

2011/2012 Annual Report



Audited Annual Financial Statements 2011 /2012

APPENDIX A

Wentworth Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

“The Shire on Two Rivers”



Wentworth Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2012

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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 02/11/12.
Council has the power to amend and reissue the financial statements.

Wentworth Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2012

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The Financial Statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2012.

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

Wentworth Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2012

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:

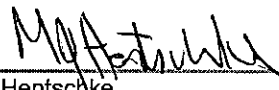
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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 03 October 2012.


Don McKinnon
MAYOR
Melisa Hedrics
COUNCILLOR
Peter Kozlowski
GENERAL MANAGER
Joy Hentschke
RESPONSIBLE ACCOUNTING OFFICER

Wentworth Shire Council

Income Statement

for the financial year ended 30 June 2012

Budget ⁽¹⁾ 2012 \$ '000		Notes	Actual 2012	Actual 2011
Income from Continuing Operations				
Revenue:				
6,666	Rates & Annual Charges	3a	6,759	6,504
2,593	User Charges & Fees	3b	3,361	3,338
750	Interest & Investment Revenue	3c	1,073	971
525	Other Revenues	3d	1,729	636
9,311	Grants & Contributions provided for Operating Purposes	3e,f	7,816	6,351
313	Grants & Contributions provided for Capital Purposes	3e,f	2,808	2,268
Other Income:				
100	Net gains from the disposal of assets	5	52	141
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
20,258	Total Income from Continuing Operations		23,598	20,209
Expenses from Continuing Operations				
6,060	Employee Benefits & On-Costs	4a	7,177	6,282
135	Borrowing Costs	4b	80	102
5,905	Materials & Contracts	4c	4,818	4,994
7,106	Depreciation & Amortisation	4d	7,426	7,292
-	Impairment	4d	-	-
1,802	Other Expenses	4e	1,994	1,810
21,008	Total Expenses from Continuing Operations		21,495	20,480
(750)	Operating Result from Continuing Operations		2,103	(271)
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
(750)	Net Operating Result for the Year		2,103	(271)
(750)	Net Operating Result attributable to Council		2,103	(271)
-	Net Operating Result attributable to Minority Interests		-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes				
(1,063)			(705)	(2,539)

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

Wentworth Shire Council

Statement of Comprehensive Income

for the financial year ended 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
Net Operating Result for the year (as per Income statement)		2,103	(271)
Other Comprehensive Income			
Gain (loss) on revaluation of I,PP&E	20b (ii)	10,785	2,182
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	85	-
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)	(400)	(1,428)
Other Movements in Reserves	20b (ii)	-	-
Total Other Comprehensive Income for the year		10,470	754
Total Comprehensive Income for the Year		12,573	483
Total Comprehensive Income attributable to Council		12,573	483
Total Comprehensive Income attributable to Minority Interests		-	-

Wentworth Shire Council

Balance Sheet

as at 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011	Actual 2010
ASSETS				
Current Assets				
Cash & Cash Equivalents	6a	4,936	3,304	14,904
Investments	6b	14,000	12,000	-
Receivables	7	5,705	5,164	3,880
Inventories	8	497	399	382
Other	8	216	177	179
Non-current assets classified as 'held for sale'	22	-	-	-
Total Current Assets		25,354	21,044	19,345
Non-Current Assets				
Investments	6b	-	-	-
Receivables	7	-	-	-
Inventories	8	-	-	-
Infrastructure, Property, Plant & Equipment	9	268,680	260,988	276,270
Investments accounted for using the equity method	19	-	-	-
Investment Property	14	-	-	-
Intangible Assets	25	-	-	-
Total Non-Current Assets		268,680	260,988	276,270
TOTAL ASSETS		294,034	282,032	295,615
LIABILITIES				
Current Liabilities				
Payables	10	1,482	2,057	1,699
Borrowings	10	187	185	261
Provisions	10	1,775	1,535	1,520
Total Current Liabilities		3,444	3,777	3,480
Non-Current Liabilities				
Borrowings	10	774	973	1,742
Provisions	10	196	235	216
Total Non-Current Liabilities		970	1,208	1,958
TOTAL LIABILITIES		4,414	4,985	5,438
Net Assets		289,620	277,047	290,177
EQUITY				
Retained Earnings	20	31,471	29,368	43,151
Revaluation Reserves	20	258,149	247,679	247,026
Council Equity Interest		289,620	277,047	290,177
Minority Equity Interest		-	-	-
Total Equity		289,620	277,047	290,177

Wentworth Shire Council

Statement of Changes in Equity
for the financial year ended 30 June 2012

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2012						
Opening Balance (as per Last Year's Audited Accounts)		42,985	247,679	290,664	-	290,664
a. Correction of Prior Period Errors	20 (c)	(13,617)	-	(13,617)	-	(13,617)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/11)		29,368	247,679	277,047	-	277,047
c. Net Operating Result for the Year		2,103	-	2,103	-	2,103
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	10,785	10,785	-	10,785
- Revaluations: Other Reserves	20b (ii)	-	85	85	-	85
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(400)	(400)	-	(400)
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	10,470	10,470	-	10,470
Total Comprehensive Income (c&d)		2,103	10,470	12,573	-	12,573
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		31,471	258,149	289,620	-	289,620

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2011						
Opening Balance (as per Last Year's Audited Accounts)		43,152	247,026	290,178	-	290,178
a. Correction of Prior Period Errors	20 (c)	(13,614)	-	(13,614)	-	(13,614)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/10)		29,538	247,026	276,564	-	276,564
c. Net Operating Result for the Year		(271)	-	(271)	-	(271)
d. Other Comprehensive Income						
- 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)	-	-	-	-	-
Other Comprehensive Income		-	754	754	-	754
Total Comprehensive Income (c&d)		(271)	754	483	-	483
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		101	(101)	-	-	-
Equity - Balance at end of the reporting period		29,368	247,679	277,047	-	277,047

Wentworth Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2012

Budget 2012 \$ '000		Notes	Actual 2012	Actual 2011
Cash Flows from Operating Activities				
<u>Receipts:</u>				
6,666	Rates & Annual Charges		6,008	6,117
2,593	User Charges & Fees		3,474	2,311
750	Investment & Interest Revenue Received		965	806
9,624	Grants & Contributions		11,220	9,328
326	Other		2,582	1,335
<u>Payments:</u>				
(6,060)	Employee Benefits & On-Costs		(7,007)	(6,301)
(5,905)	Materials & Contracts		(5,754)	(5,845)
(135)	Borrowing Costs		(81)	(107)
(1,802)	Other		(2,789)	(1,681)
6,057	Net Cash provided (or used in) Operating Activities	11b	8,618	5,963
Cash Flows from Investing Activities				
<u>Receipts:</u>				
-	Sale of Investment Securities		46,336	110,015
300	Sale of Infrastructure, Property, Plant & Equipment		52	224
<u>Payments:</u>				
-	Purchase of Investment Securities		(48,336)	(114,015)
(8,364)	Purchase of Infrastructure, Property, Plant & Equipment		(4,841)	(4,918)
(8,064)	Net Cash provided (or used in) Investing Activities		(6,789)	(8,718)
Cash Flows from Financing Activities				
<u>Receipts:</u>				
-	Proceeds from Borrowings & Advances		2	-
<u>Payments:</u>				
(218)	Repayment of Borrowings & Advances		(199)	(845)
(218)	Net Cash Flow provided (used in) Financing Activities		(197)	(845)
(2,225)	Net Increase/(Decrease) in Cash & Cash Equivalents		1,632	(3,600)
3,000	plus: Cash & Cash Equivalents - beginning of year	11a	3,304	6,904
775	Cash & Cash Equivalents - end of the year	11a	4,936	3,304
Additional Information:				
	plus: Investments on hand - end of year	6b	14,000	12,000
	Total Cash, Cash Equivalents & Investments		18,936	15,304

Please refer to Note 11 for information on the following:

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

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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n/a - not applicable

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

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

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

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

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

Because 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) New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

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

(v) Basis of Accounting

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

- (i) 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.

(vi) Changes in Accounting Policies

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

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

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(vii) Critical Accounting Estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

Critical judgements in applying the entity's accounting policies

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

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that

future economic benefits will flow to the entity and specific criteria have been met for each of the Council's activities as described below.

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

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

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

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

Revenue from Contributions is recognised when the Council either obtains control of the contribution or 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).

Wentworth Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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.

(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 30/6/12) and (ii) all the related operating results (for the financial year ended the 30th June 2012).

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*

(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.

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

(iii) Joint Ventures

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

(iv) Associated Entities

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

Such entities are usually termed Associates.

(v) County Councils

Council is not a member of any County Councils.

(vi) Additional Information

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

(d) Leases

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

Finance Leases

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

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased

property and the present value of the minimum lease payments.

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

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

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

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

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.

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(f) Investments and Other Financial Assets

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

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

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

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

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

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

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

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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

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

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

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

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

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

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

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

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

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

Impairment

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

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

(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.

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(g) Fair value estimation

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

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

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

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

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

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

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

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

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

(h) Receivables

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

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

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

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

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

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

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

Acquisition of assets

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

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

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks**
(External Valuation)
- **Operational Land** (Internal 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** (External 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.

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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 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
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

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

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

Other Infrastructure Assets

- Bulk earthworks	50 years
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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.

Wentworth Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(o) Rural Fire Service assets

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

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

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

(p) Investment property

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

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

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

Full revaluations are carried out every year.

The last full revaluation for Council's Investment Properties was dated 30/06/2012

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

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

Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance

occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

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

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

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

Wentworth Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

outstanding at the balance sheet date. These costs are charged to the income statement.

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

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

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

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

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

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

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

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

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

were already purchased and accounted for as at 30 June.

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

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

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

A Discontinued Operation is a component of 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.

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

(t) Payables

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

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

(u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

(v) Borrowing costs

Borrowing costs are expensed.

(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

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

the rates paid or payable, and accordingly no Liability has been recognised in these reports.

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

(ii) Other Long Term Obligations

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

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

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

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

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

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

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

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

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

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

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

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

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

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

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

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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 30/6/12.

(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

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

mandatory for reporting periods ending 30 June 2012.

Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

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

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

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

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

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

The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed

AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, revised AASB 127 - Separate Financial Statements and AASB 128 - Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to

Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

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

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

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation.

However, the standard introduces a single definition of control that applies to all entities.

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

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

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

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

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

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

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

AASB 13 was released in September 2011.

It explains how to measure fair value and aims to enhance fair value disclosures. Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.

It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

Applicable to Local Government but no implications for Council;

None

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

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

In September 2011, the AASB released a revised standard on accounting for employee benefits.

It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.

This replaces the expected return on plan assets that is currently included in profit or loss.

The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits.

The amendments will have to be implemented retrospectively.

Council does not recognise defined benefit assets and liabilities for the reasons set out in note 1 (s)(iii) and so these changes will not have an impact on its reported results.

Wentworth Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Not applicable to Local Government per se;

None

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

(ac) Rounding of amounts

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

(ad) Comparative Figures

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

(ae) Disclaimer

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

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2012	2012	2011	2012	2012	2011	2012	2012	2011	2012	2011	2012	2011
Governance	-	-	25	399	323	816	(399)	(323)	(791)	-	-	(3,037)	282,032
Administration	809	580	568	2,876	3,008	2,004	(2,067)	(2,428)	(1,436)	36	-	25,630	-
Public Order & Safety	672	1,673	573	1,101	1,097	890	(429)	576	(317)	512	350	1,249	-
Health	11	12	14	113	101	121	(102)	(89)	(107)	-	-	-	-
Environment	29	43	90	385	297	302	(356)	(254)	(212)	43	82	8,796	-
Community Services & Education	66	62	86	186	162	164	(120)	(100)	(78)	51	70	843	-
Housing & Community Amenities	1,055	941	858	1,378	1,402	1,307	(323)	(461)	(449)	235	203	8,540	-
Water Supplies	1,568	2,257	1,764	1,548	1,847	1,731	20	410	33	255	81	20,325	-
Sewerage Services	2,300	1,322	1,222	1,230	1,238	1,149	1,070	84	73	31	17	24,798	-
Recreation & Culture	410	243	328	1,708	1,878	1,716	(1,298)	(1,635)	(1,388)	90	240	9,039	-
Mining, Manufacturing & Construction	29	32	28	208	119	112	(179)	(87)	(84)	-	-	13	-
Transport & Communication	4,345	5,184	4,998	8,278	8,850	9,472	(3,933)	(3,666)	(4,474)	1,373	1,245	195,784	-
Economic Affairs	954	722	590	1,598	1,173	696	(644)	(451)	(106)	424	218	2,054	-
Total Functions & Activities	12,248	13,071	11,144	21,008	21,495	20,480	(8,760)	(8,424)	(9,336)	3,050	2,506	294,034	282,032
General Purpose Income ¹	8,010	10,527	9,065	-	-	-	8,010	10,527	9,065	5,767	4,478	-	-
Operating Result from Continuing Operations	20,258	23,598	20,209	21,008	21,495	20,480	(750)	2,103	(271)	8,817	6,984	294,034	282,032

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 2012

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 2012

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		1,334	1,286
Farmland		1,399	1,362
Business		1,202	1,175
Total Ordinary Rates		3,935	3,823
Special Rates			
Tourism		37	37
Levee Bank		111	111
Total Special Rates		148	148
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		515	498
Water Supply Services		894	849
Sewerage Services		1,267	1,186
Total Annual Charges		2,676	2,533
TOTAL RATES & ANNUAL CHARGES		6,759	6,504

Council has used 2011 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 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		979	739
Total User Charges		979	739
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Planning & Building Regulation		105	119
Private Works - Section 67		89	199
Section 149 Certificates (EPA Act)		35	26
Section 603 Certificates		11	10
Total Fees & Charges - Statutory/Regulatory		240	354
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Aerodrome		29	25
Animal Control		18	21
Cemeteries		53	32
Library & Art Gallery		5	7
RMS (formerly RTA) Charges (State Roads not controlled by Council)		2,011	2,118
Other		26	42
Total Fees & Charges - Other		2,142	2,245
TOTAL USER CHARGES & FEES		3,361	3,338

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		90	89
- Interest earned on Investments (interest & coupon payment income)		879	814
Other		104	68
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>1,073</u>	<u>971</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		90	89
General Council Cash & Investments		825	764
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		35	38
Water Fund Operations		104	83
Sewerage Fund Operations		19	(3)
<u>Total Interest & Investment Revenue Recognised</u>		<u>1,073</u>	<u>971</u>
(d). Other Revenues			
Rental Income - Other Council Properties		99	113
Facilities Revenue		98	80
Insurance Claim Recoveries		166	120
Insurance Rebates		30	43
Rural Fire Services Reimbursements		1,137	194
Sales - Miscellaneous		62	23
Other		137	63
<u>TOTAL OTHER REVENUE</u>		<u>1,729</u>	<u>636</u>

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance - General Component	3,462	2,697	-	-
Financial Assistance - Local Roads Component	2,261	1,737	-	-
Pensioners' Rates Subsidies - General Component	44	44	-	-
Total General Purpose	5,767	4,478	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	18	18	-	-
- Sewerage	17	17	-	-
- Domestic Waste Management	18	19	-	-
Water Supplies	223	63	-	-
Bushfire & Emergency Services	662	324	-	-
Community Care Centres	-	70	-	-
Economic Development	399	218	-	-
Employment & Training Programs	3	-	-	-
Environmental Protection	-	122	-	-
Flood Restoration	-	-	714	472
Heritage & Cultural	4	12	60	20
Library	1	-	-	26
Library - per capita	27	27	-	-
Library - special projects	-	-	6	6
Noxious Weeds	43	30	-	-
NSW Rural Fire Services	-	27	-	-
Recreation & Culture	-	-	57	181
Street Lighting	30	29	-	-
Transport (Roads to Recovery)	-	-	715	770
Water Transport	-	-	2	55
Other	51	-	-	-
Total Specific Purpose	1,496	976	1,554	1,530
Total Grants	7,263	5,454	1,554	1,530
Grant Revenue is attributable to:				
- Commonwealth Funding	6,214	4,750	772	1,006
- State Funding	1,049	704	782	524
	7,263	5,454	1,554	1,530

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 94 - Contributions towards amenities/services	-	-	33	-
S 64 - Water Supply Contributions	-	-	14	10
S 64 - Sewerage Service Contributions	-	-	14	14
Total Developer Contributions 17	-	-	61	24
Other Contributions:				
Kerb & Gutter	-	-	-	3
Recreation & Culture	-	-	54	5
RMS Contributions (Regional Roads, Block Grant)	553	897	1,139	706
Total Other Contributions	553	897	1,193	714
Total Contributions	553	897	1,254	738
TOTAL GRANTS & CONTRIBUTIONS	7,816	6,351	2,808	2,268

\$ '000	Actual 2012	Actual 2011
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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	2,777	1,917
add: Grants & contributions recognised in the current period but not yet spent:	2,765	1,126
less: Grants & contributions recognised in a previous reporting period now spent:	(1,270)	(266)
Net Increase (Decrease) in Restricted Assets during the Period	1,495	860
Unexpended and held as Restricted Assets	4,272	2,777
Comprising:		
- Specific Purpose Unexpended Grants	3,406	2,007
- Developer Contributions	866	770
	4,272	2,777

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a) Employee Benefits & On-Costs			
Salaries and Wages		5,462	4,659
Travelling		35	47
Employee Leave Entitlements (ELE)		1,068	972
Superannuation - Defined Contribution Plans		373	339
Superannuation - Defined Benefit Plans		220	249
Workers' Compensation Insurance		439	293
Fringe Benefit Tax (FBT)		23	23
Training Costs (other than Salaries & Wages)		81	95
Recruitment		14	2
Uniforms		40	35
Total Employee Costs		7,755	6,714
less: Capitalised Costs		(578)	(432)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>7,177</u>	<u>6,282</u>
Number of "Equivalent Full Time" Employees at year end		99	92
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		107	97
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		80	102
Total Interest Bearing Liability Costs		80	102
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		80	102
(ii) Other Borrowing Costs			
Nil			
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>80</u>	<u>102</u>

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c) Materials & Contracts			
Raw Materials & Consumables		1,512	1,407
Contractor & Consultancy Costs		7,113	6,619
Auditors Remuneration ⁽¹⁾		34	34
Legal Expenses:			
- Legal Expenses: Other		34	16
- Legal Expenses: Debt Recovery		97	36
Total Materials & Contracts		8,790	8,112
less: Capitalised Costs		(3,972)	(3,118)
TOTAL MATERIALS & CONTRACTS		4,818	4,994

1. Auditor Remuneration

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

(i) Audit and Other Assurance Services

- Audit & review of financial statements: Council's Auditor	34	34
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\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2012	Actual 2011	Actual 2012	Actual 2011
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	642	611
Office Equipment		-	-	128	104
Furniture & Fittings		-	-	14	11
Land Improvements (depreciable)		-	-	94	75
Buildings - Non Specialised		-	-	39	39
Buildings - Specialised		-	-	345	346
Other Structures		-	-	241	208
Infrastructure:					
- Roads, Bridges & Footpaths		400	-	4,777	4,813
- Stormwater Drainage		-	-	30	31
- Water Supply Network		-	-	486	470
- Sewerage Network		-	-	562	546
Other Assets					
- Library Books		-	-	68	38
Total Depreciation & Impairment Costs		400	-	7,426	7,292
less: Capitalised Costs		-	-	-	-
less: Impairments (to)/from ARR [Equity]	9a	(400)	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	7,426	7,292

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		50	31
Bad & Doubtful Debts		109	9
Bank Charges		22	24
Cleaning		48	54
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy		17	19
- NSW Fire Brigade Levy		380	403
Councillor Expenses - Mayoral Fee		22	21
Councillor Expenses - Councillors' Fees		90	85
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		76	74
Donations, Contributions & Assistance to other organisations (Section 356)		121	80
Election Expenses		1	26
Electricity & Heating		175	110
Insurance		299	268
Office Expenses (including computer expenses)		171	221
Postage		20	23
Printing & Stationery		39	53
Street Lighting		96	113
Subscriptions & Publications		33	35
Telephone & Communications		77	84
Tourism Expenses (excluding employee costs)		122	53
Valuation Fees		26	24
Total Other Expenses		1,994	1,810
less: Capitalised Costs		-	-
TOTAL OTHER EXPENSES		1,994	1,810

Note 5. Gains or Losses from the Disposal of Assets

Plant & Equipment

Proceeds from Disposal - Plant & Equipment	52	224
less: Carrying Amount of P&E Assets Sold / Written Off	-	(83)
Net Gain/(Loss) on Disposal	52	141

Financial Assets*

Proceeds from Disposal / Redemptions / Maturities - Financial Assets	46,336	110,015
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured	(46,336)	(110,015)
Net Gain/(Loss) on Disposal	-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS	52	141

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Notes	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		936	-	1,582	-
Cash-Equivalent Assets ¹					
- Short Term Deposits		4,000	-	1,722	-
Total Cash & Cash Equivalents		4,936	-	3,304	-
Investment Securities (Note 6b)					
- Long Term Deposits		14,000	-	12,000	-
Total Investment Securities		14,000	-	12,000	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		18,936	-	15,304	-

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

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

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"		4,936	-	3,304	-
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Investments

a. "Held to Maturity"	6(b-ii)	14,000	-	12,000	-
Investments		14,000	-	12,000	-

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

Balance at the Beginning of the Year		12,000	-	12,000	-
Additions		48,336	-	-	-
Disposals (sales & redemptions)		(46,336)	-	-	-
Balance at End of Year		14,000	-	12,000	-

Comprising:

- Long Term Deposits		14,000	-	12,000	-
Total		14,000	-	12,000	-

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	18,936	-	15,304	-
attributable to:				
External Restrictions (refer below)	7,120	-	4,888	-
Internal Restrictions (refer below)	5,496	-	3,920	-
Unrestricted	6,320	-	6,496	-
	18,936	-	15,304	-

2012 \$ '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)	770	96	-	866
Specific Purpose Unexpended Grants (F)	2,007	1,399	-	3,406
Water Supplies (G)	1,874	398	-	2,272
Sewerage Services (G)	56	341	-	397
Council Reserves - Caravan Park	181	-	(2)	179
External Restrictions - Other	4,888	2,234	(2)	7,120
Total External Restrictions	4,888	2,234	(2)	7,120

Internal Restrictions

Plant & Vehicle Replacement	849	566	-	1,415
Employees Leave Entitlement	1,619	203	-	1,822
Future Development	1,113	-	-	1,113
Capital Projects	339	807	-	1,146
Total Internal Restrictions	3,920	1,576	-	5,496
TOTAL RESTRICTIONS	8,808	3,810	(2)	12,616

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 2012

Note 7. Receivables

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		3,675	-	2,913	-
Interest & Extra Charges		156	-	153	-
User Charges & Fees		39	-	113	-
Private Works		6	-	18	-
Contributions to Works		40	-	43	-
Capital Debtors (being sale of assets)					
- Other Asset Sales		55	-	-	-
Accrued Revenues					
- Interest on Investments		287	-	182	-
- Other Income Accruals		843	-	1,400	-
Government Grants & Subsidies		147	-	215	-
Amounts due from Other Councils		363	-	-	-
Net GST Receivable		212	-	147	-
Total		5,823	-	5,184	-
less: Provision for Impairment					
Rates & Annual Charges		(18)	-	(7)	-
User Charges & Fees		(1)	-	(13)	-
Other Debtors		(99)	-	-	-
Total Provision for Impairment - Receivables		(118)	-	(20)	-
<u>TOTAL NET RECEIVABLES</u>		<u>5,705</u>	<u>-</u>	<u>5,164</u>	<u>-</u>
Externally Restricted Receivables					
Water Supply					
- Rates & Availability Charges		804	-	613	-
- Other		23	-	72	-
Sewerage Services					
- Rates & Availability Charges		205	-	234	-
- Other		39	-	39	-
Total External Restrictions		1,071	-	958	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		4,634	-	4,206	-
TOTAL NET RECEIVABLES		5,705	-	5,164	-

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 11.00% (2011 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.
- (v) Included in the Rates and Annual Charges figure is an amount of \$2,439 that is currently in dispute. Council has initiated court proceedings to recover the amount and expect to see the matter resolved in the next 12 months.

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 8. Inventories & Other Assets

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		311	-	231	-
Stores & Materials		186	-	168	-
Total Inventories		497	-	399	-
Other Assets					
Prepayments		216	-	177	-
Total Other Assets		216	-	177	-
TOTAL INVENTORIES / OTHER ASSETS		713	-	576	-

Externally Restricted Assets

There are no restrictions applicable to the above assets.

(i) Other Disclosures

(a) Details for Real Estate Development

Residential	307	-	227	-
Industrial/Commercial	4	-	4	-
Total Real Estate for Resale	311	-	231	-

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

Represented by:

Acquisition Costs	182	-	182	-
Development Costs	129	-	49	-
Total Costs	311	-	231	-
less: Provision for Under Recovery	-	-	-	-
Total Real Estate for Resale	311	-	231	-

Movements:

Real Estate assets at beginning of the year	231	-	207	-
- Purchases and other costs	80	-	24	-
Total Real Estate for Resale	311	-	231	-

(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;

	2012	2011
Real Estate for Resale	311	231

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2011					Asset Movements during the Reporting Period					as at 30/6/2012				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	Reinstatement Costs for Impaired Assets	Depreciation Expense	Impairment Loss (recognised in Equity)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment									Dep'n	Impairment	
Plant & Equipment	-	11,662	8,053	-	3,609	522	-	(642)	-	-	522	11,451	8,484	-	3,489
Office Equipment	-	1,966	1,636	-	330	65	-	(128)	-	-	65	1,966	1,764	-	267
Furniture & Fittings	-	302	206	-	96	3	-	(14)	-	-	3	302	220	-	85
Land:															
- Operational Land	-	135	-	-	135	-	-	-	-	-	-	135	-	-	135
- Community Land	-	7,154	-	-	7,154	-	-	-	-	-	-	7,154	-	-	7,154
Land Improvements - depreciable	-	3,296	202	-	3,094	215	-	(94)	-	-	797	2,714	296	-	3,215
Buildings - Non Specialised	-	908	116	-	792	-	-	(39)	-	-	-	908	155	-	753
Buildings - Specialised	-	9,792	992	-	8,800	384	-	(345)	-	-	1,205	8,971	1,337	-	8,839
Other Structures	-	9,884	974	-	8,910	429	-	(241)	-	126	2,295	8,144	1,215	-	9,224
Infrastructure:															
- Roads, Bridges, Footpaths	-	257,300	60,444	922	195,934	2,148	714	(4,777)	(400)	-	3,857	255,591	65,221	608	193,619
- Stormwater Drainage	-	4,308	738	-	3,570	-	-	(30)	-	81	-	4,389	768	-	3,621
- Water Supply Network	-	22,466	9,328	-	13,138	109	-	(486)	-	8,350	-	37,347	16,236	-	21,111
- Sewerage Network	-	30,390	15,049	-	15,341	81	-	(562)	-	2,228	-	35,050	17,962	-	17,088
Other Assets:															
- Library Books	-	1,250	1,165	-	85	63	-	(68)	-	-	-	1,313	1,233	-	80
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)															
- Tip Asset	-	106	106	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	-	360,919	99,009	922	260,988	4,019	714	(7,426)	(400)	10,785	8,744	375,435	114,891	608	268,680

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$3,922) and New Assets (\$97). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000 Class of Asset	Actual 2012				Actual 2011			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
Infrastructure	-	37,360	16,241	21,119	-	22,466	9,328	13,138
Total Water Supply	-	37,360	16,241	21,119	-	22,466	9,328	13,138
Sewerage Services								
Infrastructure	-	35,207	17,981	17,226	-	30,390	15,049	15,341
Total Sewerage Services	-	35,207	17,981	17,226	-	30,390	15,049	15,341
TOTAL RESTRICTED I,PP&E	-	72,567	34,222	38,345	-	52,856	24,377	28,479

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

\$ '000	Notes	Actual 2012	Actual 2011
Impairment Losses recognised direct to Equity (ARR) include:			
Roads impaired due to storm damage		(400)	-
Total Impairment Losses		(400)	-
<u>IMPAIRMENT of ASSETS - DIRECT to EQUITY (ARR)</u>	20 (ii)	<u>(400)</u>	<u>-</u>

Refer to Note 9(a) for Impairment Restoration Works totalling \$714K undertaken this year relating to current year or prior year Impairments.

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		10	-	62	-
Goods & Services - capital expenditure		35	-	143	-
Payments Received In Advance		243	-	236	-
Accrued Expenses:					
- Borrowings		8	-	9	-
- Other Expenditure Accruals		1,059	-	1,432	-
Trust Account - Money Held in Trust		127	-	175	-
Total Payables		1,482	-	2,057	-
Borrowings					
Loans - Secured ¹		187	774	185	973
Total Borrowings		187	774	185	973
Provisions					
Employee Benefits;					
Annual Leave		723	-	643	-
Long Service Leave		824	34	726	58
Gratuities		228	12	166	27
Sub Total - Aggregate Employee Benefits		1,775	46	1,535	85
Asset Remediation/Restoration (Future Works)	26	-	150	-	150
Total Provisions		1,775	196	1,535	235
Total Payables, Borrowings & Provisions		3,444	970	3,777	1,208

(i) Liabilities relating to Restricted Assets

	2012		2011	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Sewer	122	298	-	546
Liabilities relating to externally restricted assets	122	298	-	546
Internally Restricted Assets				
Nil				
Total Liabilities relating to restricted assets	122	298	-	546

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

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

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	2012	2011
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	1,400	1,213
	1,400	1,213

Note 10b. Description of and movements in Provisions

Class of Provision	2011	2012				Closing Balance as at 30/6/12
	Opening Balance as at 1/7/11	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	643	347	(353)	86	-	723
Long Service Leave	784	189	(178)	63	-	858
Gratuities	193	37	-	10	-	240
Asset Remediation	150	-	-	-	-	150
TOTAL	1,770	573	(531)	159	-	1,971

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 2012

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2012	Actual 2011
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	4,936	3,304
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		4,936	3,304
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		2,103	(271)
Adjust for non cash items:			
Depreciation & Amortisation		7,426	7,292
Net Losses/(Gains) on Disposal of Assets		(52)	(141)
Other		5	-
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(584)	(1,287)
Increase/(Decrease) in Provision for Doubtful Debts		98	3
Decrease/(Increase) in Inventories		(18)	7
Decrease/(Increase) in Other Assets		(39)	2
Increase/(Decrease) in Payables		(52)	(71)
Increase/(Decrease) in accrued Interest Payable		(1)	(5)
Increase/(Decrease) in other accrued Expenses Payable		(428)	395
Increase/(Decrease) in Other Liabilities		(41)	5
Increase/(Decrease) in Employee Leave Entitlements		201	34
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		8,618	5,963
(c) Non-Cash Investing & Financing Activities			
Nil			
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		1,010	1,010
Credit Cards / Purchase Cards		20	10
Total Financing Arrangements		1,030	1,020

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 2012

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2012	Actual 2011
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		-	3
Plant & Equipment		264	44
Other		306	290
Total Commitments		570	337
These expenditures are payable as follows:			
Within the next year		570	337
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
Total Payable		570	337
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		102	3
Future Grants & Contributions		20	44
Unexpended Grants		184	86
Externally Restricted Reserves		-	204
Internally Restricted Reserves		264	-
Total Sources of Funding		570	337

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

Nil

(d) Investment Property Commitments

Nil

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Amounts 2012	Indicator 2012	Prior Periods 20112010	
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	16,852	8.77 : 1	5.84	5.93
Current Liabilities less Specific Purpose Liabilities ^(2,3)	1,922			
2. Debt Service Ratio				
Debt Service Cost	279	1.49%	5.89%	13.21%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	18,741			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	6,759	28.64%	32.18%	34.05%
Income from Continuing Operations	23,598			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding ⁽⁴⁾	3,813	38.48%	33.46%	31.84%
Rates, Annual & Extra Charges Collectible	9,908			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁵⁾	2,722	41.00%	43.68%	140.90%
Depreciation, Amortisation & Impairment	6,639			

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

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

⁽²⁾ Refer to Note 10(a).⁽³⁾ Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).⁽⁴⁾ Refer to Note 7. If the amount in dispute (\$2,439) were to be excluded the actual ratio would be 13.87%.⁽⁵⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

Wentworth Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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

<div><div>1. Unrestricted Current Ratio</div><div><div>Ratio : 1</div><div><div><div><div></div><div></div><div></div><div></div></div><div><div>2009</div><div>2010</div><div>2011</div><div>2012</div></div><div><div>4.98</div><div>5.93</div><div>5.84</div><div>8.77</div></div></div></div></div></div>	<div><div>Purpose of Unrestricted Current Ratio</div><div>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</div></div>	<div><div>Commentary on 2011/12 Result</div><div><div>2011/12 Ratio</div><div>8.77 : 1</div></div><div>Council currently has more than adequate working capital to satisfy our obligations and liabilities in the short term.</div></div>
<div><div>2. Debt Service Ratio</div><div><div>Ratio %</div><div><div><div><div></div><div></div><div></div><div></div></div><div><div>2009</div><div>2010</div><div>2011</div><div>2012</div></div><div><div>5.69%</div><div>13.21%</div><div>5.89%</div><div>1.49%</div></div></div></div></div></div>	<div><div>Purpose of Debt Service Ratio</div><div>To assess the impact of loan principal & interest repayments on the discretionary revenue of council.</div></div>	<div><div>Commentary on 2011/12 Result</div><div><div>2011/12 Ratio</div><div>1.49%</div></div><div>Council currently has very low debt which means that the requirements to service the debt has little effect on the discretionary revenue of Council.</div></div>
<div><div>3. Rates & Annual Charges Coverage Ratio</div><div><div>Ratio %</div><div><div><div><div></div><div></div><div></div><div></div></div><div><div>2009</div><div>2010</div><div>2011</div><div>2012</div></div><div><div>28.57%</div><div>34.05%</div><div>32.18%</div><div>28.64%</div></div></div></div></div></div>	<div><div>Purpose of Rates & Annual Charges Coverage Ratio</div><div>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</div></div>	<div><div>Commentary on 2011/12 Result</div><div><div>2011/12 Ratio</div><div>28.64%</div></div><div>Council continues to rely heavily on other forms of financial contributions to support its day to day activities.</div></div>
<div><div>4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</div><div><div>Ratio %</div><div><div><div><div></div><div></div><div></div><div></div></div><div><div>2009</div><div>2010</div><div>2011</div><div>2012</div></div><div><div>26.01%</div><div>31.84%</div><div>33.46%</div><div>38.48%</div></div></div></div></div></div>	<div><div>Purpose of Rates & Annual Charges Outstanding Ratio</div><div>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</div></div>	<div><div>Commentary on 2011/12 Result</div><div><div>2011/12 Ratio</div><div>38.48%</div></div><div>Council continues to have an issue with one large outstanding rate payer which is skewing this percentage. If that figure is taken out of the equation our outstanding percentage would be more in line with other Rural Council of around 10%</div></div>
<div><div>5. Building & Infrastructure Renewals Ratio</div><div><div>Ratio %</div><div><div><div><div></div><div></div><div></div><div></div></div><div><div>2009</div><div>2010</div><div>2011</div><div>2012</div></div><div><div>155.31%</div><div>140.90%</div><div>43.68%</div><div>41.00%</div></div></div></div></div></div>	<div><div>Purpose of Asset Renewals Ratio</div><div>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</div></div>	<div><div>Commentary on Result</div><div><div>2011/12 Ratio</div><div>41.00%</div></div><div>Council has forecaste increases in infrastructure expenditure over the next 10 years. We also need to review our depreciation rates as they maybe overstated making this figure look worse than it currently is.</div></div>

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Water 2012	Sewer 2012	General ¹ 2012
Local Government Industry Indicators			
1. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽¹⁾	No	5.25 : 1	8.77 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)	Liabilities		
prior period:	0.00 : 1	0.00 : 1	5.84 : 1
2. Debt Service Ratio			
Debt Service Cost	0.00%	12.77%	0.73%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	prior period: 21.62%	16.12%	2.83%
3. Rates & Annual Charges Coverage Ratio			
Rates & Annual Charges	39.61%	95.84%	22.97%
Income from Continuing Operations	prior period: 48.16%	96.90%	25.95%
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual & Extra Charges Outstanding	89.93%	16.18%	36.19%
Rates, Annual & Extra Charges Collectible	prior period: 72.20%	19.73%	31.12%
5. Building & Infrastructure Renewals Ratio			
Asset Renewals (Building & Infrastructure assets)	22.43%	14.41%	45.29%
Depreciation, Amortisation & Impairment	prior period: 0.00%	0.00%	47.91%

Notes

⁽¹⁾ 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 2012

Note 14. Investment Properties

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

Note 15. Financial Risk Management

\$ '000

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	
	2012	2011	2012	2011
Financial Assets				
Cash and Cash Equivalents	4,936	3,304	4,936	3,304
Investments				
- "Held to Maturity"	14,000	12,000	14,000	12,000
Receivables	5,705	5,164	5,660	5,023
Total Financial Assets	24,641	20,468	24,596	20,327
Financial Liabilities				
Payables	1,239	1,821	1,239	1,821
Loans / Advances	961	1,158	961	1,158
Total Financial Liabilities	2,200	2,979	2,200	2,979

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 2012

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 these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2012				
Possible impact of a 10% movement in Market Values	210	210	(210)	(210)
Possible impact of a 1% movement in Interest Rates	21	21	(21)	(21)
2011				
Possible impact of a 10% movement in Market Values	1	1	(1)	(1)
Possible impact of a 1% movement in Interest Rates	-	-	-	-

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

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

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

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

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

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

	2012	2012	2011	2011
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	407	1,581	171	1,996
Past due by up to 30 days	397	55	362	18
Past due between 31 and 180 days	315	512	306	257
Past due between 181 and 365 days	548	-	542	-
Past due by more than 1 year	2,008	-	1,532	-
	3,675	2,148	2,913	2,271

(ii) Movement in Provision for Impairment of Receivables

	2012	2011
Balance at the beginning of the year	20	17
+ new provisions recognised during the year	108	3
- amounts already provided for & written off this year	(10)	-
Balance at the end of the year	118	20

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2012									
Trade/Other Payables	-	1,239	-	-	-	-	-	1,239	1,239
Loans & Advances	-	278	278	254	110	110	170	1,200	961
Total Financial Liabilities	-	1,517	278	254	110	110	170	2,439	2,200
2011									
Trade/Other Payables	-	1,821	-	-	-	-	-	1,821	1,821
Loans & Advances	-	353	353	353	329	185	185	1,758	1,158
Total Financial Liabilities	-	2,174	353	353	329	185	185	3,579	2,979

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:

	2012		2011	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	1,239	0.0%	1,821	0.0%
Loans & Advances - Fixed Interest Rate	38	6.0%	50	6.0%
Loans & Advances - Variable Interest Rate	923	7.3%	1,108	6.4%
	<u>2,200</u>		<u>2,979</u>	

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 11/12 was adopted by the Council on 22 June 2011.

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

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

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	2012 Budget	2012 Actual	2012 Variance* -----		
REVENUES					
Rates & Annual Charges	6,666	6,759	93	1%	F
User Charges & Fees	2,593	3,361	768	30%	F
RMS funding for work on State Highways was originally budgeted as Grants but has been recorded as user fees and charges.					
Interest & Investment Revenue	750	1,073	323	43%	F
Combination of higher than expected interest rates and higher than expected cash flow allowed Council to invest more and therefore receive more interest.					
Other Revenues	525	1,729	1,204	229%	F
Combination of a number of large insurance claim reimbursements and income from a debtor that had been expected to pay the previous year therefore had not been budgeted for.					
Operating Grants & Contributions	9,311	7,816	(1,495)	(16%)	U
Some RMS grants that were originally budgtd as operating grants but were used for capital works therefore have been recorded as capital grant income.					
Capital Grants & Contributions	313	2,808	2,495	797%	F
RMS grants that had originally been budgeted as operating have been recorded as capital as they were used for capital purposes. Council also received Developer Contributions and other contributions towards projects that were not expected.					
Net Gains from Disposal of Assets	100	52	(48)	(48%)	U
Council only traded 2 vheicles during the year compared to the 9 that had been budgeted for.					

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 16. Material Budget Variations (continued)

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	6,060	7,177	(1,117)	(18%)	U
Council increased EFT during the year as well higher than expected workcover insurance and an increase in Employee Leave Entitlement Liability through a combination of leave not being taken and an increase in expected future payments due to decrease in bond rates.					
Borrowing Costs	135	80	55	41%	F
A loan that Council had budgeted to take out during the year didn't commence. This has been rebudgeted to 2012/13 financial year.					
Materials & Contracts	5,905	4,818	1,087	18%	F
A number of projects were not commenced or completed due to changes in operation priorities and requirements.					
Depreciation & Amortisation	7,106	7,426	(320)	(5%)	U
Other Expenses	1,802	1,994	(192)	(11%)	U
Increase in electricity and insurance costs greater than expected.					
Budget Variations relating to Council's Cash Flow Statement include:					
Cash Flows from Operating Activities	6,057	8,618	2,561	42.3%	F
Large injection of cash at the end of June due to advance payment of Financial Assistance Grant.					
Cash Flows from Investing Activities	(8,064)	(6,789)	1,275	(15.8%)	F
Combination of cash injection mentioned above and lower than expected capital expenditure due to changes in operational priorities and requirements.					
Cash Flows from Financing Activities	(218)	(197)	21	(9.6%)	F

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	349	33	-	16	-	-	398	20	(150)	268	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Stormwater	397	-	-	19	-	-	416	20	(150)	286	-
Other	-	28	-	-	-	-	28	-	-	28	-
S94 Contributions - under a Plan	746	61	-	35	-	-	842	40	(300)	582	-
S94A Levies - under a Plan	-	-	-	-	-	-	-				-
Total S94 Revenue Under Plans	746	61	-	35	-	-	842				-
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S64 Contributions	24	-	-	-	-	-	24				
Total Contributions	770	61	-	35	-	-	866	40	(300)	582	-

Notes to the Financial Statements

for the financial year ended 30 June 2012

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	349	33	-	16	-	-	398	20	(150)	268	-
Stormwater	397	-	-	19	-	-	416	20	(150)	286	-
Other	-	28	-	-	-	-	28	-	-	28	-
Total	746	61	-	35	-	-	842	40	(300)	582	-

Wentworth Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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 in future years.

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other Guarantees

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

Wentworth Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

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

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

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

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

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

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

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

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

ASSETS NOT RECOGNISED:

(i) Land Under Roads

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

(ii) Infringement Notices/Fines

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

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

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

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

Wentworth Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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

\$ '000

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.

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

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 2012

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2012	Actual 2011
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		42,985	43,152
a. Correction of Prior Period Errors	20 (c)	(13,617)	(13,614)
b. Net Operating Result for the Year		2,103	(271)
c. Transfers between Equity		-	101
Balance at End of the Reporting Period		31,471	29,368
b. Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		256,384	245,999
- Other Reserves (Plant Replacement, Future Development & S94)		1,765	1,680
Total		258,149	247,679
(ii). Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		245,999	245,245
- Revaluations for the year	9(a)	10,785	2,182
- Impairment of revalued assets (incl. impairment reversals)	9(a),(c)	(400)	(1,428)
- Balance at End of Year		256,384	245,999
Other Reserves			
- Opening Balance		1,680	1,781
- Increases/(Decreases) for the year		85	-
- Transfers to Retained Earnings		-	(101)
- Balance at End of Year		1,765	1,680
TOTAL VALUE OF RESERVES		258,149	247,679

(iii). Nature & Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve

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

Wentworth Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
c. Correction of Error/s relating to a Previous Reporting Period			
Correction of errors disclosed in this year's financial statements:			
Per the requirements of the Division of Local Government Circular 12/09 Fair Valuation - Infrastructure, Property, Plant and Equipment. Council was required to revalue the following Asset Classes:			
- Water and Sewer Service assets			
As part of the evaluation & measurement process, the remaining useful life of each asset has been reassessed to actual.			
This reassessment has resulted in a material difference as to where some assets actually sit in relation to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated.			
Council does not have sufficient and reliable information that will allow the reinstatement of information prior to 30/06/2011 (the closing date for the comparative figures in this report).			
As a result, Council has adjusted the accumulated depreciation for the following asset classes as at 30/06/2011 to reflect the correct value of accumulated depreciation.			
Water Service Assets (increase)/decrease to accumulated depreciation		(4,457)	
Sewer Service Assets (increase)/decrease to accumulated depreciation		(9,160)	
This adjustment resulted in a net increase/(decrease) in Council's Accumulated Surplus as at 30/06/2011			
In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Opening Equity - 1/7/10		-	3
(relating to adjustments for the 30/6/10 reporting year end and prior periods)			
- Adjustments to Closing Equity - 30/6/11		(13,617)	-
(relating to adjustments for the 30/6/11 year end)			
Total Prior Period Adjustments - Prior Period Errors		(13,617)	3

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 2012

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2012	Actual 2012	Actual 2012
	Water	Sewer	General¹
Continuing Operations			
Income from Continuing Operations			
Rates & Annual Charges	894	1,267	4,598
User Charges & Fees	997	-	2,364
Interest & Investment Revenue	104	19	950
Other Revenues	7	5	1,717
Grants & Contributions provided for Operating Purposes	241	17	7,558
Grants & Contributions provided for Capital Purposes	14	14	2,780
Other Income			
Net Gains from Disposal of Assets	-	-	52
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
Total Income from Continuing Operations	2,257	1,322	20,019
Expenses from Continuing Operations			
Employee Benefits & on-costs	567	102	6,508
Borrowing Costs	-	42	38
Materials & Contracts	754	521	3,543
Depreciation & Amortisation	486	567	6,373
Impairment	-	-	-
Other Expenses	40	5	1,949
Interest & Investment Losses	-	-	-
Total Expenses from Continuing Operations	1,847	1,237	18,411
Operating Result from Continuing Operations	410	85	1,608
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	410	85	1,608
Net Operating Result attributable to each Council Fund	410	85	1,608
Net Operating Result attributable to Minority Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	396	71	(1,172)

¹ 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 2012

Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund \$ '000	Actual 2012	Actual 2012	Actual 2012
ASSETS	Water	Sewer	General¹
Current Assets			
Cash & Cash Equivalents	2,272	397	2,267
Investments	-	-	14,000
Receivables	827	244	4,634
Inventories	-	-	497
Other	-	-	216
Non-current assets classified as 'held for sale'	-	-	-
Total Current Assets	3,099	641	21,614
Non-Current Assets			
Investments	-	-	-
Receivables	-	-	-
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	17,226	24,157	227,297
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
Other	-	-	-
Total Non-Current Assets	17,226	24,157	227,297
TOTAL ASSETS	20,325	24,798	248,911
LIABILITIES			
Current Liabilities			
Payables	-	-	1,482
Borrowings	-	-	187
Provisions	-	-	1,775
Total Current Liabilities	-	-	3,444
Non-Current Liabilities			
Payables	-	-	-
Borrowings	-	420	354
Provisions	-	-	196
Total Non-Current Liabilities	-	420	550
TOTAL LIABILITIES	-	420	3,994
Net Assets	20,325	24,378	244,917
EQUITY			
Retained Earnings	10,862	1,627	18,982
Revaluation Reserves	9,463	22,751	225,935
Total Equity	20,325	24,378	244,917

¹ 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 2012

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

\$ '000

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

Note 23. Events occurring after Balance Sheet Date

Events that occur after the reporting date of 30 June 2012, 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 02/11/12.

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 2012.

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

These financial statements (& figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2012 and which are only indicative of conditions that arose after 30 June 2012.

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

Note 24. Discontinued Operations

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

Wentworth Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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	
		2012	2011
Tips	2010	150	150
Balance at End of the Reporting Period	10(a)	<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	150
Total - Reinstatement, rehabilitation and restoration provision	<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 2012

Note 27. Financial Review

\$ '000

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

Financial Performance Figures	2012	2011	2010	2009	2008
Inflows:					
Rates & Annual Charges Revenue	6,759	6,504	6,147	5,541	5,305
User Charges Revenue	3,361	3,338	2,893	2,154	2,131
Interest & Investment Revenue (Losses)	1,073	971	844	963	841
Grants Income - Operating & Capital	8,817	6,984	5,768	7,089	8,640
Total Income from Continuing Operations	23,598	20,209	18,055	19,393	17,365
Sale Proceeds from I,PP&E	52	224	242	1,063	229
New Loan Borrowings & Advances	2	-	-	-	-
Outflows:					
Employee Benefits & On-cost Expenses	7,177	6,282	5,879	4,921	4,896
Borrowing Costs	80	102	234	279	334
Materials & Contracts Expenses	4,818	4,994	3,507	3,794	3,352
Total Expenses from Continuing Operations	21,495	20,480	14,336	13,666	12,789
Total Cash purchases of I,PP&E	4,841	4,918	5,683	4,784	3,689
Total Loan Repayments (incl. Finance Leases)	199	845	1,711	585	786
Operating Surplus/(Deficit) (excl. Capital Income)	(705)	(2,539)	1,807	3,209	1,052
Financial Position Figures	2012	2011	2010	2009	2008
Current Assets	25,354	21,044	19,345	19,229	16,179
Current Liabilities	3,444	3,777	3,479	3,802	4,686
Net Current Assets	21,910	17,267	15,866	15,427	11,493
Available Working Capital (Unrestricted Net Current Assets)	9,996	8,990	7,809	9,257	10,956
Cash & Investments - Unrestricted	6,320	6,496	6,224	8,274	6,208
Cash & Investments - Internal Restrictions	5,496	3,920	3,894	3,290	2,508
Cash & Investments - Total	18,936	15,304	14,904	16,275	13,289
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	961	1,158	2,003	3,714	4,299
Total Value of I,PP&E (excl. Land & Earthworks)	376,890	353,630	346,811	155,150	148,447
Total Accumulated Depreciation	115,499	99,931	78,360	35,379	24,808
Indicative Remaining Useful Life (as a % of GBV)	69%	72%	77%	77%	83%

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

Wentworth Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 28. Council Information & Contact Details

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

Email: council@wentworth.nsw.gov.au

Officers
GENERAL MANAGER

Peter Kozlowski

RESPONSIBLE ACCOUNTING OFFICER

Joy Hentschke

PUBLIC OFFICER

Joy Hentschke

AUDITORS

Pitcher Partners - Accountants, Auditors & Advisors

Elected Members

MAYOR (elected post 8/9/12)

Don McKinnon

COUNCILLORS (elected on 8/9/12)

Brian Wakefield

Don McKinnon

Ian Whitfield

Melisa Hedrics

Bill Wheeldon

Brad Clarke

Bob Wheeldon

Peter Nunan

Paul Chors

Other Information

ABN: 96 283 886 815

COUNCILLORS (for financial year ended 30/6/12)

Brian Wakefield

Don McKinnon

Ian Whitfield

Melisa Hedrics

Bill Wheeldon

Brad Clarke

Margaret Thomson

Bill Brook

Mark King



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 2012

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 2012, 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 2012, 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 2012:-
 - 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, 2 November 2012



PITCHER PARTNERS

ACCOUNTANTS AUDITORS & ADVISORS

Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

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WENTWORTH SHIRE COUNCIL INDEPENDENT AUDITORS' REPORT ON THE CONDUCT OF THE AUDIT YEAR ENDED 30 JUNE 2012

Wentworth Shire Council has prepared a general purpose financial report for the year ended 30 June 2012 on which we issued a separate audit report to the Council dated 2 November 2012. 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 2012 resulted in unqualified independent audit reports for Council's General Purpose and Special Purpose Financial Statements.

Additional Audit Considerations and Comment

Income Statement

Summarised Income Statement

	2012 Actual \$'000	2012 Budget \$'000	* Budget Variance %	2011 Actual \$'000
Operating result	2,103	(750)	380% F	(271)
Operating result before capital revenue	(705)	(1,063)	34% F	(2,539)
Rates & annual charges	6,759	6,666	1% F	6,504
Operating grants & contributions	7,816	9,311	16% U	6,351
Capital grants & contributions	2,808	313	797% F	2,268
Depreciation & amortisation	7,426	7,292	2% F	7,292

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

Net Operating Result

The net operating result for 2012 was a surplus of \$2.103M. This compares with the original budget deficit for the year of \$750K and a prior year deficit of \$271K. The main variances between actual and original budget were increased user charges and fees, grants received for capital purposes, and savings experienced in materials and contracts.

Operating Result before Capital.

The operating result before Capital grants and contributions was a deficit of \$705K compared with the prior year deficit of \$2.539M. This compared with the original budget deficit of \$1.063M.

Rates and Annual Charges.

Revenue from rates and annual charges increased to \$6.759M from \$6.504M in the prior year, and was within 1% of budget for the 2012 year.

Grants and Contributions.

Operating grants and contributions for the year totalled \$7.816M and represented 33% of total income from continuing operations. This compares with budget of \$9.311M.

Capital grants and contributions amounted to \$2.808M for the 2012 year and represented 12% of total income from continuing operations. This compares with budget of \$313K.

Depreciation.

Included in the operating result was \$7.426M for the depreciation and amortisation of infrastructure, property, plant and equipment which increased from \$7.292M in the prior year and compared with the original budget of \$7.106M. Depreciation continues to be Council's highest area of expense and represents 31% of total income from continuing operations.

Balance Sheet

Council's equity at 30 June 2012 amounted to \$289.62M comprised of retained earnings (\$31.471M), and reserves (\$258.149M) arising from revaluation of infrastructure assets.

The most significant impact on retained earnings during 2012 was the operating surplus of \$2.103M, whilst the Asset Revaluation Reserve increased by a net \$10.47M as a result of the revaluation of Council's water and sewerage network assets and the impairment loss on Council roads, bridges and footpaths.

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

Activities	2012 Actual \$'000	2012 Budget \$'000	* Budget Variance %	2011 Actual \$'000
Net cash flows from operations	8,618	6,057	42% F	5,963
Net cash flows from investing	(6,789)	(8,064)	16% F	(8,718)
Net cash flows from financing	(197)	(218)	10% F	(845)
Net movement in cash	1,632	(2,225)		(3,600)

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

Council's cash and cash equivalent balances increased to a total of \$4.936M during the year, with \$8.618M being provided from operations, \$6.789M utilised for acquisition of investments and assets, and \$197K utilised in net reduction of borrowings and advances.

Total Investments and Cash Balances

Council's cash and investments balances totalled \$18.936M at 30 June 2012 compared to \$15.304M in 2011.

Of this total, \$7.12M (2011 - \$4.888M) is externally restricted for use as specified by legislation and/or other regulatory requirements, \$5.496M (2011 - \$3.92M) has been reserved for specific projects and purposes identified by Council, and \$6.32M (2011 - \$6.496M) is unrestricted.

The main movement in the total of externally restricted cash balances was the increase in specific purpose unexpended grant funds, with smaller increases in water and sewer fund reserves.

During the year Council increased internal reserves for plant and vehicle replacement, employee leave entitlements and capital projects, with increase totaling \$1.576M.

Working Capital (Net Current Assets)

	2012	2011	2010
	\$'000	\$'000	\$'000
Current assets	25,354	21,044	19,345
Less: Current liabilities	3,444	3,777	3,479
Net current assets	21,910	17,267	15,866
Add: anticipated longer term liabilities included in current	1,400	1,213	1,201
Less: current assets not anticipated to be settled within the next 12 months	311	231	-
Adjusted net Current Assets	22,999	18,249	17,067
Less: Net external restrictions	8,069	5,846	5,945
Unrestricted Working Capital	14,930	12,403	11,122

Council's balance of unrestricted working capital has increased from \$12.403M in 2011 to \$14.93M at the end of the 2012 financial year. This represents approximately 70% of anticipated operating expenses for the 2013 year.

After taking into consideration Council's internal reserves, other liabilities that are anticipated to be funded from the 2012/13 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 8.77:1, the ratio is substantially higher than previous years and is well above the industry benchmark of 2:1.

Debt Service Ratio.

The debt service ratio of 1.49% is substantially lower than the prior year, and is well within the industry benchmark of 20%.

Rates and Annual Charges Coverage Ratio.

Council's rates and annual charges revenue represented 28.64% of 2012 total revenue, which is lower than the prior two years and is the result of increase in most sources of Council revenue.

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 38.48%. This ratio, as reported in previous reports, is well above the industry guidelines but has been affected by an ongoing dispute over the rateability of specific purpose properties within the Shire. Exclusion of the disputed amounts results in a ratio of approximately 15% which is still substantially high than the industry guidelines.

Building & Infrastructure Renewals Ratio.

The ratio decreased from 140.9% in the 2010 year to 43.68% for 2011, and again to 41% for 2012. For Council to meet the industry guidelines of 100%, an additional \$3.917M would be required to have been expended in the 2012 year.

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 20), 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 reports.

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, 2 November 2012

Wentworth Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

“The Shire on Two Rivers”



Wentworth Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2012

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2. Special Purpose Financial Statements:	
- Income Statement of Water Supply Business Activity	3
- Income Statement of Sewerage Business Activity	4
- Income Statement of Other Business Activities	n/a
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- Balance Sheet of Other Business Activities	n/a
3. Notes to the Special Purpose Financial Statements	7
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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 2012

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.

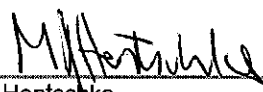
We are not aware of any matter that would render these Statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 03 October 2012.



Don McKinnon
MAYOR

Melisa Hedrics
COUNCILLOR

Peter Kozlowski
GENERAL MANAGER

Joy Hentschke
RESPONSIBLE ACCOUNTING OFFICER

Wentworth Shire Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2012

\$ '000	Actual 2012	Actual 2011	Actual 2010
Income from continuing operations			
Access charges	894	849	863
User charges	979	720	885
Fees	18	18	22
Interest	104	83	92
Grants and contributions provided for non capital purposes	241	81	111
Profit from the sale of assets	-	-	-
Other income	7	2	7
Total income from continuing operations	2,243	1,753	1,980
Expenses from continuing operations			
Employee benefits and on-costs	567	501	488
Borrowing costs	-	12	36
Materials and contracts	754	666	398
Depreciation and impairment	486	471	470
Water purchase charges	28	38	30
Loss on sale of assets	-	-	-
Calculated taxation equivalents	-	-	-
Debt guarantee fee (if applicable)	-	-	-
Other expenses	12	43	41
Total expenses from continuing operations	1,847	1,731	1,463
Surplus (deficit) from Continuing Operations before capital amounts	396	22	517
Grants and contributions provided for capital purposes	14	10	40
Surplus (deficit) from Continuing Operations after capital amounts	410	32	557
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	410	32	557
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(119)	(7)	(155)
SURPLUS (DEFICIT) AFTER TAX	291	25	402
plus Opening Retained Profits	10,692	10,918	10,361
plus/less: Prior Period Adjustments	(240)	(258)	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	-	-	-
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	119	7	155
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	10,862	10,692	10,918
Return on Capital %	2.3%	0.2%	3.2%
Subsidy from Council	126	883	316
Calculation of dividend payable:			
Surplus (deficit) after tax	291	25	402
less: Capital grants and contributions (excluding developer contributions)	-	-	-
Surplus for dividend calculation purposes	291	25	402
Potential Dividend calculated from surplus	146	13	201

Wentworth Shire Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2012

\$ '000	Actual 2012	Actual 2011	Actual 2010
Income from continuing operations			
Access charges	1,267	1,186	1,096
User charges	-	-	-
Liquid Trade Waste charges	-	-	-
Fees	-	-	-
Interest	19	(3)	3
Grants and contributions provided for non capital purposes	17	17	17
Profit from the sale of assets	-	-	-
Other income	5	10	5
Total income from continuing operations	1,308	1,210	1,121
Expenses from continuing operations			
Employee benefits and on-costs	102	209	265
Borrowing costs	42	45	56
Materials and contracts	521	342	184
Depreciation and impairment	567	551	542
Loss on sale of assets	-	-	-
Calculated taxation equivalents	-	-	-
Debt guarantee fee (if applicable)	-	-	-
Other expenses	5	2	29
Total expenses from continuing operations	1,237	1,149	1,076
Surplus (deficit) from Continuing Operations before capital amounts	71	61	45
Grants and contributions provided for capital purposes	14	14	39
Surplus (deficit) from Continuing Operations after capital amounts	85	75	84
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	85	75	84
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(21)	(18)	(14)
SURPLUS (DEFICIT) AFTER TAX	64	57	71
plus Opening Retained Profits	1,532	1,735	1,651
plus/less: Prior Period Adjustments	10	(278)	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	-	-	-
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	21	18	14
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	1,627	1,532	1,735
Return on Capital %	0.5%	0.4%	0.4%
Subsidy from Council	619	1,170	1,119
Calculation of dividend payable:			
Surplus (deficit) after tax	64	57	71
less: Capital grants and contributions (excluding developer contributions)	-	-	-
Surplus for dividend calculation purposes	64	57	71
Potential Dividend calculated from surplus	32	28	35

Wentworth Shire Council

Balance Sheet of Council's Water Supply Business Activity

as at 30 June 2012

\$ '000	Actual 2012	Actual 2011
ASSETS		
Current Assets		
Cash and cash equivalents	2,272	1,874
Investments	-	-
Receivables	827	685
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	3,099	2,559
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	17,226	17,596
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	17,226	17,596
TOTAL ASSETS	20,325	20,155
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Current Liabilities	-	-
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	-	-
NET ASSETS	20,325	20,155
EQUITY		
Retained earnings	10,862	10,692
Revaluation reserves	9,463	9,463
Council equity interest	20,325	20,155
Minority equity interest	-	-
TOTAL EQUITY	20,325	20,155

Wentworth Shire Council

Balance Sheet of Council's Sewerage Business Activity

as at 30 June 2012

\$ '000	Actual 2012	Actual 2011
ASSETS		
Current Assets		
Cash and cash equivalents	397	56
Investments	-	-
Receivables	244	273
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	641	329
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	24,157	24,500
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	24,157	24,500
TOTAL ASSETS	24,798	24,829
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	-	1
Interest bearing liabilities	-	-
Provisions	-	-
Total Current Liabilities	-	1
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	420	545
Provisions	-	-
Total Non-Current Liabilities	420	545
TOTAL LIABILITIES	420	546
NET ASSETS	24,378	24,283
EQUITY		
Retained earnings	1,627	1,532
Revaluation reserves	22,751	22,751
Council equity interest	24,378	24,283
Minority equity interest	-	-
TOTAL EQUITY	24,378	24,283

Wentworth Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2012

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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 2012

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 2012

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 **\$396,000** of combined land values attracts **0%**. From \$396,001 to \$2,421,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,421,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$678,000.

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 2012

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 3.03% at 30/6/12.

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 2012 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 2012

Note 2. Water Supply Business Best Practice Management disclosure requirements

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

2012

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	7,497
(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]	145,600
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	74,970
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2012, less the cumulative dividends paid for the 2 years to 30 June 2011 & 30 June 2010	718,500

2012 Surplus	291,200	2011 Surplus	25,400	2010 Surplus	401,900
		2011 Dividend	-	2010 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	74,970
(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 2012

Note 2. Water Supply Business

Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2012

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)	\$'000	2,153
NWI F4	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)]	%	52.29%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	17,226
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	1,095
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	109
NWI F17	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)]	%	3.32%
NWI F26	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 2012

Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2012

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	5,757
(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]	31,850
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	57,570
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2012, less the cumulative dividends paid for the 2 years to 30 June 2011 & 30 June 2010	190,900

2012 Surplus	63,700	2011 Surplus	56,700	2010 Surplus	70,500
		2011 Dividend	-	2010 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	31,850
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

3. Required outcomes for 4 Criteria

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

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	Complying charges (a) Residential [Item 2(c) in Table 1]	YES
	(b) Non Residential [Item 2(c) in Table 1]	YES
	(c) Trade Waste [Item 2(d) in Table 1]	YES
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii)	Complete Performance Reporting Form (by 15 September each year)	YES
(iv)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

Wentworth Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

Note 3. Sewerage Business

Best Practice Management disclosure requirements (continued)

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

2012

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	1,303
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	24,157
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	523
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	81
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)]	%	0.90%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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	3,456
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.01%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	190
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)]	%	1.91%
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 2012

Note 3. Sewerage Business

Best Practice Management disclosure requirements (continued)

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

2012

National Water Initiative (NWI) Financial Performance Indicators Water & Sewer (combined)

NWI F22	Net Debt to Equity (Water & Sewerage)	%	-5.03%
	Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [(Total Assets (w35 + s36) - Total Liabilities (w40 + s41))]		
NWI F23	Interest Cover (Water & Sewerage)		> 100
	Earnings before Interest & Tax (EBIT) divided by Net Interest		
	Earnings before Interest & Tax (EBIT):		790
	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:		- 81
	Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		
NWI F24	Net Profit After Tax (Water & Sewerage)	\$'000	495
	Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))		
NWI F25	Community Service Obligations (Water & Sewerage)	\$'000	35
	Grants for Pensioner Rebates (w11b + s12b)		

- 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 2012**

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 2012 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

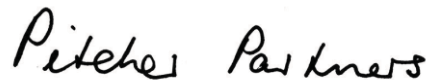
In our opinion, the financial statements present fairly, in all material respects, the financial position of Wentworth Shire Council as of 30 June 2012 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the special purpose financial statements.

Basis of Accounting

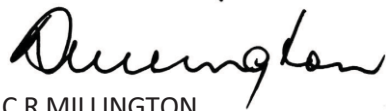
Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The special purpose financial statements have been prepared for distribution to the Council and the New South Wales Division of Local Government for the purpose of fulfilling the 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 2012 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 2 November 2012.



PITCHER PARTNERS



C R MILLINGTON
Partner

Sydney, 2 November 2012

Wentworth Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2012

“The Shire on Two Rivers”



Wentworth Shire Council

Special Schedules

for the financial year ended 30 June 2012

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- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
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¹ Special Purpose Schedules are not audited.

Background

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

Wentworth Shire Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	323	-	-	(323)
Administration	3,008	580	-	(2,428)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	914	1,649	-	735
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	183	18	-	(165)
Other	-	6	-	6
Total Public Order & Safety	1,097	1,673	-	576
Health	101	12	-	(89)
Environment				
Noxious Plants and Insect/Vermin Control	43	43	-	-
Other Environmental Protection	87	-	-	(87)
Solid Waste Management	42	-	-	(42)
Street Cleaning	-	-	-	-
Drainage	33	-	-	(33)
Stormwater Management	92	-	-	(92)
Total Environment	297	43	-	(254)
Community Services and Education				
Administration & Education	99	55	-	(44)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	39	7	-	(32)
Children's Services	24	-	-	(24)
Total Community Services & Education	162	62	-	(100)
Housing and Community Amenities				
Public Cemeteries	133	58	-	(75)
Public Conveniences	108	19	-	(89)
Street Lighting	103	30	-	(73)
Town Planning	567	265	33	(269)
Other Community Amenities	491	536	-	45
Total Housing and Community Amenities	1,402	908	33	(461)
Water Supplies	1,847	2,243	14	410
Sewerage Services	1,238	1,308	14	84

Wentworth Shire Council

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

for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	450	36	6	(408)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	199	33	56	(110)
Performing Arts Venues	-	-	-	-
Other Performing Arts	8	-	-	(8)
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	227	17	-	(210)
Swimming Pools	278	-	54	(224)
Parks & Gardens (Lakes)	516	16	-	(500)
Other Sport and Recreation	200	25	-	(175)
Total Recreation and Culture	1,878	127	116	(1,635)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	119	32	-	(87)
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	119	32	-	(87)
Transport and Communication				
Urban Roads (UR) - Local	350	-	-	(350)
Urban Roads - Regional	525	52	-	(473)
Sealed Rural Roads (SRR) - Local	4,371	-	-	(4,371)
Sealed Rural Roads (SRR) - Regional	285	259	434	408
Unsealed Rural Roads (URR) - Local	827	-	714	(113)
Unsealed Rural Roads (URR) - Regional	236	239	708	711
Bridges on UR - Local	35	-	-	(35)
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	13	-	-	(13)
Footpaths	98	-	-	(98)
Aerodromes	107	29	-	(78)
Other Transport & Communication	2,003	2,034	715	746
Total Transport and Communication	8,850	2,613	2,571	(3,666)
Economic Affairs				
Camping Areas & Caravan Parks	86	69	-	(17)
Other Economic Affairs	1,087	593	60	(434)
Total Economic Affairs	1,173	662	60	(451)
Totals – Functions	21,495	10,263	2,808	(8,424)
General Purpose Revenues⁽²⁾		10,527		10,527
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT⁽¹⁾	21,495	20,790	2,808	2,103

(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 2012

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	185	973	1,158	2	199	-	-	80	187	774	961
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	185	973	1,158	2	199	-	-	80	187	774	961
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	185	973	1,158	2	199	-	-	80	187	774	961

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 2012

\$'000	Actuals 2012	Actuals 2011
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	115	115
b. Engineering and Supervision	50	50
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	-	-
d. Maintenance expenses	183	190
- Reservoirs		
e. Operation expenses	5	26
f. Maintenance expenses	-	-
- Pumping Stations		
g. Operation expenses (excluding energy costs)	27	27
h. Energy costs	138	59
i. Maintenance expenses	50	64
- Treatment		
j. Operation expenses (excluding chemical costs)	427	418
k. Chemical costs	-	-
l. Maintenance expenses	7	23
- Other		
m. Operation expenses	59	98
n. Maintenance expenses	6	72
o. Purchase of water	28	38
3. Depreciation expenses		
a. System assets	-	-
b. Plant and equipment	486	471
4. Miscellaneous expenses		
a. Interest expenses	-	12
b. Revaluation Decrements	-	-
c. Other expenses	266	68
d. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	1,847	1,731

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 2012

\$'000	Actuals 2012	Actuals 2011
Income		
6. Residential charges		
a. Access (including rates)	824	780
b. Usage charges	903	624
7. Non-residential charges		
a. Access (including rates)	70	70
b. Usage charges	76	89
8. Extra charges	-	-
9. Interest income	104	83
10. Other income	25	26
11. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	18	18
c. Other grants	223	63
12. Contributions		
a. Developer charges	14	10
b. Developer provided assets	-	-
c. Other contributions	-	-
13. Total income	2,257	1,763
14. Gain (or loss) on disposal of assets	-	-
15. Operating Result	410	32
15a. Operating Result (less grants for acquisition of assets)	410	32

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 2012

\$'000	Actuals 2012	Actuals 2011
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	109	502
c. Renewals	-	-
d. Plant and equipment	-	-
17. Repayment of debt		
a. Loans	-	367
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	109	869
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	-	-
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	2,146	2,142
b. Residential (unoccupied, ie. vacant lot)	158	150
c. Non-residential (occupied)	195	173
d. Non-residential (unoccupied, ie. vacant lot)		-
25. Number of ETs for which developer charges were received	4 ET	4 ET
26. Total amount of pensioner rebates (actual dollars)	\$ 32,468	\$ 32,315

Wentworth Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2012

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
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 land value from access charges (ie rates)?			
NB. 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 from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
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 2011/12 (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.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b + 27c + 27d + 28b)			<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 2012

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	2,272	-	2,272
31. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	804	-	804
c. Other (including User Charges)	23	-	23
32. Inventories	-	-	-
33. Property, plant and equipment			
a. System assets	-	17,226	17,226
b. Plant and equipment	-	-	-
34. Other assets	-	-	-
35. Total assets	3,099	17,226	20,325
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	-	-	-
38. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
40. Total liabilities	-	-	-
41. NET ASSETS COMMITTED	3,099	17,226	20,325
EQUITY			
42. Accumulated surplus			10,862
43. Asset revaluation reserve			9,463
44. TOTAL EQUITY			20,325
Note to system assets:			
45. Current replacement cost of system assets			22,587
46. Accumulated current cost depreciation of system assets			(5,361)
47. Written down current cost of system assets			17,226

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 2012

\$'000	Actuals 2012	Actuals 2011
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	74	74
b. Engineering and Supervision	30	30
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	34	53
b. Maintenance expenses	20	14
- Pumping Stations		
c. Operation expenses (excluding energy costs)	43	40
d. Energy costs	54	49
e. Maintenance expenses	113	82
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	-	-
g. Chemical costs	-	-
h. Energy costs	3	3
i. Effluent Management	4	5
j. Biosolids Management	99	111
k. Maintenance expenses	9	14
- Other		
l. Operation expenses	24	26
m. Maintenance expenses	16	16
3. Depreciation expenses		
a. System assets	562	551
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	42	49
b. Revaluation Decrements	-	-
c. Other expenses	110	32
d. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	1,237	1,149

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 2012

\$'000	Actuals 2012	Actuals 2011
Income		
6. Residential charges (including rates)	1,139	1,070
7. Non-residential charges		
a. Access (including rates)	128	115
b. Usage charges	-	-
8. Trade Waste Charges		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	-	-
10. Interest income	19	(3)
11. Other income	5	11
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	17	17
c. Other grants	-	-
13. Contributions		
a. Developer charges	14	14
b. Developer provided assets	-	-
c. Other contributions	-	-
14. Total income	1,322	1,224
15. Gain (or loss) on disposal of assets	-	-
16. Operating Result	85	75
16a. Operating Result (less grants for acquisition of assets)	85	75

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 2012

\$'000	Actuals 2012	Actuals 2011
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	81	393
c. Renewals	-	-
d. Plant and equipment	-	-
18. Repayment of debt		
a. Loans	125	146
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	206	539
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	1,567	1,541
b. Residential (unoccupied, ie. vacant lot)	158	150
c. Non-residential (occupied)	194	179
d. Non-residential (unoccupied, ie. vacant lot)		-
26. Number of ETs for which developer charges were received	4 ET	4 ET
27. Total amount of pensioner rebates (actual dollars)	\$ 29,820	\$ 29,991

Wentworth Shire Council

Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2012

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. 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 land value from access charges (ie rates)?			
<input type="checkbox"/>			
<input type="checkbox"/>			
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/> No	
b. Total cross-subsidy in sewerage developer charges for 2011/12 (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.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text" value="-"/>

* 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 2012

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	397	-	397
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	205	-	205
c. Other (including User Charges)	39	-	39
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	24,157	24,157
b. Plant and equipment	-	-	-
35. Other assets	-	-	-
36. Total Assets	641	24,157	24,798
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	-	-	-
39. Borrowings			
a. Loans	122	298	420
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	122	298	420
42. NET ASSETS COMMITTED	519	23,859	24,378
EQUITY			
42. Accumulated surplus			1,627
44. Asset revaluation reserve			22,751
45. TOTAL EQUITY			24,378
Note to system assets:			
46. Current replacement cost of system assets			30,628
47. Accumulated current cost depreciation of system assets			(6,471)
48. Written down current cost of system assets			24,157

Wentworth Shire Council

Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2012

Administration ⁽¹⁾

(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 ⁽¹⁾

(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 ⁽²⁾ (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 ⁽²⁾ (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:

⁽¹⁾ 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).

⁽²⁾ 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.

\$'000

Special Schedules 2012

		Dep'n. Rate (%)	Dep'n Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition ^{#.}	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
ASSET CLASS	Asset Category										
Water		per Note 1	per Note 4	<<<<<<<<< per Note 9 >>>>>>>>>							
	Treatment Plants	3.00%	146		6,721	1,594	5,127				73
	Water Connections	3.00%	73		3,391	805	2,586				37
	Reservoirs	3.00%	101		4,750	1,127	3,623				52
	Hydrants	3.00%	19		896	213	683				10
	Stop Valves	3.00%	24		1,124	267	857				12
	Pipeline	3.00%	40		1,849	439	1,410				20
	Pump Station	3.00%	68		3,151	748	2,403				34
	Open Water Meters	3.00%	15		694	164	530				8
sub total		486	-	22,576	5,357	17,219		-	-	246	
Sewerage											
	Pump Stations	3.00%	36		1,959	415	1,544				10
	Pipeline	3.00%	45		2,432	515	1,917				13
	Manholes	3.00%	16		881	187	694				5
	Air Vent Stacks	3.00%	2		134	28	106				1
	Treatment Works	3.00%	174		9,437	1,999	7,438				49
	Sewerage Connection	3.00%	37		1,984	420	1,564				10
	Other	3.00%	252		13,645	2,889	10,756				70
	sub total		562	-	30,472	6,453	24,019		-	-	158

		Dep'n. Rate (%)	Dep'n Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition [#] .	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
ASSET CLASS	Asset Category										
		per Note 1	per Note 4	<<<<<<<<< per Note 9 >>>>>>>>>							
Drainage Works	Retarding Basins	2.00%	3		425	75	350				6
	Outfalls	2.00%	21		2,989	520	2,469				41
	Head Walls	2.00%	2		304	54	250				4
	Outfall Structures	2.00%	1		64	11	53				1
	Stormwater Converters	2.00%			35	6	29				-
	Other - Gross Pollutant Traps	2.00%	3		572	102	470				8
	sub total		30	-	4,389	768	3,621		-	-	60
	TOTAL - ALL ASSETS		6,480	-	338,408	81,114	257,294		-	-	2,873

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

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

Wentworth Shire Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2012

\$'000	Actual ⁽¹⁾ 11/12	Forecast 12/13	Forecast 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16
(i) OPERATING BUDGET					
Income from continuing operations	23,598	18,941	21,426	22,351	22,466
Expenses from continuing operations	21,495	20,547	21,651	19,800	20,033
Operating Result from Continuing Operations	2,103	(1,606)	(225)	2,551	2,433
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	-	1,350	-	1,500	1,000
Replacement/Refurbishment of Existing Assets	4,019	6,355	7,267	5,806	6,347
Total Capital Budget	4,019	7,705	7,267	7,306	7,347
Funded by:					
– Loans	-	500	-	750	1,000
– Asset sales	52	419	261	419	308
– Reserves	-	2,000	500	-	-
– Grants/Contributions	2,806	2,557	2,346	2,854	2,362
– Recurrent revenue	1,161	2,229	4,160	3,283	3,677
– Other	-	-	-	-	-
	4,019	7,705	7,267	7,306	7,347

Notes:

(1) From 11/12 Income Statement.

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

(3) If Council has only adopted 3 years of projections then only show 3 years.

(4) Financial Projections should be in accordance with Council's Integrated Planning & Reporting framework.