

Annual Report 2009-2010

Annexure 1
Audited Financial Report

Woollahra Municipal Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2010



Woollahra Municipal Council

General Purpose Financial Statements for the financial year ended 30 June 2010

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Woollahra Municipal Council.
- (ii) Woollahra Municipal Council is a body corporate 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 Section 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 Strategic Plan's Themes and Goals 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 29/10/10. Council has the power to amend and reissue the financial statements.
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Woollahra Municipal Council

General Purpose Financial Statements for the financial year ended 30 June 2010

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

The attached General Purpose Financial Report has been prepared in accordance with:

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

To the best of our knowledge and belief, this Report:

- presents 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 this Report false or misleading in any way.

Signed in accordance with a resolution of Council made on 20 September 2010



Andrew Petrie
MAYOR



Greg Medcraft
COUNCILLOR



Gary James
GENERAL MANAGER



Don Johnston
RESPONSIBLE ACCOUNTING OFFICER

Woollahra Municipal Council

Income Statement

for the financial year ended 30 June 2010

Budget ⁽¹⁾			Actual	Actual
2010	\$ '000	Notes	2010	2009
Income from Continuing Operations				
Revenue:				
38,649	Rates & Annual Charges	3a	38,705	37,066
7,661	User Charges & Fees	3b	7,909	8,124
1,620	Interest & Investment Revenue	3c	3,076	1,800
10,879	Other Revenues	3d	11,128	10,193
6,578	Grants & Contributions provided for Operating Purposes	3e,f	8,218	4,051
2,586	Grants & Contributions provided for Capital Purposes	3e,f	3,288	3,396
Other Income:				
156	Net gains from the disposal of assets	5	-	-
	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
68,129	Total Income from Continuing Operations		72,324	64,630
Expenses from Continuing Operations				
28,752	Employee Benefits & On-Costs	4a	31,915	29,588
626	Borrowing Costs	4b	626	680
12,338	Materials & Contracts	4c	11,661	14,131
10,121	Depreciation & Amortisation	4d	10,349	10,243
	Impairment	4d	-	-
12,260	Other Expenses	4e	11,780	11,016
	Interest & Investment Losses	3c	-	-
	Net Losses from the Disposal of Assets	5	528	277
	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
64,097	Total Expenses from Continuing Operations		66,859	65,935
4,032	Operating Result from Continuing Operations		5,465	(1,305)
Discontinued Operations				
	Net Profit/(Loss) from Discontinued Operations	21	-	-
4,032	Net Operating Result for the Year		5,465	(1,305)
4,032	Net Operating Result attributable to Council		5,465	(1,305)
	Net Operating Result attributable to Minority Interests		-	-
1,446	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		2,177	(4,701)

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

Woollahra Municipal Council

Statement of Comprehensive Income for the financial year ended 30 June 2010

\$ '000	Notes	Actual 2010	Actual 2009
Net Operating Result for the year (as per Income statement)		5,465	(1,305)
Other Comprehensive Income			
Gain (loss) on revaluation & impairment of I,PP&E	20b (ii)	32,757	-
Adjustment to correct prior period depreciation errors	20c	30,099	-
Voluntary changes in Accounting Policies	20d	165,811	-
Total Other Comprehensive Income for the year		228,666	-
Total Comprehensive Income for the Year		234,131	(1,305)
Total Comprehensive Income attributable to Council		234,131	(1,305)
Total Comprehensive Income attributable to Minority Interests		-	-

Woollahra Municipal Council

Balance Sheet

as at 30 June 2010

\$ '000	Notes	Actual 2010	Actual 2009
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	7,580	8,330
Investments	6b	26,244	22,881
Receivables	7	6,018	6,608
Inventories	8	185	199
Other	8	903	1,227
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		40,930	39,245
Non-Current Assets			
Investments	6b	3,000	3,000
Receivables	7	87	92
Infrastructure, Property, Plant & Equipment	9	893,728	660,998
Investment Property	14	11,064	11,064
Total Non-Current Assets		907,879	675,154
TOTAL ASSETS		948,809	714,399
LIABILITIES			
Current Liabilities			
Payables	10	18,231	18,052
Borrowings	10	814	757
Provisions	10	8,444	7,431
Total Current Liabilities		27,489	26,240
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	6,852	7,666
Provisions	10	219	374
Total Non-Current Liabilities		7,071	8,040
TOTAL LIABILITIES		34,559	34,280
Net Assets		914,250	680,119
EQUITY			
Retained Earnings	20	857,137	655,763
Revaluation Reserves	20	57,113	24,356
Council Equity Interest		914,250	680,119
Minority Equity Interest		-	-
Total Equity		914,250	680,119

Woollahra Municipal Council

Statement of Changes in Equity for the financial year ended 30 June 2010

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2010						
Opening Balance (as per Last Year's Audited Accounts)		655,763	24,356	680,119	-	680,119
Correction of Prior Period Errors		-	-	-	-	-
Changes in Accounting Policies (prior year effects)		-	-	-	-	-
Revised Opening Balance (as at 1/7/09)		655,763	24,356	680,119	-	680,119
Total Comprehensive Income	20	201,374	32,757	234,131	-	234,131
Equity - Balance at end of the reporting period		857,137	57,113	914,250	-	914,250

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2009						
Opening Balance (as per Last Year's Audited Accounts)		657,068	24,356	681,424	-	681,424
Correction of Prior Period Errors		-	-	-	-	-
Changes in Accounting Policies (prior year effects)		-	-	-	-	-
Revised Opening Balance (as at 1/7/08)		657,068	24,356	681,424	-	681,424
Total Comprehensive Income	20	(1,305)	-	(1,305)	-	(1,305)
Equity - Balance at end of the reporting period		655,763	24,356	680,119	-	680,119

Woollahra Municipal Council

Statement of Cash Flows

for the financial year ended 30 June 2010

Budget 2010	\$ '000	Notes	Actual 2010	Actual 2009
Cash Flows from Operating Activities				
Receipts:				
38,699	Rates & Annual Charges		38,702	36,804
8,439	User Charges & Fees		8,435	8,408
1,645	Investment & Interest Revenue Received		2,428	2,932
9,294	Grants & Contributions		11,755	7,312
12,248	Other		13,134	10,996
Payments:				
(28,811)	Employee Benefits & On-Costs		(31,554)	(29,072)
(13,527)	Materials & Contracts		(13,320)	(14,355)
(625)	Borrowing Costs		(629)	(683)
(13,643)	Other		(11,704)	(11,722)
13,719	Net Cash provided (or used in) Operating Activities	11b	17,246	10,620
Cash Flows from Investing Activities				
Receipts:				
	Sale of Investment Securities		2,272	1,586
1,815	Sale of Infrastructure, Property, Plant & Equipment		1,137	1,109
Payments:				
	Purchase of Investment Securities		(5,000)	(13,000)
	Purchase of Investment Property		-	(26)
(12,188)	Purchase of Infrastructure, Property, Plant & Equipment		(15,649)	(15,530)
(10,373)	Net Cash provided (or used in) Investing Activities		(17,239)	(25,861)
Cash Flows from Financing Activities				
Receipts:				
Nil				
Payments:				
(757)	Repayment of Borrowings & Advances		(757)	(703)
(757)	Net Cash Flow provided (used in) Financing Activities		(757)	(703)
2,589	Net Increase/(Decrease) in Cash & Cash Equivalents		(750)	(15,944)
23,556	plus: Cash & Cash Equivalents - beginning of year	11a	8,330	24,274
26,145	Cash & Cash Equivalents - end of the year	11a	7,580	8,330
Additional Information:				
	plus: Investments on hand - end of year	6b	29,244	25,881
Total Cash, Cash Equivalents & Investments			36,824	34,211
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				

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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Woollahra Municipal Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

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

(a) Basis of preparation

(i) Background

This financial report is a general purpose financial report which has been prepared in accordance with;

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

(ii) Basis of Accounting

These financial statements have been prepared on an **historical cost basis** 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.

(iii) Changes in Accounting Policies

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

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

(iv) Critical Accounting Estimates

The preparation of the financial statements requires the use of certain critical accounting estimates.

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

(b) Revenue recognition

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

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 doubtful debts on rates 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.

Income from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, and **(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.

Woollahra Municipal Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

User Charges, Fees and Other Income

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

A provision for doubtful debts 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 30/6/10) and **(ii)** all the related operating results (for the financial year ended the 30th June 2010).

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.

Woollahra Municipal Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

- General Purpose Operations
- Holdsworth Street Community Centre Woollahra Inc.
- Premeasure Insurance Pool

(ii) The Trust Fund

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

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

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

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

(iii) Joint Venture Entities

Jointly Controlled Assets & Operations

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

Jointly Controlled Entities

Any interests in Joint Venture Entities & Partnerships are accounted for using the equity method and is carried at cost.

Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in retained earnings & reserves is recognised in the balance sheet.

Details relating to such Entities and Partnerships (where applicable) are set out in Note 19.

(iv) Associated Entities

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

Such entities are usually termed "Associates".

(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 Finance or Operating Leases.

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.

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

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

(f) Investments and Other Financial Assets

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

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

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

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

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

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

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

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

Assets in this category are 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.

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

Following on from amendments made to AASB 139 - Financial Instruments: Recognition & Measurement in October 2008, Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

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

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

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no

reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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

Actual Reclassifications

Council did not take up the option to reclassify any financial assets out of the held-for-trading category from 1 July 2008, following amendments made to AASB 139 in October 2008.

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.

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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.

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

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

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

(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 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 reviewed its policy during the current reporting year following revisions to the Investment Order arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed (eg. managed funds and CDOs), however they have been retained under grandfathering provisions of the Order.

These will be disposed of when most financially advantageous to Council.

(g) Fair value estimation

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

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

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

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

The techniques applied to estimate fair value are:

Managed Funds	Unit Price
CDOs	Market Valuation (described below)
FRNs	Independent Market Valuation
CCOs & MBSs	Bid Price

Council holds a number of CDOs with Lehman Brothers as the swap counter party. These securities have been valued at 70 cents in the dollar as an estimate of the likely recoverable amount based on decisions to date in the courts of relevant jurisdiction (UK). A Contingent Liability is disclosed in Note 18 covering the event that further litigation or settlement may result in a less favourable recovery for these securities.

The Market Valuation of all other CDOs, based on Council's assessment of the material risk of total loss, indicates their value to be zero. Some of these investment securities may ultimately return a greater sum to Council and a Contingent Asset has also been noted in Note 18 accordingly.

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

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

(h) Receivables

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

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

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

A provision for doubtful debts 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 a doubtful debt allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

Council holds no land for resale.

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

Acquisition of assets

Council's non current assets are being progressively revalued to fair value in accordance with a staged implementation as advised by the Department 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),
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised** (External Valuation)
- **Plant and Equipment** (as approximated by depreciated historical cost)

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

- **Road Assets** – roads, bridges and footpaths (Internal Valuation)
- **Drainage Assets** – (Internal Valuation)
- **Bulk Earthworks** – (Internal Valuation)

The remaining asset classes to be revalued in future reporting periods include;

- **2010/11:** Community land, Land improvements, Other structures and other assets

Until these designated future reporting periods, the above remaining asset classes are stated at cost (or deemed cost) less accumulated depreciation and any accumulated impairment losses.

Initial Recognition

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

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

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

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

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

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

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 3 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	100% Capitalised

Plant & Equipment	
Office Furniture	> \$3,000
Office Equipment	> \$3,000
Other Plant & Equipment	> \$3,000

Woollahra Municipal Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

Buildings & Land Improvements

Building	
- construction/extensions	100% Capitalised
- renovations	> \$3,000
Other Structures	> \$3,000

- Road Pavements	33 to 100 years
- Kerb, Gutter & Paths	33 to 100 years
- Footpaths	33 to 100 years

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

Stormwater Assets

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

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.

Transport Assets

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

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.

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.

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.

Land is not depreciated.

(k) Land

Estimated useful lives for Council's assets include:

Plant & Equipment

- Office Equipment	3 to 10 years
- Office furniture	10 to 20 years
- Vehicles	5 to 10 years
- Heavy Plant/Road Making equip.	5 to 10 years

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

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

Buildings

- Buildings	25 to 100 years
-------------	-----------------

(l) Land under roads

Stormwater Drainage

- Drains	80 to 150 years
- Culverts	50 to 80 years

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

Transportation Assets

- Sealed Roads : Surface	20 years
- Sealed Roads : Structure	50 years
- Unsealed roads	20 years
- Bridge : Concrete	100 years
- Bridge : Other	50 years

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 will be recognised in accordance with AASB 116 – Property, Plant and Equipment.

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

If mandated by the Department of Local Government, Council will recognise all land under roads when the valuation methodology has been determined by the industry and is, in the meantime, collecting the necessary physical data to undertake the valuation.

(m) Crown Reserves

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

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

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

A working party of interested representatives from both State and Local Government is being formed to consider the accounting issues related to the Crown Reserves, with the intention of developing a consistent approach to their recognition and future accounting treatment across both tiers of government.

(n) Investment property

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both and are 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 3 years with an appropriate index utilised each year in between the full revaluations.

The last full revaluation for Council's Investment Properties was dated 30/06/2008.

(o) Non-Current Assets (or Disposal Groups) "Held for Sale"

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.

(p) Impairment of assets

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

Woollahra Municipal Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

represented by the “deprival value” of the asset which is approximated as its written down replacement cost.

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

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

(q) 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.

(r) 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 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.

(s) Borrowing costs

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

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted

average interest rate applicable to the Council's outstanding borrowings during the year.

(t) Provisions

Provisions for legal claims and service warranties 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.

(u) Employee benefits

(i) Wages & salaries, annual leave and sick leave

Liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be settled within 12 months after the end of the period are recognised in the provision for employee benefits in respect of employees' services up to the reporting date.

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

The liability for annual leave and vesting sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are all classified as payables.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits in respect of services provided by employees up to the reporting date.

Long Service Leave is measured at the present value of the expected future payments to be made using the projected unit credit method.

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

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

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

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

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

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

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

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

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities amounting to around \$286 million at 30 June 2010.

As a result, they have asked for significant increases in contributions from 2009/2010 onwards to recover that deficiency.

Woollahra Municipal Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

For this reason, no liability for the deficiency has been recognised in Council's accounts.

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

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 June 2009.

(v) 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.

(w). 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.

Woollahra Municipal Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

(x) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2010.

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 and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect Council's accounting for its financial assets.

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

Council is yet to assess its full impact.

However, initial indications are that it may affect 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.

Applicable to Local Government but no implications for Council;

AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions [AASB 2] (effective from 1 January 2010)

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the group settles the transaction or whether the transaction is settled in shares or cash.

They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity- or a cash-settled transaction.

AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (effective from 1 February 2010)

In October 2009 the AASB issued an amendment to AASB 132 Financial Instruments: Presentation which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer.

Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities.

The amendment must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

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

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

Woollahra Municipal Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements.

Council does not make any such prepayments. The amendment is therefore not expected to have any impact on Council.

AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010)

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap).

It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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

None

Not applicable to Local Government per se;

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

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively.

The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other

government-related entities and clarifies and simplifies the definition of a related party.

(y) Rounding of amounts

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

(z) 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.

(aa) Disclaimer

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

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 2(a). Functions / Activities - Financial Disclosures

Themes / Goals	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 2010	Actual 2010	Actual 2009	Original Budget 2010	Actual 2010	Actual 2009	Original Budget 2010	Actual 2010	Actual 2009	Actual 2010	Actual 2009	Actual 2010	Actual 2009
Community well-being													
A connected and harmonious community	34	45	5	695	663	663	(661)	(618)	(658)	41			
A supported community	961	2,807	2,484	2,153	3,972	3,576	(1,192)	(1,165)	(1,092)	1,472	1,200	3,404	2,003
A creative and vibrant community	493	628	808	3,159	3,013	2,795	(2,666)	(2,385)	(1,987)	428	664	4,421	4,716
Quality places and spaces													
Well planned neighbourhoods	2,496	4,697	4,061	6,049	5,717	6,912	(3,553)	(1,020)	(2,851)	2,327	1,854	164	183
Liveable places	2,578	3,425	4,602	19,027	18,817	18,341	(16,449)	(15,392)	(13,739)	1,459	1,907	816,795	586,396
Getting around	7,935	8,100	8,000	3,478	3,180	3,238	4,457	4,920	4,762	18		35,032	33,011
A healthy environment													
Protecting our environment	1	40	2	1,025	1,067	957	(1,025)	(1,027)	(955)	39			
Sustainable use of resources	9,365	9,883	8,946	7,353	7,848	7,802	2,012	2,035	1,144	169	41	309	280
Local prosperity													
Community focused economic development		75	2	2,113	2,023	1,875	(2,113)	(1,948)	(1,873)	64			
Community leadership and participation													
Working together				571	623	558	(571)	(623)	(558)				
Well managed Council	13,767	11,547	6,493	18,474	19,936	19,218	(4,707)	(8,389)	(12,725)	4,030		50,374	51,957
Total Functions & Activities	37,630	41,247	35,403	64,097	66,859	65,935	(26,468)	(25,612)	(30,532)	10,047	5,666	910,499	678,546
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	30,499	31,077	29,227	-	-	-	30,499	31,077	29,227	1,459	1,781	38,311	35,853
Operating Result from Continuing Operations	68,129	72,324	64,630	64,097	66,859	65,935	4,032	5,465	(1,305)	11,506	7,447	948,810	714,399

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

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 2(b). Components of Functions / Activities

Reporting against Council's functions / activities is aligned with the following Themes and Goals from Council's Community Strategic Plan, *Woollahra 2025*.

Theme: Community well-being

Goal 1: *A connected and harmonious community*

Woollahra will be a community where people care for each other, have a sense of belonging and can contribute meaningfully to their local community and neighbourhood through participation in community life.

Goal 2: *A supported community*

Woollahra will be a place where people have access to a range of effective and diverse social services and programs that meet the changing needs of our community.

Goal 3: *A creative and vibrant community*

Woollahra will be a place where people of all ages and backgrounds have access to lifelong learning opportunities, cultural and community activities.

Theme: Quality places and spaces

Goal 4: *Well planned neighbourhoods*

Woollahra will have well planned, high quality and sustainable building development that respects and enhances our environment and heritage. It will complement and retain the local character of our suburbs, villages and neighbourhoods and provide access to a range of housing options.

Goal 5: *Liveable places*

Woollahra will be a community with accessible, integrated and well maintained public places and open spaces. We will have clean and well maintained infrastructure and community facilities. It will be a safe and attractive place with high quality public and private facilities and amenities.

Goal 6: *Getting around*

Woollahra will be a place where it is easy to get around, easy to access our foreshore, our recreation facilities, our green open space and our public and private institutions. We will also have easy access to the city and its wide range of services and facilities, and be able to access public transport, walking cycling routes within our area.

Theme: A healthy environment

Goal 7: *Protecting our environment*

Woollahra will be a place where the natural environment will be protected and conserved from adverse impacts, to preserve our vegetation and wildlife habitats

Goal 8: *Sustainable use of resources*

Woollahra will reduce energy and water use, reduce emissions and develop adaption actions that will reduce the impacts of climate change. We will minimise waste generation and encourage resource recycling.

Theme: Local Prosperity

Goal 9: *Community focussed economic development*

Woollahra will maintain the diversity of our local economic base and encourage new business into the area that will enhance and positively impact on community life.

Theme: Community leadership and participation

Goal 10: *Working Together*

Woollahra will be a place where residents are well informed and able to contribute to their community. Council will listen and respond to requests and concerns through open communication and engagement.

Goal 11: *Well managed Council*

Woollahra Council will be open and accountable to all stakeholders, encourage participation in decision making and make decisions that are in the public interest. Through effective long term planning we will develop and implement strategies and ensure ongoing resources to fulfil long term community goals.

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2010	Actual 2009
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		22,823	22,020
Business		4,112	3,993
Total Ordinary Rates		26,935	26,013
Special Rates			
Environmental & Infrastructure Renewal Levy		3,220	3,121
Total Special Rates		3,220	3,121
Annual Charges (pursuant to s.496 & s.501)			
Domestic Waste Management Services		8,070	7,453
Stormwater Management Services		480	479
Total Annual Charges		8,550	7,932
TOTAL RATES & ANNUAL CHARGES		38,705	37,066

Council has used 2006 year valuations provided by the NSW Valuer General in calculating its rates.

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Waste Management Services (non-domestic)		1,438	1,239
Total User Charges		1,438	1,239
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s608, 610A & 611)			
Building Regulation			
- Inspection Fees		77	98
- Registration Fees & Permits		139	148
- Principal Certifying Authority Fees		69	42
- Hoarding Fees		129	116
- Compliance Levy		177	153
Regulatory Fees		-	3
Section 611 Charges		38	38
- Development Application Fees		591	598
- Section 96 Amendment Application Fees		255	257
- Certificate Fees		643	568
- Advertising Fees		196	214
- Subdivision Application Fees		21	9
Total Fees & Charges - Statutory/Regulatory		2,335	2,244
(ii) Fees & Charges - Other (incl. General User Charges (per s.610C))			
Community Centres		232	251
Credit Card Usage Charge		84	76
Fire Safety Statement Lodgement Fee		54	50
Kindergarten Fees		654	589
Mobile Bin & Crate Sales		112	109
Parking Meters		1,408	1,301
Parking Permits - Residential		331	301
Restoration Charges		1,033	1,757
Tree Pruning Income		45	30
Other		184	177
Total Fees & Charges - Other		4,137	4,641
TOTAL USER CHARGES & FEES		7,909	8,124

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		124	138
- Interest earned on Investments (interest & coupon payment income)		2,317	2,985
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		636	(1,323)
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>3,076</u>	<u>1,800</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges		124	138
General Council Cash & Investments		1,715	225
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94 and Section 94A		207	281
Other Externally Restricted Assets		256	181
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		775	975
<u>Total Interest & Investment Revenue Recognised</u>		<u>3,076</u>	<u>1,800</u>
(d). Other Revenues			
Fair Value Adjustments - Investment Properties	14	-	-
Rental Income - Investment Properties	14	543	307
Rental Income - Other Council Properties		3,142	3,405
Ex Gratia Rates		98	95
Fines			
Parking Fines		4,864	4,259
Other Fines		174	148
Construction Zone Charges		389	504
File Retrieval Charges		78	84
Filming Fees		85	79
Footpath Crossing Administration Fees		77	73
Pre Application Lodgement Advice Fees		19	26
Private Use Contributions		331	316
Recovered Costs & Reimbursements		675	346
Recycling Income (non domestic)		26	53
Risk Management Bonuses		102	109
Tree Preservation Order Application Fees		38	37
Other		486	352
<u>TOTAL OTHER REVENUE</u>		<u>11,128</u>	<u>10,193</u>

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	2010 Operating	2009 Operating	2010 Capital	2009 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance	1,359	1,686	-	-
Pensioners' Rates Subsidies - General Component	100	95	-	-
Total General Purpose	1,459	1,781	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Domestic Waste Management	43	41	-	-
Community Care	1,333	1,140	-	-
Environmental Works	-	-	144	(35)
Flood Study Grants	-	-	235	131
Kindergarten	168	151	-	-
Library				
- State Library Subsidy	100	101	-	-
- Library Special Grant	-	-	37	135
Open Space	-	-	264	630
Street Lighting	298	291	-	-
Transport (Other Roads & Bridges Funding)	347	167	18	250
Other	215	126	10	-
Total Specific Purpose	2,504	2,017	708	1,111
Total Grants	3,963	3,798	708	1,111
Grant Revenue is attributable to:				
- Commonwealth Funding	1,359	1,686	91	402
- State Funding	2,604	2,112	586	709
- Other Funding	-	-	31	-
	3,963	3,798	708	1,111

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	2010 Operating	2009 Operating	2010 Capital	2009 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 94 - Contributions towards amenities/services	-	-	407	355
S 94A - Fixed Development Consent Levies	-	-	1,920	1,499
Total Developer Contributions ¹⁷	-	-	2,327	1,854
Other Contributions:				
Contributions to Works	38	36	252	431
Paddington Library	201	191	-	-
Sydney Ferries to Wharves	6	17	-	-
Cosmopolitan Centre Agreement for Lease	4,000	-	-	-
Other	10	9	-	-
Total Other Contributions	4,255	253	252	431
Total Contributions	4,255	253	2,580	2,285
<u>TOTAL GRANTS & CONTRIBUTIONS</u>	<u>8,218</u>	<u>4,051</u>	<u>3,288</u>	<u>3,396</u>

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2010	Actual 2009
(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	5,625	4,148
add: Grants and contributions recognised in the current period which have not been spent:	3,069	3,102
less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(3,800)	(1,625)
Net Increase (Decrease) in Restricted Assets during the Current Reporting Period	(732)	1,477
Unexpended at the Close of this Reporting Period and held as Restricted Assets	4,893	5,625
Comprising:		
- Specific Purpose Unexpended Grants	1,248	1,416
- Developer Contributions	3,645	4,209
	4,893	5,625

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2010	Actual 2009
(a) Employee Benefits & On-Costs			
Salaries and Wages		22,933	21,362
Travelling		13	12
Employee Leave Entitlements (ELE)		4,254	4,037
Superannuation		2,937	2,366
Workers' Compensation Insurance		1,356	1,264
Fringe Benefit Tax (FBT)		226	200
Training Costs (other than Salaries & Wages)		207	185
Other		380	466
Total Employee Costs		32,307	29,892
less: Capitalised Costs		(392)	(304)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>31,915</u>	<u>29,588</u>
Number of "Equivalent Full Time" Employees at year end		362	361
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		382	382
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		626	680
Total Interest Bearing Liability Costs		626	680
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		626	680
(ii) Other Borrowing Costs			
Nil			
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>626</u>	<u>680</u>

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(c) Materials & Contracts			
Raw Materials & Consumables		3,751	4,040
Contractor & Consultancy Costs			
- General Contractor & Consultancy Costs		3,936	4,159
- Recycling		1,341	1,394
- Maintenance & Security Contracts		665	982
Auditors Remuneration			
i. Audit Services - Council's Auditor		48	44
ii. Audit Services - Auditors of other Consolidated Entities		8	8
Infringement Notice Contract Costs (SEINS)		776	731
Legal Expenses:			
- Legal Expenses - Planning & Development		531	2,043
- Legal Expenses - Other		526	659
Operating Leases:			
Operating Lease Rentals - Minimum Lease Payments ⁽¹⁾		81	71
Total Materials & Contracts		11,661	14,131
less: Capitalised Costs		-	-
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>11,661</u>	<u>14,131</u>
1. Operating Lease Payments are attributable to:			
- Photocopiers		81	71
		81	71

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2010	Actual 2009	Actual 2010	Actual 2009
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	1,224	1,162
Office Equipment		-	-	428	495
Furniture & Fittings		-	-	69	69
Buildings - Non Specialised		-	-	909	901
Buildings - Specialised		-	-	335	337
Other Structures		-	-	850	817
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	4,998	4,926
- Stormwater Drainage		-	-	1,248	1,222
Other Assets					
- Library Books		-	-	286	314
Total Depreciation & Impairment Costs		-	-	10,349	10,243
less: Capitalised Costs		-	-	-	-
less: Impairments offset in ARR (Equity)	9a	-	-	-	-
<u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u>		<u>-</u>	<u>-</u>	<u>10,349</u>	<u>10,243</u>

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		391	470
Bad & Doubtful Debts		71	6
Bank Charges		172	180
Contribution to Double Bay Partnership		99	125
Contributions/Levies to Other Levels of Government			
- NSW Fire Brigade Levy		2,053	1,872
- Department of Planning Levy		250	245
- State Emergency Services		90	-
Councillor Expenses - Mayoral Fee		31	30
Councillor Expenses - Councillors' Fees		233	216
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		12	7
Donations, Contributions & Assistance to other organisations (Section 3		111	49
Election Expenses		-	265
Electricity & Heating		280	217
File Archival & Retrieval Costs		159	157
Holdsworth St Community Centre Other Expenses		136	146
Insurance Deductibles & Claims Payments		521	452
Insurance Premiums		1,212	1,214
Office Rental		25	23
Postage		156	128
Recoverable Expenses		284	212
Registration		65	126
Street Lighting		1,103	1,106
Telephone & Communications		227	218
Valuation Fees		62	52
Waste Disposal Costs		3,010	2,624
Water & Council Rates		274	206
Other		753	670
Total Other Expenses		11,780	11,016
less: Capitalised Costs		-	-
<u>TOTAL OTHER EXPENSES</u>		<u>11,780</u>	<u>11,016</u>

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2010	Actual 2009
Property (excl. Investment Property)			
Proceeds from Disposal		130	110
less: Carrying Amount of Property Assets Sold		-	-
Net Gain/(Loss) on Disposal		130	110
Plant & Equipment			
Proceeds from Disposal		1,050	1,068
less: Carrying Amount of P&E Assets Sold		(1,708)	(1,455)
Net Gain/(Loss) on Disposal		(658)	(387)
Financial Assets*			
Proceeds from Disposal		2,272	1,586
less: Carrying Amount of Financial Assets Sold / Redeemed		(2,272)	(1,586)
Net Gain/(Loss) on Disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(528)	(277)

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000	Notes	2010	2010	2009	2009
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		1,004	-	1,063	-
Cash-Equivalent Assets ¹					
- Deposits at Call		2,576	-	3,267	-
- Short Term Deposits		4,000	-	4,000	-
Total Cash & Cash Equivalents		7,580	-	8,330	-
Investment Securities (Note 6b)					
Nil					
- Managed Funds		1,540	-	2,087	-
- Long Term Deposits		15,000	3,000	10,000	3,000
- NCD's, FRN's (with Maturities > 3 months)		7,070	-	8,308	-
- CDO's		1,705	-	1,635	-
- Mortgage Backed Securities		930	-	851	-
Total Investment Securities		26,244	3,000	22,881	3,000
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		33,824	3,000	31,211	3,000

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"		7,580	-	8,330	-
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Investments

Nil

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

- "Designated at Fair Value on Initial Recognition"	6(b-i)	11,244		12,881	-
b. "Held to Maturity"	6(b-ii)	15,000	3,000	10,000	3,000

Investments

		26,244	3,000	22,881	3,000
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Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 6b. Investments (continued)

\$ '000	2010 Actual Current	2010 Actual Non Current	2009 Actual Current	2009 Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Nil				
Balance at the Beginning of the Year	12,881	-	15,790	-
Revaluations (through the Income Statement)	636		(1,323)	-
Additions	-	-	-	-
Disposals (sales & redemptions)	(2,272)		(1,586)	-
Balance at End of Year	11,244	-	12,881	-
Comprising:				
- Managed Funds	1,540	-	2,087	-
- NCD's, FRN's (with Maturities > 3 months)	7,070		8,308	-
- CDO's	1,705		1,635	-
- Mortgage Backed Securities	930		851	-
Total	11,244	-	12,881	-
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	10,000	3,000	-	-
Additions	5,000	-	10,000	3,000
Balance at End of Year	15,000	3,000	10,000	3,000
Comprising:				
- Long Term Deposits	15,000	3,000	10,000	3,000
Total	15,000	3,000	10,000	3,000
Note 6(b-iii)				
Reconciliation of Investments classified as "Loans & Receivables"				
Nil				
Note 6(b-iv)				
Reconciliation of Investments classified as "Available for Sale"				
Nil				

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 6c. Restricted Cash, Cash Equivalents & Investments

\$ '000	2010	2010	2009	2009
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	33,824	3,000	31,211	3,000
attributable to:				
External Restrictions (refer below)	9,038	-	9,308	-
Internal Restrictions (refer below)	23,346	3,000	21,886	3,000
Unrestricted	1,440	-	18	-
	33,824	3,000	31,211	3,000

2010	Opening	T/fers to	T/fers from	Notional FV	Closing
\$ '000	Balance	Restriction	Restriction	Adjustment	Balance

Details of Restrictions

External Restrictions - Included in Liabilities

Nil

External Restrictions - Other

Developer Contributions - General (D)	4,209	2,534	(3,098)		3,644
Specific Purpose Unexpended Grants (B)	1,416	535	(702)		1,249
Domestic Waste Management (C)	1,305	151	(68)		1,388
Stormwater Management (C)	277	478	(584)		172
Infrastructure Renewal Levy (C)	4		(0)		4
Environmental Levy (C)	200	6	(112)		94
Environmental & Infrastructure Levy (C)	1,897	3,318	(2,728)		2,487
External Restrictions - Other	9,308	7,023	(7,293)	-	9,038
Total External Restrictions	9,308	7,023	(7,293)	-	9,038

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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

2010 \$ '000	Opening Balance	T/fers to Restriction	T/fers from Restriction	Notional FV Adjustment	Closing Balance
Internal Restrictions					
Plant & Vehicle Replacement (D)	55	189	(47)		197
Infrastructure Replacement (D)	83		(17)		66
Employees Leave Entitlement (D)	956		(54)		902
Carry Over Works (D)	2,316		(368)		1,948
Deposits, Retentions & Bonds (D)	6,601	6			6,607
Unexpended General Purpose Loans (D)	2,813		(2,254)		559
Section 355 Committee Funds	716	172			888
Office Equipment (D)	744				744
Insurance Reserve (D)	165				165
Elections Reserve (D)	50	75			125
Property Reserve (D)	8,535	4,000	(1,280)	636	11,891
Loan Repayment Reserve (D)	13				13
Investment Reserve (D)	1,000				1,000
Early Payment of Financial Assistance Grant (D)	340	355	(340)		355
Other (D)	499	597	(211)		885
Total Internal Restrictions	24,886	5,395	(4,571)	636	26,346
TOTAL RESTRICTIONS	34,193	12,417	(11,863)	636	35,383

1 The Notional Fair Value Adjustment of \$636k results from an increase in the value of Council's investment portfolio. The balance for 2010 is represented by gross cash restrictions of \$44,045k less notional fair value adjustments of \$10,397k ((\$9,710k) in 2008 and \$(1,323k) in 2009 and \$636k in 2010).

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

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

C 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.

D Internal restrictions by resolution of Council for the purpose described.

Woollahra Municipal Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 7. Receivables

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		1,517	73	1,509	77
Interest & Extra Charges		283	14	283	15
User Charges & Fees		464	-	467	-
Capital Debtors (being sale of assets)					
- Sale of Land		259	-	216	-
Accrued Revenues					
- Interest on Investments		488	-	474	-
- Other Income Accruals		392	-	1,152	-
Government Grants & Subsidies		423	-	532	-
Amounts due from Other Councils		221	-	53	-
Net GST Receivable		404	-	411	-
Leases & Licences		459	-	338	-
Restorations & Other Roadworks		577	-	381	-
Recovered Costs		256	-	667	-
Other Debtors		358	-	222	-
Total		6,100	87	6,705	92
less: Provision for Impairment					
User Charges & Fees		(82)	-	(32)	-
Other Debtors		-	-	(65)	-
Total Provision for Impairment - Receivables		(82)	-	(97)	-
TOTAL NET RECEIVABLES		6,018	87	6,608	92
Externally Restricted Receivables					
Domestic Waste Management		378	-	390	-
Stormwater Management		23	-	21	-
Other					
- Infrastructure Renewal Levy		5	-	5	-
- Environmental Levy		3	-	9	-
- Environmental & Infrastructure Levy		123	-	118	-
Total External Restrictions		532	-	543	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		5,486	87	6,065	92
TOTAL NET RECEIVABLES		6,018	87	6,608	92

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest is charged on overdue rates & charges at 9.00% (2009 10.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 8. Inventories & Other Assets

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		185	-	199	-
Total Inventories		185	-	199	-
Other Assets					
Prepayments		903	-	1,227	-
Total Other Assets		903	-	1,227	-
<u>TOTAL INVENTORIES & OTHER ASSETS</u>		<u>1,088</u>	<u>-</u>	<u>1,426</u>	<u>-</u>
 (i) Externally Restricted Assets					
Nil					
Total Unrestricted Assets		1,088	-	1,426	-
TOTAL INVENTORIES & OTHER ASSETS		<u>1,088</u>	<u>-</u>	<u>1,426</u>	<u>-</u>

Woollahra Municipal Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2009					Asset Movements during the Reporting Period					as at 30/6/2010				
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Adjustments & Transfers	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Deprec.	Impairment	Value						Cost	Fair Value	Dep'n	Impairment	Value
Plant & Equipment	-	11,883	3,659	-	8,224	2,536	(1,405)	(1,224)			-	12,218	4,086	-	8,132
Office Equipment	-	6,681	5,477	-	1,204	446	(0)	(428)			-	7,121	5,897	-	1,223
Furniture & Fittings	-	757	659	-	98	7		(69)			-	764	729	-	35
Land:															
- Operational Land	-	26,322	-	-	26,322						-	26,322	-	-	26,322
- Community Land	456,563	-	-	-	456,563	111					456,674	-	-	-	456,674
Buildings - Non Specialised	-	51,206	23,791	-	27,414	124		(909)			-	51,330	24,701	-	26,629
Buildings - Specialised	-	19,239	11,954	-	7,285	711		(335)			-	19,950	12,289	-	7,660
Other Structures	22,813	-	5,479	-	17,334	2,482	(302)	(850)			24,452	-	5,791	-	18,661
Infrastructure:															
- Roads, Bridges, Footpaths	205,928	-	128,267	-	77,661	8,688		(4,998)	30,099	32,757	-	277,696	133,489	-	144,206
- Bulk Earthworks (non-depreciable)	-	-	-	-	-				170,818		-	170,818	-	-	170,818
- Stormwater Drainage	82,623	-	44,957	-	37,666	558		(1,248)	(5,007)		-	72,895	40,926	-	31,970
Other Assets:															
- Library Books	4,525	-	3,298	-	1,227	457		(286)			4,982	-	3,584	-	1,398
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	772,452	116,088	227,542	-	660,998	16,120	(1,708)	(10,349)	195,910	32,757	486,108	639,114	231,493	-	893,728

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000 Class of Asset	Actual 2010				Actual 2009			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Domestic Waste Management Plant & Equipment		4,494	2,713	1,781	-	4,439	2,296	2,143
Total DWM	-	4,494	2,713	1,781	-	4,439	2,296	2,143
TOTAL RESTRICTED I,PP&E	-	4,494	2,713	1,781	-	4,439	2,296	2,143

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

\$ '000	Notes	Actual 2010	Actual 2009

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

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		3,148	-	3,728	-
Goods & Services - capital expenditure		1,155	-	684	-
Payments Received In Advance		886	-	802	-
Accrued Expenses:					
- Borrowings		37	-	40	-
- Salaries & Wages Accruals		196	-	586	-
Security Bonds, Deposits & Retentions		11,999	-	11,811	-
Other		809	-	401	-
Total Payables		18,231	-	18,052	-
Borrowings					
Loans - Secured ¹		814	6,852	757	7,666
Total Borrowings		814	6,852	757	7,666
Provisions					
Employee Benefits;					
Annual Leave		2,370	-	2,178	-
Sick Leave		939	-	973	-
Long Service Leave		5,018	219	4,171	374
Gratuities		117	-	109	-
Total Provisions		8,444	219	7,431	374
Total Payables, Borrowings & Provisions		27,489	7,071	26,240	8,040

(i) Liabilities relating to Restricted Assets

	2010		2009	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Domestic Waste Management	976	-	1,293	-
Liabilities relating to externally restricted assets	976	-	1,293	-
Internally Restricted Assets				
Nil	-	-	-	-
Total Liabilities relating to restricted assets	976	-	1,293	-

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.

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000	2010	2009
(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	5,436	4,477
Payables - Security Bonds, Deposits & Retentions	7,152	7,274
Other Liabilities: Specify	-	-
	12,588	11,751

Note 10b. Description of and movements in Provisions

Class of Provision	2009			2010		Closing Balance as at 30/6/10
	Opening Balance as at 1/7/09	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	2,178	1,867	(1,675)			2,370
Sick Leave	973	(34)				939
Long Service Leave	4,545	1,166	(474)			5,237
Gratuities	109	8				117
Other Leave	-	-				-
TOTAL	7,805	3,006	(2,149)	-	-	8,662

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.

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2010	Actual 2009
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	7,580	8,330
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		7,580	8,330
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		5,465	(1,305)
Adjust for non cash items:			
Depreciation & Amortisation		10,349	10,243
Net Losses/(Gains) on Disposal of Assets		528	277
Reversal of prior period I,PP&E revaluation decrements costed DIRECT to the P&L		-	-
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L: - Investments classified as "@ Fair Value" or "Held for Trading"		(636)	1,323
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		653	(1,784)
Increase/(Decrease) in Provision for Doubtful Debts		(15)	6
Decrease/(Increase) in Inventories		14	41
Decrease/(Increase) in Other Current Assets		324	40
Increase/(Decrease) in Payables		(580)	824
Increase/(Decrease) in accrued Interest Payable		(3)	(3)
Increase/(Decrease) in other accrued Expenses Payable		(390)	191
Increase/(Decrease) in Other Current Liabilities		680	102
Increase/(Decrease) in Employee Leave Entitlements		857	665
NET CASH PROVIDED FROM/(USED IN)		17,246	10,620
OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		17,246	10,620

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
(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⁾		400	400
Credit Cards / Purchase Cards		10	10
Total Financing Arrangements		410	410
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		2	4
Total Financing Arrangements Utilised		2	4

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.

(e) Net Cash Flows Attributable to Discontinued Operations

Please refer to Note 24 for details of Cash Flows that relate to Discontinued Operations

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2010	Actual 2009
(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		44	46
Plant & Equipment		458	175
Infrastructure		1,512	2,087
Open Space Works		475	100
Environmental Works		16	183
Watsons Bay Baths Reconstruction		1,959	-
Other		51	54
Total Commitments		4,515	2,645
These expenditures are payable as follows:			
Within the next year		4,515	2,645
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
Total Payable		4,515	2,645
(b) Other Expenditure Commitments (exclusive of GST)			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
DWM & Recycling Services		1,778	1,149
Audit Services		205	253
Total Commitments		1,983	1,402
These expenditures are payable as follows:			
Within the next year		1,408	1,197
Later than one year and not later than 5 years		575	205
Later than 5 years		-	-
Total Payable		1,983	1,402

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(c) Finance Lease Commitments			
Nil		_____	_____
(d) Operating Lease Commitments (Non Cancellable)			
a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:			
Within the next year		54	66
Later than one year and not later than 5 years		33	51
Later than 5 years		-	-
Total Non Cancellable Operating Lease Commitments		87	117

b. Non Cancellable Operating Leases include the following assets:

Photocopiers

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2010	Actual 2009
Conditions relating to Finance & Operating Leases:			
- All Finance & Operating Lease Agreement are secured only against the Leased Asset.			
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.			
(e) Investment Property Commitments			
Nil			
(f) Remuneration Commitments			
Commitments for the payment of salaries & other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities are payable:			
Within the next year		3,508	3,285
Later than one year and not later than 5 years		7,284	9,501
Later than 5 years		-	-
Total Payable		10,792	12,786

(g) Investment in Associates / Joint Ventures - Commitments

For Capital Commitments and Other Commitments relating to Investments in Associates & Joint Ventures, refer to Note 19 (b)

Woollahra Municipal Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Amounts 2010	Indicator 2010	Prior Periods 2009 2008	
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	<u>31,361</u>	2.25 : 1	2.23	3.22
Current Liabilities less Specific Purpose Liabilities ^(2,3)	<u>13,925</u>			
2. Debt Service Ratio				
Debt Service Cost	<u>1,383</u>	2.22%	2.35%	0.85%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>62,278</u>			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	<u>38,705</u>	53.52%	57.35%	52.87%
Revenue from Continuing Operations	<u>72,324</u>			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	<u>1,888</u>	4.64%	4.86%	4.21%
Rates, Annual & Extra Charges Collectible	<u>40,713</u>			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure]	<u>5,506</u>	73.50% ⁽⁵⁾	124.02%	121.28%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	<u>7,491</u>			

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(c) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

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

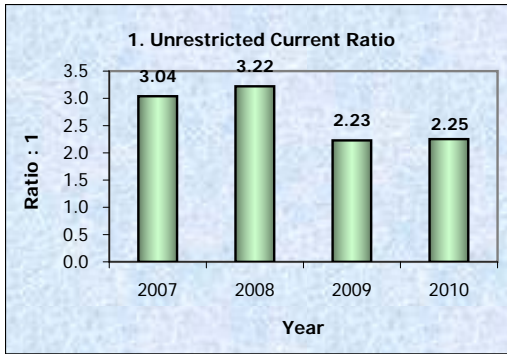
⁽⁵⁾ For the 2010 disclosure there was a refinement of the distinction between "Asset renewals" and "Asset Upgrade", lowering the renewals figure and reducing the ratio.

Woollahra Municipal Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

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

\$ '000



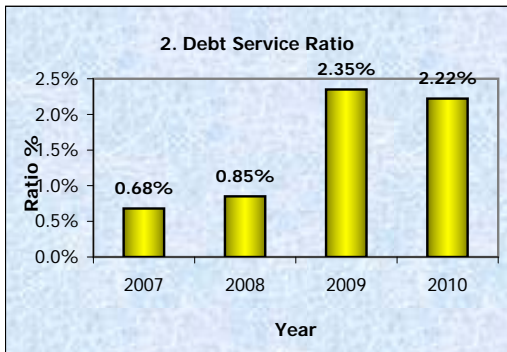
Purpose of Unrestricted Current Ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Commentary on 2009/10 Result

2009/10 Ratio 2.25 : 1

The 2010 result is in line with forecast results and indicates that Council has adequate capacity to meet its short term obligations.



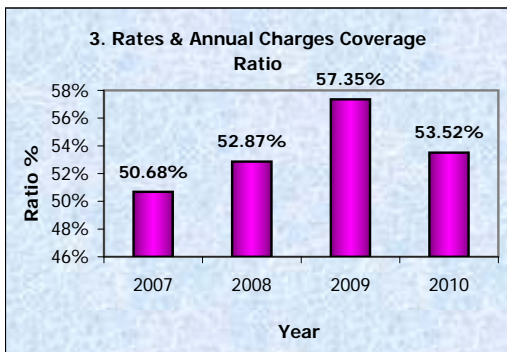
Purpose of Debt Service Ratio

To assess the impact of loan principal & interest repayments on the discretionary revenue of council.

Commentary on 2009/10 Result

2009/10 Ratio 2.22%

The 2010 result is in line with forecast.



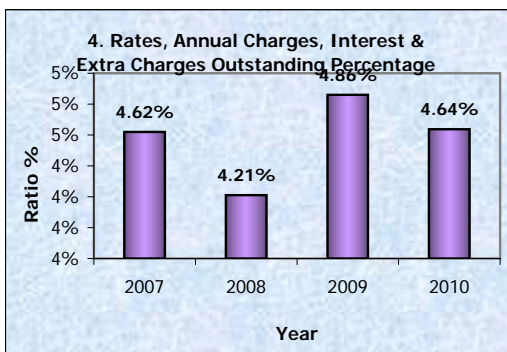
Purpose of Rates & Annual Charges Coverage Ratio

To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.

Commentary on 2009/10 Result

2009/10 Ratio 53.52%

The 2010 figure is lower than 2009 (which better reflects Council's "normal" Rates & Annual Charges Coverage Ratio) mainly due to it including the Cosmopolitan Centre Agreement for Lease payment of \$4m.



Purpose of Rates & Annual Charges Outstanding Ratio

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2009/10 Result

2009/10 Ratio 4.64%

The benchmark percentage for a metropolitan Council is 5%. The 2010 result remains less than benchmark, and the decrease is indicative of the effective recovery action taken during the year.

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 14. Investment Properties

\$ '000	Notes	Actual 2010	Actual 2009
(a) Investment Properties at Fair value			
<u>Investment Properties on Hand</u>		<u>11,064</u>	<u>11,064</u>
Reconciliation of Annual Movement:			
Opening Balance		11,064	11,038
- Acquisitions			-
- Capitalised Expenditure - this year			26
CLOSING BALANCE - INVESTMENT PROPERTIES		<u>11,064</u>	<u>11,064</u>

(b) Valuation Basis

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

The 2010 revaluations were based on Independent Assessments made by:

[Liquid Pacific Valuers](#). The valuation moved by less than 5% and has not been brought to account.

(c) Contractual Obligations at Reporting Date

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

(d) Leasing Arrangements

Details of leased Investment Properties are as follows;

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

Within 1 year	374	360
Later than 1 year but less than 5 years	1,206	1,579
Later than 5 years	-	-
Total Minimum Lease Payments Receivable	<u>1,580</u>	<u>1,939</u>

(e) Investment Property Income & Expenditure - summary

Rental Income from Investment Properties:		
- Minimum Lease Payments	543	307
Direct Operating Expenses on Investment Properties:		
- that generated rental income	(230)	(423)
- that did not generate rental income	-	-
Net Revenue Contribution from Investment Properties	<u>313</u>	<u>(116)</u>
plus:		
Fair Value Movement for year	<u>-</u>	<u>-</u>
Total Income attributable to Investment Properties	<u>313</u>	<u>(116)</u>

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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	
	2010	2009	2010	2009
Financial Assets				
Cash and Cash Equivalents	7,580	8,330	7,580	8,330
Investments				
- "Held for Trading"	-	-	-	-
- "Designated At Fair Value on Initial Recognition"	11,244	12,881	11,244	12,881
- "Held to Maturity"	18,000	13,000	18,000	13,000
Receivables	6,105	6,700	6,105	6,700
Total Financial Assets	42,930	40,911	42,930	40,911
Financial Liabilities				
Bank Overdraft	-	-	-	-
Payables	17,345	17,250	17,345	17,250
Loans / Advances	7,666	8,423	7,666	8,423
Total Financial Liabilities	25,011	25,673	25,011	25,673

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.

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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 optimise its return on cash & investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's Finance Department manages its Cash & Investments portfolio with the assistance of independent advisor.

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 counterparty (to an investment) will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

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

The following represents a summary of the sensitivity of Council's Income Statement and Accumulated Surplus (during 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
2010				
Possible impact of a 10% movement in Market Values	1,124	1,124	(1,124)	(1,124)
Possible impact of a 1% movement in Interest Rates	380	380	(380)	(380)
2009				
Possible impact of a 10% movement in Market Values	1,288	1,288	(1,288)	(1,288)
Possible impact of a 1% movement in Interest Rates	342	342	(342)	(342)

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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.

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

The level of outstanding receivables is reported to Council quarterly.

Council makes suitable provision for doubtful receivables as required.

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:

	2010	2010	2009	2009
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	4,071	-	4,793
Past due by up to 30 days	604	201	600	134
Past due between 31 and 180 days	239	295	240	115
Past due between 181 and 365 days	366	27	361	78
Past due by more than 1 year	382	2	385	91
	1,591	4,596	1,586	5,211

(ii) Movement in Provision for Impairment of Receivables

	2010	2009
Balance at the beginning of the year	97	91
+ new provisions recognised during the year	71	6
- amounts already provided for & written off this year	(87)	
- amounts provided for but recovered during the year		
- previous impairment losses reversed		
Balance at the end of the year	81	97

Woollahra Municipal Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

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.

As well, payment terms can (in extenuating circumstances) be extended & overdraft facilities can be drawn down.

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		
2010									
Bank Overdraft	-							-	-
Trade/Other Payables	11,999	4,870						16,869	17,345
Loans & Advances		757	1,383	1,380	1,383	1,382	4,680	10,965	7,666
Lease Liabilities								-	-
Total Financial Liabilities	11,999	5,627	1,383	1,380	1,383	1,382	4,680	27,834	25,011
2009									
Bank Overdraft	-	-	-	-	-	-	-	-	-
Trade/Other Payables	11,811	4,870	-	-	-	-	-	16,681	17,250
Loans & Advances	-	757	1,383	1,380	1,383	1,382	4,680	10,965	8,423
Lease Liabilities	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	11,811	5,627	1,383	1,380	1,383	1,382	4,680	27,646	25,673

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:

	2010		2009	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	17,345	0.0%	17,250	0.0%
Loans & Advances - Fixed Interest Rate	7,666	7.3%	8,423	7.3%
	<u>25,011</u>		<u>25,673</u>	

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 16. Material Budget Variations

Council's Original Financial Budget for 09/10 was incorporated as part of its Management Plan and was adopted by the Council on 28 June 2009.

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.

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

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

\$ '000	2010 Budget	2010 Actual	2010 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	38,649	38,705	56	0%	F
\$0 relates to consolidated entities. Council's variance is \$56k F.					
Rates revenues were less than budget by only \$50k (U). Revenue from the Domestic Waste Management and Additional Services annual charges exceeded budget by \$105k (F). The total of these variations is \$55k (F).					
User Charges & Fees	7,661	7,909	248	3%	F
\$232k relates to consolidated entities. Council's variance is \$16k F.					
Material variations include Trade Waste Charges \$254k (F), Preschool Fees \$16k (F), Miscellaneous Sales \$49k (F), Mobile Bin Sales \$21k (F), Parking Meter Fees \$15k (F), Certificate Fees \$25k (F), Dog Licences \$14k (F), Hoarding Applications Fees \$29k (F) and Residential Parking Permits Fees \$31k (F) offset by reductions in Restorations Charges \$258k (U) which is more than offset by reduced expenditure, Development Application and related fees \$103k (U) and Compliance Levies \$83k (U). The total of these variances is \$13k (U).					
Interest & Investment Revenue	1,620	3,076	1,456	90%	F
\$30k relates to consolidated entities. Council's variance is \$1,426k F.					
The actual figure includes the Fair Value increases of Council's investment portfolio as at 30 June of \$636k (F) The remainder of the variance arises from a conservative budget adopted at the start of the year and the increase in interest rates experienced over the course of the financial year.					

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 16. Material Budget Variations

\$ '000

Other Revenues	10,879	11,128	249	2%	F
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\$196k relates to consolidated entities. Council's variance is \$53k F.

Material variations include Infringements \$662k (F), Recovered Costs \$477k (F), Fuel Tax Credits \$66k (F), offset by reductions in Lease & Rental Income \$66k (U), Risk Management Bonuses \$68k (U), Pre DA Lodgement Advice Fees \$36k (U), Sale of Recyclable Material \$48k (U), Work Zone charges \$123k (U), Car Park Leases \$471k (U) which were partly offset by reduced contracted operating costs, and Sundry Income \$348k (U) which includes \$500k budget for settlement of Council's action against Lehman Brothers. The total of these variances is \$45k (F).

Operating Grants & Contributions	6,578	8,218	1,640	25%	F
---	--------------	--------------	--------------	------------	----------

\$1,250k relates to consolidated entities. Council's variance is \$390k F.

Part of this variation relates to the Roads to Recovery grant received by Council being budgeted as Capital and disclosed in the Financial Statements as Operating, \$195k (F). Other material variances include Waste Performance Improvement payments \$59k (F), a Sustainability Officer grant \$78k (F) and Library grants \$52k (F). The total of these variations is \$384k (F).

Capital Grants & Contributions	2,586	3,288	702	27%	F
---	--------------	--------------	------------	------------	----------

\$0 relates to consolidated entities. Council's variance is \$702k F.

The largest material variation is the receipt of Developer Contributions which exceeded the original Budget by \$921k (F). Other material variations are from the timing of expenditure on capital projects and include: Flood Study grants \$32k (F), Bellevue Hill Streetscape contributions \$55k (F), Old South Head Road \$61k (F), The Gap \$154k (F), Environmental grants \$157k (F), Cooper Creek grants \$60k (U), Lyne Park \$474k (U) and the Library's RFID project \$124k (U). The total of these variations is \$722k (F).

Woollahra Municipal Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

Note 16. Material Budget Variations (continued)

\$ '000	2010 Budget	2010 Actual	2010 ----- Variance* -----	
EXPENSES				
Employee Benefits & On-Costs	28,752	31,915	(3,163)	(11%) U
<p>\$1,846k relates to consolidated entities. Council's variance is \$1,317k U. Material variations include the disclosure of Training Costs here that are budgeted as 'Other Expenses' \$194k (U) Other material variations are Salaries & Wages \$690k (U), Leave Entitlement provisioning and termination payments \$451k (U), Fringe Benefits Tax \$61k (U) and Works Compensation Insurance \$167k (U). These variances were offset by reduced Superannuation expenses \$225k (F). The total of these variations is \$1,338 (U).</p>				
Borrowing Costs	626	626	(0)	(0%) U
<p>No material variances.</p>				
Materials & Contracts	12,338	11,661	677	5% F
<p>\$204k U relates to consolidated entities. Council's variance is \$881k F. The largest variations are \$389k (F) in reduced restorations contract works (offset by by reduced Restoration charges - refer to User Charges & Fees above) and \$399k (F) in reduced Car Park operating contract expenses (offset by reduced Car Park lease income - refer to User Charges & Fees above). Other material under expenditure includes Infrastructure Maintenance \$102k (F), due to increased capital works, Governance \$26k (F), IT \$67k (F) due to changes in maintenance agreements, \$24k (F) in property maintenance, Recycling contract \$71k (F), Legal expenses \$188k (F) and fuel costs \$91k (F). These variations were offset by additional expenditure of \$172k (U) for New Years Eve, Stores issues \$103k (U) and Temporary Staff \$84k (U). In addition, \$109k (U) of expenditure in the Capital Budget has been expensed. The total of these variations is \$889k (F).</p>				
Depreciation & Amortisation	10,121	10,349	(228)	(2%) U
<p>\$158k relates to consolidated entities. Council's variance is \$70k U. No material variances.</p>				
Other Expenses	12,260	11,780	480	4% F
<p>\$456k F relates to consolidated entities. Council's variance is \$24k F. Material variances include under expenditure of \$100k (F) on advertising, \$157k (F) on Contributions to Other Organisations (\$101k of which relates to the Double Bay Partnership), Insurance premiums \$130k, CTP and Registrations \$95k (F), Streetlighting charges \$299k (F) and courses & seminars \$91k (F). These items were offset by additional expenditure on Waste Disposal charges \$254k (U), Interest on Deposits Refunded \$211k (U), doubtful debts provisioning \$51k (U), Emergency Management Contributions \$84k (U), electricity charges \$71k (U), postage \$28k (U), SES shared expenses \$15k (U), water rates \$70k (U), self funded losses \$121k and recoverable expenses \$136k (U) which is offset by increased income in 'Other Revenues'. Staff Training budgeted as 'Other Expenses' totalling \$194k (F) is disclosed as 'Employee Benefits'. The total of these variations is \$25k (F).</p>				
Net Disposal of Assets - (Loss)/Gain	(156)	528	(684)	438% U
<p>\$2k F relates to consolidated entities. Council's variance is \$686k U. Material variations here are \$302k (U) arising from the write off of the book value of replaced parking meters and \$423k (U) in reduced proceeds from the sale of unmade road. The balance of the variation arises from the routine replacement of Council's plant and vehicle fleet.</p>				

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 16. Material Budget Variations (continued)

\$ '000	2010 Budget	2010 Actual	2010 Variance*	
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Budget Variations relating to Council's Cash Flow Statement include:

Cash Flows from Operating Activities	13,719	17,246	3,527	25.7%	F
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\$201k relates to consolidated activities. Council's variance is \$3,283k F.

The material variances arising from Council's Operating Activities outlined above, excluding non-cash items, indicate a net improvement in cash from operating activities of \$2,014 (F). Other material variances arise from the forecast movement in Receivables \$407k (F), Prepayments \$341k (F) and Payables \$408k (F).

The total of these variations is \$3,170k (F).

Cash Flows from Investing Activities	(10,373)	(17,239)	(6,866)	66.2%	U
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\$25k relates to consolidated entities. Council's variance is \$6,798k U.

Completion of capital projects rolled over from 2008/2009 increased the forecast cash outflow on Infrastructure, Property, Plant & Equipment by \$2,293k (U) (Projects rolled over reduced from \$10,853k to \$8,560k year to year). Additional capital expenditure was approved during the year, mainly on streetscapes projects, totalling \$1,159k (U). Reduced proceeds from unmade roads sales was the main contributor to a \$703 (U) shortfall. These variations were offset by maturing long term investment securities \$2,272 (F) and the purchase of additional Long Term Deposits (refer Note 6(b)) \$5,000 (U). The total of these variances is \$6,883 (F)

Cash Flows from Financing Activities	(757)	(757)	0	(0.0%)	F
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This cash outflow arises from the repayment of debt. There are no material variances.

Woollahra Municipal Council

Notes to the Financial Statements

for the financial year ended 30 June 2010

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	1,641	392	-	86	-	-	2,120	-	(3,000)	(880)	-
Open Space	63	-	-	5	(64)	-	4	-	-	4	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Civic Improvements	35	-	-	1	-	-	36	-	(616)	(580)	-
Recreation	210	9	-	11	-	-	230	-	(560)	(330)	-
Plan Preparation & Administration	23	6	-	1	-	-	30	-	(80)	(50)	-
Other	-	-	-	-	-	-	-	-	-	-	-
S94 Contributions - under a Plan	1,972	407	-	104	(64)	-	2,420	-	(4,256)	(1,836)	-
S94A Levies - under a Plan	1,564	1,920	-	76	(2,388)	-	1,172	3,680	(4,620)	232	-
Total S94 Revenue Under Plans	3,536	2,327	-	180	(2,452)	-	3,592	3,680	(8,876)	(1,604)	-
S94 not under Plans	673	-	-	27	(647)	-	53	-	-	53	-
Total Contributions	4,209	2,327	-	207	(3,099)	-	3,645	3,680	(8,876)	(1,551)	-

Woollahra Municipal Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - 1997 Contributions 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	
Drainage	-						-			-	
Roads	-						-			-	
Traffic Facilities	-						-			-	
Parking	377			20			397			397	
Open Space	63			5	(64)		4			4	
Community Facilities	-						-			-	
Other	-						-			-	
Total	440	-	-	25	(64)	-	401	-	-	401	-

CONTRIBUTION PLAN - 2002 Contributions Plan

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Parking - Rose Bay	-	392		18			410			410	
Parking - Double Bay	1,264			48			1,312		(3,000)	(1,688)	
Open Space	-						-			-	
Community Facilities	-						-			-	
Civic Improvements	35			1			36		(616)	(580)	
Recreation	210	9		11			230		(560)	(330)	
Plan Preparation & Administration	23	6		1			30		(80)	(50)	
Total	1,532	407	-	79	-	-	2,018	-	(4,256)	(2,238)	-

Woollahra Municipal Council

Notes to the Financial Statements
for the financial year ended 30 June 2010

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN - 2005 Contributions 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	
Drainage	-						-			-	
Roads	-						-			-	
Traffic Facilities	-						-			-	
Parking	-						-			-	
Open Space	-						-			-	
Community Facilities	-						-			-	
Other	1,564	1,920		76	(2,388)		1,172	3,680	(4,620)	232	
Total	1,564	1,920	-	76	(2,388)	-	1,172	3,680	(4,620)	232	-

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-						-			-	
Roads	-						-			-	
Traffic Facilities	-						-			-	
Parking	673			27	(647)		53			53	
Open Space	-						-			-	
Community Facilities	-						-			-	
Total	673	-	-	27	(647)	-	53	-	-	53	-

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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 and that member Councils will need to make significantly higher contributions from 2010/11 & beyond.

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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 Council's intention to spend funds in the manner and timing set out in those Plans.

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

Council has land zoned as 'Open Space' under its Local Environmental Plans which it may be required to acquire. The lands generally provide access to foreshore open space. While there is potential for Council to be required to acquire this land it is considered unlikely to occur as the land is integral to the adjoining sites and it would be unusual to be sold as the owners generally want to protect riparian rites. It is not practical at this point in time to estimate the potential financial impact.

(iv) Lehman Brothers swap counter party securities

Council continues to value these securities based on decisions of the courts of relevant jurisdiction (UK), however, future decisions may mean that Council will not realise the values carried in Note 6. It is not possible to reliably measure this potential impact on the value of the securities.

ASSETS NOT RECOGNISED:

(i) Land Under Roads

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

(ii) Infringement Notices/Fines

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

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

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

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

(iii) Investments

At 30 June 2010 Council valued a number of its CDOs at \$Nil based on its assessment of the material risk of total loss.

It is possible that, through either the sale or maturity of these securities, Council will receive greater than \$Nil.

Accordingly, at year end, there is a potential asset of Council in the amount by which any return from these securities exceeds \$Nil. However, there is no reliable basis upon which Council is able to determine the value of this potential asset.

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000

Council's objectives can and in some cases are best met through the use of separate entities & operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils, Bodies and other Outside Organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of Councils (i) interest and (ii) control and the type (form) of entity/operation, as follows;

Subsidiaries

Note 19(a)

Operational Arrangements where Councils Control (but not necessarily Interest) exceeds 50%

Associated Entities & Joint Venture Entities

Note 19(b)(i)&(ii)

Arrangements in the form of a Separate Entity that deploys the resources of the operation itself. Under Associated Entities, Council significantly influences the operations (but does not control them, whilst for JV Entities, Council Jointly Controls the Operations with other parties.

Joint Venture Operations

Note 19(c)

Arrangements that do not comprise an actual individual entity which can deploy the resources of the individual participants. Under JV Operations, Council Jointly Controls the operations with the Other Parties involved.

Subsidiaries, Associated Entities and Joint Ventures Not Recognised

Note 19(d)

Accounting Recognition:

(i) Subsidiaries disclosed under Note 19(a), and Joint Venture Operations disclosed at Note 19(c), are accounted for on a Line by Line Consolidation basis within the Income Statement and Balance Sheet.

(ii) Associated Entities and Joint Venture Entities as per Notes 19(b)(i) & (ii) are accounted for using the Equity Accounting Method - and are disclosed as a 1 line entry in both the Income Statement and Balance Sheet.

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2010	Actual 2009	Actual 2010	Actual 2009
Premature Insurance Pool	-	-	-	-
Total	-	-	-	-

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000

19(a) Subsidiaries (ie. Entities & Operations controlled by Council)

These consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with AASB 127 and the accounting policy described in Note 1(c).

Name of Operation/Entity	Principal Activity	Type of Entity	Equity Holding	
			2010	2009
Holdsworth Street Community Centre Woollahra	Provision of community based services in the Woollahra area	Incorporated	100%	100%
Current Year Financial Movements in Total Operation/Entity		Gross Financial Summary of Subsidiary		
Opening Equity Balance	691	Assets		1,416
New Capital Contributions		Liabilities		(767)
Operating Result	(42)	Net Equity		649
Adjustment to Equity Share				
Distributions Paid		Revenues		2,435
Closing Equity Balance	649	Net Profit		(42)
Minority Interest Share	-	Minority Interest Share		-

19(b) Associated Entities & Joint Venture Entities

Council remains a member of the Premsure Insurance Pool but has a \$Nil equity interest.

19(c) Joint Venture Operations

Council has no interest in any Joint Venture Operations.

19(d) Subsidiaries, Associated Entities & Joint Venture Operations Not Recognised

None.

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2010	Actual 2009
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		655,763	657,068
a. Correction of Prior Period Errors	20 (c)	30,099	-
b. Changes in Accounting Policies (Prior Period Effects)	20 (d)	165,811	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		5,465	(1,305)
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
g. Other Changes (disclosure required)		-	-
Balance at End of the Reporting Period		<u>857,137</u>	<u>655,763</u>

b. Reserves

(i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	57,113	24,356
Total	<u>57,113</u>	<u>24,356</u>

(ii). Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve		
- Opening Balance	24,356	24,356
- Revaluations for the year	32,757	-
- Balance at End of Year	<u>57,113</u>	<u>24,356</u>

TOTAL VALUE OF RESERVES	<u>57,113</u>	<u>24,356</u>
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(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.

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
c. Correction of Error/s relating to a Previous Reporting Period			
<p>As part of Council's transition to measuring all its I,PP&E at Fair Values, Council this year reviewed and brought to account Fair Values for the following Asset Classes:</p> <ul style="list-style-type: none"> - Roads, Bridges, Footpaths - Bulk Earthworks (non depreciable) - Stormwater Drainage Assets <p>As part of that evaluation & measurement process, the remaining useful life of each asset has been reassessed to actual.</p> <p>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.</p> <p>Council does not have sufficient and reliable information that will allow the restatement of information prior to 30/6/09 (the closing date for the comparative figures in this report).</p> <p>As a result, Council has adjusted the accumulated depreciation for the following asset classes as at 30/6/09 to reflect the correct value of accumulated depreciation;</p>			
Roads, Bridges, Footpaths (increase)/decrease to accumulated depreciation		30,099	-
These adjustments resulted in net increase / (decrease) in Council's Retained Earnings as at 30/6/09.		<u>30,099</u>	<u>-</u>
d. Voluntary Changes in Accounting Policies			
<p>Council recognised for the first time Bulk Earthworks (non-depreciable) as part of its revaluation of Roads, Bridges, Footpaths. These earthworks comprise the subgrade layer of Council's Roads.</p> <p>This has had the effect of increasing I,PP&E by:</p> <p>These adjustments resulted in net increase / (decrease) in Council's Retained Earnings as at 30/6/09.</p> <p>In addition, Council changed the valuation methodology of its Stormwater Drainage. The current replacement cost now reflects the cost to reline stormwater pipes where appropriate rather than the full replacement cost as previously used.</p> <p>As a result, Council adjusted the valuation and accumulated depreciation of its Stormwater Drainage assets as at 30/6/09 to reflect the correct values.</p> <ul style="list-style-type: none"> - Stormwater Drainage Assets increase/(decrease) to fair value - Stormwater Drainage Assets (increase)/decrease to accumulated depreciation <p>These adjustments resulted in net increase / (decrease) in Council's Retained Earnings as at 30/6/09.</p>			
		170,818	-
		<u>170,818</u>	<u>-</u>
		(4,511)	-
		(496)	-
		<u>(5,007)</u>	<u>-</u>
Total Prior Period Adjustments - Accounting Policy Changes		<u>165,811</u>	<u>-</u>

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 21. Discontinued Operations

\$ '000	Actual 2010	Actual 2009
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Council has not classified any of its Operations as "Discontinued".

Woollahra Municipal Council

Notes to the Financial Statements for the financial year ended 30 June 2010

Note 22. Additional Council Disclosures - Council Information

Principal Place of Business:

536 New South Head Road
Double Bay NSW 2028

Contact Details

Mailing Address:

PO Box 61
Double Bay NSW 2028

Telephone: 02 9391 7000

Facsimile: 02 9391 7044

Opening Hours

Mon - Fri 8:00 am to 4:30 pm

Internet: www.woollahra.nsw.gov.au

Email: records@woollahra.nsw.gov.au

Officers

GENERAL MANAGER

Gary James

RESPONSIBLE ACCOUNTING OFFICER

Don Johnston, Manager Finance

PUBLIC OFFICER

Stephen Dunshea, Director Corporate Services

AUDITORS

Hill Rogers Spencer Steer

Other Information

ABN: 32 218 483 245

Elected Members

MAYOR

Andrew Petrie (to 21 September 2010)

Isabelle Shapiro (from 22 September 2010)

COUNCILLORS

Anthony Boskovitz

Sean Carmichael

Peter Cavanagh

Lucienne Edelman

Nicola Grieve

Chris Howe

Susan Jarnason

Greg Medcraft

Ian Plater

David Shoebridge

Susan Wynne

Malcolm Young

Toni Zeltzer

Hill Rogers
Spencer Steer

WOOLLAHRA MUNICIPAL COUNCIL
GENERAL PURPOSE FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying *general purpose financial statements* of *Woollahra Municipal Council*, which comprises the Balance Sheet as at 30 June 2010, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

Responsibility of Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1993. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. Our audit responsibility does not extend to the original budget information disclosed in the Income Statement, Statement of Cash Flows, and Note 2(a) or the budget variation explanations disclosed in Note 16. Nor does our responsibility extend to the projected future developer contributions and costs disclosed in Note 17 or the additional disclosures in Notes 22. Accordingly, no opinion is expressed on these matters.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting

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

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

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

Independence

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

Auditor's Opinion

In our opinion,

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

Emphasis of Matter

Without qualification to the opinion expressed above, we draw attention to following matter.

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

At 30 June 2010, Council's investment portfolio totalled \$35.8 million and included securities that have been impacted by this market volatility. The impact on individual securities varies depending on their degree of exposure to affected markets. Some of these securities do not have market values that are independently quoted and they are not widely traded. Independent market valuations are not readily available and in many cases, values have been assessed

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based on estimates from issuers and/or other available market information. Based on available information, Council has restated some of these investments to fair value as at 30 June 2010, resulting in a write up of \$70,000. The limited availability of reliable market values and the ongoing volatility of financial markets introduce uncertainty to the valuation process. Accordingly, further changes to the stated fair value, recoverability, liquidity, cash flows and rates of return may arise as investments are disposed of and/or new information comes to hand.

As a consequence of the above, and the continuing instability of the current investment environment, there is significant uncertainty regarding the value, recoverability, liquidity, cash flow and rates of return, the resolution of which is dependent upon future events and which may materially affect the financial statements.

HILL ROGERS SPENCER STEER



Gary F. MOTTAU
Partner

Dated at Sydney this 29th day of October 2010

Hill Rogers
Spencer Steer

29 October 2010

The Mayor
Woollahra Municipal Council
PO Box 61
DOUBLE BAY NSW 2028

Mayor,

Audit Report - Year Ended 30 June 2010

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2010 and that all information required by us was readily available. We have signed our report as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General Purpose Financial Statements.

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

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

1. RESULTS FOR THE YEAR

1.1 Operating Result

The operating result for the year was a surplus of \$5.465 million as compared with a deficit of \$1.305 million in the previous year.

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

	2010 \$'000	% of Total	2009 \$'000	% of Total	Increase (Decrease) \$'000
Revenues before capital items					
Rates & annual charges	38,705	56%	37,066	61%	1,639
User charges, fees & other revenues	19,037	28%	18,317	30%	720
Grants & contributions provided for operating purposes	8,218	12%	4,051	7%	4,167
Interest & investment revenue	3,076	4%	1,800	3%	1,276
	69,036	100%	61,234	100%	7,802
Expenses					
Employee benefits & costs	31,915	48%	29,588	45%	2,327
Materials, contracts & other expenses	23,969	36%	25,424	39%	(1,455)
Depreciation, amortisation & impairment	10,349	15%	10,243	16%	106
Borrowing costs	626	1%	680	1%	(54)
	66,859	100%	65,935	100%	924
Surplus(Deficit) before capital items	2,177		(4,701)		6,878
Grants & contributions provided for capital purposes	3,288		3,396		(108)
Net Surplus(Deficit) for the year	5,465		(1,305)		6,770

The table above shows an overall increase over the previous year of \$6.770 million and can be attributable mainly to the following;

- Contribution for entering into a lease agreement for the Cosmopolitan Centre (\$4 million);
- Legal costs for planning and development matters decrease by \$1.512 million; and
- Interest and investment revenues increased by \$1.276 million.

1.2 Funding Result

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

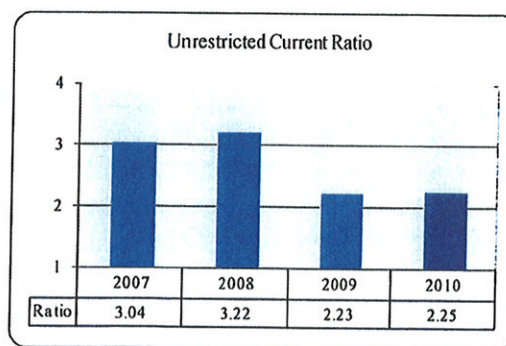
	2010	2009
	\$'000	\$'000
Funds were provided by:-		
Operating Result (as above)	5,465	(1,305)
Add back non funding items:-		
- Depreciation, amortisation & impairment	10,349	10,243
- Book value of non current assets sold	1,708	1,455
	<u>17,522</u>	<u>10,393</u>
New loan borrowings	0	0
Transfers from externally restricted assets (net)	0	0
Transfers from internal reserves (net)	0	8,774
Net Changes in current/non current assets & liabilities	1,049	802
	<u>18,571</u>	<u>19,969</u>
Funds were applied to:-		
Purchase and construction of assets	(16,120)	(15,514)
Increase/Purchase in Non Current Investments	0	(3,000)
Principal repaid on loans	(757)	(703)
Transfers to externally restricted assets (net)	(36)	(584)
Transfers to internal reserves (net)	(1,461)	0
	<u>(18,374)</u>	<u>(19,801)</u>
Increase(Decrease) in Available Working Capital	197	168

2. FINANCIAL POSITION

2.1 Unrestricted Current Ratio

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

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$17.436 million representing a factor of 2.25 to 1.



2.2 Available Working Capital – (Working Funds)

A more meaningful financial indicator specific to local government is the level of **Available Working Capital**. Net Current Assets are adjusted by eliminating both external and internal restrictions held for future purposes.

At the close of the year Available Working Capital stood at \$2.758 million as detailed below;

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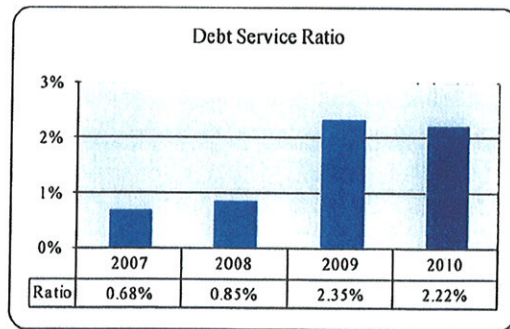
	2010	2009	Change
	\$'000	\$'000	\$'000
Net Current Assets (Working Capital) as per Accounts	13,441	13,005	436
<i>Add:</i> Payables & provisions not expected to be realised in the next 12 months included above	12,588	11,751	837
Adjusted Net Current Assets	26,029	24,756	1,273
<i>Add:</i> Budgeted & expected to pay in the next 12 months			
- Borrowings	814	757	57
- Employees leave entitlements	3,008	2,954	54
- Security bonds & retention moneys	4,847	4,537	310
<i>Less:</i> Externally restricted assets	(8,594)	(8,558)	(36)
<i>Less:</i> Internally restricted assets	(23,346)	(21,885)	(1,461)
Available Working Capital as at 30 June	2,758	2,561	197

The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures.

2.3 Debt

Operating revenue (excluding special purpose grants and contributions) required to service debt (loan repayments) was 2.22%.

Principal and interest paid was \$1.383 million leaving total debt as at 30 June 2010 at \$7.666 million.



2.4 Summary

Subject to the possibility of further investment write downs, Council's overall financial position, when taking into account the above financial indicators is, in our opinion, satisfactory.

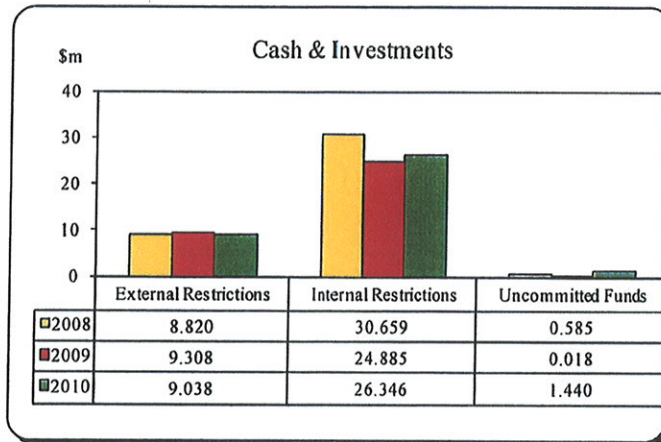
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3. CASH ASSETS

3.1 Cash & Investments

Cash and investments totalled \$36.824 million at the close of the year as compared with \$34.211 million in 2009 and \$40.064 million in 2008.

The table alongside summarises the purposes for which cash and investments were held.



Externally restricted cash and investments are restricted in their use by externally imposed requirements and consisted of unexpended development contributions under Section 94 (\$3.644 million), infrastructure, stormwater management & environmental levies (\$2.757 million), domestic waste management charges (\$1.388 million) and specific purpose grants (\$1.249 million).

Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's "Reserves". These reserves totalled \$26.346 million.

Unrestricted cash and investments amounted to \$1.440 million.

3.2 Cash Flows

The Statement of Cash Flows illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that funds decreased by \$750,000 to \$7.580 million at the close of the year.

In addition to operating activities which contributed net cash of \$17.246 million were the proceeds from the sale of investment securities (\$2.272 million) and sale of property, plant and equipment (\$1.137 million). Cash outflows other than operating activities were used to purchase investments securities (\$5 million), repay loans (\$757,000) and to purchase and construct assets (\$15.649 million).

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4. RECEIVABLES

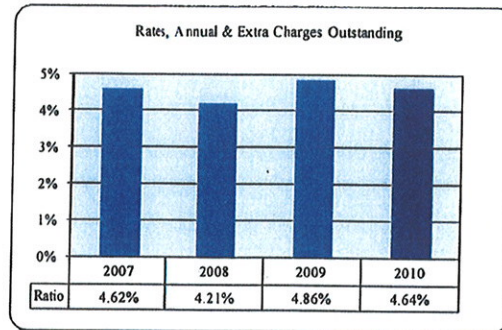
4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the year totalled \$38.705 million and represented 53.52% of Council's total revenues.

Including arrears, the total rates and annual charges collectible was \$40.291 million of which \$38.701 million (96.05%) was collected.

4.2 Rates, Annual & Extra Charges

Arrears of rates, annual & extra charges stood at \$1.888 million at the end of the year & represented 4.64% of those receivables.



4.3 Other Receivables

Receivables (other than rates & annual charges) totalled \$4.300 million. Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$82,000.

5. PAYABLES

5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$8.663 million. The cash reserve of \$902,000 represented 10.41%.

5.2 Deposits, Retentions & Bonds

Deposits, Retentions and Bonds held at year end amounted to \$11.999 million. Internally restricted cash and investments of \$6.607 million were held at year end representing 55.06% of this liability and are more than adequate to meet anticipated repayments in the near future.

6. REVALUATION OF ASSETS

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

This year, roads, bridges, footpaths and stormwater drains were revalued. The revaluation process resulted in a net increase to equity of \$228.666 million. Further details of the revaluation is provided in Notes 1(j) and 9 to the Financial Statements.

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Revaluation to fair value for the remaining asset categories, including community land, other structures and land under roads, will be required as at 30 June 2011.

7. CONCLUSION

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

Yours faithfully,

HILL ROGERS SPENCER STEER



Gary F. MOTTAU
Partner

Woollahra Municipal Council

SPECIAL SCHEDULES
for the year ended 30 June 2010



Woollahra Municipal Council

Special Schedules

for the financial year ended 30 June 2010

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Special Schedules¹

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- Special Schedule No. 7	Condition of Public Works	5
- Special Schedule No. 8	Financial Projections	7

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.

Woollahra Municipal Council

Special Schedule No. 1 - Net Cost of Services for the financial year ended 30 June 2010

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Administration	20,154	1,592	-	(18,562)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	2,184	-	-	(2,184)
Beach Control	-	-	-	-
Enforcement of Local Govt Regs	2,110	5,259	-	3,149
Animal Control	93	36	-	(57)
Other	-	-	-	-
Total Public Order & Safety	4,387	5,295	-	908
Health	353	184	-	(169)
Environment				
Noxious Plants and Insect/Vermin Control	-	-	-	-
Other Environmental Protection	787	480	436	129
Solid Waste Management	7,462	9,732	-	2,270
Street Cleaning	1,422	60	-	(1,362)
Drainage	1,446	-	-	(1,446)
Stormwater Management	-	480	45	525
Total Environment	11,117	10,752	481	116
Community Services and Education				
Administration & Education	2,110	1,051	37	(1,022)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	178	75	-	(103)
Other Community Services	2,769	1,729	-	(1,040)
Total Community Services & Education	5,057	2,855	37	(2,165)
Housing and Community Amenities				
Public Cemeteries	-	-	-	-
Public Conveniences	-	-	-	-
Street Lighting	1,106	298	-	(808)
Town Planning	4,755	1,618	2,327	(810)
Other Community Amenities	-	-	-	-
Total Housing and Community Amenities	5,861	1,916	2,327	(1,618)
Water Supplies	-	-	-	-
Sewerage Services	-	-	-	-

Woollahra Municipal Council

Special Schedule No. 1 - Net Cost of Services (continued)
for the financial year ended 30 June 2010

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	2,693	500	-	(2,193)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	-	-	-	-
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	-	-	-	-
Swimming Pools	-	-	-	-
Parks & Gardens (Lakes)	4,840	508	264	(4,068)
Other Sport and Recreation	73	-	-	(73)
Total Recreation and Culture	7,606	1,008	264	(6,334)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	1,251	888	-	(363)
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	1,251	888	-	(363)
Transport and Communication				
Urban Roads (UR) - Local	4,821	3,145	101	(1,575)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	-	-	-	-
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	812	2,453	-	1,641
Footpaths	1,127	-	-	(1,127)
Aerodromes	-	-	-	-
Other Transport & Communication	3,333	1,531	66	(1,736)
Total Transport and Communication	10,093	7,129	167	(2,797)
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	980	6,340	12	5,372
Total Economic Affairs	980	6,340	12	5,372
Totals – Functions	66,859	37,959	3,288	(25,612)
General Purpose Revenues⁽¹⁾		31,077	-	31,077
Share of interests - joint ventures & associates using the equity method	-	-	-	-
NET OPERATING RESULT FOR YEAR	66,859	69,036	3,288	5,465

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

Woollahra Municipal Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose) for the financial year ended 30 June 2010

\$'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	757	7,666	8,423	-	757	-	-	626	814	6,852	7,666
Other	-	-	-							-	-
Total Loans	757	7,666	8,423	-	757	-	-	626	814	6,852	7,666
Other Long Term Debt											
Ratepayers Advances	-	-	-							-	-
Government Advances	-	-	-							-	-
Finance Leases	-	-	-							-	-
Deferred Payments	-	-	-							-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	757	7,666	8,423	-	757	-	-	626	814	6,852	7,666

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

This Schedule is prepared using the Face Value of debt obligations, rather than Fair Value (as per the GPFS's).

Woollahra Municipal Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2010

\$'000	Actual⁽¹⁾ 09/10	Forecast 10/11	Forecast 11/12	Forecast⁽³⁾ 12/13	Forecast⁽³⁾ 13/14
(i) RECURRENT BUDGET					
Income from continuing operations	72,324	67,734	68,411	69,881	71,623
Expenses from continuing operations	66,859	65,790	67,186	69,207	70,750
Operating Result from Continuing Operations	<u>5,465</u>	<u>1,944</u>	<u>1,225</u>	<u>674</u>	<u>873</u>
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	4,498	2,714	2,108	2,274	2,294
Replacement/Refurbishment of Existing Assets	11,622	9,572	8,612	9,003	9,483
Total Capital Budget	<u>16,120</u>	<u>12,286</u>	<u>10,720</u>	<u>11,277</u>	<u>11,777</u>
Funded by:					
– Loans	2,254	-	-	-	-
– Asset sales	1,024	976	1,465	1,477	1,474
– Reserves	2,438	973	450	123	605
– Grants/Contributions	3,812	2,359	1,293	1,305	1,321
– Recurrent revenue	6,592	7,993	6,997	7,271	7,293
– Other	<u>16,120</u>	<u>12,301</u>	<u>10,205</u>	<u>10,176</u>	<u>10,693</u>

Notes:

(1) From 09/10 Income Statement.

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

(3) The Forecasts for 10/11 to 13/14 are drawn from Council's Draft Long Term Financial Plan - Scenario 2 "Status Quo".