

# Wentworth Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2011

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“The Shire on Two Rivers”



# Wentworth Shire Council

## General Purpose Financial Statements

for the financial year ended 30 June 2011

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### Overview

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

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

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

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

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

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

(iv) These financial statements were authorised for issue by the Council on 31/10/11. Council has the power to amend and reissue the financial statements.

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## Wentworth Shire Council

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

## Understanding Council's Financial Statements

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### Introduction

Each year, individual Local Governments across NSW are required to present a set of audited Financial Statements to their Council & Community.

### What you will find in the Statements

The Financial Statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2011.

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

### About the Councillor/Management Statement

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

### About the Primary Financial Statements

The Financial Statements incorporate 5 "primary" financial statements:

#### 1. An Income Statement

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

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

#### 2. A Statement of Comprehensive Income

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

#### 3. A Balance Sheet

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

#### 4. A Statement of Changes in Equity

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

#### 5. A Statement of Cash Flows

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

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

### About the Notes to the Financial Statements

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

### About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

### Who uses the Financial Statements ?

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

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

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

### More information...

A review of the key financial figures of Council over the past 5 years (consolidated) can be found at Note 27 of the Financial Statements.

# Wentworth Shire Council

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

### Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

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

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

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

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

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

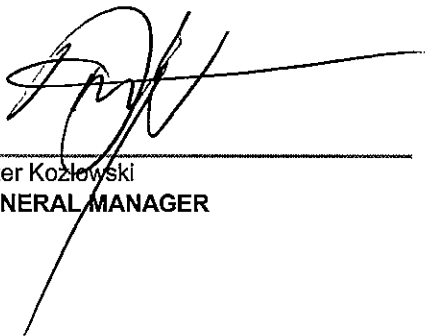
**Signed in accordance with a resolution of Council made on 19 October 2011.**



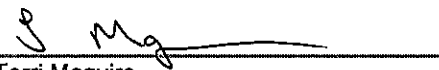
Margaret Thomson  
MAYOR



Bill Brook  
COUNCILLOR



Peter Kozłowski  
GENERAL MANAGER



Terri Maguire  
RESPONSIBLE ACCOUNTING OFFICER

## Wentworth Shire Council

## Income Statement

for the financial year ended 30 June 2011

Budget <sup>(1)</sup> 2011	\$ '000	Notes	Actual 2011	Actual 2010
<b>Income from Continuing Operations</b>				
<i>Revenue:</i>				
6,413	Rates & Annual Charges	3a	6,504	6,147
2,527	User Charges & Fees	3b	3,338	2,893
650	Interest & Investment Revenue	3c	971	844
419	Other Revenues	3d	636	490
7,137	Grants & Contributions provided for Operating Purposes	3e,f	6,351	5,667
219	Grants & Contributions provided for Capital Purposes	3e,f	2,268	1,912
<i>Other Income:</i>				
100	Net gains from the disposal of assets	5	141	102
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
<b>17,465</b>	<b>Total Income from Continuing Operations</b>		<b>20,209</b>	<b>18,055</b>
<b>Expenses from Continuing Operations</b>				
5,855	Employee Benefits & On-Costs	4a	6,282	5,879
98	Borrowing Costs	4b	102	234
4,695	Materials & Contracts	4c	4,994	3,507
3,042	Depreciation & Amortisation	4d	7,292	3,068
-	Impairment	4d	-	-
1,643	Other Expenses	4e	1,810	1,648
<b>15,333</b>	<b>Total Expenses from Continuing Operations</b>		<b>20,480</b>	<b>14,336</b>
<b>2,132</b>	<b>Operating Result from Continuing Operations</b>		<b>(271)</b>	<b>3,719</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>2,132</b>	<b>Net Operating Result for the Year</b>		<b>(271)</b>	<b>3,719</b>
2,132	Net Operating Result attributable to Council		(271)	3,719
-	Net Operating Result attributable to Minority Interests		-	-
<b>1,913</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>(2,539)</b>	<b>1,807</b>

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

## Wentworth Shire Council

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

\$ '000	Notes	Actual 2011	Actual 2010
Net Operating Result for the year (as per Income statement)		<b>(271)</b>	<b>3,719</b>
<b>Other Comprehensive Income</b>			
Gain (loss) on revaluation of I,PP&E	20b (ii)	2,182	146,094
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	(1,428)	-
Other Movements in Reserves	20b (ii)	-	1
<b>Total Other Comprehensive Income for the year</b>		<b>754</b>	<b>146,095</b>
<b>Total Comprehensive Income for the Year</b>		<b>483</b>	<b>149,814</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>483</b>	<b>149,814</b>
<b>Total Comprehensive Income attributable to Minority Interests</b>		<b>-</b>	<b>-</b>

## Wentworth Shire Council

## Balance Sheet

as at 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010	Actual 2009
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents	6a	3,304	6,904	14,275
Investments	6b	12,000	8,000	2,000
Receivables	7	5,164	3,880	2,678
Inventories	8	399	382	236
Other	8	177	179	40
Non-current assets classified as 'held for sale'	22	-	-	-
<b>Total Current Assets</b>		<b>21,044</b>	<b>19,345</b>	<b>19,229</b>
<b>Non-Current Assets</b>				
Investments	6b	-	-	-
Receivables	7	-	-	-
Inventories	8	-	-	-
Infrastructure, Property, Plant & Equipment	9	274,605	276,273	127,593
Investments accounted for using the equity method	19	-	-	-
Investment Property	14	-	-	-
Intangible Assets	25	-	-	-
<b>Total Non-Current Assets</b>		<b>274,605</b>	<b>276,273</b>	<b>127,593</b>
<b>TOTAL ASSETS</b>		<b>295,649</b>	<b>295,618</b>	<b>146,822</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	10	2,057	1,698	1,182
Borrowings	10	185	261	1,289
Provisions	10	1,535	1,520	1,331
<b>Total Current Liabilities</b>		<b>3,777</b>	<b>3,479</b>	<b>3,802</b>
<b>Non-Current Liabilities</b>				
Payables	10	-	-	-
Borrowings	10	973	1,742	2,425
Provisions	10	235	216	231
<b>Total Non-Current Liabilities</b>		<b>1,208</b>	<b>1,958</b>	<b>2,656</b>
<b>TOTAL LIABILITIES</b>		<b>4,985</b>	<b>5,437</b>	<b>6,458</b>
<b>Net Assets</b>		<b>290,664</b>	<b>290,181</b>	<b>140,364</b>
<b>EQUITY</b>				
Retained Earnings	20	42,985	43,155	39,432
Revaluation Reserves	20	247,679	247,026	100,932
Council Equity Interest		290,664	290,181	140,364
Minority Equity Interest		-	-	-
<b>Total Equity</b>		<b>290,664</b>	<b>290,181</b>	<b>140,364</b>

## Wentworth Shire Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2011</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		43,152	247,026	290,178	-	290,178
a. Correction of Prior Period Errors	20 (c)	3	-	3	-	3
b. Changes in Accounting Policies	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/10)</b>		<b>43,155</b>	<b>247,026</b>	<b>290,181</b>	<b>-</b>	<b>290,181</b>
<b>c. Net Operating Result for the Year</b>		<b>(271)</b>	<b>-</b>	<b>(271)</b>	<b>-</b>	<b>(271)</b>
<b>d. Other Comprehensive Income</b>						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	2,182	2,182	-	2,182
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(1,428)	(1,428)	-	(1,428)
- Other Movements	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		<b>-</b>	<b>754</b>	<b>754</b>	<b>-</b>	<b>754</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>(271)</b>	<b>754</b>	<b>483</b>	<b>-</b>	<b>483</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		101	(101)	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>42,985</b>	<b>247,679</b>	<b>290,664</b>	<b>-</b>	<b>290,664</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2010</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		46,970	100,932	147,902	-	147,902
a. Correction of Prior Period Errors	20 (c)	(7,535)	-	(7,535)	-	(7,535)
b. Changes in Accounting Policies	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/09)</b>		<b>39,435</b>	<b>100,932</b>	<b>140,367</b>	<b>-</b>	<b>140,367</b>
<b>c. Net Operating Result for the Year</b>		<b>3,719</b>	<b>-</b>	<b>3,719</b>	<b>-</b>	<b>3,719</b>
<b>d. Other Comprehensive Income</b>						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	146,094	146,094	-	146,094
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	1	-	1	-	1
<b>Other Comprehensive Income</b>		<b>1</b>	<b>146,094</b>	<b>146,095</b>	<b>-</b>	<b>146,095</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>3,720</b>	<b>146,094</b>	<b>149,814</b>	<b>-</b>	<b>149,814</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>43,155</b>	<b>247,026</b>	<b>290,181</b>	<b>-</b>	<b>290,181</b>

## Wentworth Shire Council

## Statement of Cash Flows

for the financial year ended 30 June 2011

Budget 2011	\$ '000	Notes	Actual 2011	Actual 2010
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
6,153	Rates & Annual Charges		6,117	5,389
2,268	User Charges & Fees		2,311	2,957
650	Investment & Interest Revenue Received		806	743
9,918	Grants & Contributions		9,328	7,469
419	Other		1,335	1,209
<b>Payments:</b>				
(5,855)	Employee Benefits & On-Costs		(6,301)	(5,745)
(4,704)	Materials & Contracts		(5,845)	(3,989)
(192)	Borrowing Costs		(107)	(213)
(1,643)	Other		(1,681)	(1,855)
<b>7,014</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>5,963</b>	<b>5,965</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investment Securities		110,015	-
295	Sale of Infrastructure, Property, Plant & Equipment		224	242
<b>Payments:</b>				
-	Purchase of Investment Securities		(114,015)	-
(7,822)	Purchase of Infrastructure, Property, Plant & Equipment		(4,918)	(5,683)
-	Purchase of Real Estate Assets		(24)	(184)
<b>(7,527)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(8,718)</b>	<b>(5,625)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
Nil				
<b>Payments:</b>				
(705)	Repayment of Borrowings & Advances		(845)	(1,711)
<b>(705)</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>(845)</b>	<b>(1,711)</b>
<b>(1,218)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(3,600)</b>	<b>(1,371)</b>
14,539	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	6,904	8,275
<b>13,321</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>3,304</b>	<b>6,904</b>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	12,000	8,000
<b>Total Cash, Cash Equivalents &amp; Investments</b>			<b>15,304</b>	<b>14,904</b>

Please refer to Note 11 for additional cash flow information.

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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n/a - not applicable

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies

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

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

##### (a) Basis of preparation

###### (i) Background

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

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

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

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

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

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

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

###### (iii) Basis of Accounting

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

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

###### (iv) Changes in Accounting Policies

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

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

###### (v) Critical Accounting Estimates

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

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

###### (b) Revenue recognition

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

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

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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

Revenue is measured on major income categories as follows:

##### **Rates, Annual Charges, Grants and Contributions**

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

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

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

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

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

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

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

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

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

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

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

##### **User Charges, Fees and Other Income**

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

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

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

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

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

##### **Interest and Rents**

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

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

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (c) Principles of Consolidation

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

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

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

##### (i) The Consolidated Fund

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

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

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

- *General Purpose Operations*
- *Wentworth Shire Council Water Supply Fund*
- *Wentworth Shire Council Sewerage Fund*

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

- *PS Ruby Committee*
- *Wentworth Showground Committee*

Both Committees process income and expenditure through Council's financial system. The Committees do not hold separate net assets.

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

<b>Total income from continuing operations</b>	\$20,209
<b>Total expenditure from continuing operations</b>	\$20,480
<b>Total net assets held (ie Equity)</b>	\$290,664

**Note:**

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

##### (ii) The Trust Fund

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

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

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

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

##### (iii) Joint Ventures

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

##### (iv) Associated Entities

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

Such entities are usually termed Associates.

##### (v) County Councils

Council is not a member of any County Councils.

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (vi) Additional Information

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

##### (d) Leases

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

##### Finance Leases

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

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

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

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

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

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

##### Operating Leases

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

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

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

##### (e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

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

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

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

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

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

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

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

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

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

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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

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

##### (ii) Loans and receivables

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

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

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

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

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

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

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

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

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

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

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

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

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

##### Financial Assets – Reclassification

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

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

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

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

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

##### General Accounting & Measurement of Financial Instruments:

###### (i) Initial Recognition

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

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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

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

##### (ii) Subsequent Measurement

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

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

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

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

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

##### Impairment

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

##### (iii) Types of Investments

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

Investments are placed and managed in accordance with the Policy and having particular regard to

authorised investments prescribed under the Ministerial Local Government Investment Order.

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

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

##### (g) Fair value estimation

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

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

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

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

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

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

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

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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

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

##### (h) Receivables

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

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

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

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

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

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

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

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

##### (i) Inventories

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

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

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

###### Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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

###### Acquisition of assets

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

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

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks**  
(Internal Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**  
(External Valuation)
- **Plant and Equipment**  
(as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**  
(External Valuation)
- **Drainage Assets** (External Valuation)
- **Bulk Earthworks** (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)

###### Initial Recognition

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

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

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

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

###### Subsequent costs

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

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

###### Asset Revaluations (including Indexation)

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

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

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

For all other assets, Council assesses at each reporting date whether there is any indication that a

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

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

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

#### Capitalisation Thresholds

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

##### Land

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

##### Plant & Equipment

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

##### Buildings & Land Improvements

Park Furniture & Equipment	> \$1,000
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##### Building

- construction/extensions	100% Capitalised
- renovations	> \$1,000

##### Other Structures

> \$1,000

##### Water & Sewer Assets

Reticulation extensions	100% Capitalised
Other	100% Capitalised

##### Stormwater Assets

Drains & Culverts	100% Capitalised
Other	100% Capitalised

##### Transport Assets

Road construction & reconstruction	100% Capitalised
Reseal/Re-sheet & major repairs:	100% Capitalised

Bridge construction & reconstruction	100% Capitalised
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#### Depreciation

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

Land is not depreciated.

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

##### Plant & Equipment

- Office Equipment	3 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles	5 to 10 years
- Heavy Plant/Road Making equip.	5 to 10 years
- Other plant and equipment	5 to 15 years

##### Other Equipment

- Playground equipment	5 to 15 years
- Benches, seats etc	10 to 20 years
- Library Books	5 to 15 years

##### Buildings

- Buildings : Masonry	10 to 33 years
- Buildings : Other	10 years

##### Stormwater Drainage

- Drains	50 to 100 years
- Culverts	50 to 100 years
- Flood Control Structures	50 to 100 years

##### Transportation Assets

- Sealed Roads : Surface	15 to 25 years
- Sealed Roads : Structure	100 years
- Unsealed roads	100 years

- Bridge : Concrete	50 years
- Bridge : Other	50 years

- Road Pavements	60 years
- Kerb, Gutter & Paths	40 years

##### Water & Sewer Assets

- Dams and reservoirs	80 to 100 years
- Bores	20 to 40 years

- Pumps	50 to 100 years
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## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

<b>Other Infrastructure Assets</b>	
- Bulk earthworks	50 years

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

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

#### Disposal and De-recognition

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

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

#### (k) Land

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

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

#### (l) Land under roads

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

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

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

#### (m) Intangible Assets

Council has not classified any assets as Intangible.

#### (n) Crown Reserves

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

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

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

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

#### (o) Rural Fire Service assets

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

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

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

#### (p) Investment property

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

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

#### **(s) Impairment of assets**

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

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

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

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

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

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

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

#### **(t) Payables**

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

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

#### **(u) Borrowings**

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

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

Statement over the period of the borrowings using the effective interest method.

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

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

#### (v) Borrowing costs

Borrowing costs are expensed.

#### (w) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

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

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

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

#### (x) Employee benefits

##### (i) Short Term Obligations

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

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

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

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

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

##### (ii) Other Long Term Obligations

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

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

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

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

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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

##### (iii) Retirement benefit obligations

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

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

##### Defined Benefit Plans

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

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

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

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

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

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

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

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities amounting to around \$XXX million at 30 June 2011.

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

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

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

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

##### Defined Contribution Plans

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

##### (iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/11.

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (y) Self insurance

Council does not self insure.

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

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

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

##### Exceptions

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

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

##### (aa) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

##### Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

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

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

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

##### (ab) New accounting standards and UIG interpretations

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

**Council has not adopted any of these standards early.**

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

##### Applicable to Local Government with implications:

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

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

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

When adopted, the standard will affect in particular the Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

**Applicable to Local Government but no implications for Council;**

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

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

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

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

***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.

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

None

**Not applicable to Local Government per se;**

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

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

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

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

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

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

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

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

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

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

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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

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

##### **(ac) Rounding of amounts**

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

##### **(ad) Comparative Figures**

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

##### **(ae) Disclaimer**

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

# Wentworth Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2011	Actual 2011	Actual 2010	Original Budget 2011	Actual 2011	Actual 2010	Original Budget 2011	Actual 2011	Actual 2010	Actual 2011	Actual 2010	Actual 2011	Actual 2010
Governance	15	25	38	1,241	816	1,211	(1,226)	(791)	(1,173)	(1,599)	(759)	295,649	295,618
Administration	562	568	414	2,205	2,004	1,567	(1,643)	(1,436)	(1,153)	-	-	-	-
Public Order & Safety	456	573	353	939	890	772	(483)	(317)	(419)	350	165	-	-
Health	8	14	11	174	121	137	(166)	(107)	(126)	-	30	-	-
Environment	88	90	639	277	302	815	(189)	(212)	(176)	82	-	-	-
Community Services & Education	6	86	9	49	164	163	(43)	(78)	(154)	70	2	-	-
Housing & Community Amenities	826	858	280	1,137	1,307	756	(311)	(449)	(476)	203	216	-	-
Water Supplies	1,579	1,764	2,020	1,049	1,731	1,464	530	33	556	81	151	-	-
Sewerage Services	1,213	1,222	1,160	680	1,149	1,076	533	73	84	17	56	-	-
Recreation & Culture	327	328	132	1,274	1,716	1,688	(947)	(1,388)	(1,556)	240	50	-	-
Mining, Manufacturing & Construction	31	28	40	177	112	141	(146)	(84)	(101)	-	-	-	-
Transport & Communication	3,895	4,998	4,153	5,584	9,472	3,825	(1,689)	(4,474)	328	2,844	1,657	-	-
Economic Affairs	771	590	430	547	696	721	224	(106)	(291)	218	23	-	-
<b>Total Functions &amp; Activities</b>	<b>9,777</b>	<b>11,144</b>	<b>9,679</b>	<b>15,333</b>	<b>20,480</b>	<b>14,336</b>	<b>(5,556)</b>	<b>(9,336)</b>	<b>(4,657)</b>	<b>2,506</b>	<b>1,591</b>	<b>295,649</b>	<b>295,618</b>
General Purpose Income <sup>1</sup>	7,688	9,065	8,376	-	-	-	7,688	9,065	8,376	4,478	4,177	-	-
<b>Operating Result from Continuing Operations</b>	<b>17,465</b>	<b>20,209</b>	<b>18,055</b>	<b>15,333</b>	<b>20,480</b>	<b>14,336</b>	<b>2,132</b>	<b>(271)</b>	<b>3,719</b>	<b>6,984</b>	<b>5,768</b>	<b>295,649</b>	<b>295,618</b>

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

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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

##### **GOVERNANCE**

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

##### **ADMINISTRATION**

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

##### **PUBLIC ORDER & SAFETY**

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

##### **HEALTH**

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

##### **ENVIRONMENT**

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

##### **COMMUNITY SERVICES & EDUCATION**

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

##### **HOUSING & COMMUNITY AMENITIES**

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

##### **WATER SUPPLIES**

##### **SEWERAGE SERVICES**

##### **RECREATION & CULTURE**

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

##### **MINING, MANUFACTURING & CONSTRUCTION**

Building control, abattoirs, quarries & pits, other.

##### **TRANSPORT & COMMUNICATION**

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

##### **ECONOMIC AFFAIRS**

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

## Wentworth Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a). Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		1,286	1,257
Farmland		1,362	1,249
Business		1,175	1,051
<b>Total Ordinary Rates</b>		<b>3,823</b>	<b>3,557</b>
<b>Special Rates</b>			
Tourism		37	37
Levee Bank		111	110
<b>Total Special Rates</b>		<b>148</b>	<b>147</b>
<b>Annual Charges</b> (pursuant to s.496, s.501 & s.611)			
Domestic Waste Management Services		498	484
Water Supply Services		849	863
Sewerage Services		1,186	1,096
<b>Total Annual Charges</b>		<b>2,533</b>	<b>2,443</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>6,504</b>	<b>6,147</b>

Council has used 2008 year valuations provided by the NSW Valuer General in calculating its rates.

## Wentworth Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
<b>(b). User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		739	907
<b>Total User Charges</b>		<b>739</b>	<b>907</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s608 & 610A)			
Planning & Building Regulation		119	118
Private Works - Section 67		199	295
Section 149 Certificates (EPA Act)		26	30
Section 603 Certificates		10	12
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>354</b>	<b>455</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.610C)			
Aerodrome		25	38
Animal Control		21	18
Cemeteries		32	32
Library & Art Gallery		7	3
RTA Charges (State Roads not controlled by Council)		2,118	1,429
Other		42	11
<b>Total Fees &amp; Charges - Other</b>		<b>2,245</b>	<b>1,531</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>3,338</b>	<b>2,893</b>

## Wentworth Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
<b>(c). Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges		89	77
- Interest earned on Investments (interest & coupon payment income)		882	767
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>971</u></b>	<b><u>844</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges		89	77
General Council Cash & Investments		764	642
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		38	30
Water Fund Operations		83	92
Sewerage Fund Operations		(3)	3
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<b><u>971</u></b>	<b><u>844</u></b>
<b>(d). Other Revenues</b>			
Rental Income - Other Council Properties		113	157
Commissions & Agency Fees		-	1
Facilities Revenue		80	74
Insurance Claim Recoveries		120	7
Insurance Rebates		43	34
Sales - Miscellaneous		23	36
Rural Fire Services Reimbursements		194	147
Other		63	34
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>636</u></b>	<b><u>490</u></b>

## Wentworth Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 3. Income from Continuing Operations (continued)

\$ '000	2011 Operating	2010 Operating	2011 Capital	2010 Capital
<b>(e). Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	2,697	2,521	-	-
Financial Assistance - Local Roads Component	1,737	1,617	-	-
Pensioners' Rates Subsidies - General Component	44	39	-	-
<b>Total General Purpose</b>	<b>4,478</b>	<b>4,177</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	18	18	-	-
- Sewerage	17	17	-	-
- Domestic Waste Management	19	20	-	-
Water Supplies	63	93	-	-
Bushfire & Emergency Services	324	195	-	-
Community Care Services	70	2	-	-
Economic Development	218	13	-	10
Environmental Protection	122	13	-	-
Flood Restoration	-	-	472	-
Heritage & Cultural	12	13	20	-
Library	-	-	26	-
Library - per capita	27	27	-	-
Library - special projects	-	-	6	7
Noxious Weeds	30	29	-	-
NSW Rural Fire Services	27	-	-	-
Recreation & Culture	-	-	181	17
Street Lighting	29	29	-	-
Transport (Roads to Recovery)	-	-	770	820
Water Transport	-	-	55	268
<b>Total Specific Purpose</b>	<b>976</b>	<b>469</b>	<b>1,530</b>	<b>1,122</b>
<b>Total Grants</b>	<b>5,454</b>	<b>4,646</b>	<b>1,530</b>	<b>1,122</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	4,750	4,138	1,006	1,083
- State Funding	704	508	524	36
- Other Funding	-	-	-	3
	<b>5,454</b>	<b>4,646</b>	<b>1,530</b>	<b>1,122</b>

## Wentworth Shire Council

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

## Note 3. Income from Continuing Operations (continued)

\$ '000	2011 Operating	2010 Operating	2011 Capital	2010 Capital
<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	-	-	-	52
S 64 - Water Supply Contributions	-	-	10	40
S 64 - Sewerage Service Contributions	-	-	14	39
<b>Total Developer Contributions</b>	<b>17</b>	<b>-</b>	<b>24</b>	<b>131</b>
<b>Other Contributions:</b>				
Kerb & Gutter	-	-	3	-
Recreation & Culture	-	-	5	-
RTA Contributions (Regional/Local, Block Grant)	897	1,021	706	659
<b>Total Other Contributions</b>	<b>897</b>	<b>1,021</b>	<b>714</b>	<b>659</b>
<b>Total Contributions</b>	<b>897</b>	<b>1,021</b>	<b>738</b>	<b>790</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>6,351</b>	<b>5,667</b>	<b>2,268</b>	<b>1,912</b>

\$ '000	Actual 2011	Actual 2010
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**(g). Restrictions relating to Grants and Contributions**

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

Unexpended at the Close of the Previous Reporting Period	1,917	2,702
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	1,126	528
<b>less:</b> Grants & contributions recognised in a previous reporting period & now spent	(266)	(1,313)
<b>Net Increase (Decrease) in Restricted Assets</b>	<b>860</b>	<b>(785)</b>
<b>Unexpended at the Close of this Reporting Period and held as Restricted Assets</b>	<b>2,777</b>	<b>1,917</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	2,007	1,209
- Developer Contributions	770	708
	<b>2,777</b>	<b>1,917</b>

## Wentworth Shire Council

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

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		5,065	4,934
Travelling		47	51
Employee Leave Entitlements (ELE)		566	605
Superannuation - Defined Contribution Plans		339	330
Superannuation - Defined Benefit Plans		249	290
Workers' Compensation Insurance		293	258
Fringe Benefit Tax (FBT)		23	23
Training Costs (other than Salaries & Wages)		95	126
Recruitment Expenses		2	12
Uniforms		35	14
<b>Total Employee Costs</b>		<b>6,714</b>	<b>6,643</b>
less: Capitalised Costs		(432)	(764)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>6,282</b>	<b>5,879</b>
Number of "Equivalent Full Time" Employees at year end		97	97
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		92	97
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		102	225
<b>Total Interest Bearing Liability Costs</b>		<b>102</b>	<b>225</b>
less: Capitalised Costs		-	-
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>102</b>	<b>225</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	-	9
<b>Total Other Borrowing Costs</b>		<b>-</b>	<b>9</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>102</b>	<b>234</b>

## Wentworth Shire Council

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

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		1,407	1,368
Contractor & Consultancy Costs		6,619	4,478
Auditors Remuneration			
- Audit Services: Council's Auditor		34	26
Legal Expenses:			
- Legal Expenses: Other		16	48
- Legal Expenses: Debt Recovery		36	17
<b>Total Materials &amp; Contracts</b>		<b>8,112</b>	<b>5,937</b>
less: Capitalised Costs		(3,118)	(2,430)
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>		<b><u>4,994</u></b>	<b><u>3,507</u></b>

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2011	Actual 2010	Actual 2011	Actual 2010
<b>(d) Depreciation, Amortisation &amp; Impairment</b>					
Plant and Equipment		-	-	611	523
Office Equipment		-	-	104	78
Furniture & Fittings		-	-	11	11
Land Improvements (depreciable)		-	-	75	66
Buildings - Non Specialised		-	-	39	38
Buildings - Specialised		-	-	346	337
Other Structures		-	-	208	141
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	4,813	738
- Stormwater Drainage		-	-	31	66
- Water Supply Network		-	-	470	469
- Sewerage Network		-	-	546	538
Other Assets					
- Library Books		-	-	38	47
Asset Reinstatement Costs	9 & 26	-	-	-	16
<b>Total Depreciation &amp; Impairment Costs</b>		<b>-</b>	<b>-</b>	<b>7,292</b>	<b>3,068</b>
less: Capitalised Costs		-	-	-	-
less: Impairments offset in ARR (Equity)	9a	-	-	-	-
<b><u>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</u></b>		<b><u>-</u></b>	<b><u>-</u></b>	<b><u>7,292</u></b>	<b><u>3,068</u></b>

## Wentworth Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		31	21
Bad & Doubtful Debts		9	17
Bank Charges		24	23
Cleaning		54	47
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy		19	19
- NSW Fire Brigade Levy		403	304
Councillor Expenses - Mayoral Fee		21	20
Councillor Expenses - Councillors' Fees		85	79
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		74	70
Donations, Contributions & Assistance to other organisations (Section 356)		80	62
Election Expenses		26	50
Electricity & Heating		110	113
Insurance		268	277
Office Expenses (including computer expenses)		221	162
Postage		23	18
Printing & Stationery		53	42
Street Lighting		113	100
Subscriptions & Publications		35	35
Telephone & Communications		84	81
Tourism Expenses (excluding employee costs)		53	85
Valuation Fees		24	23
<b>Total Other Expenses</b>		<b>1,810</b>	<b>1,648</b>
less: Capitalised Costs		-	-
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>1,810</u></b>	<b><u>1,648</u></b>

## Wentworth Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2011	Actual 2010
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal		-	-
less: Carrying Amount of Property Assets Sold / Written Off		-	(23)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>(23)</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal		224	242
less: Carrying Amount of P&E Assets Sold		(83)	(117)
<b>Net Gain/(Loss) on Disposal</b>		<b>141</b>	<b>125</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions		110,015	-
less: Carrying Amount of Financial Assets Sold / Redeemed		(110,015)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>141</b>	<b>102</b>

## Wentworth Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		1,582	-	1,114	-
Cash-Equivalent Assets <sup>1</sup>					
- Short Term Deposits		1,722	-	5,790	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>3,304</b>	<b>-</b>	<b>6,904</b>	<b>-</b>
<b>Investment Securities (Note 6b)</b>					
- Long Term Deposits		12,000	-	8,000	-
<b>Total Investment Securities</b>		<b>12,000</b>	<b>-</b>	<b>8,000</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>15,304</b>	<b>-</b>	<b>14,904</b>	<b>-</b>

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

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

**Cash & Cash Equivalents**

a. "At Fair Value through the Profit &amp; Loss"

<b>3,304</b>	<b>-</b>	<b>6,904</b>	<b>-</b>
--------------	----------	--------------	----------

**Investments**

b. "Held to Maturity"

6(b-i)

12,000	-	8,000	-
--------	---	-------	---

Investments

<b>12,000</b>	<b>-</b>	<b>8,000</b>	<b>-</b>
---------------	----------	--------------	----------

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

Balance at the Beginning of the Year	8,000	-	2,000	-
Additions	4,000	-	6,000	-
<b>Balance at End of Year</b>	<b>12,000</b>	<b>-</b>	<b>8,000</b>	<b>-</b>

**Comprising:**

- Long Term Deposits	12,000	-	8,000	-
<b>Total</b>	<b>12,000</b>	<b>-</b>	<b>8,000</b>	<b>-</b>

## Wentworth Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
<b>Total Cash, Cash Equivalents and Investment Securities</b>	<b>15,304</b>	<b>-</b>	<b>14,904</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions (refer below)	4,888	-	4,786	-
Internal Restrictions (refer below)	3,920	-	3,894	-
Unrestricted	6,496	-	6,224	-
	<b>15,304</b>	<b>-</b>	<b>14,904</b>	<b>-</b>

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

## Details of Restrictions

## External Restrictions - Included in Liabilities

Nil

## External Restrictions - Other

Developer Contributions - General (D)	708	62	-	770
Specific Purpose Unexpended Grants (F)	1,209	798	-	2,007
Water Supplies (G)	2,439	-	(565)	1,874
Sewerage Services (G)	314	-	(258)	56
Council Reserves - Caravan Park	116	65	-	181
<b>External Restrictions - Other</b>	<b>4,786</b>	<b>925</b>	<b>(823)</b>	<b>4,888</b>
<b>Total External Restrictions</b>	<b>4,786</b>	<b>925</b>	<b>(823)</b>	<b>4,888</b>

## Internal Restrictions

Plant & Vehicle Replacement	988	-	(139)	849
Employees Leave Entitlement	1,586	33	-	1,619
Future Development	1,113	-	-	1,113
Capital Projects	207	132	-	339
<b>Total Internal Restrictions</b>	<b>3,894</b>	<b>165</b>	<b>(139)</b>	<b>3,920</b>
<b>TOTAL RESTRICTIONS</b>	<b>8,680</b>	<b>1,090</b>	<b>(962)</b>	<b>8,808</b>

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

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

**G** Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

## Wentworth Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 7. Receivables

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		2,913	-	2,524	-
Interest & Extra Charges		153	-	30	-
User Charges & Fees		113	-	46	-
Private Works		18	-	84	-
Contributions to Works		43	-	50	-
Accrued Revenues					
- Interest on Investments		182	-	155	-
- Other Income Accruals		1,400	-	13	-
Government Grants & Subsidies		215	-	843	-
Net GST Receivable		147	-	152	-
<b>Total</b>		<b>5,184</b>	<b>-</b>	<b>3,897</b>	<b>-</b>
<b>less: Provision for Impairment</b>					
Rates & Annual Charges		(7)	-	(5)	-
User Charges & Fees		(13)	-	(11)	-
Other Debtors		-	-	(1)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(20)</b>	<b>-</b>	<b>(17)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>5,164</u></b>	<b><u>-</u></b>	<b><u>3,880</u></b>	<b><u>-</u></b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Rates & Availability Charges		613	-	760	-
- Other		72	-	-	-
<b>Sewerage Services</b>					
- Rates & Availability Charges		234	-	215	-
- Other		39	-	-	-
<b>Total External Restrictions</b>		<b>958</b>	<b>-</b>	<b>975</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>4,206</b>	<b>-</b>	<b>2,905</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>5,164</u></b>	<b><u>-</u></b>	<b><u>3,880</u></b>	<b><u>-</u></b>

**Notes on Debtors above:**

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 9.00% (2010 9.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Wentworth Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		231	-	207	-
Stores & Materials		168	-	175	-
<b>Total Inventories</b>		<b>399</b>	<b>-</b>	<b>382</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		177	-	179	-
<b>Total Other Assets</b>		<b>177</b>	<b>-</b>	<b>179</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>576</b>	<b>-</b>	<b>561</b>	<b>-</b>

## (i) Externally Restricted Assets

There are no restrictions applicable to the above assets.

## (ii) Other Disclosures

## (a) Details for Real Estate Development

Residential	227	-	203	-
Industrial/Commercial	4	-	4	-
<b>Total Real Estate for Resale</b>	<b>231</b>	<b>-</b>	<b>207</b>	<b>-</b>

(Valued at the lower of cost and net realisable value)

## Represented by:

Acquisition Costs	182	-	182	-
Development Costs	49	-	25	-
<b>Total Costs</b>	<b>231</b>	<b>-</b>	<b>207</b>	<b>-</b>
less: Provision for Under Recovery	-	-	-	-
<b>Total Real Estate for Resale</b>	<b>231</b>	<b>-</b>	<b>207</b>	<b>-</b>

## Movements:

Real Estate assets at beginning of the year	207	-	23	-
- Purchases and other costs	24	-	184	-
<b>Total Real Estate for Resale</b>	<b>231</b>	<b>-</b>	<b>207</b>	<b>-</b>

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

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

	2011	2010
Real Estate for Resale	231	207
	<b>231</b>	<b>207</b>

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

## Note 9a. Infrastructure, Property, Plant &amp; Equipment

\$ '000	as at 30/6/2010					Asset Movements during the Reporting Period							as at 30/6/2011				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Impairment Loss (recognised in Equity)	Reinstatement Works on Impaired Assets	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Deprec.	Impairment											Dep'n	Impairment	
Plant & Equipment	-	11,354	8,190	-	3,164	1,139	(83)	(611)	-	-	-	-	-	11,662	8,053	-	3,609
Office Equipment	-	1,828	1,531	-	297	137	-	(104)	-	-	-	-	-	1,966	1,636	-	330
Furniture & Fittings	-	274	195	-	79	28	-	(11)	-	-	-	-	-	302	206	-	96
<b>Land:</b>																	
- Operational Land	-	135	-	-	135	-	-	-	-	-	-	-	-	135	-	-	135
- Community Land	-	7,687	-	-	7,687	-	-	-	-	-	(533)	-	-	7,154	-	-	7,154
Land Improvements - depreciable	-	3,115	127	-	2,988	181	-	(75)	-	-	-	-	-	3,296	202	-	3,094
Buildings - Non Specialised	-	908	77	-	831	-	-	(39)	-	-	-	-	-	908	116	-	792
Buildings - Specialised	-	9,665	646	-	9,019	127	-	(346)	-	-	-	-	-	9,792	992	-	8,800
Other Structures	-	8,201	617	-	7,584	192	-	(208)	-	-	-	1,342	-	9,884	974	-	8,910
<b>Infrastructure:</b>																	
- Roads, Bridges, Footpaths	-	255,591	55,632	-	199,959	1,709	-	(4,813)	(1,428)	507	-	-	-	257,300	60,444	922	195,934
- Stormwater Drainage	-	4,200	700	-	3,500	-	-	(31)	-	-	-	101	-	4,308	738	-	3,570
- Water Supply Network	-	21,284	4,250	-	17,034	502	-	(470)	-	-	-	530	-	22,466	4,870	-	17,596
- Sewerage Network	-	29,076	5,162	-	23,914	390	-	(546)	-	-	-	742	-	30,390	5,890	-	24,500
<b>Other Assets:</b>																	
- Library Books	-	1,209	1,127	-	82	41	-	(38)	-	-	-	-	-	1,250	1,165	-	85
<b>Reinstatement, Rehabilitation &amp; Restoration Assets (refer Note 26)</b>																	
- Tip Asset	106	-	106	-	-	-	-	-	-	-	-	-	-	106	106	-	-
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>106</b>	<b>354,527</b>	<b>78,360</b>	<b>-</b>	<b>276,273</b>	<b>4,446</b>	<b>(83)</b>	<b>(7,292)</b>	<b>(1,428)</b>	<b>507</b>	<b>(533)</b>	<b>2,715</b>	<b>-</b>	<b>360,919</b>	<b>85,392</b>	<b>922</b>	<b>274,605</b>

## Wentworth Shire Council

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

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

\$ '000 Class of Asset	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>Water Supply</b>								
Plant & Equipment	-	-	-	-	-	4	2	2
Furniture & Fittings	-	-	-	-	-	2	-	2
Land								
- Improvements - depreciable	-	-	-	-	-	7	-	7
Infrastructure	-	22,466	4,870	17,596	-	21,284	4,250	17,034
<b>Total Water Supply</b>	-	<b>22,466</b>	<b>4,870</b>	<b>17,596</b>	-	<b>21,297</b>	<b>4,252</b>	<b>17,045</b>
<b>Sewerage Services</b>								
- Improvements - depreciable	-	-	-	-	-	37	1	36
Buildings	-	-	-	-	-	33	3	30
Other Structures	-	-	-	-	-	85	4	81
Infrastructure	-	30,390	5,890	24,500	-	29,076	5,162	23,914
<b>Total Sewerage Services</b>	-	<b>30,390</b>	<b>5,890</b>	<b>24,500</b>	-	<b>29,231</b>	<b>5,170</b>	<b>24,061</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	-	<b>52,856</b>	<b>10,760</b>	<b>42,096</b>	-	<b>50,528</b>	<b>9,422</b>	<b>41,106</b>

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

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

**NB.** Impairment Adjustments relating to I,PP&E assets may have been recognised direct to Equity - refer Note 20 (ii).

## Wentworth Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 10a. Payables, Borrowings &amp; Provisions

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		62	-	133	-
Goods & Services - capital expenditure		143	-	108	-
Payments Received In Advance		236	-	201	-
Accrued Expenses:					
- Borrowings		9	-	14	-
- Salaries & Wages		-	-	25	-
- Other Expenditure Accruals		1,432	-	1,012	-
Trust Account - Money Held in Trust		175	-	205	-
<b>Total Payables</b>		<b>2,057</b>	<b>-</b>	<b>1,698</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		185	973	261	1,742
<b>Total Borrowings</b>		<b>185</b>	<b>973</b>	<b>261</b>	<b>1,742</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		643	-	604	-
Long Service Leave		726	58	726	43
Gratuities		166	27	190	23
Sub Total - Aggregate Employee Benefits		1,535	85	1,520	66
Asset Remediation/Restoration (Future Works)	26	-	150	-	150
<b>Total Provisions</b>		<b>1,535</b>	<b>235</b>	<b>1,520</b>	<b>216</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>3,777</b>	<b>1,208</b>	<b>3,479</b>	<b>1,958</b>
<b>(i) Liabilities relating to Restricted Assets</b>					
		2011		2010	
		Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>					
Water		-	-	15	367
Sewer		-	546	9	691
Liabilities relating to externally restricted assets		-	546	24	1,058
<b>Internally Restricted Assets</b>					
Nil					
<b>Total Liabilities relating to restricted assets</b>		<b>-</b>	<b>546</b>	<b>24</b>	<b>1,058</b>

<sup>1</sup> Loans are secured over the General Rating Income of Council

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

## Wentworth Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	2011	2010
<b>(ii) Current Liabilities not anticipated to be settled within the next 12 months</b>		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	1,213	1,201
	<u>1,213</u>	<u>1,201</u>

## Note 10b. Description of and movements in Provisions

Class of Provision	2010			2011		Closing Balance as at 30/6/11
	Opening Balance as at 1/7/10	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	604	377	(350)	12	-	643
Long Service Leave	769	185	(153)	(17)	-	784
Gratuities	213	20	(29)	(11)	-	193
Asset Remediation	150	-	-	-	-	150
<b>TOTAL</b>	<u>1,736</u>	<u>582</u>	<u>(532)</u>	<u>(16)</u>	<u>-</u>	<u>1,770</u>

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

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

## Wentworth Shire Council

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

## Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	3,304	6,904
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>3,304</b>	<b>6,904</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>(271)</b>	<b>3,719</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		7,292	3,068
Net Losses/(Gains) on Disposal of Assets		(141)	(102)
Unwinding of Discount Rates on Reinstatement Provisions		-	9
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(1,287)	(1,209)
Increase/(Decrease) in Provision for Doubtful Debts		3	7
Decrease/(Increase) in Inventories		7	38
Decrease/(Increase) in Other Assets		2	(139)
Increase/(Decrease) in Payables		(71)	134
Increase/(Decrease) in accrued Interest Payable		(5)	12
Increase/(Decrease) in other accrued Expenses Payable		395	179
Increase/(Decrease) in Other Liabilities		5	84
Increase/(Decrease) in Employee Leave Entitlements		34	165
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>5,963</b>	<b>5,965</b>

## Wentworth Shire Council

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

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Nil			
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdraft Facilities <sup>(1)</sup>		1,010	1,010
Credit Cards / Purchase Cards		10	10
<b>Total Financing Arrangements</b>		<b>1,020</b>	<b>1,020</b>
<b>Amounts utilised as at Balance Date:</b>			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		-	-
<b>Total Financing Arrangements Utilised</b>		<b>-</b>	<b>-</b>

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.  
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

**(ii) Secured Loan Liabilities**

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

## Wentworth Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Buildings		3	7
Plant & Equipment		44	154
Other		290	44
<b>Total Commitments</b>		<b>337</b>	<b>205</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		337	205
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
<b>Total Payable</b>		<b>337</b>	<b>205</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		3	205
Future Grants & Contributions		44	-
Unexpended Grants		86	-
Externally Restricted Reserves		204	-
<b>Total Sources of Funding</b>		<b>337</b>	<b>205</b>
<b>(b) Other Expenditure Commitments (exclusive of GST)</b>			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		33	30
Other		479	-
<b>Total Commitments</b>		<b>512</b>	<b>30</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		512	30
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
<b>Total Payable</b>		<b>512</b>	<b>30</b>

## Wentworth Shire Council

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

#### Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2011	Actual 2010
<b>(c) Finance Lease Commitments</b>			
Nil			
<b>(d) Operating Lease Commitments (Non Cancellable)</b>			
Nil			
<b>(e) Remuneration Commitments</b>			
Commitments for the payment of salaries & other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities are payable:			
Within the next year		-	-
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
<b>Total Payable</b>		<b>-</b>	<b>-</b>

## Wentworth Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Amounts 2011	Indicator 2011	Prior Periods 2010      2009	
<b>Local Government Industry Indicators</b>				
<b>1. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(1)</sup>	<u>14,967</u>	5.84 : 1	5.93	4.98
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	<u>2,564</u>			
<b>2. Debt Service Ratio</b>				
Debt Service Cost	<u>947</u>	5.89%	13.21%	5.69%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>16,068</u>			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>				
Rates & Annual Charges	<u>6,504</u>	32.18%	34.05%	28.57%
Income from Continuing Operations	<u>20,209</u>			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual & Extra Charges Outstanding	<u>3,059</u>	33.46%	31.84%	26.01%
Rates, Annual & Extra Charges Collectible	<u>9,142</u>			
<b>5. Building &amp; Infrastructure Renewals Ratio</b>				
Asset Renewals <sup>(4)</sup> [Buildings & Infrastructure]	<u>2,728</u>	43.68%	140.90%	155.31%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	<u>6,245</u>			

## Notes

(1) Refer Notes 6-8 inclusive.

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

(2) Refer to Note 10(a).

(3) Refer to Note 10(c) - excludes all payables &amp; provisions not expected to be paid in the next 12 months (incl. ELE).

(4) Asset Renewals represent the replacement &amp;/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.

# Wentworth Shire Council

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

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

<p><b>1. Unrestricted Current Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2008</td> <td>4.11</td> </tr> <tr> <td>2009</td> <td>4.98</td> </tr> <tr> <td>2010</td> <td>5.93</td> </tr> <tr> <td>2011</td> <td>5.84</td> </tr> </tbody> </table>	Year	Ratio : 1	2008	4.11	2009	4.98	2010	5.93	2011	5.84	<p><b>Purpose of Unrestricted Current Ratio</b></p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p><b>Commentary on 2010/11 Result</b></p> <p><b>2010/11 Ratio 5.84 : 1</b></p> <p>Council's unrestricted current ratio continues to be well within industry best practice. A ratio of 1:1 is considered to be acceptable.</p>
Year	Ratio : 1											
2008	4.11											
2009	4.98											
2010	5.93											
2011	5.84											
<p><b>2. Debt Service Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2008</td> <td>8.58%</td> </tr> <tr> <td>2009</td> <td>5.69%</td> </tr> <tr> <td>2010</td> <td>13.21%</td> </tr> <tr> <td>2011</td> <td>5.89%</td> </tr> </tbody> </table>	Year	Ratio %	2008	8.58%	2009	5.69%	2010	13.21%	2011	5.89%	<p><b>Purpose of Debt Service Ratio</b></p> <p>To assess the impact of loan principal &amp; interest repayments on the discretionary revenue of council.</p>	<p><b>Commentary on 2010/11 Result</b></p> <p><b>2010/11 Ratio 5.89%</b></p> <p>Council's debt service ratio continues to be well within industry best practice. A figure of &lt;10% is considered acceptable.</p>
Year	Ratio %											
2008	8.58%											
2009	5.69%											
2010	13.21%											
2011	5.89%											
<p><b>3. Rates &amp; Annual Charges Coverage Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2008</td> <td>32.61%</td> </tr> <tr> <td>2009</td> <td>28.57%</td> </tr> <tr> <td>2010</td> <td>34.05%</td> </tr> <tr> <td>2011</td> <td>32.18%</td> </tr> </tbody> </table>	Year	Ratio %	2008	32.61%	2009	28.57%	2010	34.05%	2011	32.18%	<p><b>Purpose of Rates &amp; Annual Charges Coverage Ratio</b></p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p><b>Commentary on 2010/11 Result</b></p> <p><b>2010/11 Ratio 32.18%</b></p> <p>Rates and Annual Charges coverage ratio will vary from year to year depending on other forms of revenue received. Council is on par with other Rural Councils and continues to rely heavily on other sources of revenue.</p>
Year	Ratio %											
2008	32.61%											
2009	28.57%											
2010	34.05%											
2011	32.18%											
<p><b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2008</td> <td>20.18%</td> </tr> <tr> <td>2009</td> <td>26.01%</td> </tr> <tr> <td>2010</td> <td>31.84%</td> </tr> <tr> <td>2011</td> <td>33.46%</td> </tr> </tbody> </table>	Year	Ratio %	2008	20.18%	2009	26.01%	2010	31.84%	2011	33.46%	<p><b>Purpose of Rates &amp; Annual Charges Outstanding Ratio</b></p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p><b>Commentary on 2010/11 Result</b></p> <p><b>2010/11 Ratio 33.46%</b></p> <p>This ratio is of concern to Council but is due to one large outstanding rate payer. Council is taking action to resolve this issue. When this issue is resolved, Council's ratio will return to an acceptable level of around 10%.</p>
Year	Ratio %											
2008	20.18%											
2009	26.01%											
2010	31.84%											
2011	33.46%											
<p><b>5. Building &amp; Infrastructure Renewals Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2008</td> <td>171.55%</td> </tr> <tr> <td>2009</td> <td>155.31%</td> </tr> <tr> <td>2010</td> <td>140.90%</td> </tr> <tr> <td>2011</td> <td>43.68%</td> </tr> </tbody> </table>	Year	Ratio %	2008	171.55%	2009	155.31%	2010	140.90%	2011	43.68%	<p><b>Purpose of Bldg &amp; Infrastructure Renewals Ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on Result</b></p> <p><b>2010/11 Ratio 43.68%</b></p> <p>The recent revaluation of our transport infrastructure has resulted in a large increase in depreciation expense, which indicates that Council need to address its infrastructure renewal program. Council will aim to address these issues as part of revised Asset Management plans.</p>
Year	Ratio %											
2008	171.55%											
2009	155.31%											
2010	140.90%											
2011	43.68%											

## Wentworth Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 13b. Statement of Performance Measurement - Indicators (by Fund)

\$ '000	Water 2011	Sewer 2011	General <sup>1</sup> 2011
<b>Local Government Industry Indicators</b>			
<b>1. Unrestricted Current Ratio</b>			
<u>Current Assets less all External Restrictions<sup>(1)</sup></u>	<b>0.00 : 1</b>	<b>0.00 : 1</b>	<b>5.84 : 1</b>
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>			
<b>2. Debt Service Ratio</b>			
<u>Debt Service Cost</u>	<b>21.62%</b>	<b>16.12%</b>	<b>2.83%</b>
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>			
<u>Rates &amp; Annual Charges</u>	<b>48.16%</b>	<b>96.90%</b>	<b>25.95%</b>
Income from Continuing Operations			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
<u>Rates, Annual &amp; Extra Charges Outstanding</u>	<b>72.20%</b>	<b>19.73%</b>	<b>31.12%</b>
Rates, Annual & Extra Charges Collectible			
<b>5. Building &amp; Infrastructure Renewals Ratio</b>			
<u>Asset Renewals<sup>(4)</sup> [Buildings &amp; Infrastructure]</u>	<b>0.00%</b>	<b>0.00%</b>	<b>47.91%</b>
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)			

## Notes

<sup>(1)</sup> General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 14. Investment Properties

\$ '000

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

#### Note 15. Financial Risk Management

##### Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2011	2010	2011	2010
<b>Financial Assets</b>				
Cash and Cash Equivalents	3,304	6,904	3,304	6,904
Investments				
- "Held to Maturity"	12,000	8,000	12,000	8,000
Receivables	5,164	3,880	5,023	3,768
<b>Total Financial Assets</b>	<b>20,468</b>	<b>18,784</b>	<b>20,327</b>	<b>18,672</b>
<b>Financial Liabilities</b>				
Payables	1,821	1,497	1,821	1,498
Loans / Advances	1,158	2,003	1,158	2,002
<b>Total Financial Liabilities</b>	<b>2,979</b>	<b>3,500</b>	<b>2,979</b>	<b>3,500</b>

Fair Value is determined as follows:

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

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

The major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2011</b>				
Possible impact of a 10% movement in Market Values	1	1	(1)	(1)
Possible impact of a 1% movement in Interest Rates	-	-	-	-
<b>2010</b>				
Possible impact of a 10% movement in Market Values	3.7	319.2	(3.7)	(261.2)
Possible impact of a 1% movement in Interest Rates	3.8	290.2	(2.7)	(290.1)

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (b) Receivables

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

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

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

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

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

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

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

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

	2011	2011	2010	2010
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	171	1,996	465	1,182
Past due by up to 30 days	362	18	-	-
Past due between 31 and 180 days	306	257	690	191
Past due between 181 and 365 days	542	-	407	-
Past due by more than 1 year	1,532	-	962	-
	<u>2,913</u>	<u>2,271</u>	<u>2,524</u>	<u>1,373</u>
<b>(ii) Movement in Provision for Impairment of Receivables</b>			2011	2010
Balance at the beginning of the year			17	10
+ new provisions recognised during the year			3	7
<b>Balance at the end of the year</b>			<u>20</u>	<u>17</u>

## Wentworth Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 15. Financial Risk Management (continued)

\$ '000

## (c) Payables &amp; Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2011</b>									
Trade/Other Payables	-	1,821	-	-	-	-	-	1,821	1,821
Loans & Advances	-	353	353	353	329	185	185	1,758	1,158
<b>Total Financial Liabilities</b>	<b>-</b>	<b>2,174</b>	<b>353</b>	<b>353</b>	<b>329</b>	<b>185</b>	<b>185</b>	<b>3,579</b>	<b>2,979</b>
<b>2010</b>									
Trade/Other Payables	-	1,521	-	-	-	-	-	1,521	1,497
Loans & Advances	-	803	434	278	278	253	293	2,339	2,003
<b>Total Financial Liabilities</b>	<b>-</b>	<b>2,324</b>	<b>434</b>	<b>278</b>	<b>278</b>	<b>253</b>	<b>293</b>	<b>3,860</b>	<b>3,500</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	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	1,821	0.0%	1,497	0.0%
Loans & Advances - Fixed Interest Rate	50	6.0%	718	6.6%
Loans & Advances - Variable Interest Rate	1,108	6.4%	1,285	6.2%
	<u>2,979</u>		<u>3,500</u>	

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 10/11 was incorporated as part of its Management Plan and was adopted by the Council on 23 June 2010.

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

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

**Note that for Variations\* of Budget to Actual :**

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

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

\$ '000	2011 Budget	2011 Actual	2011 ----- Variance* -----		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	<b>6,413</b>	<b>6,504</b>	<b>91</b>	1%	<b>F</b>
<b>User Charges &amp; Fees</b>	<b>2,527</b>	<b>3,338</b>	<b>811</b>	32%	<b>F</b>
The increase in user charges and fees was due to an increase in revenue received from the RTA for the RMCC contract for maintenance and ordered works.					
<b>Interest &amp; Investment Revenue</b>	<b>650</b>	<b>971</b>	<b>321</b>	49%	<b>F</b>
The variance in interest and investment revenue is due to a higher than expected average interest rate as the original budget was based on a conservative estimate and higher than expected surplus funds to invest.					
<b>Other Revenues</b>	<b>419</b>	<b>636</b>	<b>217</b>	52%	<b>F</b>
The number of insurance claims/reimbursements that were not originally budgeted for and an increase in RFS contribution reimbursements resulted in this variance.					
<b>Operating Grants &amp; Contributions</b>	<b>7,137</b>	<b>6,351</b>	<b>(786)</b>	(11%)	<b>U</b>
Councils was unsuccessful in the receipt of a number of anticipated grants budgeted to be received in 2010/2011 while some grants were received in June 2010 after the 2010/2011 budget had been approved.					
<b>Capital Grants &amp; Contributions</b>	<b>219</b>	<b>2,268</b>	<b>2,049</b>	936%	<b>F</b>
A number of capital grants were received during the year that were not originally budgeted for.					
<b>Net Gains from Disposal of Assets</b>	<b>100</b>	<b>141</b>	<b>41</b>	41%	<b>F</b>
This was a combination of a disposal of assets that were not budgeted for and higher trade in prices than anticipated.					

## Wentworth Shire Council

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

## Note 16. Material Budget Variations (continued)

\$ '000	2011 Budget	2011 Actual	2011 ----- Variance* -----		
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	<b>5,855</b>	<b>6,282</b>	<b>(427)</b>	<b>(7%)</b>	<b>U</b>
<b>Borrowing Costs</b>	<b>98</b>	<b>102</b>	<b>(4)</b>	<b>(4%)</b>	<b>U</b>
<b>Materials &amp; Contracts</b>	<b>4,695</b>	<b>4,994</b>	<b>(299)</b>	<b>(6%)</b>	<b>U</b>
<b>Depreciation &amp; Amortisation</b>	<b>3,042</b>	<b>7,292</b>	<b>(4,250)</b>	<b>(140%)</b>	<b>U</b>
The revaluation of Roads, Bridges and Footpaths occurred in 2009/10 and resulted in a large increase in depreciation.					
<b>Other Expenses</b>	<b>1,643</b>	<b>1,810</b>	<b>(167)</b>	<b>(10%)</b>	<b>U</b>
This was a combination of a large increase in Rural Fire Service contributions, Street Lighting charges and computer software licencing.					

\$ '000	2011 Budget	2011 Actual	2011 ----- Variance* -----		
<b>Budget Variations relating to Council's Cash Flow Statement include:</b>					
<b>Cash Flows from Operating Activities</b>	<b>7,014</b>	<b>5,963</b>	<b>(1,051)</b>	<b>(15.0%)</b>	<b>U</b>
Budget figures are prepared net of GST whereas actual are grossed up by GST.					
<b>Cash Flows from Investing Activities</b>	<b>(7,527)</b>	<b>(8,718)</b>	<b>(1,191)</b>	<b>15.8%</b>	<b>U</b>
This is due to a change in investment strategies from short term deposits to longer term deposits and less expenditure on on capital program due to flood events.					
<b>Cash Flows from Financing Activities</b>	<b>(705)</b>	<b>(845)</b>	<b>(140)</b>	<b>19.9%</b>	<b>U</b>
This variance is due to a council decision to pay out a loan that was due for refinancing.					

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 17. Statement of Developer Contributions

\$ '000

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

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

**SUMMARY OF CONTRIBUTIONS & LEVIES**

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	331	-	-	18	-	-	349	20	(150)	219	-
Stormwater	377	-	-	20	-	-	397	20	(150)	267	-
<b>S94 Contributions - under a Plan</b>	<b>708</b>	-	-	<b>38</b>	-	-	<b>746</b>	<b>40</b>	<b>(300)</b>	<b>486</b>	-
S94A Levies - under a Plan	-	-	-	-	-	-	-				-
<b>Total S94 Revenue Under Plans</b>	<b>708</b>	-	-	<b>38</b>	-	-	<b>746</b>				-
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	-	-	-	-	-	-	-				-
S64 Contributions	-	24	-	-	-	-	24				-
<b>Total Contributions</b>	<b>708</b>	<b>24</b>	-	<b>38</b>	-	-	<b>770</b>	<b>40</b>	<b>(300)</b>	<b>486</b>	-

Wentworth Shire Council

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

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	331	-	-	18	-	-	349	20	(150)	219	-
Stormwater	377	-	-	20	-	-	397	20	(150)	267	-
<b>Total</b>	<b>708</b>	<b>-</b>	<b>-</b>	<b>38</b>	<b>-</b>	<b>-</b>	<b>746</b>	<b>40</b>	<b>(300)</b>	<b>486</b>	<b>-</b>

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

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

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

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

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

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

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

##### (ii) Statewide Limited

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

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

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

##### (iii) StateCover Limited

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

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

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

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

##### (iv) Other Guarantees

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

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000

##### LIABILITIES NOT RECOGNISED (continued):

##### (iv) Community Organisation Guarantees

Council has guaranteed certain loans & other banking facilities advanced to community organisations & sporting bodies, amounting to \$50,000 (2010: \$50,000) as at reporting date.

Council does not expect to incur any loss arising from these guarantees

##### 2. Other Liabilities

##### (i) Third Party Claims

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

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

##### (ii) S94 Plans

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

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

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

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

##### (iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (& subsequent land asset) from such potential acquisitions has not been possible.

##### ASSETS NOT RECOGNISED:

##### (i) Land Under Roads

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

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

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

Council's Revenue Recognition policy for such income is to account for it as revenue on receipt.

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

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

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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\$ '000

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##### **ASSETS NOT RECOGNISED: (continued)**

##### **(iii) Rural Fire Assets**

**Council has title to, and is the registered owner of** various rural fire appliances and associated rural fire fighting equipment.

These assets are under the control of the Rural Fire Services to enable that Department to provide the bushfire protection defences set out in their Service Level Agreement with Council, and accordingly have not been recognised in these reports. In accordance with normal Rural Fire Service funding arrangements.

Council continues to contribute to the costs of maintenance of this equipment.

##### **(iv) Debt owed by another Council**

Wentworth Shire Council is the administrative Council for the Rural Fire Service Lower Western Zone Region South and administers payments and receipts for all operating expenses. A discrepancy has been identified in the allocation of reimbursements of Repair and Maintenance expenditure. As at 30 June 2011 the issue was being discussed between the two Councils. It is expected that the issue will be resolved in the 2011/12 financial year.

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

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

## Wentworth Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## 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 (from previous years audited accounts)		43,152	46,970
a. Correction of Prior Period Errors	20 (c)	3	(7,535)
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	1
d. Net Operating Result for the Year		(271)	3,719
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		101	-
<b>Balance at End of the Reporting Period</b>		<b>42,985</b>	<b>43,155</b>
<b>b. Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		245,999	245,245
- Other Reserves (Plant Replacement, Future Development & S94)		1,680	1,781
<b>Total</b>		<b>247,679</b>	<b>247,026</b>
<b>(ii). Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		245,245	99,151
- Revaluations for the year	9(a)	2,182	146,094
- Impairment of revalued assets (incl. impairment reversals)	9(a)	(1,428)	-
<b>- Balance at End of Year</b>		<b>245,999</b>	<b>245,245</b>
<b>Other Reserves (Plant Replacement, Future Development &amp; S94)</b>			
- Opening Balance		1,781	1,781
- Transfers to Retained Earnings		(101)	-
<b>- Balance at End of Year</b>		<b>1,680</b>	<b>1,781</b>
<b>TOTAL VALUE OF RESERVES</b>		<b>247,679</b>	<b>247,026</b>
<b>(iii). Nature &amp; Purpose of Reserves</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.			
<b>Other Reserves</b>			
- Plant Replacement Reserve & Future Development Fund			

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>c. Correction of Error/s relating to a Previous Reporting Period</b>			
<b>Council made no material correction of errors during the current reporting period.</b>			
<b>Corrections of Errors reported in the 09/10 financial statements:</b>			
As part of Council's transition to measuring all it's I,PP&E at Fair Values, Council last year reviewed and brought to account Fair Values for the following Asset Classes:			
- Roads, Bridges & Footpaths                      - Stormwater Drainage			
As part of that evaluation & measurement process, the remaining useful life of each asset was reassessed to actual.			
This reassessment resulted in a material difference as to where some assets actually sit in relation to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated.			
Council did not have sufficient and reliable information that would allow the restatement of information prior to 30/6/09 (the closing date for the comparative figures).			
As a result, Council adjusted the accumulated depreciation for the following asset classes as at 30/6/09 to reflect the correct value of accumulated depreciation;			
Roads, Bridges & Footpaths	(increase) to accumulated depreciation		(7,155)
Stormwater Drainage	(increase) to accumulated depreciation		(383)
<b>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.</b>			
<b>These amounted to the following Equity Adjustments:</b>			
- Adjustments to Opening Equity - 1/7/09		-	(7,538)
(relating to adjustments for the 30/6/09 reporting year end and prior periods)			
- Adjustments to Closing Equity - 30/6/10		3	-
(relating to adjustments for the 30/6/10 year end)			
<b>Total Prior Period Adjustments - Prior Period Errors</b>		<b>3</b>	<b>(7,538)</b>

#### d. Voluntary Changes in Accounting Policies

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

## Wentworth Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 21. Financial Result &amp; Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2011	Actual 2011	Actual 2011
<b>Continuing Operations</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	849	1,186	4,469
User Charges & Fees	738	-	2,600
Interest & Investment Revenue	83	(3)	891
Other Revenues	2	10	624
Grants & Contributions provided for Operating Purposes	81	17	6,253
Grants & Contributions provided for Capital Purposes	10	14	2,244
<b>Other Income</b>			
Net Gains from Disposal of Assets	-	-	141
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
<b>Total Income from Continuing Operations</b>	<b>1,763</b>	<b>1,224</b>	<b>17,222</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	501	209	5,572
Borrowing Costs	12	45	45
Materials & Contracts	666	342	3,986
Depreciation & Amortisation	471	551	6,270
Impairment	-	-	-
Other Expenses	81	2	1,727
<b>Total Expenses from Continuing Operations</b>	<b>1,731</b>	<b>1,149</b>	<b>17,600</b>
<b>Operating Result from Continuing Operations</b>	<b>32</b>	<b>75</b>	<b>(378)</b>
<b>Discontinued Operations</b>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
<b>Net Operating Result for the Year</b>	<b>32</b>	<b>75</b>	<b>(378)</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>32</b>	<b>75</b>	<b>(378)</b>
<b>Net Operating Result attributable to Minority Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>22</b>	<b>61</b>	<b>(2,622)</b>

<sup>1</sup> General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal charges & recoveries made between the Funds.

## Wentworth Shire Council

## Notes to the Financial Statements

as at 30 June 2011

## Note 21. Financial Result &amp; Financial Position by Fund

Balance Sheet by Fund \$ '000	Actual 2011	Actual 2011	Actual 2011
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>			
Cash & Cash Equivalents	1,874	56	1,374
Investments	-	-	12,000
Receivables	685	273	4,206
Inventories	-	-	399
Other	-	-	177
Non-current assets classified as 'held for sale'	-	-	-
<b>Total Current Assets</b>	<b>2,559</b>	<b>329</b>	<b>18,156</b>
<b>Non-Current Assets</b>			
Investments	-	-	-
Receivables	-	-	-
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	17,596	24,500	232,509
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
<b>Total Non-Current Assets</b>	<b>17,596</b>	<b>24,500</b>	<b>232,509</b>
<b>TOTAL ASSETS</b>	<b>20,155</b>	<b>24,829</b>	<b>250,665</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	-	1	2,056
Borrowings	-	-	185
Provisions	-	-	1,535
<b>Total Current Liabilities</b>	<b>-</b>	<b>1</b>	<b>3,776</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	-
Borrowings	-	545	428
Provisions	-	-	235
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>545</b>	<b>663</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>546</b>	<b>4,439</b>
<b>Net Assets</b>	<b>20,155</b>	<b>24,283</b>	<b>246,226</b>
<b>EQUITY</b>			
Retained Earnings	10,692	1,532	30,761
Revaluation Reserves	9,463	22,751	215,465
<b>Total Equity</b>	<b>20,155</b>	<b>24,283</b>	<b>246,226</b>

<sup>1</sup> General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal receivables & payables between the Funds.

## Wentworth Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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\$ '000

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

#### Note 23. Events occurring after Balance Sheet Date

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

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

**Accordingly, the "authorised for issue" date is 31/10/11.**

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

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

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

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

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

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

#### Note 24. Discontinued Operations

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

## Wentworth Shire Council

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

#### Note 25. Intangible Assets

\$ '000

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

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

#### Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2011	2010
Tips	2010	150	150
<b>Balance at End of the Reporting Period</b>	10	<u>150</u>	<u>150</u>

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

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

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

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

Balance at beginning of year	150	141
Amortisation of discount (expensed to borrowing costs)	-	9
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<u>150</u>	<u>150</u>

#### Amount of Expected Reimbursements

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

## Wentworth Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 27. Financial Commentary &amp; Review (continued)

\$ '000

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

<b>Financial Performance Figures</b>	<b>2011</b>	<b>2010</b>	2009	2008	2007
<b>Inflows:</b>					
Rates & Annual Charges Revenue	<b>6,504</b>	6,147	5,541	5,305	4,999
User Charges Revenue	<b>3,338</b>	2,893	2,154	2,131	2,870
Interest & Investment Revenue (Losses)	<b>971</b>	844	963	841	524
Grants Income - Operating & Capital	<b>6,984</b>	5,768	7,089	8,640	6,510
Total Income from Continuing Operations	<b>20,209</b>	18,055	19,393	17,365	16,118
Sale Proceeds from I,PP&E	<b>224</b>	242	1,063	229	549
New Loan Borrowings & Advances	-	-	-	-	-
<b>Outflows:</b>					
Employee Benefits & On-cost Expenses	<b>6,282</b>	5,879	4,921	4,896	5,059
Borrowing Costs	<b>102</b>	234	279	334	374
Materials & Contracts Expenses	<b>4,994</b>	3,507	3,794	3,352	3,584
Total Expenses from Continuing Operations	<b>20,480</b>	14,336	13,666	12,789	12,948
Total Cash purchases of I,PP&E	<b>4,918</b>	5,683	4,784	3,689	3,988
Total Loan Repayments (incl. Finance Leases)	<b>845</b>	1,711	585	766	497
Operating Surplus/(Deficit) (excl. Capital Income)	<b>(2,539)</b>	1,807	3,209	1,052	2,183
<b>Financial Position Figures</b>	<b>2011</b>	<b>2010</b>	2009	2008	2007
Current Assets	<b>21,044</b>	19,345	19,229	16,179	11,739
Current Liabilities	<b>3,777</b>	3,479	3,802	4,686	4,485
Net Current Assets	<b>17,267</b>	15,866	15,427	11,493	7,254
Available Working Capital (Unrestricted Net Current Assets)	<b>8,990</b>	7,809	9,257	10,956	6,009
Cash & Investments - Unrestricted	<b>6,496</b>	6,224	8,274	6,208	5,425
Cash & Investments - Internal Restrictions	<b>3,920</b>	3,894	3,290	2,508	1,830
Cash & Investments - Total	<b>15,304</b>	14,904	16,275	13,289	9,328
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	<b>1,158</b>	2,003	3,714	4,299	5,065
Total Value of I,PP&E (excl. Land & Earthworks)	<b>353,630</b>	346,811	155,150	148,447	143,901
Total Accumulated Depreciation	<b>86,314</b>	78,360	35,379	24,808	27,848
Indicative Remaining Useful Life (as a % of GBV)	76%	77%	77%	83%	81%

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

## Wentworth Shire Council

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

#### Note 28. Council Information & Contact Details

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**Principal Place of Business:**

26-28 Adelaide Street  
Wentworth NSW 2648

**Contact Details**

**Mailing Address:**

PO Box 81  
Wentworth NSW 2648

**Opening Hours:**

Monday - Friday  
8:30am - 5:00pm

**Telephone:** 03 5027 5027

**Facsimile:** 03 5027 5000

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

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

**Officers**

**GENERAL MANAGER**

Peter Kozlowski

**RESPONSIBLE ACCOUNTING OFFICER**

Terri Maguire

**PUBLIC OFFICER**

Terri Maguire

**AUDITORS**

Pitcher Partners - Accountants, Auditors & Advisors

**Elected Members**

**MAYOR**

Margaret Thomson

**COUNCILLORS**

Brian Wakefield

Mark King

Bill Wheeldon

Don McKinnion

Melisa Hedrics

Ian Whitfield

Bill Brook

**Other Information**

**ABN:** 96 283 886 815



**PITCHER PARTNERS**

ACCOUNTANTS AUDITORS & ADVISORS

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## **WENTWORTH SHIRE COUNCIL**

### **Independent Audit Report to the Council**

### **General Purpose Financial Statements for the Year ended 30 June 2011**

#### **Report on the Financial Report**

We have audited the general purpose financial statements of Wentworth Shire Council, which comprises the Balance Sheet as at 30 June 2011, Statement by Councillors and Management, and the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

#### *Council's Responsibilities for the Financial Statements*

Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the statutory requirements under the Local Government Act, 1993, and for such internal control that Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibilities*

Our responsibility is to express an opinion on the financial statements based on our audit. Our audit responsibility does not extend to the Original Budget figures disclosed in the Income Statement and Cash Flow Statement, Notes 2(a), and 16 to the financial statements, estimated expenditure in note 17, additional Council disclosure notes, nor the attached Special Schedules.

We conducted our audit in accordance with Australian Auditing Standards. Those 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting

policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

#### *Audit Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Wentworth Shire Council as at 30 June 2011, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

### **Report on Other Legal and Regulatory Requirements**

#### *Council's Responsibilities for compliance with other legal and regulatory requirements*

Council is responsible for ensuring compliance with the accounting and reporting requirements of Division 2 of Part 3, Chapter 12 of the Local Government Act, 1993. This responsibility includes maintaining such accounting records as are necessary to correctly record and explain its financial transactions and its financial position, and to facilitate convenient and proper auditing of its financial statements.

#### *Auditor's Responsibilities under Section 417(2) of the Local Government Act, 1993*

Our responsibility is to report on Council's compliance with the accounting and reporting requirements of the Local Government Act, 1993 and Local Government (General) Regulation 2005.

#### *Auditors' Opinion on other legal and regulatory requirements*

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 the Local Government (General) Regulation 2005; and
- (b) the Council's general purpose financial statements for the year ended 30 June 2011:-
  - i) have been prepared in accordance with the requirements of this Division and Regulation;
  - ii) are consistent with the Council's accounting records;
  - iii) present fairly the Council's financial position and the results of its operations;
- (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 in the course of the audit.



CARL MILLINGTON

Partner



PITCHER PARTNERS

Sydney, 31 October 2011



**WENTWORTH SHIRE COUNCIL  
INDEPENDENT AUDITORS' REPORT ON THE CONDUCT OF THE AUDIT  
YEAR ENDED 30 JUNE 2011**

Wentworth Shire Council has prepared a general purpose financial report for the year ended 30 June 2011 on which we issued a separate audit report to the Council dated 31 October 2011. This report has been prepared in accordance with the requirements of the Division of Local Government, and the provisions of Section 417(3) of the Local Government Act, 1993.

We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the New South Wales Division of Local Government, or for any purpose other than that for which it was prepared.

**Audit Conclusion**

Our audit of the financial report for the year ended 30 June 2011 resulted in an unqualified independent audit report for Council's General Purpose and Special Purpose Financial Statements.

**Additional Audit Considerations and Comment**

**Income Statement**

*Summarised Income Statement*

	2011 Actual \$'000	2011 Budget \$'000	* Budget Variance %	2010 Actual \$'000
Operating result	(271)	2,132	112.71%U	3,719
Operating result before capital revenue	(2,539)	1,913	232.73%U	1,807
Rates & annual charges	6,504	6,413	1.42% F	6,147
Operating grants & contributions	6,351	7,137	11.01% U	5,667
Capital grants & contributions	2,268	219	935.62% F	1,912
Depreciation & amortisation	7,292	3,042	139.71%U	3,068

\* Detailed explanations for material favourable (F) and unfavourable (U) budget variations are provided in Note 16 to the financial statements

### *Operating Result before Capital.*

The operating result before Capital grants and contributions was a deficit of \$271K compared with the prior year surplus of \$3.719M. This compared with the original budget surplus of \$2.132K. The single most significant impact on the operating result for 2011 was the increase in depreciation of non-current assets.

### *Rates and Annual Charges.*

Revenue from rates and annual charges increased to \$6.504M from \$6.147M in the prior year, and was within 2% of budget for the 2011 year.

### *Grants and Contributions.*

Operating grants and contributions for the year totalled \$6.351M and represented 31% of total income from continuing operations. This compares with budget of \$7.137M.

Capital grants and contributions amounted to \$2.268M for the 2011 year and represented 11% of total income from continuing operations. This compares with budget of \$219K.

### *Depreciation.*

Included in the operating result was \$7.29M for the depreciation and amortisation of infrastructure, property, plant and equipment which increased from \$3.07M in the prior year and compared with the original budget of \$3.04M. This variance results from increased depreciation expense arising from the revaluation of infrastructure assets in accordance with the requirements of the Division of Local Government in recent years.

## **Balance Sheet**

Council's equity at 30 June 2011 amounted to \$290.66M comprised of retained earnings (\$42.985M), and reserves (\$247.679M) arising from revaluation of infrastructure assets.

The most significant impact on retained earnings during 2011 was the operating deficit of \$271K, whilst the Asset Revaluation Reserve increased by a net \$754K as a result of the revaluation of other non-current assets and the impairment loss on Council roads caused by flooding during the year.

At balance date Council had not utilised any of its bank overdraft facility of \$1.01M.

## **Movements in Cash and Cash Equivalents**

### *Summarised Statement of Cash Flows*

<b>Activities</b>	<b>2011 Actual</b>	<b>2011 Budget</b>	<b>* Budget</b>	<b>2010 Actual</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>Variance</b>	<b>\$'000</b>
			<b>%</b>	
Net cash flows from operations	5,963	7,014	56.00%F	5,965
Net cash flows from investing	(8,718)	(7,527)	242.88%F	(5,625)
Net cash flows from financing	(845)	(705)	371.0%U	(1,711)
<b>Net movement in cash</b>	<b>(3,600)</b>	<b>(1,218)</b>		<b>(1,371)</b>

\* Detailed explanations for material budget variations are provided in Note 16 to the financial statements

Council's cash and cash equivalent balances decreased to a total of \$3.304M during the year, with \$5.963M being provided from operations, \$8.718M utilised for acquisition of investments and assets, and \$845K utilised in net reduction of borrowings and advances.

## Total Investments and Cash Balances

Council's cash and investments balances totaled \$15.304M at 30 June 2011 compared to \$14.904M in 2010.

Of this total, \$4.888M (2010 - \$4.726M) is externally restricted for use as specified by legislation and/or other regulatory requirements, \$3.920M (2010 - \$3.894M) has been reserved for specific projects and purposes identified by Council, and \$6.496M (2010 - \$6.224M) is unrestricted.

There was insignificant movement in the total of externally restricted cash balances, with increases in amounts being held in respect of developer contributions and specific purpose unexpended grants, and a reduction in Water and Sewerage services balances.

The total of internally restricted balances increased by \$26K, with the biggest movements being the reduction in Plant & Vehicle Replacement reserve and the increase in Capital Projects reserve.

## Working Capital (Net Current Assets)

	2011	2010
	\$'000	\$'000
Current assets	21,044	19,345
Current liabilities	3,777	3,479
Net current assets	17,267	15,866
Add: anticipated longer term liabilities included in current	1,213	1,201
Adjusted net Current Assets	18,480	17,067
<i>Less: Working Capital Commitments</i>		
Net external restrictions	6,077	5,945
<b>Unrestricted Working Capital</b>	<b>12,403</b>	<b>11,122</b>

Council's balance of unrestricted working capital has increased from \$11.122M in 2010 to \$12.403M at the end of the 2011 financial year.

After taking into consideration Council's internal reserves, other liabilities that are anticipated to be funded from the 2011/12 operating budget and anticipated timing of rate revenues, Council's unrestricted working capital balance appears to provide a reasonable basis for funding the coming year's operations.

## Performance Indicators and Trends

The following performance indicators are included in Note 13 to the financial report:-

### *Unrestricted Current Ratio.*

At 5.84:1, the ratio is slightly lower than the prior year but is well above the industry benchmark of 2:1.

### *Debt Service Ratio.*

The debt service ratio of 5.89% is substantially lower than the prior year due to the large increase experienced in 2010, and is well within the industry benchmark of 20%.

#### *Rates and Annual Charges Coverage Ratio.*

Council's rates and annual charges revenue represented 32.18% of 2011 total revenue, which is consistent with prior years.

#### *Rates and Annual Charges Outstanding Percentage.*

The amount of rates uncollected at year end expressed as a percentage of the total rates and annual charges collectible was 33.46%. This ratio, as reported in our 2010 report, is well above the industry guidelines but has been affected by an ongoing dispute over the rateability of specific purpose properties within the Shire.

#### *Asset Renewals Ratio.*

The ratio decreased from 140.9% in the prior year to 43.68% for 2011, with a large part of the decrease attributable to the significant increase in depreciation.

### **Other Issues**

As a result of flood damage during the year, Council was required to test effected assets for impairment, resulting in a reduction of \$1.428M in the carrying value of its road assets. This amount was taken to the Asset Revaluation Reserve as a reduction of revaluation increases experienced in prior years.

### **Legislative Compliance**

As a result of our audit we advise that no material deficiencies in the accounting records or financial reports have come to our attention during the conduct of the audit, and that Council's accounting records have been kept accurately and conscientiously and in accordance with requirements of the Local Government Act, 1993, and Regulations.

Council has complied with all statutory reporting requirements relating to Division 2 of Chapter 12 of the Local Government Act, 1993, the Code of Accounting Practice and Financial Reporting (Update 19), and other legislatively prescribed standards.

### **Conduct of the audit**

During the conduct of our audit, there were minimal issues requiring additional explanation and investigation. We are able to report that all such issues have been appropriately attended to and there are no matters of audit significance, other than those already referred to in this report, that require mention in this or our statutory audit report.

We commend the courteous and professional manner in which Council's staff have acted throughout the conduct of our audit, and their willingness to consider issues that we raised and assist us with our audit.

  
PITCHER PARTNERS

  
CARL MILLINGTON

Partner

Sydney, 31 October 2011

# Wentworth Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2011

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“The Shire on Two Rivers”



## Wentworth Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2011

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#### Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.
  - (ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.  
  
Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.
  - (iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.  
  
These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).
  - (iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).
-

# Wentworth Shire Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2011

### Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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


- The NSW Government Policy Statement "Application of National Competition Policy to Local Government"
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality"
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".


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

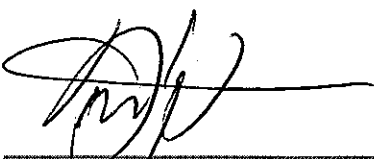
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

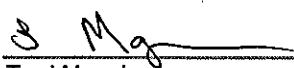
**We are not aware of any matter that would render these Statements false or misleading in any way.**

**Signed in accordance with a resolution of Council made on 19 October 2011.**

  
\_\_\_\_\_  
Margaret Thomson  
MAYOR

  
\_\_\_\_\_  
Bill Brook  
COUNCILLOR

  
\_\_\_\_\_  
Peter Kozlowski  
GENERAL MANAGER

  
\_\_\_\_\_  
Terri Maguire  
RESPONSIBLE ACCOUNTING OFFICER

## Wentworth Shire Council

## Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2011

\$ '000	Actual 2011	Actual 2010	Actual 2009
<b>Income from continuing operations</b>			
Access charges	849	863	902
User charges	720	885	757
Fees	18	22	-
Interest	83	92	69
Grants and contributions provided for non capital purposes	81	111	17
Profit from the sale of assets	-	-	-
Other income	2	7	3
<b>Total income from continuing operations</b>	<b>1,753</b>	<b>1,980</b>	<b>1,748</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	501	488	418
Borrowing costs	12	36	55
Materials and contracts	666	398	431
Depreciation and impairment	471	470	550
Water purchase charges	38	30	49
Loss on sale of assets	-	-	-
Calculated taxation equivalents	-	-	-
Debt guarantee fee (if applicable)	-	-	-
Other expenses	43	41	57
<b>Total expenses from continuing operations</b>	<b>1,731</b>	<b>1,463</b>	<b>1,560</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>22</b>	<b>517</b>	<b>188</b>
Grants and contributions provided for capital purposes	10	40	3
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>32</b>	<b>557</b>	<b>191</b>
Surplus (deficit) from discontinued operations	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>32</b>	<b>557</b>	<b>191</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(7)	(155)	(56)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>25</b>	<b>402</b>	<b>135</b>
plus Opening Retained Profits	10,918	10,361	9,958
plus/less: Prior Period Adjustments	(258)	-	212
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	-	-	-
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	7	155	56
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
<b>Closing Retained Profits</b>	<b>10,692</b>	<b>10,918</b>	<b>10,361</b>
<b>Return on Capital %</b>	<b>0.2%</b>	<b>3.2%</b>	<b>1.4%</b>
<b>Subsidy from Council</b>	<b>883</b>	<b>316</b>	<b>697</b>
<b>Calculation of dividend payable:</b>			
Surplus (deficit) after tax	25	402	135
less: Capital grants and contributions (excluding developer contributions)	-	-	(3)
<b>Surplus for dividend calculation purposes</b>	<b>25</b>	<b>402</b>	<b>132</b>
<b>Potential Dividend calculated from surplus</b>	<b>13</b>	<b>201</b>	<b>66</b>

## Wentworth Shire Council

## Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2011

\$ '000	Actual 2011	Actual 2010	Actual 2009
<b>Income from continuing operations</b>			
Access charges	1,186	1,096	960
User charges	-	-	-
Liquid Trade Waste charges	-	-	-
Fees	-	-	-
Interest	(3)	3	-
Grants and contributions provided for non capital purposes	17	17	16
Profit from the sale of assets	-	-	-
Other income	10	5	10
<b>Total income from continuing operations</b>	<b>1,210</b>	<b>1,121</b>	<b>986</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	209	265	268
Borrowing costs	45	56	96
Materials and contracts	342	184	233
Depreciation and impairment	551	542	599
Loss on sale of assets	-	-	-
Calculated taxation equivalents	-	-	-
Debt guarantee fee (if applicable)	-	-	-
Other expenses	2	29	32
<b>Total expenses from continuing operations</b>	<b>1,149</b>	<b>1,076</b>	<b>1,228</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>61</b>	<b>45</b>	<b>(242)</b>
Grants and contributions provided for capital purposes	14	39	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>75</b>	<b>84</b>	<b>(242)</b>
Surplus (deficit) from discontinued operations	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>75</b>	<b>84</b>	<b>(242)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(18)	(14)	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>57</b>	<b>71</b>	<b>(242)</b>
plus Opening Retained Profits	1,735	1,651	2,442
plus/less: Prior Period Adjustments	(278)	-	(549)
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	-	-	-
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	18	14	-
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
<b>Closing Retained Profits</b>	<b>1,532</b>	<b>1,735</b>	<b>1,651</b>
<b>Return on Capital %</b>	<b>0.4%</b>	<b>0.4%</b>	<b>-0.6%</b>
<b>Subsidy from Council</b>	<b>1,170</b>	<b>1,119</b>	<b>1,452</b>
<b>Calculation of dividend payable:</b>			
Surplus (deficit) after tax	57	71	(242)
less: Capital grants and contributions (excluding developer contributions)	-	-	-
<b>Surplus for dividend calculation purposes</b>	<b>57</b>	<b>71</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>28</b>	<b>35</b>	<b>-</b>

## Wentworth Shire Council

## Balance Sheet of Council's Water Supply Business Activity

as at 30 June 2011

\$ '000	Actual 2011	Actual 2010
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,874	2,439
Investments	-	-
Receivables	685	760
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>2,559</b>	<b>3,199</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	17,596	17,034
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>17,596</b>	<b>17,034</b>
<b>TOTAL ASSETS</b>	<b>20,155</b>	<b>20,233</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	-	15
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>15</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	367
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>367</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>382</b>
<b>NET ASSETS</b>	<b>20,155</b>	<b>19,851</b>
<b>EQUITY</b>		
Retained earnings	10,692	10,918
Revaluation reserves	9,463	8,933
Council equity interest	20,155	19,851
Minority equity interest	-	-
<b>TOTAL EQUITY</b>	<b>20,155</b>	<b>19,851</b>

## Wentworth Shire Council

## Balance Sheet of Council's Sewerage Business Activity

as at 30 June 2011

\$ '000	Actual 2011	Actual 2010
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	56	314
Investments	-	-
Receivables	273	215
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>329</b>	<b>529</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	24,500	23,915
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>24,500</b>	<b>23,915</b>
<b>TOTAL ASSETS</b>	<b>24,829</b>	<b>24,444</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	1	9
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Current Liabilities</b>	<b>1</b>	<b>9</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	545	691
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>545</b>	<b>691</b>
<b>TOTAL LIABILITIES</b>	<b>546</b>	<b>700</b>
<b>NET ASSETS</b>	<b>24,283</b>	<b>23,744</b>
<b>EQUITY</b>		
Retained earnings	1,532	1,735
Revaluation reserves	22,751	22,009
Council equity interest	24,283	23,744
Minority equity interest	-	-
<b>TOTAL EQUITY</b>	<b>24,283</b>	<b>23,744</b>

## Wentworth Shire Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2011

#### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	8
2	Water Supply Business Best Practice Management disclosure requirements	11
3	Sewerage Business Best Practice Management disclosure requirements	13

## Wentworth Shire Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Division of Local Government.

For the purposes of these statements, the Council's business activities (reported herein) are not reporting entities.

These special purpose financial statements, unless otherwise stated, have been prepared in accordance with;

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Australian Accounting Interpretations,
- 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 nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Division of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

#### Declared Business Activities

In accordance with *Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

##### Category 1

(where gross operating turnover is over \$2 million)

**Council has no Category 1 business activities.**

##### Category 2

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

##### a. **Wentworth Shire Council Combined Water Supplies**

*Comprising the whole of the operations and net assets of Council's water supply activities servicing the towns of Wentworth, Dareton, Gol Gol, Pooncarie and Buronga, each of which are established as separate Special Rate Funds.*

##### b. **Wentworth Shire Council Combined Sewerage Service**

*Comprising the whole of the operations and net assets of Council's sewerage reticulation and treatment activities servicing the towns of Wentworth, Dareton, Gol Gol, Pooncarie and Buronga, which is established as a Special Rate Fund.*

#### Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

As required by the NSW Office of Water (Department of Environment, Climate Change and Water) some amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

## Wentworth Shire Council

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

#### Note 1. Significant Accounting Policies (continued)

##### (i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all council nominated business activities (this does not include council's non-business activities):

##### Notional Rate Applied %

###### Corporate Income Tax Rate – 30%

Land Tax – The first **\$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 – **5.45%** on the value of taxable salaries and wages in excess of \$658,000.

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a “Dividend for Taxation equivalent”, may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

##### Income Tax

An income tax equivalent has been applied on the profits of 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 this taxation equivalent is notional - that is, it is payable to the “Council” as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's 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.

## Wentworth Shire Council

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

#### Note 1. Significant Accounting Policies (continued)

##### (ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed.

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

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

##### (iii) Return on Investments (Rate of Return)

The Policy statement requires that councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field".

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The Rate of Return on Capital is calculated as follows:

**Operating Result before Capital Income + Interest Expense**

**Written Down Value of I,PP&E as at 30 June**

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 5.21% at 30/6/11.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

##### (iv) Dividends

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

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either **(i)** 50% of this surplus in any one year, or **(ii)** the number of water supply or sewerage assessments at 30 June 2011 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved its payment.

## Wentworth Shire Council

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

#### Note 2. Water Supply Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2011

#### 1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	7,413
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	-

#### 2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	12,700												
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	74,130												
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2011, less the cumulative dividends paid for the 2 years to 30 June 2010 & 30 June 2009	558,900												
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">2011 Surplus</td> <td style="width: 10%; text-align: center;">25,400</td> <td style="width: 25%;">2010 Surplus</td> <td style="width: 10%; text-align: center;">401,900</td> <td style="width: 25%;">2009 Surplus</td> <td style="width: 10%; text-align: center;">131,600</td> </tr> <tr> <td></td> <td></td> <td>2010 Dividend</td> <td style="text-align: center;">-</td> <td>2009 Dividend</td> <td style="text-align: center;">-</td> </tr> </table>			2011 Surplus	25,400	2010 Surplus	401,900	2009 Surplus	131,600			2010 Dividend	-	2009 Dividend	-
2011 Surplus	25,400	2010 Surplus	401,900	2009 Surplus	131,600									
		2010 Dividend	-	2009 Dividend	-									
(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	12,700												
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]													

#### 3. Required outcomes for 6 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	YES
(iii)	Sound Water Conservation and Demand Management implemented	YES
(iv)	Sound Drought Management implemented	YES
(v)	Complete Performance Reporting Form (by 15 September each year)	YES
(vi)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

## Wentworth Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2011Note 2. Water Supply Business  
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2011

## National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F1</b>	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)	\$'000	1,680
<b>NWI F4</b>	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	44.44%
<b>NWI F9</b>	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	17,596
<b>NWI F11</b>	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	1,180
<b>NWI F14</b>	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	502
<b>NWI F17</b>	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	0.16%
<b>NWI F26</b>	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

- Notes:
- References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
  - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

## Wentworth Shire Council

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

#### Note 3. Sewerage Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2011

##### 1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	5,610
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	-

##### 2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	28,350
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	56,100
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2011, less the cumulative dividends paid for the 2 years to 30 June 2010 & 30 June 2009	(114,800)

2011 Surplus	56,700	2010 Surplus	70,500	2009 Surplus	(242,000)
		2010 Dividend	-	2009 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

##### 3. Required outcomes for 4 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	Complying charges (a) Residential [Item 2(c) in Table 1]	YES
	(b) Non Residential [Item 2(c) in Table 1]	YES
	(c) Trade Waste [Item 2(d) in Table 1]	NO
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii)	Complete Performance Reporting Form (by 15 September each year)	YES
(iv)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

## Wentworth Shire Council

## Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2011

## Note 3. Sewerage Business

## Best Practice Management disclosure requirements (continued)

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Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2011


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## National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000	1,227
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	24,500
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	517
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	393
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	0.65%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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National Water Initiative (NWI) Financial Performance Indicators  
Water & Sewer (combined)

NWI F3	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	2,907
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.20%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	895
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	0.45%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

## Wentworth Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2011Note 3. Sewerage Business  
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2011

National Water Initiative (NWI) Financial Performance Indicators  
Water & Sewer (combined)

<b>NWI F22</b>	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	<input type="text" value="-3.12%"/>
<b>NWI F23</b>	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest		<input type="text" value="&gt; 100"/>
	Earnings before Interest & Tax (EBIT): <input type="text" value="188"/>		
	Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)		
	Net Interest: <input type="text" value="- 19"/>		
	Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		
<b>NWI F24</b>	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	<input type="text" value="107"/>
<b>NWI F25</b>	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	<input type="text" value="35"/>

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
  - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.



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**WENTWORTH SHIRE COUNCIL**  
**Special Purpose Financial Report**  
**Independent Auditors' Report to the Council for the Year ended 30 June 2011**

**Report on the Financial Statements of Council's Declared Business Activities**

We have audited the accompanying financial statements, being special purpose financial statements, of Wentworth Shire Council's declared business activities, which comprises the balance sheet as at 30 June 2011 and the income statement for the year then ended, a summary of significant accounting policies, and other explanatory notes and the Statement by Councillors and Management.

*Council's Responsibilities for the Financial Statements*

Council is responsible for the preparation and fair presentation of the financial statements and has determined that the accounting policies described in Note 1 to the financial statements which form part of the financial statements are appropriate to their needs. Council's responsibility also includes such internal controls as the Council determines are necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibilities*

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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements.

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

**Auditor's Opinion**

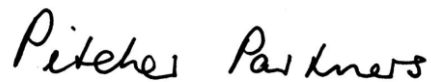
In our opinion, the financial statements present fairly, in all material respects, the financial position of Wentworth Shire Council as of 30 June 2011 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the special purpose financial statements.

**Basis of Accounting**

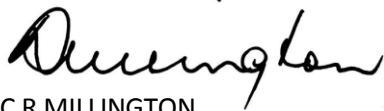
Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The special purpose financial statements have been prepared for distribution to the Council and the New South Wales Division of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this audit report or on the financial statements to which it relates to any person other than the Council or the New South Wales Division of Local Government, or for any purpose other than that for which it was prepared.

**Other Matter**

Wentworth Shire Council has prepared a separate general purpose financial report for the year ended 30 June 2011 in accordance with Australian Accounting Standards and the Code of Accounting Practice and Financial Reporting on which we issued a separate auditor's report to the Council dated 31 October 2011.



PITCHER PARTNERS



C R MILLINGTON  
Partner

Sydney, 31 October 2011

# Wentworth Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2011

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“The Shire on Two Rivers”



# Wentworth Shire Council

## Special Schedules

for the financial year ended 30 June 2011

### Contents

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- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	-
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<sup>1</sup> Special Purpose Schedules are not audited.

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#### Background

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

## Wentworth Shire Council

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

for the financial year ended 30 June 2011

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	<b>816</b>	<b>25</b>	<b>-</b>	<b>(791)</b>
<b>Administration</b>	<b>2,004</b>	<b>568</b>	<b>-</b>	<b>(1,436)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	694	518	27	(149)
Beach Control	-	-	-	-
Enforcement of Local Govt Regs	-	-	-	-
Animal Control	196	22	-	(174)
Other	-	6	-	6
<b>Total Public Order &amp; Safety</b>	<b>890</b>	<b>546</b>	<b>27</b>	<b>(317)</b>
<b>Health</b>	<b>121</b>	<b>14</b>	<b>-</b>	<b>(107)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	61	38	-	(23)
Other Environmental Protection	78	-	52	(26)
Solid Waste Management	22	-	-	(22)
Street Cleaning	-	-	-	-
Drainage	40	-	-	(40)
Stormwater Management	101	-	-	(101)
<b>Total Environment</b>	<b>302</b>	<b>38</b>	<b>52</b>	<b>(212)</b>
<b>Community Services and Education</b>				
Administration & Education	118	86	-	(32)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	46	-	-	(46)
Childrens Services	-	-	-	-
<b>Total Community Services &amp; Education</b>	<b>164</b>	<b>86</b>	<b>-</b>	<b>(78)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	156	36	-	(120)
Public Conveniences	116	-	-	(116)
Street Lighting	114	29	-	(85)
Town Planning	484	256	20	(208)
Other Community Amenities	437	517	-	80
<b>Total Housing and Community Amenities</b>	<b>1,307</b>	<b>838</b>	<b>20</b>	<b>(449)</b>
<b>Water Supplies</b>	<b>1,731</b>	<b>1,764</b>	<b>-</b>	<b>33</b>
<b>Sewerage Services</b>	<b>1,149</b>	<b>1,222</b>	<b>-</b>	<b>73</b>

## Wentworth Shire Council

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

for the financial year ended 30 June 2011

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	387	33	32	(322)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	199	26	-	(173)
Performing Arts Venues	-	-	-	-
Other Performing Arts	8	-	-	(8)
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	230	19	-	(211)
Swimming Pools	249	-	-	(249)
Parks & Gardens (Lakes)	413	13	-	(400)
Other Sport and Recreation	230	24	181	(25)
<b>Total Recreation and Culture</b>	<b>1,716</b>	<b>115</b>	<b>213</b>	<b>(1,388)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	112	28	-	(84)
Other Mining, Manufacturing & Construction	-	-	-	-
<b>Total Mining, Manufacturing and Const.</b>	<b>112</b>	<b>28</b>	-	<b>(84)</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	375	-	-	(375)
Urban Roads - Regional	493	-	10	(483)
Sealed Rural Roads (SRR) - Local	4,382	-	8	(4,374)
Sealed Rural Roads - Regional	334	278	448	392
Unsealed Rural Roads (URR) - Local	688	-	277	(411)
Unsealed Rural Roads (URR) - Regional	318	507	212	401
Bridges on UR - Local	3	-	-	(3)
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	20	-	-	(20)
Footpaths	92	-	8	(84)
Aerodromes	174	25	-	(149)
Other Transport & Communication	2,593	2,232	993	632
<b>Total Transport and Communication</b>	<b>9,472</b>	<b>3,042</b>	<b>1,956</b>	<b>(4,474)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	39	64	-	25
Other Economic Affairs	657	526	-	(131)
<b>Total Economic Affairs</b>	<b>696</b>	<b>590</b>	-	<b>(106)</b>
<b>Totals – Functions</b>	<b>20,480</b>	<b>8,876</b>	<b>2,268</b>	<b>(9,336)</b>
<b>General Purpose Revenues<sup>(2)</sup></b>		<b>9,065</b>		<b>9,065</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	-		-
<b>NET OPERATING RESULT<sup>(1)</sup></b>	<b>20,480</b>	<b>17,941</b>	<b>2,268</b>	<b>(271)</b>

(1) As reported in the Income Statement | (2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants & Interest on Investments (excl. Ext. Restricted Assets)

# Wentworth Shire Council

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

for the financial year ended 30 June 2011

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-							-	-
Treasury Corporation	-	-	-							-	-
Other State Government	-	-	-							-	-
Public Subscription	-	-	-							-	-
Financial Institutions	261	1,742	<b>2,003</b>	-	845	-	-	102	185	973	<b>1,158</b>
Other	-	-	-							-	-
<b>Total Loans</b>	<b>261</b>	<b>1,742</b>	<b>2,003</b>	<b>-</b>	<b>845</b>	<b>-</b>	<b>-</b>	<b>102</b>	<b>185</b>	<b>973</b>	<b>1,158</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-							-	-
Government Advances	-	-	-							-	-
Finance Leases	-	-	-							-	-
Deferred Payments	-	-	-							-	-
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>261</b>	<b>1,742</b>	<b>2,003</b>	<b>-</b>	<b>845</b>	<b>-</b>	<b>-</b>	<b>102</b>	<b>185</b>	<b>973</b>	<b>1,158</b>

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

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

## Wentworth Shire Council

## Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2011

\$'000	Actuals 2011	Actuals 2010
<b>A Expenses and Income Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	115	115
b. Engineering and Supervision	50	48
<b>2. Operation and Maintenance expenses</b>		
<b>- Dams &amp; Weirs</b>		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
<b>- Mains</b>		
c. Operation expenses	-	-
d. Maintenance expenses	190	155
<b>- Reservoirs</b>		
e. Operation expenses	26	5
f. Maintenance expenses	-	-
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	27	30
h. Energy costs	59	81
i. Maintenance expenses	64	54
<b>- Treatment</b>		
j. Operation expenses (excluding chemical costs)	418	293
k. Chemical costs	-	-
l. Maintenance expenses	23	15
<b>- Other</b>		
m. Operation expenses	98	43
n. Maintenance expenses	72	47
o. Purchase of water	38	30
<b>3. Depreciation expenses</b>		
a. System assets	-	-
b. Plant and equipment	471	470
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	12	36
b. Revaluation Decrements	-	-
c. Other expenses	68	41
d. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>1,731</b>	<b>1,463</b>

## Wentworth Shire Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2011

\$'000	Actuals 2011	Actuals 2010
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	780	795
b. Usage charges	624	765
<b>7. Non-residential charges</b>		
a. Access (including rates)	70	68
b. Usage charges	89	132
<b>8. Extra charges</b>	-	-
<b>9. Interest income</b>	83	92
<b>10. Other income</b>	26	17
<b>11. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	18	18
c. Other grants	63	93
<b>12. Contributions</b>		
a. Developer charges	10	40
b. Developer provided assets	-	-
c. Other contributions	-	-
<b>13. Total income</b>	<u>1,763</u>	<u>2,020</u>
<b>14. Gain or loss on disposal of assets</b>	-	-
<b>15. Operating Result</b>	<u>32</u>	<u>557</u>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	32	557

## Wentworth Shire Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2011

\$'000	Actuals 2011	Actuals 2010
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	502	47
c. Renewals	-	-
d. Plant and equipment	-	-
<b>17. Repayment of debt</b>		
a. Loans	367	36
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<b>869</b>	<b>83</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	-	-
<b>21. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>22. Transfer from sinking fund</b>	-	-
<b>23. Totals</b>	-	-
<b>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)	2,142	2,107
b. Residential (unoccupied, ie. vacant lot)	150	180
c. Non-residential (occupied)	179	203
d. Non-residential (unoccupied, ie. vacant lot)	-	-
<b>25. Number of ETs for which developer charges were received</b>	4 ET	2 ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 32,315	\$ 31,296

## Wentworth Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies  
for the financial year ended 30 June 2011

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>27. Annual charges</b>			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> yes	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy <b>from</b> residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy <b>to</b> non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy <b>to</b> large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
<b>28. Developer charges</b>			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/> no	
b. Total cross-subsidy in water supply developer charges for 2010/11 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>29. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (27b +27c + 27d + 28b)</b>			<input type="text" value="-"/>

\* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

## Wentworth Shire Council

## Special Schedule No. 4 - Water Supply Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2011

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	1,874	-	1,874
<b>31. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and charges	613	-	613
c. Other	72	-	72
<b>32. Inventories</b>	-	-	-
<b>33. Property, plant and equipment</b>			
a. System assets	-	17,596	17,596
b. Plant and equipment	-	-	-
<b>34. Other assets</b>	-	-	-
<b>35. Total assets</b>	<u>2,559</u>	<u>17,596</u>	<u>20,155</u>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	-	-	-
<b>37. Creditors</b>	-	-	-
<b>38. Borrowings</b>			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>40. Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>41. NET ASSETS COMMITTED</b>	<u>2,559</u>	<u>17,596</u>	<u>20,155</u>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			10,692
<b>43. Asset revaluation reserve</b>			9,463
<b>44. TOTAL EQUITY</b>			<u>20,155</u>
<b>Note to system assets:</b>			
<b>45. Current replacement cost</b> of system assets			22,466
<b>46. Accumulated current cost</b> depreciation of system assets			(4,870)
<b>47. Written down current cost</b> of system assets			<u>17,596</u>

## Wentworth Shire Council

## Special Schedule No. 5 - Sewerage Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2011

\$'000	Actuals 2011	Actuals 2010
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	74	74
b. Engineering and Supervision	30	27
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	53	64
b. Maintenance expenses	14	18
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	40	23
d. Energy costs	49	45
e. Maintenance expenses	82	41
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	-	-
g. Chemical costs	-	-
h. Energy costs	3	3
i. Effluent Management	5	4
j. Biosolids Management	111	97
k. Maintenance expenses	14	15
<b>- Other</b>		
l. Operation expenses	26	24
m. Maintenance expenses	16	14
<b>3. Depreciation expenses</b>		
a. System assets	551	542
b. Plant and equipment	-	-
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	49	56
b. Revaluation Decrements	-	-
c. Other expenses	32	29
d. Tax Equivalent Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>1,149</b>	<b>1,076</b>

## Wentworth Shire Council

## Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2011

\$'000	Actuals 2011	Actuals 2010
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	1,070	989
<b>7. Non-residential charges</b>		
a. Access (including rates)	115	107
b. Usage charges	-	-
<b>8. Trade Waste Charges</b>		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	-	-
<b>10. Interest income</b>	(3)	3
<b>11. Other income</b>	11	5
<b>12. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	17	17
c. Other grants	-	-
<b>13. Contributions</b>		
a. Developer charges	14	39
b. Developer provided assets	-	-
c. Other contributions	-	-
<b>14. Total income</b>	<u>1,224</u>	<u>1,160</u>
<b>15. Gain or loss on disposal of assets</b>	-	-
<b>16. Operating Result</b>	<u>75</u>	<u>84</u>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	75	84

## Wentworth Shire Council

## Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2011

\$'000	Actuals 2011	Actuals 2010
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	393	185
c. Renewals	-	-
d. Plant and equipment	-	-
<b>18. Repayment of debt</b>		
a. Loans	146	144
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>539</b>	<b>329</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	-
<b>22. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	-	-
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	1,541	1,497
b. Residential (unoccupied, ie. vacant lot)	150	168
c. Non-residential (occupied)	179	221
d. Non-residential (unoccupied, ie. vacant lot)	-	-
<b>26. Number of ETs for which developer charges were received</b>	4 ET	2 ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 29,991	\$ 28,855

## Wentworth Shire Council

Special Schedule No. 5 - Sewerage Cross Subsidies  
for the financial year ended 30 June 2011

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>28. Annual charges</b>			
<b>a.</b> Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/> yes	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
<b>b.</b> Cross-subsidy <b>to</b> non-residential customers (page 45 of Guidelines)			<input type="text"/>
<b>c.</b> Cross-subsidy <b>to</b> trade waste discharges (page 46 of Guidelines)			<input type="text"/>
<b>29. Developer charges</b>			
<b>a.</b> Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/> no	
<b>b.</b> Total cross-subsidy in sewerage developer charges for 2010/11 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>30. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (28b + 28c + 29b)</b>			<input type="text"/> -

\* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.

## Wentworth Shire Council

## Special Schedule No. 6 - Sewerage Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2011

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	56	-	56
<b>32. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and charges	234	-	234
c. Other	39	-	39
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	-	24,500	24,500
b. Plant and equipment	-	-	-
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<u>329</u>	<u>24,500</u>	<u>24,829</u>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	-	1	1
<b>39. Borrowings</b>			
a. Loans	-	545	545
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>41. Total Liabilities</b>	<u>-</u>	<u>546</u>	<u>546</u>
<b>42. NET ASSETS COMMITTED</b>	<u>329</u>	<u>23,954</u>	<u>24,283</u>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			1,532
<b>44. Asset revaluation reserve</b>			22,751
<b>45. TOTAL EQUITY</b>			<u>24,283</u>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			30,391
<b>47. Accumulated current cost</b> depreciation of system assets			(5,891)
<b>48. Written down current cost</b> of system assets			<u>24,500</u>

## Wentworth Shire Council

### Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2011

#### Administration <sup>(1)</sup>

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Meter reading.
- Bad and doubtful debts.
- Other administrative/corporate support services.

#### Engineering and supervision <sup>(1)</sup>

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Other technical and supervision staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.

**Operational expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

**Maintenance expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

**Other expenses** (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

**Revaluation decrements** (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

**Residential charges** <sup>(2)</sup> (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

**Non-residential charges** <sup>(2)</sup> (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

**Trade waste charges** (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

**Other income** (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

**Other contributions** (items 12c and 13c of Special Schedules 3 and 5 respectively) incl. capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

#### Notes:

<sup>(1)</sup> Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

<sup>(2)</sup> To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.







## Wentworth Shire Council

## Special Schedule No. 8 - Financial Projections

as at 30 June 2011

\$'000	Actual <sup>(1)</sup> 10/11	Forecast 11/12	Forecast 12/13	Forecast <sup>(3)</sup> 13/14	Forecast <sup>(3)</sup> 14/15
<b>(i) RECURRENT BUDGET</b>					
Income from continuing operations	20,209	20,258	19,083	20,727	25,745
Expenses from continuing operations	20,480	16,562	15,636	15,666	15,996
<b>Operating Result from Continuing Operations</b>	<b><u>(271)</u></b>	<b><u>3,696</u></b>	<b><u>3,447</u></b>	<b><u>5,061</u></b>	<b><u>9,749</u></b>
<b>(ii) CAPITAL BUDGET</b>					
New Capital Works <sup>(2)</sup>	-	-	-	-	-
Replacement/Refurbishment of Existing Assets	4,446	5,985	2,586	3,119	7,831
<b>Total Capital Budget</b>	<b><u>4,446</u></b>	<b><u>5,985</u></b>	<b><u>2,586</u></b>	<b><u>3,119</u></b>	<b><u>7,831</u></b>
<b>Funded by:</b>					
- Loans	-	500	-	750	3,000
- Asset sales	224	300	300	328	323
- Reserves	405	1,615	953	335	-
- Grants/Contributions	1,594	1,076	7	757	3,007
- Recurrent revenue	2,223	2,494	1,326	949	1,501
- Other	-	-	-	-	-
	<b><u>4,446</u></b>	<b><u>5,985</u></b>	<b><u>2,586</u></b>	<b><u>3,119</u></b>	<b><u>7,831</u></b>

**Notes:**

(1) From 10/11 Income Statement.

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