



# Woollahra Municipal Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2011

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*"...a great place to live, work and visit where places  
and spaces are safe, clean and well maintained."*



# Woollahra Municipal Council

## General Purpose Financial Statements

for the financial year ended 30 June 2011

Contents	Page
<b>1. Understanding Council's Financial Statements</b>	2
<b>2. Statement by Councillors &amp; Management</b>	3
<b>3. Primary Financial Statements:</b>	
- Income Statement	4
- Statement of Comprehensive Income	5
- Balance Sheet	6
- Statement of Changes in Equity	7
- Statement of Cash Flows	8
<b>4. Notes to the Financial Statements</b>	9
<b>5. Independent Auditor's Reports:</b>	
- On the Financial Statements (Sect 417 [2])	73
- On the Conduct of the Audit (Sect 417 [3])	75

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

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

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

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 01/11/11. 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 2011

## Understanding Council's Financial Statements

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### Introduction

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

### What you will find in the Statements

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

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

### About the Councillor/Management Statement

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

### About the Primary Financial Statements

The Financial Statements incorporate 5 "primary" financial statements:

#### 1. An Income Statement

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

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

#### 2. A Statement of Comprehensive Income

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

#### 3. A Balance Sheet

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

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

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

#### 5. A Statement of Cash Flows

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

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

### About the Notes to the Financial Statements

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

### About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

### Who uses the Financial Statements ?

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

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

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

# Woollahra Municipal Council

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

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

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

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

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

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


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

**Signed in accordance with a resolution of Council made on 31 October 2011.**



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Susan Wynne  
MAYOR




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Peter Cavanagh  
COUNCILLOR



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Gary James  
GENERAL MANAGER



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Don Johnston  
RESPONSIBLE ACCOUNTING OFFICER

## Woollahra Municipal Council

### Income Statement

for the financial year ended 30 June 2011

Budget <sup>(1)</sup>			Actual	Actual
2011	\$ '000	Notes	2011	2010
<b>Income from Continuing Operations</b>				
<b>Revenue:</b>				
39,932	Rates & Annual Charges	3a	40,009	38,743
9,315	User Charges & Fees	3b	9,474	8,598
2,159	Interest & Investment Revenue	3c	2,522	3,076
9,749	Other Revenues	3d	16,474	10,401
2,641	Grants & Contributions provided for Operating Purposes	3e,f	2,988	8,218
2,461	Grants & Contributions provided for Capital Purposes	3e,f	3,731	3,288
<b>Other Income:</b>				
602	Net gains from the disposal of assets	5	-	-
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
<b>66,859</b>	<b>Total Income from Continuing Operations</b>		<b>75,198</b>	<b>72,324</b>
<b>Expenses from Continuing Operations</b>				
30,021	Employee Benefits & On-Costs	4a	30,581	31,915
569	Borrowing Costs	4b	568	626
11,932	Materials & Contracts	4c	13,124	11,661
10,199	Depreciation & Amortisation	4d	9,080	10,349
12,848	Other Expenses	4e	13,830	11,780
-	Net Losses from the Disposal of Assets	5	1,223	528
<b>65,570</b>	<b>Total Expenses from Continuing Operations</b>		<b>68,406</b>	<b>66,859</b>
<b>1,289</b>	<b>Operating Result from Continuing Operations</b>		<b>6,792</b>	<b>5,465</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>1,289</b>	<b>Net Operating Result for the Year</b>		<b>6,792</b>	<b>5,465</b>
1,289	Net Operating Result attributable to Council		6,792	5,465
-	Net Operating Result attributable to Minority Interests		-	-
<b>(1,172)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>3,061</b>	<b>2,177</b>

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

## Woollahra Municipal Council

### Statement of Comprehensive Income

for the financial year ended 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010
<b>Net Operating Result for the year (as per Income statement)</b>		<b>6,792</b>	<b>5,465</b>
<b>Other Comprehensive Income</b>			
Gain (loss) on revaluation of I,PP&E	20b (ii)	49,699	32,757
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-
Other Movements in Reserves	20b (ii)	-	-
Voluntary changes in Accounting Policies	20d	-	165,811
Adjustment to correct prior period depreciation errors	20c	-	30,098
<b>Total Other Comprehensive Income for the year</b>		<b>49,699</b>	<b>228,666</b>
<b>Total Comprehensive Income for the Year</b>		<b>56,492</b>	<b>234,131</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>56,492</b>	<b>234,131</b>
<b>Total Comprehensive Income attributable to Minority Interests</b>		<b>-</b>	<b>-</b>

# Woollahra Municipal Council

## Balance Sheet

as at 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010	Actual 2009
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents	6a	4,270	7,580	8,330
Investments	6b	29,136	26,244	22,881
Receivables	7	5,751	6,018	6,608
Inventories	8	172	185	199
Other	8	918	903	1,227
Non-current assets classified as 'held for sale'	22	-	-	-
<b>Total Current Assets</b>		<b>40,247</b>	<b>40,930</b>	<b>39,245</b>
<b>Non-Current Assets</b>				
Investments	6b	1,000	3,000	3,000
Receivables	7	106	87	92
Inventories	8	-	-	-
Infrastructure, Property, Plant & Equipment	9	583,265	532,578	660,998
Investments accounted for using the equity method	19	-	-	-
Investment Property	14	19,075	11,064	11,064
Intangible Assets	25	-	-	-
<b>Total Non-Current Assets</b>		<b>603,446</b>	<b>546,729</b>	<b>675,154</b>
<b>TOTAL ASSETS</b>		<b>643,693</b>	<b>587,659</b>	<b>714,399</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	10	18,416	18,231	18,052
Borrowings	10	873	814	757
Provisions	10	8,617	8,444	7,431
<b>Total Current Liabilities</b>		<b>27,906</b>	<b>27,488</b>	<b>26,240</b>
<b>Non-Current Liabilities</b>				
Payables	10	-	-	-
Borrowings	10	5,979	6,852	7,666
Provisions	10	216	219	374
<b>Total Non-Current Liabilities</b>		<b>6,195</b>	<b>7,071</b>	<b>8,040</b>
<b>TOTAL LIABILITIES</b>		<b>34,101</b>	<b>34,559</b>	<b>34,280</b>
<b>Net Assets</b>		<b>609,592</b>	<b>553,100</b>	<b>680,119</b>
<b>EQUITY</b>				
Retained Earnings	20	502,780	495,987	655,763
Revaluation Reserves	20	106,812	57,113	24,356
<b>Council Equity Interest</b>		<b>609,592</b>	<b>553,100</b>	<b>680,119</b>
<b>Minority Equity Interest</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>609,592</b>	<b>553,100</b>	<b>680,119</b>



## Woollahra Municipal Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2011</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		857,137	57,113	<b>914,250</b>	-	<b>914,250</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	(361,150)	-	<b>(361,150)</b>	-	<b>(361,150)</b>
<b>Revised Opening Balance</b> (as at 1/7/10)		<b>495,987</b>	<b>57,113</b>	<b>553,100</b>	-	<b>553,100</b>
<b>c. Net Operating Result for the Year</b>		<b>6,792</b>	-	<b>6,792</b>	-	<b>6,792</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	49,699	<b>49,699</b>	-	<b>49,699</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		-	<b>49,699</b>	<b>49,699</b>	-	<b>49,699</b>
<b>Total Comprehensive Income</b> (c&d)		<b>6,792</b>	<b>49,699</b>	<b>56,492</b>	-	<b>56,492</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>502,780</b>	<b>106,812</b>	<b>609,592</b>	-	<b>609,592</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2010</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		655,763	24,356	<b>680,119</b>	-	<b>680,119</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	(361,150)	-	<b>(361,150)</b>	-	<b>(361,150)</b>
<b>Revised Opening Balance</b> (as at 1/7/09)		<b>294,613</b>	<b>24,356</b>	<b>318,969</b>	-	<b>318,969</b>
<b>c. Net Operating Result for the Year</b>		<b>5,465</b>	-	<b>5,465</b>	-	<b>5,465</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	32,757	<b>32,757</b>	-	<b>32,757</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20c/d	195,909	-	<b>195,909</b>	-	<b>195,909</b>
<b>Other Comprehensive Income</b>		<b>195,909</b>	<b>32,757</b>	<b>228,666</b>	-	<b>228,666</b>
<b>Total Comprehensive Income</b> (c&d)		<b>201,374</b>	<b>32,757</b>	<b>234,131</b>	-	<b>234,131</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>495,987</b>	<b>57,113</b>	<b>553,100</b>	-	<b>553,100</b>

## Woollahra Municipal Council

### Statement of Cash Flows

for the financial year ended 30 June 2011

Budget 2011	\$ '000	Notes	Actual 2011	Actual 2010
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
40,057	Rates & Annual Charges		39,787	38,702
9,860	User Charges & Fees		9,792	8,435
2,149	Investment & Interest Revenue Received		2,449	2,428
5,481	Grants & Contributions		6,687	11,755
-	Bonds & Deposits Received		890	-
11,311	Other		11,927	13,134
<b>Payments:</b>				
(29,642)	Employee Benefits & On-Costs		(30,550)	(31,554)
(14,246)	Materials & Contracts		(14,029)	(13,320)
(569)	Borrowing Costs		(571)	(629)
(14,155)	Other		(13,871)	(11,704)
-	Net Cash from derecognition of Holdsworth St		(888)	-
10,246	<b>Net Cash provided (or used in) Operating Activities</b>	11b	11,623	17,246
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investment Securities		3,070	2,272
1,892	Sale of Infrastructure, Property, Plant & Equipment		920	1,137
<b>Payments:</b>				
-	Purchase of Investment Securities		(4,000)	(5,000)
(12,286)	Purchase of Infrastructure, Property, Plant & Equipment		(14,109)	(15,649)
(10,394)	<b>Net Cash provided (or used in) Investing Activities</b>		(14,119)	(17,239)
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
Nil				
<b>Payments:</b>				
(814)	Repayment of Borrowings & Advances		(814)	(757)
(814)	<b>Net Cash Flow provided (used in) Financing Activities</b>		(814)	(757)
(962)	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		(3,310)	(750)
25,183	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	7,580	8,330
24,221	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	4,270	7,580
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	30,136	29,244
<b>Total Cash, Cash Equivalents &amp; Investments</b>			34,406	36,824

Please refer to Note 11 for additional cash flow information.

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10
2(a)	Council Functions / Activities - Financial Information	25
2(b)	Council Functions / Activities - Component Descriptions	26
3	Income from Continuing Operations	27
4	Expenses from Continuing Operations	32
5	Gains or Losses from the Disposal of Assets	35
6(a)	Cash & Cash Equivalent Assets	36
6(b)	Investment Securities	36
6(c)	Restricted Cash, Cash Equivalents & Investments - Details	38
7	Receivables	40
8	Inventories & Other Assets	41
9(a)	Infrastructure, Property, Plant & Equipment	42
9(b)	Externally Restricted Infrastructure, Property, Plant & Equipment	43
9(c)	Infrastructure, Property, Plant & Equipment - Current Year Impairments	43
10(a)	Payables, Borrowings & Provisions	44
10(b)	Description of (& movements in) Provisions	45
11	Statement of Cash Flows - Additional Information	46
12	Commitments for Expenditure	48
13a	Statements of Performance Measures:	
	- Local Government Industry Indicators (Consolidated)	50
	- Local Government Industry Graphs (Consolidated)	51
14	Investment Properties	52
15	Financial Risk Management	53
16	Material Budget Variations	57
17	Statement of Developer Contributions	61
18	Contingencies and Other Liabilities/Assets not recognised	64
19	Controlled Entities, Associated Entities & Interests in Joint Ventures	67
20	Equity - Retained Earnings and Revaluation Reserves	67
21	Financial Result & Financial Position by Fund	70
22	"Held for Sale" Non Current Assets & Disposal Groups	70
23	Events occurring after Balance Sheet date	70
24	Discontinued Operations	70
25	Intangible Assets	71
26	Reinstatement, Rehabilitation & Restoration Liabilities	71
 <b>Additional Council Disclosures</b>		
27	Council Information & Contact Details	72

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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

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

##### (a) Basis of preparation

###### (i) Background

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

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

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

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

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

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

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

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

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

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

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

In accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, Council has changed the revaluation method for Community Land. Community Land was revalued and recognised on the basis of municipal and / or market rates in 1997 and the basis for valuation is now being changed to Valuer General values as mandated by the Division of Local Government. A third Balance Sheet has been disclosed in accordance with AASB 101 Presentation of Financial Statements.

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

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

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

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

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

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

##### (b) Revenue recognition

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

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

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

Revenue is measured on major income categories as follows:

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

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

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

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

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

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those

conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

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

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

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

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

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

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

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

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

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

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

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

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

##### 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 30/6/11) and **(ii)** all the related operating results (for the financial year ended the 30th June 2011).

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

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

##### (i) The Consolidated Fund

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

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

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

- General Purpose Operations
- Premsure Insurance Pool

Council has entered into a new funding agreement with the Holdsworth Street Community Centre which has changed Council's "control" over the entity. As a result in the 2010/2011 Financial Statements, the

Holdsworth Street Community Centre has been derecognised.

##### (ii) The Trust Fund

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

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

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

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

##### (iii) Joint Ventures

###### Jointly Controlled Assets & Operations

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

###### Jointly Controlled Entities

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

##### (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

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

Method of Accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed Associates.

##### (v) County Councils

Council is not a member of any County Councils.

##### (vi) Additional Information

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

##### (d) Leases

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

###### Finance Leases

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

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

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

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

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

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

###### Operating Leases

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

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

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

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

Cash and cash equivalents includes;

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

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

##### (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.

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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

Financial assets at fair value through profit or loss include financial assets that are “held for trading”. A financial asset is classified in the “held for trading” category if it is acquired principally for the purpose of selling in the short term.

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

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

##### (ii) Loans and receivables

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

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

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

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

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

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

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

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

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

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

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

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

##### Financial Assets – Reclassification

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

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

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

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

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



## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

##### 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.

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 Ministerial Local Government Investment Order.

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

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

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

##### (g) Fair value estimation

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

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

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

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

The techniques applied to estimate fair value for 2011 are:

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

The Market Valuation of 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 been noted in Note 18 accordingly.

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

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

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

When a receivable for which 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.

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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

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

Council holds no land for resale.

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

##### Acquisition of assets

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

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

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

##### Initial Recognition

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

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

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

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

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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 5 year cycle.

#### Capitalisation Thresholds

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

##### Land

- council land	100% Capitalised
- open space	100% Capitalised
- land under roads	100% Capitalised

##### Plant & Equipment

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

##### Buildings & Land Improvements

###### Building

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

Other Structures	> \$3,000
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##### Stormwater Assets

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

##### Transport Assets

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

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

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

Land is not depreciated.

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

##### Plant & Equipment

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

##### Buildings

- Buildings	25 to 100 years
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##### Stormwater Drainage

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

##### Transportation Assets

- Sealed Roads : Surface	20 years
- Sealed Roads : Structure	50 years
- Unsealed roads	20 years
- Bridge : Concrete	100 years
- Bridge : Other	50 years
- 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 (where appropriate), at each balance sheet date.

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

#### Disposal and De-recognition

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

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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

##### (k) Land

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

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

##### (l) Land under roads

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

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

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

##### (m) Intangible Assets

Council has not classified any assets as Intangible.

##### (n) Crown Reserves

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

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

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

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

##### (o) Investment property

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

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

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

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

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

##### (p) 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.

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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.

#### (q) Impairment of assets

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

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

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

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

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

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

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

#### (r) 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.

#### (s) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

#### (t) Borrowing costs

Borrowing costs are expensed except to the extent that they are incurred during the construction of qualifying assets.

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

#### (u) Provisions

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

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

Provisions are not recognised for future operating losses.

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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.

#### (v) Employee benefits

##### (i) Short Term Obligations

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

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

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

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

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

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

The liability for all long service and annual leave (which is not expected to be settled within the 12

months after the reporting period) are recognised in the provision for employee benefits in respect of services provided by employees up to the reporting date.

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

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

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

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

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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. The share of this deficit that can be broadly attributed to Council was estimated to be in the order of \$1,731,184 as at 30 June 2011.

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

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

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

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

#### Defined Contribution Plans

Contributions to Defined Contribution Plans are recognised as an expense as they become payable.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30 June 2011.

#### (w) Self insurance

Council does not self insure.

#### (x) 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.

#### (y) Taxes

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



## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

**AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)**

Amendments made to AASB 7 Financial Instruments: Disclosures in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties.

They are not expected to have any significant impact on Council's disclosures.

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

None

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

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

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

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

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

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

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

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

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

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

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

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

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

**(aa) Rounding of amounts**

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

**(ab) 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.

**(ac) 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 2011

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2011	Actual 2011	Actual 2010	Original Budget 2011	Actual 2011	Actual 2010	Original Budget 2011	Actual 2011	Actual 2010	Actual 2011	Actual 2010	Actual 2011	Actual 2010
Governance	10	7	-	2,305	2,308	-	(2,295)	(2,301)	-				
<b>Community well-being</b>													
A connected and harmonious community	33	38	45	778	731	663	(745)	(693)	(618)	36	41	-	-
A supported community	1,020	1,058	2,807	1,969	2,617	3,972	(949)	(1,559)	(1,165)	204	1,472	2,312	3,404
A creative and vibrant community	500	483	628	3,194	3,289	3,013	(2,694)	(2,806)	(2,385)	139	428	5,746	4,421
<b>Quality places and spaces</b>													
Well planned neighbourhoods	3,842	4,148	4,697	6,025	6,009	5,717	(2,183)	(1,861)	(1,020)	-	-	-	164
Liveable places	3,114	4,913	3,425	19,434	19,401	18,817	(16,320)	(14,488)	(15,392)	2,087	951	475,363	455,645
Getting around	8,931	8,370	8,100	3,392	3,010	3,180	5,539	5,360	4,920	463	18	49,434	35,032
<b>A healthy environment</b>													
Protecting our environment	256	47	40	1,080	1,929	1,067	(824)	(1,882)	(1,027)	46	39	-	-
Sustainable use of resources	10,210	10,377	9,883	7,681	8,340	7,848	2,529	2,037	2,035	38	169	401	309
<b>Local prosperity</b>													
Community focused economic developm't	-	17	75	2,138	2,240	2,023	(2,138)	(2,223)	(1,948)	-	64	-	-
<b>Community leadership &amp; participation</b>													
Working together	-	29	-	544	664	623	(544)	(635)	(623)	-	-	-	-
Well managed Council	7,466	14,431	11,547	17,030	17,868	19,936	(9,564)	(3,436)	(8,389)	67	30	73,322	50,374
<b>Total Functions &amp; Activities</b>	<b>35,382</b>	<b>43,918</b>	<b>41,247</b>	<b>65,570</b>	<b>68,406</b>	<b>66,859</b>	<b>(30,188)</b>	<b>(24,488)</b>	<b>(25,612)</b>	<b>3,080</b>	<b>3,212</b>	<b>606,578</b>	<b>549,348</b>
General Purpose Income <sup>1</sup>	31,477	31,280	31,077	-	-	-	31,477	31,280	31,077	1,604	1,459	37,115	38,311
<b>Operating Result from Continuing Operations</b>	<b>66,859</b>	<b>75,198</b>	<b>72,324</b>	<b>65,570</b>	<b>68,406</b>	<b>66,859</b>	<b>1,289</b>	<b>6,792</b>	<b>5,465</b>	<b>4,684</b>	<b>4,671</b>	<b>643,693</b>	<b>587,659</b>

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

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

**Reporting against Council's functions/activities is aligned with the following Themes & 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 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 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 spaces and open 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

#### **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 to preserve our vegetation and wildlife habits.

##### Goal 8: Sustainable use of resources

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

#### **Theme: Local Prosperity**

##### Goal 9: Community focused economic development

Woollahra will maintain the diversity of our local economic base and encourage new businesses into the area 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 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 and make decisions that are in the public interest. Through effective long term planning, we will develop and implement strategise 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 2011

#### Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a). Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		23,462	22,823
Business		4,141	4,112
<b>Total Ordinary Rates</b>		<b>27,603</b>	<b>26,935</b>
<b>Special Rates</b>			
Environmental & Infrastructure Renewal Levy		3,341	3,220
<b>Total Special Rates</b>		<b>3,341</b>	<b>3,220</b>
<b>Annual Charges</b> (pursuant to s.496, s.501 & s.611)			
Domestic Waste Management Services		8,544	8,070
Stormwater Management Services		481	480
Section 611 Charges		40	38
<b>Total Annual Charges</b>		<b>9,065</b>	<b>8,588</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>40,009</b>	<b>38,743</b>

Council has used 2009 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 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>(b). User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Waste Management Services (non-domestic)		1,634	1,438
<b>Total User Charges</b>		<b>1,634</b>	<b>1,438</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s608 & 610A)			
Building Regulation			
- Inspection Fees		101	77
- Registration Fees & Permits		153	139
- Principal Certifying Authority Fees		80	69
- Hoarding Fees		198	129
- Compliance Levy		196	177
Town Planning			
- Development Application Fees		596	591
- Section 96 Amendment Application Fees		215	255
- Certificate Fees		603	643
- Advertising Fees		217	196
- Subdivision Application Fees		12	21
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>2,371</b>	<b>2,296</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.610C)			
Community Centres		-	232
Credit Card Usage Charge		90	84
Fire Safety Statement Lodgement Fee		62	54
Kindergarten Fees		719	654
Filming Fees		74	85
Construction Zone Charges		321	389
Footpath Crossing Administration Fees		67	77
Casual Park Hire		103	41
Mobile Bin & Crate Sales		70	112
File Retrieval Charges		86	78
Pre DA Lodgement Advice Service Fees		22	19
Tree Preservation Order Applications		40	38
Parking Meters		1,632	1,408
Parking Permits - Residential		351	331
Restoration Charges		1,426	1,033
Tree Pruning Income		64	45
Other		343	184
<b>Total Fees &amp; Charges - Other</b>		<b>5,469</b>	<b>4,864</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>9,474</b>	<b>8,598</b>

## Woollahra Municipal Council

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

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>(c). Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges		147	124
- Interest earned on Investments (interest & coupon payment income)		2,413	2,317
<b>Fair Value Adjustments</b>			
- Fair Valuation movements in Investments (at FV or Held for Trading)		(38)	636
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<u>2,522</u>	<u>3,076</u>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges		147	124
General Council Cash & Investments		1,010	1,715
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94 and Section 94A		265	207
Other Externally Restricted Assets		135	256
<b>Restricted Investments/Funds - Internal:</b>			
Internally Restricted Assets		966	775
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<u>2,522</u>	<u>3,076</u>
<b>(d). Other Revenues</b>			
Fair Value Adjustments - Investment Properties	14	6,540	-
Rental Income - Investment Properties	14	549	543
Rental Income - Other Council Properties		3,526	3,101
Ex Gratia Rates		97	98
Fines			
- Parking Fines		4,426	4,864
- Other Fines		292	174
Private Use Contributions		355	331
Recovered Costs & Reimbursements		355	675
Recycling Income (non domestic)		22	26
Risk Management Bonuses		147	102
Other		166	486
<b><u>TOTAL OTHER REVENUE</u></b>		<u>16,474</u>	<u>10,401</u>

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	2011 Operating	2010 Operating	2011 Capital	2010 Capital
<b>(e). Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance	1,504	1,359	-	-
Pensioners' Rates Subsidies - General Component	100	100	-	-
<b>Total General Purpose</b>	<b>1,604</b>	<b>1,459</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Domestic Waste Management	43	43	-	-
Community Care	83	1,333	-	-
Environmental Works	-	-	404	144
Flood Study Grants	-	-	50	235
Kindergarten	150	168	-	-
- State Library Subsidy	102	100	-	-
- Library Special Grant	-	-	37	37
Open Space	-	-	1,221	264
Street Lighting	306	298	-	-
Transport (Other Roads & Bridges Funding)	344	347	109	18
Other	98	215	134	10
<b>Total Specific Purpose</b>	<b>1,125</b>	<b>2,504</b>	<b>1,955</b>	<b>708</b>
<b>Total Grants</b>	<b>2,729</b>	<b>3,963</b>	<b>1,955</b>	<b>708</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	1,698	1,359	1,302	91
- State Funding	955	2,604	532	586
- Other Funding	76	-	121	31
	<b>2,729</b>	<b>3,963</b>	<b>1,955</b>	<b>708</b>



## Woollahra Municipal Council

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

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

\$ '000	2011 Operating	2010 Operating	2011 Capital	2010 Capital
<b>(f). Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the NSW LG Act):</b>				
S 94 - Contributions towards amenities/services	-	-	24	407
S 94A - Fixed Development Consent Levies	-	-	1,692	1,920
<b>Total Developer Contributions</b>	17 -	-	<b>1,716</b>	<b>2,327</b>
<b>Other Contributions:</b>				
Contributions to Works	44	38	60	252
Cosmopolitan Centre Agreement for Lease	-	4,000	-	-
Paddington Library	206	201	-	-
Sydney Ferries to Wharves	-	6	-	-
Other	9	10	-	-
<b>Total Other Contributions</b>	<b>259</b>	<b>4,255</b>	<b>60</b>	<b>252</b>
<b>Total Contributions</b>	<b>259</b>	<b>4,255</b>	<b>1,776</b>	<b>2,580</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>2,988</b>	<b>8,218</b>	<b>3,731</b>	<b>3,288</b>

\$ '000	Actual 2011	Actual 2010
<b>(g). Restrictions relating to Grants and Contributions</b>		
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the Close of the Previous Reporting Period	4,893	5,625
<b>add:</b> Grants & contributions recognised in the current period not yet spent:	2,454	3,069
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	(2,012)	(3,800)
<b>Net Increase (Decrease) in Restricted Assets</b>	<b>442</b>	<b>(731)</b>
<b>Unexpended at the Close of this Reporting Period and held as Restricted Assets</b>	<b>5,335</b>	<b>4,893</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	1,187	1,249
- Developer Contributions	4,148	3,644
	<b>5,335</b>	<b>4,893</b>

## Woollahra Municipal Council

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

#### Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		22,297	22,933
Travelling		14	13
Employee Leave Entitlements (ELE)		4,080	4,254
Superannuation		3,003	2,937
Workers' Compensation Insurance		1,013	1,356
Fringe Benefit Tax (FBT)		235	226
Training Costs (other than Salaries & Wages)		342	207
Other		20	380
<b>Total Employee Costs</b>		<b>31,004</b>	<b>32,307</b>
less: Capitalised Costs		(423)	(392)
<b><u>TOTAL EMPLOYEE COSTS EXPENSED</u></b>		<b><u>30,581</u></b>	<b><u>31,915</u></b>
Number of "Equivalent Full Time" Employees at year end		367	362
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		382	382
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		568	626
<b>Total Interest Bearing Liability Costs</b>		<b>568</b>	<b>626</b>
less: Capitalised Costs		-	-
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>568</b>	<b>626</b>
<b>(ii) Other Borrowing Costs</b>			
Nil			
<b><u>TOTAL BORROWING COSTS EXPENSED</u></b>		<b><u>568</u></b>	<b><u>626</u></b>

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		5,159	3,751
Contractor & Consultancy Costs			
- General Contractor & Consultancy Costs		3,754	3,936
- Maintenance & Security Contracts		784	665
- Recycling		1,380	1,341
Auditors Remuneration			
- Audit Services: Council's Auditor		50	48
- Audit Services: Auditors of other Consolidated Entities		-	8
Infringement Notice Contract Costs (SEINS)		756	776
Legal Expenses:			
- Legal Expenses: Planning & Development		703	521
- Legal Expenses: Other		474	536
Operating Lease Rentals: Minimum Lease Payments <sup>(1)</sup>		65	81
<b>Total Materials &amp; Contracts</b>		<b>13,124</b>	<b>11,661</b>
less: Capitalised Costs		-	-
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>13,124</b>	<b>11,661</b>
<b>1. Operating Lease Payments are attributable to:</b>			
- Photocopiers		65	81

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2011	Actual 2010	Actual 2011	Actual 2010
<b>(d) Depreciation, Amortisation &amp; Impairment</b>					
Plant and Equipment		-	-	1,079	1,224
Office Equipment		-	-	461	428
Furniture & Fittings		-	-	37	69
Buildings - Non Specialised		-	-	910	909
Buildings - Specialised		-	-	341	335
Other Structures		-	-	903	850
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	4,463	4,998
- Stormwater Drainage		-	-	562	1,248
Other Assets					
- Library Books		-	-	325	286
<b>Total Depreciation &amp; Impairment Costs</b>		<b>-</b>	<b>-</b>	<b>9,080</b>	<b>10,349</b>
less: Capitalised Costs		-	-	-	-
less: Impairments offset in ARR (Equity)	9a	-	-	-	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>-</b>	<b>-</b>	<b>9,080</b>	<b>10,349</b>

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		353	391
Bad & Doubtful Debts		41	71
Bank Charges		217	172
Contributions to Double Bay Partnership		48	99
Contributions/Levies to Other Levels of Government			
- Department of Planning Levy		256	250
- NSW Fire Brigade Levy		2,389	2,053
- State Emergency Services		91	90
Councillor Expenses - Mayoral Fee		34	31
Councillor Expenses - Councillors' Fees		239	233
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		23	12
Donations, Contributions & Assistance to other organisations (Section 356)		-	111
- Donations, Contributions & Assistance Holdsworth St		789	-
- Donations, Contributions & Assistance Other		52	-
Electricity & Heating		277	280
File Archival & Retrieval Costs		167	159
Holdsworth St Community Centre Other Expenses		-	136
Insurance Deductibles & Claims Payments		533	521
Insurance Premiums		1,210	1,212
Office Rental		31	25
Postage		124	156
Recoverable Expenses		210	284
Registration		130	65
Street Lighting		1,316	1,103
Telephone & Communications		197	227
Valuation Fees		65	62
Waste Disposal Costs		3,485	3,010
Water & Council Rates		247	274
Derecognition of Consolidated Entity Holdsworth St		649	-
Other		655	753
<b>Total Other Expenses</b>		<b>13,830</b>	<b>11,780</b>
less: Capitalised Costs		-	-
<b>TOTAL OTHER EXPENSES</b>		<b>13,830</b>	<b>11,780</b>

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal		-	130
less: Carrying Amount of Property Assets Sold / Written Off		(889)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>(889)</b>	<b>130</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal		840	1,050
less: Carrying Amount of P&E Assets Sold		(1,174)	(1,708)
<b>Net Gain/(Loss) on Disposal</b>		<b>(334)</b>	<b>(658)</b>
<b>Financial Assets</b>			
Proceeds from Disposal / Redemptions		3,070	2,272
less: Carrying Amount of Financial Assets Sold / Redeemed		(3,070)	(2,272)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(1,223)</b>	<b>(528)</b>

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		512	-	1,004	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		2,758	-	2,576	-
- Short Term Deposits		1,000	-	4,000	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>4,270</b>	<b>-</b>	<b>7,580</b>	<b>-</b>
<b>Investment Securities (Note 6b)</b>					
- Managed Funds		1,610	-	1,540	-
- Long Term Deposits		21,000	1,000	15,000	3,000
- NCD's, FRN's (with Maturities > 3 months)		5,286	-	7,070	-
- CDO's		790	-	1,705	-
- Mortgage Backed Securities		450	-	930	-
<b>Total Investment Securities</b>		<b>29,136</b>	<b>1,000</b>	<b>26,244</b>	<b>3,000</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>33,406</b>	<b>1,000</b>	<b>33,824</b>	<b>3,000</b>

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

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

#### Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"		<b>4,270</b>	<b>-</b>	<b>7,580</b>	<b>-</b>
--	--	--------------	----------	--------------	----------

#### Investments

a. "At Fair Value through the Profit & Loss"					
- "Designated at Fair Value on Initial Recognition"	6(b-i)	8,136	-	11,244	-
b. "Held to Maturity"	6(b-ii)	21,000	1,000	15,000	3,000
<b>Investments</b>		<b>29,136</b>	<b>1,000</b>	<b>26,244</b>	<b>3,000</b>

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 6b. Investments (continued)

\$ '000	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
<b>Note 6(b-i)</b>				
<b>Reconciliation of Investments classified as "At Fair Value through the Profit &amp; Loss"</b>				
Balance at the Beginning of the Year	11,244	-	12,881	-
Revaluations (through the Income Statement)	(38)	-	636	-
Disposals (sales & redemptions)	(3,070)	-	(2,272)	-
<b>Balance at End of Year</b>	<b>8,136</b>	<b>-</b>	<b>11,244</b>	<b>-</b>
<b>Comprising:</b>				
- Managed Funds	1,610	-	1,540	-
- NCD's, FRN's (with Maturities > 3 months)	5,286	-	7,070	-
- CDO's	790	-	1,705	-
- Mortgage Backed Securities	450	-	930	-
<b>Total</b>	<b>8,136</b>	<b>-</b>	<b>11,244</b>	<b>-</b>

<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments classified as "Held to Maturity"</b>				
Balance at the Beginning of the Year	15,000	3,000	10,000	3,000
Additions	4,000	-	5,000	-
Transfers between Current/Non Current	2,000	(2,000)	-	-
<b>Balance at End of Year</b>	<b>21,000</b>	<b>1,000</b>	<b>15,000</b>	<b>3,000</b>
<b>Comprising:</b>				
- Long Term Deposits	21,000	1,000	15,000	3,000
<b>Total</b>	<b>21,000</b>	<b>1,000</b>	<b>15,000</b>	<b>3,000</b>

**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 2011

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

\$ '000	2011	2011	2010	2010
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investment Securities</b>	<b>33,406</b>	<b>1,000</b>	<b>33,824</b>	<b>3,000</b>
<b>attributable to:</b>				
External Restrictions (refer below)	8,229		9,038	-
Internal Restrictions (refer below)	23,107	1,000	23,346	3,000
Unrestricted	2,070	-	1,440	-
	<b>33,406</b>	<b>1,000</b>	<b>33,824</b>	<b>3,000</b>

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

#### Details of Restrictions

##### External Restrictions - Included in Liabilities

Nil

##### External Restrictions - Other

Developer Contributions - General (A)	3,644	1,980	(1,477)	4,148
Specific Purpose Unexpended Grants (B)	1,249	474	(535)	1,188
Domestic Waste Management (C)	1,388	197	(722)	863
Stormwater Management (C)	172	477	(419)	230
Infrastructure Renewal Levy (C)	4	3	(1)	6
Environmental Levy (C)	94	-	(50)	44
Environmental & Infrastructure Levy (C)	2,487	3,386	(4,123)	1,750
<b>External Restrictions - Other</b>	<b>9,038</b>	<b>6,518</b>	<b>(7,327)</b>	<b>8,229</b>
<b>Total External Restrictions</b>	<b>9,038</b>	<b>6,518</b>	<b>(7,327)</b>	<b>8,229</b>

- 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)
- C** 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.



## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

2011 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	197	144	(164)	177
Infrastructure Replacement	66	-	(35)	31
Employees Leave Entitlement	902	-	(5)	897
Carry Over Works	1,948	-	(508)	1,440
Deposits, Retentions & Bonds	6,607	900	-	7,507
Early Payment of Financial Assistance Grant (D)	355	380	(355)	380
Elections Reserve (D)	125	-	-	125
Insurance Reserve (D)	165	33	(80)	118
Investment Reserve (D)	1,000	-	-	1,000
Loan Repayment Reserve (D)	13	-	-	13
Office Equipment (D)	744	123	(102)	765
Property Reserve (D)	11,892	627	(1,505)	11,014
Section 355 Committee Funds	888	-	(888)	-
Unexpended General Purpose Loans (D)	559	-	(363)	195
Other	885	41	(481)	445
<b>Total Internal Restrictions</b>	<b>26,346</b>	<b>2,248</b>	<b>(4,486)</b>	<b>24,107</b>
<b>TOTAL RESTRICTIONS</b>	<b>35,384</b>	<b>8,766</b>	<b>(11,813)</b>	<b>32,336</b>

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 2011

#### Note 7. Receivables

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		1,721	91	1,517	73
Interest & Extra Charges		280	15	283	14
User Charges & Fees		521	-	464	-
Capital Debtors (being sale of assets)					
- Sale of Land		179	-	259	-
Accrued Revenues					
- Interest on Investments		601	-	488	-
- Other Income Accruals		478	-	392	-
Government Grants & Subsidies		532	-	423	-
Amounts due from Other Councils		57	-	221	-
Net GST Receivable		493	-	404	-
Leases & Licences		218	-	459	-
Restorations & Other Roadworks		362	-	577	-
Recovered Costs		70	-	256	-
Other Debtors		332	-	358	-
<b>Total</b>		<b>5,844</b>	<b>106</b>	<b>6,100</b>	<b>87</b>
<b>less: Provision for Impairment</b>					
User Charges & Fees		(93)	-	(82)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(93)</b>	<b>-</b>	<b>(82)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>5,751</u></b>	<b><u>106</u></b>	<b><u>6,018</u></b>	<b><u>87</u></b>
<b>Externally Restricted Receivables</b>					
Domestic Waste Management		461	-	378	-
Stormwater Management		27	-	23	-
Other					
- Infrastructure Renewal Levy		2	-	5	-
- Environmental Levy		3	-	3	-
- Environmental & Infrastructure Levy		152	-	123	-
<b>Total External Restrictions</b>		<b>646</b>	<b>-</b>	<b>532</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>5,105</b>	<b>106</b>	<b>5,486</b>	<b>87</b>
<b>TOTAL NET RECEIVABLES</b>		<b><u>5,751</u></b>	<b><u>106</u></b>	<b><u>6,018</u></b>	<b><u>87</u></b>

#### Notes on Debtors above:

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

## Woollahra Municipal Council

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

#### Note 8. Inventories & Other Assets

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Stores & Materials		172	-	185	-
<b>Total Inventories</b>		<b>172</b>	<b>-</b>	<b>185</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		918	-	903	-
<b>Total Other Assets</b>		<b>918</b>	<b>-</b>	<b>903</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>1,090</b>	<b>-</b>	<b>1,088</b>	<b>-</b>

#### Externally Restricted Assets

There are no restrictions applicable to the above assets.

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

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2010				Asset Movements during the Reporting Period							as at 30/6/2011				
	At	At	Acc.	Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Derecognition of Consolidated Entity (Holdsworth St)	Other Movements	Tfrs from/(to) Investment Properties	Revaluation Increments to Equity (ARR)	At	At	Acc.	Carrying	
	Cost	Fair Value	Dep'n	Value								Cost	Fair Value	Dep'n	Value	
Capital Work in Progress	-	-	-	-	365	-	-	-	-	-	-	365	-	-	-	365
Plant & Equipment	-	12,218	4,086	8,132	2,644	(1,106)	(1,079)	(287)	-	-	-	-	11,538	3,234	-	8,304
Office Equipment	-	7,121	5,897	1,223	137	-	(461)	-	-	-	-	-	7,258	6,359	-	899
Furniture & Fittings	-	764	729	35	58	-	(37)	-	78	-	-	-	901	766	-	135
<b>Land:</b>																
- Operational Land	-	26,322	-	26,322	-	-	-	-	2,017	-	47,602	-	75,941	-	-	75,941
- Community Land	95,524	-	-	95,524	-	-	-	-	(2,017)	-	-	-	93,507	-	-	93,507
Buildings - Non Specialised	-	51,330	24,701	26,629	93	-	(910)	-	-	(1,471)	1,207	-	55,402	29,855	-	25,547
Buildings - Specialised	-	19,950	12,289	7,660	12	-	(341)	-	(78)	-	891	-	22,527	14,383	-	8,144
Other Structures	24,452	-	5,791	18,661	6,581	-	(903)	-	-	-	-	-	31,032	6,694	-	24,338
<b>Infrastructure:</b>																
- Roads, Bridges, Footpaths	-	277,696	133,489	144,206	3,104	(858)	(4,463)	-	-	-	-	-	278,217	136,228	-	141,990
- Bulk Earthworks (non-depreciable)	-	170,818	-	170,818	62	(31)	-	-	-	-	-	-	170,849	-	-	170,849
- Stormwater Drainage	-	72,895	40,926	31,970	355	(29)	(562)	-	-	-	-	-	73,180	41,446	-	31,734
<b>Other Assets:</b>																
- Library Books	4,982	-	3,584	1,398	479	(39)	(325)	-	-	-	-	-	5,077	3,565	-	1,513
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>124,958</b>	<b>639,113</b>	<b>231,493</b>	<b>532,578</b>	<b>13,890</b>	<b>(2,063)</b>	<b>(9,080)</b>	<b>(287)</b>	<b>-</b>	<b>(1,471)</b>	<b>49,699</b>	<b>365</b>	<b>825,429</b>	<b>242,529</b>	<b>-</b>	<b>583,265</b>

## Woollahra Municipal Council

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

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

\$ '000 Class of Asset	Actual 2011				Actual 2010			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Domestic Waste Management Plant &amp; Equipment</b>	-	4,405	2,411	<b>1,994</b>	-	4,494	2,713	<b>1,781</b>
<b>Total DWM</b>	-	<b>4,405</b>	<b>2,411</b>	<b>1,994</b>	-	<b>4,494</b>	<b>2,713</b>	<b>1,781</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	-	<b>4,405</b>	<b>2,411</b>	<b>1,994</b>	-	<b>4,494</b>	<b>2,713</b>	<b>1,781</b>

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

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 2011

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

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		3,226	-	3,148	-
Goods & Services - capital expenditure		935	-	1,155	-
Payments Received In Advance		627	-	886	-
Accrued Expenses:					
- Borrowings		34	-	37	-
- Salaries & Wages		200	-	196	-
Security Bonds, Deposits & Retentions		12,889	-	11,999	-
Other		505	-	809	-
<b>Total Payables</b>		<b>18,416</b>	<b>-</b>	<b>18,231</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		873	5,979	814	6,852
<b>Total Borrowings</b>		<b>873</b>	<b>5,979</b>	<b>814</b>	<b>6,852</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		2,387	-	2,370	-
Sick Leave		1,032	-	939	-
Long Service Leave		5,051	216	5,018	219
Gratuities		147	-	117	-
<b>Sub Total - Aggregate Employee Benefits</b>		<b>8,617</b>	<b>216</b>	<b>8,444</b>	<b>219</b>
<b>Total Provisions</b>		<b>8,617</b>	<b>216</b>	<b>8,444</b>	<b>219</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>27,906</b>	<b>6,195</b>	<b>27,489</b>	<b>7,071</b>
<b>(i) Liabilities relating to Restricted Assets</b>					
		2011		2010	
		Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>					
Domestic Waste Management		866	-	976	-
Liabilities relating to externally restricted assets		866	-	976	-
<b>Internally Restricted Assets</b>					
Nil					
<b>Total Liabilities relating to restricted assets</b>		<b>866</b>	<b>-</b>	<b>976</b>	<b>-</b>

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

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

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	2011	2010
<b>(ii) Current Liabilities not anticipated to be settled within the next 12 months</b>		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	5,240	5,436
Payables - Security Bonds, Deposits & Retentions	8,051	7,152
	<b>13,291</b>	<b>12,588</b>

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

Class of Provision	2010		2011			Closing Balance as at 30/6/11
	Opening Balance as at 1/7/10	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Derecognition of Consolidated Entity (Holdsworth St)	
Annual Leave	2,370	1,812	(1,723)	-	(72)	2,387
Sick Leave	939	94	-	-	(1)	1,032
Long Service Leave	5,237	637	(569)	-	(37)	5,267
Gratuities	117	30	-	-	-	147
<b>TOTAL</b>	<b>8,662</b>	<b>2,573</b>	<b>(2,293)</b>	<b>-</b>	<b>(110)</b>	<b>8,833</b>

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

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	4,270	7,580
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>4,270</b>	<b>7,580</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>6,792</b>	<b>5,465</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		9,080	10,349
Net Losses/(Gains) on Disposal of Assets		1,223	528
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "@ Fair Value" or "Held for Trading"		38	(636)
- Investment Properties		(6,540)	-
Net Loss/(Gain) on derecognition of Holdsworth St (excl. cash)		(239)	-
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(63)	653
Increase/(Decrease) in Provision for Doubtful Debts		11	(15)
Decrease/(Increase) in Inventories		13	14
Decrease/(Increase) in Other Assets		(35)	324
Increase/(Decrease) in Payables		302	(580)
Increase/(Decrease) in accrued Interest Payable		(3)	(3)
Increase/(Decrease) in other accrued Expenses Payable		4	(390)
Increase/(Decrease) in Other Liabilities		761	680
Increase/(Decrease) in Employee Leave Entitlements		280	857
<b>NET CASH PROVIDED FROM/(USED IN)</b>			
<b>OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>11,623</b>	<b>17,246</b>



## Woollahra Municipal Council

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

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Nil			
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdraft Facilities <sup>(1)</sup>		400	400
Credit Cards / Purchase Cards		15	10
<b>Total Financing Arrangements</b>		<b>415</b>	<b>410</b>
<b>Amounts utilised as at Balance Date:</b>			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		4	2
<b>Total Financing Arrangements Utilised</b>		<b>4</b>	<b>2</b>

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

#### **(ii) Secured Loan Liabilities**

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

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Buildings		111	44
Plant & Equipment		279	458
Infrastructure		331	1,512
Open Space Works		1,140	475
Environmental Works		653	16
Watsons Bay Baths Reconstruction		-	1,959
IT		135	-
Other		17	51
<b>Total Commitments</b>		<b>2,666</b>	<b>4,515</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		2,666	4,515
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
<b>Total Payable</b>		<b>2,666</b>	<b>4,515</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		2,666	4,515
<b>Total Sources of Funding</b>		<b>2,666</b>	<b>4,515</b>

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

Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

DWM & Recycling Services		4,283	1,149
Cleaning Services		484	-
Audit Services		157	205
Graffiti Removal		853	408
Mowing		463	221
<b>Total Commitments</b>		<b>6,240</b>	<b>1,983</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		2,323	1,408
Later than one year and not later than 5 years		3,917	575
Later than 5 years		-	-
<b>Total Payable</b>		<b>6,240</b>	<b>1,983</b>

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>(c) Finance Lease Commitments</b>			
Nil			
<b>(d) Operating Lease Commitments (Non Cancellable)</b>			
<b>a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:</b>			
Within the next year		61	54
Later than one year and not later than 5 years		106	33
Later than 5 years		-	-
<b>Total Non Cancellable Operating Lease Commitments</b>		<b>167</b>	<b>87</b>

**b. Non Cancellable Operating Leases include the following assets:**

Photocopiers

Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

**Conditions relating to Operating Leases:**

- All Operating Lease Agreements are secured only against the Leased Asset.
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

#### (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		3,721	3,508
Later than one year and not later than 5 years		8,560	7,284
Later than 5 years		-	-
<b>Total Payable</b>		<b>12,281</b>	<b>10,792</b>

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Amounts 2011	Indicator 2011	Prior Periods	
			2010	2009
<b>Local Government Industry Indicators</b>				
<b>1. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(1)</sup>	<u>31,372</u>	2.28 : 1	2.25	2.23
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	<u>13,749</u>			
<b>2. Debt Service Ratio</b>				
Debt Service Cost	<u>1,382</u>	1.97%	2.22%	2.35%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>70,083</u>			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>				
Rates & Annual Charges	<u>40,009</u>	53.20%	53.57%	57.35%
Income from Continuing Operations	<u>75,198</u>			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual & Extra Charges Outstanding	<u>2,107</u>	5.01%	4.63%	4.86%
Rates, Annual & Extra Charges Collectible	<u>42,042</u>			
<b>5. Building &amp; Infrastructure Renewals Ratio</b>				
Asset Renewals <sup>(4)</sup> [Buildings & Infrastructure]	<u>6,346</u>	101.12%	73.50%	124.02%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	<u>6,276</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.

# Woollahra Municipal Council

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

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

<p><b>1. Unrestricted Current Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2008</td> <td>3.22</td> </tr> <tr> <td>2009</td> <td>2.23</td> </tr> <tr> <td>2010</td> <td>2.25</td> </tr> <tr> <td>2011</td> <td>2.28</td> </tr> </tbody> </table>	Year	Ratio : 1	2008	3.22	2009	2.23	2010	2.25	2011	2.28	<p><b>Purpose of Unrestricted Current Ratio</b></p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p><b>2010/11 Ratio 2.28 : 1</b></p> <p>The increase in the unrestricted current ratio reflects the expenditure of previously restricted cash and movement of Investments from non current to current. It continues to indicate that Council has adequate capacity to meet its short term obligations.</p>
Year	Ratio : 1											
2008	3.22											
2009	2.23											
2010	2.25											
2011	2.28											
<p><b>2. Debt Service Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2008</td> <td>0.85%</td> </tr> <tr> <td>2009</td> <td>2.35%</td> </tr> <tr> <td>2010</td> <td>2.22%</td> </tr> <tr> <td>2011</td> <td>1.97%</td> </tr> </tbody> </table>	Year	Ratio %	2008	0.85%	2009	2.35%	2010	2.22%	2011	1.97%	<p><b>Purpose of Debt Service Ratio</b></p> <p>To assess the impact of loan principal &amp; interest repayments on the discretionary revenue of council.</p>	<p><b>2010/11 Ratio 1.97%</b></p> <p>The 1.97% ratio is in line with budget forecasts and well within industry guidelines for Debt Service.</p>
Year	Ratio %											
2008	0.85%											
2009	2.35%											
2010	2.22%											
2011	1.97%											
<p><b>3. Rates &amp; Annual Charges Coverage Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2008</td> <td>52.87%</td> </tr> <tr> <td>2009</td> <td>57.35%</td> </tr> <tr> <td>2010</td> <td>53.57%</td> </tr> <tr> <td>2011</td> <td>53.20%</td> </tr> </tbody> </table>	Year	Ratio %	2008	52.87%	2009	57.35%	2010	53.57%	2011	53.20%	<p><b>Purpose of Rates &amp; Annual Charges Coverage Ratio</b></p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p><b>2010/11 Ratio 53.20%</b></p> <p>The Rates &amp; Annual Charges Coverage ratio remains at this lower level due to the \$6.5m Investment Property revaluation, the 2009 figure being more representative of "normal" Rates &amp; Annual Charges Coverage.</p>
Year	Ratio %											
2008	52.87%											
2009	57.35%											
2010	53.57%											
2011	53.20%											
<p><b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2008</td> <td>4.21%</td> </tr> <tr> <td>2009</td> <td>4.86%</td> </tr> <tr> <td>2010</td> <td>4.63%</td> </tr> <tr> <td>2011</td> <td>5.01%</td> </tr> </tbody> </table>	Year	Ratio %	2008	4.21%	2009	4.86%	2010	4.63%	2011	5.01%	<p><b>Purpose of Rates &amp; Annual Charges Outstanding Ratio</b></p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p><b>2010/11 Ratio 5.01%</b></p> <p>Increased recovery action will be undertaken in the new financial year to lower the outstanding percentage which, at 5.01%, is at the very top of the acceptable range for a metropolitan Council.</p>
Year	Ratio %											
2008	4.21%											
2009	4.86%											
2010	4.63%											
2011	5.01%											
<p><b>5. Building &amp; Infrastructure Renewals Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2008</td> <td>121.28%</td> </tr> <tr> <td>2009</td> <td>124.02%</td> </tr> <tr> <td>2010</td> <td>73.50%</td> </tr> <tr> <td>2011</td> <td>101.12%</td> </tr> </tbody> </table>	Year	Ratio %	2008	121.28%	2009	124.02%	2010	73.50%	2011	101.12%	<p><b>Purpose of Bldg &amp; Infrastructure Renewals Ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>2010/11 Ratio 101.12%</b></p> <p>The 2011 figure follows on from the revaluation and condition re-assessment of infrastructure assets at 30 June 2010. Depreciation expense reduced as a result. At this level, the ratio indicates that Council is investing the optimum amount in infrastructure renewal.</p>
Year	Ratio %											
2008	121.28%											
2009	124.02%											
2010	73.50%											
2011	101.12%											

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 14. Investment Properties

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Investment Properties at Fair value</b>			
<b>Investment Properties on Hand</b>		<b>19,075</b>	<b>11,064</b>
<b>Reconciliation of Annual Movement:</b>			
Opening Balance		11,064	11,064
- Net Gain/(Loss) from Fair Value Adjustments		6,540	-
- Transfers from/(to) Owner Occupied (Note 9)		1,471	-
<b>CLOSING BALANCE - INVESTMENT PROPERTIES</b>		<b>19,075</b>	<b>11,064</b>

#### (b) Valuation Basis

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

The 2011 revaluations were based on Independent Assessments made by:  
Scott Fullarton Valuations Pty. Ltd.

#### (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	387	374
Later than 1 year but less than 5 years	818	1,206
Later than 5 years	-	-
<b>Total Minimum Lease Payments Receivable</b>	<b>1,206</b>	<b>1,580</b>

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

<b>Rental Income from Investment Properties:</b>		
- Minimum Lease Payments	549	543
<b>Direct Operating Expenses on Investment Properties:</b>		
- that generated rental income	(196)	(230)
<b>Net Revenue Contribution from Investment Properties</b>	<b>353</b>	<b>313</b>
plus: Fair Value Movement for year	6,540	-
<b>Total Income attributable to Investment Properties</b>	<b>6,893</b>	<b>313</b>

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### 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	
	2011	2010	2011	2010
<b>Financial Assets</b>				
Cash and Cash Equivalents	4,270	7,580	4,270	7,580
Investments				
- "Designated At Fair Value on Initial Recognition"	8,136	11,244	8,136	11,244
- "Held to Maturity"	22,000	18,000	22,000	18,000
Receivables	5,857	6,105	5,857	6,105
<b>Total Financial Assets</b>	<b>40,263</b>	<b>42,929</b>	<b>40,263</b>	<b>42,929</b>
<b>Financial Liabilities</b>				
Payables	17,789	17,345	17,789	17,345
Loans / Advances	6,852	7,666	6,852	7,666
<b>Total Financial Liabilities</b>	<b>24,641</b>	<b>25,011</b>	<b>24,641</b>	<b>25,011</b>

Fair Value is determined as follows:

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

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000

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

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

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

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

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

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

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

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with covered by the Government Guarantee.

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2011</b>				
Possible impact of a 10% movement in Market Values	814	814	(814)	(814)
Possible impact of a 1% movement in Interest Rates	412	412	(412)	(412)
<b>2010</b>				
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)



## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000

##### (b) Receivables

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

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

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures.

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:

	2011	2011	2010	2010
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	3,284	-	4,072
Past due by up to 30 days	688	330	604	201
Past due between 31 and 180 days	272	358	239	295
Past due between 181 and 365 days	417	91	366	27
Past due by more than 1 year	435	75	382	2
	<u>1,812</u>	<u>4,138</u>	<u>1,590</u>	<u>4,597</u>

##### (ii) Movement in Provision for Impairment of Receivables

	2011	2010
Balance at the beginning of the year	82	97
+ new provisions recognised during the year	40	71
- amounts already provided for & written off this year	(29)	(86)
<b>Balance at the end of the year</b>	<u>93</u>	<u>82</u>

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000

##### (c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2011</b>									
Trade/Other Payables	12,889	4,900	-	-	-	-	-	17,789	17,789
Loans & Advances	-	1,380	1,383	1,382	1,381	1,381	1,920	8,827	6,852
<b>Total Financial Liabilities</b>	<b>12,889</b>	<b>6,280</b>	<b>1,383</b>	<b>1,382</b>	<b>1,381</b>	<b>1,381</b>	<b>1,920</b>	<b>26,616</b>	<b>24,641</b>
<b>2010</b>									
Trade/Other Payables	11,999	5,346	-	-	-	-	-	17,345	17,345
Loans & Advances	-	1,382	1,380	1,383	1,382	1,381	3,301	10,209	7,666
<b>Total Financial Liabilities</b>	<b>11,999</b>	<b>6,728</b>	<b>1,380</b>	<b>1,383</b>	<b>1,382</b>	<b>1,381</b>	<b>3,301</b>	<b>27,554</b>	<b>25,011</b>

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs & debt servicing requirements. Council manages this risk through the diversification of borrowing types, maturities & interest rate structures.

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

	2011		2010	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	17,789	0.0%	17,345	0.0%
Loans & Advances - Fixed Interest Rate	6,852	7.3%	7,666	7.3%
	<u>24,641</u>		<u>25,011</u>	

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 10/11 was incorporated as part of its combined Delivery Program and Operational Plan adopted by the Council on 28 June 2010.

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

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

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

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

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

\$ '000	2011 Budget	2011 Actual	2011 Variance*	-----	-----
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	<b>39,932</b>	<b>40,009</b>	<b>77</b>	<b>0%</b>	<b>F</b>
While not material overall there were a number of variances contributing to the overall variance. Rates income was less than forecast (\$47k), Council's rebate of the Environmental & Infrastructure Renewal Levy to eligible pensioners was less than forecast \$31k and Additional Domestic Waste Management Services generated \$92k more than forecast. The total of these variances is \$76k.					
<b>User Charges &amp; Fees</b>	<b>9,315</b>	<b>9,474</b>	<b>159</b>	<b>2%</b>	<b>F</b>
While not material overall there were a number of variances contributing to the overall variance. The following income streams exceeded original budget forecasts: Trade Waste Charges \$94k, Restoration Charges \$134k, Rock Anchors \$171k, Hoarding Application Fees \$87k, Park Casual Hire Fees \$56k and Residential Parking Permits \$41k. The following income streams did not meet forecast levels: Parking Meter Fees (\$65k), Development Application & Section 96 Fees (\$165k) and Work Zone Charges (\$191k). The total of these variances is \$162k with minor variances in other User Charges & Fees making up the difference.					
<b>Interest &amp; Investment Revenue</b>	<b>2,159</b>	<b>2,522</b>	<b>363</b>	<b>17%</b>	<b>F</b>
Interest on Overdue Rates exceeded original budget forecast by \$17k and Interest on Term Deposits exceeded forecast by \$344k due to higher interest rates and higher average levels of investment.					
<b>Other Revenues</b>	<b>9,749</b>	<b>16,474</b>	<b>6,725</b>	<b>69%</b>	<b>F</b>
The major variance in Other Revenues is the \$6,540k increase in Fair Value of Investment Properties. Other income streams that exceeded original budget forecasts are: Recovered Costs \$189k, Private Use Contributions \$23k, Fuel Tax Credits \$33k, Fines & Penalties \$147k, Risk Management Bonuses \$57k, Easement Compensation \$52k, and Sundry Income \$36k. Income from Leases & Licences fell short of budget forecasts by \$352k, mainly relating to changes to Car Park operations. The total of these variances is \$6,725.					

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 16. Material Budget Variations (continued)

\$ '000	2011 Budget	2011 Actual	2011 Variance*		
<b>REVENUES (continued)</b>					
<b>Operating Grants &amp; Contributions</b>	<b>2,641</b>	<b>2,988</b>	<b>347</b>	13%	<b>F</b>
Council's Roads to Recovery grant is budgeted as a Capital Grant but disclosed in the Financial Statements as Operating Grants. In 2010/11 this grant was \$194k. The only other material variance was in the Financial Assistance Grant which exceeded forecast by \$154k. The total of these variances is \$348k.					
<b>Capital Grants &amp; Contributions</b>	<b>2,461</b>	<b>3,731</b>	<b>1,270</b>	52%	<b>F</b>
The major variance in Capital Grants was the receipt of \$1,191k for Council's Gap Park Suicide Prevention project. Council also received \$316k more than forecast in Section 94 and 94A contributions and \$134k in Environmental Grants and \$123k in waterways grants not anticipated in the original budget. Council also received \$60k in capital contributions not anticipated in the original budget. Council was unsuccessful in grant applications under the Blackspot Program (\$273k), open space grants (\$150k) and for the Watsons Bay Baths project (\$150k). The total of these variations is \$1,251k with minor variances in other grants making up the difference.					
<b>Net Gains from Disposal of Assets</b>	<b>602</b>	<b>-</b>	<b>(602)</b>	(100%)	<b>U</b>
Council anticipated a net gain on the disposal of assets of \$602k and realised a net loss of \$1,223k, a variance of \$1,825k (refer to Net Losses from Disposal of Assets below). For the first time in 2010/11, Council recognised the write off of renewed Infrastructure Assets totalling \$918k. This was not anticipated in the original budget. Council also wrote off a quantity of Library Books with a written down value of \$39k. The original budget anticipated \$816k in proceeds from road sales, none of which was realised. The remaining \$52k relates to minor variances across Council's plant and fleet replacement program.					
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	<b>30,021</b>	<b>30,581</b>	<b>(560)</b>	(2%)	<b>U</b>
While not material overall there were a number of variances contributing to the overall variance. The 2011 Actual figure includes (\$342k) in Training Costs budgeted in Other Expenses. Other material variances are Salaries & Wages exceeding original budget forecasts (\$440k), ELE payments exceeding forecast by (\$146k) (including \$124k in maternity leave payments) and Fringe Benefits Tax exceeding forecast by (\$50k). Offsetting this over-expenditure is savings in Superannuation \$88k and Workers' Compensation Insurance \$322k. The total of these variances is (\$568k) with minor variances in other staffing costs making up the difference.					
<b>Borrowing Costs</b>	<b>569</b>	<b>568</b>	<b>1</b>	0%	<b>F</b>

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 16. Material Budget Variations (continued)

\$ '000	2011 Budget	2011 Actual	2011 ----- Variance* -----	
<b>EXPENSES</b> (continued)				
<b>Materials &amp; Contracts</b>	<b>11,932</b>	<b>13,124</b>	<b>(1,192)</b>	(10%) <b>U</b>
<p>The most significant variance in Materials &amp; Contracts is the expensing of (\$1,544k) of project expenditure from Council's capital budget that ultimately did not meet capitalisation criteria.</p> <p>Other material variances include expending less than forecast on General Contracts \$399k (mainly related to changes to the operation of Car Parks), Materials used across Council \$100k and reduced expenditure on Consultants \$87k.</p> <p>Council spent more than originally forecast on Plant Parts &amp; Repairs (\$91k), Temporary Staff (\$24k) and Legal Expenses (\$118k).</p> <p>The total of these variances is (\$1,191k) with minor variances in other materials and contracts making up the difference.</p>				
<b>Depreciation &amp; Amortisation</b>	<b>10,199</b>	<b>9,080</b>	<b>1,119</b>	11% <b>F</b>
<p>Following the revaluation of Council's Infrastructure Assets at 30 June 2010, and the associated condition re-assessment, depreciation decreased by \$1,170k. Depreciation across the other asset classes increased by (\$51k) arising from the depreciation of 2009/10 acquisitions.</p>				
<b>Other Expenses</b>	<b>12,848</b>	<b>13,830</b>	<b>(981)</b>	(8%) <b>U</b>
<p>Variations arising from the de-consolidation of Holdsworth Street Community Centre total (\$649k). Council's variance is (\$332k) Unfavourable.</p> <p>Training Costs of \$342k budgeted in Other Expenses are disclosed in Employee Benefits &amp; On-costs. Other material variances are expending less than forecast on Advertising \$82k, Contributions to Other Organisations \$93k and Insurance payments \$44k. Council spent more than forecast on Interest on Deposits (\$117k), Emergency Management Contributions (\$145k), Tipping Charges (\$497k), Water Rates (\$40k) and Recoverable Expenses (\$94k). The total of these variances is (\$332k).</p>				
<b>Net Losses from Disposal of Assets</b>	<b>-</b>	<b>1,223</b>	<b>(1,223)</b>	0% <b>U</b>
<p>Refer to Net Gain from Disposal of Assets above for an explanation of this variance.</p>				

## Woollahra Municipal Council

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

#### Note 16. Material Budget Variations (continued)

\$ '000	2011 Budget	2011 Actual	2011 ----- Variance* -----		
<b>Budget Variations relating to Council's Cash Flow Statement include:</b>					
<b>Cash Flows from Operating Activities</b>	<b>10,246</b>	<b>11,623</b>	<b>1,377</b>	13.4%	<b>F</b>
<p>The material variances arising from Council's Operating Activities outlined above, excluding non-cash items such as Depreciation, indicate a net improvement in cash from operating activities of only \$87k.</p> <p>The majority of the variance arises from actual versus forecast payables and provisions. A forecast \$1,100 reduction in payables was replaced by an actual increase of \$185k, a variance of \$1,285, while the variance in the forecast movement in provisions was (\$188k).</p> <p>The forecast overall movements in receivables and other assets were in line with actual movements.</p>					
<b>Cash Flows from Investing Activities</b>	<b>(10,394)</b>	<b>(14,119)</b>	<b>(3,725)</b>	35.8%	<b>U</b>
<p>Expenditure on Infrastructure, Property, Plant &amp; Equipment exceeded budget forecasts by (\$1,536k), including \$2,031 rolled over from 2009/2010. Proceeds from the disposal of assets fell well short of forecast (\$1,052) due mainly to receiving no proceeds from Road Sales (\$816k forecast) and proceeds from the sale of plant being \$266k less than forecast.</p> <p>These variances were offset by maturing long term investment securities \$3,070k and the purchase of investment securities of (\$4,000k).</p>					
<b>Cash Flows from Financing Activities</b>	<b>(814)</b>	<b>(814)</b>	<b>(0)</b>	0.0%	<b>U</b>

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 17. Statement of Developer Contributions

\$ '000

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

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

#### SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Parking	2,120	-	-	127	(30)	-	2,216	-	(2,969)	(753)	-
Open Space	3	-	-	4	(7)	-	-	-	-	-	-
Civic Improvements	36	-	-	2	-	-	38	-	(680)	(642)	-
Recreation	228	23	-	16	-	-	267	-	-	267	-
Plan Preparation & Administration	31	1	-	2	-	-	34	-	(88)	(54)	-
<b>S94 Contributions - under a Plan</b>	<b>2,418</b>	<b>24</b>	<b>-</b>	<b>151</b>	<b>(37)</b>	<b>-</b>	<b>2,556</b>	<b>-</b>	<b>(3,737)</b>	<b>(1,181)</b>	<b>-</b>
<b>S94A Levies - under a Plan</b>	<b>1,174</b>	<b>1,692</b>	<b>-</b>	<b>96</b>	<b>(1,394)</b>	<b>-</b>	<b>1,567</b>				<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>3,592</b>	<b>1,716</b>	<b>-</b>	<b>247</b>	<b>(1,431)</b>	<b>-</b>	<b>4,123</b>				<b>-</b>
S94 not under Plans	53	-	-	18	(45)	-	25	-	-	25	-
<b>Total Contributions</b>	<b>3,644</b>	<b>1,716</b>	<b>-</b>	<b>265</b>	<b>(1,477)</b>	<b>-</b>	<b>4,148</b>	<b>-</b>	<b>(3,737)</b>	<b>(1,156)</b>	<b>-</b>

# Woollahra Municipal Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 17. Statement of Developer Contributions (continued)

\$ '000

#### S94 CONTRIBUTIONS - UNDER A PLAN

##### CONTRIBUTION PLAN - 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	
Parking	398	-	-	27	(30)	-	394	-	-	394	-
Open Space	3	-	-	4	(7)	-	-	-	-	-	-
<b>Total</b>	<b>401</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>(37)</b>	<b>-</b>	<b>394</b>	<b>-</b>	<b>-</b>	<b>394</b>	<b>-</b>

##### 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	746	-	-	33	-	-	779	-	(619)	160	-
Parking - Double Bay	976	-	-	67	-	-	1,043	-	(2,350)	(1,307)	-
Civic Improvements	36	-	-	2	-	-	38	-	(680)	(642)	-
Recreation	228	23	-	16	-	-	267	-	-	267	-
Plan Preparation & Administration	31	1	-	2	-	-	34	-	(88)	(54)	-
<b>Total</b>	<b>2,017</b>	<b>24</b>	<b>-</b>	<b>120</b>	<b>-</b>	<b>-</b>	<b>2,162</b>	<b>-</b>	<b>(3,737)</b>	<b>(1,575)</b>	<b>-</b>



# Woollahra Municipal Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 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	
Other	1,174	1,692	-	95	(1,394)	-	1,567	-	-		-
<b>Total</b>	<b>1,174</b>	<b>1,692</b>	<b>-</b>	<b>95</b>	<b>(1,394)</b>	<b>-</b>	<b>1,567</b>				

#### S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Parking	53	-	-	18	(45)	-	25	-	-	25	-
<b>Total</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>(45)</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>-</b>

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000

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

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

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

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

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

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

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

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

##### (ii) Statewide Limited

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

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

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

##### (iii) StateCover Limited

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

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

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

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

##### (iv) Other Guarantees

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

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000

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

##### 2. Other Liabilities

###### (i) Third Party Claims

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

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

###### (ii) S94 Plans

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

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

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

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

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

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

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

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

##### ASSETS NOT RECOGNISED:

###### (i) Land Under Roads

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

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

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

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

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

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

## Woollahra Municipal Council

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

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

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\$ '000

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

###### **(iii) Investments**

At 30 June 2011, Council valued its Collateralised Debt Obligation investments, except where Lehman Brothers are the swap counter party, 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 their \$Nil book value.

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 2011

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

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

#### Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2011	Actual 2010
<b>a. Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		857,137	655,763
a. Correction of Prior Period Errors	20 (c)	-	30,099
b. Changes in Accounting Policies (prior period effects)	20 (d)	(361,150)	(195,340)
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		6,792	5,465
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
<b>Balance at End of the Reporting Period</b>		<b>502,780</b>	<b>495,987</b>

#### b. Reserves

##### (i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	106,812	57,113
<b>Total</b>	<b>106,812</b>	<b>57,113</b>

##### (ii) Reconciliation of movements in Reserves:

###### Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance	57,113	24,356
- Revaluations for the year	9(a) 49,699	32,757
<b>- Balance at End of Year</b>	<b>106,812</b>	<b>57,113</b>

###### TOTAL VALUE OF RESERVES

<b>106,812</b>	<b>57,113</b>
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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 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
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#### c. Correction of Error/s relating to a Previous Reporting Period

**Council made no correction of errors during the current reporting period.**

#### **Correction of Errors reported in the 09/10 financial year:**

Council revalued the following asset classes for the 09/10 Year End:

- Roads, Bridges, Footpaths
- Bulk Earthworks,
- Stormwater Drainage Assets

This reassessment resulted in a material difference as to where some assets actually sat in with respect to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated.

Council did not have sufficient and reliable information that would allow the restatement of information prior to 30/6/09 (the closing date for the comparative figures in last year's report).

As a result, Council adjusted the accumulated depreciation for the Asset Classes below as at 30/6/09 to reflect the correct value of accumulated depreciation;

- Roads, Bridges, Footpaths decrease to accumulated depreciation

30,099
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This adjustment resulted in a net increase in Council's Accumulated Surplus as at 30/6/09.

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>d. Voluntary Changes in Accounting Policies</b>			
<b>Valuation of Community Land</b>			
<p>When first brought to account at 30 June 1995 Council used Valuer General valuations for its Community Land. As at 30 June 1997 the valuation basis was required to be changed to reflect the deprival value for the land. At the time, an "average municipal rate" per square metre was considered to better establish the deprival value and was adopted for all Community Land. For 30 June 2011, Council has reverted to using Valuer General valuations for its Community Land. The valuations have a base date of 1 July 2009. This change in policy had the effect of reducing the value of Community Land by:</p>			
		<u>(361,150)</u>	
<b>Voluntary Changes in Accounting Polices adopted last year</b>			
<p>Council recognised for the first time in last year's accounts Bulk Earthworks (non depreciable) as part of its revaluation of Roads, Bridges &amp; Footpaths. These earthworks comprise the subgrade layer of Council's roads.</p>			
This has had the effect of increasing I,PP&E by:			<u>170,818</u>
<p>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 costs as previously used.</p>			
<p>As a result, Council adjusted the valuation of accumulated depreciation of its Stormwater Drainage assets as at 30/6/09 to reflect the new values.</p>			
- Stormwater Drainage Assets (decrease) to fair value			(4,511)
- Stormwater Drainage Assets (increase) to accumulated depreciaton			(496)
These adjustments reflected in a net increase in Equity			<u>165,811</u>
<b>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above changes in Accounting Policy have been recognised retrospectively.</b>			
<b>These amounted to the following Equity Adjustments:</b>			
- Adjustments to Opening Equity - 1/7/09 (relating to adjustments for the 30/6/09 reporting year end and prior periods)			(361,150)
- Adjustments to Closing Equity - 30/6/10 (relating to adjustments for the 30/6/10 year end)			-
<b>Total Prior Period Adjustments - Accounting Policy Changes</b>			<u>(361,150)</u>

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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\$ '000

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Council operates from a General Fund only.

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

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

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

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

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

**Accordingly, the "authorised for issue" date is 01/11/11.**

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

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

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

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

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

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

#### Note 24. Discontinued Operations

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



## Woollahra Municipal Council

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

#### Note 25. Intangible Assets

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\$ '000

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

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

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

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Council has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.

## Woollahra Municipal Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 27. Council Information & Contact Details

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**Principal Place of Business:**

536 New South Head Road  
Double Bay NSW 2028

**Contact Details****Mailing Address:**

PO Box 61  
Double Bay NSW 2028

**Opening Hours:**

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

**Telephone:** 02 9391 7000

**Facsimile:** 02 9391 7044

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

**Email:** [records@woollahra.nsw.gov.au](mailto:records@woollahra.nsw.gov.au)

**Officers****GENERAL MANAGER**

Gary James

**RESPONSIBLE ACCOUNTING OFFICER**

Don Johnston

**PUBLIC OFFICER**

Stephen Dunshea, Director Corporate Services

**AUDITORS**

Hill Rogers Spencer Steer

**Elected Members****MAYOR**

Susan Wynne

**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

**Other Information**

**ABN:** 32 218 483 245

**WOOLLAHRA MUNICIPAL COUNCIL**  
**GENERAL PURPOSE FINANCIAL STATEMENTS**  
**INDEPENDENT AUDITORS' REPORT**

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**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 2011, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

**Responsibility of Council for the Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. Our audit responsibility does not extend to the original budget information disclosed in the Income Statement, Statement of Cash Flows, and Note 2(a) or the budget variation explanations disclosed in Note 16. Nor does our responsibility extend to the projected future developer contributions and costs disclosed in Note 17 or the additional disclosures in Notes 13a(i) and 27. Accordingly, no opinion is expressed on these matters.

**Assurance Partners**

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Steer Assurance Partners

ABN 56 435 338 966

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

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

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

### **Independence**

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

### **Auditor's Opinion**

In our opinion,

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

### **HILL ROGERS SPENCER STEER**



### **BRETT HANGER**

Partner

Dated at Sydney this 1st day of November 2011

Hill Rogers  
Spencer Steer

1 November 2011

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

Mayor,

### **Audit Report - Year Ended 30 June 2011**

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2011 and that all information required by us was readily available. We have signed our 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;

#### **I. RESULTS FOR THE YEAR**

##### ***I.1 Operating Result***

The operating result for the year was a surplus of \$6.792 million as compared with \$5.465 million in the previous year.

#### **Assurance Partners**

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Practising as Hill Rogers Spencer  
Steer Assurance Partners

ABN 56 435 338 966

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

	2011 \$'000	% of Total	2010 \$'000	% of Total (Decrease)	Increase \$'000
<b>Revenues before capital items</b>					
Rates & annual charges	40,009	56%	38,743	56%	1,266
User charges, fees & other revenues	25,948	36%	18,999	28%	6,949
Grants & contributions provided for operating purposes	2,988	4%	8,218	12%	(5,230)
Interest & investment revenue	2,522	4%	3,076	4%	(554)
	<b>71,467</b>	<b>100%</b>	<b>69,036</b>	<b>100%</b>	<b>2,431</b>
<b>Expenses</b>					
Employee benefits & costs	30,581	45%	31,915	48%	(1,334)
Materials, contracts & other expenses	28,177	41%	23,969	36%	4,208
Depreciation, amortisation & impairment	9,080	13%	10,349	15%	(1,269)
Borrowing costs	568	1%	626	1%	(58)
	<b>68,406</b>	<b>100%</b>	<b>66,859</b>	<b>100%</b>	<b>1,547</b>
<b>Surplus/(Deficit) before capital items</b>	<b>3,061</b>		<b>2,177</b>		<b>884</b>
Grants & contributions provided for capital purposes	3,731		3,288		443
<b>Net Surplus/(Deficit) for the year</b>	<b>6,792</b>		<b>5,465</b>		<b>1,327</b>

The table above shows an overall increase over the previous year of \$1.327 million. The most notable variance from the previous year is the increase in other revenues. This included an increase in the fair value of investment properties of \$6.540 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.

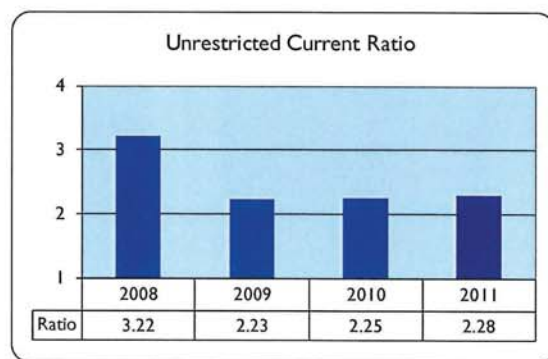
	2011	2010
	\$'000	\$'000
<b>Funds were provided by:-</b>		
<b>Operating Result (as above)</b>	<b>6,792</b>	<b>5,465</b>
Add back non funding items:-		
- Depreciation, amortisation & impairment	9,080	10,349
- Book value of non-current assets sold	2,063	1,708
- (Gain)/Loss of fair value to investment properties	(6,540)	0
	11,395	17,522
Decrease/Redemption in Non-current Investments	2,000	0
Transfers from externally restricted assets (net)	585	0
Transfers from internal reserves (net)	239	0
Net Changes in current/non-current assets & liabilities	1,330	1,049
	15,549	18,571
<b>Funds were applied to:-</b>		
Purchase and construction of assets	(13,890)	(16,120)
Principal repaid on loans	(814)	(757)
Transfers to externally restricted assets (net)	0	(36)
Transfers to internal reserves (net)	0	(1,461)
	(14,704)	(18,374)
<b>Increase/(Decrease) in Available Working Capital</b>	<b>845</b>	<b>197</b>

## 2. FINANCIAL POSITION

### 2.1 Unrestricted Current Ratio

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

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$17.624 million representing a factor of 2.28 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 \$3.604 million as detailed below;

	2011	2010	Change
	\$'000	\$'000	\$'000
<b>Net Current Assets (Working Capital) as per Accounts</b>	<b>12,341</b>	<b>13,442</b>	<b>(1,101)</b>
<b>Add:</b> Payables & provisions not expected to be realised in the next 12 months included above	13,291	12,588	703
Adjusted Net Current Assets	25,632	26,030	(398)
<b>Add:</b> Budgeted & expected to pay in the next 12 months			
- Borrowings	873	814	59
- Employees leave entitlements	3,377	3,008	369
- Security bonds & retention moneys	4,838	4,847	(9)
<b>Less:</b> Externally restricted assets	(8,009)	(8,594)	585
<b>Less:</b> Internally restricted assets	(23,107)	(23,346)	239
<b>Available Working Capital as at 30 June</b>	<b>3,604</b>	<b>2,759</b>	<b>845</b>

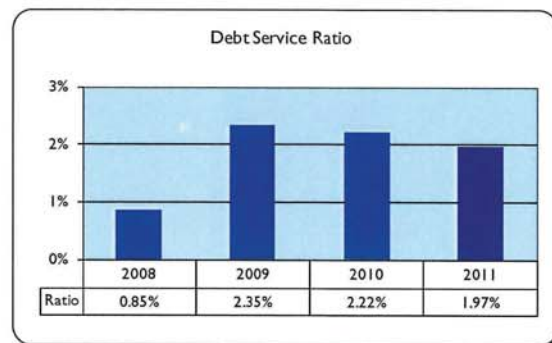
The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures.

Taking into consideration the nature and level of the internally restricted assets (Reserves) set aside, we are of the opinion that Available Working Capital as at 30 June 2011 was adequate.

### 2.3 Debt

Operating revenue (excluding special purpose grants and contributions) required to service debt (loan repayments) was 1.97%.

Principal and interest paid was \$1.382 million leaving total debt as at 30 June 2011 at \$6.852 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.

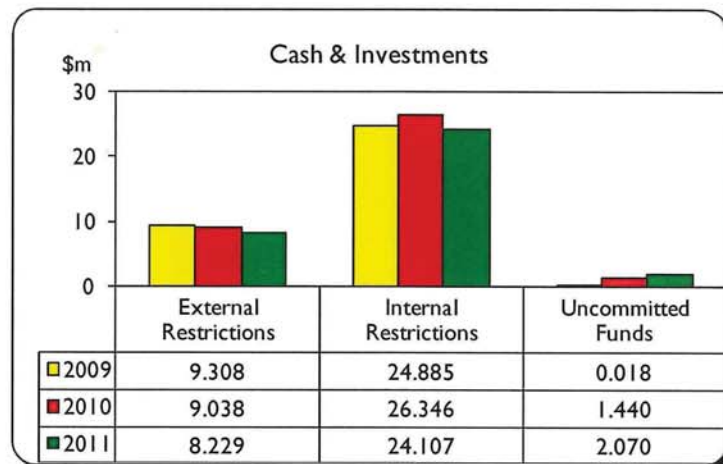


### 3. CASH ASSETS

#### 3.1 Cash & Investments

Cash and investments totalled \$34.406 million at the close of the year as compared with \$36.824 million in 2010 and \$34.211 million in 2009.

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 (\$4.148 million), infrastructure, stormwater management & environmental levies (\$2.030 million), domestic waste management charges (\$863,000) and specific purpose grants (\$1.188 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 \$24.107 million.

**Unrestricted cash and investments** amounted to \$2.070 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 \$3.310 million to \$4.270 million at the close of the year.

In addition to operating activities which contributed net cash of \$11.623 million were the proceeds from the sale of investment securities (\$3.070 million) and sale of property, plant and equipment (\$920,000). Cash outflows other than operating activities were used to purchase investments securities (\$4 million), repay loans (\$814,000) and to purchase and construct assets (\$14.109 million).

#### 4. RECEIVABLES

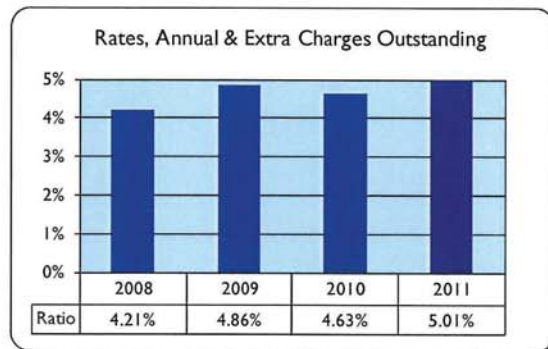
##### 4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the year totalled \$40.009 million and represented 53% of Council's total revenues.

Including arrears, the total rates and annual charges collectible was \$41.599 million of which \$39.787 million (96%) was collected.

##### 4.2 Rates, Annual & Extra Charges

Arrears of rates, annual & extra charges stood at \$2.107 million at the end of the year and represented 5.01% of those receivables.



##### 4.3 Other Receivables

Receivables (other than rates & annual charges) totalled \$3.843 million. Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$93,000.

#### 5. PAYABLES

##### 5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$8.833 million. The cash reserve of \$897,000 represented 10%.

##### 5.2 Deposits, Retentions & Bonds

Deposits, Retentions and Bonds held at year end amounted to \$12.889 million. Internally restricted cash and investments of \$7.507 million were held at year end representing 58% 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, plant and equipment and infrastructure assets have been valued.

This year saw the revaluation of the community land, land improvements and all remaining asset categories. The revaluation process resulted in a transfer to the asset revaluation reserve of \$49.699 million. A revaluation decrement of \$361.15 million arising from a change in the valuation methodology of community land was recognised directly in retained earnings. Notes 1(j), 9 and 20 of the financial statements provide further details.

## 7. MANAGEMENT LETTER

An audit management letter addressing the findings from our interim audit was issued on 29 June 2011 and this included our recommendations on possible ways to strengthen and/or improve procedures.

## 8. 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**



**BRETT HANGER**

Partner

# Woollahra Municipal Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2011

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*"...a great place to live, work and visit where places  
and spaces are safe, clean and well maintained."*



## Woollahra Municipal Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2011

Contents	Page
<b>1. Statement by Councillors &amp; Management</b>	n/a
<b>2. Special Purpose Financial Statements:</b>	
- Income Statement of Water Supply Business Activity	n/a
- Income Statement of Sewerage Business Activity	n/a
- Income Statement of Other Business Activities	n/a
- Balance Sheet of Water Supply Business Activity	n/a
- Balance Sheet of Sewerage Business Activity	n/a
- Balance Sheet of Other Business Activities	n/a
<b>3. Notes to the Special Purpose Financial Statements</b>	n/a
<b>4. Auditor's Report</b>	n/a

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### Council has not formally declared any operations as Business Activities for NCP purposes

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#### Background

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

# Woollahra Municipal Council

SPECIAL SCHEDULES  
for the year ended 30 June 2011

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*"...a great place to live, work and visit where places  
and spaces are safe, clean and well maintained."*



# Woollahra Municipal Council

## Special Schedules

for the financial year ended 30 June 2011

### Contents

Page

#### Special Schedules<sup>1</sup>

- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply - Income Statement	n/a
- Special Schedule No. 4	Water Supply - Balance Sheet	n/a
- Special Schedule No. 5	Sewerage Service - Income Statement	n/a
- Special Schedule No. 6	Sewerage Service - Balance Sheet	n/a
- Notes to Special Schedules No. 3 & 5		n/a
- Special Schedule No. 7	Condition of Public Works	5
- Special Schedule No. 8	Financial Projections	7

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

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#### Background

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

## Woollahra Municipal Council

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

for the financial year ended 30 June 2011

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	<b>2,308</b>	<b>7</b>	<b>-</b>	<b>(2,301)</b>
<b>Administration</b>	<b>16,865</b>	<b>1,320</b>	<b>-</b>	<b>(15,545)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	2,533	-	-	(2,533)
Beach Control	-	-	-	-
Enforcement of Local Govt Regs	2,057	4,931	-	2,874
Animal Control	103	25	-	(78)
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	<b>4,693</b>	<b>4,956</b>	<b>-</b>	<b>263</b>
<b>Health</b>	<b>358</b>	<b>92</b>	<b>-</b>	<b>(266)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	-	-	-	-
Other Environmental Protection	1,637	3,417	416	2,196
Solid Waste Management	7,933	10,369	-	2,436
Street Cleaning	1,636	74	-	(1,563)
Drainage	969	-	-	(969)
Stormwater Management	-	481	93	574
<b>Total Environment</b>	<b>12,175</b>	<b>14,341</b>	<b>509</b>	<b>2,675</b>
<b>Community Services and Education</b>				
Administration & Education	2,906	301	-	(2,605)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	176	77	-	(99)
Childrens Services	728	889	-	160
<b>Total Community Services &amp; Education</b>	<b>3,810</b>	<b>1,266</b>	<b>-</b>	<b>(2,543)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	-	-	-	-
Public Conveniences	-	-	-	-
Street Lighting	1,331	306	-	(1,025)
Town Planning	5,074	1,974	1,716	(1,384)
Other Community Amenities	-	-	-	-
<b>Total Housing and Community Amenities</b>	<b>6,405</b>	<b>2,280</b>	<b>1,716</b>	<b>(2,409)</b>
<b>Water Supplies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sewerage Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Woollahra Municipal Council

### Special Schedule No. 1 - Net Cost of Services (continued) for the financial year ended 30 June 2011

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	2,899	382	37	(2,480)
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)	4,864	582	1,226	(3,056)
Other Sport and Recreation	68	-	-	(68)
<b>Total Recreation and Culture</b>	<b>7,831</b>	<b>964</b>	<b>1,263</b>	<b>(5,605)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	1,419	988	-	(431)
Other Mining, Manufacturing & Construction	-	-	-	-
<b>Total Mining, Manufacturing and Const.</b>	<b>1,419</b>	<b>988</b>	-	<b>(431)</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	5,487	123	274	(5,090)
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	739	2,662	134	2,056
Footpaths	1,689	-	-	(1,689)
Aerodromes	-	-	-	-
Other Transport & Communication	3,763	1,879	29	(1,854)
<b>Total Transport and Communication</b>	<b>11,678</b>	<b>4,664</b>	<b>437</b>	<b>(6,578)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	864	9,115	-	8,252
<b>Total Economic Affairs</b>	<b>864</b>	<b>9,115</b>	-	<b>8,252</b>
<b>Totals – Functions</b>	<b>68,406</b>	<b>39,993</b>	<b>3,925</b>	<b>(24,488)</b>
<b>General Purpose Revenues<sup>(2)</sup></b>		<b>31,280</b>		<b>31,280</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	-		-
<b>NET OPERATING RESULT<sup>(1)</sup></b>	<b>68,406</b>	<b>71,272</b>	<b>3,925</b>	<b>6,792</b>

(1) As reported in the Income Statement | (2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants & Interest on Investments (excl. Ext. Restricted Assets)

# Woollahra Municipal Council

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

for the financial year ended 30 June 2011

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-							-	-
Treasury Corporation	-	-	-							-	-
Other State Government	-	-	-							-	-
Public Subscription	-	-	-							-	-
Financial Institutions	814	6,852	<b>7,666</b>	-	814	-	-	568	873	5,979	<b>6,852</b>
Other	-	-	-							-	-
<b>Total Loans</b>	<b>814</b>	<b>6,852</b>	<b>7,666</b>	<b>-</b>	<b>814</b>	<b>-</b>	<b>-</b>	<b>568</b>	<b>873</b>	<b>5,979</b>	<b>6,852</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-							-	-
Government Advances	-	-	-							-	-
Finance Leases	-	-	-							-	-
Deferred Payments	-	-	-							-	-
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>814</b>	<b>6,852</b>	<b>7,666</b>	<b>-</b>	<b>814</b>	<b>-</b>	<b>-</b>	<b>568</b>	<b>873</b>	<b>5,979</b>	<b>6,852</b>

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

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).





## Woollahra Municipal Council

### Special Schedule No. 8 - Financial Projections as at 30 June 2011

\$'000	Actual <sup>(1)</sup> 10/11	Forecast 11/12	Forecast 12/13	Forecast <sup>(3)</sup> 13/14	Forecast <sup>(3)</sup> 14/15
<b>(i) RECURRENT BUDGET</b>					
Income from continuing operations	75,198				
Expenses from continuing operations	68,406				
<b>Operating Result from Continuing Operations</b>	<b>6,792</b>	-	-	-	-
<b>(ii) CAPITAL BUDGET</b>					
New Capital Works <sup>(2)</sup>					
Replacement/Refurbishment of Existing Assets					
<b>Total Capital Budget</b>	-	-	-	-	-
<b>Funded by:</b>					
- Loans					
- Asset sales					
- Reserves					
- Grants/Contributions					
- Recurrent revenue					
- Other					
	-	-	-	-	-

**Notes:**

(1) From 10/11 Income Statement.

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

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