Contributions Sewer	4,231	938	-	144	(1,000)	-	4,313	-	(4,313)	-	-
S64 Stormwater	2,981	282	-	102	(380)	-	2,985	-	(2,985)	-	-
<b>Total Contributions</b>	<b>22,836</b>	<b>4,125</b>	<b>-</b>	<b>795</b>	<b>(3,493)</b>	<b>-</b>	<b>24,263</b>	<b>-</b>	<b>(24,263)</b>	<b>-</b>	<b>-</b>

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 17. Statement of Developer Contributions (continued)

\$ '000

#### S94 CONTRIBUTIONS - UNDER A PLAN

##### CONTRIBUTION PLAN 1

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	
Roads	1,604	377	-	56	(200)	-	1,837	-	(1,837)	-	-
Community Facilities	282	2	-	6	(133)	-	157	-	(157)	-	-
Open Space & Community Facilities	3,937	436	-	135	(178)	-	4,330	-	(4,330)	-	-
Administration	-	60	-	-	(60)	-	-	-	-	-	-
Resource Recovery Centre	-	29	-	-	(29)	-	-	-	-	-	-
CF Library Loan	12	55	-	1	(25)	-	43	-	(43)	-	-
<b>Total</b>	<b>5,835</b>	<b>959</b>	<b>-</b>	<b>198</b>	<b>(625)</b>	<b>-</b>	<b>6,367</b>	<b>-</b>	<b>(6,367)</b>	<b>-</b>	<b>-</b>

##### S94 CONTRIBUTIONS - UNDER A PLAN (MVEC)

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	
Administration (MVEC)	-	1	-	-	-	-	1	-	(1)	-	-
Future Works (MVEC)	-	60	-	1	-	-	61	-	(61)	-	-
Land Acquisition (MVEC)	-	4	-	-	-	-	4	-	(4)	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>65</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>66</b>	<b>-</b>	<b>(66)</b>	<b>-</b>	<b>-</b>

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 17. Statement of Developer Contributions (continued)

\$ '000

#### S94 CONTRIBUTIONS - UNDER A PLAN

S94 not under Plans (VPA)

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	14	-	-	-	-	14	-	(14)	-	-
Roads	365	42	-	13	-	-	420	-	(420)	-	-
Community Facilities	-	23	-	1	-	-	24	-	(24)	-	-
Sewer	140	456	-	21	-	-	617	-	(617)	-	-
Water	-	359	-	12	-	-	371	-	(371)	-	-
RRC	63	14	-	2	-	-	79	-	(79)	-	-
ASH	10	-	-	-	-	-	10	-	(10)	-	-
Administration	337	26	-	11	-	-	374	-	(374)	-	-
Management Contribution	-	34	-	1	-	-	35	-	(35)	-	-
<b>Total</b>	<b>915</b>	<b>968</b>	<b>-</b>	<b>61</b>	<b>-</b>	<b>-</b>	<b>1,944</b>	<b>-</b>	<b>(1,944)</b>	<b>-</b>	<b>-</b>

#### S94 CONTRIBUTIONS - NOT UNDER A PLAN

S94 not under Plans Parking

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	
Parking	1,301	-	-	42	(27)	-	1,316	-	(1,316)	-	-
<b>Total</b>	<b>1,301</b>	<b>-</b>	<b>-</b>	<b>42</b>	<b>(27)</b>	<b>-</b>	<b>1,316</b>	<b>-</b>	<b>(1,316)</b>	<b>-</b>	<b>-</b>

S94 not under Plans S94A

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	
S94A	308	103	-	12	(15)	-	408	-	(408)	-	-
<b>Total</b>	<b>308</b>	<b>103</b>	<b>-</b>	<b>12</b>	<b>(15)</b>	<b>-</b>	<b>408</b>	<b>-</b>	<b>(408)</b>	<b>-</b>	<b>-</b>

# Wingecarribee Shire Council

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

### Note 18. Contingencies & Other Assets/Liabilities Not Recognised

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\$ '000

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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 its Defined Benefit Scheme obligations in accordance with AASB 119.

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

##### (ii) Statewide Limited

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

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the Net Assets or Liabilities reflects Council's 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.

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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**\$ '000**

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**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.

**(iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council**

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (& subsequent land asset) from such potential acquisitions has not been possible.

**(iv) Landfill Remediation**

The former landfill site at Welby requires remediation. While total costs for the project are yet to be determined it is estimated that the cost may be up to \$2,000,000. It is anticipated that funding will be from the Domestic Waste Management and Resource Recovery Reserves.

The rehabilitation plan for the site proposes to restore the site to a form that meets the relevant environmental standards and is capable of being adapted to a range of future open space uses. The timing of the rehabilitation works has not been scheduled at this point in time.

# Wingecarribee Shire Council

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

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

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\$ '000

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#### ASSETS NOT RECOGNISED:

##### (i) Infringement Notices/Fines

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

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

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

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

### Note 19. Interests in Other Entities

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

## Wingecarribee Shire Council

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

## Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2015	Actual 2014
(a) Retained Earnings			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		539,785	539,824
a. Correction of Prior Period Errors	20 (c)	-	(14)
b. Other Comprehensive Income (excl. direct to Reserves transactions)		286	-
c. Net Operating Result for the Year		7,081	(25)
Balance at End of the Reporting Period		<u>547,152</u>	<u>539,785</u>
(b) Reserves			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		732,189	725,786
<b>Total</b>		<u><b>732,189</b></u>	<u><b>725,786</b></u>
<b>(ii) Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		725,786	677,772
- Revaluations for the year	9(a)	6,403	48,014
- <b>Balance at End of Year</b>		<u><b>732,189</b></u>	<u><b>725,786</b></u>
<b>TOTAL VALUE OF RESERVES</b>		<u><b>732,189</b></u>	<u><b>725,786</b></u>
<b>(iii) Nature &amp; Purpose of Reserves</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- 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			
<b>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.</b>			
<b>These amounted to the following Equity Adjustments:</b>			
- Adjustments to Opening Equity - 1/7/13		-	(14)
(relating to adjustments for the 30/6/13 reporting year end and prior periods)			
<b>Total Prior Period Adjustments - Prior Period Errors</b>		<u><b>-</b></u>	<u><b>(14)</b></u>
(d) Voluntary Changes in Accounting Policies			
Council made no voluntary changes in any accounting policies during the year.			

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 21. Financial Result &amp; Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015	Actual 2015
<b><u>Continuing Operations</u></b>		<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>				
Rates & Annual Charges		3,057	12,718	39,310
User Charges & Fees		7,709	862	8,339
Interest & Investment Revenue		755	415	1,708
Other Revenues		582	372	2,864
Grants & Contributions provided for Operating Purposes		191	173	8,247
Grants & Contributions provided for Capital Purposes		1,674	3,048	6,691
<b>Other Income</b>				
Share of interests in Joint Ventures & Associates using the Equity Method		-	-	-
<b>Total Income from Continuing Operations</b>	-	<b>13,968</b>	<b>17,588</b>	<b>67,159</b>
<b>Expenses from Continuing Operations</b>				
Employee Benefits & on-costs		2,044	2,656	26,929
Borrowing Costs		156	1,561	822
Materials & Contracts		2,911	3,019	12,363
Depreciation & Amortisation		3,643	3,647	17,293
Impairment		-	-	-
Other Expenses		2,149	1,313	9,487
<b>Net Losses from the Disposal of Assets</b>		<b>532</b>	<b>506</b>	<b>603</b>
<b>Total Expenses from Continuing Operations</b>	-	<b>11,435</b>	<b>12,702</b>	<b>67,497</b>
<b>Operating Result from Continuing Operations</b>	-	<b>2,533</b>	<b>4,886</b>	<b>(338)</b>
<b><u>Discontinued Operations</u></b>				
<b>Net Profit/(Loss) from Discontinued Operations</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the Year</b>	-	<b>2,533</b>	<b>4,886</b>	<b>(338)</b>
<b>Net Operating Result attributable to each Council Fund</b>	-	2,533	4,886	(338)
<b>Net Operating Result attributable to Non-controlling Interests</b>	-	-	-	-
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	-	859	1,838	(7,029)

<sup>1</sup> General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal charges &amp; recoveries made between the Funds.

## Wingecarribee Shire Council

## Notes to the Financial Statements

as at 30 June 2015

## Note 21. Financial Result &amp; Financial Position by Fund (continued)

Statement of Financial Position by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015	Actual 2015
	0	Water	Sewer	General <sup>1</sup>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents		178	65	4,606
Investments		28,266	12,770	47,392
Receivables		1,803	4,454	3,974
Inventories		70	-	463
Other		-	-	397
Non-current assets classified as 'held for sale'		-	850	1,012
<b>Total Current Assets</b>	-	<u>30,317</u>	<u>18,139</u>	<u>57,844</u>
<b>Non-Current Assets</b>				
Investments		-	-	-
Receivables		-	-	328
Inventories		-	-	-
Infrastructure, Property, Plant & Equipment		169,713	207,563	854,597
Investments Accounted for using the equity method		-	-	-
Investment Property		-	-	-
Intangible Assets		-	-	-
<b>Total Non-Current Assets</b>	-	<u>169,713</u>	<u>207,563</u>	<u>854,925</u>
<b>TOTAL ASSETS</b>	-	<u><b>200,030</b></u>	<u><b>225,702</b></u>	<u><b>912,769</b></u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables		490	428	7,004
Borrowings		279	7,485	2,027
Provisions		488	585	5,375
<b>Total Current Liabilities</b>	-	<u>1,257</u>	<u>8,498</u>	<u>14,406</u>
<b>Non-Current Liabilities</b>				
Payables		-	-	66
Borrowings		2,530	15,834	15,787
Provisions		59	74	649
<b>Total Non-Current Liabilities</b>	-	<u>2,589</u>	<u>15,908</u>	<u>16,502</u>
<b>TOTAL LIABILITIES</b>	-	<u><b>3,846</b></u>	<u><b>24,406</b></u>	<u><b>30,908</b></u>
<b>Net Assets</b>	-	<u><b>196,184</b></u>	<u><b>201,296</b></u>	<u><b>881,861</b></u>
<b>EQUITY</b>				
Retained Earnings		50,172	107,150	389,830
Revaluation Reserves		146,016	94,148	492,025
<b>Total Equity</b>	-	<u><b>196,188</b></u>	<u><b>201,298</b></u>	<u><b>881,855</b></u>

<sup>1</sup> General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal receivables &amp; payables between the Funds.

## Wingecarribee Shire Council

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

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

\$ '000	2015		2014	
	Current	Non Current	Current	Non Current
<b>(i) Non Current Assets &amp; Disposal Group Assets</b>				
<b>Non Current Assets "Held for Sale"</b>				
Land	1,862	-	-	-
<b>Total Non Current Assets "Held for Sale"</b>	<b>1,862</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disposal Group Assets "Held for Sale"</b>				
None				
<b>TOTAL NON CURRENT ASSETS CLASSIFIED AS "HELD FOR SALE"</b>	<b>1,862</b>	<b>-</b>	<b>-</b>	<b>-</b>

**(ii) Details of Assets & Disposal Groups**

Council has passed a resolution to sell certain parcels of surplus Operational Land. Staff have commenced the process of undertaking the work necessary to develop and/or selling each parcel by auction or by private treaty. It is anticipated that all blocks identified to date will be developed and/or sold within two years depending on development works require to make ready for sale and dependent on further Council decisions.

\$ '000	Disposal Groups		Assets "Held for Sale"	
	2015	2014	2015	2014
<b>(iii) Reconciliation of Non Current Assets "Held for Sale" &amp; Disposal Groups - i.e. Discontinued Operations</b>				
<b>Opening Balance</b>	-	-	-	-
- Assets "Held for Sale"		-	2,261	-
<b>less: Carrying Value of Assets/Operations Sold that were re-classified this reporting period</b>		-	(399)	-
<b>Closing Balance of "Held for Sale"</b>				
<b>Non Current Assets &amp; Operations</b>	-	-	<b>1,862</b>	<b>-</b>

Refer to Note 27 - Fair Value Measurement for fair value measurement information.

## Wingecarribee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 23. Events occurring after the Reporting Date

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**\$ '000**

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

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

Accordingly, the "authorised for issue" date is 20 October 2015.

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

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

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

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

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

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

#### Note 24. Discontinued Operations

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

#### Note 25. Intangible Assets

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

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

#### Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

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Council has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.

## Wingecarribee Shire Council

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

## Note 27. Fair Value Measurement

\$ '000

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

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

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

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

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

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

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

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

		Fair Value Measurement Hierarchy			
2015		Level 1	Level 2	Level 3	Total
	Date	Quoted	Significant	Significant	
	of latest	prices in	observable	unobservable	
	Valuation	active mkts	inputs	inputs	
Recurring Fair Value Measurements					
Financial Assets					
Investments					
- "Held for Trading"	dd/mm/yy	-	-	4,849	4,849
- "Held to Maturity"	30/06/15	-	-	88,428	88,428
Total Financial Assets		-	-	93,277	93,277
Infrastructure, Property, Plant & Equipment					
Plant & Equipment	30/06/15	-	-	19,320	19,320
Office Equipment	30/06/15	-	-	689	689
Furniture & Fittings	30/06/15	-	-	144	144
Operational Land	30/06/15	-	-	46,647	46,647
Community Land	30/06/15	-	-	75,975	75,975
Land Improvements - depreciable	30/06/15	-	-	356	356
Buildings - Non Specialised	30/06/15	-	-	629	629
Buildings - Specialised	30/06/15	-	-	55,335	55,335
Other Structures	30/06/15	-	-	510	510
Roads	30/06/15	-	-	313,440	313,440
Bridges	30/06/15	-	-	22,777	22,777
Footpaths	30/06/15	-	-	19,130	19,130
Bulk Earthworks (non-depreciable)	30/06/15	-	-	215,987	215,987
Stormwater Drainage	30/06/15	-	-	85,081	85,081
Water Supply Network	30/06/15	-	-	161,552	161,552
Sewerage Network	30/06/15	-	-	194,971	194,971
Swimming Pools	30/06/15	-	-	11,388	11,388
Other Open Space/Recreational Assets	30/06/15	-	-	7,682	7,682
Library Books	30/06/15	-	-	253	253
Other	30/06/15	-	-	7	7
Total Infrastructure, Property, Plant & Equipment		-	-	1,231,873	1,231,873

## Wingecarribee Shire Council

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

## Note 27. Fair Value Measurement (continued)

\$ '000

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

		Fair Value Measurement Hierarchy			Total
		Level 1	Level 2	Level 3	
		Quoted	Significant	Significant	
		prices in	observable	unobservable	
		active mkts	inputs	inputs	
2015	Date of latest Valuation				
<b>Non-recurring Fair Value Measurements</b>					
<b>Non Current Assets classified as "Held for Sale"</b>					
Land	30/06/15	-	-	1,862	1,862
<b>Total NCA's classified as "Held for Sale"</b>		<b>-</b>	<b>-</b>	<b>1,862</b>	<b>1,862</b>
<b>2014</b>					
		Level 1	Level 2	Level 3	Total
		Quoted	Significant	Significant	
		prices in	observable	unobservable	
		active mkts	inputs	inputs	
Recurring Fair Value Measurements	Date of latest Valuation				
<b>Financial Assets</b>					
Investments					
- "Held for Trading"	30/06/14	186	-	-	186
- "Designated At Fair Value on Initial Recognition"	30/06/14	7,253	-	-	7,253
- "Available for Sale"	30/06/14	68,522	-	2,250	70,772
<b>Total Financial Assets</b>		<b>75,961</b>	<b>-</b>	<b>2,250</b>	<b>78,211</b>
<b>Infrastructure, Property, Plant &amp; Equipment</b>					
Plant & Equipment	30/06/14	-	-	15,895	15,895
Office Equipment	30/06/14	-	-	851	851
Furniture & Fittings	30/06/14	-	-	138	138
Operational Land	30/06/14	-	-	48,804	48,804
Community Land	30/06/14	-	-	75,964	75,964
Land Improvements - depreciable	30/06/14	-	-	356	356
Buildings - Non Specialised	30/06/14	-	-	642	642
Buildings - Specialised	30/06/14	-	-	48,016	48,016
Other Structures	30/06/14	-	-	609	609
Roads	30/06/14	-	-	276,876	276,876
Bridges	30/06/14	-	-	8,951	8,951
Footpaths	30/06/14	-	-	18,957	18,957
Bulk Earthworks (non-depreciable)	30/06/14	-	-	212,909	212,909
Stormwater Drainage	30/06/14	-	-	79,209	79,209
Water Supply Network	30/06/14	-	-	158,863	158,863
Sewerage Network	30/06/14	-	-	262,861	262,861
Swimming Pools	30/06/14	-	-	11,085	11,085
Other Open Space/Recreational Assets	30/06/14	-	-	10,395	10,395
Library Books	30/06/14	-	-	162	162
Other	30/06/14	-	-	8	8
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>-</b>	<b>-</b>	<b>1,231,551</b>	<b>1,231,551</b>

## (2) Transfers between Level 1 &amp; 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.

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 27. Fair Value Measurement (continued)

#### Infrastructure, Property, Plant & Equipment

## 1. GENERAL

### ACCURACY OF ASSETS REGISTER

Council acquired Conquest as a corporate asset register in 2009 and since then has collected all asset data and established a comprehensive assets register. Each asset is linked with the valuation unit rate, which is then applied to the component quantity ie (m2, m etc) to obtain the replacement cost for each asset.

### INSPECTION METHOD

Wingecarribee Shire Council has defined in corporate assets register (Conquest) all its road pavements, kerb and gutter, footpaths, bridges, culverts, stormwater and car parks inspection and assessment for renewal planning. The details are as following:

- Type of data to be collected for sealed roads are:- cracking, roughness, ravelling, stripping, rutting, potholes and deflection for Pavement Management and surface defects.
- Type of data to be collected on unsealed roads: gravel depth, surface condition and pavement condition, potholes.
- Type of data to be collected on footpaths: vertical displacement and cracking.
- Type of data to be collected on kerb & gutter: - vertical displacement, tilting, cracking, chipping and ponding.
- Adopted condition rating:- 1-5 (as per DLG's new criteria).
- Criteria for measuring condition:- i.e. severity, extent or both.
- Method of measuring condition distresses: i.e. length, width, area, depth.

The inspection method that has been adopted is as follows:

1. Each road, footpath or kerb is divided into sections of homogeneous surface condition, terrain and surface type. These sections are called segments. Wingecarribee Shire Council has documented segmentation that is recorded in its asset register with descriptions of locations, start and finish points.
2. Condition is measured along the entire section of the segment i.e. not in representative gauge lengths or one lane or one side only. Visual condition is being assessed on foot or utilising a suitable vehicle.

## Wingecarribee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

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##### **STANDARD, USEFUL AND REMAINING LIFE:**

Standard life and Useful life of asset types has been derived from IPWEA (NSW) Road and Transport Directorate – Roads Fair Value Valuation Guide - June 2009, Council's Project Records, LGAM etc.

Remaining useful life is determined for each individual asset from condition rating. Reliable condition decay profiles are available in Council's pavement management system.

Age + Remaining useful life = Useful life

**Remaining Useful Life** is obtained from the condition rating

**Age** is the current date less year when asset was constructed

##### **DEPRECIATION METHOD**

The depreciation method used in Conquest is straight line method which is constant consumption of the asset over its useful life.

##### **Unit Rates Calculation:**

Standard unit rates have been developed for each asset type by using, where available, Rawlinson's Australian Construction Hand Book 2013, IPART's Local Infrastructure Benchmark Datasheets and then,

Council's contract rates or rates from similar neighbouring Council.

##### **Residual Value:**

Residual value is the estimated amount Council will obtain from the disposal of the asset. The residual value is recognized in the case of a road pavement asset, where the asset is renewed or replaced in full and the cost to restore the asset to as new condition is less than the replacement cost.

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

For infrastructure assets, fair value is the depreciated replacement cost

So, Depreciable amount = Current Replacement cost – Residual value

Depreciated Replacement Cost = Current Replacement cost - Accumulated Depreciation

# Wingecarribee Shire Council

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

### Note 27. Fair Value Measurement (continued)

#### Condition Models Used for All Assets

The following condition rates from 1 to 5 has been used for all assets categories

Condition Rating	Condition Description	Life Consumed
1	Excellent/New-No work required	0
2	Good Condition-Normal Maintenance only	40
3	Fair (Average Condition)-Some work required	70
4	Poor Condition-Renewal required within one year	80
5	Very Poor (Critical Condition)-urgent renewal required	100

## 2. Infrastructure Assets Revaluation

#### Data Acquisition:

1. Council's Assets data collection staff.
2. Condition Assessment Contractors.

#### Frequency of Condition-Data Collection

- Roads: Condition data will be collected 100% once every third year.
- Stormwater: Condition data will be collected 5% of whole network each year.
- Footpaths, Kerb and Gutter: Condition data will be collected 33% of whole network each year.
- Bridges: Condition data will be collected 2 yearly.

#### Data used in the valuation of Council's infrastructure assets is obtained from the following sources:

1. Council's Asset Management System—Conquest.
2. Council's Pavement Management System – SMEC PMS.
3. Council's Supply of Materials and Services Contract.
4. Rawlinson's Australian Construction Handbook 2012.

## Wingecarribee Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

5. Other neighbouring Council.
6. IPART's Local Infrastructure Benchmark Datasheets.

#### **Council's Asset and Pavement Management Systems provide the following information:**

1. Individual asset valuation dimension (length, area, volume etc.)
2. Individual asset measurement units.
3. Condition at end of the life (intervention condition).
4. Components under each asset (for example a road segment has 3 components such as road formation earthworks, road pavements and road surfacing).

#### **Council's Asset Register Conquest provides the following information:**

1. Units of measurement of assets.
2. Materials and size for capacity.
3. Date of acquisition.
4. Condition rating based on current performance
5. Information on location, features, construction methods, geotechnical data, manufacturers etc.
6. Current replacement costs, remaining lives, useful lives, residual value and renewal strategies.
7. Unit rates for valuation.

#### **Asset Components:**

The asset components have been created for infrastructure assets (based on standard lives, residual values and depreciation rate):

#### **Bridge and Culvert Condition Assessment:**

Condition assessment is component based and carried out under a prescribed methodology. Each structure is broken down into individual components and for each component; Council's accredited Bridge Inspector or accredited Consultant/Contractor assessed the condition between a range of 1 and 4 in accordance with the following conditions:

- Condition 1 : Component in a good condition with little or no deterioration
- Condition 2 : Component shows deterioration of a major nature
- Condition 3 : Component shows advanced deterioration and loss of protection to the supporting material
- Condition 4 : Component shows advanced deterioration, loss of effective section, is acting differently to design or is showing signs of overstress.

## Wingecarribee Shire Council

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

## Note 27. Fair Value Measurement (continued)

**CONDITION RATING (Sample Photographs)**  
**Sample Photographs of Road Surface Condition**

## Wingecarribee Shire Council

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

## Note 27. Fair Value Measurement (continued)

## Sample Photographs For Condition Rating of Footpath & Cycleways

### Footpath Condition








Score	Description	Example
1	Excellent: No Work Required-Normal Maintenance Only	
2	Good: Only Minor work required	
3	Average: Some work required	
4	Poor: Some Rehabilitation Needed Within 1 Year	
5	Very Poor: Asset in Critical Condition - Urgent Rehabilitation Required	

## Wingecarribee Shire Council

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

## Note 27. Fair Value Measurement (continued)

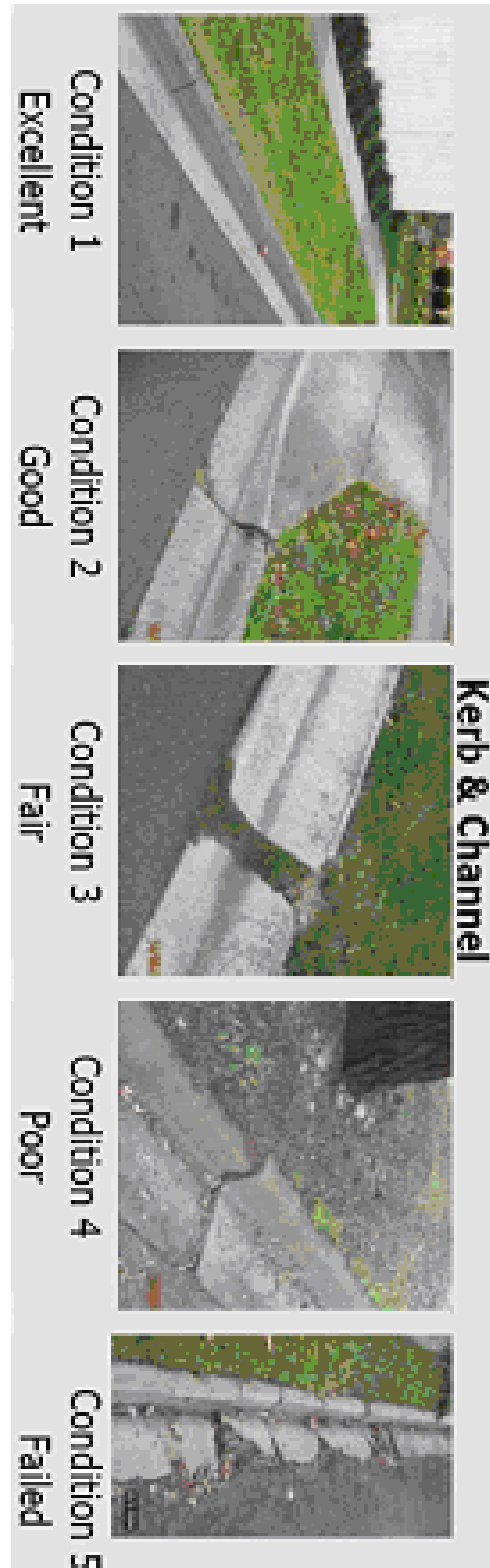
**Concrete Bridge Condition Photographs**

<b>Score</b>	<b>Description</b>	<b>Example</b>		
<b>1</b>	No structural cracking or spalling	No Photograph		
<b>2</b>	Few minor cracks or spalls, Minor discolouration			
<b>3</b>	Isolated delamination and spalling, 20% reinforcement corrosion			
<b>4</b>	Large areas of delamination and spalling, active corrosion of ducts and tendons.			

## Wingecarribee Shire Council

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

## Note 27. Fair Value Measurement (continued)

**Sample Photographs of Condition Rating for Kerb & Gutter Assets**

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

**WATER CONDITION RATINGS**

- Reticulation Assets
  - Hydrants – based on age and / or visual inspection & testing
  - Valves – based on age and / or visual inspection & testing
  - Meters – based on age, meter readers inspection
  - Mains (Pipes) – majority based on age. Some condition assessments completed on critical mains using non-destructive testing methods (wall thickness calculations).
- Headworks Assets
  - Treatment plants – contractors engaged every 5 years to inspect and report on condition of all assets, components & subcomponents
  - Dams – based on visual inspections by staff
  - Pump stations
    - Wet wells
    - Pumps – Council fitter has ongoing pump maintenance and renewal program
    - Pipework
    - Valves
  - Reservoirs – routine visual inspections by staff

**SEWER CONDITION RATINGS**

- Reticulation Assets
  - Manholes – based on age and / or visual inspection & testing by contractors
  - Valves – based on age and / or visual inspection & testing
  - Sidelines – based on age, meter readers inspection
  - Mains (Pipes) – based on CCTV inspections & age. CCTV inspections undertaken as per WSAA Conduit Inspection Reporting Code.
- Headworks Assets
  - Treatment plants – contractors engaged every 5 years to inspect and report on condition of all assets, components & subcomponents
  - Pump stations
    - Wet wells
    - Pumps – Council fitter has ongoing pump maintenance and renewal program
    - Pipework
    - Valves
    -

**STANDARD LIFE, UNIT RATE & RESIDUAL VALUE BY ASSET TYPE**

The following section describes how the standard life, unit rates & residual values were reviewed. It also includes a description of where the data came from and how it was calculated. It includes all asset types for water & sewer.

An asset's value is calculated by multiplying the quantity or dimension (e.g. length) by the unit rate. Unit rates shown are each for all assets except lineal assets (e.g. pipes) which are based on a \$/m rate.

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

**WATER ASSET TYPES****RETICULATION**

For reticulation assets including water mains, hydrants, valves, meters, services and telemetry a unit rate is used to calculate the replacement cost. The unit rate for reticulation assets is stored in the asset type within Conquest. All assets assigned to this asset type will use this unit rate. The calculation used is:

***Unit rate x measurement or dimension = Replacement cost.***

**HEADWORKS**

For water assets associated to the headworks, including treatment plants, pump stations, reservoirs, and dams, these assets are valued on an individual basis.

A unit rate cannot be applied to these assets due to the complexity and differing nature of such assets. Assets may be similar across different plants but their replacement rates differ due to a number of factors incl. technology, materials, method etc.

The replacement cost for a headworks asset is stored in the ***Modify rate by*** field in Conquest and the measurement field is applied. The calculation used is:

***Modify rate by x measurement = Replacement cost.***

**NOTES ON STANDARD LIFE, UNIT RATE & RESIDUAL VALUE**

- Pipes
  - Standard life for PE, PVC pipes increased to 100 years as reported by manufacturer.
  - Standard life for AC, CC pipes increased to 80 years based on engineering judgement. Existing AC and CC pipes are lasting longer than original 60 years standard life. Pipes that are older than 80 years will be prioritised for renewal in the next few years.
  - Unit Rate based on PE Blue Stripe Pipe as pipes would predominantly be pipe burst to PE upon renewal.
- Valves
  - Standard life for all valves (headworks and reticulation) except those below increased to 60 years based engineering judgement. Existing valves in general are lasting longer than 40 years. All valves set to 60 years to keep uniform.
  - Standard life for Pressure reduction valves remains unchanged at 50 years. Lower standard life as this valve has more moving parts.
  - Standard life for electric (solenoid) valves & actuator valve increased to 50 years to keep uniform with PRV i.e. has more moving parts.
- Loggers

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

- Unit rate for flow & pressure loggers updated based on purchase of new loggers in 2013/14 financial year.
- Hydrants
  - Standard life increased to 60 years based on engineering judgement. Existing hydrants in the network are generally lasting longer than 50 years.
- Filling Stations & Telemetry
  - Mod rate is used to value individual assets at each site. Mod rate remains unchanged this revaluation.

**SEWER ASSET TYPES****RETICULATION**

For reticulation assets including sewer gravity mains, rising mains, manholes, lamp holes, maintenance shafts, valves, meters and service lines the unit rate is used to calculate the replacement rate. The unit rate for reticulation assets is stored in the asset type within Conquest. All assets assigned to this asset type will use this unit rate. The calculation used is:

***Unit rate x measurement = Replacement rate.***

**HEADWORKS**

For sewer assets associated to the headworks, including treatment plants, pump stations, power supplies these assets are valued on an individual basis. A unit rate cannot be applied to these assets due to the complexity and differing nature of such assets. Assets may be similar across different plants but their replacement rates differ due to a number of factors, some include technology, materials, method etc.

The replacement rate for headwork's assets is stored in the ***Modify rate by*** field in Conquest and the measurement field is applied.

The calculation used is:

***Modify rate by x measurement = Replacement rate.***

**NOTES ON NEW STANDARD LIFE / UNIT RATE / RESIDUAL (WHERE APPLICABLE)**

- Sewer Gravity Mains
  - Standard life for PE, PVC pipes increased to 100 years as reported by manufacturer.
  - Standard life for AC, CC pipes increased to 80 years based on engineering judgement. Existing AC and CC pipes are lasting longer than original 50 years standard life. Pipes that are older than 80 years will be prioritised for renewal in the next few years. Changing life to 80 years from 50 decreases length of expired concrete main from 15.7km to 3.9km. 680m of this 3.9km to be replaced this year (14/15), with the remainder to be programmed for renewal over next few years.
  - Standard life for DICL, CICL pipes remains unchanged at 60 years. This life appears to be reasonable with only 1 asset close to expiry (6 years away). Created a new type for CIPP (Cured in place pipe) with standard life of 30 years.

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 27. Fair Value Measurement (continued)

- Unit Rates based on PE Blue Stripe Pipe as pipes would predominantly be pipe burst to PE upon renewal.
- Sewer Rising Mains
  - Standard life for PE, PVC pipes increased to 100 years as reported by manufacturer.
  - Standard life for AC, CC, DICL, CICL pipes unchanged.
  - Unit Rates based on PE Blue Stripe Pipe as pipes would predominantly be pipe burst to PE upon renewal.
- Manholes
  - Standard life remains unchanged at 70 years.
  - Rehabilitated manholes will be treated as part renewal with 20yrs added to life of asset (expiry date extended by 20 years).
- Vents
  - Standard life & unit rate remains unchanged.
- Valves
  - Standard life increased to 40 years across all valves.
  - Unit rate remains unchanged for >80mm valves.
- Residential PS
  - Standard life & unit rate remains unchanged for each component.

### EXPLANATION OF VALUATION SOURCE

#### HEADWORKS ASSETS

In 2014 WSC undertook an asset re-valuation & condition assessment project on all Headworks assets. A project specification was published on the e-tendering website for appropriate contractors to apply. AssetVal, a Brisbane based company were selected for the valuation & condition assessment project. All assets associated to the water & sewer headworks were valued by AssetVal in February 2014. A summary of their valuation method follows.

The water and sewer assets were segregated into active and passive assets; passive assets were not further componentized and consisted of pipework, hydrants and manholes. Unit rates were applied based on similar recent project costs, unit rate databases, indices, Rawlinson's Construction Handbook and quotations.

The remaining active assets consisted of treatment, pumping and storage assets. These assets were componentized and valued independently, with allowances for complexity, size, function and site factors. These are generally totalled to a lump sum item and compared against recent similar projects and in-house databases to check for relativity, appropriateness and sensibility.

Location Factors, soil type, weather conditions, raw material access and service level standards were assumed to be uniform across the council area.

## Wingecarribee Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

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Raw Costs were increased up to 27% depending on project complexity to allow for project overheads including survey, environmental and investigation costs, engineering design, planning and project management.

95% of visible above ground active water and sewer assets have been inspected as part of the valuation process.

**RETICULATION ASSETS**

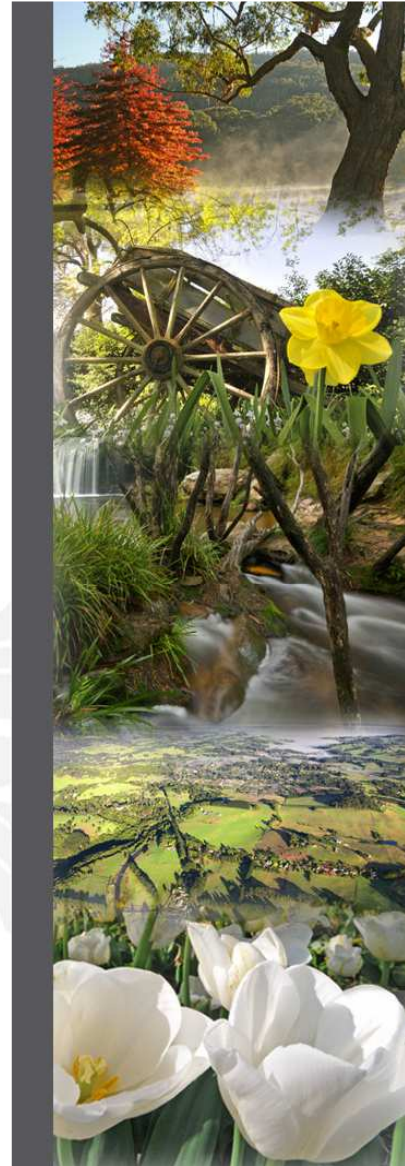
WSC's Development Engineer undertook an in-house review of all the reticulation assets for water & sewer.

This involved sourcing the current rates for mains & fittings from Council's suppliers via Council's Store and inputting into the asset costing's spreadsheet (originally created in 2007). The new rates were entered to the spreadsheet plus costing's for labour and plant were reworked based on current expenditures and experience.

**HIGHEST AND BEST USE**

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





# Wingecarribee Shire Council

SPECIAL PURPOSE FINANCIAL REPORT  
for the year ended 30 June 2015

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*Making your  
Southern Highlands  
a better place to live...*





# Wingecarribee Shire Council

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

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Income Statement - Sewerage Business Activity	4
Income Statement - Other Business Activities	n/a
Statement of Financial Position - Water Supply Business Activity	5
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Statement of Financial Position - Other Business Activities	n/a
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### **Background**

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.
- (ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- (iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

- (iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).
-

# Warton Thompson & Co

ABN 67 161 637 181

Chartered Accountants

Phillip A. Webster, FCA

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CARLINGFORD NSW 2118

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Carlingford NSW 2118  
Phone: (02) 9872 5199  
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## *Wingecarribee Council*

### *Special Purpose Financial Reports*

#### *Independent Audit Report*

#### Scope

*I have audited the special purpose financial reports of Wingecarribee Council for the year ended 30 June 2015, comprising the Statement by Council, Operating Statement of Business Activities, Statement of Financial Position by Business Activities, and the accompanying Notes to the Accounts. The financial statements include the accounts of the business activities of the Council and the entities it controlled at the year's end or from time to time during the year. The Council is responsible for the preparation and presentation of the financial statements and the information contained therein. I have conducted an independent audit of the financial statements in order to express an opinion on them to Council.*

*The special purpose financial reports have been prepared for distribution to the Council and the Department of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. I disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Department of Local Government or for any purpose other than for which the report was prepared.*

*My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with those Australian Accounting Standards adopted and the Local Government Code of Accounting Practice and Financial Reporting so as to present a view which is consistent with our understanding of the Council's business activities and their financial position and, the results of their operations.*

*The audit opinion expressed in this report has been formed on the above basis.*

#### Audit Opinion

*In my opinion, the Special Purpose Financial Reports of Wingecarribee Council are presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.*



**PA Webster**

**Warton Thompson & Co**

*Dated at Sydney this 20th day of October 2015*

# Wingecarribee Shire Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2015

### Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

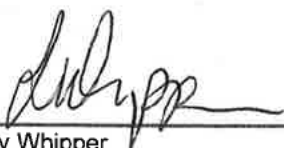
- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".

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

- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

**We are not aware of any matter that would render these Statements false or misleading in any way.**

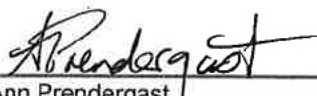
**Signed in accordance with a resolution of Council made on 23 September 2015.**



Clr Larry Whipper  
**MAYOR**



Clr Ian Scandrett  
**COUNCILLOR**



Ann Prendergast  
**GENERAL MANAGER**



Richard Mooney  
**RESPONSIBLE ACCOUNTING OFFICER**

## Wingecarribee Shire Council

# Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2015

<b>\$ '000</b>	<b>Actual 2015</b>	<b>Actual 2014</b>
<b>Income from continuing operations</b>		
Access charges	3,057	2,929
User charges	7,295	8,230
Fees	414	315
Interest	755	731
Grants and contributions provided for non capital purposes	191	181
Profit from the sale of assets	-	-
Other income	582	605
<b>Total income from continuing operations</b>	<b>12,294</b>	<b>12,991</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	2,044	2,399
Borrowing costs	156	163
Materials and contracts	2,911	2,244
Depreciation and impairment	3,643	3,477
Water purchase charges	1,208	1,231
Loss on sale of assets	532	2
Calculated taxation equivalents	84	72
Debt guarantee fee (if applicable)	85	111
Other expenses	941	1,258
<b>Total expenses from continuing operations</b>	<b>11,604</b>	<b>10,957</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>690</b>	<b>2,034</b>
Grants and contributions provided for capital purposes	1,674	1,193
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>2,364</b>	<b>3,227</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>2,364</b>	<b>3,227</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(207)	(610)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>2,157</b>	<b>2,617</b>
<b>plus Opening Retained Profits</b>	47,639	44,229
<b>plus/less: Prior Period Adjustments</b>	-	-
<b>plus Adjustments for amounts unpaid:</b>		
- Taxation equivalent payments	84	72
- Debt guarantee fees	85	111
- Corporate taxation equivalent	207	610
<b>less:</b>		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>50,172</b>	<b>47,639</b>
<b>Return on Capital %</b>	<b>0.5%</b>	<b>1.3%</b>
<b>Subsidy from Council</b>	<b>4,279</b>	<b>3,737</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	2,157	2,617
less: Capital grants and contributions (excluding developer contributions)	(505)	(134)
<b>Surplus for dividend calculation purposes</b>	<b>1,652</b>	<b>2,483</b>
<b>Potential Dividend calculated from surplus</b>	<b>826</b>	<b>1,241</b>

## Wingecarribee Shire Council

Income Statement of Council's Sewerage Business Activity  
for the financial year ended 30 June 2015

<b>\$ '000</b>	<b>Actual 2015</b>	<b>Actual 2014</b>
<b>Income from continuing operations</b>		
Access charges	12,718	11,893
User charges	596	635
Liquid Trade Waste charges	128	127
Fees	138	115
Interest	415	375
Grants and contributions provided for non capital purposes	173	160
Profit from the sale of assets	-	-
Other income	372	451
<b>Total income from continuing operations</b>	<b>14,540</b>	<b>13,756</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	2,656	3,118
Borrowing costs	1,561	1,682
Materials and contracts	3,019	4,235
Depreciation and impairment	3,647	3,577
Loss on sale of assets	506	13
Calculated taxation equivalents	168	168
Debt guarantee fee (if applicable)	704	920
Other expenses	1,313	1,424
<b>Total expenses from continuing operations</b>	<b>13,574</b>	<b>15,137</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>966</b>	<b>(1,381)</b>
Grants and contributions provided for capital purposes	3,048	1,808
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>4,014</b>	<b>427</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>4,014</b>	<b>427</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(290)	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>3,724</b>	<b>427</b>
<b>plus Opening Retained Profits</b>	102,264	100,749
<b>plus/less: Prior Period Adjustments</b>	-	-
<b>plus Adjustments for amounts unpaid:</b>		
- Taxation equivalent payments	168	168
- Debt guarantee fees	704	920
- Corporate taxation equivalent	290	-
<b>less:</b>		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>107,150</b>	<b>102,264</b>
<b>Return on Capital %</b>	<b>1.2%</b>	<b>0.1%</b>
<b>Subsidy from Council</b>	<b>3,742</b>	<b>9,512</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	3,724	427
less: Capital grants and contributions (excluding developer contributions)	(1,652)	(299)
<b>Surplus for dividend calculation purposes</b>	<b>2,072</b>	<b>128</b>
<b>Potential Dividend calculated from surplus</b>	<b>1,036</b>	<b>64</b>

## Wingecarribee Shire Council

Statement of Financial Position - Council's Water Supply Business Activity  
as at 30 June 2015

<b>\$ '000</b>	<b>Actual 2015</b>	<b>Actual 2014</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	178	148
Investments	28,266	23,782
Receivables	1,803	2,748
Inventories	70	78
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>30,317</b>	<b>26,756</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	169,713	166,688
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>169,713</b>	<b>166,688</b>
<b>TOTAL ASSETS</b>	<b>200,030</b>	<b>193,444</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	490	647
Interest bearing liabilities	279	265
Provisions	488	449
<b>Total Current Liabilities</b>	<b>1,257</b>	<b>1,361</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	2,530	2,771
Provisions	59	-
<b>Total Non-Current Liabilities</b>	<b>2,589</b>	<b>2,771</b>
<b>TOTAL LIABILITIES</b>	<b>3,846</b>	<b>4,132</b>
<b>NET ASSETS</b>	<b>196,184</b>	<b>189,312</b>
<b>EQUITY</b>		
Retained earnings	50,172	47,639
Revaluation reserves	146,016	141,673
Council equity interest	196,188	189,312
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>196,188</b>	<b>189,312</b>

## Wingecarribee Shire Council

## Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2015

<b>\$ '000</b>	<b>Actual 2015</b>	<b>Actual 2014</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	65	96
Investments	12,770	10,113
Receivables	4,454	3,510
Inventories	-	-
Other	-	33
Non-current assets classified as held for sale	850	-
<b>Total Current Assets</b>	<b>18,139</b>	<b>13,752</b>
<b>Non-Current Assets</b>		
Investments	-	200
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	207,563	275,661
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>207,563</b>	<b>275,861</b>
<b>TOTAL ASSETS</b>	<b>225,702</b>	<b>289,613</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	428	360
Interest bearing liabilities	7,485	8,806
Provisions	585	635
<b>Total Current Liabilities</b>	<b>8,498</b>	<b>9,801</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	15,834	16,657
Provisions	74	-
<b>Total Non-Current Liabilities</b>	<b>15,908</b>	<b>16,657</b>
<b>TOTAL LIABILITIES</b>	<b>24,406</b>	<b>26,458</b>
<b>NET ASSETS</b>	<b>201,296</b>	<b>263,155</b>
<b>EQUITY</b>		
Retained earnings	107,150	102,264
Revaluation reserves	94,148	160,891
Council equity interest	201,298	263,155
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>201,298</b>	<b>263,155</b>

# Wingecarribee Shire Council

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

### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	8
2	Water Supply Business Best Practice Management disclosure requirements	11
3	Sewerage Business Best Practice Management disclosure requirements	13

# Wingecarribee Shire Council

## Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

### Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Office of Local Government.

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in these special purpose financial statements, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB) &
- Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with:

- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

The "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality" issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

#### Declared Business Activities

In accordance with *Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

##### Category 1

(where gross operating turnover is over \$2 million)

##### a. Wingecarribee Shire Council Water Fund

Comprising the whole of the operations and assets of the water supply systems servicing the major towns of Moss Vale, Bowral, Mittagong, Robertson and Bundanoon and surrounding villages.

##### b. Wingecarribee Shire Council Sewerage Fund

Comprising the whole of the operations and assets of the sewerage reticulation and treatment system servicing the major towns of Moss Vale, Bowral and Bundanoon, Robertson, and Mittagong and surrounding villages, and the village of Berrima

##### Category 2

(where gross operating turnover is less than \$2 million)

Nil

#### Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

# Wingecarribee Shire Council

## Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

### Note 1. Significant Accounting Policies

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

#### (i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all council nominated business activities (this does not include council's non-business activities):

#### Notional Rate Applied %

##### Corporate Income Tax Rate – 30%

Land Tax – The first **\$432,000** of combined land values attracts **0%**. From \$432,001 to \$2,641,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,641,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$750,000.

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a "Dividend for Taxation equivalent", may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water

#### Income Tax

An income tax equivalent has been applied on the profits of each reported Business Activity.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since this taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's General Purpose Financial Statements.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

#### Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the Business Activity.

#### Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors.

# Wingecarribee Shire Council

## Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

### Note 1. Significant Accounting Policies

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

#### (ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed.

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported Business Activity.

#### (iii) Return on Investments (Rate of Return)

The Policy statement requires that councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field".

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The Rate of Return on Capital is calculated as follows:

**Operating Result before Capital Income + Interest Expense**

**Written Down Value of I,PP&E as at 30 June**

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.02% at 30 June 2015.

The actual rate of return achieved by each Business Activity is disclosed at the foot of each respective Income Statement.

#### (iv) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2015 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved the payment.

## Wingecarribee Shire Council

## Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

## Note 2. Water Supply Business

## Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2015

**1. Calculation and Payment of Tax-Equivalents**

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	168,832
(ii)	No of assessments multiplied by \$3/assessment	59,238
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	59,238
(iv)	Amounts actually paid for Tax Equivalents	-

**2. Dividend from Surplus**

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	826,059
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	533,142
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	4,632,668

2015 Surplus	1,652,118	2014 Surplus	2,482,550	2013 Surplus	498,000
		2014 Dividend	-	2013 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	533,142
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

**3. Required outcomes for 6 Criteria**

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	YES
(iii)	Sound Water Conservation and Demand Management implemented	YES
(iv)	Sound Drought Management implemented	YES
(v)	Complete Performance Reporting Form (by 15 September each year)	YES
(vi)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

## Wingecarribee Shire Council

## Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

## Note 2. Water Supply Business

## Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2015

## National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F1</b>	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	13,242
<b>NWI F4</b>	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	68.06%
<b>NWI F9</b>	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	168,869
<b>NWI F11</b>	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	7,107
<b>NWI F14</b>	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	2,805
<b>NWI F17</b>	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	1.47%
<b>NWI F26</b>	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

Notes: 1. References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.

2. The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

## Wingecarribee Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2015Note 3. Sewerage Business  
Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2015

**1. Calculation and Payment of Tax-Equivalents**

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	872,234
(ii)	No of assessments multiplied by \$3/assessment	49,083
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	49,083
(iv)	Amounts actually paid for Tax Equivalents	-

**2. Dividend from Surplus**

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	1,036,018
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	441,747
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	2,003,435

2015 Surplus	2,072,036	2014 Surplus	128,399	2013 Surplus	(197,000)
		2014 Dividend	-	2013 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	441,747
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

**3. Required outcomes for 4 Criteria**

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	Complying charges (a) Residential [Item 2(c) in Table 1]	YES
	(b) Non Residential [Item 2(c) in Table 1]	YES
	(c) Trade Waste [Item 2(d) in Table 1]	YES
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii)	Complete Performance Reporting Form (by 15 September each year)	YES
(iv)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

## Wingecarribee Shire Council

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

## Note 3. Sewerage Business

## Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)			2015
<b>National Water Initiative (NWI) Financial Performance Indicators</b>			
<b>NWI F2</b>	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	16,755
<b>NWI F10</b>	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	207,497
<b>NWI F12</b>	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	6,907
<b>NWI F15</b>	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	3,129
<b>NWI F18</b>	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	2.98%
<b>NWI F27</b>	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	450
<b>National Water Initiative (NWI) Financial Performance Indicators Water &amp; Sewer (combined)</b>			
<b>NWI F3</b>	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	28,959
<b>NWI F8</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.23%
<b>NWI F16</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	5,934
<b>NWI F19</b>	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	2.30%
<b>NWI F20</b>	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
<b>NWI F21</b>	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

## Wingecarribee Shire Council

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

## Note 3. Sewerage Business

## Best Practice Management disclosure requirements (continued)

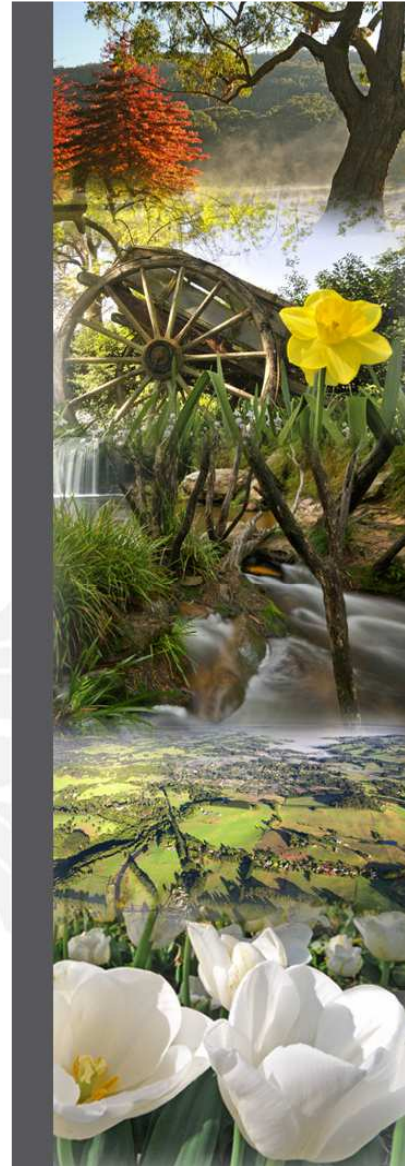
Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2015

**National Water Initiative (NWI) Financial Performance Indicators  
Water & Sewer (combined)**

<b>NWI F22</b>	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	-3.81%
<b>NWI F23</b>	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest  Earnings before Interest & Tax (EBIT): 8,693 Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)  Net Interest: 575 Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		15
<b>NWI F24</b>	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	6,966
<b>NWI F25</b>	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	357

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
  - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.



# Wingecarribee Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2015

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*Making your  
Southern Highlands  
a better place to live...*





# Wingecarribee Shire Council

## Special Schedules

for the financial year ended 30 June 2015

Contents	Page
<b>Special Schedules<sup>1</sup></b>	
- <b>Special Schedule No. 1</b>	Net Cost of Services 2
- <b>Special Schedule No. 2(a)</b>	Statement of Long Term Debt (all purposes) 4
- <b>Special Schedule No. 2(b)</b>	Statement of Internal Loans (Sect. 410(3) LGA 1993) n/a
- <b>Special Schedule No. 3</b>	Water Supply Operations - incl. Income Statement 5
- <b>Special Schedule No. 4</b>	Water Supply - Statement of Financial Position 9
- <b>Special Schedule No. 5</b>	Sewerage Service Operations - incl. Income Statement 10
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- <b>Notes to Special Schedules No. 3 &amp; 5</b>	15
- <b>Special Schedule No. 7</b>	Report on Infrastructure Assets (as at 30 June 2015) 16
- <b>Special Schedule No. 8</b>	Financial Projections n/a
- <b>Special Schedule No. 9</b>	Permissible Income Calculation 22

<sup>1</sup> 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.

## Wingecarribee Shire Council

# Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from. Continuing. Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
<b>Governance</b>	<b>1,880</b>	<b>24</b>	<b>2,002</b>	<b>146</b>
<b>Administration</b>	<b>31,508</b>	<b>1,392</b>	<b>13</b>	<b>(30,103)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	1,490	390	1,103	3
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	1,559	571	-	(988)
Animal Control	390	74	-	(316)
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	<b>3,439</b>	<b>1,035</b>	<b>1,103</b>	<b>(1,301)</b>
<b>Health</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	173	100	-	(73)
Other Environmental Protection	1,580	184	-	(1,396)
Solid Waste Management	8,922	10,173	-	1,251
Street Cleaning	-	-	-	-
Drainage	469	-	-	(469)
Stormwater Management	136	587	-	451
<b>Total Environment</b>	<b>11,280</b>	<b>11,044</b>	<b>-</b>	<b>(236)</b>
<b>Community Services and Education</b>				
Administration & Education	85	3	-	(82)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	66	35	-	(31)
Children's Services	1,020	963	-	(57)
<b>Total Community Services &amp; Education</b>	<b>1,171</b>	<b>1,001</b>	<b>-</b>	<b>(170)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	204	239	-	35
Public Conveniences	348	-	-	(348)
Street Lighting	632	101	-	(531)
Town Planning	1,669	2,598	-	929
Other Community Amenities	393	20	-	(373)
<b>Total Housing and Community Amenities</b>	<b>3,246</b>	<b>2,958</b>	<b>-</b>	<b>(288)</b>
<b>Water Supplies</b>	<b>9,632</b>	<b>11,444</b>	<b>1,674</b>	<b>3,486</b>
<b>Sewerage Services</b>	<b>10,785</b>	<b>14,237</b>	<b>3,048</b>	<b>6,500</b>

## Wingecarribee Shire Council

**Special Schedule No. 1 - Net Cost of Services (continued)**  
 for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from. Continuing. Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
<b>Recreation and Culture</b>				
Public Libraries	1,145	148	-	(997)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	569	17	-	(552)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	588	311	-	(277)
Sporting Grounds and Venues	449	51	72	(326)
Swimming Pools	3,143	1,487	-	(1,656)
Parks & Gardens (Lakes)	2,279	2	628	(1,649)
Other Sport and Recreation	8	13	-	5
<b>Total Recreation and Culture</b>	<b>8,181</b>	<b>2,029</b>	<b>700</b>	<b>(5,452)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	609	36	-	(573)
Other Mining, Manufacturing & Construction	169	84	-	(85)
<b>Total Mining, Manufacturing and Const.</b>	<b>778</b>	<b>120</b>	-	<b>(658)</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	568	-	770	202
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	809	3	408	(398)
Sealed Rural Roads (SRR) - Regional	403	1,016	904	1,517
Unsealed Rural Roads (URR) - Local	810	4	-	(806)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	336	336
Bridges on SRR - Local	14	-	-	(14)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	36	-	296	260
Footpaths	44	-	51	7
Aerodromes	-	-	-	-
Other Transport & Communication	5,228	189	-	(5,039)
<b>Total Transport and Communication</b>	<b>7,912</b>	<b>1,212</b>	<b>2,765</b>	<b>(3,935)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	51	29	-	(22)
Other Economic Affairs	1,771	1,828	108	165
<b>Total Economic Affairs</b>	<b>1,822</b>	<b>1,857</b>	<b>108</b>	<b>143</b>
<b>Totals – Functions</b>	<b>91,634</b>	<b>48,353</b>	<b>11,413</b>	<b>(31,868)</b>
<b>General Purpose Revenues <sup>(2)</sup></b>		<b>38,949</b>		<b>38,949</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	-		-
<b>NET OPERATING RESULT <sup>(1)</sup></b>	<b>91,634</b>	<b>87,302</b>	<b>11,413</b>	<b>7,081</b>

(1) As reported in the Income Statement

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

Wingecarribee Shire Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)  
for the financial year ended 30 June 2015

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	265	1,325	1,590	-	265	-	-	-	265	1,060	1,325
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	9,265	30,121	39,386	6,500	3,012	-	-	2,390	9,607	33,267	42,874
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	<b>9,530</b>	<b>31,446</b>	<b>40,976</b>	<b>6,500</b>	<b>3,277</b>	-	-	<b>2,390</b>	<b>9,872</b>	<b>34,327</b>	<b>44,199</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>9,530</b>	<b>31,446</b>	<b>40,976</b>	<b>6,500</b>	<b>3,277</b>	<b>-</b>	<b>-</b>	<b>2,390</b>	<b>9,872</b>	<b>34,327</b>	<b>44,199</b>

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). Refer to Note 1 of the General Purpose Financial Reports for further details.

## Wingecarribee Shire Council

## Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2015

<b>\$'000</b>	<b>Actuals 2015</b>	<b>Actuals 2014</b>
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	2,310	1,867
b. Engineering and Supervision	433	769
<b>2. Operation and Maintenance expenses</b>		
<b>- Dams &amp; Weirs</b>		
a. Operation expenses	-	-
b. Maintenance expenses	11	7
<b>- Mains</b>		
c. Operation expenses	-	-
d. Maintenance expenses	1,274	1,351
<b>- Reservoirs</b>		
e. Operation expenses	63	111
f. Maintenance expenses	103	101
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	54	15
h. Energy costs	406	598
i. Maintenance expenses	19	27
<b>- Treatment</b>		
j. Operation expenses (excluding chemical costs)	306	286
k. Chemical costs	209	293
l. Maintenance expenses	19	263
<b>- Other</b>		
m. Operation expenses	38	84
n. Maintenance expenses	654	98
o. Purchase of water	1,208	1,231
<b>3. Depreciation expenses</b>		
a. System assets	3,507	3,374
b. Plant and equipment	136	134
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	156	163
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>10,906</b>	<b>10,772</b>

## Wingecarribee Shire Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2015

<b>\$'000</b>	<b>Actuals 2015</b>	<b>Actuals 2014</b>
Income		
<b>6. Residential charges</b>		
a. Access (including rates)	2,515	2,763
b. Usage charges	5,359	6,137
<b>7. Non-residential charges</b>		
a. Access (including rates)	513	494
b. Usage charges	1,965	2,093
<b>8. Extra charges</b>	28	-
<b>9. Interest income</b>	727	731
<b>10. Other income</b>	998	593
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	-	-
<b>11. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	189	180
c. Other grants	-	-
<b>12. Contributions</b>		
a. Developer charges	1,169	1,058
b. Developer provided assets	504	-
c. Other contributions	2	136
<b>13. Total income</b>	<b>13,969</b>	<b>14,185</b>
<b>14. Gain (or loss) on disposal of assets</b>	(532)	(2)
<b>15. Operating Result</b>	<b>2,531</b>	<b>3,411</b>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	2,531	3,411

## Wingecarribee Shire Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2015

<b>\$'000</b>	<b>Actuals 2015</b>	<b>Actuals 2014</b>
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	1,275	443
b. New Assets for Growth	504	-
c. Renewals	1,026	304
d. Plant and equipment	-	-
<b>17. Repayment of debt</b>		
a. Loans	224	222
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<b>3,029</b>	<b>969</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	98	45
<b>21. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>22. Transfer from sinking fund</b>	-	-
<b>23. Totals</b>	<b>98</b>	<b>45</b>
<b>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)	17,307	16,976
b. Residential (unoccupied, ie. vacant lot)	648	682
c. Non-residential (occupied)	1,372	1,374
d. Non-residential (unoccupied, ie. vacant lot)	419	435
<b>25. Number of ETs for which developer charges were received</b>	- ET	- ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 343,410	\$ 327,255

## Wingecarribee Shire Council

# Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>27. Annual charges</b>			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/>	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?			
<input type="checkbox"/>			
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy <b>from</b> residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy <b>to</b> non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy <b>to</b> large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
<b>28. Developer charges</b>			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>29. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (27b +27c + 27d + 28b)</b>			<input type="text" value="-"/>

\* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

## Wingecarribee Shire Council

## Special Schedule No. 4 - Water Supply Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	7,224	-	7,224
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	21,220	-	21,220
<b>31. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	-	-	-
c. User Charges	1,673	-	1,673
d. Other	130	-	130
<b>32. Inventories</b>	70	-	70
<b>33. Property, plant and equipment</b>			
a. System assets	-	168,869	168,869
b. Plant and equipment	-	844	844
<b>34. Other assets</b>	-	-	-
<b>35. Total assets</b>	<b>30,317</b>	<b>169,713</b>	<b>200,030</b>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	-	-	-
<b>37. Creditors</b>	490	-	490
<b>38. Borrowings</b>			
a. Loans	279	2,530	2,809
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	488	59	547
<b>40. Total liabilities</b>	<b>1,257</b>	<b>2,589</b>	<b>3,846</b>
<b>41. NET ASSETS COMMITTED</b>	<b>29,060</b>	<b>167,124</b>	<b>196,184</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			50,168
<b>43. Asset revaluation reserve</b>			146,016
<b>44. TOTAL EQUITY</b>			<b>196,184</b>
<b>Note to system assets:</b>			
<b>45. Current replacement cost</b> of system assets			284,427
<b>46. Accumulated current cost</b> depreciation of system assets			(115,558)
<b>47. Written down current cost</b> of system assets			168,869

## Wingecarribee Shire Council

## Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2015

<b>\$'000</b>	<b>Actuals 2015</b>	<b>Actuals 2014</b>
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	1,271	1,833
b. Engineering and Supervision	1,697	1,605
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	-	-
b. Maintenance expenses	852	1,032
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	249	274
d. Energy costs	330	318
e. Maintenance expenses	223	251
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	968	1,946
g. Chemical costs	381	128
h. Energy costs	341	380
i. Effluent Management	41	53
j. Biosolids Management	43	177
k. Maintenance expenses	311	293
<b>- Other</b>		
l. Operation expenses	-	-
m. Maintenance expenses	200	-
<b>3. Depreciation expenses</b>		
a. System assets	3,489	3,577
b. Plant and equipment	158	143
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	1,529	1,682
b. Revaluation Decrements	-	-
c. Other expenses	114	343
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>12,197</b>	<b>14,035</b>

## Wingecarribee Shire Council

## Special Schedule No. 5 - Sewerage Service Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2015

<b>\$'000</b>	<b>Actuals 2015</b>	<b>Actuals 2014</b>
Income		
<b>6. Residential charges</b> (including rates)	11,564	10,916
<b>7. Non-residential charges</b>		
a. Access (including rates)	1,154	977
b. Usage charges	628	635
<b>8. Trade Waste Charges</b>		
a. Annual Fees	106	63
b. Usage charges	128	127
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	32	-
<b>10. Interest income</b>	383	375
<b>11. Other income</b>	372	503
<b>11a. Aboriginal Communities Water &amp; Sewerage Program</b>	-	-
<b>12. Grants</b>		
a. Grants for acquisition of assets	450	300
b. Grants for pensioner rebates	168	159
c. Other grants	5	-
<b>13. Contributions</b>		
a. Developer charges	1,396	1,508
b. Developer provided assets	1,202	-
c. Other contributions	-	-
<b>14. Total income</b>	<b>17,588</b>	<b>15,563</b>
<b>15. Gain (or loss) on disposal of assets</b>	(506)	(13)
<b>16. Operating Result</b>	<b>4,885</b>	<b>1,515</b>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	4,435	1,215

## Wingecarribee Shire Council

## Special Schedule No. 5 - Sewerage Service Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2015

<b>\$'000</b>	<b>Actuals 2015</b>	<b>Actuals 2014</b>
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	989	1,279
b. New Assets for Growth	1,201	-
c. Renewals	939	893
d. Plant and equipment	-	-
<b>18. Repayment of debt</b>		
a. Loans	2,185	1,988
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>5,314</b>	<b>4,160</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	60	-
<b>22. Borrowing utilised</b>		
a. Loans	-	1,000
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>60</b>	<b>1,000</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	14,911	14,756
b. Residential (unoccupied, ie. vacant lot)	480	519
c. Non-residential (occupied)	833	832
d. Non-residential (unoccupied, ie. vacant lot)	137	140
<b>26. Number of ETs for which developer charges were received</b>	- ET	- ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 306,168	\$ 288,979

## Wingecarribee Shire Council

# Special Schedule No. 5 - Sewerage Service Cross Subsidies

for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>28. Annual charges</b>			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/>	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?			
<input type="checkbox"/>			
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy <b>to</b> non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy <b>to</b> trade waste discharges (page 46 of Guidelines)			<input type="text"/>
<b>29. Developer charges</b>			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/>	
b. Total cross-subsidy in sewerage developer charges for 2012/13 (page 47 of Guidelines)			
<input type="text"/>			
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>30. Disclosure of cross-subsidies</b>			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text"/>
-			
<p>* Councils which have not yet implemented best practice sewer pricing &amp; liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.</p> <p>However, disclosure of cross-subsidies is <b>not</b> required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.</p>			

## Wingecarribee Shire Council

## Special Schedule No. 6 - Sewerage Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	4,769	-	<b>4,769</b>
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	8,066	-	<b>8,066</b>
<b>32. Receivables</b>			
a. Specific purpose grants	115	-	<b>115</b>
b. Rates and Availability Charges	-	-	-
c. User Charges	4,339	-	<b>4,339</b>
d. Other	-	-	-
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	850	206,647	<b>207,497</b>
b. Plant and equipment	-	916	<b>916</b>
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<b>18,139</b>	<b>207,563</b>	<b>225,702</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	428	-	<b>428</b>
<b>39. Borrowings</b>			
a. Loans	7,485	15,835	<b>23,320</b>
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	585	73	<b>658</b>
<b>41. Total Liabilities</b>	<b>8,498</b>	<b>15,908</b>	<b>24,406</b>
<b>42. NET ASSETS COMMITTED</b>	<b>9,641</b>	<b>191,655</b>	<b>201,296</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			107,148
<b>44. Asset revaluation reserve</b>			94,148
<b>45. TOTAL EQUITY</b>			<b>201,296</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			272,664
<b>47. Accumulated current cost</b> depreciation of system assets			(65,167)
<b>48. Written down current cost</b> of system assets			<b>207,497</b>

# Wingecarribee Shire Council

## Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2015

### Administration <sup>(1)</sup>

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Meter reading.
- Bad and doubtful debts.
- Other administrative/corporate support services.

### Engineering and supervision <sup>(1)</sup>

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Other technical and supervision staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.

**Operational expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

**Maintenance expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

**Other expenses** (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

**Revaluation decrements** (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

**Impairment Losses** (item 4d & 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

**Aboriginal Communities Water and Sewerage Program** (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

**Residential charges** <sup>(2)</sup> (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

**Non-residential charges** <sup>(2)</sup> (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

**Trade waste charges** (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

**Other income** (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

**Other contributions** (items 12c and 13c of Special Schedules 3 and 5 respectively) incl. capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

### Notes:

<sup>(1)</sup> Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

<sup>(2)</sup> To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

# Wingecarribee Shire Council

## Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Buildings	Council Offices /	155	100	59	5,026	0%	1%	96%	3%	0%
	Council Works Depot	211	86	86	3,479	14%	31%	43%	12%	1%
	Council Public Halls	221	1,100	600	11,044	1%	70%	27%	0%	2%
	Libraries	6	50	14	3,979	0%	92%	8%	0%	0%
	Health Services	-	-	-	3,143	0%	100%	0%	0%	0%
	Sale Yards	-	20	28	6,806	52%	2%	46%	0%	0%
	Rural Fire Services	30	94	94	4,404	4%	75%	20%	1%	0%
	Sport & Recreation	301	40	20	5,367	7%	43%	41%	4%	4%
	Other Specialised Buildings	1,278	75	54	444	0%	36%	35%	5%	24%
	Youth Services / Preschool	-	36	36	4,185	6%	49%	46%	0%	0%
	Public Conveniences	73	129	121	1,882	9%	63%	23%	3%	3%
	Waste Services	125	25	25	1,576	2%	56%	32%	0%	10%
	Other Buildings	90	-	-	4,629	4%	30%	30%	36%	0%
	<b>sub total</b>	<b>2,490</b>	<b>1,755</b>	<b>1,137</b>	<b>55,964</b>	<b>9.4%</b>	<b>48.3%</b>	<b>36.2%</b>	<b>4.7%</b>	<b>1.4%</b>
Other Structures	Other Structures	20	-	-	510	1%	45%	44%	9%	0%
	<b>sub total</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>510</b>	<b>1.4%</b>	<b>45.4%</b>	<b>44.0%</b>	<b>9.1%</b>	<b>0.0%</b>
Roads	Sealed Roads	1,635	2,464	2,071	228,742	66%	27%	6%	2%	0%
	Unsealed Roads	268	2,042	1,767	46,688	1%	44%	53%	1%	0%
	Road Drainage	117	-	-	21,132	11%	9%	70%	9%	0%
	Bridges	2,732	50	23	22,777	43%	1%	0%	53%	3%
	Footpaths	277	405	333	11,065	15%	37%	43%	3%	2%
	Cycle ways	24	-	-	8,065	79%	18%	2%	1%	0%
	Traffic Facilities	-	265	186	13,324	21%	25%	54%	0%	0%
	Carparks	66	114	106	3,554	53%	41%	4%	0%	2%
	<b>sub total</b>	<b>5,119</b>	<b>5,340</b>	<b>4,486</b>	<b>355,347</b>	<b>49.4%</b>	<b>26.6%</b>	<b>18.2%</b>	<b>5.4%</b>	<b>0.4%</b>

Wingecarribee Shire Council

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

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Water Supply Network	Dams/We rs	200	16	78	11,216	2%	1%	96%	1%	0%
	Mains	521	846	789	54,496	98%	2%	0%	0%	0%
	Reservoirs	240	179	173	19,871	59%	32%	8%	0%	0%
	Pumping Station/s	607	172	247	4,586	79%	14%	6%	1%	0%
	Services	21	277	205	22,650	100%	0%	0%	0%	0%
	Treatment Plants	550	2,701	3,206	23,615	19%	60%	22%	0%	0%
	Stop Valves	524	172	161	9,229	92%	6%	1%	1%	0%
	Urban Filling Station	-	2	2	186	91%	9%	0%	0%	0%
	Meters	70	41	30	3,284	95%	4%	1%	1%	0%
	Bulk Meters	-	6	6	512	95%	5%	0%	0%	0%
	Hydrants	701	24	105	11,907	90%	9%	1%	0%	0%
	<b>sub total</b>	<b>3,434</b>	<b>4,436</b>	<b>5,002</b>	<b>161,552</b>	<b>73.6%</b>	<b>14.8%</b>	<b>11.2%</b>	<b>0.3%</b>	<b>0.1%</b>
Sewerage Network	Pumping Station/s	360	958	881	22,497	88%	11%	0%	1%	0%
	Service Lines	2,097	167	307	27,209	93%	6%	0%	0%	2%
	Treatment Plants	293	2,867	3,024	55,504	63%	31%	4%	2%	0%
	Valves	1	4	8	972	99%	0%	1%	0%	0%
	Vents	176	3	6	398	99%	1%	0%	0%	0%
	Access Chambers	1,186	166	305	31,609	91%	8%	0%	0%	2%
	Gravity Mains	898	228	421	48,016	94%	0%	0%	0%	6%
	Rising Mains	-	39	72	8,766	99%	0%	0%	0%	1%
	Other	-	-	-	-	100%				
	<b>sub total</b>	<b>5,011</b>	<b>4,432</b>	<b>5,024</b>	<b>194,971</b>	<b>84.3%</b>	<b>12.0%</b>	<b>1.3%</b>	<b>0.6%</b>	<b>1.8%</b>

# Wingecarribee Shire Council

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

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Stormwater Drainage	Stormwater	2,334	1,338	1,205	85,081	27%	43%	25%	1%	4%
	sub total	2,334	1,338	1,205	85,081	27.0%	43.1%	25.1%	0.8%	4.0%
Open Space/ Recreational Assets	Swimming Pools	607	185	294	11,388	61%	3%	18%	19%	0%
	Other Open Space	513	519	-	7,682	11%	42%	35%	11%	0%
	sub total	1,120	704	294	19,070	41.2%	18.6%	24.5%	15.6%	0.1%
TOTAL - ALL ASSETS		19,528	18,005	17,148	872,495	56.7%	24.0%	15.1%	3.1%	1.1%

### 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)	6	Condition	Description here...
2	Good	Only minor maintenance work required	7	Condition	Description here...
3	Average	Maintenance work required	8	Condition	Description here...
4	Poor	Renewal required	9	Condition	Description here...
5	Very Poor	Urgent renewal/upgrading required	10	Condition	Description here...

## Wingecarribee Shire Council

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

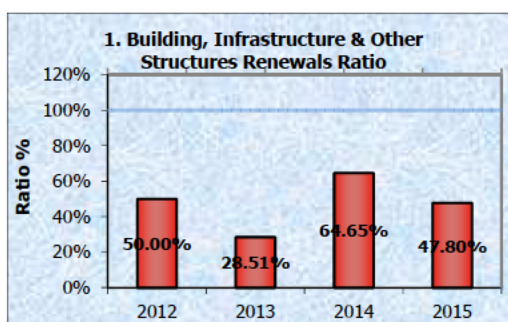
\$ '000	Amounts 2015	Indicator 2015	Prior Periods 20142013	
Infrastructure Asset Performance Indicators Consolidated				
1. Building, Infrastructure & Other Structures				
Renewals Ratio				
Asset Renewals				
(Building, Infrastructure & Other Structures) <sup>(1)</sup>	10,590	47.80%	64.65%	28.51%
Depreciation, Amortisation & Impairment	22,156			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	19,528			
Total value <sup>(2)</sup> of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	872,851	2.24%	5.63%	8.26%
3. Asset Maintenance Ratio				
Actual Asset Maintenance	17,148			
Required Asset Maintenance	18,005	0.95	0.95	1.06
4. Capital Expenditure Ratio				
Annual Capital Expenditure	20,763			
Annual Depreciation	24,583	0.84	0.77	1.39

## Notes

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

<sup>(2)</sup> Written Down Value

## Wingecarribee Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2015Benchmark: — Minimum  $\geq 100.00\%$ 

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

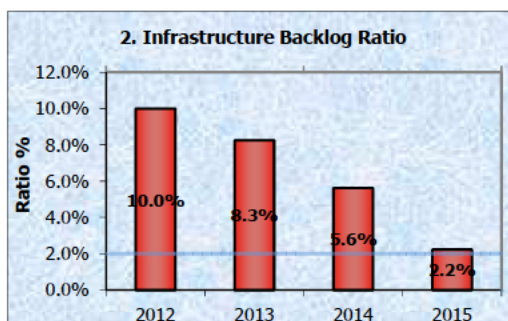
**Purpose of Asset Renewals Ratio**

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

**Commentary on 2014/15 Result****2014/15 Ratio 47.80%**

The benchmark for this ratio is greater than 100%. Council's ratio for the 2014/15 financial year is significantly under the industry benchmark at 47.80%. This ratio reflects Council's inability to renew its ageing infrastructure within existing revenue and budgetary constraints. As part of its response to the State Government's Fit for the Future reform agenda, Council has identified the need to apply for a special rate variation to increase funding for infrastructure maintenance and renewal. The outcome of this application will determine Council's ability to meet this benchmark in future years.

Ratio is within Benchmark  
Ratio is outside Benchmark

Benchmark: — Maximum  $< 0.02$ 

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

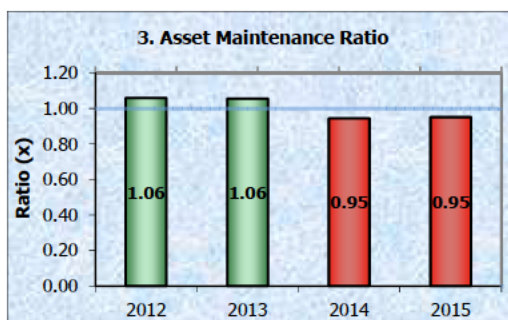
**Purpose of Infrastructure Backlog Ratio**

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

**Commentary on 2014/15 Result****2014/15 Ratio 2.24%**

The benchmark for this ratio is less than 2.00%. Council's ratio for the 2014/15 financial year exceeds this ratio marginally at 2.24%. The significant improvement in this ratio when compared to previous years is the adoption of a more consistent calculation methodology in determining the current cost of Council's infrastructure backlog. This method has been developed in consultation with a number of other councils. Similar to the Building and Infrastructure Renewal ratio, Council's ability to achieve this ratio in future years is largely dependent on the proposed Special Rate Variation to increase funding levels for infrastructure maintenance and renewal.

Ratio is within Benchmark  
Ratio is outside Benchmark

Benchmark: — Minimum  $> 1.00$ 

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

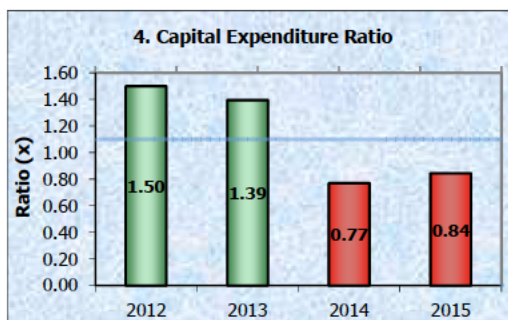
**Purpose of Asset Maintenance Ratio**

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

**Commentary on 2014/15 Result****2014/15 Ratio 0.95 x**

The benchmark for this ratio is greater than 1.00. Council's asset maintenance ratio for the 2014/15 financial year is 0.95, which is consistent with the 2013/14 ratio. The current shortfall in funding for asset maintenance has been considered as part of Council's proposed Special Rate Variation. Increasing the level of funding for infrastructure maintenance will ensure these assets do not deteriorate at a far more rapid rate to a point where capital renewal is required. Council's ability to achieve this ratio in future years is again, dependent on the proposed Special Rate Variation to increase funding levels for asset maintenance and infrastructure renewal.

Ratio is within Benchmark  
Ratio is outside Benchmark

Benchmark: — Minimum  $> 1.10$ 

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

**Purpose of Capital Expenditure Ratio**

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

**Commentary on 2014/15 Result****2014/15 Ratio 0.84 x**

The benchmark for this ratio is greater than 1.10. Council's ratio for the 2014/15 financial year is below the industry benchmark at 0.84. Council allocates funding to capital expenditure projects within its budgetary constraints, but simply, it does not spend beyond its means. This ratio is also dependent on the timing of new capital works. With the construction of the Bowral Distributor road in coming years and a number of other significant developer contributions funded works, it is expected Council will exceed its benchmark in future years.

Ratio is within Benchmark  
Ratio is outside Benchmark

## Wingecarribee Shire Council

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

\$ '000	Water 2015	Sewer 2015	General <sup>(1)</sup> 2015
<b>Infrastructure Asset Performance Indicators By Fund</b>			
<b>1. Building, Infrastructure &amp; Other Structures</b>			
<b>Renewals Ratio</b>			
Asset Renewals			
<u>(Building, Infrastructure &amp; Other Structures)<sup>(2)</sup></u>	<b>28.96%</b>	<b>26.59%</b>	<b>57.19%</b>
Depreciation, Amortisation & Impairment			
prior period:	56.37%	64.65%	66.68%
<b>2. Infrastructure Backlog Ratio</b>			
Estimated Cost to bring Assets to a			
<u>Satisfactory Condition</u>			
Total value <sup>(3)</sup> of Infrastructure, Building, Other Structures	<b>2.13%</b>	<b>2.57%</b>	<b>2.15%</b>
& Depreciable Land Improvement Assets			
prior period:	6.86%	4.55%	5.83%
<b>3. Asset Maintenance Ratio</b>			
Actual Asset Maintenance			
<u>Required Asset Maintenance</u>	<b>1.13</b>	<b>1.13</b>	<b>0.78</b>
prior period:	0.92	0.99	0.93
<b>4. Capital Expenditure Ratio</b>			
Annual Capital Expenditure			
<u>Annual Depreciation</u>	<b>0.63</b>	<b>0.73</b>	<b>0.92</b>
prior period:	0.21	0.58	0.93

## Notes

<sup>(1)</sup> General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

<sup>(2)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other Structure assets only.

<sup>(3)</sup> Written Down Value

## Wingecarribee Shire Council

# Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2016

<b>\$'000</b>		<b>Calculation 2014/15</b>	<b>Calculation 2015/16</b>
<b>Notional General Income Calculation <sup>(1)</sup></b>			
Last Year Notional General Income Yield	a	32,318	33,509
Plus or minus Adjustments <sup>(2)</sup>	b	221	270
<b>Notional General Income</b>	<b>c = (a + b)</b>	<b>32,539</b>	<b>33,779</b>
<b>Permissible Income Calculation</b>			
Special variation percentage <sup>(3)</sup>	d	0.00%	0.00%
or Rate peg percentage	e	2.30%	2.50%
or Crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	h = d x (c-g)	-	-
or plus Rate peg amount	i = c x e	748	844
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
<b>sub-total</b>	<b>k = (c+g+h+i+j)</b>	<b>33,287</b>	<b>34,623</b>
plus (or minus) last year's Carry Forward Total	l	6	0
less Valuation Objections claimed in the previous year	m	-	(216)
<b>sub-total</b>	<b>n = (l + m)</b>	<b>6</b>	<b>(216)</b>
<b>Total Permissible income</b>	<b>o = k + n</b>	<b>33,293</b>	<b>34,408</b>
less Notional General Income Yield	p	33,509	34,396
<b>Catch-up or (excess) result</b>	<b>q = o - p</b>	<b>(216)</b>	<b>12</b>
plus Income lost due to valuation objections claimed <sup>(4)</sup>	r	216	-
less Unused catch-up <sup>(5)</sup>	s	-	-
<b>Carry forward to next year</b>	<b>t = q + r - s</b>	<b>0</b>	<b>12</b>

**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.
- 6 Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from councils' Special Schedule 9 in the Financial Data Return (FDR) to administer this process.

# Warton Thompson & Co

ABN 67 161 637 181

Chartered Accountants

Phillip A. Webster, FCA

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CARLINGFORD NSW 2118

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Carlingford NSW 2118  
Phone: (02) 9872 5199  
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Email: [phillip@wartonthompson.com.au](mailto:phillip@wartonthompson.com.au)

## Wingecarribee 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 Wingecarribee Shire Council for the year ended 30 June 2016.

##### Responsibility of Council for Special Schedule No.9

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

##### Auditor's Responsibility

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

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

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

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

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

#### **Independence**

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

#### **Audit Opinion**

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

#### **Basis of Accounting**

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

#### **Warton Thompson & Co**



**P A Webster FCA**  
Principal

Dated at Carlingford this 20th day of October 2015



# Wingecarribee Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2016

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## General Purpose Financial Statements

for the year ended 30 June 2016

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### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the operations for Wingecarribee Shire Council.
- (ii) Wingecarribee 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 1993* (LGA).

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

- the ability to provide goods, services and facilities, and to carry out activities appropriate to the current and 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 14 October 2016. Council has the power to amend and reissue these financial statements.
-

## Introduction

Each year, individual local governments across New South Wales are required to present a set of audited financial statements to their council and community.

## What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2016.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and 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 and ownership of the financial statements.

## About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

### 1. The Income Statement

This statement summarises Council's financial performance for the year, listing all income and 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

This statement primarily records changes in the fair values of Council's infrastructure, property, plant and equipment.

### 3. The Statement of Financial Position

An end of year snapshot of Council's financial position indicating its assets, liabilities and equity ('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

This statement 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 five primary financial statements.

## About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialise in local government). In NSW, the auditor provides 2 audit reports:

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

## Who uses the financial statements?

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

The public can make submissions to Council up to seven 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.

## Wingecarribee Shire Council

### General Purpose Financial Statements for the year ended 30 June 2016

#### Statement by Councillors and Management

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

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

- the *Local Government Act 1993 (NSW)* (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
- accord with Council's accounting and other records.

**We are not aware of any matter that would render these statements false or misleading in any way.**

**Signed in accordance with a resolution of Council made on 28 September 2016.**

  
 Clr Ken Halstead  
 Mayor

  
 Clr Ian Scandrett  
 Councillor

  
 Ann Prendergast  
 General Manager

  
 Richard Mooney  
 Responsible Accounting Officer

# Wingecarribee Shire Council

## Income Statement

for the year ended 30 June 2016

Budget <sup>1</sup> 2016 \$ '000		Notes	Actual 2016	Actual 2015
<b>Income from continuing operations</b>				
<b>Revenue:</b>				
56,611	Rates and annual charges	3a	57,912	55,085
16,615	User charges and fees	3b	19,648	16,910
2,727	Interest and investment revenue	3c	3,037	2,878
3,197	Other revenues	3d	9,834	3,818
7,820	Grants and contributions provided for operating purposes	3e,f	9,421	8,611
8,353	Grants and contributions provided for capital purposes	3e,f	20,814	11,413
<b>95,323</b>	<b>Total income from continuing operations</b>		<b>120,666</b>	<b>98,715</b>
<b>Expenses from continuing operations</b>				
32,438	Employee benefits and on-costs	4a	32,103	31,629
2,032	Borrowing costs	4b	2,095	2,539
17,186	Materials and contracts	4c	20,904	18,293
25,632	Depreciation and amortisation	4d	23,816	24,583
14,565	Other expenses	4e	14,434	12,949
—	Net losses from the disposal of assets	5	3,765	1,641
<b>91,853</b>	<b>Total expenses from continuing operations</b>		<b>97,117</b>	<b>91,634</b>
<b>3,470</b>	<b>Operating result from continuing operations</b>		<b>23,549</b>	<b>7,081</b>
<b>Discontinued operations</b>				
—	Net profit/(loss) from discontinued operations	24	—	—
<b>3,470</b>	<b>Net operating result for the year</b>		<b>23,549</b>	<b>7,081</b>
3,470	Net operating result attributable to Council		23,549	7,081
—	Net operating result attributable to non-controlling interests		—	—
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>				
<b>(4,883)</b>			<b>2,735</b>	<b>(4,332)</b>

<sup>1</sup> Original budget as approved by Council – refer Note 16

# Wingecarribee Shire Council

## Statement of Comprehensive Income for the year ended 30 June 2016

\$ '000	Notes	Actual 2016	Actual 2015
<b>Net operating result for the year</b> (as per Income Statement)		<b>23,549</b>	<b>7,081</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	3,705	6,403
Recognise Buildings		11,423	–
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>15,128</b>	<b>6,403</b>
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Recognise management committee equity	20b (ii)	–	286
<b>Total items which will be reclassified subsequently to the operating result when specific conditions are met</b>		<b>–</b>	<b>286</b>
<b>Total other comprehensive income for the year</b>		<b>15,128</b>	<b>6,689</b>
<b>Total comprehensive income for the year</b>		<b>38,677</b>	<b>13,770</b>
Total comprehensive income attributable to Council		38,677	13,770
Total comprehensive income attributable to non-controlling interests		–	–

# Wingecarribee Shire Council

## Statement of Financial Position

as at 30 June 2016

\$ '000	Notes	Actual 2016	Actual 2015
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6a	15,958	4,849
Investments	6b	91,000	88,428
Receivables	7	13,619	10,231
Inventories	8	945	906
Other	8	451	397
Non-current assets classified as 'held for sale'	22	847	1,862
<b>Total current assets</b>		<b>122,820</b>	<b>106,673</b>
<b>Non-current assets</b>			
Investments	6b	—	—
Receivables	7	427	328
Inventories	8	—	—
Infrastructure, property, plant and equipment	9	1,249,352	1,231,051
Investments accounted for using the equity method	19	—	—
Investment property	14	—	—
Non-current assets classified as 'held for sale'	22	—	—
<b>Total non-current assets</b>		<b>1,249,779</b>	<b>1,231,379</b>
<b>TOTAL ASSETS</b>		<b>1,372,599</b>	<b>1,338,052</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	10	7,959	7,922
Borrowings	10	4,227	9,791
Provisions	10	6,534	6,448
<b>Total current liabilities</b>		<b>18,720</b>	<b>24,161</b>
<b>Non-current liabilities</b>			
Payables	10	30	66
Borrowings	10	35,755	34,151
Provisions	10	525	782
<b>Total non-current liabilities</b>		<b>36,310</b>	<b>34,999</b>
<b>TOTAL LIABILITIES</b>		<b>55,030</b>	<b>59,160</b>
<b>Net assets</b>		<b>1,317,569</b>	<b>1,278,892</b>
<b>EQUITY</b>			
Retained earnings	20	582,017	546,703
Revaluation reserves	20	735,552	732,189
Council equity interest		1,317,569	1,278,892
Non-controlling equity interests		—	—
<b>Total equity</b>		<b>1,317,569</b>	<b>1,278,892</b>

# Wingecarribee Shire Council

## Statement of Changes in Equity for the year ended 30 June 2016

\$ '000	Notes	Retained earnings	Reserves (Refer 20b)	Council interest	Non-controlling Interest	Total equity
<b>2016</b>						
<b>Opening balance</b> (as per last year's audited accounts)		547,152	732,189	<b>1,279,341</b>	–	<b>1,279,341</b>
<b>a. Correction of prior period errors</b>	20 (c)	(449)	–	<b>(449)</b>	–	<b>(449)</b>
<b>Revised opening balance (as at 1/7/15)</b>		<b>546,703</b>	<b>732,189</b>	<b>1,278,892</b>	–	<b>1,278,892</b>
<b>b. Net operating result for the year</b>		<b>23,549</b>	–	<b>23,549</b>	–	<b>23,549</b>
<b>c. Other comprehensive income</b>						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	3,705	<b>3,705</b>	–	<b>3,705</b>
– Recognise Buildings	20a	11,423	–	<b>11,423</b>	–	<b>11,423</b>
<b>Other comprehensive income</b>		<b>11,423</b>	<b>3,705</b>	<b>15,128</b>	–	<b>15,128</b>
<b>Total comprehensive income (c&amp;d)</b>		<b>34,972</b>	<b>3,705</b>	<b>38,677</b>	–	<b>38,677</b>
<b>Equity – balance at end of the reporting period</b>		<b>582,017</b>	<b>735,552</b>	<b>1,317,569</b>	–	<b>1,317,569</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2015</b>						
<b>Opening balance</b> (as per last year's audited accounts)		539,785	725,786	<b>1,265,571</b>	–	<b>1,265,571</b>
<b>a. Correction of prior period errors</b>	20 (c)	(449)	–	<b>(449)</b>	–	<b>(449)</b>
<b>Revised opening balance (as at 1/7/14)</b>		<b>539,336</b>	<b>725,786</b>	<b>1,265,122</b>	–	<b>1,265,122</b>
<b>b. Net operating result for the year</b>		<b>7,081</b>	–	<b>7,081</b>	–	<b>7,081</b>
<b>c. Other comprehensive income</b>						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	6,403	<b>6,403</b>	–	<b>6,403</b>
– Recognise management committee equity	20a	286	–	<b>286</b>	–	<b>286</b>
<b>Other comprehensive income</b>		<b>286</b>	<b>6,403</b>	<b>6,689</b>	–	<b>6,689</b>
<b>Total comprehensive income (c&amp;d)</b>		<b>7,367</b>	<b>6,403</b>	<b>13,770</b>	–	<b>13,770</b>
<b>Equity – balance at end of the reporting period</b>		<b>546,703</b>	<b>732,189</b>	<b>1,278,892</b>	–	<b>1,278,892</b>

# Wingecarribee Shire Council

## Statement of Cash Flows

for the year ended 30 June 2016

Budget 2016	\$ '000	Notes	Actual 2016	Actual 2015
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
56,589	Rates and annual charges		57,645	55,276
15,644	User charges and fees		19,698	15,591
2,735	Investment and interest revenue received		2,348	2,760
16,132	Grants and contributions		22,264	14,568
–	Bonds, deposits and retention amounts received		545	–
3,227	Other		14,262	8,152
<b>Payments:</b>				
(32,410)	Employee benefits and on-costs		(31,736)	(30,784)
(17,874)	Materials and contracts		(27,226)	(19,741)
(2,095)	Borrowing costs		(2,091)	(2,376)
–	Bonds, deposits and retention amounts refunded		–	(382)
(14,565)	Other		(15,680)	(15,851)
<b>27,383</b>	<b>Net cash provided (or used in) operating activities</b>	11b	<b>40,029</b>	<b>27,213</b>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
907	Sale of investment securities		213,028	24,250
839	Sale of infrastructure, property, plant and equipment		2,379	1,886
–	Deferred debtors receipts		55	–
–	Other investing activity receipts		–	286
<b>Payments:</b>				
(814)	Purchase of investment securities		(215,600)	(39,906)
(23,220)	Purchase of infrastructure, property, plant and equipment		(24,510)	(19,323)
–	Deferred debtors and advances made		(231)	(33)
<b>(22,288)</b>	<b>Net cash provided (or used in) investing activities</b>		<b>(24,879)</b>	<b>(32,840)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
–	Proceeds from borrowings and advances		–	6,500
<b>Payments:</b>				
(4,094)	Repayment of borrowings and advances		(4,041)	(3,277)
<b>(4,094)</b>	<b>Net cash flow provided (used in) financing activities</b>		<b>(4,041)</b>	<b>3,223</b>
<b>1,001</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>11,109</b>	<b>(2,404)</b>
5,215	Plus: cash and cash equivalents – beginning of year	11a	4,849	7,253
<b>6,216</b>	<b>Cash and cash equivalents – end of the year</b>	11a	<b>15,958</b>	<b>4,849</b>
Additional Information:				
plus:	Investments on hand – end of year	6b	91,000	88,428
<b>Total cash, cash equivalents and investments</b>			<b>106,958</b>	<b>93,277</b>

Please refer to Note 11 for additional cash flow information

## Notes to the Financial Statements

for the year ended 30 June 2016

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n/a – not applicable

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)* and 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 IFRSs, 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)*, Regulation and Local Government Code of Accounting Practice and Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with AASBs.

### **(iii) New and amended standards adopted by Council**

There have been no new accounting standards adopted in this year's financial statements which have had any material impact on reported financial position, performance or cash flows.

### **(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 2015, except for AASB2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities, which has reduced the fair value disclosures for Level 3 assets.

For summary information relating to the effects of standards with future operative dates refer further to paragraph (ab).

### **(v) Basis of accounting**

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

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

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

### **(vi) Changes in accounting policies**

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

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

#### **(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,

#### **(b) Revenue recognition**

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

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

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

Revenue is measured on major income categories as follows:

#### **Rates, Annual Charges, Grants and Contributions**

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

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

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

Control over granted assets/contributed 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 and investments is accounted for using the effective interest rate at the date that interest is earned.

### **Dividend income**

Revenue is recognised when the Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

### **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 consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

### **(i) The Consolidated Fund**

In accordance with the provisions of section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's consolidated fund unless it is required to be held in the Council's trust fund.

The consolidated fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the consolidated fund:

- General purpose operations
- Water supply
- Sewerage service
- Section 355 committees of Council

### **(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 that 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) Interests in other entities**

#### **Subsidiaries**

Council has no interest in any subsidiaries.

#### **Joint arrangements**

Council has no interest in any joint arrangements.

#### **Associates**

Council has no interest in any associates.

#### **County councils**

Council is not a member of any county councils.

### **(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.

Councils does not have any finance leases.

### **Operating Leases**

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

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

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

### **(e) Cash and Cash Equivalents**

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

- cash on hand,
- deposits held **at call** with financial institutions,
- other short-term, highly liquid investments **with original maturities of three months or less** that are readily convertible to known amounts of cash and that 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 and 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 or intention for which the investment was acquired and 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 and/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 and receivables' classification, these investments are generally quoted in an active market.

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

**(iv) Available-for-sale financial assets**

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

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

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

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

**Financial assets – reclassification**

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

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

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

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

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

## **General accounting and measurement of financial instruments:**

### **(i) Initial recognition**

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

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

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

### **(ii) Subsequent measurement**

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

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

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

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

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

## **Impairment**

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

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

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

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

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

### **(iii) Types of investments**

Council has an approved Investment Policy in order to invest 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.

### **(g) Fair value estimation – financial instruments**

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 and 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 that are known to be uncollectible are written off in accordance with Council's policy.

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

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

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

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

Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

### **(i) Inventories**

#### **(i) 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.

## (ii) Inventory held for distribution

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

## (iii) 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:

- **Plant and equipment**  
(as approximated by depreciated historical cost)
- **Operational land** (external valuation)
- **Community land** (external valuation)

- **Land improvements**  
(as approximated by depreciated historical cost)
- **Buildings – specialised/non-specialised**  
(external valuation)
- **Other structures**  
(as approximated by depreciated historical cost)
- **Roads assets including roads, bridges and footpaths** (internal valuation)
- **Bulk earthworks** (internal valuation)
- **Stormwater drainage** (internal valuation)
- **Water and sewerage networks**  
(both external and internal valuation)
- **Swimming pools** (both external and internal valuation)
- **Other open space/recreational assets**  
(internal valuation)
- **Other assets**  
(as approximated by depreciated historical cost)
- **Investment properties** – refer Note 1(p),

During the year Council received a legal opinion on the ownership of buildings, which are not controlled by Council but, were constructed on Council owned land. The legal advice provided that fixtures attached to land are owned by the land owner.

Council owns 8 parcels of land in which buildings have been constructed by some community groups and organisations.

Council had these buildings valued as at 30 June 2016 by an external valuer and recognised the value of these buildings at the reporting date by adjusting closing equity. Council were unable to obtain any valuations prior to 30 June 2016 and therefore does not have sufficient and reliable information that will allow restatement of information prior to 30 June 2016.

As a result, Council has adjusted closing equity to reflect the value of the buildings less accumulated depreciation.

The net effect of this is an increase in closing equity of \$11,422,630, represented by:

<b>Description</b>	<b>\$'000</b>
Buildings	16,030
Accumulated depreciation	(4,607)
Closing Equity	11,423

### Initial recognition

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

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (i.e. 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 and 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.

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water – Rates Reference Manual.

For all other assets, 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;

#### Land

- Council land	100% capitalised
- Open space	100% capitalised
- Land under roads (purchases after 30/6/08)	100% capitalised

#### Plant and equipment

Office furniture	> \$1,000
Office equipment	> \$1,000
Other plant and equipment	> \$1,000

#### Buildings and land improvements

Park furniture and equipment	> \$2,000
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#### Building

- Construction/extensions	100% capitalised
- Renovations	> \$10,000

Other structures	> \$2,000
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**Water and sewer assets**

Reticulation extensions	> \$5,000
Other	> \$5,000

**Stormwater assets**

Drains and culverts	> \$5,000
Other	> \$5,000

**Transport assets**

Road construction and reconstruction	> \$10,000
Reseal/re-sheet and major repairs	> \$10,000
Bridge construction and reconstruction	> \$10,000

**Other infrastructure assets**

Swimming pools	> \$10,000
Other open space/recreational assets	> \$10,000
Other infrastructure	> \$10,000

**Other assets**

Library books	100% capitalised
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**Depreciation**

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

Land is not depreciated.

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

**Plant and equipment**

- Office equipment	5 to 10 years
- Office furniture	10 to 20 years
- Vehicles	5 to 8 years
- Heavy plant/road making equipment	5 to 8 years
- Other plant and equipment	5 to 15 years

**Other equipment**

- Playground equipment	5 to 15 years
- Benches, seats etc.	10 to 20 years

**Buildings**

- Buildings: masonry	50 to 150 years
- Buildings: other	20 to 50 years

**Water and sewer assets**

- Dams and reservoirs	80 to 100 years
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- Bores	20 to 40 years
- Reticulation pipes: PVC	100 years
- Reticulation pipes: other	80 years
- Pumps and telemetry	15 to 20 years

**Stormwater assets**

- Drains	80 to 100 years
- Culverts	50 to 80 years

**Transportation assets**

- Sealed roads: surface	14 to 25 years
- Sealed roads: structure	80 to 100 years
- Unsealed roads	14 to 80 years
- Bridge: concrete	100 years
- Bridge: other	50 years
- Road pavements	80 to 100 years
- Kerb, gutter and footpaths	50 to 60 years

**Other infrastructure assets**

- Bulk earthworks	Infinite
- Swimming pools	80 years
- Other open space/ recreational assets	10 to 150 years
- Other infrastructure	20 to 50 years

**Other assets**

- Library books	10 years
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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 derecognition**

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.

### **(m) Intangible assets**

#### **IT development and software**

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and services, direct payroll and payroll-related costs of employees' time spent on the project.

Amortisation is calculated on a straight line bases over periods generally ranging from 3 to 5 years.

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

### **(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 to 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 and/or buildings that are principally held for long-term rental yields, capital gains or both, that is not occupied by Council.

Council does not 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 that 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, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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

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

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

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

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

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

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated 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 about 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' and discontinued operations**

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

The exception to this is plant and motor vehicles, which are turned over on a regular basis. Plant and motor vehicles are retained in non-current assets under the classification of infrastructure, property,

plant and equipment – unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

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

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

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

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

The results of discontinued operations are presented separately on the face of the Income Statement.

### **(s) Impairment of assets**

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

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

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

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

Where an asset is not held principally for cash-generating purposes (for example infrastructure assets) and would be replaced if the Council was 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 (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill and other intangible assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

### **(t) Payables**

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

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

### **(u) Borrowings**

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

Borrowings are subsequently measured at amortised cost.

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

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

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

### **(v) Borrowing costs**

Borrowing costs are expensed.

### **(w) Provisions**

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

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

Provisions are not recognised for future operating losses.

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

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

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

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

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

## **(x) Employee benefits**

### **(i) Short-term obligations**

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

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

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

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

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

Wages and 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 has 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.

## **(iv) Employee benefit on-costs**

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation and workers compensation expenses which will be payable upon the future payment of certain leave liabilities accrued as at 30/06/16.

## **(y) Self-insurance**

Council does not self-insure.

## **(z) Allocation between current and non-current assets and 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 it is 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 and 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, i.e. they are inclusive of GST where applicable.

Investing and financing cash flows are treated on a net basis (where recoverable from the ATO), i.e. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows that 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 issued (not yet effective)**

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2016.

Council has not adopted any of these standards early.

These include the following standards that are anticipated will impact on local government:

**AASB 9 – Financial Instruments**

**AASB 15 – Revenue from Contracts with Customers and associated amending standards**

**AASB ED 260 – Income of Not-for-Profit Entities**

**AASB16 – Leases**

**AASB2015-6 – Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities**

**AASB 2014 – 10 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture**

**AASB 2014 – 3 Amendments to Australian Accounting Standards – Accounting for Acquisitions**

*of Interests in Joint Operations [AASB 1 and AASB 11]*

The full impact of the above standards has yet to be ascertained or quantified but will range from additional and/or revised disclosures to changes in how certain transactions and balances are accounted for.

#### **(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.

# Wingecarribee Shire Council

## Notes to the Financial Statements for the year ended 30 June 2016

### 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
	2016	2016	2015	2016	2016	2015	2016	2016	2015	2016	2015	2016	2015
Governance	–	3,305	2,026	1,909	1,989	1,880	(1,909)	1,316	146	1	1	8	5,653
Administration	2,678	4,010	1,405	17,784	16,735	31,508	(15,106)	(12,725)	(30,103)	88	60	90,520	125,337
Public order and safety	1,102	1,570	2,138	3,053	3,914	3,439	(1,951)	(2,344)	(1,301)	589	492	11,339	10,688
Health	–	–	–	–	–	–	–	–	–	–	–	3,327	3,288
Environment	12,508	14,192	11,044	13,600	14,063	11,280	(1,092)	129	(236)	322	524	95,307	90,197
Community services and education	868	1,095	1,001	1,133	1,271	1,171	(265)	(176)	(170)	547	505	7,200	6,698
Housing and community amenities	2,467	3,769	2,958	3,412	3,584	3,246	(945)	185	(288)	274	121	5,518	2,963
Water supplies	13,757	17,496	13,118	10,023	10,404	9,632	3,734	7,092	3,486	193	189	216,745	195,403
Sewerage services	15,178	21,394	17,285	9,365	10,566	10,785	5,813	10,828	6,500	173	618	234,824	199,618
Recreation and culture	720	3,787	2,729	8,208	11,930	8,181	(7,488)	(8,143)	(5,452)	313	305	108,502	87,808
Mining, manufacturing and construction	190	125	120	689	1,087	778	(499)	(962)	(658)	–	–	551	756
Transport and communication	7,422	7,338	3,977	20,310	19,979	7,912	(12,888)	(12,641)	(3,935)	6,168	3,038	582,243	595,075
Economic affairs	1,863	3,394	1,965	2,367	1,595	1,822	(504)	1,799	143	10	154	16,515	14,568
<b>Total functions and activities</b>	<b>58,753</b>	<b>81,475</b>	<b>59,766</b>	<b>91,853</b>	<b>97,117</b>	<b>91,634</b>	<b>(33,100)</b>	<b>(15,642)</b>	<b>(31,868)</b>	<b>8,678</b>	<b>6,007</b>	<b>1,372,599</b>	<b>1,338,052</b>
Share of gains/(losses) in associates and joint ventures (using the equity method)	–	–	–	–	–	–	–	–	–	–	–	–	–
General purpose income <sup>1</sup>	36,570	39,191	38,949	–	–	–	36,570	39,191	38,949	5,105	4,957	–	–
<b>Operating result from continuing operations</b>	<b>95,323</b>	<b>120,666</b>	<b>98,715</b>	<b>91,853</b>	<b>97,117</b>	<b>91,634</b>	<b>3,470</b>	<b>23,549</b>	<b>7,081</b>	<b>13,783</b>	<b>10,964</b>	<b>1,372,599</b>	<b>1,338,052</b>

1. Includes: rates and annual charges (incl. ex-gratia), untied general purpose grants and unrestricted interest and investment income.

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

### 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**

Includes costs relating to 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, public disclosure (e.g. GIPA), and legislative compliance.

#### **ADMINISTRATION**

Includes corporate support and other support services, engineering works, and any Council policy compliance.

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

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

#### **HEALTH**

Includes immunisation, food control, health centres etc.

#### **ENVIRONMENT**

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage, street cleaning, drainage and stormwater management.

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

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's services, including family day care; child care; and other family and children services.

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

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development and accommodation for families and children, aged persons, disabled persons, migrants and Indigenous persons.

#### **WATER SUPPLIES**

#### **SEWERAGE SERVICES**

#### **RECREATION AND CULTURE**

Includes public libraries; museums; art galleries; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks; gardens; lakes; and other sporting, recreational and cultural services.

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

Includes building control, quarries and pits, mineral resources, and abattoirs.

#### **TRANSPORT AND COMMUNICATION**

Urban local, urban regional, includes sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes.

#### **ECONOMIC AFFAIRS**

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; commercial nurseries; and other business undertakings.

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 3. Income from continuing operations

<b>\$ '000</b>	<b>Notes</b>	<b>Actual 2016</b>	<b>Actual 2015</b>
<b>(a) Rates and annual charges</b>			
<b>Ordinary rates</b>			
Residential		24,190	23,536
Farmland		3,829	3,802
Mining		84	82
Business		4,441	4,199
<b>Total ordinary rates</b>		<b>32,544</b>	<b>31,619</b>
<b>Special rates</b>			
Special environmental levy		1,112	1,081
<b>Total special rates</b>		<b>1,112</b>	<b>1,081</b>
<b>Annual charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		7,112	6,672
Stormwater management services		497	486
Water supply services		3,151	2,509
Sewerage services		13,496	12,718
<b>Total annual charges</b>		<b>24,256</b>	<b>22,385</b>
<b><u>TOTAL RATES AND ANNUAL CHARGES</u></b>		<b><u>57,912</u></b>	<b><u>55,085</u></b>

Council has used 2012 year valuations provided by the NSW Valuer General in calculating its rates.

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2016	Actual 2015
<b>(b) User charges and fees</b>			
<b>Specific user charges</b> (per s.502 – specific 'actual use' charges)			
Water supply services		7,806	7,324
Sewerage services		927	590
Waste management services (non-domestic)		3,780	3,056
<b>Total user charges</b>		<b>12,513</b>	<b>10,970</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Building services – other		1,232	939
Inspection services		24	33
Planning and building regulation		1,837	1,321
Private works – section 67		345	151
Section 149 certificates (EPA Act)		196	212
Section 603 certificates		192	191
<b>Total fees and charges – statutory/regulatory</b>		<b>3,826</b>	<b>2,847</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Child care		516	484
GIPA fees		3	1
Leaseback fees – Council vehicles		344	325
Other waste management		3	136
Permits and licences		197	171
Pound fees and animal income		138	138
Sewer		106	106
Sludge removal		6	11
Swimming centres		1,616	1,350
Tender specification		–	4
Water		319	302
Other		61	65
<b>Total fees and charges – other</b>		<b>3,309</b>	<b>3,093</b>
<b>TOTAL USER CHARGES AND FEES</b>		<b>19,648</b>	<b>16,910</b>

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2016	Actual 2015
<b>(c) Interest and investment revenue (including losses)</b>			
<b>Interest</b>			
– Interest on overdue rates and annual charges (incl. special purpose rates)		159	159
– Interest earned on investments (interest and coupon payment income)		2,854	2,697
– Interest on deferred debtors		2	–
<b>Amortisation of premiums and discounts</b>			
– Interest free (and interest reduced) loans provided		22	22
<b>TOTAL INTEREST AND INVESTMENT REVENUE</b>		<b>3,037</b>	<b>2,878</b>
<b>Interest revenue is attributable to:</b>			
<b>Unrestricted investments/financial assets:</b>			
Overdue rates and annual charges (general fund)		159	99
General Council cash and investments		1,383	1,193
<b>Restricted investments/funds – external:</b>			
Development contributions			
– Section 94		307	314
– Section 64 – Water		220	235
– Section 64 – Sewer		141	144
– Section 64 – Stormwater		81	102
Water fund operations		479	520
Sewerage fund operations		267	271
<b>Total interest and investment revenue recognised</b>		<b>3,037</b>	<b>2,878</b>
<b>(d) Other revenues</b>			
Fines		60	9
Fines – parking		259	413
Legal fees recovery – rates and charges (extra charges)		365	296
Cemeteries		244	245
Commissions and agency fees		237	253
Hall and room rental		42	55
Lease rental		601	450
Library		3	3
Other waste income		85	78
Printing and photocopying		15	19
Quarries income		166	171
Rebates and reimbursements		965	193
Sales – general		134	172
Saleyards income		1,044	867
Sewerage supplies		1	9
Swimming centres		130	86
Tourism income		321	247
Tulip time		226	199
Water supplies		21	23
Recovery of Lehman Bros CDOs		4,861	–
Other		54	30
<b>TOTAL OTHER REVENUE</b>		<b>9,834</b>	<b>3,818</b>

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 3. Income from continuing operations (continued)

\$ '000	2016 Operating	2015 Operating	2016 Capital	2015 Capital
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
Financial assistance – general component	3,568	3,425	–	–
Financial assistance – local roads component	1,098	1,098	–	–
Pensioners' rates subsidies – general component	439	434	–	–
<b>Total general purpose</b>	<b>5,105</b>	<b>4,957</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>				
Pensioners' rates subsidies:				
– Water	193	189	–	–
– Sewerage	173	168	–	–
– Domestic waste management	160	154	–	–
Sewerage services	–	–	–	450
Administration	88	60	–	–
Aged and disabled	36	30	–	–
Child care	61	55	–	–
Childrens services	450	413	–	–
Community care	–	25	–	–
Environmental protection	107	69	–	–
Heritage and cultural	19	23	–	–
Housing and community	171	268	–	–
Noxious weeds	55	84	–	–
NSW rural fire services	557	367	31	96
Recreation and culture	218	195	76	40
Street lighting	103	101	–	–
Tourism	10	151	–	–
Transport and communication	1,291	1,017	4,877	2,050
Youth services	2	2	–	–
<b>Total specific purpose</b>	<b>3,694</b>	<b>3,371</b>	<b>4,984</b>	<b>2,636</b>
<b>Total grants</b>	<b>8,799</b>	<b>8,328</b>	<b>4,984</b>	<b>2,636</b>
<b>Grant revenue is attributable to:</b>				
– Commonwealth funding	5,178	4,891	2,685	814
– State funding	3,621	3,390	2,292	1,822
– Other funding	–	47	7	–
	<b>8,799</b>	<b>8,328</b>	<b>4,984</b>	<b>2,636</b>

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 3. Income from continuing operations (continued)

\$ '000	2016 Operating	2015 Operating	2016 Capital	2015 Capital
<b>(f) Contributions</b>				
<b>Developer contributions:</b>				
<b>(s93 &amp; s94 – EP&amp;A Act, s64 of the LGA):</b>				
S 93F – contributions using planning agreements	–	71	–	–
S 94 – contributions towards amenities/services	–	–	2,152	986
S 94A – fixed development consent levies	–	–	88	103
S 64 – water supply contributions	–	–	2,077	810
S 64 – sewerage service contributions	–	–	2,197	939
S 64 – stormwater contributions	–	–	418	282
Other developer contributions (VPA)	–	–	1,195	934
<b>Total developer contributions</b>	<b>17</b>	<b>71</b>	<b>8,127</b>	<b>4,054</b>
<b>Other contributions:</b>				
Bushfire services	–	–	355	1,040
Child care services	2	3	–	–
Library	–	3	–	–
Recreation and culture	–	25	–	8
Subdivider dedications	–	–	7,257	3,675
Local Infrastructure Renewal Scheme (LIRS)	183	–	–	–
Water supplies (excl. section 64 contributions)	–	6	–	–
Storm Damage	198	–	–	–
Tree Clearance	55	–	–	–
Management Committees	126	162	–	–
Other	58	13	91	–
<b>Total other contributions</b>	<b>622</b>	<b>212</b>	<b>7,703</b>	<b>4,723</b>
<b>Total contributions</b>	<b>622</b>	<b>283</b>	<b>15,830</b>	<b>8,777</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>	<b>9,421</b>	<b>8,611</b>	<b>20,814</b>	<b>11,413</b>

\$ '000	Actual 2016	Actual 2015
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## (g) Restrictions relating to grants and contributions

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

Unexpended at the close of the previous reporting period	26,462	24,985
<b>Add:</b> grants and contributions recognised in the current period but not yet spent:	9,626	12,891
<b>Less:</b> grants and contributions recognised in a previous reporting period now spent:	(5,898)	(11,414)
<b>Net increase (decrease) in restricted assets during the period</b>	<b>3,728</b>	<b>1,477</b>
<b>Unexpended and held as restricted assets</b>	<b>30,190</b>	<b>26,462</b>
<b>Comprising:</b>		
– Specific purpose unexpended grants	1,465	2,199
– Developer contributions	28,725	24,263
	<b>30,190</b>	<b>26,462</b>

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 2016	Actual 2015
<b>(a) Employee benefits and on-costs</b>			
Salaries and wages		26,438	24,255
Travel expenses		50	67
Employee leave entitlements (ELE)		2,052	3,285
Superannuation		2,948	2,746
Workers' compensation insurance		1,379	1,975
Fringe benefit tax (FBT)		83	80
Payroll tax		254	237
Training costs (other than salaries and wages)		500	398
Other		73	29
<b>Total employee costs</b>		<b>33,777</b>	<b>33,072</b>
Less: capitalised costs		(1,674)	(1,443)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>32,103</b>	<b>31,629</b>
Number of 'full-time equivalent' employees (FTE) at year end		<b>370</b>	<b>367</b>
<b>(b) Borrowing costs</b>			
<b>(i) Interest bearing liability costs</b>			
Interest on loans		2,004	2,390
<b>Total interest bearing liability costs expensed</b>		<b>2,004</b>	<b>2,390</b>
<b>(ii) Other borrowing costs</b>			
Fair value adjustments on recognition of advances and deferred debtors			
– Interest free (or favourable) loans and advances made by Council		10	55
Interest applicable on interest free (and favourable) loans to Council		81	94
<b>Total other borrowing costs</b>		<b>91</b>	<b>149</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>2,095</b>	<b>2,539</b>
<b>(c) Materials and contracts</b>			
Raw materials and consumables		20,879	17,169
Contractor and consultancy costs		29,142	22,372
Auditors remuneration <sup>(1)</sup>		131	120
Legal expenses:			
– Legal expenses: planning and development		497	390
– Legal expenses: other		495	610
Operating leases:			
– Operating lease rentals: minimum lease payments <sup>(2)</sup>		187	136
Other		18	29
<b>Total materials and contracts</b>		<b>51,349</b>	<b>40,826</b>
Less: capitalised costs		(30,445)	(22,533)
<b>TOTAL MATERIALS AND CONTRACTS</b>		<b>20,904</b>	<b>18,293</b>

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2016	Actual 2015
<b>(c) Materials and contracts (continued)</b>			
<b>1. Auditor remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor:			
<b>(i) Audit and other assurance services</b>			
– Audit and review of financial statements: Council's Auditor		66	59
– Due diligence services		65	61
<b>Remuneration for audit and other assurance services</b>		<b>131</b>	<b>120</b>
<b>Total Auditor remuneration</b>		<b>131</b>	<b>120</b>
<b>2. Operating lease payments are attributable to:</b>			
Computers		187	136
		<b>187</b>	<b>136</b>

\$ '000	Notes	Impairment costs		Depreciation/amortisation	
		Actual 2016	Actual 2015	Actual 2016	Actual 2015
(d) Depreciation, amortisation and impairment					
Plant and equipment		—	—	2,192	2,084
Office equipment		—	—	227	281
Furniture and fittings		—	—	26	28
Infrastructure:					
– Buildings – non-specialised		—	—	12	27
– Buildings – specialised		—	—	1,782	1,842
– Other structures		—	—	46	30
– Roads		—	—	9,099	9,983
– Bridges		—	—	169	153
– Footpaths		—	—	643	1,370
– Stormwater drainage		—	—	1,081	925
– Water supply network		—	—	3,905	3,478
– Sewerage network		—	—	3,704	3,463
– Swimming pools		—	—	192	246
– Other open space/recreational assets		—	—	680	639
Other assets					
– Library books		—	—	57	33
– Other		—	—	1	1
TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED		—	—	23,816	24,583

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2016	Actual 2015
<b>(e) Other expenses</b>			
Other expenses for the year include the following:			
Advertising		380	303
Bad and doubtful debts		43	–
Bank charges		242	248
Chemicals		560	632
Clothing		93	92
Computer hardware maintenance		55	44
Computer software charges		638	625
Contributions/levies to other levels of government		1,178	989
– Emergency services levy (includes FRNSW, SES, and RFS levies)		796	645
Councillor expenses – mayoral fee		40	39
Councillor expenses – councillors' fees		165	163
Donations, contributions and assistance to other organisations (Section 356)		926	661
Electricity and heating		1,558	1,712
EPA licence		24	13
Equipment and fittings M & R		480	344
Freight		13	23
Insurance		1,054	1,076
Licence – other		53	105
Postage		208	182
Printing and stationery		345	327
Promotions		46	17
Rent		18	16
Security services		38	40
Street lighting		593	630
Subscriptions and publications		204	253
Telephone and communications		378	400
Valuation fees		182	174
Waste disposal costs		2,064	1,600
Water determination		40	38
Water purchases		1,359	1,208
EPA Penalty Notice		15	–
Other		646	350
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>14,434</u></b>	<b><u>12,949</u></b>

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	Actual 2016	Actual 2015
<b>Property</b> (excl. investment property)			
Proceeds from disposal – property		159	–
Less: carrying amount of property assets sold/written off		(122)	–
<b>Net gain/(loss) on disposal</b>		<b>37</b>	<b>–</b>
<b>Infrastructure, Plant and equipment</b>			
Proceeds from disposal – infrastructure, plant and equipment		1,038	1,310
Less: carrying amount of infrastructure, plant and equipment assets sold		(5,615)	(3,242)
<b>Net gain/(loss) on disposal</b>		<b>(4,577)</b>	<b>(1,932)</b>
<b>Financial assets</b>			
Proceeds from disposal/redemptions/maturities – financial assets		213,028	2,000
Less: carrying amount of financial assets sold/redeemed/matured		(213,028)	(1,886)
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>114</b>
<b>Non-current assets classified as ‘held for sale’</b>			
Proceeds from disposal – non-current assets ‘held for sale’		1,182	576
Less: carrying amount of ‘held for sale’ assets sold/written off		(407)	(399)
<b>Net gain/(loss) on disposal</b>		<b>775</b>	<b>177</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(3,765)</b>	<b>(1,641)</b>
<b>* Financial assets disposals/redemptions include:</b>			
– Net gain/(loss) from financial instruments ‘at fair value through profit and loss’		–	114
<b>Net gain/(loss) on disposal of financial instruments</b>		<b>–</b>	<b>114</b>

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 6a. – Cash assets and Note 6b. – investments

		2016 Actual Current	2016 Actual Non-current	2015 Actual Current	2015 Actual Non-current
\$ '000	Notes				
<b>Cash and cash equivalents (Note 6a)</b>					
Cash on hand and at bank		715	–	849	–
Cash-equivalent assets <sup>1</sup>					
– Deposits at call		15,243	–	4,000	–
<b>Total cash and cash equivalents</b>		<b>15,958</b>	<b>–</b>	<b>4,849</b>	<b>–</b>
<b>Investments (Note 6b)</b>					
– Long term deposits		91,000	–	88,428	–
<b>Total investments</b>		<b>91,000</b>	<b>–</b>	<b>88,428</b>	<b>–</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>		<b>106,958</b>	<b>–</b>	<b>93,277</b>	<b>–</b>

<sup>1</sup> Those investments where time to maturity (from date of purchase) is < 3 mths.

**Cash, cash equivalents and investments were classified at year end in accordance with AASB 139 as follows:**

### Cash and cash equivalents

a. 'At fair value through the profit and loss'		15,958	–	4,849	–
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### Investments

b. 'Held to maturity'	6(b-ii)	91,000	–	88,428	–
Investments		91,000	–	88,428	–

### Note 6(b-i)

**Reconciliation of investments classified as 'at fair value through the profit and loss'**

Balance at the beginning of the year		–	–	1,886	–
Disposals (sales and redemptions)		–	–	(1,886)	–
<b>Balance at end of year</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

### Note 6(b-ii)

**Reconciliation of investments classified as 'held to maturity'**

Balance at the beginning of the year		88,428	–	70,772	–
Additions		215,600	–	39,906	–
Disposals (sales and redemptions)		(213,028)	–	(22,250)	–
<b>Balance at end of year</b>		<b>91,000</b>	<b>–</b>	<b>88,428</b>	<b>–</b>

### Comprising:

– Long term deposits		91,000	–	88,428	–
<b>Total</b>		<b>91,000</b>	<b>–</b>	<b>88,428</b>	<b>–</b>

Refer to Note 27. Fair value measurement for information regarding the fair value of investments held.

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 6c. Restricted cash, cash equivalents and investments – details

	2016 Actual Current	2016 Actual Non-current	2015 Actual Current	2015 Actual Non-current
\$ '000				
<b>Total cash, cash equivalents and investments</b>	<b>106,958</b>	<b>–</b>	<b>93,277</b>	<b>–</b>
<b>attributable to:</b>				
External restrictions (refer below)	74,470	–	60,353	–
Internal restrictions (refer below)	29,761	–	28,118	–
Unrestricted	2,727	–	4,806	–
	<b>106,958</b>	<b>–</b>	<b>93,277</b>	<b>–</b>

2016 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
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### Details of restrictions

#### External restrictions – included in liabilities

Specific purpose unexpended loans – general (A)	34	–	(26)	8
<b>External restrictions – included in liabilities</b>	<b>34</b>	<b>–</b>	<b>(26)</b>	<b>8</b>

#### External restrictions – other

Developer contributions – general (D)	9,113	2,813	(2,049)	9,877
Developer contributions – water fund (D)	7,235	2,697	(570)	9,363
Developer contributions – sewer fund (D)	4,930	2,853	(1,096)	6,687
Developer contributions – stormwater	2,985	513	(700)	2,798
Specific purpose unexpended grants (F)	2,199	15,449	(16,183)	1,465
Water supplies (G)	21,220	4,648	–	25,868
Sewerage services (G)	8,066	5,676	–	13,742
Domestic waste management (G)	2,106	7,625	(7,496)	2,235
Stormwater management (G)	849	497	(529)	817
Environment levy	784	1,133	(1,212)	705
Quarry Royalties	832	166	(93)	905
<b>External restrictions – other</b>	<b>60,319</b>	<b>44,070</b>	<b>(29,928)</b>	<b>74,462</b>
<b>Total external restrictions</b>	<b>60,353</b>	<b>44,070</b>	<b>(29,954)</b>	<b>74,470</b>

A Loan moneys which must be applied for the purposes for which the loans were raised.

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

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

G Water, sewerage, domestic waste management (DWM) and other special rates/levies/charges are externally restricted assets and must be applied for the purposes for which they were raised.

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 6c. Restricted cash, cash equivalents and investments – details (continued)

2016 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
<b>Internal restrictions</b>				
Alexandra square	275	–	(246)	29
Bridges	271	–	(115)	156
Capital projects	2,180	733	(626)	2,287
Carry-over works	1,574	1,180	(1,574)	1,180
Cemeteries	122	40	(61)	101
Computer	223	–	(71)	152
Effluent disposal	63	6	(6)	63
Emergency assistance	40	5	–	45
Employees leave entitlement	1,900	248	(736)	1,412
Entrepreneurial fund	1,560	2,339	(230)	3,669
Family day care	107	20	(4)	123
Bonds & Deposits	1,563	1,206	(661)	2,108
Integrated planing and reporting	43	–	(43)	–
IRS	3,499	11,978	(11,800)	3,677
Land rental charge	4,781	690	(286)	5,185
Mittagong pool loan	955	–	(955)	–
Mittagong pool	336	–	(336)	–
Other waste	407	759	(152)	1,014
Plant replacement	592	1,097	(765)	924
Property operations PDR	2,235	563	(1,042)	1,756
Renwick asset management	45	25	–	70
Restructure savings	47	–	(47)	–
Revolving energy fund	198	69	(117)	150
Road resealing LIRS	4,000	–	(2,000)	2,000
Saleyards (SRLE)	173	48	(64)	157
Tourism	47	–	(6)	41
Welby hockey field	631	–	–	631
Election expenses	–	150	–	150
Risk Management	–	281	–	281
MVWMAC Loan	–	1,625	–	1,625
Bowral Memorial Hall	–	320	(34)	286
Roadside Spoil Management	–	183	–	183
Management Committees	251	55	–	306
<b>Total internal restrictions</b>	<b>28,118</b>	<b>23,620</b>	<b>(21,977)</b>	<b>29,761</b>
<b>TOTAL RESTRICTIONS</b>	<b>88,471</b>	<b>67,690</b>	<b>(51,931)</b>	<b>104,231</b>

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 7. Receivables

\$ '000	Notes	2016		2015	
		Current	Non-current	Current	Non-current
<b>Purpose</b>					
Rates and annual charges		997	—	730	—
Interest and extra charges		309	—	144	—
User charges and fees		7,052	—	5,908	—
Accrued revenues					
– Interest on investments		923	—	421	—
– Other income accruals		362	—	363	—
Government grants and subsidies		1,984	—	1,021	—
Loans to sporting clubs		117	427	28	328
Net GST receivable		734	—	562	—
Debtors – building services – other		23	—	17	—
Debtors – cemeteries		3	—	3	—
Debtors – hall and room rental		4	—	15	—
Debtors – other sewerage services		—	—	136	—
Debtors – other waste income		202	—	251	—
Debtors – saleyards		144	—	136	—
Debtors – swimming centres		41	—	8	—
Domestic waste management		189	—	303	—
Other debtors		541	—	185	—
<b>Total</b>		<b>13,625</b>	<b>427</b>	<b>10,231</b>	<b>328</b>
<b>Less: provision for impairment</b>					
User charges and fees		(6)	—	—	—
<b>Total provision for impairment – receivables</b>		<b>(6)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>13,619</u></b>	<b><u>427</u></b>	<b><u>10,231</u></b>	<b><u>328</u></b>
<b>Externally restricted receivables</b>					
<b>Water supply</b>					
– Specific purpose grants		129	—	129	—
– Other		2,847	—	1,674	—
<b>Sewerage services</b>					
– Specific purpose grants		115	—	115	—
– Other		3,842	—	4,339	—
<b>Domestic waste management</b>		<b>189</b>	<b>—</b>	<b>302</b>	<b>—</b>
<b>Total external restrictions</b>		<b>7,122</b>	<b>—</b>	<b>6,559</b>	<b>—</b>
<b>Internally restricted receivables</b>					
– Loans to Sporting Clubs		117	427	28	328
<b>Internally restricted receivables</b>		<b>117</b>	<b>427</b>	<b>28</b>	<b>328</b>
<b>Unrestricted receivables</b>		<b>6,380</b>	<b>—</b>	<b>3,644</b>	<b>—</b>
<b>TOTAL NET RECEIVABLES</b>		<b>13,619</b>	<b>427</b>	<b>10,231</b>	<b>328</b>

### Notes on debtors above:

- Rates and annual charges outstanding are secured against the property.
- 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.
- Interest was charged on overdue rates and charges at 8.50% (2015 8.50%).  
Generally all other receivables are non-interest bearing.
- Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

# Wingecarribee Shire Council

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 8. Inventories and other assets

\$ '000	Notes	2016		2015	
		Current	Non-current	Current	Non-current
(a) Inventories					
(i) Inventories at cost					
Stores and materials		304	—	266	—
Trading stock		173	—	191	—
Loose tools		468	—	449	—
<b>Total inventories at cost</b>		<b>945</b>	<b>—</b>	<b>906</b>	<b>—</b>
(ii) Inventories at net realisable value (NRV)					
Nil					
<b>TOTAL INVENTORIES</b>		<b>945</b>	<b>—</b>	<b>906</b>	<b>—</b>
(b) Other assets					
Prepayments		451	—	397	—
<b>TOTAL OTHER ASSETS</b>		<b>451</b>	<b>—</b>	<b>397</b>	<b>—</b>
Externally restricted assets					
Water					
Stores and materials		326	—	263	—
<b>Total water</b>		<b>326</b>	<b>—</b>	<b>263</b>	<b>—</b>
Sewerage					
Stores and materials		44	—	44	—
<b>Total sewerage</b>		<b>44</b>	<b>—</b>	<b>44</b>	<b>—</b>
Domestic waste management					
Nil					
Other					
Nil					
<b>Total externally restricted assets</b>		<b>370</b>	<b>—</b>	<b>307</b>	<b>—</b>
<b>Total unrestricted assets</b>		<b>1,026</b>	<b>—</b>	<b>996</b>	<b>—</b>
<b>TOTAL INVENTORIES AND OTHER ASSETS</b>		<b>1,396</b>	<b>—</b>	<b>1,303</b>	<b>—</b>

Notes to the Financial Statements  
for the year ended 30 June 2016

## Note 9a. Infrastructure, property, plant and equipment

\$ '000	as at 30/6/2015				Asset movements during the reporting period									as at 30/6/2016			
	At	At	Accumulated	Carrying	Additions	Additions	Carrying	Depreciation	WIP	Adjustments	Tfrs	Revaluation	Revaluation	At	At	Accumulated	Carrying
	cost	fair value	depreciation	value	renewals	new assets	value of disposals	expense	transfers	and transfers	from/(to) 'held for sale' category	decrements to equity (ARR)	increments to equity (ARR)	cost	fair value	depreciation	value
Capital work in progress	3,848	–	–	3,848	–	4,899	(258)	–	(2,965)	–	(31)	–	–	5,493	–	–	5,493
Plant and equipment	–	26,568	11,096	15,472	–	3,536	(1,006)	(2,192)	6	–	–	–	–	–	27,788	11,972	15,816
Office equipment	–	8,046	7,357	689	–	121	(3)	(227)	1	–	–	–	–	–	7,981	7,400	581
Furniture and fittings	–	1,321	1,177	144	–	89	–	(26)	3	–	–	–	–	–	1,413	1,203	210
Land:																	
– Operational land	–	47,497	–	47,497	–	413	(122)	–	56	–	639	–	–	–	48,483	–	48,483
– Community land	–	75,125	–	75,125	–	364	–	–	–	–	–	–	1,788	–	77,277	–	77,277
Land improvements – depreciable	–	356	–	356	–	–	–	–	–	(356)	–	–	–	–	–	–	–
Infrastructure:																	
– Buildings – non-specialised	–	1,579	833	746	–	–	–	(12)	–	–	–	–	–	–	1,579	845	734
– Buildings – specialised	–	100,516	44,396	56,120	1,481	319	(1,581)	(1,782)	317	11,423	–	–	105	–	115,904	49,502	66,402
– Other structures	–	882	372	510	68	–	–	(46)	158	–	–	–	394	–	1,694	610	1,084
– Roads	–	518,078	203,110	314,968	7,047	1,302	(1,576)	(9,099)	453	–	–	–	600	–	525,993	212,298	313,695
– Bridges	–	29,572	14,879	14,693	–	–	–	(169)	–	–	–	(4,612)	–	–	20,139	10,227	9,912
– Footpaths	–	29,676	14,221	15,455	324	874	(5)	(643)	–	–	–	–	445	–	31,604	15,154	16,450
– Bulk earthworks (non-depreciable)	–	215,987	–	215,987	227	208	(23)	–	6	–	–	–	228	–	216,633	–	216,633
– Stormwater drainage	–	118,876	31,635	87,241	524	1,242	(61)	(1,081)	–	–	–	–	–	–	120,495	32,630	87,865
– Water supply network	–	276,522	107,879	168,643	998	1,174	(501)	(3,905)	136	–	–	–	2,985	–	281,811	112,281	169,530
– Sewerage network	–	259,650	64,906	194,744	1,041	2,782	(558)	(3,704)	–	–	–	–	2,784	–	266,301	69,212	197,089
– Swimming pools	–	14,313	3,442	10,871	2,057	–	(42)	(192)	1,815	–	–	(2,502)	–	–	14,791	2,784	12,007
– Other open space/recreational assets	–	13,824	6,142	7,682	248	639	(1)	(680)	14	356	–	–	1,490	–	17,601	7,853	9,748
Other assets:																	
– Library books	–	4,659	4,406	253	–	141	–	(57)	–	–	–	–	–	–	4,800	4,463	337
– Other	–	12	5	7	–	–	–	(1)	–	–	–	–	–	–	12	6	6
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.</b>	<b>3,848</b>	<b>1,743,059</b>	<b>515,856</b>	<b>1,231,051</b>	<b>14,015</b>	<b>18,103</b>	<b>(5,737)</b>	<b>(23,816)</b>	<b>–</b>	<b>11,423</b>	<b>608</b>	<b>(7,114)</b>	<b>10,819</b>	<b>5,493</b>	<b>1,782,299</b>	<b>538,440</b>	<b>1,249,352</b>

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 and equipment.

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 9b. Externally restricted infrastructure, property, plant and equipment

Class of asset	Actual 2016				Actual 2015			
	At cost	At fair value	A/Dep & impairm't	Carrying value	At cost	At fair value	A/Dep & impairm't	Carrying value
<b>Water supply</b>								
WIP	117	–	–	117	160	–	–	160
Plant and equipment	–	1,903	730	1,173	–	1,569	725	844
Office equipment	–	149	148	1	–	149	146	3
Land								
– Operational land	–	5,066	–	5,066	–	6,220	–	6,220
– Community land	–	1,505	–	1,505	–	–	–	–
Buildings	–	1,376	568	808	–	1,376	442	934
Infrastructure	–	281,811	112,281	169,530	–	276,522	114,970	161,552
<b>Total water supply</b>	<b>117</b>	<b>291,810</b>	<b>113,727</b>	<b>178,200</b>	<b>160</b>	<b>285,836</b>	<b>116,283</b>	<b>169,713</b>
<b>Sewerage services</b>								
WIP	44	–	–	44	13	–	–	13
Plant and equipment	–	1,864	1,022	842	–	1,911	995	916
Office equipment	–	48	47	1	–	48	46	2
Land								
– Operational land	–	10,969	–	10,969	–	10,727	–	10,727
– Community land	–	1,452	–	1,452	–	–	–	–
Buildings	–	1,376	568	808	–	1,376	442	934
Infrastructure	–	266,298	69,211	197,087	–	259,650	64,679	194,971
<b>Total sewerage services</b>	<b>44</b>	<b>282,007</b>	<b>70,848</b>	<b>211,203</b>	<b>13</b>	<b>273,712</b>	<b>66,162</b>	<b>207,563</b>
<b>Domestic waste management</b>								
Plant and equipment	–	2,208	842	1,366	–	2,321	1,494	827
Office equipment	–	21	10	11	–	20	20	–
Land								
– Operational land	–	1,160	–	1,160	–	1,160	–	1,160
Buildings	–	2,523	560	1,963	–	2,167	591	1,576
Other structures	–	254	132	122	–	230	121	109
<b>Total DWM</b>	<b>–</b>	<b>6,166</b>	<b>1,544</b>	<b>4,622</b>	<b>–</b>	<b>5,898</b>	<b>2,226</b>	<b>3,672</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>161</b>	<b>579,983</b>	<b>186,119</b>	<b>394,025</b>	<b>173</b>	<b>565,446</b>	<b>184,671</b>	<b>380,948</b>

## Note 9c. Infrastructure, property, plant and equipment – current year impairments

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

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2016		2015	
		Current	Non-current	Current	Non-current
<b>Payables</b>					
Goods and services – operating expenditure		4,238	30	5,485	66
Payments received In advance		281	–	93	–
Accrued expenses:					
– Borrowings		272	–	359	–
– Salaries and wages		1,060	–	422	–
Security bonds, deposits and retentions		2,108	–	1,563	–
<b>Total payables</b>		<b>7,959</b>	<b>30</b>	<b>7,922</b>	<b>66</b>
<b>Borrowings</b>					
Loans – secured <sup>1</sup>		4,227	35,755	9,791	34,151
<b>Total borrowings</b>		<b>4,227</b>	<b>35,755</b>	<b>9,791</b>	<b>34,151</b>
<b>Provisions</b>					
<b>Employee benefits:</b>					
Annual leave		2,402	–	1,605	–
Long service leave		3,832	525	4,597	782
RDO & TIL		300	–	246	–
<b>Total provisions</b>		<b>6,534</b>	<b>525</b>	<b>6,448</b>	<b>782</b>
<b><u>TOTAL PAYABLES, BORROWINGS AND PROVISIONS</u></b>		<b>18,720</b>	<b>36,310</b>	<b>24,161</b>	<b>34,999</b>
<b>(i) Liabilities relating to restricted assets</b>					
		2016		2015	
		Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>					
Water		1,401	2,326	1,257	2,589
Sewer		3,665	18,173	8,498	15,908
Domestic waste management		512	976	1,263	1,121
<b>Liabilities relating to externally restricted assets</b>		<b>5,578</b>	<b>21,475</b>	<b>11,018</b>	<b>19,618</b>
<b>Internally restricted assets</b>					
Nil					
<b>Total liabilities relating to restricted assets</b>		<b>5,578</b>	<b>21,475</b>	<b>11,018</b>	<b>19,618</b>
<b>Total liabilities relating to unrestricted assets</b>		<b>13,142</b>	<b>14,835</b>	<b>13,143</b>	<b>15,381</b>
<b>TOTAL PAYABLES, BORROWINGS AND PROVISIONS</b>		<b>18,720</b>	<b>36,310</b>	<b>24,161</b>	<b>34,999</b>

<sup>1</sup>. Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 15.

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 10a. Payables, borrowings and provisions (continued)

	Actual 2016	Actual 2015
\$ '000		

### (ii) Current liabilities not anticipated to be settled within the next twelve months

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

Provisions – employees benefits	3,883	3,812
Payables – security bonds, deposits and retentions	1,686	1,064
	<b>5,570</b>	<b>4,876</b>

## Note 10b. Description of and movements in provisions

Class of provision	2015	2016				Closing balance as at 30/6/16
	Opening balance as at 1/7/15	Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	
Annual leave	1,605	2,234	(1,437)	–	–	<b>2,402</b>
Long service leave	5,379	(857)	(165)	–	–	<b>4,357</b>
Other leave (enter detai	246	202	(148)	–	–	<b>300</b>
<b>TOTAL</b>	<b>7,230</b>	<b>1,579</b>	<b>(1,750)</b>	<b>–</b>	<b>–</b>	<b>7,059</b>

- a. Employees leave entitlements and 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.

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 2016	Actual 2015
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6a	15,958	4,849
Less bank overdraft	10	–	–
<b>Balance as per the Statement of Cash Flows</b>		<b>15,958</b>	<b>4,849</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		<b>23,549</b>	<b>7,081</b>
<b>Adjust for non-cash items:</b>			
Depreciation and amortisation		23,816	24,583
Net losses/(gains) on disposal of assets		3,765	1,641
Non-cash capital grants and contributions		(7,608)	(4,682)
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Interest-free advances made by Council (deferred debtors)		10	55
Amortisation of premiums, discounts and prior period fair valuations			
– Interest on all fair value adjusted interest free advances made by Council		(22)	(22)
– Interest exp. on interest-free loans received by Council (previously fair valued)		81	94
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		(3,305)	(401)
Increase/(decrease) in provision for doubtful debts		6	–
Decrease/(increase) in inventories		(39)	(39)
Decrease/(increase) in other assets		(54)	(130)
Increase/(decrease) in payables		(1,283)	420
Increase/(decrease) in accrued interest payable		(87)	14
Increase/(decrease) in other accrued expenses payable		638	42
Increase/(decrease) in other liabilities		733	(2,246)
Increase/(decrease) in employee leave entitlements		(171)	803
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>40,029</b>	<b>27,213</b>

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 11. Statement of cash flows – additional information (continued)

\$ '000	Notes	Actual 2016	Actual 2015
<b>(c) Non-cash investing and financing activities</b>			
Bushfire grants		351	1,007
Other dedications		7,257	3,675
<b>Total non-cash investing and financing activities</b>		<b>7,608</b>	<b>4,682</b>

### (d) Financing arrangements

#### (i) Unrestricted access was available at balance date to the following lines of credit:

Bank overdraft facilities <sup>(1)</sup>		300	300
Credit cards/purchase cards		150	150
<b>Total financing arrangements</b>		<b>450</b>	<b>450</b>

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 and 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 year ended 30 June 2016

## Note 12. Commitments for expenditure

\$ '000	Notes	Actual 2016	Actual 2015
<b>(a) Capital commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, plant and equipment</b>			
Buildings		952	80
Plant and equipment		205	–
Infrastructure		2,563	716
Water system assets		251	31
Sewer system assets		48	97
Open Space		56	–
<b>Total commitments</b>		<b>4,075</b>	<b>924</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		4,075	924
<b>Total payable</b>		<b>4,075</b>	<b>924</b>
<b>Sources for funding of capital commitments:</b>			
Unrestricted general funds		3,647	924
Externally restricted reserves		428	–
<b>Total sources of funding</b>		<b>4,075</b>	<b>924</b>

## (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	155	173
Later than one year and not later than 5 years	363	269
<b>Total non-cancellable operating lease commitments</b>	<b>518</b>	<b>442</b>

### b. Non-cancellable operating leases include the following assets:

Council has entered into non-cancellable operating leases for various computer and printing equipment.

(i) No lease imposes any additional restrictions on Council in relation to additional debt or further leasing

(ii) The lease agreement included the option of renewing the lease for a period of up to 12 months.

Council must provide 30 days notice in writing if the lease is not to be extended.

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

### Conditions relating to operating leases:

– All operating lease agreements are secured only against the leased asset.

– No lease agreements impose any financial restrictions on Council regarding future debt etc.

## (d) Investment property commitments

Nil

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 13a(i). Statement of performance measurement – indicators (consolidated)

\$ '000	Amounts 2016	Indicator 2016	Prior periods 20152014	
Local government industry indicators – consolidated				
1. Operating performance ratio				
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	6,500	6.51%	-3.08%	-7.57%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	99,852			
2. Own source operating revenue ratio				
Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions	90,431	74.94%	79.72%	85.12%
Total continuing operating revenue <sup>(1)</sup>	120,666			
3. Unrestricted current ratio				
Current assets less all external restrictions <sup>(2)</sup>	40,858	5.40x	4.77x	3.69x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>	7,572			
4. Debt service cover ratio				
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	32,411	5.28x	4.20x	3.78x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	6,136			
5. Rates, annual charges, interest and extra charges outstanding percentage				
Rates, annual and extra charges outstanding	1,306	2.20%	1.54%	2.03%
Rates, annual and extra charges collectible	59,310			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	106,958	15.89 mths	15.5 mths	13.0 mths
Payments from cash flow of operating and financing activities	6,731			

### Notes

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

<sup>(2)</sup> Refer Notes 6-8 inclusive.

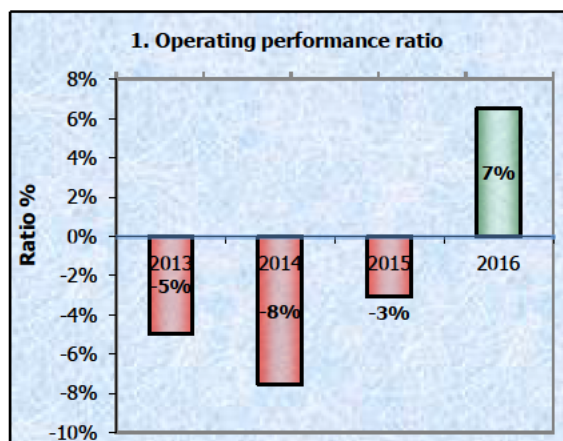
Also excludes any real estate and land for resale not expected to be sold in the next 12 months.

<sup>(3)</sup> Refer to Note 10(a).

<sup>(4)</sup> Refer to Note 10(a)(ii) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

Notes to the Financial Statements  
for the year ended 30 June 2016

Note 13a(ii). Local government industry indicators – graphs (consolidated)



Benchmark: — Minimum  $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

**Purpose of operating performance ratio**

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

**Commentary on 2015/16 result**

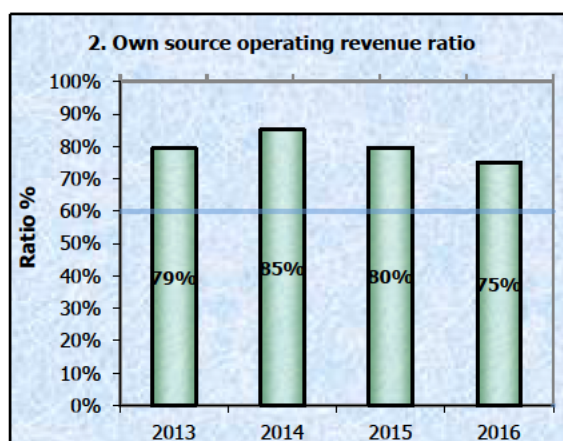
**2015/16 ratio 6.51%**

Council has reported a surplus of \$2.7 million in 2015/16. This is the first surplus generated in the last 4 years and is mainly attributable to increased revenue from recovery of CDO investments from Lehman Bros (\$4.8million), rebate of Workers' Compensation Premium (\$750K), and an increase in water sales of \$1.1 million, from the previous year.



Ratio achieves benchmark

Ratio is outside benchmark



Benchmark: — Minimum  $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

**Purpose of own source operating revenue ratio**

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

**Commentary on 2015/16 result**

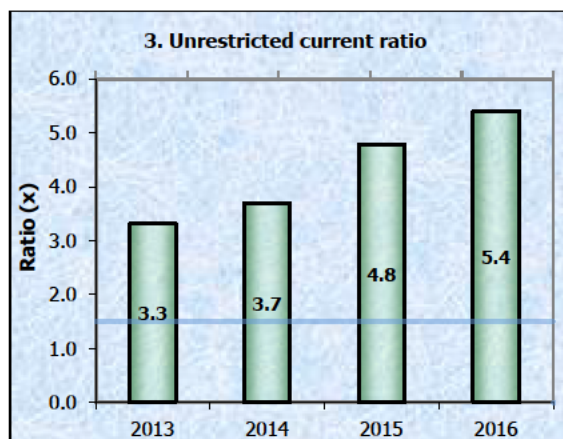
**2015/16 ratio 74.94%**

The higher this ratio, the less dependent Council is on grants & contributions to fund services. Council continues to exceed benchmark with 75% of revenue earned during the year being from rates, charges and fees.



Ratio achieves benchmark

Ratio is outside benchmark



Benchmark: — Minimum  $\geq 1.50$

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

**Purpose of unrestricted current ratio**

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

**Commentary on 2015/16 result**

**2015/16 ratio 5.40x**

Council maintains a healthy liquidity position which demonstrates the strong ability of Council to satisfy its financial obligations in the short term.

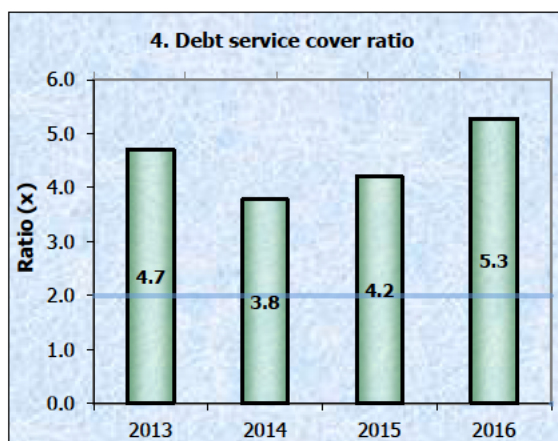


Ratio achieves benchmark

Ratio is outside benchmark

Notes to the Financial Statements  
for the year ended 30 June 2016

Note 13a(ii). Local government industry indicators – graphs (consolidated)



Benchmark: — Minimum  $\geq 2.00$

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

**Purpose of debt service cover ratio**

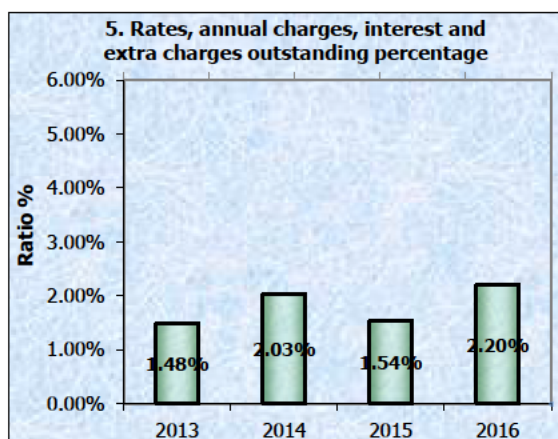
This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

**Commentary on 2015/16 result**

**2015/16 ratio 5.28x**

Councils debt position remains stable with no further borrowing during the year. Operating revenue for the year was adequate to cover the \$6 million in principal and interest paid during the year.

Ratio achieves benchmark  
 Ratio is outside benchmark



Benchmark: — Maximum  $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #24

**Purpose of rates and annual charges outstanding ratio**

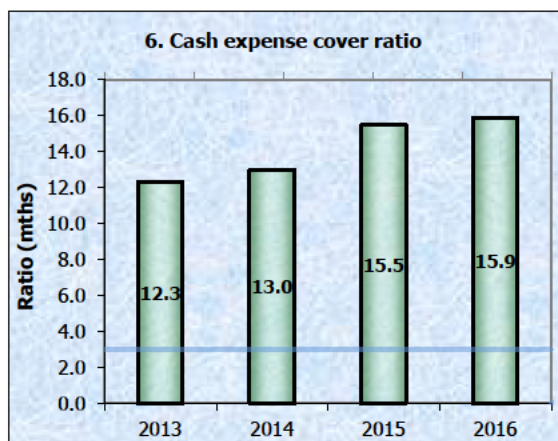
To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

**Commentary on 2015/16 result**

**2015/16 ratio 2.20%**

Council in conducting its business is entitled to the receipt of fees and rates which need to be collected efficiently. This ratio continues to exceed benchmark which highlights the effectiveness of Councils debt recovery procedures and management of outstanding debts.

Ratio is within Benchmark  
 Ratio is outside Benchmark



Benchmark: — Minimum  $\geq 3.00$

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

**Purpose of cash expense cover ratio**

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

**Commentary on 2015/16 result**

**2015/16 ratio 15.89 mths**

This ratio demonstrates that Council has adequate cash to cover financial obligations for 15.9 months, without any cash inflows during this period.

Ratio achieves benchmark  
 Ratio is outside benchmark

Notes to the Financial Statements  
for the year ended 30 June 2016

Note 13b. Statement of performance measurement – indicators (by fund)

\$ '000	Water 2016	Sewer 2016	General <sup>5</sup> 2016
<b>Local government industry indicators – by fund</b>			
<b>1. Operating performance ratio</b>			
<u>Total continuing operating revenue<sup>(1)</sup> excluding capital grants and contributions less operating expenses</u>	<b>21.87%</b>	<b>25.93%</b>	<b>-1.59%</b>
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	prior period: 10.64%	14.97%	-10.21%
<b>2. Own source operating revenue ratio</b>			
<u>Total continuing operating revenue<sup>(1)</sup> excluding all grants and contributions</u>	<b>80.76%</b>	<b>75.83%</b>	<b>73.38%</b>
Total continuing operating revenue <sup>(1)</sup>	prior period: 86.66%	81.69%	77.76%
<b>3. Unrestricted current ratio</b>			
<u>Current assets less all external restrictions<sup>(2)</sup></u>	<b>20.82x</b>	<b>4.84x</b>	<b>5.40x</b>
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>	prior period: 17.04x	1.05x	4.56x
<b>4. Debt service cover ratio</b>			
<u>Operating result<sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation</u>	<b>17.97x</b>	<b>2.40x</b>	<b>7.93x</b>
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	prior period: 11.82x	1.65x	8.01x
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>			
<u>Rates, annual and extra charges outstanding</u>	<b>8.37%</b>	<b>2.23%</b>	<b>3.07%</b>
Rates, annual and extra charges collectible	prior period: 0.00%	0.00%	2.14%
<b>6. Cash expense cover ratio</b>			
<u>Current year's cash and cash equivalents plus all term deposits</u> x12	<b>53.53 mths</b>	<b>23.19 mths</b>	<b>9.88 mths</b>
Payments from cash flow of operating and financing activities	prior period: 47.01 mths	18.14 mths	11.01 mths

Notes

(1) - (4) Refer to Notes at Note 13a(i) above.

(5) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

## Notes to the Financial Statements

for the year ended 30 June 2016

### 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 and financial liabilities recognised in the financial statements is presented below.

	Carrying value		Fair value	
	2016	2015	2016	2015
<b>Financial assets</b>				
Cash and cash equivalents	15,958	4,849	15,958	4,849
Investments				
– 'Held to maturity'	91,000	88,428	91,000	88,428
Receivables	14,046	10,559	14,596	11,216
<b>Total financial assets</b>	<b>121,004</b>	<b>103,836</b>	<b>121,554</b>	<b>104,493</b>
<b>Financial liabilities</b>				
Payables	7,708	7,895	7,708	7,895
Loans/advances	39,982	43,942	40,157	44,163
<b>Total financial liabilities</b>	<b>47,690</b>	<b>51,837</b>	<b>47,865</b>	<b>52,058</b>

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) '**at fair value through profit and 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 and liabilities.

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 15. Financial risk management (continued)

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\$ '000

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

Council has an investment policy which complies with the *Local Government Act 1993* and 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.

#### (a) Market risk – price risk and interest rate risk

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
<b>2016</b>				
Possible impact of a 10% movement in market values	10,696	10,696	(10,696)	(10,696)
Possible impact of a 1% movement in interest rates	1,070	1,070	(1,070)	(1,070)
<b>2015</b>				
Possible impact of a 10% movement in market values	9,328	9,328	(9,328)	(9,328)
Possible impact of a 1% movement in interest rates	933	933	(933)	(933)

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 15. Financial risk management (continued)

\$ '000

### (b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and 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 and 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.

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:

	2016 Rates and annual charges	2016 Other receivables	2015 Rates and annual charges	2015 Other receivables
<b>(i) Ageing of receivables – %</b>				
Current (not yet overdue)	10%	92%	44%	98%
Overdue	90%	8%	56%	2%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### (ii) Ageing of receivables – value

Rates and annual charges	Other receivables	2016 Rates and annual charges	2016 Other receivables	2015 Rates and annual charges	2015 Other receivables
Current	Current	102	12,057	321	9,656
< 1 year overdue	0 – 30 days overdue	464	347	125	104
1 – 2 years overdue	30 – 60 days overdue	198	60	94	48
2 – 5 years overdue	60 – 90 days overdue	161	591	153	21
> 5 years overdue	> 90 days overdue	72	–	37	–
		<b>997</b>	<b>13,055</b>	<b>730</b>	<b>9,829</b>

### (iii) Movement in provision for impairment of receivables

	2016	2015
+ new provisions recognised during the year	6	–
<b>Balance at the end of the year</b>	<b>6</b>	<b>–</b>

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 15. Financial risk management (continued)

\$ '000

### (c) Liquidity risk

Payables and 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 and overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and 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		
2016									
Trade/other payables	2,108	5,600	—	—	—	—	—	7,708	7,708
Loans and advances	—	6,033	12,510	5,150	5,150	5,400	13,749	52,094	39,982
Total financial liabilities	2,108	11,633	12,510	5,150	5,150	5,400	13,749	59,802	47,690
2015									
Trade/other payables	1,563	6,332	—	—	—	—	—	7,895	7,895
Loans and advances	—	9,872	2,878	14,500	2,308	8,288	5,987	43,833	43,942
Total financial liabilities	1,563	16,204	2,878	14,500	2,308	8,288	5,987	51,728	51,837

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

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

	2016		2015	
	Carrying value	Average interest rate	Carrying value	Average interest rate
Trade/other payables	7,708	0.00%	7,895	0.00%
Loans and advances – fixed interest rate	39,982	4.58%	43,942	5.17%
	<u>47,690</u>		<u>51,837</u>	

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 16. Material budget variations

\$ '000

Council's original financial budget for 15/16 was adopted by the Council on 10 June 2015.

While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the *Local Government Act 1993* 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	2016 Budget	2016 Actual	2016 Variance*	
<b>REVENUES</b>				
<b>Rates and annual charges</b>	<b>56,611</b>	<b>57,912</b>	<b>1,301</b>	<b>2% F</b>
<b>User charges and fees</b>	<b>16,615</b>	<b>19,648</b>	<b>3,033</b>	<b>18% F</b>
There has been an increase in User Fees and Charges when compared to original budget. This increase consists of the following; Sewer User Charges \$206K, Waste Management User Charges \$296K, Building Services \$366K and Strategic Planning Fees \$726K due to increased development activity. Income from the Moss Vale Aquatic Centre has been reported based on gross income \$1.415M.				
<b>Interest and investment revenue</b>	<b>2,727</b>	<b>3,037</b>	<b>310</b>	<b>11% F</b>
Investment Income exceeded budget expectations by \$231K. This improvement was due to a higher than anticipated pool of funds being available for investment and improvements to cash management procedures. Interest on overdue rates exceeded budget expectations by \$53K. Council's Original Budget did not include the the amortisation (non-cash) of the Interest Free Loan which has resulted in a variation of \$22K.				
<b>Other revenues</b>	<b>3,197</b>	<b>9,834</b>	<b>6,637</b>	<b>208% F</b>
Other revenues have exceeded budget expectations by \$6.637M. This is largely due to the recovery of investments which had been previously been written off \$4.861M and a significant rebate Council received from its workers compensation insurer relating to the 2014/15 workers compensation premium \$734K. Other areas where Council has realised an increase in revenue when compared to the Original Budget include; Lease Rental Income \$449K, Saleyards Revenue \$122K, Cemetery Fees \$84K and a range of other revenue streams \$82K.				
<b>Operating grants and contributions</b>	<b>7,820</b>	<b>9,421</b>	<b>1,601</b>	<b>20% F</b>
Operating Grants and Contributions have exceeded budget expectations by \$1.601M. This increase consists of the following: a higher than expected allocation under the Financial Assistance Grant \$147K, Traffic Route Lighting Subsidy \$91K and other community based grants \$122K. During the 2015/16 financial year Council secured grant funding for the following: Storm event clean up costs \$198K, Bush Fire Asset Protection Zones \$217K, Flood Study Grants \$170K and other waste and illegal dumping grants \$254K. Council has applied the correct accounting treatment for LIRS Subsidies \$183K and has also brought to account income from 355 committees \$125K.				
<b>Capital grants and contributions</b>	<b>8,353</b>	<b>20,814</b>	<b>12,461</b>	<b>149% F</b>
Capital Grants and Contributions have exceeded original budget forecasts due to the recognition of dedicated assets (non-cash) and higher than expected developer contributions. During the year Council recognised dedicated assets valued at \$7.257M and dedicated RFS assets valued at \$351K. Revenue from developers contributions (Section 94 and Section 64) were \$5.324M above original budget projections. This reflects the current levels of development activity occurring in the LGA.				

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 16. Material budget variations (continued)

\$ '000	2016 Budget	2016 Actual	2016 ----- Variance* -----		
<b>EXPENSES</b>					
<b>Employee benefits and on-costs</b>	<b>32,438</b>	<b>32,103</b>	<b>335</b>	<b>1%</b>	<b>F</b>
<b>Borrowing costs</b>	<b>2,032</b>	<b>2,095</b>	<b>(63)</b>	<b>(3%)</b>	<b>U</b>
<b>Materials and contracts</b>	<b>17,186</b>	<b>20,904</b>	<b>(3,718)</b>	<b>(22%)</b>	<b>U</b>
Materials and Contracts exceeded budget by \$3,718K for the year. This was predominantly due to reporting expenditure for the Moss Vale Aquatic Centre based on gross expenditure \$1,627K. Other items where actual expenditure exceeded original budget include Storm Damage events \$434K, External Plant Hire \$409K, Legal expenses \$326K, Local Roads maintenance Materials \$151K, Childrens Services Carer Gap Payment \$143K, Waste Transport expenses \$127K, Management Committees consolidated expenditure \$118K, and Hire of Plant and Equipment expenses \$72K.					
<b>Depreciation and amortisation</b>	<b>25,632</b>	<b>23,816</b>	<b>1,816</b>	<b>7%</b>	<b>F</b>
<b>Other expenses</b>	<b>14,565</b>	<b>14,434</b>	<b>131</b>	<b>1%</b>	<b>F</b>
<b>Net losses from disposal of assets</b>	<b>–</b>	<b>3,765</b>	<b>(3,765)</b>	<b>0%</b>	<b>U</b>
Council does not estimate the net profit/loss from the disposal of assets as part of the Annual Budget, instead estimates are based on the expected sales proceeds. This amount also represents the disposal of infrastructure which is renewed throughout the year. These entries are required to reflect the written down value of the asset and does not impact on Council's cash budget.					

## Wingecarribee Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

### Note 17. Statement of developer contributions

\$ '000

Council recovers contributions, raises levies and 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 and levies and the value of all remaining funds which are 'restricted' in their future use.

#### SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	1,837	957	–	57	(385)	–	2,466	–
Community facilities	157	36	–	4	(39)	–	158	–
Open Space & Community Facilities	4,330	856	–	129	(1,042)	–	4,273	–
Administration	–	129	–	1	(11)	–	119	–
Resource Recovery Centre	–	62	–	–	(62)	–	–	–
CF Library Loan	43	111	–	3	–	–	157	–
Administration (MVEC)	1	–	–	–	–	–	1	–
Future Works (MVEC)	61	2	–	2	–	–	65	–
Land Acquisition (MVEC)	4	–	–	–	–	–	4	–
<b>S94 contributions – under a plan</b>	<b>6,433</b>	<b>2,153</b>	<b>–</b>	<b>196</b>	<b>(1,539)</b>	<b>–</b>	<b>7,243</b>	<b>–</b>
<b>S94A levies – under a plan</b>	<b>408</b>	<b>88</b>	<b>–</b>	<b>12</b>	<b>(342)</b>	<b>–</b>	<b>166</b>	<b>–</b>
<b>Total S94 revenue under plans</b>	<b>6,841</b>	<b>2,241</b>	<b>–</b>	<b>208</b>	<b>(1,881)</b>	<b>–</b>	<b>7,409</b>	<b>–</b>
S94 not under plans parking	1,316	–	–	39	–	–	1,355	–
S94 not under plans (VPA)	1,944	1,194	–	60	(178)	–	3,020	–
S64 Contributions Water	6,864	2,077	–	220	(570)	–	8,591	–
S64 Contributions Sewer	4,313	2,198	–	141	(1,096)	–	5,556	–
S64 Stormwater	2,985	417	–	81	(689)	–	2,794	–
<b>Total contributions</b>	<b>24,263</b>	<b>8,127</b>	<b>–</b>	<b>749</b>	<b>(4,414)</b>	<b>–</b>	<b>28,725</b>	<b>–</b>

# Wingecarribee Shire Council

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 17. Statement of developer contributions (continued)

\$ '000

#### S94 CONTRIBUTIONS – UNDER A PLAN

##### CONTRIBUTION PLAN 1

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	1,837	957	–	57	(385)	–	2,466	–
Community facilities	157	36	–	4	(39)	–	158	–
Open Space & Community Facilities	4,330	856	–	129	(1,042)	–	4,273	–
Administration	–	129	–	1	(11)	–	119	–
CF Library Loan	43	111	–	3	–	–	157	–
Resource Recovery Centre	–	62	–	–	(62)	–	–	–
<b>Total</b>	<b>6,367</b>	<b>2,151</b>	<b>–</b>	<b>194</b>	<b>(1,539)</b>	<b>–</b>	<b>7,173</b>	<b>–</b>

##### S94 CONTRIBUTIONS - UNDER A PLAN (MVEC)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Administration (MVEC)	1	–	–	–	–	–	1	–
Future Works (MVEC)	61	2	–	2	–	–	65	–
Land Acquisition (MVEC)	4	–	–	–	–	–	4	–
<b>Total</b>	<b>66</b>	<b>2</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>70</b>	<b>–</b>

#### S94A LEVIES – UNDER A PLAN

##### S94A

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
S94A	408	88	–	12	(342)	–	166	–
<b>Total</b>	<b>408</b>	<b>88</b>	<b>–</b>	<b>12</b>	<b>(342)</b>	<b>–</b>	<b>166</b>	<b>–</b>

# Wingecarribee Shire Council

## Notes to the Financial Statements for the year ended 30 June 2016

### Note 17. Statement of developer contributions (continued)

\$ '000

#### S94 CONTRIBUTIONS – NOT UNDER A PLAN

##### S94 not under Plans (VPA)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	14	15	–	1	(11)	–	19	–
Roads	420	44	–	12	–	–	476	–
Community facilities	24	212	–	–	(153)	–	83	–
Sewer	617	494	–	20	–	–	1,131	–
Water	371	388	–	13	–	–	772	–
RRC	79	14	–	2	(14)	–	81	–
ASH	10	–	–	–	–	–	10	–
Administration	374	27	–	11	–	–	412	–
Management Contribution	35	–	–	1	–	–	36	–
<b>Total</b>	<b>1,944</b>	<b>1,194</b>	<b>–</b>	<b>60</b>	<b>(178)</b>	<b>–</b>	<b>3,020</b>	<b>–</b>

##### S94 not under Plans Parking

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Parking	1,316	–	–	39	–	–	1,355	–
<b>Total</b>	<b>1,316</b>	<b>–</b>	<b>–</b>	<b>39</b>	<b>–</b>	<b>–</b>	<b>1,355</b>	<b>–</b>

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 18. Contingencies and other assets/liabilities not recognised

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\$ '000

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

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

###### (i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under The Local Government Superannuation Scheme - Pool B (the scheme) which is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB119 *Employee Benefits*. Sufficient information is not available to account for the Scheme as a defined benefit plan in accordance with AASB119 because the assets to the Scheme are pooled together for all Councils.

The amount of employer contributions to the defined benefit section of the Scheme and recognised as an expense for the year ending 30 June 2016 was \$563,079. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA on 24/2/2016, and covers the period ended 30 June 2015.

However, the position is monitored annually and the actuary has estimated that, as at 30 June 2016, a deficit still exists. Effective from 1 July 2009, employers are required to make additional contributions to assist in extinguishing this deficit. Council's expected contributions to the plan for the next annual reporting period is \$384,169.

The share of this deficit, that is broadly attributed to Council, is estimated to be in the order of \$315,220 as at 30 June 2016.

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 Council's accounts. 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.

###### (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 Council's 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 year ended 30 June 2016

### Note 18. Contingencies and other assets/liabilities not recognised (continued)

\$ '000

#### LIABILITIES NOT RECOGNISED (continued):

##### 2. Other liabilities

###### (i) Third party claims

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

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

###### (ii) S94 plans

Council levies section 94/94A contributions upon various development across the Council area through the required contributions plans.

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

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

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

###### (iii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

###### (iii) Potential land acquisitions due to planning restrictions imposed by Council (continued)

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

###### (iv) Landfill Remediation

The former landfill site at Welby requires remediation. While total costs for the project are yet to be determined it is estimated that the cost may be up to \$2,000,000. It is anticipated that funding will be from the Domestic Waste Management and Resource Recovery Reserves.

The rehabilitation plan for the site proposes to restore the site to a form that meets the relevant environmental standards and is capable of being adapted to a range of future open space uses. The timing of the rehabilitation works has not been scheduled at this point in time.

##### 3. Asbestos Contaminated Material

Council has for a number of years managed and operated a Resource Recovery Centre located at Moss Vale. This has included the disposal and reprocessing of materials containing concrete. Council has recently reported confirmation of asbestos contamination within concrete material accepted at the facility. This was identified during routine laboratory testing and is currently being investigated by both Council and the Environmental Protection Authority (EPA). Council is yet to determine the quantity of contaminated material and the appropriate disposal method in accordance with the EPA's licencing requirements.

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 18. Contingencies and other assets/liabilities not recognised (continued)

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\$ '000

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#### **ASSETS NOT RECOGNISED:**

##### **(i) Infringement notices/fines**

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

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

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

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

### Note 19. Interests in other entities

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Council has no interest in any controlled entities, joint arrangements or associates.

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

\$ '000	Notes	Actual 2016	Actual 2015
<b>(a) Retained earnings</b>			
<b>Movements in retained earnings were as follows:</b>			
Balance at beginning of year (from previous years audited accounts)		547,152	539,785
a. Correction of prior period errors	20 (c)	(449)	(449)
b. Other comprehensive income (excl. direct to reserves transactions)		11,423	286
c. Net operating result for the year		23,549	7,081
<b>Balance at end of the reporting period</b>		<b>582,017</b>	<b>546,703</b>

## (b) Revaluation reserves

### (i) Reserves are represented by:

– Infrastructure, property, plant and equipment revaluation reserve	735,552	732,189
<b>Total</b>	<b>735,552</b>	<b>732,189</b>

### (ii) Reconciliation of movements in reserves:

#### Infrastructure, property, plant and equipment revaluation reserve

– Opening balance	732,189	725,786
– Revaluations for the year	3,705	6,403
– Transfer to retained earnings for asset disposals	(342)	–
<b>– Balance at end of year</b>	<b>735,552</b>	<b>732,189</b>

#### TOTAL VALUE OF RESERVES

**735,552**      **732,189**

### (iii) Nature and purpose of reserves

#### Infrastructure, property, plant and equipment revaluation reserve

- The infrastructure, property, plant and equipment revaluation reserve is used to record increments/decrements of non-current asset values due to their revaluation.

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Notes	Actual 2016	Actual 2015
<b>(c) Correction of error/s relating to a previous reporting period</b>			
<b>Correction of errors disclosed in this year's financial statements:</b>			
An audit of Floating Loose Tools was conducted during the year with the register being updated to reflect the outcome of the audit and the physical count.			
As a result, Council has adjusted the value of Floating Loose Tools as at 30/6/2015 to reflect the correct value of items held.			
		373	—
This adjustment resulted in a net increase in Council's accumulated surplus as at 30/6/2015.			
Additionally, as part of Council's ongoing asset management, an evaluation and measurement of useful life of each asset has been reassessed to actual.			
This reassessment has resulted in a material difference as to where some assets actually sit in relation to their asset life cycle relative to what the value of accumulated depreciation in Council's financial reports had previously indicated.			
Council does not have sufficient and reliable information that will allow the restatement of information prior to 30/6/15 (the closing date for the comparative figures in this report).			
As a result, Council has adjusted the accumulated depreciation for the following asset classes as at 30/6/15 to reflect the correct value of accumulated depreciation;			
Buildings - Non Specialised		117	
Buildings - Specialised		785	
Roads		1,528	
Bridges		(8,084)	
Footpaths		(3,675)	
Stormwater Drainage		2,160	
Swimming Pools		(517)	
Water Supply Network		7,091	
Sewerage Network		(227)	
This adjustment resulted in net increase/(decrease) in Council's accumulated surplus as at 30/6/15.			
<b>In accordance with AASB 108 – Accounting Policies, Changes in Accounting Estimates and Errors, the above prior period errors have been recognised retrospectively.</b>			
<b>These amounted to the following equity adjustments:</b>			
– Adjustments to closing equity – 30/6/15 (relating to adjustments for the 30/6/15 year end)		(449)	—
<b>Total prior period adjustments – prior period errors</b>		<b>(449)</b>	<b>—</b>

## (d) Voluntary changes in accounting policies

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

# Wingecarribee Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 21. Financial result and financial position by fund

Income Statement by fund \$ '000	Actual 2016	Actual 2016	Actual 2016
<b>Continuing operations</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from continuing operations</b>			
Rates and annual charges	3,151	13,496	41,265
User charges and fees	9,061	1,176	9,411
Interest and investment revenue	699	408	1,930
Other revenues	1,957	1,291	6,586
Grants and contributions provided for operating purposes	193	173	9,055
Grants and contributions provided for capital purposes	3,350	5,044	12,420
<b>Total income from continuing operations</b>	<b>18,411</b>	<b>21,588</b>	<b>80,667</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	2,227	2,590	27,286
Borrowing costs	140	1,081	874
Materials and contracts	1,207	1,396	18,301
Depreciation and amortisation	4,074	3,884	15,858
Impairment	–	–	–
Other expenses	4,048	3,132	7,254
Net losses from the disposal of assets	408	352	3,005
<b>Total expenses from continuing operations</b>	<b>12,104</b>	<b>12,435</b>	<b>72,578</b>
<b>Operating result from continuing operations</b>	<b>6,307</b>	<b>9,153</b>	<b>8,089</b>
<b>Discontinued operations</b>			
Net profit/(loss) from discontinued operations	–	–	–
<b>Net operating result for the year</b>	<b>6,307</b>	<b>9,153</b>	<b>8,089</b>
<b>Net operating result attributable to each council fund</b>	<b>6,307</b>	<b>9,153</b>	<b>8,089</b>
<b>Net operating result attributable to non-controlling interests</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>2,957</b>	<b>4,109</b>	<b>(4,331)</b>

<sup>1</sup> General fund refers to all Council's activities other than Water and Sewer.

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds.

# Wingecarribee Shire Council

## Notes to the Financial Statements

as at 30 June 2016

### Note 21. Financial result and financial position by fund (continued)

Statement of Financial Position by fund \$ '000	Actual 2016	Actual 2016	Actual 2016
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current assets</b>			
Cash and cash equivalents	5,285	3,064	7,609
Investments	29,947	17,365	43,688
Receivables	2,975	3,957	6,687
Inventories	326	44	575
Other	–	–	451
Non-current assets classified as 'held for sale'	–	–	847
<b>Total current assets</b>	<b>38,533</b>	<b>24,430</b>	<b>59,857</b>
<b>Non-current assets</b>			
Receivables	–	–	427
Infrastructure, property, plant and equipment	178,200	211,203	859,949
<b>Total non-current assets</b>	<b>178,200</b>	<b>211,203</b>	<b>860,376</b>
<b>TOTAL ASSETS</b>	<b>216,733</b>	<b>235,633</b>	<b>920,233</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	667	461	6,831
Borrowings	251	2,595	1,381
Provisions	483	609	5,442
<b>Total current liabilities</b>	<b>1,401</b>	<b>3,665</b>	<b>13,654</b>
<b>Non-current liabilities</b>			
Payables	–	–	30
Borrowings	2,283	18,117	15,355
Provisions	43	56	426
<b>Total non-current liabilities</b>	<b>2,326</b>	<b>18,173</b>	<b>15,811</b>
<b>TOTAL LIABILITIES</b>	<b>3,727</b>	<b>21,838</b>	<b>29,465</b>
<b>Net assets</b>	<b>213,006</b>	<b>213,795</b>	<b>890,768</b>
<b>EQUITY</b>			
Retained earnings	63,763	116,120	402,134
Revaluation reserves	149,243	97,675	488,634
<b>Total equity</b>	<b>213,006</b>	<b>213,795</b>	<b>890,768</b>

<sup>1</sup> General Fund refers to all Council's activities other than Water and Sewer.

NB. All amounts disclosed above are gross – that is, they include internal receivables and payables between the funds.

# Notes to the Financial Statements

for the year ended 30 June 2016

## Note 22. 'Held for sale' non-current assets and disposal groups

\$ '000	2016	2016	2015	2015
	Current	Non-current	Current	Non-current
<b>(i) Non-current assets and disposal group assets</b>				
<b>Non-current assets 'held for sale'</b>				
Land	847	–	1,862	–
<b>Total non-current assets 'held for sale'</b>	<b>847</b>	<b>–</b>	<b>1,862</b>	<b>–</b>
<b>Disposal group assets 'held for sale'</b>				
None				
<b><u>TOTAL NON-CURRENT ASSETS CLASSIFIED AS 'HELD FOR SALE'</u></b>	<b><u>847</u></b>	<b><u>–</u></b>	<b><u>1,862</u></b>	<b><u>–</u></b>

## (ii) Details of assets and disposal groups

Council has passed a resolution to sell certain parcels of surplus Operational Land. Staff have commenced the process of undertaking the work necessary to develop and / or selling each parcel by auction or private treaty.

It is anticipated that all blocks identified to date will be developed and/or sold within two years depending on development works required to make ready for sale and dependent on further council decisions.

\$ '000	Assets 'held for sale'	
	2016	2015
<b>(iii) Reconciliation of non-current assets 'held for sale' and disposal groups – i.e. discontinued operations</b>		
<b>Opening balance</b>	1,862	–
<b>Less:</b> carrying value of assets/operations sold	(407)	–
<b>Balance still unsold after 12 months:</b>	<b>1,455</b>	<b>–</b>
Less: assets no longer classified as 'held for sale'	(839)	–
<b>Plus new transfers in:</b>		
– Assets 'held for sale'	231	2,261
that were re-classified this reporting period	–	(399)
<b>Closing balance of 'held for sale' non-current assets and operations</b>	<b><u>847</u></b>	<b><u>1,862</u></b>

Refer to Note 27. Fair value measurement for fair value measurement information.

## Notes to the Financial Statements

for the year ended 30 June 2016

### Note 23. Events occurring after the reporting date

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\$ '000

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Events that occur between the end of the reporting period (30 June 2016) 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 14/10/16.

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 2016.

#### **(ii) Events that provide evidence of conditions that arose after the reporting period**

These financial statements (and figures therein) do not incorporate any 'non-adjusting events' that have occurred after 30 June 2016 and which are only indicative of conditions that arose after 30 June 2016.

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

### Note 24. Discontinued operations

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Council has not classified any of its operations as 'discontinued'.

### Note 25. Intangible assets

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Intangible assets represent identifiable non-monetary assets without physical substance.

Council is unaware of any control over intangible assets that warrant recognition in the financial statements, including either internally generated and developed assets or purchased assets.

### Note 26. Reinstatement, rehabilitation and restoration liabilities

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Council has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.



## Notes to the Financial Statements

for the year ended 30 June 2016

## Note 27. Fair value measurement (continued)

\$ '000

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

Fair value measurement hierarchy				
Level 1	Level 2	Level 3	Total	
Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs		
2015				
Recurring fair value measurements				
Financial assets				
Investments				
– ‘Held for trading’	–	–	4,849	4,849
– ‘Held to Maturity’	–	–	88,428	88,428
Total financial assets				
– – 93,277 93,277				
Infrastructure, property, plant and equipment				
Plant & Equipment	–	–	19,320	19,320
Office Equipment	–	–	689	689
Furniture & Fittings	–	–	144	144
Operational Land	–	–	47,497	47,497
Community Land	–	–	75,125	75,125
Land Improvements - depreciable	–	–	356	356
Buildings - Non Specialised	–	–	746	746
Buildings - Specialised	–	–	56,120	56,120
Other Structures	–	–	510	510
Roads	–	–	314,968	314,968
Bridges	–	–	14,693	14,693
Footpaths	–	–	15,455	15,455
Bulk Earthworks (non-depreciable)	–	–	215,987	215,987
Stormwater Drainage	–	–	87,241	87,241
Water Supply Network	–	–	168,643	168,643
Sewerage Network	–	–	194,744	194,744
Swimming Pools	–	–	10,871	10,871
Other Open Space/Recreational Assets	–	–	7,682	7,682
Library Books	–	–	253	253
Other	–	–	7	7
Total infrastructure, property, plant and equipment				
– – 1,231,051 1,231,051				
Non-recurring fair value measurements				
Non-current assets classified as ‘held for sale’				
Land	–	–	1,862	1,862
Total NCA’s classified as ‘held for sale’				
– – 1,862 1,862				

## (2) Transfers between level 1 and 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 (i.e. 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

##### Investments – Held to Maturity

Council obtains its fair values for held to maturity investments from audit confirmations provided by Approved Deposit Taking Institutions (ADIs).

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#### Infrastructure, property, plant and equipment

##### Property, Plant & Equipment, Furniture & Fittings

Council's Plant & Equipment, Furniture & Fittings incorporates:

- Major plant                      Truck, tractors, street sweepers
- Fleet vehicles                  Cars, vans, utes etc.
- Minor plant                      Chainsaws, brush cutters, mowers, concrete mixers
- Furniture & fittings           Desks, chairs, display systems
- Office equipment               Computers, monitors, PABX, projectors etc.

Plant equipment, office equipment and furniture & fittings are valued at cost but are disclosed at fair value in the notes. Council assumes that the carrying amount reflects the fair value of the asset due to the nature of the items as shown above.

The unobservable Level 3 inputs used include:

- Pattern of consumption

- Useful life
- Asset condition
- Residual value
- Gross replacement cost

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

### **Operational Land**

Council's "Operational" land by definition has no special restriction other than those that may apply to any piece of land.

Council obtains its fair values for operational land from an external valuer every 5 years (last valuation being 2012) using Level 3 inputs.

Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset and cash flows from the future use and disposal.

The unobservable Level 3 inputs used include:

- Rate per square metre
- Description of land

The 'Market Approach' is used to value Operational Land. There has been no change to the valuation process during the reporting period.

### **Community Land**

Council's "Community" land (including owned by Council, the Crown and various other Government Agencies that is managed by Council) by definition is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed, dedication under Section 94 of the Environment Planning and Assessment Act 1979). This gives rise to the restrictions in the Act, intended to preserve the qualities of the land.

Community land:

- Cannot be sold
- Cannot be leased, licensed, or any other estate granted over the land for more than 21 years and;
- Must have a plan of management for it

In relation to community land the Office of Local Government has reviewed its positions on the use of the NSW Valuer General's valuations of community land and in association with the Local Government Accounting Advisory Group; the Office has determined that community land may be valued as follows:

- The NSW Valuer General's valuations may be used under the revaluation model to represent fair value for the revaluation of community land under Clause 31 of AASB 116

Council fair values community land using unbearable Level 3 inputs based on inputs on either the UCV (Unimproved Capital Value) provided by the NSW Valuer General or an average unit rate based on the UCV and allocated by Council against those properties where the NSW Valuer General did not provide a UCV.

The 'Market Approach' is used to value community land. There has been no change to the valuation process during the reporting period.

#### **Property – Buildings (Specialised & Non-Specialised)**

Council buildings comprises of:

- Libraries
- Public amenities
- Sporting club houses
- Kiosks and amenities
- Depot buildings and workshops
- Community centres
- Rural Fire Service buildings

Council carries fair values building using level 3 inputs. Valuations are generally carried out by an external valuer using the cost approach. This approach estimates the replacement cost for each building by componentising the building (for complex structures) into significant parts with different useful life and taking in to account a range of

factors. Buildings are physically inspected and unit rates, although based on square meters could be supported from the market evidence, extensive professional judgement, and condition and consumption rates etc. impact significantly on the final value determination of fair value.

As such these assets are classified as having being valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- Consumption rate
- Future economic benefits
- Condition
- Useful life of an asset

The 'Cost Approach' is used to value specialised buildings. There has been no change to the valuation process during the reporting period.

### **Other Structures**

Council's other structures incorporates the following classes of assets:

- Significant single assets such as playgrounds, floodlighting system irrigation systems, tennis courts, tennis shelters, artificial turf playing surfaces etc. and;
- Aggregated lower value assets such as recreational/park infrastructures (picnic tables, seats, bollards, fences, BBQs etc.)

Council carries fair value of other structures assets (non-componentised) using Level 3 inputs. Such valuations are under taken by Council staff or by an external valuer depending on the structure.

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Residual value
- Asset condition
- Residual value

The "Cost Approach" is used to value other structures. There has been no change to the valuation process during the reporting period

## **Roads, Bridges & Footpaths**

This asset class comprises of:

- Road carriageways
- Bus shelters
- Car parks
- Guardrails
- Kerb and guttering
- Bridges
- Footpaths
- Traffic facilities
- Road drainage

The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter, and would include any paved markers parking places along roadside.

Council's Asset Management System (Conquest) contains detailed dimensions and specification for all Council road assets.

Council applies fair values to road infrastructure assets using Level 3 inputs at a component level.

The 'Cost Approach' is used to value roads by componentising the assets into significant parts and then rolling up these component values to provide an overall road valuation (for each road segment) within Council's asset system.

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Useful life
- Asset condition
- Remaining life of carriageway
- Gross replacement cost

The 'Cost Approach' is used to value roads assets. There were no changes in valuation technique from prior year.

### **Stormwater Drainage**

Council's drainage assets comprises of:

- Pits
- Pipes
- Culverts
- Open channels
- Headwalls
- Various types of water quality device used to collect, store and remove stormwater

Council's Asset Management System (Conquest) contains detailed dimensions and specification for all Council drainage assets.

Council applies fair values to drainage infrastructure assets using Level 3 inputs at a component level.

The 'Cost Approach' is used to value drainage by componentising the assets into significant parts and then rolling up these component values to provide an overall drainage valuation within Council's asset system.

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Useful life
- Asset condition
- Remaining life
- Gross replacement cost

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

## **Water Supply Network**

Council's water supply network comprises of:

- Treatment Works
- Dams
- Reservoirs
- Pumping stations
- Water reticulation (pipes, valves, hydrants, meters, service lines)

Council's Asset Management System (Conquest) contains detailed dimensions and specification for all Council water assets.

Council applies fair values to water infrastructure assets using Level 3 inputs at a component level.

The 'Cost Approach' is used to value water assets by componentising the assets into significant parts and then rolling up these component values to provide an overall water valuation within Council's asset system.

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Useful life
- Asset condition
- Remaining life
- Gross replacement cost

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

## **Sewerage Supply Network**

Assets within this class comprise of:

- Treatment works

- Pumping stations
- Sewerage reticulation (pipes, manholes, valves, vents)

Council's Asset Management System (Conquest) contains detailed dimensions and specification for all Council sewerage assets.

Council applies fair values to sewerage infrastructure assets using Level 3 inputs at a component level.

The 'Cost Approach' is used to value sewer assets by componentising the assets into significant parts and then rolling up these component values to provide an overall sewerage valuation within Council's asset system.

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Useful life
- Asset condition
- Remaining life
- Gross replacement cost

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

### **Other Assets**

Council's other assets comprise of:

- Library books
- Reference materials
- CD's & DVD's
- Art collections

Council carries fair values of other assets using Level 3 inputs.

Council library books are disclosed at fair value in the notes. Council assumes that the carrying amount reflects the fair value of the asset due to the nature of the items.

The unobservable Level 3 inputs used include:

- Pattern of consumption
- Useful life
- Asset condition
- Residual value
- Gross replacement cost

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

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#### **(4). Fair value measurements using significant unobservable inputs (level 3)**

##### **a. 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**

<b>Class</b>	<b>Fair value (30/6/16) \$'000</b>	<b>Valuation technique/s</b>	<b>Unobservable inputs</b>
Plant & Equipment	15,815	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value
Office Equipment	581	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value
Furniture & Fittings	210	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value

<b>Class</b>	<b>Fair value</b> (30/6/16) \$'000	<b>Valuation technique/s</b>	<b>Unobservable inputs</b>
Operational Land	48,683	Level 3	Price per square metre
Community Land	77,277	Level 3	Average unit rate based on unimproved capital value per square metre
Buildings – Non Specialised	734	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value Asset condition
Buildings – Specialised	66,402	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value Asset condition
Other Structures	1,083	Level 3	Gross Replacement Cost Remaining useful life of asset Asset condition
Roads	313,695	Level 3	Gross Replacement Cost Remaining useful life of asset Asset condition
Bridges	9,912	Level 3	Gross Replacement Cost Remaining useful life of asset Asset condition
Footpaths	16,450	Level 3	Gross Replacement Cost Remaining useful life of asset Asset condition
Bulk Earthworks (non-depreciable)	216,633	Level 3	Gross Replacement Cost Remaining useful life of asset Asset condition
Stormwater Drainage	87,865	Level 3	Gross Replacement Cost Remaining useful life of asset Asset condition

<b>Class</b>	<b>Fair value</b> (30/6/16) \$'000	<b>Valuation technique/s</b>	<b>Unobservable inputs</b>
Water Supply Network	169,530	Level 3	Gross Replacement Cost Remaining useful life of asset Asset condition
Sewerage Supply Network	197,089	Level 3	Gross Replacement Cost Remaining useful life of asset Asset condition
Swimming Pools	12,007	Level 3	Gross Replacement Cost Remaining useful life of asset Asset condition
Other Open Space/Recreational Assets	9,748	Level 3	Gross Replacement Cost Remaining useful life of asset Asset condition
Library Books	337	Level 3	Gross Replacement Cost Remaining useful life of asset Residual value Asset condition
Other	6	Level 3	Gross Replacement Cost Remaining useful life of asset Residual value Asset condition

#### Non-recurring fair value measurements

#### Non-current assets held for sale

<b>Class</b>	<b>Fair value</b> (30/6/16) \$'000	<b>Valuation technique/s</b>	<b>Unobservable inputs</b>
Land	647	Level 3	Price per square metre

**(5). Highest and best use**

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

# Warton Thompson & Co

ABN 67 161 637 181

Chartered Accountants

Phillip A. Webster, FCA

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## Wingecarribee 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 Wingecarribee Council, for the year ended 30 June 2016.

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

## **Audit approach**

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

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

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

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

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

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

## **Independence**

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



**PA Webster FCA**  
**Warton Thompson & Co**

Dated: 14 October 2016

# Warton Thompson & Co

ABN 67 161 637 181

Chartered Accountants

Phillip A. Webster, FCA

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

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14 October 2016

The Mayor and Councillors  
Wingecarribee Council  
PO Box 141  
Moss Vale NSW 2577

Ladies and Gentlemen,

## Report on the Conduct of the 2016 Audit

I report completion of the audit of the financial records of Council for the year ended 30 June 2016 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 Reports and list relevant performance indicators that may assist Council in determining its Financial Position at 30 June 2016 and Operating Result for the year. Various matters of an audit nature, which were noted during the course of the audit, have been referred to Council's management for attention.

## General Purpose Financial Report

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

- a) Income Statement for the year ended 30 June 2016
- b) Balance Sheet as at 30 June 2016
- c) Statement of Changes in Equity for the year ended 30 June 2016
- d) Statement of Cash Flows for the year ended 30 June 2016

## Performance Indicators

In assessing the financial strength of a Council it is necessary to examine financial data extracted from Council's financial reports that will provide information concerning the performance of Council throughout the year and its financial position at year-end.

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

- The level of Working Funds; and
- Funds held as Reserves for future capital expenditure; and
- The Debt Servicing Cost to Council; and
- The level of Debts due to Council.

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

**Working Funds**

The Income Statement shows a Net Operating Result for the year (surplus) of \$23.55m which is the Consolidated Result and is comprised of the following Fund results: -

• General Fund	+\$8,089k
• Water Fund	+ \$6,307k
• Sewerage Fund	+\$9,153k
	<hr/>
	\$23,549k
	<hr/>

In order to make some comparison with Council's Estimates for 2016 the above result needs to be adjusted back to a "Fund Accounting" surplus or deficit. After making the appropriate adjustments for Capital movements, Grants and Section 94 Funds, the results for each Fund were as follows: -

• General Fund	+ \$653k
• Water Fund	+ \$ 24k
• Sewerage Fund	- \$592k
	<hr/>

<b>Surplus</b>	<b>+ \$ 85k</b>
	<hr/>

The Revenue results of each Fund and the "Working Capital" of each Fund at 1 July 2015 and at 30 June 2016 would therefore be as shown in the table below: -

	<u>Working Funds</u>	<u>Revenue Results</u>	<u>Working Funds</u>
	01.07.2015	2015/2016	30.06.2016
	Surplus (+) <u>Deficiency (-)</u>	Surplus (+) <u>Deficit (-)</u>	Surplus (+) <u>Deficiency(-)</u>
General Fund	+ 5,253k	+653k	+ 5,906k
Water Fund	+ 5,298k	+ 24k	+ 5,322k
Sewerage Fund	+ 3,836k	- 592k	+ 3,244k
	<hr/>	<hr/>	<hr/>
	+ 14,387k	+ 85k	+14,472k
	<hr/>	<hr/>	<hr/>

The Surplus for the year of \$85k compares with an original balanced budget for 2015/2016 year.

The level of Working Funds is an important measure of each Fund's financial position as it reflects Council's equity in the net current assets held and represents the working capital used to meet day to day commitments and to 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.

The financial strength of a Council is not determined solely by an examination of the balance of its Working Funds but by an assessment of the adequacy of the level of Working Funds and Reserves together, since Reserves are created by appropriations from working funds. Therefore, when considered in conjunction with Reserve Funds held, the balance of Working Funds at 30 June 2016 is considered to be more than adequate for Council's needs. It is considered that the minimum working funds balance for each of General, Water and Sewerage Fund would be in the vicinity of \$2m. However, it would be considered prudent that any reduction in the level of working funds would be represented by an increase in the level of Reserves. The Unrestricted Current Ratio as shown on Note 13 of the Financial Report calculates at 5.40:1 (540%) which is much higher than the accepted industry benchmark of 150%.

### Reserve Funds

Reserves held at 30 June 2015 and 30 June 2016 for each Fund, which were funded by investments, are set out in the table below:

	<u>30/06/2015</u>	<u>30/06/2016</u>
• General Fund	\$28,699k	\$27,347k
• Water Fund	\$17,305k	\$23,180k
• Sewerage Fund	\$ 8,256k	\$14,038k

The above reserves have been set aside to meet specific future expenditures and to balance the financial burden of various projects over a period of years. **The establishment and accretion of these Reserves to provide for future projects is, in my opinion, prudent and commendable.**

The significant Reserves held were: -

#### a) General Fund: -

Property Development	\$1,756k
Road Sealing	2,000k
Entrepreneurial Reserve	3,670k
Land Rental Charge	5,185k
Work In Progress	1,180k
Other Waste Reserve	1,014k
MVWMAC Loan Reserve	1,625k
IRS	3,676k
Capital Projects	2,287k
Employees Leave Entitlements	1,412k

#### b) Water Fund: -

Water Sales Fluctuation Reserve	\$6,949k
Plant Reserve	586k
Work In Progress	76k
Water Augmentation	15,525k
Pump Replacement	45k

#### c) Sewerage Fund: -

Sewer Augmentation	13,335k
Pump Replacement	51k
Sewer Fund Plant	484k
Work In Progress	168k

The amount of \$1,424k placed to the Reserves for Works in Progress (all funds) represented works budgeted to be commenced and completed during 2015/2016, which were not completed as at 30 June 2016. These works will now be completed in 2016/2017 and will be funded from the Reserves.

#### Accrued Leave Entitlements and Reserves held

The accrual for Employees Leave Entitlements at 30 June 2016 totalled \$7,059k whilst the Reserve held to meet these commitments amounted to \$1,412k (\$1900k in 2015).

**In my opinion the Employees Leave Entitlements Reserve at year-end is adequate to meet potential retirement payouts within the next three years as well as to provide for any unscheduled or unexpected employee retirements.**

#### Debt Servicing Commitment

Loan Repayment Commitments in 2015 and 2016 are set out hereunder as a percentage to Operating Revenue: -

<u>Fund</u>	<u>Untied Revenue</u>	<u>Principal &amp; Interest Repaid</u>	<u>2015</u>	<u>2016</u>
General	61,217	2,032	2.88%	3.32%
Water	15,816	415	2.93%	2.62%
Sewerage	18,723	3,689	23.17%	19.70%

**The percentage of Untied Operating Revenue in General Fund committed to loan repayments of 3.32% compares with 2.88% in 2015. The percentage of 3.32% is well below the industry benchmark of 10%.**

In the case of the Water and Sewerage Funds, the debt servicing commitment is generally a higher percentage of the untied revenue principally because those Funds are very capital intensive and, where there is major capital expenditure, there is substantial long-term borrowing. The operational costs of Water and Sewerage Funds are usually the minor costs in those funds and therefore high debt servicing commitments are to be expected.

No new loans were received during year 2015/2016.

#### Receivables

**Rates and Annual Charges outstanding at 30 June 2016 totalled \$1,306k and represented 2.20% of the Rates and Annual Charges Collectible. This percentage compares with 1.54% as at 30 June 2015, an increase during the year of 0.66%. Rates and Annual Charges collected represented a satisfactory 97.80% of the total collectible rates and annual charges of \$59,310k for the year. The arrears at 30 June 2016 (2.20%) are well below the industry benchmark of 10%.**

#### Cash Position

At year end Council held in cash and on investment funds totalling \$106.96m of which \$74.47m is regarded as externally restricted assets, i.e., assets the use of which are restricted, wholly or partially, by regulation or other externally imposed requirements.

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

Developer Contributions - Section 94	\$28.73m
Unexpended Grants	\$ 1.47m
Water Supply Funds	\$25.87m
Sewerage Funds	\$13.74m
Domestic Waste Management Services	\$ 2.23m
Quarry Royalties	\$ 0.91m
Environment Levy	\$ 0.70m
Stormwater Management	\$ 0.82m
	<hr/>
	\$74.47m
	<hr/>

The balance of cash and investments, after financing the above external restrictions, totalled \$32.49m and was held to fund Internal Restrictions to the value of \$29.76m. The balance of \$2.73m, representing unrestricted cash and investments, was held to assist in financing Council's current commitments. The cash position at 30 June 2015 and 30 June 2016 is summarised as follows:

	30 June 2015	30 June 2016
	\$m	\$m
Externally Restricted	\$59.52	\$74.47
Internally Restricted	\$28.70	\$29.76
Unrestricted	\$ 5.06	\$ 2.73
	<hr/>	<hr/>
	\$93.28	\$106.96
	<hr/>	<hr/>

### Conclusion

The audit of Council's books and financial records for the year ended 30 June 2016 was conducted progressively throughout year 2016.

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 being adequately maintained in accordance with legislation and systems instituted.

Management letters have been forwarded to your General Manager detailing internal control and audit matters that required the attention of management.

I wish to record my appreciation for the co-operation and assistance rendered to my staff and I by your General Manager and her staff during the conduct of the 2016 audit.

Yours faithfully,



**P A Webster FCA**  
**Warton Thompson & Co**