

Waverley Council

# Annual Financial Statements

For the financial year ending 30 June 2010



*Incorporating:*

- GENERAL PURPOSE FINANCIAL STATEMENTS
- SPECIAL PURPOSE FINANCIAL STATEMENTS
- SPECIAL SCHEDULES

# Waverley Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2010

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*"A vibrant, welcoming and  
inspiring place to live, work & play"*



# Waverley Council

## General Purpose Financial Statements

for the financial year ended 30 June 2010

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### Overview

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

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

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

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

A description of the nature of Council's operations and its 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 22/09/10.  
Council has the power to amend and reissue the financial statements.

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## Waverley Council

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

#### Statement by Councillors and Management

made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

**The attached General Purpose Financial 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:**

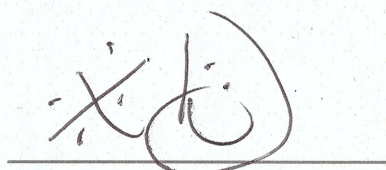
- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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

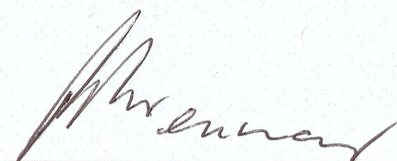
**Signed in accordance with a resolution of Council made on 21 September 2010.**



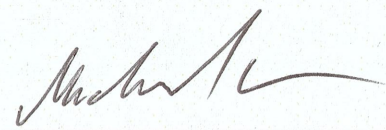
Sally Betts  
MAYOR



COUNCILLOR



Peter Brennan  
ACTING GENERAL MANAGER



Michael Mamo  
RESPONSIBLE ACCOUNTING OFFICER



## Waverley Council

## Income Statement

for the financial year ended 30 June 2010

Budget <sup>(1)</sup>			Actual	Actual
2010	\$ '000	Notes	2010	2009
Income from Continuing Operations				
Revenue:				
36,922	Rates & Annual Charges	3a	36,701	35,715
23,196	User Charges & Fees	3b	23,693	21,979
1,718	Interest & Investment Revenue	3c	2,274	2,368
16,823	Other Revenues	3d	20,264	10,547
5,698	Grants & Contributions provided for Operating Purposes	3e,f	5,502	6,008
2,855	Grants & Contributions provided for Capital Purposes	3e,f	3,996	4,272
Other Income:				
154	Net gains from the disposal of assets	5	7	-
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
87,366	Total Income from Continuing Operations		92,437	80,889
Expenses from Continuing Operations				
48,134	Employee Benefits & On-Costs	4a	46,949	43,416
390	Borrowing Costs	4b	401	489
18,723	Materials & Contracts	4c	19,188	18,911
12,000	Depreciation & Amortisation	4d	10,963	11,891
-	Impairment	4d	-	-
13,237	Other Expenses	4e	14,041	13,017
-	Interest & Investment Losses	3c	-	-
-	Net Losses from the Disposal of Assets	5	-	74
92,484	Total Expenses from Continuing Operations		91,542	87,798
(5,118)	Operating Result from Continuing Operations		895	(6,909)
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
(5,118)	Net Operating Result for the Year		895	(6,909)
(5,118)	Net Operating Result attributable to Council		895	(6,909)
-	Net Operating Result attributable to Minority Interests		-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes				
(7,973)			(3,101)	(11,181)

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

## Waverley Council

# Statement of Comprehensive Income

for the financial year ended 30 June 2010

\$ '000	Notes	Actual 2010	Actual 2009
Net Operating Result for the year (as per Income statement)		895	(6,909)
<b>Other Comprehensive Income</b>			
Gain (loss) on revaluation & impairment of I,PP&E	20b (ii)	130,470	-
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)	-	-
Other Movements in Reserves	20b (ii)	312	-
<b>Total Other Comprehensive Income for the year</b>		<b>130,782</b>	<b>-</b>
<b>Total Comprehensive Income for the Year</b>		<b>131,677</b>	<b>(6,909)</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>131,677</b>	<b>(6,909)</b>
<b>Total Comprehensive Income attributable to Minority Interests</b>		<b>-</b>	<b>-</b>

## Waverley Council

## Balance Sheet

as at 30 June 2010

\$ '000	Notes	Actual 2010	Actual 2009	Actual 2008
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents	6a	12,534	15,131	24,906
Investments	6b	22,887	19,456	15,535
Receivables	7	6,413	6,328	6,939
Inventories	8	164	176	146
Other	8	526	659	476
Non-current assets classified as 'held for sale'	22	-	1,115	-
<b>Total Current Assets</b>		<b>42,524</b>	<b>42,865</b>	<b>48,002</b>
<b>Non-Current Assets</b>				
Investments	6b	12,799	13,599	9,332
Receivables	7	2,757	2,137	1,282
Inventories	8	-	-	-
Infrastructure, Property, Plant & Equipment	9	1,168,118	1,038,918	1,086,255
Investments accounted for using the equity method	19	-	-	-
Investment Property	14	115,639	112,356	118,645
Intangible Assets	25	-	-	-
Non-current assets classified as 'held for sale'	22	44,955	44,955	-
Other	8	-	-	-
<b>Total Non-Current Assets</b>		<b>1,344,268</b>	<b>1,211,965</b>	<b>1,215,514</b>
<b>TOTAL ASSETS</b>		<b>1,386,792</b>	<b>1,254,830</b>	<b>1,263,516</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	10	9,517	9,290	10,484
Borrowings	10	1,346	1,376	1,421
Provisions	10	19,250	17,884	16,525
<b>Total Current Liabilities</b>		<b>30,113</b>	<b>28,550</b>	<b>28,430</b>
<b>Non-Current Liabilities</b>				
Payables	10	-	-	-
Borrowings	10	4,371	5,718	7,094
Provisions	10	644	575	341
<b>Total Non-Current Liabilities</b>		<b>5,015</b>	<b>6,293</b>	<b>7,435</b>
<b>TOTAL LIABILITIES</b>		<b>35,128</b>	<b>34,843</b>	<b>35,865</b>
<b>Net Assets</b>		<b>1,351,664</b>	<b>1,219,987</b>	<b>1,227,651</b>
<b>EQUITY</b>				
Retained Earnings	20	1,111,053	1,110,158	1,118,258
Revaluation Reserves	20	240,611	109,829	109,393
<b>Council Equity Interest</b>		<b>1,351,664</b>	<b>1,219,987</b>	<b>1,227,651</b>
<b>Minority Equity Interest</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>1,351,664</b>	<b>1,219,987</b>	<b>1,227,651</b>



## Waverley Council

# Statement of Changes in Equity

for the financial year ended 30 June 2010

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2010</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		1,110,913	109,829	<b>1,220,742</b>	-	<b>1,220,742</b>
a. Correction of Prior Period Errors	20 (c)	(755)	-	<b>(755)</b>	-	<b>(755)</b>
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/09)</b>		<b>1,110,158</b>	<b>109,829</b>	<b>1,219,987</b>	-	<b>1,219,987</b>
<b>c. Net Operating Result for the Year</b>		<b>895</b>	-	<b>895</b>	-	<b>895</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	130,470	<b>130,470</b>	-	<b>130,470</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	312	-	<b>312</b>	-	<b>312</b>
- Other Movements	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		<b>312</b>	<b>130,470</b>	<b>130,782</b>	-	<b>130,782</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>1,207</b>	<b>130,470</b>	<b>131,677</b>	-	<b>131,677</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		(312)	312	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>1,111,053</b>	<b>240,611</b>	<b>1,351,664</b>	-	<b>1,351,664</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2009</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		1,118,258	109,393	<b>1,227,651</b>	-	<b>1,227,651</b>
a. Correction of Prior Period Errors	20 (c)	(1,191)	436	<b>(755)</b>	-	<b>(755)</b>
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/08)</b>		<b>1,117,067</b>	<b>109,829</b>	<b>1,226,896</b>	-	<b>1,226,896</b>
<b>c. Net Operating Result for the Year</b>		<b>(6,909)</b>	-	<b>(6,909)</b>	-	<b>(6,909)</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	-	-	-	-
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>	<b>-</b>	-	<b>-</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>(6,909)</b>	-	<b>(6,909)</b>	-	<b>(6,909)</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>1,110,158</b>	<b>109,829</b>	<b>1,219,987</b>	-	<b>1,219,987</b>

## Waverley Council

## Statement of Cash Flows

for the financial year ended 30 June 2010

Budget 2010	\$ '000	Notes	Actual 2010	Actual 2009
<b>Cash Flows from Operating Activities</b>				
<u>Receipts:</u>				
37,007	Rates & Annual Charges		36,713	35,920
24,924	User Charges & Fees		25,431	22,596
1,645	Investment & Interest Revenue Received		2,157	2,628
12,799	Grants & Contributions		10,274	11,183
13,312	Other		16,753	17,581
<u>Payments:</u>				
(45,295)	Employee Benefits & On-Costs		(46,480)	(41,816)
(19,916)	Materials & Contracts		(20,453)	(22,307)
(432)	Borrowing Costs		(421)	(510)
(15,742)	Other		(13,938)	(13,328)
<b>8,302</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>10,036</b>	<b>11,947</b>
<b>Cash Flows from Investing Activities</b>				
<u>Receipts:</u>				
-	Sale of Investment Securities		19,500	17,969
154	Sale of Infrastructure, Property, Plant & Equipment		1,783	26
<u>Payments:</u>				
-	Purchase of Investment Securities		(22,000)	(26,454)
-	Purchase of Investment Property		-	(65)
(6,965)	Purchase of Infrastructure, Property, Plant & Equipment		(10,529)	(11,777)
-	Deferred Debtors & Advances Made		(10)	-
<b>(6,811)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(11,256)</b>	<b>(20,301)</b>
<b>Cash Flows from Financing Activities</b>				
<u>Receipts:</u>				
Nil				
<u>Payments:</u>				
(1,376)	Repayment of Borrowings & Advances		(1,377)	(1,421)
<b>(1,376)</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>(1,377)</b>	<b>(1,421)</b>
<b>115</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(2,597)</b>	<b>(9,775)</b>
15,131	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	15,131	24,906
<b>15,246</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>12,534</b>	<b>15,131</b>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	35,686	33,055
<b>Total Cash, Cash Equivalents &amp; Investments</b>			<b>48,220</b>	<b>48,186</b>

Please refer to Note 11 for additional cash flow information.

# Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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n/a - not applicable



## Waverley Council

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

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

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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, 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,
- 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.

Examples include;

- excluding Local Government from applying AASB 120 (IAS 20) for Grant Accounting and AASB 118 (IAS 18) for Segment Reporting, &
- different requirements on (a) Impairment of Assets relating to Not-For-Profit AASB 136 (IAS 36) and (b) AASB 116 (IAS 16) regarding accounting for the Revaluation of Assets.

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

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

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

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

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

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

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

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

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

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

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

###### (vi) Financial Statements Presentation

The Council has applied the revised **AASB 101, Presentation of Financial Statements** which became effective on 1 January 2009.

## Waverley Council

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

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

The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity.

All non-owner changes in equity must now be presented in the statement of comprehensive income.

As a consequence, the Council had to change the presentation of its financial statements.

Comparative information has been re-presented so that it is also in conformity with the revised standard.

#### (b) Revenue recognition

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

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

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

Revenue is measured on major income categories as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Waverley Council

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

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

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

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

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

##### Interest and Rents

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

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

##### (c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30/6/10) and (ii) all the related operating results (for the financial year ended the 30th June 2010).

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

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

##### (i) The Consolidated Fund

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

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

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

- General Purpose Operations

##### (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 Venture Entities

###### Jointly Controlled Assets & Operations

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

###### Jointly Controlled Entities

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

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

##### (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



## Waverley Council

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

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

Council accounts for such interests using the Equity Method of Accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed Associates.

##### (v) County Councils

Council is not a member of any County Councils.

##### (vi) Additional Information

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

##### (d) Leases

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

##### Finance Leases

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

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

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

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

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

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

##### Operating Leases

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

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

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

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

Cash and cash equivalents includes;

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

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

##### (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.

## Waverley Council

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

#### 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.

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.

## Waverley Council

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

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

##### 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.

If there is evidence of impairment for any of Council's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the income statement.

##### (iii) Types of Investments

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

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Local Government Investment Order.

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

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



## Waverley Council

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

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

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

##### (g) Fair value estimation

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

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

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

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

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

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

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

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

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

##### (h) Receivables

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

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

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

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

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

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

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

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

##### (i) Inventories

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

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

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated

## Waverley Council

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

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

costs of completion and the estimated costs necessary to make the sale.

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

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

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

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

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

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

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

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

##### Acquisition of assets

Council's non current assets are being progressively revalued to fair value in accordance with a staged implementation as advised by the 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)

The only remaining asset class that is to be revalued in a future reporting period is;

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

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

##### Initial Recognition

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

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

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

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial 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:

# Waverley Council

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

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

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

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

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

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

#### Capitalisation Thresholds

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

##### Land

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

##### Plant & Equipment

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

##### Buildings & Land Improvements

Park Furniture & Equipment	> \$20,000
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##### Building

- construction/extensions	100% Capitalised
- renovations	> \$50,000

Other Structures	> \$20,000
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##### Stormwater Assets

Drains & Culverts	> \$20,000
Other	> \$20,000

##### Transport Assets

Road construction & reconstruction	> \$20,000
Reseal/Re-sheet & major repairs:	> \$20,000
Bridge construction & reconstruction	> \$20,000

#### 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	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles & Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

##### Other Equipment

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

##### Buildings

- Buildings : Masonry	50 to 100 years
- Buildings : Other	20 to 40 years

##### Stormwater Drainage

- Drains	80 to 100 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	20 to 75 years
- Road Pavements	60 years
- Kerb, Gutter & Paths	40 years

##### Other Infrastructure Assets

- Bulk earthworks	Infinite
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## Waverley Council

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

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

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

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

##### Disposal and De-recognition

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

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

##### (k) Land

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

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

##### (l) Land under roads

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

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

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

Council will review the recognition of all land under roads when the valuation methodology has been determined by the industry and is, in the meantime, collecting the necessary physical data to undertake the valuation.

##### (m) Intangible Assets

###### IT Development and Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project.

Amortisation is calculated on a straight line bases over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where Council has an intention and ability to use the asset.

##### (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.

## Waverley Council

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

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

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

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

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 30/06/2008.

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

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

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

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

Costs are estimated on the basis of a closure plan.

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

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

Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs

based on feasibility and engineering studies using current restoration standards and techniques.

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

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

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

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

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

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

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

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

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

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



## Waverley Council

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

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

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

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

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

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

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

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

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

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

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

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

#### **(r) 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 it's 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.

#### **(s) 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.

#### **(t) 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.

## Waverley Council

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

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

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.

##### (u) Borrowing costs

Borrowing costs are expensed.

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.

##### (v) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

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

The discount rate used to determine the present value reflects current market assessments of the

time value of money and the risks specific to the liability.

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

##### (w) 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

## Waverley Council

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

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

currency that match as closely as possible, the estimated future cash outflows.

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

#### (iii) Retirement benefit obligations

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

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

#### Defined Benefit Plans

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

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

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

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

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

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2010 was \$2,207,503. The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 16 February 2010 and covers the period ended 30 June 2009.

However the position is monitored annually and the Actuary has estimated that as at 30<sup>th</sup> June 2010 a deficit still exists. Effective from 1 July 2009, employers are required to contribute at twice the "notional" or long term cost for a period of up to ten years in order to rectify this deficit. The share of this deficit that can be broadly attributed to the employer was estimated to be in the order of \$3,653,329 as at 30 June 2010.

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities amounting to around \$286,059,000 million at 30 June 2010.

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.

## Waverley Council

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

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

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

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

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/10.

##### **(x) Self insurance**

Council does not self insure.

##### **(y) 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.

##### **(z) Taxes**

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

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

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

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

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

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

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

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

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

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

##### **(aa) New accounting standards and UIG interpretations**

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

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

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

## Waverley Council

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

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

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

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

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

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

Council is yet to assess its full impact.

However, initial indications are that it may affect Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor



## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

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issuing its own equity instruments to the creditor (debt for equity swap).

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

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

None

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

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

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

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

#### **(ab) Rounding of amounts**

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

#### **(ac) 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.

#### **(ad) Disclaimer**

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

## Notes to the Financial Statements

for the financial year ended 30 June 2010

## 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 2010	Actual 2010	Actual 2009	Original Budget 2010	Actual 2010	Actual 2009	Original Budget 2010	Actual 2010	Actual 2009	Actual 2010	Actual 2009	Actual 2010	Actual 2009
General Manager's Unit	1	16	11	4,314	5,956	2,588	(4,313)	(5,940)	(2,577)	15	1	46	42
Corporate & Technical Services	58,489	61,223	50,323	27,127	26,222	25,877	31,362	35,001	24,446	1,973	2,282	1,039,869	942,498
Planning & Environmental Services	6,242	6,999	6,302	9,364	12,823	9,491	(3,122)	(5,824)	(3,189)	25	62	82	74
Public Works & Services	15,907	17,079	17,282	35,493	30,928	30,149	(19,586)	(13,849)	(12,867)	2,157	3,275	345,163	310,747
Recreation, Customer & Community Services	6,727	7,120	6,971	16,186	15,613	19,693	(9,459)	(8,493)	(12,722)	2,068	2,187	1,632	1,469
<b>Total Functions &amp; Activities</b>	<b>87,366</b>	<b>92,437</b>	<b>80,889</b>	<b>92,484</b>	<b>91,542</b>	<b>87,798</b>	<b>(5,118)</b>	<b>895</b>	<b>(6,909)</b>	<b>6,238</b>	<b>7,807</b>	<b>1,386,792</b>	<b>1,254,830</b>
<b>Operating Result from Continuing Operations</b>	<b>87,366</b>	<b>92,437</b>	<b>80,889</b>	<b>92,484</b>	<b>91,542</b>	<b>87,798</b>	<b>(5,118)</b>	<b>895</b>	<b>(6,909)</b>	<b>6,238</b>	<b>7,807</b>	<b>1,386,792</b>	<b>1,254,830</b>

## Waverley Council

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

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

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

##### General Manager's Unit

The General Manager's Unit comprises the Mayor's Office and the General Manager's Office.

- The General Manager's Office leads the executive and organisation, leads long term strategic planning and new policy and program development.
- The Mayor's Office provides support to the Mayor, is the central point for Council's media relations and organises Mayoral functions and civic events.

In addition, the Human Resources and Organisation Development Division reports directly to the General Manager. The Division provides training and development for Council staff, provides leadership in organisation development and improving Council's organisational capacity and assists in the recruitment, retention and management of high performing and professional staff.

##### Corporate & Technical Services

- Develops and implements plans to effectively manage Council's financial and technical resources, and building, property and infrastructure assets.
- Manages Council's annual corporate planning and reporting.
- Provides services to Council staff, managers and Councillors.
- Provides services to the community through the management and operation of roads, parking and transportation systems.
- Operates Council's car parks, cemeteries, property dealings and the management of leases/licences.

##### Planning & Environmental Services

- Promotes the conservation of natural resources in accordance with the principle of ecological sustainable environment.
- Develops, promotes and implements strategies for the enhancement of our natural and built environment.
- Provides a range of services in a professional and caring way to Council and the public in the fields of planning and environmental services.
- Provides health and regulatory services to preserve the amenity and well-being of our community.
- Provides a range of planning and building services for the enhancement of our natural and built environment.

##### Public Works & Services

- Provides waste collection and public place cleansing services.
- Project manages projects within Council's Capital Works Program.
- Undertakes maintenance & construction works on Council's roads, footpaths and other Council assets.
- Manages Council's parks and open space.
- Provision of Lifeguard Services at Council Beaches.
- Manages and maintains Council plant & equipment.
- Emergency management.

##### Recreation, Customer & Community Services

- Provides face to face and on the telephone service to customers.
- Provides services, programs and events that act as a focus for community activities.
- Undertakes successful advocacy for the community.
- Acts as a gateway to the world's information resources for all members of the community.
- Provides an integrated approach to planning good social, recreational, cultural and open space outcomes.
- Acts as a major link between Council and the community.
- Undertakes planning and place management of Bondi Junction Town Centre and the Bondi Beach area.

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

### Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2010	Actual 2009
<b>(a). Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		18,622	18,000
Business		7,126	7,033
<b>Total Ordinary Rates</b>		<b>25,748</b>	<b>25,033</b>
<b>Special Rates</b>			
Environmental		921	892
<b>Total Special Rates</b>		<b>921</b>	<b>892</b>
<b>Annual Charges</b> (pursuant to s.496 & s.501)			
Domestic Waste Management Services		10,032	9,790
<b>Total Annual Charges</b>		<b>10,032</b>	<b>9,790</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>36,701</b>	<b>35,715</b>

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

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>(b). User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Waste Management Services (non-domestic)		1,754	1,652
<b>Total User Charges</b>		<b>1,754</b>	<b>1,652</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s608, 610A & 611)			
Hoarding/Crane Permits		591	439
Planning & Building Regulation		1,545	1,793
Section 149 Certificates (EPA Act)		212	187
Section 603 Certificates		112	94
Section 611 Charges		36	35
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>2,496</b>	<b>2,548</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges</b> (per s.610C))			
Admission & Service Fees		136	116
Bus Shelter Fees		1,132	1,122
Car Parking Fees		5,556	4,776
Car Parking Meter Income		6,575	5,912
Cemeteries		1,366	1,132
Child Care		2,381	2,298
Leaseback Fees - Council Vehicles		128	120
Park Rents		753	777
Restoration Charges		636	622
Other		780	904
<b>Total Fees &amp; Charges - Other</b>		<b>19,443</b>	<b>17,779</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>23,693</b>	<b>21,979</b>



## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>(c). Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges		81	97
- Interest earned on Investments (interest & coupon payment income)		2,106	2,522
<b>Fair Value Adjustments</b>			
- Fair Valuation movements in Investments (at FV or Held for Trading)		87	(251)
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>2,274</u></b>	<b><u>2,368</u></b>

**Interest Revenue is attributable to:****Unrestricted Investments/Financial Assets:**

Overdue Rates & Annual Charges	81	97
General Council Cash & Investments	1,803	1,909

**Restricted Investments/Funds - External:**

Development Contributions		
- Section 94	87	49
Domestic Waste Management operations	258	275

**Restricted Investments/Funds - Internal:**

Internally Restricted Assets	45	38
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<b>Total Interest &amp; Investment Revenue Recognised</b>	<b>2,274</b>	<b>2,368</b>
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**(d). Other Revenues**

Fair Value Adjustments - Investment Properties	14	3,283	(6,354)
Rental Income - Investment Properties	14	1,911	1,857
Rental Income - Other Council Properties		3,338	3,176
Ex Gratia Rates		15	14
Fines		167	177
Parking Fines		10,379	10,494
Legal Fees Recovery - Rates & Charges (Extra Charges)		34	25
Legal Fees Recovery - Other		234	-
Insurance Claim Recoveries		163	210
Recycling Income (non domestic)		253	392
Sale of Abandoned Vehicles		22	26
Sales - General		9	8
Other		456	522
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>20,264</u></b>	<b><u>10,547</u></b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	2010 Operating	2009 Operating	2010 Capital	2009 Capital
<b>(e). Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	1,581	2,052	-	-
Financial Assistance - Local Roads Component	369	444	-	-
Pensioners' Rates Subsidies - General Component	207	208	-	-
<b>Total General Purpose</b>	<b>2,157</b>	<b>2,704</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Domestic Waste Management	122	125	-	-
Child Care	1,217	1,233	660	-
Community Care	599	559	-	-
Employment & Training Programs	52	41	-	-
Environmental Protection	254	199	-	-
Library	189	283	-	-
Recreation & Culture	61	77	198	1,564
Street Lighting	160	156	-	-
Transport (Roads to Recovery)	-	-	205	409
Transport (Other Roads & Bridges Funding)	-	-	344	303
Other	20	48	-	106
<b>Total Specific Purpose</b>	<b>2,674</b>	<b>2,721</b>	<b>1,407</b>	<b>2,382</b>
<b>Total Grants</b>	<b>4,831</b>	<b>5,425</b>	<b>1,407</b>	<b>2,382</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	2,680	3,335	1,339	2,052
- State Funding	1,986	1,996	68	330
- Other Funding	165	94	-	-
	<b>4,831</b>	<b>5,425</b>	<b>1,407</b>	<b>2,382</b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	2010 Operating	2009 Operating	2010 Capital	2009 Capital
<b>(f). Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the NSW LG Act):</b>				
S 93F - Contributions using Planning Agreements	-	-	324	596
S 94 - Contributions towards amenities/services	-	-	124	260
S 94A - Fixed Development Consent Levies	-	-	2,071	1,034
<b>Total Developer Contributions</b> 17	<b>-</b>	<b>-</b>	<b>2,519</b>	<b>1,890</b>
<b>Other Contributions:</b>				
Car Parking	207	194	-	-
Drainage	12	-	-	-
Other Councils - Joint Works/Services	334	235	-	-
Paving	6	-	-	-
Roads & Bridges	6	50	70	-
Other	106	104	-	-
<b>Total Other Contributions</b>	<b>671</b>	<b>583</b>	<b>70</b>	<b>-</b>
<b>Total Contributions</b>	<b>671</b>	<b>583</b>	<b>2,589</b>	<b>1,890</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>5,502</b>	<b>6,008</b>	<b>3,996</b>	<b>4,272</b>

\$ '000	Actual 2010	Actual 2009
<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	4,141	1,511
<b>add:</b> Unspent Grants and contributions recognised in the current period	1,661	2,940
<b>less:</b> Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(1,774)	(310)
<b>Net Increase (Decrease) in Restricted Assets during the Current Reporting Period</b>	<b>(113)</b>	<b>2,630</b>
<b>Unexpended at the Close of this Reporting Period and held as Restricted Assets</b>	<b>4,028</b>	<b>4,141</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	1,774	2,475
- Developer Contributions	2,062	1,666
- Other Contributions	192	-
	<b>4,028</b>	<b>4,141</b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

### Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2010	Actual 2009
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		33,397	32,050
Travelling		106	114
Employee Leave Entitlements (ELE)		5,936	5,616
Superannuation		4,437	3,400
Workers' Compensation Insurance		3,053	2,184
Fringe Benefit Tax (FBT)		184	197
Training Costs (other than Salaries & Wages)		308	314
Other		48	47
<b>Total Employee Costs</b>		<b>47,469</b>	<b>43,922</b>
less: Capitalised Costs		(520)	(506)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>46,949</b>	<b>43,416</b>
Number of "Equivalent Full Time" Employees at year end		<b>561</b>	<b>554</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Overdraft		1	1
Interest on Loans		399	486
Interest on Building Deposits		1	2
<b>Total Interest Bearing Liability Costs</b>		<b>401</b>	<b>489</b>
less: Capitalised Costs		-	-
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>401</b>	<b>489</b>
<b>(ii) Other Borrowing Costs</b>			
Nil			
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>401</b>	<b>489</b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		14,204	15,991
Contractor & Consultancy Costs		10,802	10,263
Auditors Remuneration			
i. Audit Services - Council's Auditor		48	46
Legal Expenses:			
- Legal Expenses - Planning & Development		877	440
- Legal Expenses - Other		890	491
Operating Leases:			
Operating Lease Rentals - Minimum Lease Payments <sup>(1)</sup>		1,676	1,826
<b>Total Materials &amp; Contracts</b>		<b>28,497</b>	<b>29,057</b>
less: Capitalised Costs		(9,309)	(10,146)
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>19,188</b>	<b>18,911</b>

**1. Operating Lease Payments are attributable to:**

- Buildings	288	304
- Computers	531	688
- Motor Vehicles	857	834
	<b>1,676</b>	<b>1,826</b>

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2010	Actual 2009	Actual 2010	Actual 2009
Plant and Equipment		-	-	1,244	1,348
Office Equipment		-	-	420	505
Buildings - Non Specialised		-	-	2,166	2,460
Buildings - Specialised		-	-	2,772	2,789
Other Structures		-	-	507	891
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	2,859	2,351
- Stormwater Drainage		-	-	641	638
Other Assets					
- Library Books		-	-	215	230
- Other		-	-	139	679
<b>Total Depreciation &amp; Impairment Costs</b>		<b>-</b>	<b>-</b>	<b>10,963</b>	<b>11,891</b>
less: Capitalised Costs		-	-	-	-
less: Impairments offset in ARR (Equity)	9a	-	-	-	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>-</b>	<b>-</b>	<b>10,963</b>	<b>11,891</b>



## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Abandonment of Fines by Office of State Debt Recovery		1,025	1,052
Advertising		720	674
Bank Charges		277	231
Car Park Levy		130	84
Contributions/Levies to Other Levels of Government		23	81
- NSW Fire Brigade Levy		1,214	1,103
- Department of Planning Levy		210	322
- Emergency Services Levy		53	-
Councillor Expenses - Mayoral Fee		34	33
Councillor Expenses - Councillors' Fees		186	180
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		117	136
Donations, Contributions & Assistance to other organisations (Section 356)		520	533
Electricity & Heating		775	594
Family Day Care Subsidy		432	435
Insurance		1,287	1,328
Land Tax - Crown Land		443	184
Street Lighting		843	797
Subscriptions & Publications		196	171
Telephone & Communications		296	354
Waste Disposal Charges		3,760	3,214
Water Rates & Charges		334	206
Other		1,194	1,336
<b>Total Other Expenses</b>		<b>14,069</b>	<b>13,048</b>
less: Capitalised Costs		(28)	(31)
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>14,041</u></b>	<b><u>13,017</u></b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal		610	26
less: Carrying Amount of P&E Assets Sold		(93)	(54)
<b>Net Gain/(Loss) on Disposal</b>		<b>517</b>	<b>(28)</b>
<b>Infrastructure</b>			
Proceeds from Disposal		-	-
less: Carrying Amount of Infrastructure Assets Sold		(612)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>(612)</b>	<b>-</b>
<b>Financial Assets*</b>			
Proceeds from Disposal		19,500	17,969
less: Carrying Amount of Financial Assets Sold / Redeemed		(19,456)	(18,015)
<b>Net Gain/(Loss) on Disposal</b>		<b>44</b>	<b>(46)</b>
<b>Non Current Assets Classified as "Held for Sale"</b>			
Proceeds from Disposal		1,173	-
less: Carrying Amount of "Held for Sale" Assets Sold		(1,115)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>58</b>	<b>-</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>7</b>	<b>(74)</b>
<b>* Financial Assets disposals include:</b>			
- Net Gain/(Loss) from Financial Instruments designated "Held for Trading"		44	(46)
<b>Net Gain/(Loss) on Disposal of Financial Instruments</b>		<b>44</b>	<b>(46)</b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	2010 Actual Current	2010 Actual Non Current	2009 Actual Current	2009 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		2,369	-	2,151	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		6,165	-	5,480	-
- Short Term Deposits		4,000	-	7,500	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>12,534</b>	<b>-</b>	<b>15,131</b>	<b>-</b>
<b>Investment Securities (Note 6b)</b>					
- Growth Securities		933	4,799	956	5,645
- Long Term Deposits		18,000	4,000	18,500	-
- NCD's, FRN's (with Maturities > 3 months)		3,954	4,000	-	7,954
<b>Total Investment Securities</b>		<b>22,887</b>	<b>12,799</b>	<b>19,456</b>	<b>13,599</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>35,421</b>	<b>12,799</b>	<b>34,587</b>	<b>13,599</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>12,534</b>	<b>-</b>	<b>15,131</b>	<b>-</b>
--	---------------	----------	---------------	----------

#### Investments

<b>a. "At Fair Value through the Profit &amp; Loss"</b>					
- "Held for Trading"	6(b-i)	933	4,799	956	5,645
- "Designated at Fair Value on Initial Recognition"	6(b-i)	-	-	-	-
<b>b. "Held to Maturity"</b>					
	6(b-ii)	21,954	8,000	18,500	7,954
<b>c. "Loans &amp; Receivables"</b>					
	6(b-iii)	-	-	-	-
<b>d. "Available for Sale"</b>					
	6(b-iv)	-	-	-	-
<b>Investments</b>		<b>22,887</b>	<b>12,799</b>	<b>19,456</b>	<b>13,599</b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

## Note 6b. Investments (continued)

	2010 Actual Current	2010 Actual Non Current	2009 Actual Current	2009 Actual Non Current
\$ '000				
<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	956	5,645	15,535	9,332
Revaluations (through the Income Statement)	-	87	-	(251)
Disposals (sales & redemptions)	(956)		(15,535)	(2,480)
Transfers between Current/Non Current	933	(933)	956	(956)
<b>Balance at End of Year</b>	<b>933</b>	<b>4,799</b>	<b>956</b>	<b>5,645</b>
<b>Comprising:</b>				
- Growth Securities	933	4,799	956	5,645
<b>Total</b>	<b>933</b>	<b>4,799</b>	<b>956</b>	<b>5,645</b>
<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments classified as "Held to Maturity"</b>				
Balance at the Beginning of the Year	18,500	7,954	-	-
Additions	18,000	4,000	18,500	7,954
Disposals (sales & redemptions)	(18,500)		-	-
Transfers between Current/Non Current	3,954	(3,954)	-	-
<b>Balance at End of Year</b>	<b>21,954</b>	<b>8,000</b>	<b>18,500</b>	<b>7,954</b>
<b>Comprising:</b>				
- Long Term Deposits	18,000	4,000	18,500	-
- NCD's, FRN's (with Maturities > 3 months)	3,954	4,000	-	7,954
<b>Total</b>	<b>21,954</b>	<b>8,000</b>	<b>18,500</b>	<b>7,954</b>
<b>Note 6(b-iii)</b>				
<b>Reconciliation of Investments classified as "Loans &amp; Receivables"</b>				
Nil				
<b>Note 6(b-iv)</b>				
<b>Reconciliation of Investments classified as "Available for Sale"</b>				
Nil				

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

	2010 Actual Current	2010 Actual Non Current	2009 Actual Current	2009 Actual Non Current
<b>\$ '000</b>				
<b>Total Cash, Cash Equivalents and Investment Securities</b>	<b>35,421</b>	<b>12,799</b>	<b>34,587</b>	<b>13,599</b>
<b>attributable to:</b>				
External Restrictions (refer below)	3,875	7,055	5,135	7,122
Internal Restrictions (refer next page)	30,501	5,744	29,152	6,477
Unrestricted	1,045	-	300	-
	<b>35,421</b>	<b>12,799</b>	<b>34,587</b>	<b>13,599</b>

2010 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

## Details of Restrictions

## External Restrictions - Included in Liabilities

Nil

## External Restrictions - Other

Developer Contributions - General (D)	1,666	2,606	(2,210)	2,062
Specific Purpose Unexpended Grants (F)	2,475	1,136	(1,837)	1,774
Domestic Waste Management (G)	7,933	908	(2,203)	6,638
Environmental Levy	183	247	(166)	264
Other Contributions	-	346	(154)	192
<b>External Restrictions - Other</b>	<b>12,257</b>	<b>5,243</b>	<b>(6,570)</b>	<b>10,930</b>
<b>Total External Restrictions</b>	<b>12,257</b>	<b>5,243</b>	<b>(6,570)</b>	<b>10,930</b>

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

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

**G** 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.

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

2010 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	2,403	12	(594)	1,821
Employees Leave Entitlement	3,692	287	-	3,979
Carry Over Works	473	311	(440)	344
Deposits, Retentions & Bonds	5,120	576	-	5,696
Office Equipment	150	164	(79)	235
Sale of Properties	81	-	-	81
Insurance Claims	250	-	-	250
Parking Meters	1,709	300	-	2,009
Parking - Off-Street	1,152	-	(300)	852
Street Tree (Sewer) Aerial Building	252	-	-	252
Affordable Housing	618	149	-	767
Social Housing	-	101	-	101
Future Capital Works	8,967	72	(1,225)	7,814
Unexpended Loans	202	-	(9)	193
Cemetery Funds	868	343	(173)	1,038
Investment Strategy	7,209	1,206	(556)	7,859
Other	2,483	881	(410)	2,954
<b>Total Internal Restrictions</b>	<b>35,629</b>	<b>4,402</b>	<b>(3,786)</b>	<b>36,245</b>
<b>TOTAL RESTRICTIONS</b>	<b>47,886</b>	<b>9,645</b>	<b>(10,356)</b>	<b>47,175</b>



## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

### Note 7. Receivables

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		592	203	608	199
Interest & Extra Charges		133	33	155	31
User Charges & Fees		1,056	24	711	16
Accrued Revenues					
- Interest on Investments		291	91	332	-
Government Grants & Subsidies		202	-	572	-
Deferred Debtors		-	10	-	-
Net GST Receivable		495	-	273	-
Other Levels of Government		62	-	75	-
Parking Fines		3,249	3,651	3,206	3,128
Other Debtors		364	-	467	-
<b>Total</b>		<b>6,444</b>	<b>4,012</b>	<b>6,399</b>	<b>3,374</b>
<b>less: Provision for Impairment</b>					
User Charges & Fees		(29)	(34)	(67)	(16)
Parking Fines		-	(1,221)	-	(1,221)
Other Debtors		(2)	-	(4)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(31)</b>	<b>(1,255)</b>	<b>(71)</b>	<b>(1,237)</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>6,413</u></b>	<b><u>2,757</u></b>	<b><u>6,328</u></b>	<b><u>2,137</u></b>
<b>Externally Restricted Receivables</b>					
Domestic Waste Management		510	-	500	-
Other					
- Environmental Levy		15	-	10	-
<b>Total External Restrictions</b>		<b>525</b>	<b>-</b>	<b>510</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>5,888</b>	<b>2,757</b>	<b>5,818</b>	<b>2,137</b>
<b>TOTAL NET RECEIVABLES</b>		<b>6,413</b>	<b>2,757</b>	<b>6,328</b>	<b>2,137</b>

#### Notes on Debtors above:

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

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

### Note 8. Inventories & Other Assets

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Stores & Materials		164	-	176	-
<b>Total Inventories</b>		<b>164</b>	<b>-</b>	<b>176</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		526	-	659	-
<b>Total Other Assets</b>		<b>526</b>	<b>-</b>	<b>659</b>	<b>-</b>
<b><u>TOTAL INVENTORIES &amp; OTHER ASSETS</u></b>		<b>690</b>	<b>-</b>	<b>835</b>	<b>-</b>

#### (i) Externally Restricted Assets

Total Externally Restricted Assets	-	-	-	-
Total Internally Restricted Assets	-	-	-	-
Total Unrestricted Assets	690	-	835	-
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>	<b>690</b>	<b>-</b>	<b>835</b>	<b>-</b>

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

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

\$ '000	as at 30/6/2009					Asset Movements during the Reporting Period					as at 30/6/2010				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Adjustments & Transfers	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Deprec.	Impairment									Dep'n	Impairment	
Capital Work in Progress	3,808	-	-	-	3,808	1,190	-	-	(2,764)	-	2,234	-	-	-	2,234
Plant & Equipment	-	11,568	7,970	-	3,598	3,359	(93)	(1,244)	-	-	-	12,204	6,584	-	5,620
Office Equipment	-	8,923	6,981	-	1,942	261	-	(420)	-	-	-	9,186	7,403	-	1,783
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & Equipment (under Finance Lease)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Land:</b>															
- Operational Land	-	45,996	-	-	45,996	-	-	-	-	-	-	45,996	-	-	45,996
- Community Land	687,769	-	-	-	687,769	-	(1)	-	-	-	687,768	-	-	-	687,768
- Land under Roads (pre 1/7/08)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Land under Roads (post 30/6/08)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Improvements - non depreciable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Improvements - depreciable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings - Non Specialised	-	74,645	22,153	-	52,492	12	-	(2,166)	-	-	-	74,656	24,318	-	50,338
Buildings - Specialised	-	74,355	36,320	-	38,035	312	(611)	(2,772)	924	312	-	75,081	38,881	-	36,200
Other Structures	18,682	-	15,115	-	3,567	432	-	(507)	(377)	-	18,275	-	15,160	-	3,115
<b>Infrastructure:</b>															
- Roads, Bridges, Footpaths	239,056	-	91,062	-	147,994	4,076	-	(2,859)	6,215	98,992	-	409,294	154,876	-	254,418
- Bulk Earthworks (non-depreciable)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Stormwater Drainage	64,095	-	19,730	-	44,365	250	-	(641)	42	31,478	-	110,446	34,952	-	75,494
- Water Supply Network	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Sewerage Network	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Assets:</b>															
- Heritage Collections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Library Books	5,569	-	4,455	-	1,114	179	-	(215)	-	-	5,747	-	4,669	-	1,078
- Other	12,245	-	4,007	-	8,238	15	-	(139)	(4,040)	-	5,224	-	1,150	-	4,074
<b>Reinstatement, Rehabilitation &amp; Restoration Assets</b> (refer Note 26)															
- Nil															
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>1,031,224</b>	<b>215,487</b>	<b>207,793</b>	<b>-</b>	<b>1,038,918</b>	<b>10,086</b>	<b>(705)</b>	<b>(10,963)</b>	<b>-</b>	<b>130,782</b>	<b>719,248</b>	<b>736,863</b>	<b>287,993</b>	<b>-</b>	<b>1,168,118</b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000 Class of Asset	Actual 2010				Actual 2009			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Domestic Waste Management Plant & Equipment	-	8,019	4,122	3,897	-	7,630	5,579	2,051
<b>Total DWM</b>	-	<b>8,019</b>	<b>4,122</b>	<b>3,897</b>	-	<b>7,630</b>	<b>5,579</b>	<b>2,051</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	-	<b>8,019</b>	<b>4,122</b>	<b>3,897</b>	-	<b>7,630</b>	<b>5,579</b>	<b>2,051</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.

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		2,112	-	1,470	-
Goods & Services - capital expenditure		353	-	796	-
Payments Received In Advance		291	-	486	-
Accrued Expenses:					
- Borrowings		79	-	99	-
- Salaries & Wages		35	-	649	-
- Other Expenditure Accruals		914	-	628	-
Builders Deposits		5,115	-	4,630	-
Security Bonds, Deposits & Retentions		581	-	490	-
Other		37	-	42	-
<b>Total Payables</b>		<b>9,517</b>	<b>-</b>	<b>9,290</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		1,346	4,371	1,376	5,718
<b>Total Borrowings</b>		<b>1,346</b>	<b>4,371</b>	<b>1,376</b>	<b>5,718</b>
<b>Provisions</b>					
Employee Benefits;					
Annual Leave		3,940	-	3,606	-
Sick Leave		2,807	-	2,762	-
Long Service Leave		7,435	644	6,510	575
Gratuities		4,916	-	4,844	-
Time Off In Lieu		152	-	162	-
Sub Total - Aggregate Employee Benefits		19,250	644	17,884	575
<b>Total Provisions</b>		<b>19,250</b>	<b>644</b>	<b>17,884</b>	<b>575</b>
<b>Total Payables, Borrowings &amp; Provisions</b>					
		<b>30,113</b>	<b>5,015</b>	<b>28,550</b>	<b>6,293</b>

#### (i) Liabilities relating to Restricted Assets

	2010		2009	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Domestic Waste Management	274	-	303	-
Environmental Levy	7	-	10	-
<b>Liabilities relating to externally restricted assets</b>	<b>281</b>	<b>-</b>	<b>313</b>	<b>-</b>
<b>Internally Restricted Assets</b>				
Nil				
<b>Total Liabilities relating to restricted assets</b>	<b>281</b>	<b>-</b>	<b>313</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.

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	2010	2009
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	12,803	12,558
Payables - Security Bonds, Deposits & Retentions	3,702	3,328
	<b>16,505</b>	<b>15,886</b>

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

Class of Provision	2009	Additional Provisions	Decrease due to Payments	2010	Unused amounts reversed	Closing Balance as at 30/6/10
	Opening Balance as at 1/7/09			Remeasurement effects due to Discounting		
Annual Leave	3,606	2,735	(2,401)	-	-	3,940
Sick Leave	2,762	1,261	(1,216)	-	-	2,807
Long Service Leave	7,085	1,572	(578)	-	-	8,079
Gratuities	4,844	377	(305)	-	-	4,916
Time Off In Lieu	162	6	(16)	-	-	152
<b>TOTAL</b>	<b>18,459</b>	<b>5,951</b>	<b>(4,516)</b>	<b>-</b>	<b>-</b>	<b>19,894</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.



## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	12,534	15,131
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>12,534</b>	<b>15,131</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>895</b>	<b>(6,909)</b>
Adjust for non cash items:			
Depreciation & Amortisation		10,963	11,891
Net Losses/(Gains) on Disposal of Assets		(7)	74
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "@ Fair Value" or "Held for Trading"		(87)	251
- Investment Properties		(3,283)	6,354
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(673)	(150)
Increase/(Decrease) in Provision for Doubtful Debts		(22)	(94)
Decrease/(Increase) in Inventories		12	(30)
Decrease/(Increase) in Other Current Assets		133	(183)
Increase/(Decrease) in Payables		642	(1,845)
Increase/(Decrease) in accrued Interest Payable		(20)	(21)
Increase/(Decrease) in other accrued Expenses Payable		(328)	566
Increase/(Decrease) in Other Current Liabilities		376	450
Increase/(Decrease) in Employee Leave Entitlements		1,435	1,593
Increase/(Decrease) in Other Provisions		-	-
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>10,036</b>	<b>11,947</b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
(c) Non-Cash Investing & Financing Activities			
Nil			
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities <sup>(1)</sup>		250	250
Credit Cards / Purchase Cards		27	27
Other		-	-
<b>Total Financing Arrangements</b>		<b>277</b>	<b>277</b>
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		-	-
- Other		-	-
<b>Total Financing Arrangements Utilised</b>		<b>-</b>	<b>-</b>

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

## (ii) Secured Loan Liabilities

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

## (e) Net Cash Flows Attributable to Discontinued Operations

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

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

## Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2010	Actual 2009
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## (a) Capital Commitments (exclusive of GST)

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

**Property, Plant & Equipment**

Buildings	289	203
Infrastructure	573	1,300
Plant & Equipment	247	2,701
<b>Total Commitments</b>	<b>1,109</b>	<b>4,204</b>

**These expenditures are payable as follows:**

Within the next year	1,109	4,204
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
<b>Total Payable</b>	<b>1,109</b>	<b>4,204</b>

**Sources for Funding of Capital Commitments:**

Unexpended Grants	180	-
Externally Restricted Reserves	-	2,102
Internally Restricted Reserves	929	2,102
<b>Total Sources of Funding</b>	<b>1,109</b>	<b>4,204</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:

Audit Services	158	207
<b>Total Commitments</b>	<b>158</b>	<b>207</b>

**These expenditures are payable as follows:**

Within the next year	51	49
Later than one year and not later than 5 years	107	158
Later than 5 years	-	-
<b>Total Payable</b>	<b>158</b>	<b>207</b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

## Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2010	Actual 2009
(c) Finance Lease Commitments			
Nil			
(d) Operating Lease Commitments (Non Cancellable)			
<b>a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:</b>			
Within the next year		1,123	1,233
Later than one year and not later than 5 years		692	967
Later than 5 years		75	-
<b>Total Non Cancellable Operating Lease Commitments</b>		<b>1,890</b>	<b>2,200</b>

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

Computer and other Plant &amp; Equipment

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

## (e) Investment Property Commitments

Nil

## (f) Remuneration Commitments

Commitments for the payment of salaries & other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities are payable:

Within the next year	1,115	1,056
Later than one year and not later than 5 years	2,443	3,750
Later than 5 years	-	-
<b>Total Payable</b>	<b>3,558</b>	<b>4,806</b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Amounts 2010	Indicator 2010	Prior Periods 20092008	
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions <sup>(1)</sup>	38,124	2.86 : 1	3.01	3.16
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	13,327			
2. Debt Service Ratio				
Debt Service Cost	1,777	2.09%	2.60%	1.82%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	85,096			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	36,701	39.70%	44.15%	29.02%
Revenue from Continuing Operations	92,437			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	961	2.54%	2.68%	3.34%
Rates, Annual & Extra Charges Collectible	37,809			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals <sup>(4)</sup> [Buildings & Infrastructure]	5,801	68.75%	77.08%	n/a
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	8,438			

#### Notes

<sup>(1)</sup> Refer Notes 6-8 inclusive.

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

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

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

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

## Waverley Council

# Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000

<div><div>1. Unrestricted Current Ratio</div><div><div>Ratio : 1</div><div><div><div><div>3.31</div><div>3.16</div><div>3.01</div><div>2.86</div></div><div><div>2007</div><div>2008</div><div>2009</div><div>2010</div></div></div><div>Year</div></div></div></div>	<div><div>Purpose of Unrestricted Current Ratio</div><div>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</div></div>	<div><div>Commentary on 2009/10 Result</div><div><div>2009/10 Ratio2.86 : 1</div><div>A ratio of 2.86:1 indicates that Waverley Council has sufficient liquid assets on hand to meet its current liabilities as they fall due. A ratio of less than 1.5:1 is deemed unsatisfactory and a council may be unable to meet its short term financial commitments. For 2008/09 the average for NSW Councils was 2.73:1.</div></div></div>
<div><div>2. Debt Service Ratio</div><div><div>Ratio %</div><div><div><div><div>2.67%</div><div>1.82%</div><div>2.60%</div><div>2.09%</div></div><div><div>2007</div><div>2008</div><div>2009</div><div>2010</div></div></div><div>Year</div></div></div></div>	<div><div>Purpose of Debt Service Ratio</div><div>To assess the impact of loan principal &amp; interest repayments on the discretionary revenue of council.</div></div>	<div><div>Commentary on 2009/10 Result</div><div><div>2009/10 Ratio2.09%</div><div>This ratio, expressed as a percentage, is typically higher for Council's in growth areas where loans have been utilised to fund infrastructure. A ratio of 2.09% indicates that Waverley Council has a relatively small portion of revenue committed to the repayment of debt. The 2008/09 average for NSW Councils was 4.57%.</div></div></div>
<div><div>3. Rates &amp; Annual Charges Coverage Ratio</div><div><div>Ratio %</div><div><div><div><div>37.37%</div><div>29.02%</div><div>44.15%</div><div>39.70%</div></div><div><div>2007</div><div>2008</div><div>2009</div><div>2010</div></div></div><div>Year</div></div></div></div>	<div><div>Purpose of Rates &amp; Annual Charges Coverage Ratio</div><div>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</div></div>	<div><div>Commentary on 2009/10 Result</div><div><div>2009/10 Ratio39.70%</div><div>This ratio shows that the majority of Waverley Councils revenue is from non-rates sources. The ratio decreased to 39.7% in 2009/10 due to rates and annual charges for the year increasing from \$35.7m to \$36.8m, a small increase of 2.8%, compared to overall increase in revenue from continuing operations from \$80.9m to \$92.4m or 14.3%.</div></div></div>
<div><div>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</div><div><div>Ratio %</div><div><div><div><div>3.19%</div><div>3.34%</div><div>2.68%</div><div>2.54%</div></div><div><div>2007</div><div>2008</div><div>2009</div><div>2010</div></div></div><div>Year</div></div></div></div>	<div><div>Purpose of Rates &amp; Annual Charges Outstanding Ratio</div><div>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</div></div>	<div><div>Commentary on 2009/10 Result</div><div><div>2009/10 Ratio2.54%</div><div>This measure at 2.54% reflects that during 2009/10 Waverley Council has been able to again improve its collection of rates based debt and compares favourably with the 2008/09 NSW Council average of 5.4%.</div></div></div>



## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

## Note 14. Investment Properties

\$ '000	Notes	Actual 2010	Actual 2009
(a) Investment Properties at Fair value			
<u>Investment Properties on Hand</u>		<u>115,639</u>	<u>112,356</u>
<b>Reconciliation of Annual Movement:</b>			
Opening Balance		112,356	118,645
- Acquisitions		-	65
- Net Gain/(Loss) from Fair Value Adjustments		3,283	(6,354)
<b>CLOSING BALANCE - INVESTMENT PROPERTIES</b>		<b><u>115,639</u></b>	<b><u>112,356</u></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 2010 revaluations were based on Independent Assessments made by:  
Scott Fullarton Valuations Pty Ltd (ACN 003 683 878)

## (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	1,809	1,100
Later than 1 year but less than 5 years	6,616	1,888
Later than 5 years	808	1,528
<b>Total Minimum Lease Payments Receivable</b>	<b><u>9,233</u></b>	<b><u>4,516</u></b>

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

## Rental Income from Investment Properties:

- Minimum Lease Payments	1,911	1,857
- Other Income	3,547	3,396

## Direct Operating Expenses on Investment Properties:

- that generated rental income	(1,594)	(1,587)
- that did not generate rental income	(333)	(306)

**Net Revenue Contribution from Investment Properties**

<b>3,531</b>	<b>3,360</b>
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plus:

<b>Fair Value Movement for year</b>	3,283	(6,354)
<b>Total Income attributable to Investment Properties</b>	<b><u>6,814</u></b>	<b><u>(2,994)</u></b>

# Waverley Council

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

### Note 15. Financial Risk Management

\$ '000

#### Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2010	2009	2010	2009
<b>Financial Assets</b>				
Cash and Cash Equivalents	12,534	15,131	12,534	15,131
Investments				
- "Held for Trading"	5,732	6,601	5,732	6,601
- "Held to Maturity"	29,954	26,454	29,954	26,454
Receivables	9,170	8,465	9,170	8,465
<b>Total Financial Assets</b>	<b>57,390</b>	<b>56,651</b>	<b>57,390</b>	<b>56,651</b>
<b>Financial Liabilities</b>				
Payables	9,226	8,804	9,226	8,804
Loans / Advances	5,717	7,094	5,717	7,094
<b>Total Financial Liabilities</b>	<b>14,943</b>	<b>15,898</b>	<b>14,943</b>	<b>15,898</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.

# Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000

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

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

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

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

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

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2010</b>				
Possible impact of a 10% movement in Market Values	573	573	(573)	(573)
Possible impact of a 1% movement in Interest Rates	425	425	(425)	(425)
<b>2009</b>				
Possible impact of a 10% movement in Market Values	660	660	(660)	(660)
Possible impact of a 1% movement in Interest Rates	416	416	(416)	(416)

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

## Note 15. Financial Risk Management (continued)

\$ '000

## (b) Receivables

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

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

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

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

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

Council makes suitable provision for doubtful receivables as required.

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

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

	2010 Rates & Annual Charges	2010 Other Receivables	2009 Rates & Annual Charges	2009 Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	-	5,290	-	5,084
Overdue	795	4,371	807	3,882
	<b>795</b>	<b>9,661</b>	<b>807</b>	<b>8,966</b>
<b>(ii) Movement in Provision for Impairment of Receivables</b>			2010	2009
Balance at the beginning of the year			1,308	1,402
+ new provisions recognised during the year			28	4
- amounts already provided for & written off this year			(50)	(98)
<b>Balance at the end of the year</b>			<b>1,286</b>	<b>1,308</b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

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\$ '000

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#### (c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2010									
Trade/Other Payables	5,696	3,530	-	-	-	-	-	9,226	9,226
Loans & Advances	-	1,680	1,436	1,467	897	558	631	6,669	5,717
Total Financial Liabilities	5,696	5,210	1,436	1,467	897	558	631	15,895	14,943
2009									
Trade/Other Payables	4,630	4,174	-	-	-	-	-	8,804	8,804
Loans & Advances	-	-	3,475	2,902	1,591	495	-	8,463	7,094
Total Financial Liabilities	4,630	4,174	3,475	2,902	1,591	495	-	17,267	15,898

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

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

	2010		2009	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	9,226	0.0%	8,804	0.0%
Loans & Advances - Fixed Interest Rate	5,717	6.0%	7,094	6.1%
	<u>14,943</u>		<u>15,898</u>	

# Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 09/10 was incorporated as part of its Management Plan and was adopted by the Council on 16 June 2009.

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

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

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

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

\$ '000	2010 Budget	2010 Actual	2010 Variance* -----		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	<b>36,922</b>	<b>36,701</b>	<b>(221)</b>	<b>(1%)</b>	<b>U</b>
<b>User Charges &amp; Fees</b>	<b>23,196</b>	<b>23,693</b>	<b>497</b>	<b>2%</b>	<b>F</b>
<b>Interest &amp; Investment Revenue</b>	<b>1,718</b>	<b>2,274</b>	<b>556</b>	<b>32%</b>	<b>F</b>
Council received interest revenue of \$2.187m which was better than budget by \$469k, (27.3%). This increased interest revenue is largely due to better interest rates being received for Council's short and long term deposits than originally anticipated. Additionally Council booked a write up of \$87k on it's mark to market credit linked investments which are capital guaranteed if held to maturity. At maturity the investments are expected to realise their full face value plus any growth that may accrue in the intervening period.					
<b>Other Revenues</b>	<b>16,823</b>	<b>20,264</b>	<b>3,441</b>	<b>20%</b>	<b>F</b>
Council undertook a desktop revaluation of it's Investment Properties. The value of Council's Investment Property portfolio increased from \$112.356m in 2008/09 to \$115.639m in 2009/10. This reflected a write up of \$3.283m which has been brought to account in the Income Statement.					
Revenue from parking fines was \$621k less than the original budget of \$11m due to less infringements being issued.					
<b>Operating Grants &amp; Contributions</b>	<b>5,698</b>	<b>5,502</b>	<b>(196)</b>	<b>(3%)</b>	<b>U</b>



## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

## Note 16. Material Budget Variations (continued)

\$ '000	2010 Budget	2010 Actual	2010 Variance*	
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## REVENUES continued

<b>Capital Grants &amp; Contributions</b>	<b>2,855</b>	<b>3,996</b>	<b>1,141</b>	<b>40%</b>	<b>F</b>
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Council was successful in receiving a number of unbudgeted capital grants during 2009/10. The major grants received are listed below:

- The Federal Government approved a \$1.65m grant towards the construction of a new Early Learning and Care Centre in Bondi Junction. Council received the first instalment for this grant of \$660k in 2009/10.
- The Federal Government also approved \$130k grant as part of the round 2 of funding from the Regional and Local Community Infrastructure Program. These funds are to be used to undertake the upgrade of picnic facilities at Biddigal Reserve.

In addition to the above grants being received, which were not included in the original budget, Council took receipt of Developer Contributions which exceeded the original budget by \$558k. This is largely due to several larger developments commencing in the 2009/10 financial year ahead of their anticipated commencement dates.

<b>Net Gains from Disposal of Assets</b>	<b>154</b>	<b>7</b>	<b>(147)</b>	<b>(95%)</b>	<b>U</b>
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During the 2009/10 financial year Council undertook the replacement of a significant number of trucks from its Waste Collection fleet. This was originally anticipated to be completed in the 2008/09 financial year, however was delayed due to factors outside of Council's control related to taking control of the new vehicles. The overall proceeds from the disposal of Plant & Equipment (P&E) was \$612k. After allowing for the carry cost of P&E sold the overall profit on sale of P&E was \$517k, which exceeded the original budget of \$154k by \$363k.

During 2009/10 Council also commenced the upgrade and construction of the new Waverley Park Pavilion and the demolition of the old Waverley Park Pavilion was completed. This resulted in Council recognising the written down value of the old Waverley Park Pavilion as a loss due to the disposal of the asset. The loss recognised in Council's accounts from the disposal of this asset was \$611k which was not included in the original budget.

\$ '000	2010 Budget	2010 Actual	2010 Variance*	
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## EXPENSES

<b>Employee Benefits &amp; On-Costs</b>	<b>48,134</b>	<b>46,949</b>	<b>1,185</b>	<b>2%</b>	<b>F</b>
<b>Borrowing Costs</b>	<b>390</b>	<b>401</b>	<b>(11)</b>	<b>(3%)</b>	<b>U</b>
<b>Materials &amp; Contracts</b>	<b>18,723</b>	<b>19,188</b>	<b>(465)</b>	<b>(2%)</b>	<b>U</b>
<b>Depreciation &amp; Amortisation</b>	<b>12,000</b>	<b>10,963</b>	<b>1,037</b>	<b>9%</b>	<b>F</b>
<b>Impairment Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>F</b>
<b>Other Expenses</b>	<b>13,237</b>	<b>14,041</b>	<b>(804)</b>	<b>(6%)</b>	<b>U</b>

## Notes to the Financial Statements

for the financial year ended 30 June 2010

## Note 17. Statement of Developer Contributions

\$ '000

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

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

## SUMMARY OF CONTRIBUTIONS &amp; 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	
Traffic Facilities	-	40	-	-	(40)	-	-	-	-	-	-
Open Space	-	4	-	-	(4)	-	-	-	-	-	-
Community Facilities	-	80	-	-	(80)	-	-	-	-	-	-
<b>S94 Contributions - under a Plan</b>	-	<b>124</b>	-	-	<b>(124)</b>	-	-	-	-	-	-
<b>S94A Levies - under a Plan</b>	-	<b>2,071</b>	-	-	<b>(2,071)</b>	-	-	<b>5,650</b>	<b>(20,002)</b>	<b>(14,352)</b>	-
<b>Total S94 Revenue Under Plans</b>	-	<b>2,195</b>	-	-	<b>(2,195)</b>	-	-	-	-	-	-
S93F Planning Agreements	1,666	324	-	87	(15)	-	<b>2,062</b>	1,350	(402)	3,010	
<b>Total Contributions</b>	<b>1,666</b>	<b>2,519</b>	-	<b>87</b>	<b>(2,210)</b>	-	<b>2,062</b>	<b>7,000</b>	<b>(20,404)</b>	<b>(11,342)</b>	-

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000

#### S94 CONTRIBUTIONS - UNDER A PLAN

##### CONTRIBUTION PLAN NUMBER 2004

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	
Traffic Facilities	-	40	-	-	(40)	-	-	-	-	-	-
Open Space	-	4	-	-	(4)	-	-	-	-	-	-
Community Facilities	-	80	-	-	(80)	-	-	-	-	-	-
<b>Total</b>	-	<b>124</b>	-	-	<b>(124)</b>	-	-	-	-	-	-

# Waverley Council

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

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

\$ '000

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

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

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

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

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

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category and that member Councils will need to make significantly higher contributions from 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 it's 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) 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 of any increased prudential requirements of APRA.

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

###### (iii) Other Guarantees

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

##### 2. Other Liabilities

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

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

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

# Waverley Council

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

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

\$ '000

#### LIABILITIES NOT RECOGNISED (continued):

##### 2. Other Liabilities

##### (ii) S94 Plans

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

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

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

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

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

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

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

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

##### (iv) Legal Expenses

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

At reporting date, all known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

#### ASSETS NOT RECOGNISED:

##### (i) Affordable Housing

Under Council's Development Consent Policy 1 (DCP1) developers can if they wish so gain increased floor space ratio.

To offset the increased floor space ratio the developer makes available to council Affordable Housing for low to moderate income persons.

Council and the applicant enter into a Deed of Agreement to offer council a unit or units in either perpetuity or fixed periods of time.

These units are managed by a Community Organisation identified by Council. Affordable Housing units offered to council in perpetuity are recognised as an asset while those fixed for periods of time are not recognised in council's accounts.

##### (ii) 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.

## Waverley Council

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

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

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\$ '000

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

##### **(iii) Bondi Bathers Surf Life Saving Club**

As part of the 2007 Centenary Celebrations of the Bondi Bathers Surf Life Saving Club, renovations totalling \$1,903,767 were carried out on the Bondi Surf Club building.

Waverley Council originally agreed to contribute \$750,000 towards the renovations with the balance to be funded by the Bondi Bathers Surf Life Saving Club. Waverley Council managed the project and settled all invoices related to the project as they fell due. After the completion of the project the Bondi Bathers Surf Life Saving Club were only able to provide funding of \$908,221 towards the project leaving a funding shortfall of \$245,546 owed to Waverley Council.

In the Annual Statement of Accounts for the financial year ended 30 June 2009, Council indicated a \$245,546 loan to the Bondi Bathers Surf Life Saving Club related to the funding shortfall detailed above.

At the Council Meeting of June 2010 it was moved that the loan of \$245,546 be reduced by 50% to \$122,773.

Terms and conditions surrounding repayment of this \$122,773 loan are still to be formally agreed to. On agreement of the terms and conditions, Council will bring to account a debtor representing the value owed.

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

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

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>a. Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		1,110,913	1,118,258
a. Correction of Prior Period Errors	20 (c)	(755)	(1,191)
b. Changes in Accounting Policies (Prior Period Effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		312	-
d. Net Operating Result for the Year		895	(6,909)
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		(312)	-
g. Other Changes		-	-
<b>Balance at End of the Reporting Period</b>		<b>1,111,053</b>	<b>1,110,158</b>

**b. Reserves****(i) Reserves are represented by:**

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	240,611	109,829
<b>Total</b>	<b>240,611</b>	<b>109,829</b>

**(ii). Reconciliation of movements in Reserves:****Infrastructure, Property, Plant & Equipment Revaluation Reserve**

- Opening Balance	109,829	109,393
- Revaluations for the year	9(a) 130,470	-
- Transfer to Retained Earnings for Asset disposals	312	-
- Transfer from Retained Earnings for correction of prior year error	-	436
<b>- Balance at End of Year</b>	<b>240,611</b>	<b>109,829</b>

**TOTAL VALUE OF RESERVES**

<b>240,611</b>	<b>109,829</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.



## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>c. Correction of Error/s relating to a Previous Reporting Period</b>			
<b>Corrections made in the 08/09 Reporting Year</b>			
Council identified that an Investment Property asset was incorrectly classified into the Buildings Specialised asset class. This resulted in the IPP&E Revaluation Reserve being understated and Retained Earnings being overstated. The following transfers between equity have been performed to correct this error:			
- Increase IPP&E Asset Revaluation Reserve (Buildings Specialised)			436
- Decrease Retained Earnings			(436)
<b>Corrections made in the 09/10 Reporting Year</b>			
As part of Council's transition to measuring all its I,PP&E at Fair Values, Council this year reviewed and brought to account Fair Values for the following Asset Classes:			
<ul style="list-style-type: none"> <li>- Roads, Bridges, Footpaths</li> <li>- Stormwater Drainage</li> </ul>			
As part of that evaluation & measurement process, the remaining useful life of each asset has been reassessed to actual.			
This reassessment has resulted in a material difference as to where some assets actually sit in relation to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated.			
Council does not have sufficient and reliable information that will allow the restatement of information prior to 30/6/09 (the closing date for the comparative figures in this report).			
As a result, Council has adjusted the accumulated depreciation for the following asset classes as at 30/6/09 to reflect the correct value of accumulated depreciation;			
- Roads, Bridges, Footpaths (increase) to accumulated depreciation		(7,210)	
- Stormwater Drainage decrease to accumulated depreciation		6,455	
This adjustment resulted in net (decrease) in Council's Accumulated Surplus as at 30/6/09.			
<b>These amounted to the following Equity Adjustments:</b>			
- Adjustments to Opening Equity - 1/7/08		(755)	-
(relating to adjustments for the 30/6/08 reporting year end and prior periods)			
- Adjustments to Closing Equity - 30/6/09		-	-
(relating to adjustments for the 30/6/09 year end)			
<b>Total Prior Period Adjustments - Prior Period Errors</b>		<b>(755)</b>	<b>-</b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
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#### d. Voluntary Changes in Accounting Policies

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

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

Council's operations are all funded by General Fund - no other Funds are in operation.

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	2010		2009	
	Current	Non Current	Current	Non Current
(i) Non Current Assets & Disposal Group Assets				
<b>Non Current Assets "Held for Sale"</b>				
Land	-	39,720	1,115	39,720
Buildings	-	5,235	-	5,235
Plant - Trade Ins	-	-	-	-
Plant - Rationalisation	-	-	-	-
Other Assets	-	-	-	-
<b>Total Non Current Assets "Held for Sale"</b>	<b>-</b>	<b>44,955</b>	<b>1,115</b>	<b>44,955</b>
<b>Disposal Group Assets "Held for Sale"</b>				
None				
<b><u>TOTAL NON CURRENT ASSETS</u></b>				
<b><u>CLASSIFIED AS "HELD FOR SALE"</u></b>	<b>-</b>	<b>44,955</b>	<b>1,115</b>	<b>44,955</b>

#### (ii) Details of Assets & Disposal Groups

Council resolved in September 2007 to sell its central depot site at Portman Street, Waterloo, valued at \$44.955 million (Land & Buildings). This site forms an integral part of the City of Sydney Green Square development.

Discussions have taken place and are continuing with the City of Sydney which will affect the timing of disposal of the depot site. The sale of this property may occur in 2010/11.

\$ '000	Assets "Held for Sale"		Disposal Groups	
	2010	2009	2010	2009
(iii) Reconciliation of Non Current Assets "Held for Sale" & Disposal Groups - i.e. Discontinued Operations				
Opening Balance	46,070	-	-	-
less: Carrying Value of Assets/Operations Sold	(1,115)	-	-	-
<b>Balance still unsold after 12 months:</b>	<b>44,955</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>plus New Transfer in:</b>				
Assets "Held for Sale"	-	46,070	-	-
<b>Closing Balance of "Held for Sale"</b>	<b>44,955</b>	<b>46,070</b>	<b>-</b>	<b>-</b>
<b>Non Current Assets &amp; Operations</b>	<b>44,955</b>	<b>46,070</b>	<b>-</b>	<b>-</b>

## Waverley Council

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

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

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\$ '000

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Events that occur after the reporting date of 30 June 2010, 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 22/09/10.**

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 2010.

##### **(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 2010 and which are only indicative of conditions that arose after 30 June 2010.

**Council is aware of the following "non adjusting events" that merit disclosure;**

In August 2010, Council agreed to purchase 1 Bondi Road, Bondi Junction for \$1.3 million. This purchase was a compulsory acquisition, initiated by the owners of the property, per a Council resolution to purchase this parcel of land which has been classified as Local Open Space. Council held sufficient cash reserves to fund this acquisition.

#### Note 24. Discontinued Operations

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

## Waverley Council

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

#### 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.

# Waverley Council

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

### Note 27. Additional Council Disclosures - Financial Information

\$ '000

#### Review of Council's Financial Result

The financial results for the year and the accompanying Audit Report show that Council posted an operating surplus after depreciation of \$895,000 compared to a deficit of \$6.909 million the previous year. The following table provides a summary of the income and expenses from continuing operations

	<b>Actual 2010 (\$'000)</b>	<b>Actual 2009 (\$'000)</b>
<b><u>Operating Result</u></b>		
Income from Continuing Operations	92,437	80,889
Expenses from Continuing Operations	91,542	87,798
<b>Operating Result from Continuing Operations</b>	<b><u>895</u></b>	<b><u>(6,909)</u></b>

***The main factors contributing to the operational surplus of \$895,000 posted by Council are listed below:***

- Council's revenue from parking fines was \$10.379 million which was a further reduction on the previous financial year of \$10.494 million. Revenue from parking fines was also \$621,000 less than the original budget of \$11 million.
- Revenue from parking meter and off-street parking fees increased by \$1.443 million compared to the previous financial year. This revenue item exceeded the original budget by \$427,000.
- Interest revenue for 2009/10 was \$2.187 million which exceeded the original budget of \$1.718 million by \$469,000. This was largely due to better returns being received on Council's short and long term deposits than originally anticipated. The interest revenue received in 2009/10 was however \$432,000 less than the interest revenue received in the 2008/09 financial year.
- Council undertook a desktop revaluation of Investment Properties. The value of Council's Investment Property portfolio increased from \$112.356 million in 2008/09 to \$115.639 million in 2009/10. This resulted in a net gain of \$3.283 million being brought to account in the Income Statement. This is a non-cash transaction.
- Council took receipt of \$2.519 million in Developer Contributions in 2009/10. This amount was \$629,000 more than the previous financial year and exceeded the original budget for income from Developer Contributions of \$1.96 million by \$559,000. This is largely due to several larger developments commencing this financial year ahead of their anticipated commencement dates.
- Council's employee costs (less capitalised costs) increased by \$3.533 million on the previous financial year. This is mainly due to costs associated with workers compensation increasing by \$869,000, an increase in superannuation costs of \$1.037 million in addition to wages and salaries and other employee costs increasing by \$1.627 million or 4.3% on the previous financial year.
- There was a significant increase in other expenses of \$1.024 million when compared to the previous financial year. This is largely related to increased waste disposal costs of \$546,000, an increase of \$259,000 in Land Tax payable on Crown Land and increased electricity (\$181,000) and water charges (\$128,000).

## Notes to the Financial Statements

for the financial year ended 30 June 2010

### Note 27. Additional Council Disclosures - Council's Financial Health Check Performance Indicators

\$ '000

#### Indicator # 1 - Revenue Sources

Indicator Title:

*Indicator Definition:*

*Indicator / Local Government Benchmark:*

#### 1.1 Sources of Total Revenue Before Capital

*Ordinary Revenue classified by source*

*For Information Only*

	Last Year -2 June 2007	% age of Total Revenue	Last Year -1 June 2008	% age of Total Revenue	Last Year June 2009	% age of Total Revenue	Current Year June 2010	% age of Total Revenue
Rates & Charges	33,904	38.34%	34,817	30.07%	35,715	46.61%	36,701	41.50%
User Charges & Fees	22,479	25.42%	25,035	21.62%	21,357	27.88%	23,693	26.79%
Interest	4,423	5.00%	-	0.00%	2,368	3.09%	2,274	2.57%
Grants (Operating)	4,705	5.32%	4,724	4.08%	5,425	7.08%	4,831	5.46%
Contributions	1,160	1.31%	1,203	1.04%	1,205	1.57%	671	0.76%
Profit on Sale of Assets	7,792	8.81%	64	0.06%	-	0.00%	7	0.01%
Other	13,978	15.80%	49,956	43.14%	10,547	13.77%	20,264	22.91%
Profit from interest in Joint Venture	-	0.00%	-	0.00%	-	0.00%	-	0.00%
<b>Total Ordinary Revenue Before Capital</b>	<b>\$ 88,441</b>	<b>100.00%</b>	<b>\$ 115,799</b>	<b>100.00%</b>	<b>\$ 76,617</b>	<b>100.00%</b>	<b>\$ 88,441</b>	<b>100.00%</b>



## Notes to the Financial Statements

for the financial year ended 30 June 2010

### Note 27. Additional Council Disclosures - Council's Financial Health Check Performance Indicators

\$ '000

#### Indicator # 2 - Cash / Liquidity Position

Indicator Title:

Indicator Definition:

Indicator / Local Government Benchmark:

#### 2.1 Unrestricted Current Ratio

*Current Assets less Externally Restricted Current Assets*  
*Current Liabilities less Specific Purpose Current Liabilities*

Greater than 2:1

Between 1:1 and 2:1

Less than 1:1



Year Ended  
June 2007

3.31 : 1

Year Ended  
June 2008

3.16 : 1

Year Ended  
June 2009

3.01 : 1

Year Ended  
June 2010

2.86 : 1

#### Indicator # 2 - Cash / Liquidity Position

Indicator Title:

Indicator Definition:

Indicator / Local Government Benchmark:

#### 2.2 Available Cash Position

[a] Available Cash Assets, [b] Unrestricted Available Cash Assets

[a] *Cash Assets less Externally Restricted Assets*

[b] *Unrestricted Available Cash Assets less Internally Restricted Assets*

For Information Only

Year Ended  
June 2007

[a] \$ 33,134  
[b] \$ 3,343

Year Ended  
June 2008

\$ 35,671  
\$ 2,063

Year Ended  
June 2009

\$ 29,452  
\$ 300

Year Ended  
June 2010

\$ 31,546  
\$ 1,045

## Notes to the Financial Statements

for the financial year ended 30 June 2010

### Note 27. Additional Council Disclosures - Council's Financial Health Check Performance Indicators

\$ '000

#### Indicator # 2 - Cash / Liquidity Position

Indicator Title:

**2.3 Availability of Cash Assets as a % of Total Revenue**

[a] Available Cash Assets, [b] Unrestricted Available Cash Assets

Indicator Definition:

[a] Available cash Assets / Ordinary Revenue before Capital

[b] Unrestricted Available Cash Assets / Ordinary Revenue before Capital

Indicator / Local Government Benchmark:

For Information Only

	Year Ended June 2007	Year Ended June 2008	Year Ended June 2009	Year Ended June 2010
[a]	41.08%	30.82%	38.44%	35.67%
[b]	4.15%	1.78%	0.39%	1.18%

#### Indicator # 3 - Operating Result

Indicator Title:

**3.1 Result from Ordinary Operations before Capital Grants & Contributions**

Indicator Definition:

Total of Operational Revenues less Total Operational Expenses

Indicator / Local Government Benchmark:

Three (3) successive surplus'

Surplus

Deficit

Year Ended June 2007	Year Ended June 2008	Year Ended June 2009	Year Ended June 2010
13,129	36,769	(6,909)	895

## Notes to the Financial Statements

for the financial year ended 30 June 2010

### Note 27. Additional Council Disclosures - Council's Financial Health Check Performance Indicators

\$ '000

#### Indicator # 4 - Asset Condition Management

Indicator Title:

- a. Renewal
- b. Maintenance / Maintenance Required
- c. Asset Life Position

Indicator Definition:

- a. Capital Expenditure on Existing Assets / Annual Depreciation
- b. Actual Maintenance Expended / Maintenance Level Required to Achieve Useful Life
- c. Accumulated Depreciation / Total Depreciable Asset Value

Indicator / Local Government Benchmark:

- a & b 1:1
- a & b Less than 1:1
- c For Information Only



	Year Ended June 2007	Year Ended June 2008	Year Ended June 2009	Year Ended June 2010
a	2.63	2.45	0.61	0.55
b	0.06	0.12	0.11	0.41
c	30.2%	55.2%	59.4%	60.8%

## Notes to the Financial Statements

for the financial year ended 30 June 2010

### Note 27. Additional Council Disclosures - Council's Financial Health Check Performance Indicators

\$ '000

#### Indicator # 5 - Debt and Debtor Management

##### Indicator Title:

##### 5.1 Debt Service Ratio

##### 5.2 Outstanding Rates & Charges

##### 5.2.1 Outstanding Debtors Ratio

##### 5.2.2 Other Debtors Ratio

##### Indicator Definition:

5.1 *Gross Debt Service Costs / Total Revenue from Ordinary Activities*

5.2.1 *Total Outstanding Rates Charges & Fees / Rates Charges and Fees Annual Income plus Arrears*

5.2.2 *Total Other Debtors Outstanding / Total Invoices Raised plus Arrears Brought Forward*

##### Indicator / Local Government Benchmark:

5.1 & 5.2.2

<10%  
10%-15%  
>15%



5.2.1

<4%  
4%-5%  
>5%



	Year Ended June 2007	Year Ended June 2008	Year Ended June 2009	Year Ended June 2010
5.1	2.67%	1.82%	2.63%	2.09%
5.2.1	3.19%	3.34%	2.68%	2.54%
5.2.2	23.13%	20.36%	20.31%	3.18%

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

Note 27. Additional Council Disclosures - Council's Financial Health Check Performance Indicators

\$ '000

Indicator # 6 - Re - Votes of Expenditure

Indicator Title:

Indicator Definition:

Indicator / Local Government Benchmark:

Re-Votes of Expenditure

Revotes / Total Expenses

<2%

2% to 5%

>5%



Year Ended  
June 2007

0.00%

Year Ended  
June 2008

2.88%

Year Ended  
June 2009

1.04%

Year Ended  
June 2010

2.31%

## Notes to the Financial Statements

for the financial year ended 30 June 2010

## Note 27. Additional Council Disclosures - Council's Financial Health Check Performance Indicators

\$ '000

## Indicator # 7 - Management Practices

## Indicator Title:

## Indicator Definition:

## Indicator / Local Government Benchmark:

## Accuracy / Timeliness of Financial Data / Budget / Compliance

As Indicated Below

8 to 9 Achieved

5 to 7 Achieved

4 or Less Achieved



	Year Ended June 2007	Year Ended June 2008	Year Ended June 2009	Year Ended June 2010
1. Financial Bottom Line (before capital matched to forecasts to a level of + or - 10%)	No	Yes	No	No
2. Receipt of an unqualified Audit Report	Yes	Yes	Yes	Yes
3. Statements lodged to meet compliance deadline	Yes	Yes	Yes	Yes
4. Do you report monthly to management within 5 days of month end	Yes	Yes	Yes	Yes
5. Do you report quarterly statutory within 21 days of quarter end	No	No	No	No
6. Do you report annual statutory within 21 days of year end	No	No	No	No
7. Do budgets incorporate a 3 year plan where the 2nd year becomes the base for the following year	Yes	Yes	Yes	Yes
8. Rigour of budget review and then ongoing monthly / quarterly budget to actual results analysis	Yes	Yes	Yes	Yes
9. Does RAO formally report to Council on the sign off of Financial Statements - Section 413	Yes	Yes	Yes	Yes
10. Has the Council established an Audit Committee comprising elected members and community representatives in the interests of best corporate governance practice.	No	No	No	Yes
	6	7	6	7

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

## Note 27. Additional Council Disclosures - Financial Information

\$ '000

## Key Financial Figures of Council over the past 5 years - Consolidated

Financial Performance Figures	2010	2009	2008	2007	2006
<b>Inflows:</b>					
Rates & Annual Charges revenue	36,701	35,715	34,817	33,904	32,534
User Charges revenue	23,693	21,979	25,035	22,479	20,875
Interest & Investment revenue (net of losses)	2,274	2,368	(103)	4,423	2,381
Grants Income - Operating & Capital	6,238	7,807	6,457	5,610	5,073
Total Income from Continuing Operations	92,437	80,889	119,993	90,737	84,400
Sale Proceeds from I,PP&E	1,783	26	807	10,625	226
New Loan Borrowings & Advances	-	-	-	2,000	1,000
<b>Outflows:</b>					
Employee Benefits & On-cost expenses	46,949	43,416	39,985	37,800	35,020
Borrowing Costs	401	489	577	633	661
Materials & Contracts expenses	19,188	18,911	17,866	17,753	18,997
Total Expenses from Continuing Operations	91,542	87,798	79,030	75,312	72,385
Total Cash purchases of I,PP&E	10,529	11,777	12,808	14,887	9,774
Total Loan Repayments (incl. Finance Leases)	1,377	1,421	1,467	1,629	2,126
Operating Surplus/(Deficit) (excl. Capital Income)	(3,101)	(11,181)	36,769	13,129	7,902
<b>Financial Position Figures</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Current Assets	42,524	42,865	48,002	46,180	31,244
Current Liabilities	30,113	28,550	28,430	27,063	24,255
Net Current Assets	12,411	14,315	19,572	19,117	6,989
Cash & Investments - Unrestricted	1,045	300	2,063	3,044	2,927
Cash & Investments - Internal Restrictions	36,245	35,629	39,234	37,826	28,036
Cash & Investments - Total	48,220	48,186	49,773	50,389	37,969
Available Working Capital (Unrestricted Net Current Assets)	4,083	4,211	3,667	5,563	5,963
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	5,717	7,094	8,515	9,982	9,611
Total Value of I,PP&E (excl. Land & Earthworks)	722,347	512,946	511,909	424,174	409,346
Total Accumulated Depreciation	287,993	207,793	200,254	144,767	137,633
Indicative Remaining Useful Life (as a % of GBV)	60%	59%	61%	66%	66%

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



## Waverley Council

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

#### Note 28. Additional Council Disclosures - Council Information

---

##### Principal Place of Business:

Cnr. Paul St and Bondi Rd  
Bondi Junction NSW 2022

##### Contact Details

###### Mailing Address:

PO Box 9  
Bondi Junction NSW 1355

**Telephone:** 02 9369 8000

**Facsimile:** 02 9387 1820

##### Opening Hours

Customer Service Centre  
55 Spring Street, Bondi Junction  
Monday to Friday 8:30am to 5:00pm

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

**Email:** [waver@waverley.nsw.gov.au](mailto:waver@waverley.nsw.gov.au)

##### Officers

###### GENERAL MANAGER

Anthony Reed

###### RESPONSIBLE ACCOUNTING OFFICER

Michael Mamo

###### PUBLIC OFFICER

Bronwyn Kelly

###### AUDITORS

Hill Rogers Spencer Steer Chartered Accountants

##### Elected Members

###### MAYOR

Clr Sally Betts

###### COUNCILLORS

Clr Yvonne Coburn

Clr Miriam Guttman-Jones

Clr Joy Clayton

Clr Dominic Wy Kanak

Clr John Wakefield

Clr Kerryn Sloan

Clr Mora Main

Clr Rose Jackson

Clr Tony Kay

Clr Prue Cancian

Clr Ingrid Strewe

##### Other Information

**ABN:** 12 502 583 608

Hill Rogers  
Spencer Steer

**WAVERLEY COUNCIL**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**INDEPENDENT AUDITORS' REPORT**

---

**REPORT ON THE FINANCIAL STATEMENTS**

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

***Responsibility of Council for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. Our audit responsibility does not extend to the original budget information disclosed in the Income Statement, Statement of Cash Flows, and Note 2(a) or the budget variation explanations disclosed in Note 16. Nor does our responsibility extend to the projected future developer contributions and costs disclosed in Note 17 or the additional disclosures in Notes 27 and 28. Accordingly, no opinion is expressed on these matters.

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

**Assurance Partners**

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Sydney NSW 2000 Australia

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Sydney NSW 2001

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Practising as Hill Rogers Spencer  
Steer Assurance Partners

ABN 56 435 338 966

Hill Rogers  
Spencer Steer

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**

B. Hanger

**BRETT HANGER**

Partner

Dated at Sydney this 22<sup>nd</sup> day of September 2010



Hill Rogers  
Spencer Steer

22 September 2010

The Mayor  
Waverley Council  
PO Box 9  
**BONDI JUNCTION NSW 2022**

Mayor,

### **Audit Report - Year Ended 30 June 2010**

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

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

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

#### **1. RESULTS FOR THE YEAR**

##### ***1.1 Operating Result***

The operating result for the year was a surplus of \$895,000 as compared with a deficit of \$6.909 million in the previous year.

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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.

	2010 \$000	% of Total	2009 \$000	% of Total	Increase (Decrease) \$000
<b>Revenues before capital items</b>					
Rates & annual charges	36,701	41%	35,715	47%	986
User charges, fees & other revenues	43,964	50%	32,526	42%	11,438
Grants & contributions provided for operating purposes	5,502	6%	6,008	8%	(506)
Interest & investment revenue	2,274	3%	2,368	3%	(94)
	<b>88,441</b>	<b>100%</b>	<b>76,617</b>	<b>100%</b>	<b>11,824</b>
<b>Expenses</b>					
Employee benefits & costs	46,949	51%	43,416	49%	3,533
Materials, contracts & other expenses	33,229	36%	32,002	36%	1,227
Depreciation, amortisation & impairment	10,963	12%	11,891	14%	(928)
Borrowing costs	401	0%	489	1%	(88)
	<b>91,542</b>	<b>100%</b>	<b>87,798</b>	<b>100%</b>	<b>3,744</b>
<b>Surplus(Deficit) before capital items</b>	<b>(3,101)</b>		<b>(11,181)</b>		<b>8,080</b>
Grants & contributions provided for capital purposes	3,996		4,272		(276)
<b>Net Surplus(Deficit) for the year</b>	<b>895</b>		<b>(6,909)</b>		<b>7,804</b>

The table above shows an overall increase over the previous year of \$7.804 million and can largely be attributed to the increase in the fair value of investment properties of \$3.283 million compared to a reduction of \$6.354 million in the previous year.

## 1.2 Funding Result

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

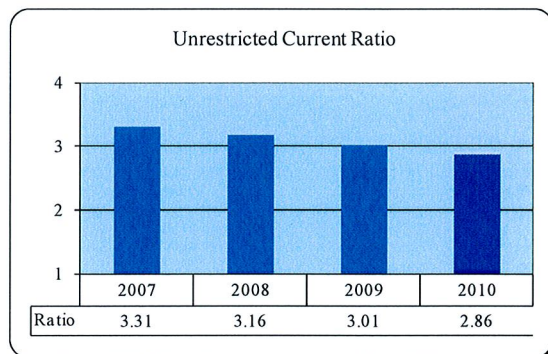
	2010	2009
<b>Funds were provided by:-</b>	\$000	\$000
<b>Operating Result (as above)</b>	<b>895</b>	<b>(6,909)</b>
Add back non funding items:-		
- Depreciation, amortisation & impairment	10,963	11,891
- Book value of non current assets sold	705	54
- (Gain)Loss of fair value to investment properties	(3,283)	6,354
	9,280	11,390
Decrease/Redemption in Non Current Investments	800	0
Transfers from externally restricted assets (net)	1,213	0
Transfers from internal reserves (net)	0	4,750
Net Changes in current/non current assets & liabilities	1,401	2,152
	12,694	18,292
<b>Funds were applied to:-</b>		
Purchase and construction of assets	(10,086)	(11,498)
Increase/Purchase in Non Current Investments	0	(4,267)
Principal repaid on loans	(1,377)	(1,421)
Transfers to externally restricted assets (net)	0	(562)
Transfers to internal reserves (net)	(1,349)	0
Advances to deferred debtors	(10)	0
	(12,822)	(17,748)
<b>Increase(Decrease) in Available Working Capital</b>	<b>(128)</b>	<b>544</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 \$24.797 million representing a factor of 2.86 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 \$4.083 million as detailed below;



	2010 \$000	2009 \$000	Change \$000
<b>Net Current Assets (Working Capital) as per Accounts</b>	<b>12,411</b>	<b>14,315</b>	<b>(1,904)</b>
<i>Add:</i> Payables & provisions not expected to be realised in the next 12 months included above	16,505	15,886	619
Adjusted Net Current Assets	28,916	30,201	(1,285)
<i>Add:</i> Budgeted & expected to pay in the next 12 months			
- Borrowings	1,346	1,376	(30)
- Employees leave entitlements	6,447	5,326	1,121
- Deposits & retention moneys	1,994	1,792	202
<i>Less:</i> Externally restricted assets	(4,119)	(5,332)	1,213
<i>Less:</i> Internally restricted assets	(30,501)	(29,152)	(1,349)
<b>Available Working Capital as at 30 June</b>	<b>4,083</b>	<b>4,211</b>	<b>(128)</b>

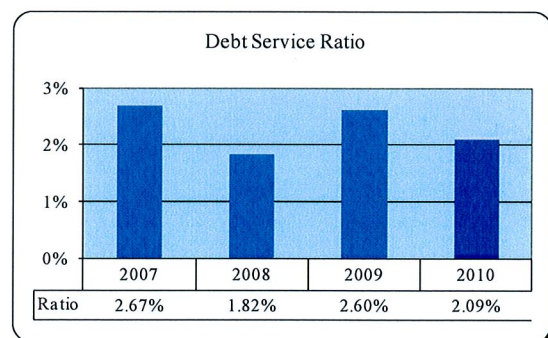
The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures.

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 2010 was sound.

### 2.3 Debt

Operating revenue (excluding special purpose grants and contributions) required to service debt (loan repayments) was 2.09%.

Principal and interest paid during the year was \$1.777 million leaving total debt as at 30 June 2010 at \$5.717 million (2009 - \$7.094 million).



### 2.4 Summary

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

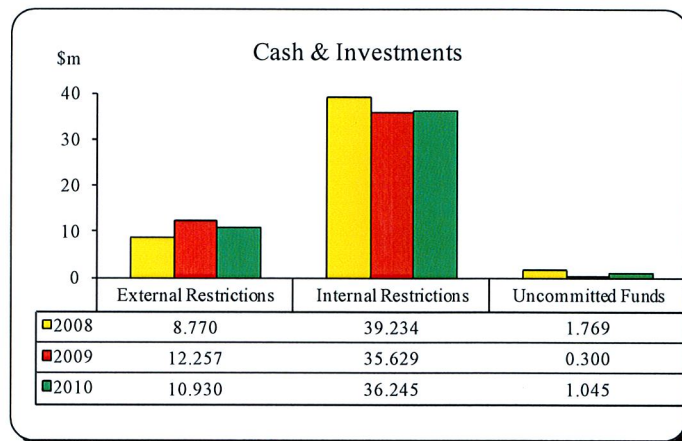


### 3. CASH ASSETS

#### 3.1 Cash & Investments

Cash and investments securities totalled \$48.220 million at the close of the year as compared with \$48.186 million in 2009 and \$49.773 million in 2008.

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



**Externally restricted cash and investments** are restricted in their use by externally imposed requirements and consisted of unexpended development contributions under Section 94 of \$2.062 million, domestic waste management charges of \$6.638 million and specific purpose grants and environmental levies of \$2.230 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 \$36.245 million and their purposes are more fully disclosed in Note 6 of the financial statements.

**Unrestricted cash and investments** amounted to \$1.045 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 Cash Assets decreased by \$2.597 million to \$12.534 million at the close of the year.

In addition to operating activities which contributed net cash of \$10.036 million were the proceeds from the redemption of investment securities (\$19.500 million) and sale of assets (\$1.783 million). Cash outflows other than operating activities were used to repay loans (\$1.377 million), advance funds to deferred debtors (\$10,000), purchase investment securities (\$22.000 million) and to purchase and construct assets (\$10.529 million).

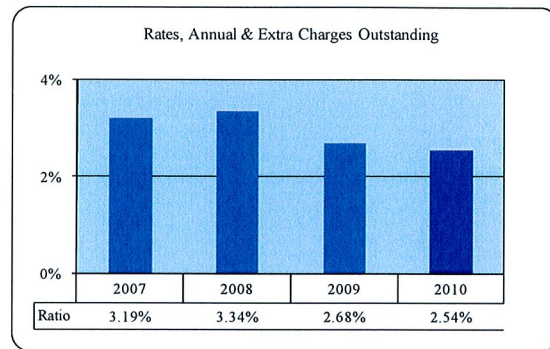
#### 4. RECEIVABLES

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

Net rates and annual charges levied during the year totalled \$36.701 million. Including arrears, the total rates and annual charges collectible was \$37.508 million of which \$36.713 million (97.88%) was collected.

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

Arrears of rates, annual & extra charges stood at \$961,000 at the end of the year & represented 2.54% of those receivables.



##### 4.3 Other Receivables

Receivables (other than rates & annual charges) totalled \$9.495 million and included parking fines of \$6.900 million.

Those considered to be uncertain of collection have been provided for as doubtful debts amounting to \$1.286 million of which unpaid parking fines accounted for \$1.221 million.

#### 5. PAYABLES

##### 5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$19.894 million.

Internally restricted cash and investments of \$3.979 million was held representing 20% of this liability and was, in our opinion, adequate to enable Council to meet unbudgeted and unanticipated retirements.

##### 5.2 Deposits, Retentions & Bonds

Deposits, retentions and bonds held at year end amounted to \$5.696 million and were fully funded by internally restricted cash and investments.

Hill Rogers  
Spencer Steer

## 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, water and sewerage assets, plant and equipment have been valued.

This year saw the revaluation of roads, bridges, footpaths and drainage. The revaluation process resulted in a net increase to the asset revaluation reserve of \$130.470 million and was credited directly to Equity. Notes 1(j) & 9 of the financial statements provide further details.

Fair valuation of the remaining asset categories, including community land and other structures, will be required in the 2010/11 financial year.

## 7. CONCLUSION

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

Yours faithfully,

**HILL ROGERS SPENCER STEER**



**BRETT HANGER**

Partner

# Waverley Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2010

---

*"A vibrant, welcoming and  
inspiring place to live, work & play"*



# Waverley Council

## Special Purpose Financial Statements for the financial year ended 30 June 2010

Contents	Page
<b>1. Statement by Councillors &amp; Management</b>	<b>2</b>
<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	3
- Balance Sheet of Water Supply Business Activity	n/a
- Balance Sheet of Sewerage Business Activity	n/a
- Balance Sheet of Other Business Activities	5
<b>3. Notes to the Special Purpose Financial Statements</b>	<b>7</b>
<b>4. Auditor's Report</b>	<b>11</b>

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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).
-



## Waverley Council

### Special Purpose Financial Statements for the financial year ended 30 June 2010

#### Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

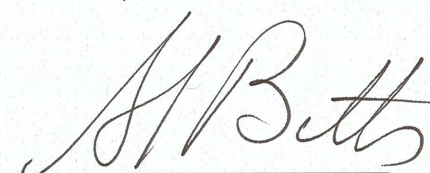
- The NSW Government Policy Statement "Application of National Competition Policy to Local Government"
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality"
- The Local Government Code of Accounting Practice and Financial Reporting.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

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

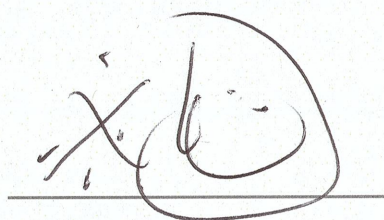
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

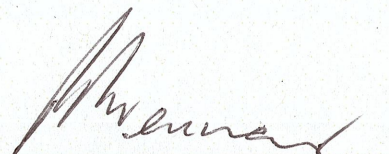
Signed in accordance with a resolution of Council made on 21 September 2010.



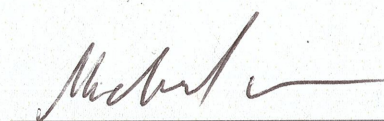
Sally Betts  
MAYOR



COUNCILLOR



Peter Brennan  
ACTING GENERAL MANAGER



Michael Mamo  
RESPONSIBLE ACCOUNTING OFFICER

## Waverley Council

# Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2010

	Property		Commercial Waste	
	Actual	Actual	Actual	Actual
\$ '000	2010	2009	2010	2009
<b>Income from continuing operations</b>				
Access charges	-	-	-	-
User charges	6,040	5,608	1,748	1,647
Fees	-	-	-	-
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	2,030	-	105	169
<b>Total income from continuing operations</b>	<b>8,070</b>	<b>5,608</b>	<b>1,853</b>	<b>1,816</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	373	359	945	1,345
Borrowing costs	-	-	-	-
Materials and contracts	1,031	522	13	42
Depreciation and impairment	54	54	-	124
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	692	830	783	610
<b>Total expenses from continuing operations</b>	<b>2,150</b>	<b>1,765</b>	<b>1,741</b>	<b>2,121</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>5,920</b>	<b>3,843</b>	<b>112</b>	<b>(305)</b>
Grants and contributions provided for capital purposes	-	-	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>5,920</b>	<b>3,843</b>	<b>112</b>	<b>(305)</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>5,920</b>	<b>3,843</b>	<b>112</b>	<b>(305)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(1,776)	(1,153)	(34)	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>4,144</b>	<b>2,690</b>	<b>78</b>	<b>(305)</b>
plus Opening Retained Profits	109,318	114,607	(523)	(363)
plus/less: Prior Period Adjustments	-	(6,174)	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	1,776	1,153	34	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	64	145
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	(3,798)	(2,958)	-	-
<b>Closing Retained Profits</b>	<b>111,440</b>	<b>109,318</b>	<b>(347)</b>	<b>(523)</b>
<b>Return on Capital %</b>	<b>5.3%</b>	<b>3.5%</b>	<b>n/a</b>	<b>-10167%</b>
<b>Subsidy from Council</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>305</b>

## Waverley Council

# Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2010

\$ '000	Cemetery	
	Actual 2010	Actual 2009
<b>Income from continuing operations</b>		
Access charges	-	-
User charges	1,366	1,132
Fees	-	-
Interest	45	38
Grants and contributions provided for non capital purposes	-	-
Profit from the sale of assets	-	-
Other income	27	-
<b>Total income from continuing operations</b>	<b>1,438</b>	<b>1,170</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	527	553
Borrowing costs	-	-
Materials and contracts	459	278
Depreciation and impairment	63	100
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	109	99
<b>Total expenses from continuing operations</b>	<b>1,158</b>	<b>1,030</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>280</b>	<b>140</b>
Grants and contributions provided for capital purposes	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>280</b>	<b>140</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>280</b>	<b>140</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(84)	(42)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>196</b>	<b>98</b>
plus Opening Retained Profits	138,186	137,493
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	84	42
add:		
- Subsidy Paid/Contribution To Operations	-	553
less:		
- TER dividend paid	-	-
- Dividend paid	(263)	-
<b>Closing Retained Profits</b>	<b>138,203</b>	<b>138,186</b>
<b>Return on Capital %</b>	<b>0.2%</b>	<b>0.1%</b>
<b>Subsidy from Council</b>	<b>7,379</b>	<b>7,473</b>



## Waverley Council

## Balance Sheet of Council's Other Business Activities

as at 30 June 2010

	Property		Commercial Waste	
	Category 1		Category 2	
\$ '000	Actual 2010	Actual 2009	Actual 2010	Actual 2009
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Receivables	252	117	119	88
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
<b>Total Current Assets</b>	<b>252</b>	<b>117</b>	<b>119</b>	<b>88</b>
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	117	122	-	3
Investments accounted for using equity method	-	-	-	-
Investment property	111,403	109,373	-	-
Other	-	-	-	-
<b>Total Non-Current Assets</b>	<b>111,520</b>	<b>109,495</b>	<b>-</b>	<b>3</b>
<b>TOTAL ASSETS</b>	<b>111,772</b>	<b>109,612</b>	<b>119</b>	<b>91</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	98	63	69	36
Interest bearing liabilities	-	-	-	-
Provisions	157	154	397	578
<b>Total Current Liabilities</b>	<b>255</b>	<b>217</b>	<b>466</b>	<b>614</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>255</b>	<b>217</b>	<b>466</b>	<b>614</b>
<b>NET ASSETS</b>	<b>111,517</b>	<b>109,395</b>	<b>(347)</b>	<b>(523)</b>
<b>EQUITY</b>				
Retained earnings	111,440	109,318	(347)	(523)
Revaluation reserves	77	77	-	-
Council equity interest	111,517	109,395	(347)	(523)
Minority equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>111,517</b>	<b>109,395</b>	<b>(347)</b>	<b>(523)</b>

## Waverley Council

## Balance Sheet of Council's Other Business Activities

as at 30 June 2010

	Cemetery	
	Category 2	
\$ '000	Actual 2010	Actual 2009
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,038	1,417
Investments	-	-
Receivables	11	8
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>1,049</b>	<b>1,425</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	150,183	137,413
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total Non-Current Assets</b>	<b>150,183</b>	<b>137,413</b>
<b>TOTAL ASSETS</b>	<b>151,232</b>	<b>138,838</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	27	5
Interest bearing liabilities	-	-
Provisions	221	238
<b>Total Current Liabilities</b>	<b>248</b>	<b>243</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Other Liabilities	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>248</b>	<b>243</b>
<b>NET ASSETS</b>	<b>150,984</b>	<b>138,595</b>
<b>EQUITY</b>		
Retained earnings	138,203	138,186
Revaluation reserves	12,781	409
Council equity interest	<b>150,984</b>	<b>138,595</b>
Minority equity interest	-	-
<b>TOTAL EQUITY</b>	<b>150,984</b>	<b>138,595</b>

## Waverley Council

### Special Purpose Financial Statements for the financial year ended 30 June 2010

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

<b>Note</b>	<b>Details</b>	<b>Page</b>
<b>1</b>	Summary of Significant Accounting Policies	<b>8</b>
<b>2</b>	Water Supply Business Best Practice Management disclosure requirements	n/a
<b>3</b>	Sewerage Business Best Practice Management disclosure requirements	n/a

## Waverley Council

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

#### Note 1. Significant Accounting Policies

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

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

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

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Australian Accounting Interpretations,
- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis. They are based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

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

#### National Competition Policy

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

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

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

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

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

#### Declared Business Activities

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

##### Category 1

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

##### a. Waverley Council Property Services

Comprising the whole of the operations and assets of the property services, commercial properties controlled by Waverley Council.

##### Category 2

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

##### a. Waverley Council Trade Waste Services

Comprising the whole of the operations and assets of the commercial waste services which service the area of Waverley.

This service collects and disposes of waste collected from commercial premises.

##### b. Waverley & South Head Cemeteries

Comprising the whole of the operations and assets of both the Waverley & South Head Cemeteries.

This business operates from offices located at Waverley Cemetery dealing with maintenance, sales and burials.

#### Monetary Amounts

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

#### (i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where

## Waverley Council

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

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

this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

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

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

##### Notional Rate Applied %

Corporate Income Tax Rate – **30%**

Land Tax – The first **\$376,000** of combined land values attracts **0%**. From \$376,001 to \$2,299,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,299,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.65%** on the value of taxable salaries and wages in excess of \$638,000.

##### Income Tax

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

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since this taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business

operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's GPFS.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

##### Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

##### Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

##### (ii) Subsidies

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

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

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

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

## Waverley Council

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

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

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

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

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

The Rate of Return on Capital is calculated as follows:

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

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 5.10% at 30/6/10.

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

##### (iv) Dividends

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



WAVERLEY COUNCIL  
SPECIAL PURPOSE FINANCIAL STATEMENTS  
INDEPENDENT AUDITORS' REPORT

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**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying *special purpose financial statements* of *Waverley Council*, which comprises the Balance Sheet as at 30 June 2010, Income Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

***Responsibility of Council for the Financial Statements***

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993 and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial statements, are appropriate to meet the financial reporting requirements of the Division of Local Government. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditors' Responsibility***

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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The financial statements have been prepared for distribution to the Council and the Division of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Division of Local Government, or for any purpose other than that for which they were prepared.

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

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

***Independence***

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

***Auditor's Opinion***

In our opinion, the special purpose financial statements of the Council are presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

**HILL ROGERS SPENCER STEER**



**BRETT HANGER**

Partner

Dated at Sydney this 22<sup>nd</sup> day of September 2010



# Waverley Council

SPECIAL SCHEDULES  
for the year ended 30 June 2010

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*"A vibrant, welcoming and  
inspiring place to live, work & play"*



# Waverley Council

## Special Schedules for the financial year ended 30 June 2010

Contents	Page
<b>Special Schedules<sup>1</sup></b>	
- 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.

### 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.

## Waverley Council

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

for the financial year ended 30 June 2010

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Administration</b>	<b>21,225</b>	<b>5,017</b>	-	<b>(16,208)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	1,458	131	-	(1,327)
Beach Control	2,751	19	-	(2,732)
Enforcement of Local Govt Regs	1,291	1,368	-	77
Animal Control	252	73	-	(179)
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	<b>5,752</b>	<b>1,591</b>	-	<b>(4,161)</b>
<b>Health</b>	<b>1,617</b>	<b>242</b>	-	<b>(1,375)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	3	-	-	(3)
Other Environmental Protection	1,210	1,019	-	(191)
Solid Waste Management	10,661	12,490	-	1,829
Street Cleaning	3,410	-	-	(3,410)
Drainage	1,005	15	-	(990)
Stormwater Management	-	-	-	-
<b>Total Environment</b>	<b>16,289</b>	<b>13,524</b>	-	<b>(2,765)</b>
<b>Community Services and Education</b>				
Administration & Education	1,721	54	-	(1,667)
Social Protection (Welfare)	154	67	-	(87)
Aged Persons and Disabled	1,544	993	-	(551)
Childrens Services	4,435	3,690	660	(85)
<b>Total Community Services &amp; Education</b>	<b>7,854</b>	<b>4,804</b>	<b>660</b>	<b>(2,390)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	1,109	1,392	-	283
Public Conveniences	152	-	-	(152)
Street Lighting	844	160	-	(684)
Town Planning	4,464	1,909	2,519	(36)
Other Community Amenities	6	-	-	(6)
<b>Total Housing and Community Amenities</b>	<b>6,575</b>	<b>3,461</b>	<b>2,519</b>	<b>(595)</b>
<b>Water Supplies</b>	-	-	-	-
<b>Sewerage Services</b>	-	-	-	-

## Waverley Council

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

for the financial year ended 30 June 2010

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	5,265	507	-	(4,758)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	-	-	-	-
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	3,662	711	38	(2,913)
Sporting Grounds and Venues	728	71	-	(657)
Swimming Pools	149	-	-	(149)
Parks & Gardens (Lakes)	5,425	556	-	(4,869)
Other Sport and Recreation	319	-	160	(159)
<b>Total Recreation and Culture</b>	<b>15,548</b>	<b>1,845</b>	<b>198</b>	<b>(13,505)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	767	314	-	(453)
Other Mining, Manufacturing & Construct.	-	-	-	-
<b>Total Mining, Manufacturing and Const.</b>	<b>767</b>	<b>314</b>	<b>-</b>	<b>(453)</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	3,275	737	569	(1,969)
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	9,666	22,804	-	13,138
Footpaths	1,957	6	50	(1,901)
Aerodromes	-	-	-	-
Other Transport & Communication	118	1,122	-	1,004
<b>Total Transport and Communication</b>	<b>15,016</b>	<b>24,669</b>	<b>619</b>	<b>10,272</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	899	3,206	-	2,307
<b>Total Economic Affairs</b>	<b>899</b>	<b>3,206</b>	<b>-</b>	<b>2,307</b>
<b>Totals – Functions</b>	<b>91,542</b>	<b>58,673</b>	<b>3,996</b>	<b>(28,873)</b>
<b>General Purpose Revenues<sup>(1)</sup></b>		<b>29,768</b>	<b>-</b>	<b>29,768</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET OPERATING RESULT FOR YEAR</b>	<b>91,542</b>	<b>88,441</b>	<b>3,996</b>	<b>895</b>

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

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

for the financial year ended 30 June 2010

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	1,372	5,696	7,068	-	1,373	-	-	399	1,342	4,353	5,695
Other	4	22	26	-	4	-	-	-	4	18	22
<b>Total Loans</b>	<b>1,376</b>	<b>5,718</b>	<b>7,094</b>	<b>-</b>	<b>1,377</b>	<b>-</b>	<b>-</b>	<b>399</b>	<b>1,346</b>	<b>4,371</b>	<b>5,717</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>1,376</b>	<b>5,718</b>	<b>7,094</b>	<b>-</b>	<b>1,377</b>	<b>-</b>	<b>-</b>	<b>399</b>	<b>1,346</b>	<b>4,371</b>	<b>5,717</b>

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

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

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n. Expense (\$)	Cost	Valuation	Accumulated Depreciation & Impairment	Carrying Amount (WDV)	Asset Condition <sup>#</sup>	Estimated cost to bring up to a satisfactory condition / standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual M'ntce	Current <sup>(3)</sup> Annual M'ntce
<b>Buildings</b>		per Note 1	per Note 4	<<<<<<<<< per Note 9 >>>>>>>>>				<<<<<<< per Section 428(2d) >>>>>>>			
	Council Offices	1.67%	574	-	17,878	7,035	10,843	1	300	120	495
	Council Works Depot	1.67%	3	-	525	78	447	4	400	150	26
	Council Halls	1.67%	2,137	-	51,212	28,150	23,062	4	3,000	410	215
	Council Houses	1.67%	745	-	31,872	9,435	22,437	2	60	100	100
	Library	1.67%	833	-	25,729	7,802	17,927	1	500	150	120
	Childcare Centre(s)	1.67%	173	-	5,953	2,581	3,372	1	100	250	190
	Amenities/Toilets	1.67%	459	-	15,831	7,867	7,964	4	165	80	50
	Commercial	1.67%	14	-	737	251	486	2	80	110	160
	<b>sub total</b>		<b>4,938</b>	<b>-</b>	<b>149,737</b>	<b>63,199</b>	<b>86,538</b>		<b>4,605</b>	<b>1,370</b>	<b>1,356</b>
<b>Public Roads</b>											
	Sealed Roads	1.30%	1,612	-	206,860	89,456	117,404	2	1,350	1,350	1,562
	Sealed Roads Structure	1.64%	86	-	71,375	26,060	45,315	2	-	-	-
	Footpaths	2.40%	506	-	46,241	12,640	33,601	2	1,757	1,490	1,059
	Kerb and Gutter	1.04%	111	-	78,142	24,036	54,106	2	730	730	365
	Road Furniture	16.10%	544	-	6,677	2,685	3,992	-	-	-	-
		<b>sub total</b>		<b>2,859</b>	<b>-</b>	<b>409,295</b>	<b>154,877</b>	<b>254,418</b>		<b>3,837</b>	<b>3,570</b>

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n. Expense (\$)	Cost	Valuation	Accumulated Depreciation & Impairment	Carrying Amount (WDV)	Asset Condition <sup>#</sup>	Estimated cost to bring up to a satisfactory condition standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Current <sup>(3)</sup> Annual Maintenance
		per Note 1	per Note 4	<<<<<<<<< per Note 9 >>>>>>>>>				<<<<<<< per Section 428(2d) >>>>>>>			
<b>Drainage Works</b>	Stormwater Conduits	1.00%	540	-	92,964	29,939	63,025	2	2,528	1,400	485
	Inlet and Junction Pits	1.02%	101	-	17,482	5,013	12,469	2	975	250	125
	<b>sub total</b>		<b>641</b>	<b>-</b>	<b>110,446</b>	<b>34,952</b>	<b>75,494</b>		<b>3,503</b>	<b>1,650</b>	<b>610</b>
	<b>TOTAL - ALL ASSETS</b>		<b>8,438</b>	<b>-</b>	<b>669,478</b>	<b>253,028</b>	<b>416,450</b>		<b>11,945</b>	<b>6,590</b>	<b>4,952</b>

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

1	Good Condition	4	Major Deterioration
2	Minor Deterioration	5	Unserviceable
3	Medium Deterioration		

## Waverley Council

## Special Schedule No. 8 - Financial Projections

as at 30 June 2010

\$'000	Actual <sup>(1)</sup> 09/10	Forecast 10/11	Forecast 11/12	Forecast <sup>(3)</sup> 12/13	Forecast <sup>(3)</sup> 13/14
<b>(i) RECURRENT BUDGET</b>					
Income from continuing operations	92,437	92,565	91,379	92,955	96,818
Expenses from continuing operations	91,542	94,253	99,100	102,093	104,709
<b>Operating Result from Continuing Operations</b>	<b>895</b>	<b>(1,688)</b>	<b>(7,721)</b>	<b>(9,138)</b>	<b>(7,891)</b>
<b>(ii) CAPITAL BUDGET</b>					
New Capital Works <sup>(2)</sup>	-	10,929	2,108	375	18,082
Replacement/Refurbishment of Existing Assets	-	4,161	4,969	9,546	6,339
<b>Total Capital Budget</b>	<b>-</b>	<b>15,090</b>	<b>7,077</b>	<b>9,921</b>	<b>24,421</b>
<b>Funded by:</b>					
– Loans	-	-	-	-	-
– Asset sales	-	149	664	32	138
– Reserves	-	10,411	3,954	7,408	21,753
– Grants/Contributions	-	2,817	720	733	746
– Recurrent revenue	-	1,713	1,739	1,748	1,784
– Other	-	-	-	-	-
	<b>-</b>	<b>15,090</b>	<b>7,077</b>	<b>9,921</b>	<b>24,421</b>

**Notes:**

(1) From 09/10 Income Statement.

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

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



## Waverley Council

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Your call will be directed to the appropriate area.