

# FINANCIALS 6



Boardside: Julie Malouf - Warringah Art Exhibition entrant

Detailed account of our finances for the period ended 30 June 2011.

# Warringah Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2011

*Leading our community  
Protecting our environment  
Creating our future*

## General Purpose Financial Statements

for the financial year ended 30 June 2011

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		(iv) Through the use of the internet, we have ensured that our reporting is timely, complete, and available at minimum cost. All press releases, Financial Statements and other information are available on our website: <a href="http://www.warringah.nsw.gov.au">www.warringah.nsw.gov.au</a> .

### 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 Report has been prepared in accordance with:

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

To the best of our knowledge and belief, these 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 this Report false or misleading in any way.

Signed in accordance with a resolution of Council made on 23 August 2011.

  
Michael Regan  
MAYOR

  
Rik Hart  
GENERAL MANAGER

  
Jason Falinski  
COUNCILLOR

  
David Walsh  
RESPONSIBLE ACCOUNTING OFFICER

## ANNUAL FINANCIAL STATEMENTS

### Income Statement for the year ended 30 June 2011

Budget <sup>(1)</sup> 2011	\$ '000	Notes	Actual 2011	Actual 2010
<b>INCOME FROM CONTINUING OPERATIONS</b>				
<b>Revenue:</b>				
78,725	Rates & Annual Charges	3a	79,257	76,958
32,425	User Charges & Fees	3b	30,287	26,797
4,202	Interest & Investment Revenue	3c	5,947	5,641
8,100	Other Revenues	3d	7,624	12,818
7,331	Grants & Contributions provided for Operating Purposes	3e,f	7,549	7,483
9,702	Grants & Contributions provided for Capital Purposes	3e,f	6,921	5,517
<b>Other Income:</b>				
-	Net gains from the disposal of assets	5	167	308
	Net Share of interests in Joint Ventures & Associated			
-	Entities using the Equity Method	19	71	-
<b>140,485</b>	<b>TOTAL INCOME FROM CONTINUING OPERATIONS</b>		<b>137,823</b>	<b>135,522</b>
<b>EXPENSES FROM CONTINUING OPERATIONS</b>				
53,440	Employee Benefits & On-Costs	4a	52,435	51,535
259	Borrowing Costs	4b	330	600
48,558	Materials & Contracts	4c	47,676	43,661
13,225	Depreciation & Amortisation	4d	13,566	13,148
-	Impairment	4d	-	-
15,232	Other Expenses	4e	14,629	12,907
-	Interest & Investment Losses	3c	-	-
-	Net Losses from the Disposal of Assets	5	-	-
	Net Share of interests in Joint Ventures & Associated			
-	Entities using the Equity Method	19	-	216
<b>130,714</b>	<b>TOTAL EXPENSES FROM CONTINUING OPERATIONS</b>		<b>128,636</b>	<b>122,067</b>
<b>9,771</b>	<b>OPERATING RESULT FROM CONTINUING OPERATIONS</b>		<b>9,187</b>	<b>13,455</b>
<b>DISCONTINUED OPERATIONS</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>9,771</b>	<b>NET OPERATING RESULT FOR THE YEAR</b>		<b>9,187</b>	<b>13,455</b>
Attributable to:				
8,840	- Council		8,113	12,417
931	- Minority Interests		1,074	1,038
<b>69</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>2,266</b>	<b>7,938</b>

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

The above Income Statement should be read in conjunction with the accompanying notes

## ANNUAL FINANCIAL STATEMENTS

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

\$'000	Notes	Actual 2011	Actual 2010	
<b>Net operating result for the year - from Income Statement</b>		<b>9,187</b>	<b>13,455</b>	
<b>Other Comprehensive Income</b>				
	Gain on revaluation of infrastructure, property, plant and equipment	9a	20,633	39,994
	Adjustment to reflect prior period depreciation errors	-	-	139,882
	Adjustment to reflect prior period fair value errors	-	-	(1,577)
	Share Capital increase attributable to Minority Interests	-	-	229
<b>Total other Comprehensive Income for the year</b>		<b>20,633</b>	<b>178,528</b>	
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>29,820</b>	<b>191,983</b>	
Attributable to:				
	- Council	28,746	190,716	
	- Minority Interests	1,074	1,267	

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

# ANNUAL FINANCIAL STATEMENTS

## Balance Sheet

as at 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	11,182	9,946
Investments	6b	71,038	71,707
Receivables	7	8,294	7,471
Inventories	8	90	90
Other	8	862	537
Non-current assets classified as "held for sale"	22	2,944	2,944
<b>Total Current Assets</b>		<b>94,410</b>	<b>92,695</b>
<b>Non-Current Assets</b>			
Investments	6b	5,623	14,066
Receivables	7	497	446
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	2,369,616	3,502,380
Investments accounted for using the equity method	19	849	778
Investment Property	14	2,100	2,050
Intangible Assets	25	1,270	135
Other	8	-	-
<b>Total Non-Current Assets</b>		<b>2,379,955</b>	<b>3,519,855</b>
<b>TOTAL ASSETS</b>		<b>2,474,365</b>	<b>3,612,550</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	18,602	15,850
Borrowings	10	574	1,427
Provisions	10	11,582	11,162
<b>Total Current Liabilities</b>		<b>30,758</b>	<b>28,439</b>
<b>Non-Current Liabilities</b>			
Payables	10	400	200
Borrowings	10	508	811
Provisions	10	6,338	5,597
Investments accounted for using the equity method	19	-	-
<b>Total Non-Current Liabilities</b>		<b>7,246</b>	<b>6,608</b>
<b>TOTAL LIABILITIES</b>		<b>38,004</b>	<b>35,047</b>
<b>NET ASSETS</b>		<b>2,436,361</b>	<b>3,577,503</b>
<b>EQUITY</b>			
Retained Earnings	20	2,318,827	3,481,267
Revaluation Reserves	20	110,929	90,296
Council Equity Interest		2,429,756	3,571,563
Minority Equity Interest		6,605	5,940
<b>TOTAL EQUITY</b>		<b>2,436,361</b>	<b>3,577,503</b>

The above Balance Sheet should be read in conjunction with the accompanying notes

# ANNUAL FINANCIAL STATEMENTS

## Statement of Changes in Equity

for the financial year ended 30 June 2011

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2011</b>						
<b>Opening Balance</b>	20	3,481,267	90,296	3,571,563	5,940	<b>3,577,503</b>
Correction of Errors		-	-	-	-	-
Changes in Accounting Policies	20	(1,170,553)	-	(1,170,553)	-	<b>(1,170,553)</b>
<b>Restated Opening Balances</b>	<b>20</b>	<b>2,310,714</b>	<b>90,296</b>	<b>2,401,010</b>	<b>5,940</b>	<b>2,406,950</b>
Net Operating Result for the year	20	8,113	-	8,113	1,074	<b>9,187</b>
Other Comprehensive Income	20	-	20,633	20,633	-	<b>20,633</b>
<b>Total Comprehensive Income</b>		<b>8,113</b>	<b>20,633</b>	<b>28,746</b>	<b>1,074</b>	<b>29,820</b>
Dividends Paid to Minority Interests		-	-	-	(409)	(409)
<b>Closing Balance</b>		<b>2,318,827</b>	<b>110,929</b>	<b>2,429,756</b>	<b>6,605</b>	<b>2,436,361</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2010</b>						
<b>Opening Balance</b>	20	3,329,641	50,858	3,380,499	5,021	<b>3,385,520</b>
Correction of Errors		-	-	-	-	-
Changes in Accounting Policies		-	-	-	-	-
<b>Restated Opening Balances</b>	<b>20</b>	<b>3,329,641</b>	<b>50,858</b>	<b>3,380,499</b>	<b>5,021</b>	<b>3,385,520</b>
Net Operating Result for the year	20	12,417	-	12,417	1,267	<b>13,684</b>
Other Comprehensive Income	20	139,209	39,438	178,647	(348)	<b>178,299</b>
<b>Total Comprehensive Income</b>		<b>151,626</b>	<b>39,438</b>	<b>191,064</b>	<b>919</b>	<b>191,983</b>
<b>Closing Balance</b>		<b>3,481,267</b>	<b>90,296</b>	<b>3,571,563</b>	<b>5,940</b>	<b>3,577,503</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

# ANNUAL FINANCIAL STATEMENTS

## Statement of Cash Flows

for the financial year ended 30 June 2011

Budget		Notes	Actual	Actual
2011	\$ '000		2011	2010
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
78,725	Rates & Annual Charges		79,628	76,777
32,425	User Charges & Fees		29,449	27,445
4,202	Interest & Investment Revenue Received		5,810	4,628
17,033	Grants & Contributions		13,906	12,930
8,101	Other		7,498	12,904
<b>Payments:</b>				
(54,200)	Employee Benefits & On-Costs		(51,973)	(50,585)
(48,558)	Materials & Contracts		(45,260)	(45,730)
(259)	Borrowing Costs		(133)	(413)
(15,232)	Other		(14,279)	(12,427)
<b>22,237</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>24,646</b>	<b>25,529</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investments		143,150	213,885
-	Sale of Investment Property		-	-
4,594	Sale of Infrastructure, Property, Plant & Equipment		2,249	2,129
<b>Payments:</b>				
-	Purchase of Investment Securities		(134,041)	(215,073)
(39,547)	Purchase of Infrastructure, Property, Plant & Equipment		(32,068)	(32,722)
-	Purchase of Intangibles		(1,135)	(135)
<b>(34,953)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(21,845)</b>	<b>(31,916)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
160	Proceeds from Borrowings & Advances		707	659
-	Share Capital from Minority Interest		-	229
<b>Payments:</b>				
(4,032)	Repayment of Borrowings & Advances		(1,222)	(4,162)
-	Repayment of Finance Lease Liabilities		(641)	(610)
-	Dividends Paid to Minority Interests		(409)	-
<b>(3,872)</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>(1,565)</b>	<b>(3,884)</b>
<b>(16,588)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>1,236</b>	<b>(10,271)</b>
20,671	Cash & Cash Equivalents at beginning of the year	11a	9,946	20,217
<b>4,083</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>11,182</b>	<b>9,946</b>

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

The above Statement of cash Flows should be read in conjunction with the accompanying notes

# Notes to the Financial Statements

for the year ended 30 June 2011

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# Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 1

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by Council in the preparation of the 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, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the Local Government Act (1993) and Regulation, and the Local Government Code of Accounting Practice and Financial Reporting.

#### (i) 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 at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

#### (ii) 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 Council's accounting policies.

#### (b) Revenue Recognition

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

Council bases 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:

#### 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 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 either 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.

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of Section 94A of the Environmental Planning & Assessment Act 1979.

Whilst Council generally incorporates these amounts as part of a Development Consent 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. A detailed Note relating to developer contributions can be found at Note 17.

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, 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.

#### 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

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
- Kimbriki Environmental Enterprises Pty Limited
- Glen Street Theatre
- Curl Curl Sports Centre Management Committee
- Forestville RSL Playing Field Committee
- Wyatt Avenue Tennis Centre

Other joint ventures and associated entities in which Council is involved are included to the extent set out in (iii), Joint Venture.

##### (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.

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

# Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 1

### (iii) Joint Venture Jointly Controlled Assets

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 ventures are set out in Note 19.

### Jointly Controlled Entities

The interest in a joint venture partnership is accounted for using the equity method and is carried at cost. Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in reserves is recognised in the balance sheet. Details relating to such partnerships are set out in Note 19.

### Jointly Controlled Operations

Council has no jointly controlled operations at present. However, when such operations are entered into the assets which are controlled and the liabilities incurred by Council are recognised in the balance sheet. Expenses incurred and Council's share of income are recognised in the income statement.

### (v) County Councils

Council is not a member of any County Councils

### (d) Leases

Leases of property, plant and equipment where Council, as lessee, 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 fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged 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. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that Council will obtain ownership at the end of the lease term.

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) 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Nonfinancial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### (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 balance sheet.

### (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) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are 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. The costs of purchased inventory are determined after deducting rebates and discounts. 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.

# Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 1

### (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 holdings are expensed as incurred.

### (j) Non-Current "Held for Sale"

Non-current assets 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 the lower of their carrying amount and fair value less costs to sell, except for assets such as those 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.

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.

An impairment loss is recognised for any initial or subsequent write-down of the asset 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, 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 is recognised at the date of de-recognition.

Non-current assets 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.

### (k) Investments and Other Financial Assets

#### Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and

receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. 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 balance sheet.

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

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's 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.

### 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 '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.

# Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 1

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 each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. 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 as an indicator that the securities are 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 or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

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

The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the income statement.

### 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 Local Government Ministerial 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 subordinated debt obligations - however they have been retained under

grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

### (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 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. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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.

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

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

At balance date the following classes of IPP&E were stated at their fair value:

- Operational land (External Valuation).
- Buildings – Specialised/Non Specialised (External Valuation).
- Plant and equipment (as approximated by depreciated historical cost).
- Road assets – roads, bridges and footpaths (Internal Valuation)
- Drainage assets – (Internal Valuation)
- Community Land – (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).

For all 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, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; 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:

Plant & Equipment	
Office Equipment	5 to 10 years
Office furniture	10 to 20 years
Vehicles	5 to 8 years
Heavy Plant and 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
Park Structures	
– Masonry	50 to 100 years
Park Structures - Other Construction	20 to 40 years
Buildings	
Buildings – Masonry	50 to 100 years
Buildings – Other	20 to 40 years
Stormwater Drainage	
Drains	100 years
Transportation Assets	
Sealed Roads : Surface	100 years
Sealed Roads : Structure	100 years
Bridge : Concrete	100 years
Bridge : Other	100 years
Road Pavements	100 years
Kerb, Gutter & Paths	100 years

# Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 1

### Other Assets

Library Books	5 to 15 years
Artworks	Indefinite

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

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). This classification is made in Note 9(a).

### Capitalisation Thresholds

All items of infrastructure, property, plant and equipment are capitalised with the exception where the cost of acquisition is as follows:

### Plant & Equipment

Office Furniture	< \$2,000
Office Equipment	< \$2,000
Other Plant & Equipment	< \$2,000

### Land

Land in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) is classified on purchase as either Operational or Community. This classification of Land is disclosed in Note 9(a).

### Restricted Assets

Note 9A includes property assets at No's 7, 8, 8A & 10 Kimbriki Rd, Ingleside which have been partly funded by the Domestic Waste Management Reserve to the extent of 35.5% of the purchase price, which equals \$2.868 million. These assets were acquired during previous reporting periods. As at June 2011, council holds equity in the four (4) properties at Kimbriki Rd, Ingleside for the purpose of site closure by agreement with Manly, Mosman and Pittwater councils.

### (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. The last revaluation for Council's Investment Properties was dated 30 June 2011.

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 can not 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 only one property classified as investment situated at 521 Pittwater Rd Brookvale.

### (o) Payables

#### (i) Goods & Services

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 are unsecured and are usually paid within 30 days of recognition.

#### (ii) Payments received in advance & deposits

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

The interest rate that Council will pay on monies held in bonds is 0.20% per annum. (Commonwealth Bank Streamline account.) Only accrued interest amounts over \$1.00 will be paid out.

### (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 are recognised as transaction costs of the loan to the extent that it is

probable that some or all of the facility 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.

Borrowings are removed from the balance sheet 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 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.

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.

# Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 1

### (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.

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.

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.

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 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 has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities. As a result, they have asked for significant increases in 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.

### 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 June 2011.

### (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 the 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 close down, restoration and for environmental clean up costs – Tips and Quarries

#### (i) Restoration

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. 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, 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. The amortisation of the discount is shown as a borrowing cost.

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



# Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 1

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

### (ii) Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each 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 Councils provisions relating to Close Down, Restoration and Environmental Clean Up costs can be found at Note 26.

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

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 (December 2010)* (effective from 1 January 2013)  
AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. There will be no impact on the 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) Revised AASB 124 *Related Party Disclosures* and AASB 2009 12 *Amendments to Australian Accounting Standards* (effective from 1 January 2011)  
In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. This amendment will have no impact on Council.

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

In December 2009, the AASB made an amendment to Interpretation 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. Council does not make any such prepayments. The amendment is therefore not expected to have any impact on Council's financial statements.

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

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Council is a local government and, as a result, is not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of Council.

(v) AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011)  
Amendments made to AASB 7 Financial Instruments: Disclosures in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on Council's disclosures.

(vi) AASB 2010-8 *Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets* (effective from 1 January 2012)  
In December 2010, the AASB amended AASB 112 *Income Taxes* to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences

# Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 1

that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or through sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. This amendment will have no impact on Council.

### (y) Self insurance

Council has determined to self-insure for various risks including public liability and professional indemnity. This is up to a limit of \$150,000 (\$600,000 prior to 1 July 2006) per claim/event for public liability and \$50,000 per claim/event for professional indemnity. A provision for self-insurance has been made to recognise outstanding claims the amount of which is detailed in Note 10. Council also maintains cash and investments to meet expected future claims and these are detailed in Note 6(c).

### (z) Intangible assets

#### Alternative Waste Technology

Costs incurred in acquiring licences and rights that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to licensing.

Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation will be calculated on a straight line basis over the life of the project. 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 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 from both State and Local Government are being sought to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

### (bb) 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".

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to recognise Rural Fire Service assets including land, buildings, plant and vehicles and depreciation charges within the Financial Statements.

### (cc) Goods & 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 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.

Cash flows are presented on a gross basis. The GST components 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.

### (dd) 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).

### (ee) 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.

# Notes to the Financial Statements

for the year ended 30 June 2011

## Note 2

### NOTE 2(a) FUNCTIONS / ACTIVITIES - FINANCIAL DISCLOSURES

\$ '000

Income, Expenses and Assets have been directly attributed to the following Functions / Activities.

Details of these Functions/Activities are provided in Note 2(b).

Functions/Activities	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
	2011	2011	2010	2011	2011	2010	2011	2011	2010	2011	2010	2011	2010
Corporate Support	5,469	8,186	12,572	15,704	17,022	16,857	(10,235)	(8,836)	(4,285)	350	804	1,822,651	2,997,412
Good Governance	103	121	30	7,293	6,913	6,910	(7,190)	(6,792)	(6,880)	-	-	-	-
Certification	400	355	426	787	773	706	(387)	(418)	(280)	-	-	-	-
Child Care Community & Safety	4,946	4,892	4,490	6,159	6,139	5,966	(1,213)	(1,247)	(1,476)	632	625	-	-
Compliance	1,572	1,681	1,493	5,769	6,026	5,336	(4,197)	(4,345)	(3,843)	104	224	504	182
Cultural Services	4,339	3,359	4,437	5,667	5,372	5,265	(1,328)	(2,013)	(828)	-	-	23	148
Development Assessment Glen Street Theatre	72	56	52	1,066	890	956	(994)	(834)	(904)	203	64	858	445
Information & Library	1,733	2,087	2,022	5,522	5,601	5,001	(3,789)	(3,514)	(2,979)	-	-	-	31
Kimbriki Environmental Enterprises	2,626	2,161	1,811	3,768	3,342	3,199	(1,142)	(1,181)	(1,388)	-	-	-	253
Natural Environment	594	601	611	6,088	6,128	5,365	(5,494)	(5,527)	(4,754)	352	409	-	-
Parks, Reserves & Foreshores	17,843	14,931	12,357	14,636	15,693	12,320	3,207	(762)	37	7	9	-	1,259
Roads, Traffic & Waste	3,472	2,941	1,274	12,841	12,625	11,758	(9,369)	(9,684)	(10,484)	2,714	1,268	238,708	241,640
Strategic Planning	1,869	973	529	8,857	8,922	8,745	(6,988)	(7,949)	(8,216)	-	18	64,930	35,571
Warringah Aquatic Centre	18,795	19,057	18,757	30,577	27,726	27,852	(11,782)	(8,669)	(9,095)	942	925	345,267	334,791
	413	474	485	2,142	1,804	2,258	(1,729)	(1,330)	(1,773)	-	-	-	18
	2,288	2,102	2,134	3,838	3,660	3,357	(1,550)	(1,558)	(1,223)	-	-	575	19
<b>Total Functions &amp; Activities</b>	<b>66,534</b>	<b>63,977</b>	<b>63,480</b>	<b>130,714</b>	<b>128,636</b>	<b>121,851</b>	<b>(64,180)</b>	<b>(64,659)</b>	<b>(58,371)</b>	<b>5,304</b>	<b>4,346</b>	<b>2,473,516</b>	<b>3,611,769</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	470	(71)	-	-	-	216	470	(71)	(216)	-	-	849	778
General Purpose Income <sup>1</sup>	73,481	73,917	72,042	-	-	-	73,481	73,917	72,042	4,837	4,570	-	-
<b>Totals</b>	<b>140,485</b>	<b>137,823</b>	<b>135,522</b>	<b>130,714</b>	<b>128,636</b>	<b>122,067</b>	<b>9,771</b>	<b>9,187</b>	<b>13,455</b>	<b>10,141</b>	<b>8,916</b>	<b>2,474,365</b>	<b>3,612,550</b>
<b>Operating Result attributable to Council</b>							<b>8,840</b>	<b>8,113</b>	<b>12,417</b>				
<b>Operating Result attributable to Minority Interest</b>							<b>931</b>	<b>1,074</b>	<b>1,038</b>				

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

# Notes to the Financial Statements

for the year ended 30 June 2011

## Note 2

### NOTE 2(b) COMPONENTS OF FUNCTIONS / ACTIVITIES

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

#### Certification Services

Issue of certificates and approvals (including Construction, Occupations, Strata, Compliance and Building Certificates), as well as conducting principal certifying authority functions.

#### Children's Services

Long day, mobile occasional and family day care. Provision of programs, events, information and referral for children and their families. Aboriginal services, family and community education and vulnerable family service and support.

#### Community & Safety Services

Seniors and disabled service and support, beach management, community centre management, community development program and vulnerable service and support.

#### Compliance Services

Investigate and enforce compliance relating to unlawful building works, unlawful land uses, fire safety and breach of consent. Complaints investigation, public safety and health projects, environmental health, animal management and education.

#### Corporate Support Services

Costs not otherwise attributed to other services (includes Customer Service, Finance, Human Resources, Information Management & Technology, Procurement and Property and Commercial Development).

#### Cultural Services

Co-ordination of civic and landmark events (eg Citizenship and Australia Day), community festivals, exhibitions and cultural programs.

#### Development Assessment Services

Assessment on development and subdivision, advice on development, advice and service on civil engineering.

#### Glen Street Theatre

Host performing arts professionals, community groups, schools and corporate users.

#### Good Governance

Corporate planning, strategic advice and support, corruption prevention strategies, community engagement, elected council support, policy development and review and manage complaints service.

#### Information and Library Services

Public libraries providing lending, information and search services, communal space for study/research and supporting communities information, education, cultural and recreational needs.

#### Kimbriki Environmental Enterprises

Operation of landfill and recycling from commercial and domestic customers.

#### Natural Environment

Advice on natural areas and environmental issues, planning and research on environmental sustainability, environmental education and stormwater management.

#### Parks, Reserves and Foreshores

Management of parks, reserves, foreshores assets including sportsgrounds, playgrounds, rock pools and other recreational facilities.

#### Roads, Traffic and Waste

Street lighting, collection of commercial and domestic waste, public place cleaning, road network asset maintenance and traffic management.

#### Strategic Planning

Advice on land use, development and policy.

#### Warringah Aquatic Centre

Aquatic centre management, providing water safety, water fitness, learn to swim and coaching programs.

## Notes to the Financial Statements

for the year ended 30 June 2011

### Note 3

#### NOTE 3 INCOME FROM CONTINUING OPERATIONS

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		52,004	50,285
Business		12,942	13,015
<b>Total Ordinary Rates</b>		<b>64,946</b>	<b>63,300</b>
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496 & s.501)			
Domestic Waste Management Services		14,311	13,658
<b>Total Annual Charges</b>		<b>14,311</b>	<b>13,658</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>79,257</b>	<b>76,958</b>
Council has used 2009 year valuations provided by the NSW Valuer General in calculating its rates.			
<b>(b) User Charges &amp; Fees</b>			
<b>User Charges</b> (pursuant to s.502)			
Waste Management Services (non-domestic)		372	364
<b>Total User Charges</b>		<b>372</b>	<b>364</b>
<b>Fees</b>			
Planning & Building Regulation		2,434	1,873
Regulatory/ Statutory Fees		358	841
Section 149 Certificates (EPA Act)		364	391
Section 603 Certificates		204	211
Section 611 Charges		67	66
Dog Registration		52	67
Road & Shop Inspection		141	181
Child Care		4,771	4,337
Community Centres		1,296	1,193
Glen Street Theatre		1,462	1,009
Kimbriki Waste & Recycling Centre		13,060	11,192
Libraries		214	213
Parking Areas		845	664
Restoration Charges		1,103	1,080
Swimming Centres		1,862	1,891
Other		1,682	1,224
<b>Total Fees</b>		<b>29,915</b>	<b>26,433</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>30,287</b>	<b>26,797</b>

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 3

#### NOTE 3 INCOME FROM CONTINUING OPERATIONS (continued)

\$ '000	Notes	Actual 2011	Actual 2010
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges		180	178
- Interest earned on Investments (interest & coupon payment income)		5,770	5,165
<b>Fair Value Adjustments</b>			
- Fair Valuation Movements in Investments unrealised capital gains/(losses)		(3)	298
<b>TOTAL INTEREST &amp; INVESTMENT REVENUE</b>		<b>5,947</b>	<b>5,641</b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges		180	178
General Council Cash & Investments		4,119	4,159
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94A		1,648	1,304
<b>Total Interest &amp; Investment Revenue Recognised</b>		<b>5,947</b>	<b>5,641</b>
<b>(d) Other Revenues</b>			
Fair Value Adjustments - Investment Properties	14	50	50
Rental Income - Investment Properties		184	177
Rental Income - Other Council Properties		2,197	1,896
Ex Gratia Rates		15	13
Parking Fines		2,044	2,299
Other Fines		435	854
Other Fines - Repayment due to SDRO Error*		(564)	-
Legal Fees Recovery - Rates & Charges (Extra Charges)		86	101
Legal Fees Recovery - Other		106	48
Insurance Claim Recoveries		74	61
Recycling Income (non domestic)		1,191	626
Sale of Abandoned Vehicles		-	10
Sales - General		19	17
Sullage Income/Sponsorship		29	36
Waste Performance Improvement		716	536
Sale of Access Rights - Kimbriki Environmental Enterprises Pty Ltd		-	5,000
Other Revenues		1,042	1,094
<b>TOTAL OTHER REVENUE</b>		<b>7,624</b>	<b>12,818</b>

\* Council will seek to recover Premium Processing Service fees paid to the SDRO to mitigate the impact of this error by the SDRO.

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 3

#### NOTE 3 INCOME FROM CONTINUING OPERATIONS (continued)

\$ '000	Notes	2011 Operating	2010 Operating	2011 Capital	2010 Capital
<b>(e) Grants</b>					
<b>General Purpose (Untied)</b>					
Financial Assistance - General Component		2,875	2,673	-	-
Financial Assistance - Local Roads Component		1,167	1,086	-	-
Pensioners' Rates Subsidies - General Component		795	811	-	-
<b>Total General Purpose</b>		<b>4,837</b>	<b>4,570</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>					
Pensioners' Rates Subsidies:					
- Domestic Waste Management		226	227	-	-
Bushfire & Emergency Services		160	188	-	150
Child Care		632	625	-	-
Coast & Estuaries		120	942	2,386	7
Community Care		104	94	-	-
Community Centres		-	-	-	130
Environmental Protection		5	14	-	-
Heritage & Cultural		12	-	-	-
Library		89	73	263	336
Noxious Weeds		44	15	-	-
Recreation & Culture		1	3	190	61
Sport & Recreation		-	18	100	290
Street Lighting		334	319	-	-
Transport (Roads to Recovery)		-	-	607	607
Other		31	249	-	-
<b>Total Specific Purpose</b>		<b>1,758</b>	<b>2,766</b>	<b>3,546</b>	<b>1,580</b>
<b>Total Grants</b>		<b>6,595</b>	<b>7,336</b>	<b>3,546</b>	<b>1,580</b>
<b>Grant Revenue is attributable to:</b>					
- Commonwealth Funding		4,300	4,087	2,871	804
- State Funding		2,295	3,249	675	776
		<b>6,595</b>	<b>7,336</b>	<b>3,546</b>	<b>1,580</b>

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 3

#### NOTE 3 INCOME FROM CONTINUING OPERATIONS (continued)

\$ '000	Notes	2011 Operating	2010 Operating	2011 Capital	2010 Capital
<b>(f) Contributions</b>					
<b>Developer Contributions:</b>					
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the NSW LG Act):</b>					
S 94 - Contributions towards amenities/services		-	-	385	364
S 94A - Fixed Development Consent Levies		-	-	2,404	1,892
<b>Total Developer Contributions</b>	17	<b>-</b>	<b>-</b>	<b>2,789</b>	<b>2,256</b>
<b>Other Contributions:</b>					
Bushfire Services		-	33	-	952
Coast & Estuaries		97	-	-	-
EPA Rebate		435	-	-	-
Other Councils - Joint Works/Services		163	34	-	-
Recreation & Culture		-	8	-	198
RTA Contributions (Regional/Local, Block Grant)		245	47	586	486
Other		14	25	-	45
<b>Total Other Contributions</b>		<b>954</b>	<b>147</b>	<b>586</b>	<b>1,681</b>
<b>Total Contributions</b>		<b>954</b>	<b>147</b>	<b>3,375</b>	<b>3,937</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>		<b>7,549</b>	<b>7,483</b>	<b>6,921</b>	<b>5,517</b>
<b>(g) Restrictions relating to Grants and Contributions</b>					
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>					
Unexpended at the Close of the Previous Reporting Period				33,937	35,615
<b>add:</b> Grants and contributions recognised in the current period which have not been spent:				4,867	4,701
<b>less:</b> Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:				(7,344)	(6,379)
<b>Net Increase (Decrease) in Restricted Assets during the Current Reporting Period</b>				<b>(2,477)</b>	<b>(1,678)</b>
<b>Unexpended at the Close of this Reporting Period and held as Restricted Assets</b>					
				<b>31,460</b>	<b>33,937</b>
<b>Comprising:</b>					
- Specific Purpose Unexpended Grants				2,105	6,877
- Developer Contributions				29,032	26,737
- Other Contributions				323	323
				<b>31,460</b>	<b>33,937</b>

## Notes to the Financial Statements

for the year ended 30 June 2011

### Note 4

#### NOTE 4 EXPENSES FROM CONTINUING OPERATIONS

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		41,495	39,905
Employee Termination Costs		787	1,181
Travelling		39	58
Employee Leave Entitlements (ELE)		4,425	5,094
Superannuation		4,882	4,757
Workers' Compensation Insurance		549	131
Fringe Benefit Tax (FBT)		361	190
Training Costs (other than Salaries & Wages)		465	408
Recruitment Costs		184	133
Other		772	717
<b>Total Employee Costs</b>		<b>53,959</b>	<b>52,574</b>
Less: Capitalised Costs		(1,524)	(1,039)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>52,435</b>	<b>51,535</b>
Number of "Full Time Equivalent" Employees at year end		554	560
<b>(b) Borrowing Costs</b>			
Interest on Loans		31	321
Charges on Finance Leases		82	75
Amortisation of Discounts and Premiums			
- Remediation Liabilities		217	204
Less: Capitalised Costs		-	-
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>330</b>	<b>600</b>
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		8,625	8,623
Contractor & Consultancy Costs			
- Bush Regeneration		1,462	722
- Cleaning		939	776
- Garbage		4,692	4,453
- Recycling		3,297	4,814
- External Roadwork		851	530
- Waste Disposal		4,196	3,954
- Other		22,818	19,167
Auditors Remuneration:			
- Audit Services		74	49
- Other Services		10	25
Legal Fees:			
- Planning & Development		954	562
- Other		540	516
Operating Leases:			
- Printers		100	116
Less: Capitalised Costs		(882)	(646)
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>47,676</b>	<b>43,661</b>

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 4

#### NOTE 4 EXPENSES FROM CONTINUING OPERATIONS (continued)

\$ '000	Notes	Depreciation/Amortisation		Impairment Costs	
		Actual 2011	Actual 2010	Actual 2011	Actual 2010
<b>(d) Depreciation, Amortisation &amp; Impairment</b>					
Plant and Equipment		1,831	1,781	-	-
Office Equipment		862	798	-	-
Furniture & Fittings		163	159	-	-
Property, Plant & Equipment - Leased		640	461	-	-
Land Improvements (depreciable)		40	26	-	-
Buildings - Non Specialised		1,875	1,982	-	-
Buildings - Specialised		232	230	-	-
Other Structures		521	420	-	-
Infrastructure:					
- Roads, Bridges & Footpaths		3,478	3,458	-	-
- Stormwater Drainage		3,375	3,298	-	-
Other Assets					
- Library Books		508	494	-	-
Tip Asset	9 & 26	41	41	-	-
Less: Capitalised Costs		-	-	-	-
<b>TOTAL DEPRECIATION &amp; TOTAL IMPAIRMENT</b>		<b>13,566</b>	<b>13,148</b>	<b>-</b>	<b>-</b>

\$ '000	Notes	Actual 2011	Actual 2010
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		649	645
Bad & Doubtful Debts		(7)	33
Mayoral Fee		54	52
Councillors' Fees		203	197
Councillors' (incl. Mayor) Expenses - Other (excluding fees above)		104	113
Contributions to Other Levels of Government			
- Planning Levy		262	255
- Waste Levy		3,822	3,248
- Emergency Services Levy		2,371	2,405
- Other Levies		388	510
Contributions & Donations (Section 356)		341	306
Data Services		247	242
Electricity & Heating		2,221	2,063
Insurance		1,485	617
Interest on Bonds & Deposits		18	-
SHOROC Contributions		138	167
Street Lighting		1,504	1,137
Telephone & Communications		551	660
Valuation Fees		204	229
Other		74	28
<b>TOTAL OTHER EXPENSES</b>		<b>14,629</b>	<b>12,907</b>

## Notes to the Financial Statements

for the year ended 30 June 2011

### Notes 5

#### NOTE 5 GAINS OR LOSSES FROM THE DISPOSAL OF ASSETS

\$ '000	Notes	Actual	
		2011	2010
<b>Property (excl. Investment Property)</b>			
Proceeds from Disposal		-	-
less: Carrying Amount of Property Assets Sold		-	(111)
<b>Net Gain/(Loss) on Disposal</b>		-	<b>(111)</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal		2,249	2,047
less: Carrying Amount of P&E Assets Sold		(1,888)	(1,628)
<b>Net Gain/(Loss) on Disposal</b>		<b>361</b>	<b>419</b>
<b>Infrastructure</b>			
Proceeds from Disposal		-	-
less: Carrying Amount of Infrastructure Assets Sold		(194)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>(194)</b>	-
<b>Financial Assets</b>			
Proceeds from Disposal		143,150	213,885
less: Carrying Amount of Financial Assets Sold		(143,150)	(213,885)
<b>Net Gain/(Loss) on Disposal</b>		-	-
<b>Non Current Assets Classified as "Held for Sale"</b>			
Proceeds from Disposal		-	-
less: Carrying Amount of "Held for Sale" Assets Sold		-	-
<b>Net Gain/(Loss) on Disposal</b>		-	-
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>167</b>	<b>308</b>

## Notes to the Financial Statements

for the year ended 30 June 2011

### Notes 6

#### NOTE 6(a) CASH AND CASH EQUIVALENTS

\$ '000	Notes	2011 Actual		2010 Actual	
		Current	Non Current	Current	Non Current
Cash on Hand and at Bank		11,182	-	9,946	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>11,182</b>	-	<b>9,946</b>	-

#### NOTE 6(b) INVESTMENTS

	2011 Actual		2010 Actual	
	Current	Non Current	Current	Non Current
Financial Assets at fair value through Profit and Loss - Held for Trading <sup>(1)</sup>	1,498	4,623	2,494	7,984
Held to Maturity Investments	69,540	1,000	69,213	6,082
<b>Total</b>	<b>71,038</b>	<b>5,623</b>	<b>71,707</b>	<b>14,066</b>

#### Financial Assets at fair value through Profit and Loss - Held for Trading

At beginning of year	2,494	7,984	-	22,690
Revaluation to Income Statement	10	(13)	-	298
Additions	-	-	-	-
Disposals	(2,501)	(1,853)	-	(12,510)
Transfers between Current/Non Current	1,495	(1,495)	2,494	(2,494)
<b>At end of year</b>	<b>1,498</b>	<b>4,623</b>	<b>2,494</b>	<b>7,984</b>
Comprising of:				
FRNs	1,498	2,906	2,494	4,293
Mortgage Backed Securities	-	1,717	-	3,691
	<b>1,498</b>	<b>4,623</b>	<b>2,494</b>	<b>7,984</b>

#### Held to Maturity Investments

At beginning of year	69,213	6,082	50,544	11,053
Amortisation of discounts and premiums	-	-	-	-
Additions	133,041	1,000	210,073	5,000
Disposals	(137,714)	(1,082)	(200,544)	(831)
Transfers between Current/Non Current	5,000	(5,000)	9,140	(9,140)
<b>At end of year</b>	<b>69,540</b>	<b>1,000</b>	<b>69,213</b>	<b>6,082</b>
Comprising of:				
Term Deposits	69,540	-	69,213	6,082
FRNs	-	1,000	-	-
	<b>69,540</b>	<b>1,000</b>	<b>69,213</b>	<b>6,082</b>

## Notes to the Financial Statements

for the year ended 30 June 2011

### Note 6

#### NOTE 6(c) RESTRICTED CASH, CASH EQUIVALENTS & INVESTMENTS

\$ '000	Notes	2011 Actual		2010 Actual	
		Current	Non Current	Current	Non Current
<b>Total Cash, Cash Equivalents and Investments</b>		<b>82,220</b>	<b>5,623</b>	<b>81,653</b>	<b>14,066</b>
External Restrictions (refer below)		37,432	5,623	31,391	14,066
Internal Restrictions (refer below)		9,366	-	17,308	-
Unrestricted		35,422	-	32,954	-
		<b>82,220</b>	<b>5,623</b>	<b>81,653</b>	<b>14,066</b>

2011 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>External Restrictions - Included in Liabilities</b>				
Nil				
<b>External Restrictions - Other</b>				
Developer Contributions - General (A)	26,737	4,437	(2,142)	29,032
RTA Contributions (B)	323	-	-	323
Specific Purpose Unexpended Grants (C)	6,877	427	(5,199)	2,105
Domestic Waste Management (D)	-	14,835	(14,724)	111
Stormwater Management (D)	5,217	5,592	(5,461)	5,348
Sportsfield Levy (D)	4,452	1,330	(1,890)	3,892
Infrastructure Levy (D)	1,664	4,323	(3,946)	2,041
Subdivision and Duffy's Forest Concurrence	187	16	-	203
<b>External Restrictions - Other</b>	<b>45,457</b>	<b>30,960</b>	<b>(33,362)</b>	<b>43,055</b>
<b>Total External Restrictions</b>	<b>45,457</b>	<b>30,960</b>	<b>(33,362)</b>	<b>43,055</b>

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

**B** Roads and Traffic Authority contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.

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

**D** Domestic Waste management (DWM) and other special rates, levies and 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 2011

#### NOTE 6(c) RESTRICTED CASH, CASH EQUIVALENTS & INVESTMENTS (Continued)

2011 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Beach Parking	236	-	(118)	118
Compulsory Open Space Acquisition Reserve	625	-	(209)	416
Deposits, Retentions & Bonds	4,691	-	(131)	4,560
Employees Leave Entitlement	2,360	3	-	2,363
Insurance Reserve	737	296	-	1,033
Long Reef SLSC Renewal Reserve	239	-	(68)	171
Narrabeen Lagoon Entrance	999	-	(484)	515
Stormwater Asset Replacement Reserve	225	-	(35)	190
Affordable Housing Reserve	105	-	(105)	-
Bus Shelter Reserve	20	-	(20)	-
Child Care Parent Fundraising	28	-	(28)	-
Community Advisory Committee (CAC)	100	-	(100)	-
Community Development	886	-	(886)	-
Freshwater Village Underground Power	1,208	-	(1,208)	-
Glen Street Theatre	1,354	-	(1,354)	-
LEMC Local Emergency Management Committee	80	-	(80)	-
Loan Repayment (Sinking Fund)	1,325	-	(1,325)	-
Netball Courts Reserve	756	-	(756)	-
Property Development	1,034	-	(1,034)	-
Recreational Improvements Reserve	151	-	(151)	-
S355 Community Centres	117	-	(117)	-
Unexpended Loans	32	-	(32)	-
<b>Total Internal Restrictions</b>	<b>17,308</b>	<b>299</b>	<b>(8,241)</b>	<b>9,366</b>
<b>TOTAL RESTRICTIONS</b>	<b>62,765</b>	<b>31,259</b>	<b>(41,603)</b>	<b>52,421</b>

## Notes to the Financial Statements

for the year ended 30 June 2011

### Note 7

#### NOTE 7 RECEIVABLES

\$ '000	2011		2010	
	Current	Non Current	Current	Non Current
<b>Purpose</b>				
Rates & Annual Charges	2,072	313	2,490	275
Interest & Extra Charges	165	184	162	171
User Charges & Fees	2,048	-	2,105	-
Accrued Revenues				
- Interest on Investments	1,331	-	1,210	-
Government Grants & Subsidies	1,745	-	694	-
Net GST Receivable	983	-	991	-
Other Debtors	99	-	12	-
<b>Total</b>	<b>8,443</b>	<b>497</b>	<b>7,664</b>	<b>446</b>
<b>less: Provision for Impairment</b>				
Rates & Annual Charges	-	-	(9)	-
User Charges & Fees	(149)	-	(184)	-
<b>Total Provision for Impairment - Receivables</b>	<b>(149)</b>	<b>-</b>	<b>(193)</b>	<b>-</b>
<b>TOTAL NET RECEIVABLES</b>	<b>8,294</b>	<b>497</b>	<b>7,471</b>	<b>446</b>
<b>Externally Restricted Receivables</b>				
Domestic Waste Management	405	109	389	49
Other				
- Stormwater Levy	134	-	161	-
- Sportsfield Levy	39	-	46	-
- Infrastructure Levy	126	-	151	-
<b>Total External Restrictions</b>	<b>704</b>	<b>109</b>	<b>747</b>	<b>49</b>
<b>Internally Restricted Receivables</b>				
Nil				
<b>Unrestricted Receivables</b>	<b>7,590</b>	<b>388</b>	<b>6,724</b>	<b>397</b>
<b>TOTAL NET RECEIVABLES</b>	<b>8,294</b>	<b>497</b>	<b>7,471</b>	<b>446</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 is charged on overdue rates & charges at 9.00% (2010 9.00%).
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Notes to the Financial Statements

for the year ended 30 June 2011

### Note 8

#### Note 8 INVENTORIES & OTHER ASSETS

\$ '000	2011		2010	
	Current	Non Current	Current	Non Current
<b>Inventories</b>				
Stores & Materials	70	-	69	-
Trading Stock	20	-	21	-
<b>Total Inventories</b>	<b>90</b>	<b>-</b>	<b>90</b>	<b>-</b>
<b>Other Assets</b>				
Prepayments	862	-	537	-
<b>Total Other Assets</b>	<b>862</b>	<b>-</b>	<b>537</b>	<b>-</b>
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>	<b>952</b>	<b>-</b>	<b>627</b>	<b>-</b>
<b>(i) Externally Restricted Assets</b>				
<b>Water</b>				
Nil				
<b>Sewerage</b>				
Nil				
<b>Domestic Waste Management</b>				
Nil				
<b>Other</b>				
Nil				
<b>Total Externally Restricted Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Internally Restricted Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Unrestricted Assets</b>	<b>952</b>	<b>-</b>	<b>627</b>	<b>-</b>
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>	<b>952</b>	<b>-</b>	<b>627</b>	<b>-</b>



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

Note 9

NOTE 9(a) INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

\$ '000	Asset Movements during the Reporting Period										At 30/6/2011		
	Cost/Deemed Cost	At Fair Value	Accum Depn & Impairment	Carrying value	Additions	WDV of Disposals	Depn and Impairment	Adjust - ments & Transfers	Revaluation Increments/ (decrements)	Cost/Deemed Cost	At Fair Value	Accum Depn & Impairment	Carrying value
Capital Work in Progress	5,433	-	-	5,433	3,070	-	-	(4,758)	-	3,745	-	-	3,745
Plant & Equipment	-	11,108	4,566	6,542	3,522	(1,889)	(1,831)	22	-	-	11,300	4,934	6,366
Office Equipment	-	10,381	7,406	2,975	502	-	(862)	24	-	-	10,899	8,260	2,639
Furniture & Fittings	-	2,920	2,147	773	10	-	(163)	-	-	-	2,930	2,310	620
Plant & Equipment (under Finance Lease)	-	1,677	692	985	706	-	(640)	-	-	-	1,843	792	1,051
<b>Land:</b>													
- Operational Land	-	147,124	-	147,124	-	-	-	-	-	-	147,124	-	147,124
- Community Land	2,600,305	-	-	2,600,305	1,245	-	(1,172,359)	-	-	-	1,429,191	-	1,429,191
- Land Under Roads	-	-	-	-	-	-	-	1,806	-	-	1,806	-	1,806
Land Improvements - depreciable	3,388	-	953	2,435	4,023	-	(40)	188	15,563	-	23,280	1,111	22,169
Buildings - Non Specialised	-	189,645	76,727	112,918	8,070	(194)	(1,875)	(1,914)	-	-	193,830	76,825	117,005
Buildings - Specialised	-	22,867	10,137	12,730	53	-	(232)	264	-	-	23,184	10,369	12,815
Other Structures	34,135	-	3,053	31,082	4,418	-	(521)	5,207	5,070	-	53,497	8,240	45,257
<b>Infrastructure:</b>													
- Roads, Bridges, Footpaths	-	394,174	59,275	334,899	5,946	-	(3,478)	667	-	-	400,787	62,753	338,034
- Stormwater Drainage	-	332,778	91,350	241,428	707	-	(3,375)	308	-	-	333,793	94,725	239,068
<b>Other Assets:</b>													
- Library Books	6,465	-	4,904	1,561	532	-	(508)	(8)	-	-	6,989	5,412	1,577
- Other	975	-	975	-	-	-	-	-	-	-	-	-	-
<b>Reinstatement, Rehabilitation &amp; Restoration Assets (refer Note 26)</b>													
- Tip Asset	2,019	-	829	1,190	-	-	(41)	-	-	2,019	-	870	1,149
<b>TOTAL</b>	<b>2,652,720</b>	<b>1,112,674</b>	<b>263,014</b>	<b>3,502,380</b>	<b>32,804</b>	<b>(2,083)</b>	<b>(13,566)</b>	<b>(1,170,553)</b>	<b>20,633</b>	<b>5,764</b>	<b>2,640,453</b>	<b>276,601</b>	<b>2,369,616</b>

Asset acquisitions were apportioned between	New Assets	9,569
	Renewals	23,235
	<b>Total Additions</b>	<b>32,804</b>

NOTE 9(b) RESTRICTED INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

\$ '000	Actual 2011				Actual 2010			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Domestic Waste Management</b>								
- 35.5% Kimbriki Tip Land	-	4,476	-	4,476	-	4,476	-	4,476
<b>Total DWM</b>	-	<b>4,476</b>	-	<b>4,476</b>	-	<b>4,476</b>	-	<b>4,476</b>
<b>Other Restricted Assets</b>								
- 64.5% Kimbriki Tip Land	-	8,133	-	8,133	-	8,133	-	8,133
- Non-Cash S94 Contribution	-	716	-	716	-	716	-	716
<b>Total Other Restrictions</b>	-	<b>8,849</b>	-	<b>8,849</b>	-	<b>8,849</b>	-	<b>8,849</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	-	<b>13,325</b>	-	<b>13,325</b>	-	<b>13,325</b>	-	<b>13,325</b>

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

Note 10

NOTE 10(a) PAYABLES, BORROWINGS AND PROVISIONS

\$ '000	Notes	Actual 2011		Actual 2010	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services		4,618	-	3,754	-
Accrued Expenses					
- Wages and Salaries		781	-	586	-
- Borrowings		-	-	20	-
- Other		6,302	400	4,214	200
Payments Received In Advance		1,337	-	1,710	-
Deposits & Retentions		4,560	-	4,691	-
Fringe Benefits Tax Payable		88	-	82	-
Other Payables		916	-	793	-
<b>Total Payables</b>		<b>18,602</b>	<b>400</b>	<b>15,850</b>	<b>200</b>
<b>Current Payables not expected to be settled within the next 12 months</b>					
Deposits & Retentions		2,736	-	2,851	-
<b>Total</b>		<b>2,736</b>	<b>-</b>	<b>2,851</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>(1)</sup>		-	-	852	370
Finance Lease Liability		574	508	575	441
<b>Total Borrowings</b>		<b>574</b>	<b>508</b>	<b>1,427</b>	<b>811</b>
<b>Provisions<sup>(2)</sup></b>					
<b>Employee Benefits;</b>					
Annual Leave		3,594	-	3,591	-
Sick Leave		377	-	447	-
Long Service Leave		6,699	922	6,512	903
Gratuities		51	-	52	-
Redundancies		422	-	293	-
<b>Sub Total - Aggregate Employee Benefits</b>		<b>11,143</b>	<b>922</b>	<b>10,895</b>	<b>903</b>
Self Insurance - Workers Compensation		248	739	141	596
- Public Liability		191	842	126	480
- Other		-	-	-	-
Asset Remediation	26	-	3,835	-	3,618
<b>Total Provisions</b>		<b>11,582</b>	<b>6,338</b>	<b>11,162</b>	<b>5,597</b>
<b>Current Provisions not expected to be settled within the next 12 months</b>		4,461	-	4,856	-

Notes:

<sup>(1)</sup>Loans are secured over the income of Council

<sup>(2)</sup>Vested ELE is all carried as a current provision

## Notes to the Financial Statements

for the year ended 30 June 2011

### Note 10

#### NOTE 10(a) PAYABLES, BORROWINGS AND PROVISIONS (continued)

\$ '000	Actual 2011		Actual 2010	
	Current	Non Current	Current	Non Current
<b>Liabilities relating to Restricted Assets</b>				
<b>Externally Restricted Assets</b>				
Domestic Waste Management	625	-	391	-
Sportsfield Levy	25	-	210	-
Stormwater Levy	2,130	-	565	-
Infrastructure Levy	254	-	267	-
<b>Total</b>	<b>3,034</b>	<b>-</b>	<b>1,433</b>	<b>-</b>
<b>Internally Restricted Assets</b>				
Security Bonds, Deposits & Retentions	4,560	-	4,585	-
Employee Leave Entitlements	2,007	174	1,799	345
Self Insurance Claims - Reserve	248	739	141	596
<b>Total</b>	<b>6,815</b>	<b>913</b>	<b>6,525</b>	<b>941</b>
<b>Total Liabilities relating to restricted assets</b>	<b>9,849</b>	<b>913</b>	<b>7,958</b>	<b>941</b>

#### NOTE 10(b) DESCRIPTION OF AND MOVEMENTS IN PROVISIONS

Class of Provision \$'000	Opening Balance	Additional Provisions	Payments	Remeasurement	Closing Balance
Annual Leave	3,591	3,235	(3,232)	-	3,594
Sick Leave	447	(66)	(4)	-	377
Long Service Leave	7,415	1,199	(993)	-	7,621
Gratuities	52	(1)	-	-	51
Redundancies	293	190	(61)	-	422
Self Insurance	1,343	1,096	(419)	-	2,020
Asset Remediation	3,618	217	-	-	3,835
<b>TOTAL</b>	<b>16,759</b>	<b>5,870</b>	<b>(4,709)</b>	<b>-</b>	<b>17,920</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.

b. Self Insurance Provisions represent both (i) Claims Incurred but Not reported and (ii) Claims Reported & Estimated as a result of Council's being a self insurer up to certain levels of Excess. For public liability this limit is \$150,000 (\$600,000 prior to 1 July 2006) per claim/event and for professional indemnity \$50,000 per claim/event.

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

d. Specific uncertainties relating to the final costs and the assumptions made in determining Provisions for Self Insurance include:

- Claims Escalation of 4% per annum and Bond Yields of between 4.705% and 5.305% per annum over a 12 year period;
- All monetary amounts for past Workers Compensation Claims were indexed to bring them to "standardised" values at June 2011;
- Workers Compensation Claim payments projected into the future by the adopted actuarial model will be in "standardised" values as at June 2011; and
- The outstanding estimates for Public Liability & Professional Indemnity claims include medical, legal and other claim related costs.

## Notes to the Financial Statements

for the year ended 30 June 2011

### Note 11

#### Note 11 RECONCILIATION OF OPERATING RESULT TO NET CASH MOVEMENT FROM OPERATING ACTIVITIES

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	11,182	9,946
<b>Balances as per Statement of Cash Flows</b>		<b>11,182</b>	<b>9,946</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>9,187</b>	<b>13,455</b>
<b>Add:</b>			
Depreciation and Amortisation		13,566	13,148
Increase in Provision for Leave Entitlements		267	660
Increase in Other Provisions		677	1
Decrease in Inventories		-	17
Decrease in Equity Share in Joint Venture		-	216
Increase in Payables		2,582	-
Increase in Other Current Liabilities		-	1,379
Unwinding of Discount Rates on Reinstatement Provisions		217	204
Fair Value Adjustments to Financial Assets through Profit and Loss		3	-
		26,499	29,080
<b>Less:</b>			
Increase in Receivables		(830)	(884)
Decrease in Provision for Doubtful Debts		(44)	(16)
Increase in Other Current Assets		(325)	(80)
Increase in Equity Share in Joint Venture		(71)	-
Decrease in Payables		-	(1,898)
Decrease in Accrued Interest Payable		(20)	(17)
Decrease in Other Current Liabilities		(346)	-
Gain on Disposal of Assets		(167)	(308)
Fair Value Adjustments to Investment Property		(50)	(50)
Fair Value Adjustments to Financial Assets through Profit and Loss		-	(298)
<b>NET CASH PROVIDED FROM/(USED IN)</b>		<b>24,646</b>	<b>25,529</b>
<b>OPERATING ACTIVITIES from CASH FLOW STATEMENT</b>		<b>24,646</b>	<b>25,529</b>

## Notes to the Financial Statements

for the year ended 30 June 2011

### Note 11

#### Note 11 RECONCILIATION OF OPERATING RESULT TO NET CASH MOVEMENT FROM OPERATING ACTIVITIES (Continued)

\$ '000	Notes	Actual 2011	Actual 2010
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Land		-	-
<b>(d) Financing Arrangements</b>			
Unrestricted access was available at balance date to the following:			
Bank Overdraft Facilities <sup>(1)</sup>		500	500
Corporate Credit Cards		150	150
Bank Guarantee for possible Workers Compensation Claims		1,500	2,000
		<b>2,150</b>	<b>2,650</b>

#### Notes:

<sup>(1)</sup>The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice. Interest rates on Overdrafts and Loans are disclosed in Note 15.

## Notes to the Financial Statements

for the year ended 30 June 2011

### Note 12

#### NOTE 12 COMMITMENTS FOR EXPENDITURE

\$ '000	Notes	Actual 2011	Actual 2010
<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:			
- Buildings		59	1,510
- Plant & Equipment		64	406
- Office Equipment		30	52
- Other Structures		904	1,835
- Infrastructure		3,077	389
<b>Total</b>		<b>4,134</b>	<b>4,192</b>
<b>These expenditures are payable as follows:</b>			
- Not later than one year		4,049	4,163
- Later than one year and not later than 5 years		85	29
- Later than 5 years		-	-
<b>Total</b>		<b>4,134</b>	<b>4,192</b>

#### **(b) Other Expenditure Commitments (exclusive of GST)**

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

- Audit Services		149	224
- Garbage and Recycling Services		45,850	51,982
- Cleaning Services		432	361
- Other		16,298	12,225
<b>Total</b>		<b>62,729</b>	<b>64,792</b>
<b>These expenditures are payable as follows:</b>			
- Not later than one year		22,841	25,489
- Later than one year and not later than 5 years		39,888	39,303
- Later than 5 years		-	-
<b>Total</b>		<b>62,729</b>	<b>64,792</b>

## Notes to the Financial Statements

for the year ended 30 June 2011

### Note 12

#### NOTE 12 COMMITMENTS FOR EXPENDITURE continued

\$ '000	Notes	Actual 2011	Actual 2010
<b>(c) Finance Lease Commitments</b>			
Commitments under Finance Leases at the Reporting Date are payable as follows:			
- Not later than one year		639	627
- Later than one year and not later than 5 years		539	469
- Later than 5 years		-	-
<b>Total</b>		<b>1,178</b>	<b>1,096</b>
Minimum Lease Payments		1,178	1,096
less: Future Finance Charges		(96)	(79)
<b>Lease Liability</b>		<b>1,082</b>	<b>1,017</b>
Representing lease liabilities			
- Current Liabilities		574	575
- Non-Current Liabilities		508	442
<b>Total</b>		<b>1,082</b>	<b>1,017</b>
<b>(d) Operating Lease Commitments</b>			
- Not later than one year		79	94
- Later than one year and not later than 5 years		79	157
- Later than 5 years		-	-
<b>Total</b>		<b>158</b>	<b>251</b>
<b>(e) Repairs and Maintenance - Investment Property</b>			
Nil			
<b>(f) Remuneration Commitments</b>			
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities, payable:			
- Not later than one year		4,875	5,664
- Later than one year and not later than 5 years		7,177	10,317
- Later than 5 years		-	-
<b>Total</b>		<b>12,052</b>	<b>15,981</b>
<b>(g) Investment in Associates / Joint Ventures - Commitments</b>			
For Capital Commitments and Other Commitments relating to Investments in Associates & Joint Ventures, refer to Note 19 (b)			

## Notes to the Financial Statements

for the year ended 30 June 2011

### Note 13

#### NOTE 13 STATEMENT OF PERFORMANCE MEASURES - CONSOLIDATED RESULTS

\$ '000	Amounts 2011	Indicator 2011	2010	2009
<b>1. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(1)</sup>	56,274	2.74	3.14	3.41
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	20,527			
<b>2. Debt Service Ratio</b>				
Debt Service Cost	1,976	1.54%	4.07%	1.67%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	128,190			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>				
Rates & Annual Charges	79,257	57.51%	56.79%	55.91%
Revenue from Continuing Operations	137,823			
<b>4a. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual & Extra Charges Outstanding	2,734	3.31%	3.85%	3.96%
Rates, Annual & Extra Charges Collectible	82,612			
<b>4b. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage *</b>				
Rates, Annual & Extra Charges Outstanding	2,075	2.51%	3.06%	3.07%
Rates, Annual & Extra Charges Collectible	82,612			
* It is Council's policy not to pursue pensioners. This calculation is used to demonstrate to users the effect of actively pursuing outstanding amounts from pensioners.				
<b>5. Building &amp; Infrastructure Renewals Ratio</b>				
Asset Renewals <sup>(4)</sup> [Buildings & Infrastructure]	16,677	186.13%	168.74%	106.17%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	8,960			

#### Notes

<sup>(1)</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>(2)</sup> Refer to Note 10(a).

<sup>(3)</sup> Refer to Note 10(c) - excludes all ELE not expected to be paid in the next 12 months.

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

# Notes to the Financial Statements

for the year ended 30 June 2011

## Note 14

### NOTE 14 INVESTMENT PROPERTIES

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Investment Properties at Fair value</b>			
<b>Investment Properties on Hand</b>		2,100	2,050
<b>Reconciliation of Annual Movement:</b>			
<b>Opening Balance</b>		2,050	2,000
- Net Gain/(Loss) from Fair Value Adjustments		50	50
<b>CLOSING BALANCE - INVESTMENT PROPERTIES</b>		<b>2,100</b>	<b>2,050</b>

#### (b) Valuation Basis

The basis of Valuation of Investment Properties is Fair Value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The 2011 revaluations were based on Independent Assessments made by: Scott Fullarton Valuations Pty Ltd., Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144.

#### (c) Contractual Obligations at Reporting Date

Refer to Note 12 for disclosures relating to any Capital and Service obligations that have been contracted.

#### (d) Leasing Arrangements

Details of leased Investment Properties are as follows;

Future Minimum Lease Payments receivable under non-cancellable Investment Property Operating Leases not recognised in the Financial Statements are due:

Within 1 year	193	182
Later than 1 year but less than 5 years	498	649
Later than 5 years	-	-
<b>Total Minimum Lease Payments Receivable</b>	<b>691</b>	<b>831</b>

#### (e) Investment Property Income & Expenditure - summary

<b>Rental Income from Investment Properties:</b>		
- Minimum Lease Payments	184	177
<b>Direct Operating Expenses on Investment Properties:</b>		
- that generated rental income	(22)	(21)
<b>Net Revenue Contribution from Investment Properties</b>	<b>162</b>	<b>156</b>
plus:		
<b>Fair Value Movement for year</b>	<b>50</b>	<b>50</b>
<b>Total Income attributable to Investment Properties</b>	<b>212</b>	<b>206</b>

# Notes to the Financial Statements

for the year ended 30 June 2011

## Note 15

### NOTE 15 FINANCIAL RISK MANAGEMENT

#### Risk Management

Council's activities expose it to a variety of financial risks including (i) price risk, (ii) credit risk, (iii) liquidity risk and (iv) interest rate risk. 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.

Council held the following financial instruments at balance date:

\$'000	Carrying Value		Fair Value	
	2011	2010	2011	2010
<b>Financial Assets</b>				
Cash and Cash Equivalents	11,182	9,946	11,182	9,946
Receivables	8,791	7,917	8,791	7,917
Financial Assets at Fair value through profit or loss - Held for Trading	6,121	10,478	6,121	10,478
Held-to-Maturity Investments	70,540	75,295	70,540	75,295
<b>Total Financial Assets</b>	<b>96,634</b>	<b>103,636</b>	<b>96,634</b>	<b>103,681</b>
<b>Financial Liabilities</b>				
Payables	17,665	14,340	17,665	14,340
Loans / Advances	1,082	2,238	1,082	2,238
<b>Total Financial Liabilities</b>	<b>18,747</b>	<b>16,578</b>	<b>18,747</b>	<b>16,578</b>

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - estimated to be the carrying value which approximates market value.
- **Borrowings & Held to Maturity Investments** - estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles.
- **Financial Assets classified at Fair Value through profit and loss** - based upon quoted market prices in active markets for identical investments.

## Notes to the Financial Statements

for the year ended 30 June 2011

### Note 15

#### 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 be extended and overdraft facilities can be drawn down in extenuating circumstances.

The contractual undiscounted cash outflows of Council's Payables & Borrowings are set out in the Liquidity Sensitivity Table below:

\$'000	Due Within 1 Year	Due Between 1 and 5 Years	Due after 5 Years	Total Contractual Cash Flows	Carrying Values
<b>2011</b>					
Payables	17,265	400	-	17,665	17,665
Borrowings	639	539	-	1,178	1,082
<b>Total Financial Liabilities</b>	<b>17,904</b>	<b>939</b>	<b>-</b>	<b>18,843</b>	<b>18,747</b>
<b>2010</b>					
Payables	14,140	200	-	14,340	14,340
Borrowings	1,530	848	-	2,378	2,238
<b>Total Financial Liabilities</b>	<b>15,670</b>	<b>1,048</b>	<b>-</b>	<b>16,718</b>	<b>16,578</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:

	2011		2010	
	Weighted Average Interest Rate	Balance \$'000	Weighted Average Interest Rate	Balance \$'000
Overdraft	-	-	-	-
Bank Loans - Fixed	0.0%	-	6.9%	-
- Variable <sup>(1)</sup>	0.0%	-	5.1%	1,222
				1,222

<sup>(1)</sup> The interest rate risk applicable to Variable Rate Bank Loans is not considered significant.

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 16

#### NOTE 16 MATERIAL BUDGET VARIATIONS

Council's Original Financial Budget for 2010/11 was incorporated as part of its Strategic Community Plan and was adopted by the Council on 22 June 2010.

While the Income Statement included in these General Purpose Financial Statements 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 variations between actuals and budget that invariably occur throughout the year.

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

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

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

\$ '000	2011 Budget	2011 Actual	2011 Variance*		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	78,725	79,257	532	1%	<b>F</b>
<b>User Charges &amp; Fees</b>	32,425	30,287	(2,138)	(7%)	<b>U</b>
<b>Interest &amp; Investment Revenue</b>	4,202	5,947	1,745	42%	<b>F</b>
This variance is principally due to the strong performance of the Council's investment portfolio which has exceeded the bank bill benchmark return by over 1% and higher than anticipated cash balances due to lower than budgeted expenditure on Capital Projects.					
<b>Other Revenues</b>	8,100	7,624	(476)	(6%)	<b>U</b>
<b>Operating Grants &amp; Contributions</b>	7,331	7,549	218	3%	<b>F</b>
<b>Capital Grants &amp; Contributions</b>	9,702	6,921	(2,781)	(29%)	<b>U</b>
This variance principally relates to a budgeted grant for a disability tourism precinct at Collaroy that was not received.					
<b>Net Gains on the Disposal of Assets</b>	-	167	167	0%	<b>F</b>
This gain reflects the positive nature of the disposal of Council's fleet vehicles which had not be budgeted.					
<b>Share of Net Gain - Joint Ventures &amp; Associates</b>	-	71	71	0%	<b>F</b>
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	53,440	52,435	1,005	(2%)	<b>F</b>
<b>Borrowing Costs</b>	259	330	(71)	27%	<b>U</b>
This variance relates to a higher than anticipated level of renewal of finance leases of information technology hardware.					
<b>Materials &amp; Contracts</b>	48,558	47,676	882	(2%)	<b>F</b>
<b>Depreciation &amp; Amortisation</b>	13,225	13,566	(341)	3%	<b>U</b>
<b>Other Expenses</b>	15,232	14,629	603	(4%)	<b>F</b>

## Notes to the Financial Statements

for the year ended 30 June 2011

### Note 17

#### 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	Contributions received during the Year			Projections							
	Opening Balance	Cash	Non Cash	Interest earned in Year	Exp during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Future income	Exp still outstanding	Over or (under) Funding	Cumulative Internal Borrowings due/(payable)
Traffic Facilities	452	3	-	28	-	-	483	-	(483)	-	-
Parking	5,487	-	-	332	-	-	5,819	-	(5,819)	-	-
Open Space Community Facilities	6,695	292	-	406	(545)	-	6,848	-	(6,848)	-	-
Other	8,376	90	-	506	(75)	-	8,897	-	(8,897)	-	-
	2,241	-	-	135	-	-	2,376	-	(2,376)	-	-
<b>S94 Contributions - under a Plan</b>	<b>23,251</b>	<b>385</b>	<b>-</b>	<b>1,407</b>	<b>(620)</b>	<b>-</b>	<b>24,423</b>	<b>-</b>	<b>(24,423)</b>	<b>-</b>	<b>-</b>
<b>S94A Levies - under a Plan</b>	<b>3,316</b>	<b>2,404</b>	<b>-</b>	<b>231</b>	<b>(1,522)</b>	<b>-</b>	<b>4,429</b>	<b>10,000</b>	<b>(14,429)</b>	<b>-</b>	<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>26,567</b>	<b>2,789</b>	<b>-</b>	<b>1,638</b>	<b>(2,142)</b>	<b>-</b>	<b>28,852</b>	<b>10,000</b>	<b>(38,852)</b>	<b>-</b>	<b>-</b>
S94 not under Plans	886	-	-	10	-	-	896	-	(896)	-	-
<b>Total Contributions</b>	<b>27,453</b>	<b>2,789</b>	<b>-</b>	<b>1,648</b>	<b>(2,142)</b>	<b>-</b>	<b>29,748</b>	<b>10,000</b>	<b>(39,748)</b>	<b>-</b>	<b>-</b>
Less: Land	(716)	-	-	-	-	-	(716)	-	716	-	-
<b>Total Cash Contributions</b>	<b>26,737</b>	<b>2,789</b>	<b>-</b>	<b>1,648</b>	<b>(2,142)</b>	<b>-</b>	<b>29,032</b>	<b>10,000</b>	<b>(39,032)</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements

for the year ended 30 June 2011

### Note 17

#### NOTE 17 STATEMENT OF DEVELOPER CONTRIBUTIONS (continued)

\$ '000

#### S94 CONTRIBUTIONS - UNDER A PLAN

##### CONTRIBUTION PLAN - Pre 2001 Plan

PURPOSE	Contributions received during the Year			Projections							
	Opening Balance	Cash	Non Cash	Interest earned in Year	Exp during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Future income	Exp still outstanding	Over or (under) Funding	Cumulative Internal Borrowings due/(payable)
Parking	361	-	-	22	-	-	383	-	(383)	-	-
Open Space Community Facilities	319	-	-	19	-	-	338	-	(338)	-	-
	776	-	-	46	-	-	822	-	(822)	-	-
<b>Total</b>	<b>1,456</b>	<b>-</b>	<b>-</b>	<b>87</b>	<b>-</b>	<b>-</b>	<b>1,543</b>	<b>-</b>	<b>(1,543)</b>	<b>-</b>	<b>-</b>

##### CONTRIBUTION PLAN - 2001 Plan

PURPOSE	Contributions received during the Year			Projections							
	Opening Balance	Cash	Non Cash	Interest earned in Year	Exp during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Future income	Exp still outstanding	Over or (under) Funding	Cumulative Internal Borrowings due/(payable)
Traffic Facilities	452	3	-	28	-	-	483	-	(483)	-	-
Parking	5,126	-	-	310	-	-	5,436	-	(5,436)	-	-
Open Space Community Facilities	6,376	292	-	387	(545)	-	6,510	-	(6,510)	-	-
Other	7,600	90	-	460	(75)	-	8,075	-	(8,075)	-	-
	2,241	-	-	135	-	-	2,376	-	(2,376)	-	-
<b>Total</b>	<b>21,795</b>	<b>385</b>	<b>-</b>	<b>1,320</b>	<b>(620)</b>	<b>-</b>	<b>22,880</b>	<b>-</b>	<b>(22,880)</b>	<b>-</b>	<b>-</b>

#### S94A LEVIES - UNDER A PLAN

##### CONTRIBUTION PLAN

PURPOSE	Contributions received during the Year			Projections							
	Opening Balance	Cash	Non Cash	Interest earned in Year	Exp during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Future income	Exp still outstanding	Over or (under) Funding	Cumulative Internal Borrowings due/(payable)
Other	3,316	2,404	-	231	(1,522)	-	4,429	10,000	(14,429)	-	-
<b>Total</b>	<b>3,316</b>	<b>2,404</b>	<b>-</b>	<b>231</b>	<b>(1,522)</b>	<b>-</b>	<b>4,429</b>	<b>10,000</b>	<b>(14,429)</b>	<b>-</b>	<b>-</b>

#### S94A LEVIES - NOT UNDER A PLAN

PURPOSE	Contributions received during the Year			Projections							
	Opening Balance	Cash	Non Cash	Interest earned in Year	Exp during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Future income	Exp still outstanding	Over or (under) Funding	Cumulative Internal Borrowings due/(payable)
Drainage	40	-	-	2	-	-	42	-	(42)	-	-
Parking	79	-	-	8	-	-	87	-	(87)	-	-
Child Care Reserve- Austlink	48	-	-	-	-	-	48	-	(48)	-	-
Other	3	-	-	-	-	-	3	-	(3)	-	-
Land	716	-	-	-	-	-	716	-	(716)	-	-
<b>Total</b>	<b>886</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>896</b>	<b>-</b>	<b>(896)</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

for the year ended 30 June 2011

## Note 18

### NOTE 18 CONTINGENCIES

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

#### CONTINGENT LIABILITIES

##### 1. Guarantees

###### (i) Defined Benefit Superannuation Contribution Plans

"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 AASB119. Sufficient information under AASB119 is not available to account for the Scheme as a defined benefit plan, because the assets to the Scheme are pooled together for all employers.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2011 was \$1,450,926. The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 16 February 2010 and covers the period ended 30 June 2009. However the position is monitored annually and the Actuary has estimated that as at 30 June 2011 a deficit still exists. Effective from 1 July 2009, employers were required to contribute at twice the "notional" or long term cost for a period of up to ten years in order to rectify this deficit. The share of this deficit that can be broadly attributed to the employer was estimated to be in the order of \$3,169,504 as at 30 June 2011.

###### (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 June 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) WorkCover

Council has provided a \$1.5 million guarantee to WorkCover as a provision for all known liabilities disclosed in an Actuarial Report prepared by David Zaman Pty Ltd. as at 10 July 2011.

###### (iv) Other Guarantees

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

#### 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 and 94A Contributions upon various developments 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) Legal Expenses

Council is the planning consent authority for its area under the Environmental Planning & Assessment Act (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal to the Land & Environment Court. It is the Court's normal practice that parties bear their own legal costs.

At the date of these reports, Council had notice of five (5) appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

Council is involved in other litigation (including other Land and Environment Court proceedings, civil liability proceedings and Local Court prosecutions). Whilst these matters are unlikely to cost Council in excess of \$100,000 individually (subject to the comments below), the amount of further costs cannot be known until these proceedings are concluded. In relation to these other proceedings it is noted that Council is involved in a Supreme Court matter, the hearing of which has concluded. Council's maximum exposure to costs is the limit of its excess of \$50,000.

# Notes to the Financial Statements

for the year ended 30 June 2011

## Note 18

### NOTE 18 CONTINGENCIES (Continued)

#### (iv) 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 (and subsequent land asset) from such potential acquisitions has not been possible.

#### CONTINGENT ASSETS

##### (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 and including 30 June 2008.

##### (ii) Infringement Notices/Fines

Fines and 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.

##### (iii) Building Commencements

There was one (1) current construction certificate on hand awaiting collection.

There is still building activity that may have commenced without proper approval and payment of appropriate fees. However, the number has dropped significantly due to ongoing investigations and monthly audits that were implemented to monitor the possibility of further unlawful works.



## Notes to the Financial Statements

for the year ended 30 June 2011

### Note 19

#### NOTE 19 INTERESTS IN SUBSIDIARIES AND JOINT VENTURES

Council's objectives can and in some cases are best met through the use of separate entities and operations. These operations and entities range from 51% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils. The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of Council's interest and control and the type of entity as follows:

##### Subsidiary Note 19(a)

Operational Arrangements where Council's ownership exceeds 50%

##### Joint Venture Entities Note 19(b)

Arrangements in the form of a Separate Entity that deploys the resources of the operation itself. Under the Joint Venture Entities, Council jointly controls the operations with other parties.

##### Accounting Recognition:

- (i) The subsidiary disclosed under Note 19(a), is accounted for on a Consolidation basis within the Income and Balance Sheet.
- (ii) Joint Venture Entities as per Notes 19(b) are accounted for using the Equity Accounting Method - and are disclosed as a one line entry in the Income Statement and Balance Sheet.

##### (a) Subsidiary

Council is the majority shareholder in Kimbriki Environmental Enterprises Pty Limited. The company commenced operating its waste and recycling business on 1 July 2009 with a lease over the site for a period of 25 years. The minority shareholders in the company are Manly, Mosman and Pittwater Councils.

\$ '000	Notes	Actual 2011	Actual 2010
<b>Current Assets</b>			
Cash and Cash Equivalents		2,034	1,659
Investments		9,540	9,650
Receivables		1,343	1,236
<b>Total Current Assets</b>		<b>12,917</b>	<b>12,545</b>
<b>Non-Current Assets</b>			
Infrastructure, Property, Plant & Equipment		1,764	1,259
Intangibles		1,270	135
<b>Total Non-Current Assets</b>		<b>3,034</b>	<b>1,394</b>
<b>Total Assets</b>		<b>15,951</b>	<b>13,939</b>
<b>Current Liabilities</b>			
Payables		1,756	1,375
Provisions		315	241
<b>Total Current Liabilities</b>		<b>2,071</b>	<b>1,616</b>
<b>Non-Current Liabilities</b>			
Payables		400	200
<b>Total Non-Current Liabilities</b>		<b>400</b>	<b>200</b>
<b>Total Liabilities</b>		<b>2,471</b>	<b>1,816</b>
<b>Net Assets</b>		<b>13,480</b>	<b>12,123</b>
<b>Equity</b>			
Share Capital		10,033	10,033
Retained Earnings		3,447	2,090
<b>Total Equity</b>		<b>13,480</b>	<b>12,123</b>
<b>Share of Subsidiary's revenue, expenses and results</b>			
Revenues		9,877	7,945
Expenses		8,758	6,879
<b>Operating Result</b>		<b>1,119</b>	<b>1,066</b>
<b>Share of Subsidiary's commitments</b>			
Expenditure Commitments		7,074	4,081
Operating Lease Commitments		19,982	18,192
Other Commitments		861	954
<b>Total Commitments</b>		<b>27,917</b>	<b>23,226</b>

## Notes to the Financial Statements

for the year ended 30 June 2011

### Note 19

#### NOTE 19 INTERESTS SUBSIDIARIES AND JOINT VENTURES (continued)

##### (b) Joint Venture Entity

Council has a Joint Venture with Pittwater Council for the Warringah - Pittwater District Rural Fire Service.

\$ '000	Notes	Actual 2011	Actual 2010
<b>Current Assets</b>			
Cash and Cash Equivalents		676	555
Receivables		-	36
<b>Total Current Assets</b>		<b>676</b>	<b>591</b>
<b>Non-Current Assets</b>			
Infrastructure, Property, Plant & Equipment		173	187
<b>Total Non-Current Assets</b>		<b>173</b>	<b>187</b>
<b>Total Assets</b>		<b>849</b>	<b>778</b>
<b>Current Liabilities</b>			
Payables		-	-
<b>Total Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>-</b>	<b>-</b>
<b>Net Assets</b>		<b>849</b>	<b>778</b>
<b>Share of Joint Venture's revenue, expenses and results</b>			
Revenues		833	884
Expenses		762	1,100
<b>Operating Result</b>		<b>71</b>	<b>(216)</b>
<b>Share of Joint Venture's commitments</b>			
Expenditure Commitments		-	-
<b>Total Commitments</b>		<b>-</b>	<b>-</b>

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 20

#### NOTE 20 EQUITY - RETAINED EARNINGS AND REVALUATION RESERVES

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year		3,481,267	3,329,641
Adjustment to correct Prior Period Errors	20 (d)	-	139,209
Adjustment for Changes in Accounting Policies	20 (e)	(1,170,553)	-
Net Operating Result for the Year		8,113	12,417
<b>Balance at end of Year</b>		<b>2,318,827</b>	<b>3,481,267</b>
<b>(b) Reserves</b>			
Infrastructure, Property, Plant & Equipment Revaluation Reserve		110,924	90,296
<b>Total</b>		<b>110,924</b>	<b>90,296</b>
<b>Movements</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
Balance at beginning of Year		90,296	50,858
Adjustment to correct Prior Period Errors	20 (d)	-	(556)
Revaluations for the year	9(a)	20,633	39,994
<b>Balance at end of Year</b>		<b>110,929</b>	<b>90,296</b>
<b>(c) Nature and 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 and decrements on the revaluation of non-current assets.			
<b>(d) Correction of Errors in Previous Periods</b>			
<b>Adjusted to Retained Earnings</b>			
Depreciation overstated on roads and drains		-	139,356
Buildings previously overvalued		-	(497)
Minority interest previously overstated		-	348
Other		-	2
<b>Total</b>		<b>-</b>	<b>139,209</b>
<b>Adjusted to Asset Revaluation Reserve</b>			
Buildings previously overvalued		-	(362)
Other		-	(194)
<b>Total</b>		<b>-</b>	<b>(556)</b>
<b>(e) Changes in Accounting Policies</b>			
<b>Adjusted to Retained Earnings</b>			
First time adoption of the valuation of Land Under Roads acquired for periods after 1 July 2008		1,806	-
Change in methodology in Valuing Community Land - Council has revalued its Community Land during the financial year. In doing so the methodology has been changed to value the Community Land at the actual Valuer General rate or where this was not available an average rate using the Valuer General rates for Community Land within the Local Government Area. This is not the initial application of the accounting policy to revalue assets and consistent with previous revaluations has been adjusted against Retained Earnings.		(1,172,359)	-
<b>Total</b>		<b>(1,170,553)</b>	<b>-</b>

## Notes to the Financial Statements

for the year ended 30 June 2011

### Notes 21 and 22

#### NOTE 21 RESULTS BY FUND

Council does not have any Water or Sewer Funds.

#### NOTE 22 NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

\$ '000	Actual 2011		Actual 2010	
	Current	Non Current	Current	Non Current
Land	2,571	-	2,571	-
Buildings	373	-	373	-
<b>Total Non Current Assets Held for Sale</b>	<b>2,944</b>	<b>-</b>	<b>2,944</b>	<b>-</b>
<b>Reconciliation of Non Current Assets Held for Sale</b>				
<b>Opening Balance</b>	<b>2,944</b>		<b>2,944</b>	<b>-</b>
<b>less: Carrying Value of Assets/Operations Sold</b>	<b>-</b>		<b>-</b>	<b>-</b>
<b>Balance still unsold after 12 months:</b>	<b>2,944</b>	<b>-</b>	<b>2,944</b>	<b>-</b>
<b>plus New Transfer in:</b>				
Assets "Held for Sale"	-	-	-	-
<b>Closing Balance of "Held for Sale"</b>				
<b>Non Current Assets &amp; Operations</b>	<b>2,944</b>	<b>-</b>	<b>2,944</b>	<b>-</b>

## Notes to the Financial Statements

for the year ended 30 June 2011

### Notes 23 - 25

#### NOTE 23 EVENTS OCCURRING AFTER BALANCE SHEET DATE

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

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

Accordingly, the "authorised for issue" date is 24/08/11.

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

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

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

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

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

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

#### NOTE 24 DISCONTINUED OPERATIONS

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

#### NOTE 25 INTANGIBLE ASSETS

\$ '000	Notes	Actual 2011	Actual 2010
At Cost		1,270	135
Accumulated Amortisation & Impairment		-	-
<b>Net Book Amount</b>		<b>1,270</b>	<b>135</b>
<b>Movements for the year</b>			
Opening Net Book Amount		135	-
Additions - internal development		1,135	135
Amortisation Charge		-	-
<b>Closing Net Book Amount <sup>(1)</sup></b>		<b>1,270</b>	<b>135</b>

#### Notes:

<sup>(1)</sup>Development costs relating to gaining planning approvals for the right to build an alternate/advanced waste facility on the Kimbriki site.

## Notes to the Financial Statements

for the year ended 30 June 2011

### Note 26

#### NOTE 26 REINSTATEMENT, REHABILITATION & RESTORATION LIABILITIES

\$ '000	Note	NPV of Provision	
Asset/Operation	Estimated year of restoration	2011	2010
Recycling Tip	2030	3,835	3,618
<b>Balance at End of the Reporting Period</b>	<b>10</b>	<b>3,835</b>	<b>3,618</b>

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

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

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

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

Specific uncertainties relating to the final costs and the assumptions made in determining the amounts of provisions include:

- Estimation of the closure and post closure cost was limited to the extent that there was uncertainty in the cost amount. It was assumed that the closure and post closure costs would be incurred
- The probabilistic approach used in the remediation plan assumes that there is virtually no upper limit to the cost distributions used in the model and that for each cost estimate distribution that higher costs have lower likelihoods of being incurred. The costs are estimates and there is some chance (extremely low) that the costs could be substantially exceeded.
- Environmental laws and relevant codes, guidelines and standards of any authority, applicable at the time the remediation plan was undertaken continue to apply.

#### Reconciliation of movement in Provision for year:

Balance at beginning of year	3,618	3,414
Revised Costs	-	-
Effect of a change in discount rates used in PV calculations	-	-
Amortisation of discount (expensed to borrowing costs)	217	204
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>3,835</b>	<b>3,618</b>

#### Amount of Expected Reimbursements

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

# Notes to the Financial Statements

for the year ended 30 June 2011

## Note 27

### NOTE 27 ADDITIONAL COUNCIL DISCLOSURES - COUNCIL INFORMATION

#### Principal Place of Business:

725 Pittwater Road  
Dee Why NSW 2099

#### Contact Details

##### Mailing Address:

DX 9118  
Dee Why NSW 2099

**Telephone:** 02 9942 2111

**Facsimile:** 02 9971 4522

#### Officers

##### GENERAL MANAGER

Rik Hart

##### RESPONSIBLE ACCOUNTING OFFICER

David Walsh

##### PUBLIC OFFICER

John Warburton

##### AUDITORS

Hill Rogers Spencer Steer

#### Other Information

**ABN:** 31 565 068 406

#### Opening Hours

Monday to Friday  
8.30am - 5.00pm

Internet: [www.warringah.nsw.gov.au](http://www.warringah.nsw.gov.au)

Email: [council@warringah.nsw.gov.au](mailto:council@warringah.nsw.gov.au)

#### Elected Members

##### MAYOR

Michael Regan

##### COUNCILLORS

Michelle Ray

Jason Falinski

Vincent De Luca OAM

Bob Giltinan

Dr Christina Kirsch

Dr Helen Wilkins

Dr Conny Harris

Virginia Laugesen

Julie Sutton

## INDEPENDENT AUDITORS' REPORT

for the year ended 30 June 2011

### GENERAL PURPOSE FINANCIAL STATEMENTS

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying *general purpose financial statements* of *Warringah Council*, which comprises the Balance Sheet as at 30 June 2011, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

#### Responsibility of Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1993. 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 the financial statements that are 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.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements 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 the financial statements are free from material misstatement. Our audit responsibility does not extend to the original budget information disclosed in the Income Statement, Statement of Cash Flows, and Note 2(a) or the budget variation explanations disclosed in Note 16. Nor does our responsibility extend to the projected future developer contributions and costs disclosed in Note 17. Accordingly, no opinion is expressed on these matters.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements. Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

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

In our 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 statements:
  - (i) have been presented in accordance with the requirements of this Division;
  - (ii) are consistent with the Council's accounting records;
  - (iii) present fairly the 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 we have become aware of during the course of the audit.

**HILL ROGERS SPENCER STEER**



**G V STEER**  
Partner

Dated at Sydney this 24th day of August 2011

**The Mayor**

Warringah Council  
Pittwater Road  
DEE WHY NSW 2099

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2011 and that all information required by us was readily available. We have signed our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General and Special Purpose Financial Statements.

Our audit has been conducted in accordance with Australian Auditing Standards so as to express an opinion on both the General and Special Purpose Financial Statements of the Council. We have ensured that the accounts have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) and the Local Government Code of Accounting Practice and Financial Reporting.

This report on the conduct of the audit is also issued under Section 417(1) and we now offer the following comments on the financial statements and the audit;

**1. RESULTS FOR THE YEAR**

**1.1 Operating Result**

The operating result for the year was a surplus of \$8.113 million as compared with \$12.417 million in the previous year.

The following table sets out the results for the year and the extent (%) that each category of revenue and expenses contributed to the total.

	2011 Total \$000	% of Total	2010 Total \$000	% of Total	Increase (Decrease) \$000
<b>Revenues before capital items</b>					
Rates & annual charges	79,257	61%	76,958	59%	2,299
User charges, fees & other revenues	38,149	29%	39,923	31%	(1,774)
Grants & contributions provided for operating purposes	7,549	6%	7,483	6%	66
Interest & investment revenue	5,947	5%	5,641	4%	306
	<b>130,902</b>	<b>100%</b>	<b>130,005</b>	<b>100%</b>	<b>897</b>
<b>Expenses</b>					
Employee benefits & costs	52,435	41%	51,535	42%	900
Materials, contracts & other expenses	62,305	48%	56,784	47%	5,521
Depreciation, amortisation & impairment	13,566	11%	13,148	11%	418
Borrowing costs	330	0%	600	0%	(270)
	<b>128,636</b>	<b>100%</b>	<b>122,067</b>	<b>100%</b>	<b>6,569</b>
<b>Surplus before capital items</b>					
	<b>2,266</b>		<b>7,938</b>		<b>(5,672)</b>
Grants & contributions provided for capital purposes	6,921		5,517		1,404
<b>Surplus before minority interests</b>					
	<b>9,187</b>		<b>13,455</b>		<b>(4,268)</b>
Attributable to Minority Interests	(1,074)		(1,038)		(36)
<b>Net Surplus for the year</b>					
	<b>8,113</b>		<b>12,417</b>		<b>(4,304)</b>

**1.2 Funding Result**

The operating result does not take into account all revenues and all expenditures and in reviewing the overall financial performance of Council it is useful to take into account the total source of revenues and where they were spent during the year which is illustrated in the table below.

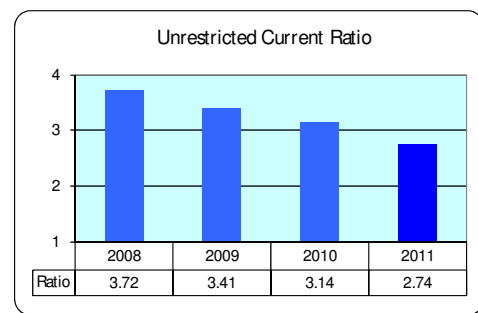
	2011 \$000	2010 \$000
<b>Funds were provided by:-</b>		
<b>Operating Result (as above)</b>	<b>8,113</b>	<b>12,417</b>
Add back non funding items:-		
- Depreciation, amortisation & impairment	13,566	13,148
- Book value of non current assets sold	2,082	1,739
- (Gain)/Loss of fair value to investment properties	(50)	(50)
- (Surplus)/Deficit in joint ventures	(71)	216
	<b>23,640</b>	<b>27,470</b>
Decrease/Redemption in Non Current Investments	8,443	19,677
Finance Leases	707	659
Transfers from internal reserves (net)	7,942	20,595
Increase in minority interests	665	919
Net Changes in current/non current assets & liabilities	1,179	727
	<b>42,576</b>	<b>70,047</b>
<b>Funds were applied to:-</b>		
Purchase and construction of assets	(33,939)	(32,148)
Principal repaid on loans	(1,222)	(4,162)
Finance lease instalments	(641)	(610)
Transfers to externally restricted assets (net)	(4,397)	(16,093)
	<b>(40,199)</b>	<b>(53,013)</b>
<b>Increase/(Decrease) in Available Working Capital</b>		
	<b>2,377</b>	<b>17,034</b>

**2. FINANCIAL POSITION**

**2.1 Unrestricted Current Ratio**

The Unrestricted Current Ratio is a financial indicator specific to local government and represents Council's ability to meet its debts and obligations as they fall due.

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$35.747 million representing a factor of 2.74 to 1.



**2.2 Available Working Capital – (Working Funds)**

At the close of the year the Available Working Capital of Council stood at \$35.900 million as detailed below;

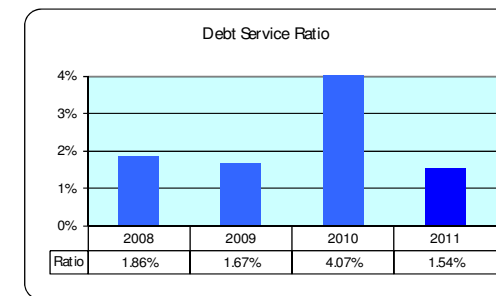
	2011 \$000	2010 \$000	Change \$000
<b>Net Current Assets (Working Capital) as per Accounts</b>	<b>63,652</b>	<b>64,256</b>	<b>(604)</b>
<b>Add:</b> Payables & provisions not expected to be realised in the next 12 months included above	7,197	7,707	(510)
<b>Adjusted Net Current Assets</b>	<b>70,849</b>	<b>71,963</b>	<b>(1,114)</b>
<b>Add:</b> Budgeted & expected to pay in the next 12 months			
- Borrowings	574	1,427	(853)
- Employees leave entitlements	6,682	6,039	643
- Self insurance claims	439	267	172
- Deposits & retention moneys	1,824	1,840	(16)
<b>Less:</b> Externally restricted assets	<b>(35,102)</b>	<b>(30,705)</b>	<b>(4,397)</b>
<b>Less:</b> Internally restricted assets	<b>(9,366)</b>	<b>(17,308)</b>	<b>7,942</b>
<b>Available Working Capital as at 30 June</b>	<b>35,900</b>	<b>33,523</b>	<b>2,377</b>

The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures. Taking into consideration the nature and level of the internally restricted assets (Reserves) set aside to fund future works and services and liabilities, Council's Available Working Capital at year end was sound.

**2.3 Debt**

Operating revenue (excluding special purpose grants and contributions) required to service debt (loan repayments) was 1.54%. The increase is attributable to the early repayment of loans.

After repaying principal and interest of \$1.976 million, total debt as at 30 June 2011 stood at \$1.082 million (2010 - \$2.238 million).



**2.4 Summary**

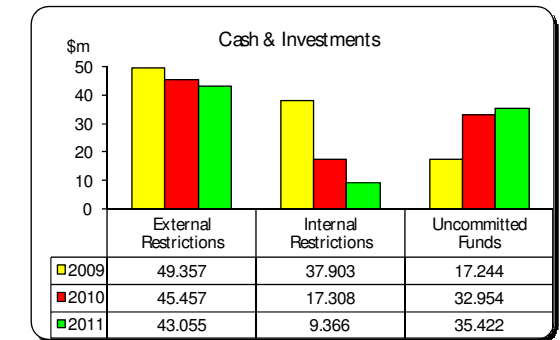
Council's overall financial position, when taking into account the above financial indicators is, in our opinion, sound.

**3. CASH ASSETS**

**3.1 Cash & Investment Securities**

Cash and investments amounted \$87.843 million at 30 June 2011 as compared with \$95.719 million in 2010 and \$104.504 million in 2009.

The chart below summarises the purposes for which cash and investments securities were held.



**Externally restricted cash and investments** are restricted in their use by externally imposed requirements and consisted of unexpended development contributions under Section 94 (\$29.032 million), domestic waste management charges (\$111,000), sports field rectification levies (\$3.892 million), stormwater management levy (\$5.348 million), infrastructure levy (\$2.041 million) and specific purpose grants and contributions (\$2.631 million).

**Internally restricted cash and investments** have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's "Reserves". These Reserves totalled \$9.366 million and their purposes are more fully disclosed in Notes 6 of the financial statements.

**Unrestricted cash and investments** amounted to \$35.422 million, which is available to provide liquidity for day to day operations and forms the basis of Council's sound financial position.

**3.2 Cash Flows**

The Statement of Cash Flows illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that cash increased by \$1.236 million to \$11.182 million at the close of the year. In addition to operating activities which contributed net cash of \$24.646 million were the proceeds from the sale of investment securities (\$143.150 million), sale of assets (\$2.249 million) and new finance lease commitments (\$707,000). Cash outflows other than operating activities were used to purchase investment securities (\$134.041 million), repay loans (\$1.222 million), pay finance lease instalments (\$641,000), pay dividends to minority interests in Kimbriki Environmental Enterprises Pty Limited (\$409,000) and to purchase and construct assets (\$32.068 million).

**4. RECEIVABLES**

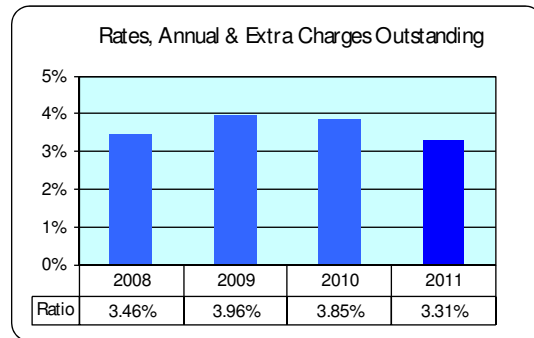
**4.1 Rates & Annual Charges (excluding interest & extra charges)**

Net rates and annual charges levied during the year totalled \$79.257 million and represented 57.51% (2009 – 56.79%) of Council's total revenues.

Including arrears, the total rates and annual charges collectible was \$82.013 million of which \$79.628 million (97.09%) was collected.

#### 4.2 Rates, Annual & Extra Charges

Arrears of rates, annual & extra charges stood at \$2.734 million at the end of the year & represented 3.31% of those receivables.



#### 4.3 Other Receivables

Receivables (other than rates & annual charges) totalled \$6,206 million. Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$149,000.

### 5. PAYABLES

#### 5.1 Self Insurance

**Workers Compensation** insurance claims have been actuarially assessed at \$987,000 (2010 - \$737,000) and a bank guarantee of \$1.5 million is held to cover these claims as required by the Workcover Authority of NSW.

**Public Liability & Professional Indemnity** claims payable by Council (ie up to the excess layer) have been actuarially assessed at \$1.033 million (2010 - \$606,000) and is fully funded with internally restricted cash and investments.

#### 5.2 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$12.065 million. Internally restricted cash and investments of \$2.363 million was held representing 20% of this liability and was, in our opinion, sufficient to meet unbudgeted and unanticipated retirements.

#### 5.3 Deposits, Retentions & Bonds

Deposits, retentions and bonds held at year end amounted to \$4.560 million and were fully funded by internally restricted cash and investments.

### 6. REVALUATION OF ASSETS


The valuation at 'fair value' of Council's infrastructure, property, plant and equipment is being introduced in a staged approach. In previous years several asset categories, including operational land and buildings, plant and equipment and infrastructure assets have been valued.

This year saw the revaluation of the community land, land improvements and all remaining asset categories. The revaluation process resulted in a transfer to the asset revaluation reserve of \$20.633 million. A revaluation decrement of \$1.171 billion arising primarily from a change in the valuation methodology of community land was recognised directly in retained earnings. Notes 1(m) & 9 of the financial statements provide further details.

### 7. CONCLUSION

We wish to record our appreciation to your General Manager and his staff for their ready co-operation and the courtesies extended to us during the conduct of the audit.

Yours faithfully,

  
**HILL ROGERS SPENCER STEER**  
**G V STEER**  
Partner

# Warringah Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2011

*Leading our community  
Creating our future  
Protecting our environment*

# SPECIAL PURPOSE FINANCIAL STATEMENTS

for the financial year ended 30 June 2011

CONTENTS	PAGE	BACKGROUND
<b>1. Statement by Councillors &amp; Management</b>	232	(i) The Special Purpose Financial Statements have been prepared for the use by both Council and the Department of Local Government in fulfilling their requirements under National Competition Policy.
<b>2. Special Purpose Financial Reports:</b>		(ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market 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.
- Income Statement of Other Business Activities	233	
- Balance Sheet of Other Business Activities	235	
<b>3. Notes to the Special Purpose Financial Reports</b>	237	(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).
<b>4. Auditor's Report</b>	239	(iv) In preparing these financial reports 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).

## 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"
- 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.

To the best of our knowledge and belief, these Reports:

- 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 reports false or misleading in any way.

Signed in accordance with a resolution of Council made on 23 August 2011.

  
Michael Regan  
MAYOR

  
Rik Hart  
GENERAL MANAGER

  
Jason Falinski  
COUNCILLOR

  
David Walsh  
RESPONSIBLE ACCOUNTING OFFICER

# SPECIAL PURPOSE FINANCIAL STATEMENTS

## Income Statement of Council's Other Business Activities

for the year ended 30 June 2011

\$ '000	Children Services		Kimbriki	
	Actual 2011	Actual 2010	Actual 2011	Actual 2010
<b>Income from continuing operations</b>				
Access charges	4,329	3,927	16,841	14,038
User charges	-	-	-	-
Fees	-	-	-	-
Interest	-	-	635	368
Grants and contributions provided for non capital purposes	469	451	442	341
Profit from the sale of assets	-	-	9	7
Other income	-	9	1,439	825
<b>Total income from continuing operations</b>	<b>4,798</b>	<b>4,387</b>	<b>19,366</b>	<b>15,579</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	3,762	3,618	2,478	2,128
Borrowing costs	-	-	-	-
Materials and contracts	666	752	8,663	6,219
Depreciation and impairment	223	147	157	111
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	8	14	5,875	5,031
<b>Total expenses from continuing operations</b>	<b>4,659</b>	<b>4,531</b>	<b>17,173</b>	<b>13,489</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>139</b>	<b>(144)</b>	<b>2,193</b>	<b>2,090</b>
Grants and contributions provided for capital purposes	-	-	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>139</b>	<b>(144)</b>	<b>2,193</b>	<b>2,090</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>139</b>	<b>(144)</b>	<b>2,193</b>	<b>2,090</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(42)	-	(658)	(627)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>97</b>	<b>(144)</b>	<b>1,535</b>	<b>1,463</b>
<b>plus Opening Retained Profits</b>	<b>2,581</b>	<b>2,725</b>	<b>12,123</b>	<b>9,534</b>
<b>plus/less: Prior Period Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>plus/less: Allocation Adjustments related to IPPE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>plus Adjustments for amounts unpaid:</b>				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	42	-	658	627
<b>add:</b>				
- Subsidy Paid/Contribution To Operations	-	-	-	499
<b>less:</b>				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	(836)	-
<b>Closing Retained Profits</b>	<b>2,720</b>	<b>2,581</b>	<b>13,480</b>	<b>12,123</b>
Return on Capital %	4.5%	-4.8%	124.3%	166.0%
Subsidy from Council	28	309	-	-

## SPECIAL PURPOSE FINANCIAL STATEMENTS

### Income Statement of Council's Other Business Activities for the year ended 30 June 2011

	Glen Street Theatre		Construction Certificate Certification	
	Actual 2011	Actual 2010	Actual 2011	Actual 2010
<b>\$ '000</b>				
<b>Income from continuing operations</b>				
Access charges	-	-	-	-
User charges	-	-	355	426
Fees	2,156	1,750	-	-
Interest	62	53	-	-
Grants and contributions provided for non capital purposes	624	671	-	-
Profit from the sale of assets	-	-	-	-
Other income	-	-	-	3
<b>Total income from continuing operations</b>	<b>2,842</b>	<b>2,474</b>	<b>355</b>	<b>429</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	1,069	1,137	422	418
Borrowing costs	-	-	-	-
Materials and contracts	1,231	1,341	346	288
Depreciation and impairment	187	106	-	-
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	331	76	5	4
<b>Total expenses from continuing operations</b>	<b>2,818</b>	<b>2,660</b>	<b>773</b>	<b>710</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>24</b>	<b>(186)</b>	<b>(418)</b>	<b>(281)</b>
Grants and contributions provided for capital purposes	-	61	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>24</b>	<b>(125)</b>	<b>(418)</b>	<b>(281)</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>24</b>	<b>(125)</b>	<b>(418)</b>	<b>(281)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(7)	-	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>17</b>	<b>(125)</b>	<b>(418)</b>	<b>(281)</b>
<b>plus Opening Retained Profits</b>	<b>2,001</b>	<b>2,126</b>	<b>107</b>	<b>107</b>
<b>plus/less: Prior Period Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>plus/less: Allocation Adjustments related to IPPE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>plus Adjustments for amounts unpaid:</b>				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	7	-	-	-
<b>add:</b>				
- Subsidy Paid/Contribution To Operations	-	-	418	281
<b>less:</b>				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
<b>Closing Retained Profits</b>	<b>2,025</b>	<b>2,001</b>	<b>107</b>	<b>107</b>
Return on Capital %	0.5%	-3.5%	-390.7%	-262.6%
Subsidy from Council	293	476	424	96

## SPECIAL PURPOSE FINANCIAL STATEMENTS

### Balance Sheet of Council's Other Business Activities as at 30 June 2011

	Children Services Category 1		Kimbriki Category 1	
	Actual 2011	Actual 2010	Actual 2011	Actual 2010
<b>\$ '000</b>				
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	-	-	2,034	1,659
Investments	-	-	9,540	9,650
Receivables	-	-	1,343	1,236
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	529	529	-	-
<b>Total Current Assets</b>	<b>529</b>	<b>529</b>	<b>12,917</b>	<b>12,545</b>
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	3,120	2,981	1,764	1,259
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	1,270	135
<b>Total Non-Current Assets</b>	<b>3,120</b>	<b>2,981</b>	<b>3,034</b>	<b>1,394</b>
<b>TOTAL ASSETS</b>	<b>3,649</b>	<b>3,510</b>	<b>15,951</b>	<b>13,939</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	-	-	1,756	1,375
Interest bearing liabilities	-	-	-	-
Provisions	-	-	315	241
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>2,071</b>	<b>1,616</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	400	200
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>400</b>	<b>200</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>2,471</b>	<b>1,816</b>
<b>NET ASSETS</b>	<b>3,649</b>	<b>3,510</b>	<b>13,480</b>	<b>12,123</b>
<b>EQUITY</b>				
Retained earnings	2,720	2,581	13,480	12,123
Revaluation reserves	929	929	-	-
Council equity interest	3,649	3,510	13,480	12,123
Minority equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>3,649</b>	<b>3,510</b>	<b>13,480</b>	<b>12,123</b>



# SPECIAL PURPOSE FINANCIAL STATEMENTS

## Balance Sheet of Council's Other Business Activities as at 30 June 2011

	Glen Street Theatre		Construction Certificate Certification	
	Category 1		Category 2	
	Actual 2011	Actual 2010	Actual 2011	Actual 2010
<b>\$ '000</b>				
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	1,444	1,355	-	-
Investments	-	-	-	-
Receivables	-	32	-	-
Inventories	5	8	-	-
Other	201	165	-	-
Non-current assets classified as held for sale	-	-	-	-
<b>Total Current Assets</b>	<b>1,650</b>	<b>1,560</b>	<b>-</b>	<b>-</b>
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	5,065	5,243	107	107
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
<b>Total Non-Current Assets</b>	<b>5,065</b>	<b>5,243</b>	<b>107</b>	<b>107</b>
<b>TOTAL ASSETS</b>	<b>6,715</b>	<b>6,803</b>	<b>107</b>	<b>107</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	802	935	-	-
Interest bearing liabilities	-	-	-	-
Provisions	95	74	-	-
<b>Total Current Liabilities</b>	<b>897</b>	<b>1,009</b>	<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>897</b>	<b>1,009</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>	<b>5,818</b>	<b>5,794</b>	<b>107</b>	<b>107</b>
<b>EQUITY</b>				
Retained earnings	2,025	2,001	107	107
Revaluation reserves	3,793	3,793	-	-
Council equity interest	5,818	5,794	107	107
Minority equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>5,818</b>	<b>5,794</b>	<b>107</b>	<b>107</b>

# Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2011

## Note 1

### NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

A statement summarising the supplemental accounting policies adopted in the preparation of the SPFS for National Competition Policy reporting purposes follows:

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by the Council and the Department of Local Government. For the purposes of these statements, the Council is not a reporting entity.

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition criteria of applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Australian Accounting Interpretation. 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. They are based on historic costs and do not take into account changing money values, or except where specifically stated, current values of non-current assets. 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 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)

**Children Services** - Child Care and Long Day Care  
**Kimbriki Environmental Enterprises Pty Limited** - Domestic & Commercial Waste Management  
**Glen Street Theatre** - Council's local Theatre

#### Category 2

(where gross operating turnover is less than \$2 million)

**Construction Certificate Certification** - Construction Certificate Certification activity of the Urban Development Approval Service (part of Council's Local Approval Service Unit)

#### Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars.

#### (i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations (General Purpose Financial Statements) just like all other costs. However, where council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all council nominated business activities and are reflected in the SPFR.

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 \$387,000 of combined land values attracts 0%. From \$387,001 to \$2,366,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$2,366,000, a premium marginal rate of 2.0% applies.

Payroll Tax - 5.5% on the value of taxable salaries and wages in excess of \$331,704 from 1 July 2010 to 31 December 2010 and 5.45% on the value of taxable salaries and wages in excess of \$326,296 from 1 January 2011 to 30 June 2011.

#### Income Tax

An income tax equivalent has been applied on the profits of the business. 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 the 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 the GPFS. 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.

#### (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. The overall effect of subsidies is contained within the Income Statement of Business Activities.

# Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2011

## Note 1

### (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". Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return achieved is disclosed for each of Council's business activities on the Income Statement.

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 5.20% at 30 June 2011.

### (iv) Dividends

Council is not required to pay dividends to either itself as owner of a range of businesses or to any external entities.

## INDEPENDENT AUDITORS' REPORT

for the year ended 30 June 2011

### SPECIAL PURPOSE FINANCIAL STATEMENTS

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying *special purpose financial statements* of *Warringah Council*, which comprises the Balance Sheet as at 30 June 2011, Income Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

#### Responsibility of Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993 and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial statements, are appropriate to meet the financial reporting requirements of the Division of Local Government. 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 the financial statements that are 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.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements 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 the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

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

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.


#### Auditor's Opinion

In our opinion, the special purpose financial statements of the 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.

#### Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the financial reporting requirements of the Division of Local Government. As a result, the financial statements may not be suitable for another purpose.

HILL ROGERS SPENCER STEER



G V STEER  
Partner

Dated at Sydney this 24th day of August 2011

# Warringah Council

## SPECIAL SCHEDULES

for the year ended 30 June 2011

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*Leading our community  
Protecting our environment  
Creating our future*

## SPECIAL SCHEDULES

for the financial year ended 30 June 2011

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<sup>1</sup> Special Purpose Schedules are not audited.

### BACKGROUND

(i) These Special Schedules have been designed to meet the requirements of special purpose users such as the:

- NSW Grants Commission
- Australian Bureau of Statistics (ABS),
- Department of Premier & Cabinet, Division of Local Government (DLG)
- Department of Environment, Climate Change and Water (DECCW)

(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 specific service financial activities

## SPECIAL SCHEDULES

for the financial year ended 30 June 2011

### Special Schedule No. 1 - Net Cost of Services

\$'000	Expenses from continuing operations	Income from continuing operations (non capital)	Income from continuing operations (capital)	Net Cost of Services
<b>Function or Activity</b>				
<b>Governance</b>	5,261	79	-	(5,182)
<b>Administration</b>	40,979	3,945	4,247	(32,787)
<b>Public Order and Safety</b>				
Fire Service Levy, Fire protection, Emergency Services	317	-	-	(317)
Beach Control	254	19	-	(235)
Enforcement of Local Govt Regs	1,561	2,005	-	444
Animal Control	152	73	-	(79)
Other	271	-	-	(271)
<b>Total Public Order and Safety</b>	2,555	2,097	-	(458)
<b>Health</b>	473	107	-	(366)
<b>Environment</b>				
Noxious Plants and Insects/ Vermin control	642	17	-	(625)
Other Environmental Protection	4,596	455	2,386	(1,755)
Solid Waste Management	12,505	15,488	-	2,983
Street Cleaning	741	-	-	(741)
Drainage	755	152	-	(603)
Stormwater Management	2,338	210	-	(2,128)
<b>Total Environment</b>	21,577	16,322	2,386	(2,869)
<b>Community Services and Education</b>				
Administration & Education	2,484	1,414	-	(1,070)
Social Protection (Welfare)	-	-	-	-
Aged Persons & Disabled	260	73	-	(187)
Childrens Services	3,748	4,082	-	334
<b>Total Community Services and Education</b>	6,492	5,569	-	(923)
<b>Housing and Community Amenities</b>				
Public Cemeteries	-	-	-	-
Public Conveniences	-	-	-	-
Street Lighting	2,248	334	-	(1,914)
Town Planning	5,177	2,149	-	(3,028)
Other Community Amenities	-	-	-	-
<b>Total Housing and Community Amenities</b>	7,425	2,483	-	(4,942)
<b>Water Supplies</b>	-	-	-	-
<b>Sewerage Services</b>	-	-	-	-

## SPECIAL SCHEDULES

for the financial year ended 30 June 2011

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

\$'000	Expenses from continuing operations	Income from continuing operations (non capital)	Income from continuing operations (capital)	Net Cost of Services
<b>Function or Activity</b>				
<b>Recreation and Culture</b>				
Public Libraries	4,131	302	264	(3,565)
Community Centres and Halls	1,282	967	-	(315)
Performing Arts Venues	2,707	2,161	-	(546)
Other Cultural Services	1,744	59	-	(1,685)
Sporting Grounds and Venues	3,960	518	-	(3,442)
Swimming Pools	2,937	2,102	-	(835)
Parks and Gardens (Lakes)	3,813	390	-	(3,423)
Other Sport and Recreation	-	-	-	-
<b>Total Recreation and Culture</b>	20,574	6,499	264	(13,811)
<b>Fuel and Energy</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	3,058	1,618	-	(1,440)
Other Mining, Manufacturing & Construction	-	-	-	-
<b>Total Mining, Manufacturing and Construction</b>	3,058	1,618	-	(1,440)
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	4,528	1,179	-	(3,349)
Bridges on RU - Local	-	-	-	-
<b>Total Transport and Communication</b>	4,528	1,179	-	(3,349)
<b>Economic Affairs</b>				
Other Economic Affairs	15,714	15,165	-	(549)
<b>Total Economic Affairs</b>	15,714	15,165	-	(549)
<b>TOTALS - FUNCTIONS</b>	<b>128,636</b>	<b>55,223</b>	<b>6,897</b>	<b>(62,684)</b>
<b>General Purpose Revenues<sup>(2)</sup></b>	-	<b>75,792</b>	-	75,792
<b>Share of interests - joint ventures &amp; associates using the equity method<sup>(1)</sup></b>	-	<b>71</b>	-	71
<b>NET OPERATING RESULT FOR YEAR<sup>(1)</sup></b>	<b>128,636</b>	<b>130,926</b>	<b>6,897</b>	<b>9,187</b>

Notes: <sup>(1)</sup> Includes: Rates & Annual Charges (incl. Ex Gratia), Untied General Purpose Grants & Interest on Investments (excl. Restricted Assets)

# SPECIAL SCHEDULES

for the financial year ended 30 June 2011

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

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	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	852	370	1,222	-	1,222	-	-	31	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	<b>852</b>	<b>370</b>	<b>1,222</b>	<b>-</b>	<b>1,222</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	575	441	1,016	707	641	-	-	82	-	1,082	1,082
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Debt</b>	<b>575</b>	<b>441</b>	<b>1,016</b>	<b>707</b>	<b>641</b>	<b>-</b>	<b>-</b>	<b>82</b>	<b>-</b>	<b>1,082</b>	<b>1,082</b>
<b>Total Debt</b>	<b>1,427</b>	<b>811</b>	<b>2,238</b>	<b>707</b>	<b>1,863</b>	<b>-</b>	<b>-</b>	<b>113</b>	<b>-</b>	<b>1,082</b>	<b>1,082</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 (as per the GPFRR's).

## Special Schedule No. 2(b) Statement of Internal Loans (Section 410(3) LGA 1993)

\$'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	-	-	-
Domestic Waste Management	-	-	-
Other	-	-	-
<b>Totals</b>	<b>-</b>	<b>-</b>	<b>-</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 Letter	Date Raised	Term (years)	Dates of maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Principal and Interest)	Principal Outstanding at end of year
<b>Totals</b>							<b>-</b>	<b>-</b>	<b>-</b>

# SPECIAL SCHEDULES

as at 30 June 2011

## Special Schedule No. 7 Condition of Public Works

Asset Class	Asset Category	Depn Rate (%)	Depn Expense \$	Cost	Valuation	Accumulated Depreciation, Amortisation and Impairment	Carrying Amount (WDV)	Asset Condition#	Estimated cost to bring to a satisfactory standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Current <sup>(3)</sup> Annual M'ntce				
												per Note 1	per Note 4	per Note 9	per Section 428(2d)
<b>Buildings</b>	Poor	1.00%	4	-	439	316	123	Poor	1,150	64	56				
	Fair	1.00%	204	-	21,064	9,102	11,962	Fair	5,981	404	367				
	Average	1.00%	1,385	-	142,861	61,021	81,840	Average	-	1,845	1,677				
	Good	1.00%	471	-	48,558	16,490	32,068	Good	-	1,510	1,373				
	Excellent	1.00%	43	-	4,465	265	4,200	Excellent	-	32	29				
			<b>2,107</b>	<b>-</b>	<b>217,387</b>	<b>87,194</b>	<b>130,193</b>		<b>7,131</b>	<b>3,855</b>	<b>3,502</b>				
<b>Public Roads</b>	Poor	1.00%	34	-	3,913	948	2,965	Poor	783	235	180				
	Fair	1.00%	10	-	1,117	530	587	Fair	111	45	64				
	Average	1.00%	506	-	58,330	16,358	41,972	Average	2,917	583	565				
	Good	1.00%	1,489	-	171,603	20,839	150,764	Good	-	858	773				
	Excellent	1.00%	1,439	-	165,823	24,078	141,745	Excellent	-	497	646				
			<b>3,478</b>	<b>-</b>	<b>400,786</b>	<b>62,753</b>	<b>338,033</b>		<b>3,811</b>	<b>2,218</b>	<b>2,228</b>				
<b>Other Structures</b>	Poor	1.00%	3	-	267	231	36	Poor	3,953	19	9				
	Fair	1.00%	21	-	2,139	1,221	918	Fair	329	3	1				
	Average	1.00%	70	-	7,223	2,296	4,927	Average	-	173	175				
	Good	1.00%	417	-	42,798	4,338	38,460	Good	-	1,732	559				
	Excellent	1.00%	10	-	1,070	154	916	Excellent	-	195	58				
			<b>521</b>	<b>-</b>	<b>53,497</b>	<b>8,240</b>	<b>45,257</b>		<b>4,282</b>	<b>2,122</b>	<b>802</b>				
<b>Drainage Works</b>	Poor	1.00%	40	-	3,953	2,470	1,483	Poor	198	27	25				
	Fair	1.00%	7	-	706	268	438	Fair	1,004	107	120				
	Average	1.00%	357	-	35,211	15,548	19,663	Average	305	144	152				
	Good	1.00%	2,569	-	253,792	70,011	183,781	Good	-	428	388				
	Excellent	1.00%	402	-	39,748	6,404	33,344	Excellent	-	10	5				
			<b>3,375</b>	<b>-</b>	<b>333,410</b>	<b>94,701</b>	<b>238,709</b>		<b>1,507</b>	<b>716</b>	<b>690</b>				
<b>Total - All Assets</b>			<b>9,481</b>	<b>-</b>	<b>1,005,080</b>	<b>252,888</b>	<b>752,192</b>	<b>-</b>	<b>16,731</b>	<b>8,911</b>	<b>7,222</b>				

# SPECIAL SCHEDULES

for the financial year ended 30 June 2011

## Special Schedule No. 8 Financial Projections

\$ million	Actual <sup>(1)</sup> 10/11	Forecast 11/12	Forecast 12/13	Forecast 13/14	Forecast 14/15
<b>(i) RECURRENT BUDGET</b>					
Income from continuing operations	138	144	148	152	157
Expenses from continuing operations	129	139	142	147	152
<b>Operating Result from Continuing Operations</b>	<b>9</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>5</b>
<b>(ii) CAPITAL BUDGET</b>					
New Capital Works <sup>(2)</sup>	10	14	17	19	9
Replacement/Refurbishment of Existing Assets	23	20	21	20	18
<b>Total Capital Budget</b>	<b>33</b>	<b>34</b>	<b>38</b>	<b>39</b>	<b>27</b>
<b>Funded by:</b>					
– Loans	-	-	-	-	-
– Asset sales	2	2	1	1	1
– Reserves	15	12	16	19	10
– Grants/Contributions	5	3	2	2	2
– Recurrent revenue	11	17	19	17	14
– Other	-	-	-	-	-
	<b>33</b>	<b>34</b>	<b>38</b>	<b>39</b>	<b>27</b>

### Notes:

<sup>(1)</sup> From 2010/2011 Income Statement.

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