



PENRITH

2012-13
FINANCIAL
STATEMENTS



PENRITH
CITY COUNCIL

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SUMMARY



Introduction

This section provides analysis on the 2012-13 Financial Statements. It compares the reported financial results to Council's own financial objectives. Readers of the Statements are encouraged to contact Council's Financial Services Department on (02) 4732 7815 for any assistance required in understanding the reported results.

These statements are produced in accordance with the Australian Accounting Standards and the NSW Local Government Code of Accounting Practice. The Australian Accounting Standards Board (AASB) has adopted International Financial Reporting Standards (IFRS) and issued the Australian equivalents (AIFRS). The application of AIFRS is reflected in

these Financial Statements. These statements are independently audited, reported to Council, placed on public exhibition and lodged with the Division of Local Government (DLG) by early November each year.

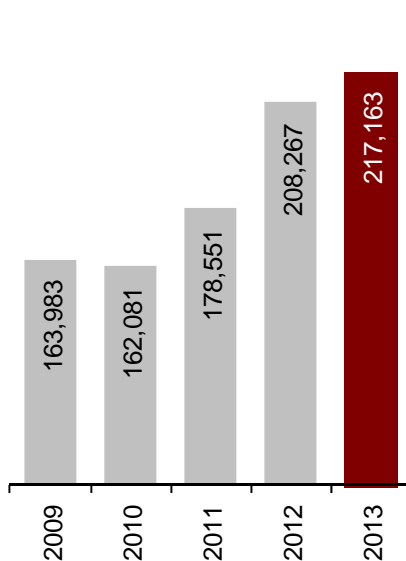
Under the 1993 NSW Local Government Act, Council is required to produce an audited set of Financial Statements. Key statements produced, and included in this document are:

- Income Statement and Statement of Comprehensive Income,
- Statement of Financial Position,
- Statement of Cash Flows, and
- Notes to the Financial Statements.

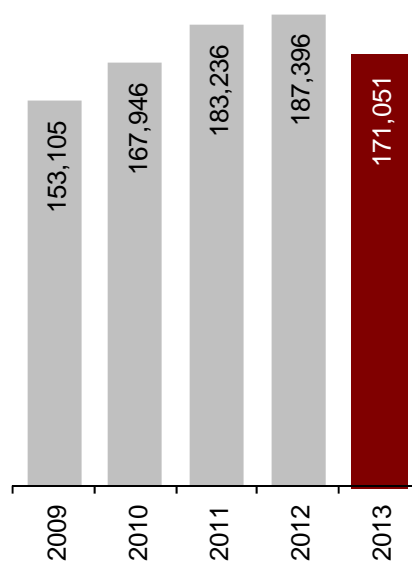
Summary of 2012-13 Key Results and Events

- Overall income ▲ 4.3% to \$217.2m
- Total Expenses ▼ 8.7% to \$171.1m
- Total Assets ▲ 3.1% to \$2,699m
- Net Assets ▲ 3.3% to \$2,589m
- Asset \$ per head of population is \$14,434
- Liabilities ▼ 1.1% to \$110.4m
- Liabilities per head of population is \$590
- Infrastructure, Property Plant & Equipment ▲ 3.3% to \$2,591m

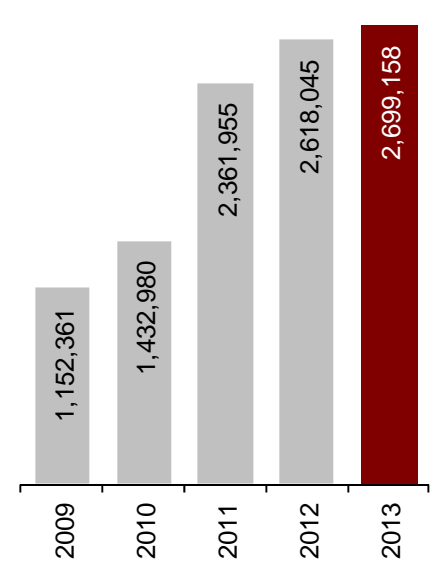
Total Income (\$000)



Total Expenses (\$000)



Total Assets (\$'000)



Summary

Five-Year Financial Summary

for the Year Ended 30 June	Units	2013	2012	2011	2010	2009
Total Income from Continuing Operations	\$000	217,163	208,267	178,551	162,081	163,983
Total Expenses from Continuing Operations	\$000	171,051	187,396	183,236	167,946	153,105
Net Operating Result for Year	\$000	46,112	20,871	(4,685)	(5,865)	10,878
Grants and Contributions	\$000	69,612	64,919	46,888	33,176	42,603
Net Operating Result before Capital Grants and Contributions	\$000	841	(7,564)	(18,020)	(10,340)	(1,190)
Further breakdown of Income Statement items are shown in Appendix 1						
Current Assets	\$000	78,617	74,779	71,355	55,571	56,588
Non-Current Assets	\$000	2,620,541	2,543,266	2,290,600	1,377,409	1,095,773
Current Liabilities	\$000	52,224	50,493	50,385	45,762	43,352
Non-Current Liabilities	\$000	58,185	61,117	61,527	64,092	59,077
Total Equity	\$000	2,588,749	2,506,435	2,250,043	1,323,126	1,049,932
Further breakdown of Balance Sheet items are shown in Appendix 1						
Cash Flows from Operating Activities	\$000	37,902	46,789	22,003	22,288	30,500
Cash Flows from Investing Activities	\$000	(40,165)	(10,022)	(15,684)	(27,901)	(27,903)
Cash Assets at the end of Reporting Period	\$000	41,880	45,453	8,361	4,049	5,035
Rates Outstanding	%	4.83	5.73	5.60	5.67	4.94
Unrestricted Current Ratio	Ratio	1.19:1	1.31:1	1.19:1	1.03:1	1.17:1
Debt Service Ratio	%	7.80	7.40	7.65	7.82	7.45
Asset Renewal	%	53.5	34.0	46.6	51.6	56.9

Financial Overview

Our financial performance

Council's financial performance for 2012-13 is characterised by:

- a net surplus result of \$46.1m for the year
- a balanced Budget after transferring \$168,548 to reserves for future contingencies
- an Unrestricted Current Ratio of 1.19:1, down from 1.31 in 2011-12
- an increase in assets from \$2,618m in 2011-12 to \$2,699m in 2012-13, with assets per capita increasing from \$14,176 per person to \$14,434 (ABS population estimate of 184,681) per person during this period
- an increase in the value of Council's Investment Properties to \$20.7m
- a slight decrease in liabilities to a total of \$110.4m in 2012-13 – with liabilities per capita of \$590
- a decrease in Rates and Annual Charges outstanding to 4.83% (2011-12, 5.73%)
- a larger capital works program of \$67.9m in 2012-13 compared to \$53.7m in 2011-12, including the Erskine Park Intersection upgrade (\$6.4m) and an increase in roads and drainage dedications
- a total of 48% of Council's income being derived from Rates and Annual Charges
- other key ratios are outlined in Note 13.

Ensuring financial sustainability

Council's financial performance is aligned with its continued focus on long-term financial sustainability. We regularly review our Operational Plan and financial performance throughout the year to adapt to changing conditions and requirements. Council regularly reviews its Long-Term Financial Plan (LTFP) to ensure short-term needs are considered against long-term sustainability. The recent TCorp review demonstrated that Council remains in a sound and stable financial position, due in part to the recent SRV which focused on asset renewal and securing the right level of resources to ensure that Council's current services and service levels can be maintained. This financial sustainability however has not been achieved without challenges in both the current and recent years. Council's capacity to accommodate additional priorities can only be achieved through the reprioritisation of current service levels. Future budgets continue to demonstrate Council's commitment to productivity improvements and this continued pursuit and actively managing programs ensures that Council will remain financially sustainable and is building a sustainable long term platform.

Council's investment policies and strategies have been effective in producing strong returns on ratepayers' funds in 2012-13. Council's average return on investments for 2012-13 is 4.48%, which has considerably outperformed the average 90 day BBSW rate of 3.15%. Council was also able to complete its 2012-13 borrowing program at a lower rate than the average return on our investments in recent years. The weighted interest rate on borrowings has continued to decrease due to the lower cost of capital. Council continues to use borrowings to fund an accelerated infrastructure program, however Council's level of debt is continually monitored to ensure it is sustainable without risking service levels.

Council's operating result for the year was a surplus of \$46.1m. The 2012-13 result was influenced by Council undertaking a review of its useful lives and residual values for its building, roads, and drainage assets with the aim of more accurately reporting the consumption of these assets. The result of this review reduced the depreciation expense for 2012-13 by half, which provides a more realistic representation of this consumption of these assets. This review process will continue going forward to ensure that Council's calculation of depreciation remains contemporary.

The 2012-13 financial year provided the second instalment of Council's recent Special Rate Variation (SRV). The additional funding has ensured that asset renewal programs could be fully implemented and essential City Centre Renewal could be undertaken while maintaining the services and service levels being demanded by our community. Council's LTFP demonstrates that the 2011-12 Special Rate Variation has ensured that Council's Long Term Financial Sustainability, highlighted in Special Schedule 8, has been secured.

Financial Overview (continued)

Delivering infrastructure

Local Government in NSW faces a large backlog of work to bring roads, drainage, and building assets to a satisfactory standard. Council's commitment to addressing our infrastructure backlog has seen increased funding for asset maintenance and renewal, and development of renewal programs for all key asset classes in recent years. The review of the LTFP and Resource Strategy during 2010-11 highlighted that while progress is being made in a number of asset classes, Council did not have the capacity to fully fund all identified asset renewal programs and addressing our infrastructure backlog was one of the key drivers for the recently approved Special Rate Variation. As a result, Council now has a program in place to address the identified infrastructure backlog for all key asset classes. Special Schedule 7 provides further information about the condition of these assets.

Developer contribution reforms

On 4 June 2010, the Premier of NSW announced changes to the Developer Contributions planning process which capped residential development contributions to \$20,000 per new lot/dwelling. On 31 August 2010, this cap was increased to \$30,000 per new lot/dwelling for greenfield release areas and applies to the Werrington Enterprise Living and Learning (WELL) Precinct and Glenmore Park Stage 2.

As a consequence of a Voluntary Planning Agreement (VPA) being negotiating with Glenmore Park Stage 2 landowners, the cap's impact is limited to the WELL Precinct. The infrastructure funding gap arising for new development in the WELL Precinct is estimated at \$46.5 million and would affect the WELL Precinct, District Open Space, and Cultural Facilities s94 Plans.

Following analysis of the physical, social and financial impacts of the cap on the WELL Precinct and the Penrith City community, Council, on 27 June 2011, resolved to require new development within the WELL Precinct to provide all drainage and most roadworks by way of conditions of development consent. Contributions up to \$30,000 per lot would be levied for open space, community and cultural facilities. The consequence of this resolution would be no infrastructure funding gaps under the three contributions plans applying to the WELL Precinct.

Council has completed a review of its section 94 plans, as directed by the Minister for Planning, and these revised plans have been adopted by Council and submitted to the Minister for Planning for determination and remaking. The Minister has not made the revised Plans.

The White Paper – A new planning system for NSW and draft planning legislation were released on 16 April 2013. If the White Paper changes to the new planning system are implemented, a minimum of approximately \$126 million in contributions income would be affected, or a significant reduction in the nature and scale of facilities being funded. Plans funding open space, and community and cultural facilities would be especially significantly adversely affected. The White Paper does propose abandoning the \$30,000 cap on contributions.

The White Paper did not provide details on savings and transitional arrangements, when these have been developed Council will be better informed as to the effect on those plans that have been forward funded and thus the gap that would be required to be funded by Council.



Andrew Moore
Financial Services Manager



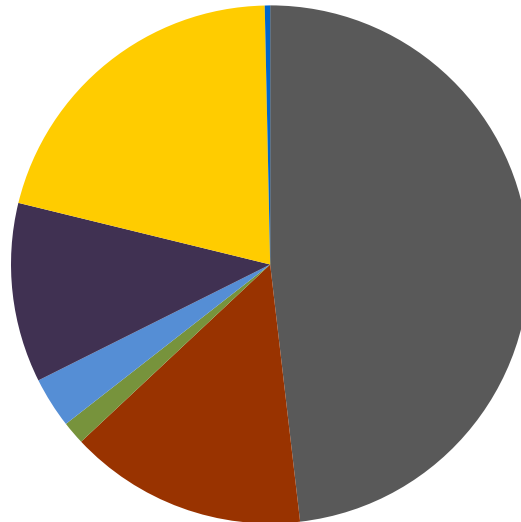
Vicki O'Kelly
Executive Manager—Corporate
Responsible Accounting Officer

Income

Summary

- Overall income ▲ by 4.3% to \$217.2m

- Rates & Annual Charges (\$104.6m)
- User Charges & Fees (\$32.3m)
- Investment Revenues (\$3.1m)
- Other Revenues (\$6.9m)
- Grants & Contributions - Operating (\$24.3m)
- Grants & Contributions - Capital (\$45.3m)
- Profit from interests in Joint Ventures & Associates (\$0.7m)



Income Item	2013 (\$'000)	2012 (\$'000)	% Change
Rates & Annual Charges	104,564	98,524	6.1%
User Charges & Fees	32,265	31,414	2.7%
Investment Revenues	3,118	4,215	(26.0%)
Other Revenues	6,877	8,862	(22.4%)
Grants & Contributions - Operating	24,341	36,484	(33.3%)
Grants & Contributions - Capital	45,271	28,435	59.2%
Profit from interests in Joint Ventures & Associates	727	333	118.3%
Total Income from Continuing Operations	217,163	208,267	4.3%

Rates & Annual Charges

The increase in property numbers from 65,996 in 2011-12 to 67,259 in 2012-13, together with the approved rate increase of 5.3% (including the SRV) has added \$6m to Operating Revenue. Rates Outstanding, a key industry indicator, decreased to 4.83% in 2012-13 from 5.73% in 2011-12 and is below the industry target of 5%. Council has been and will remain active in debt recovery, with a view to maintaining this indicator below 5%.

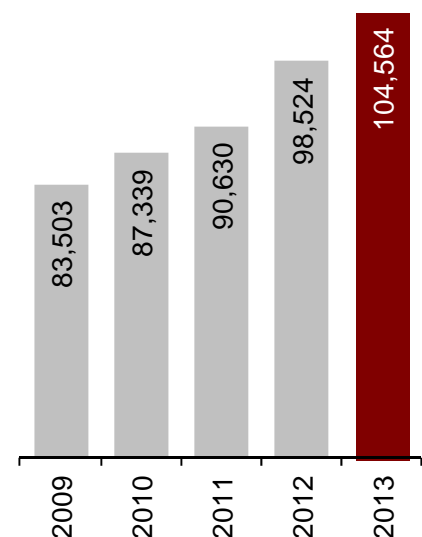
User Charges & Fees

User Charges and Fees increased 2.7% over the 2012-13 Financial Year, in line with expectations.

Investment Revenues

Council's investment portfolio as at 30 June 2013 has remained in line with 2011-12, at a total of \$69.8m (2011-12, \$71.1m). The reduction in interest rates over 2012-13 and the Fair Value of Council's investments in Mortgage Backed Securities, has seen investment revenues decrease in 2012-13 by \$1.1m.

Rates & Annual Charges (\$'000)



Income (continued)

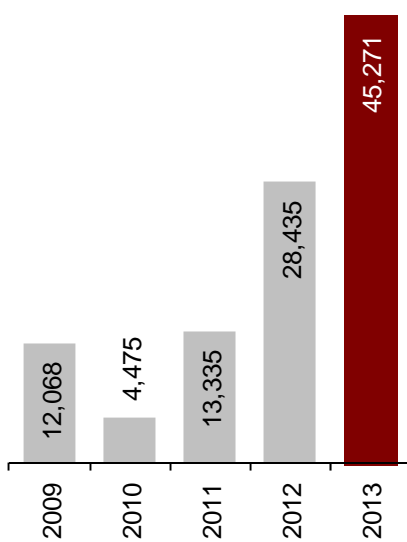
Other Revenues

Other Revenues decreased by \$2m (22.4%) during 2012-13. This was mainly due to the revaluation of Council's Investment Properties seeing an increase of \$169,000 in 2012-13 compared to an increase of \$1.9m in 2011-12. The Environmental Performance Rebate has also increased \$107,000 during 2012-13.

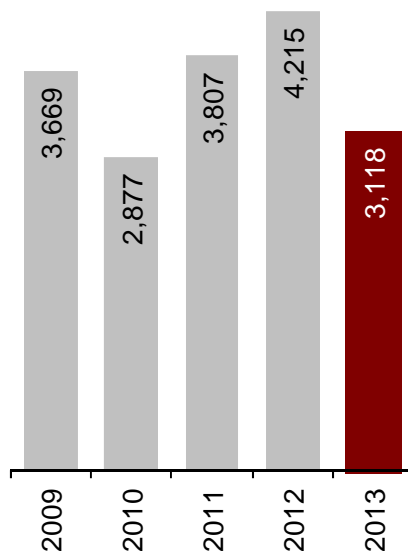
Grants & Contributions

Grants & Contributions have increased overall by \$4.7m (7.2%). This is primarily due to increases in subdivider dedications (up by \$14.7m) and increased S94 developer contributions (up by \$6.2m), offset by a deduction of \$12.1m in government grants.

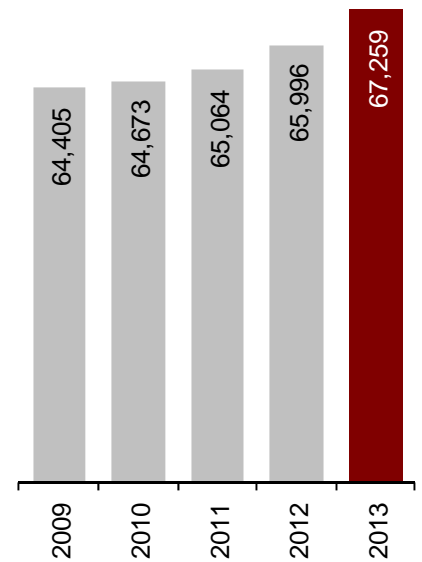
Capital Grants & Contributions (\$'000)



Investment Revenue (\$'000)



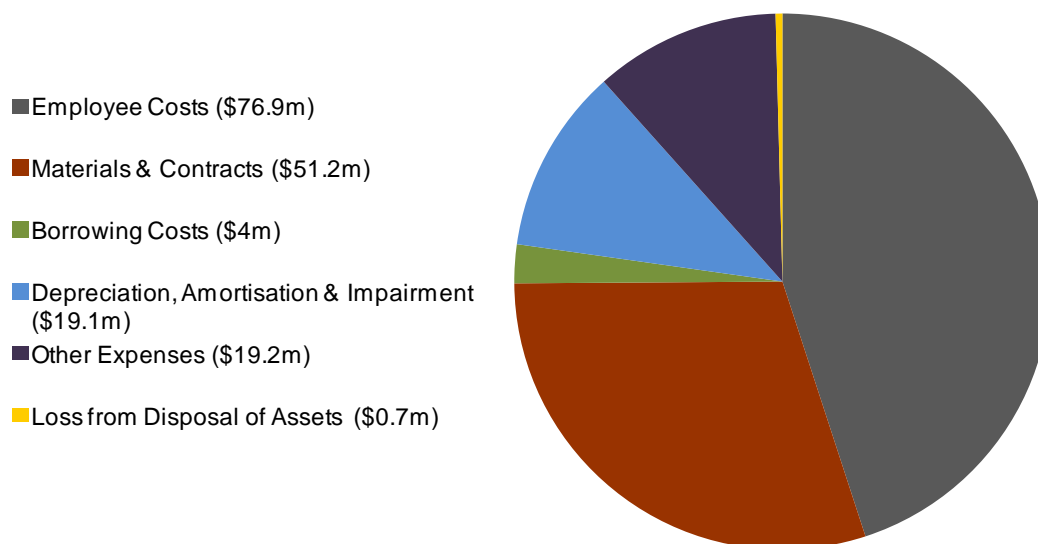
Property Numbers



Expenses

Summary

- Total Expenses ▼ 8.7% to \$171.1m
- Employee costs ▲ 1.4% to \$76.9m



Expense Item	2013 (\$'000)	2012 (\$'000)	% Change
Employee Costs	76,933	75,899	1.4%
Materials & Contracts	51,166	49,673	3.0%
Borrowing Costs	3,995	4,064	(1.7%)
Depreciation, Amortisation & Impairment	19,114	39,034	(51.0%)
Other Expenses	19,159	18,462	3.8%
Loss from Disposal of Assets	684	264	100%
Total expenses from Continuing Operations	171,051	187,396	(8.7%)

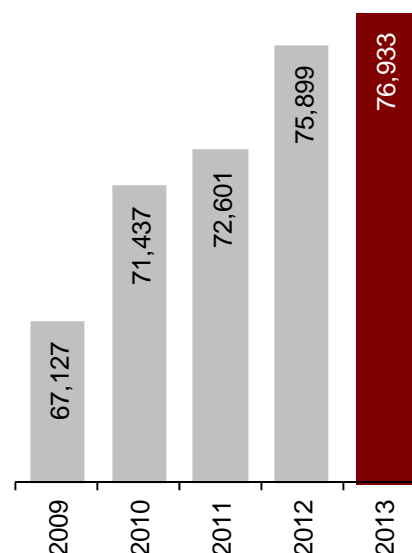
Employee Costs

Total employee costs increased \$1m in 2012-13. This equates to a 1.4% increase, after accommodating an award increase of 3.25% in July 2012, and also includes:

- Increase in total Superannuation costs - \$306,000
- Skills and knowledge progression - \$440,000
- Employee performance bonuses - \$508,000
- Decreases for the provision for Employee Entitlements - \$476,000

Council contributes 9% Superannuation for all employees except those who are members of the Local Government Superannuation Defined Benefits Scheme (DBS). In March 2009, the Local Government Super Scheme (LGSS) advised that it had been impacted by the Global Financial Crisis and contributions rates from 2009-10 were doubled. In 2011-12 the LGSS revised their methodology of calculating Council's additional contribution, and have advised Council of a flat annual fee going forward of approximately \$1.1m per year from 2013-14 with Council's required contribution for these employees being returned to the original rates.

Employee Costs (\$'000)



Expenses (continued)

Council's transition to Workcover's Retro-paid Loss model for worker's compensation insurance continues to provide significant cost savings and efficiencies for Council compared to the traditional claims experience insurance. The total worker's compensation expense for 2012-13 was \$1.2m (2011-12, \$1.1m), compared to the 2009-10 costs under the traditional premium of \$3.1m. In addition to these cost savings, a continued focus on and acceptance of safe work practices by staff has seen a 25 year low in lodged claims during the 2012-13 period.

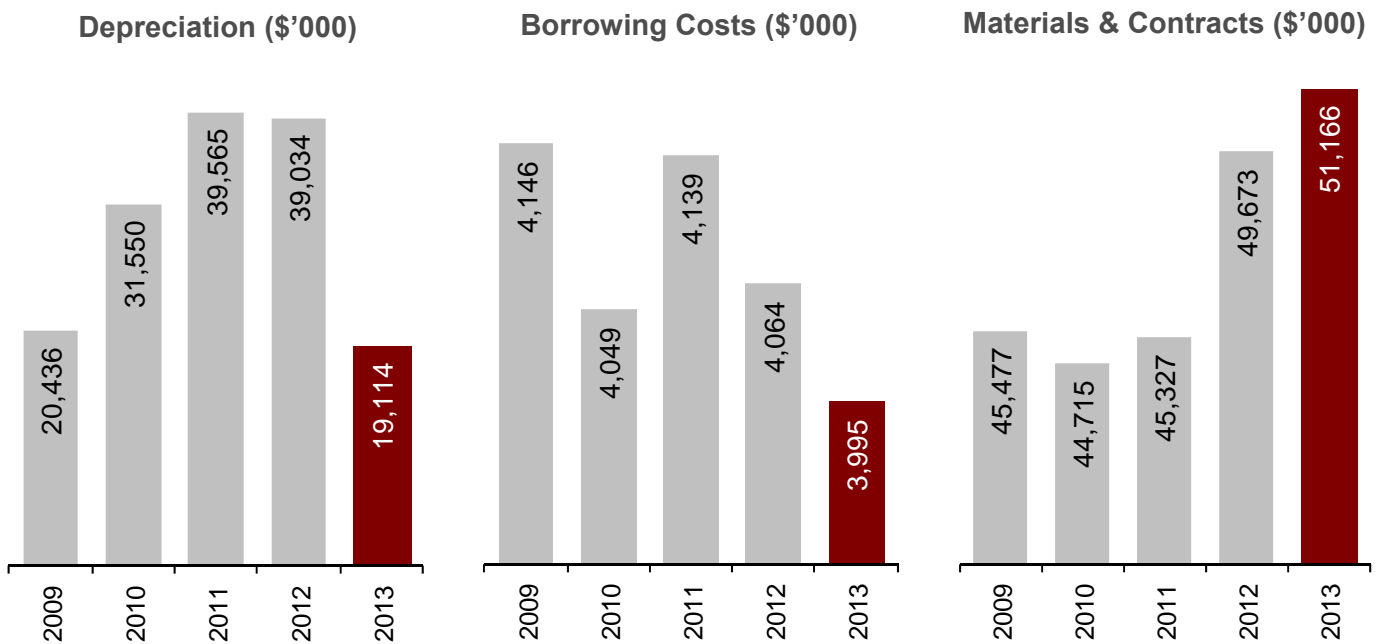
Depreciation

Depreciation is the allocation of the costs of an asset, based on the likely period of its useful life. The depreciation rates used by Council are set out in Note 1 of this document. For 2012-13, Council reviewed and amended the useful lives and residual value for its road, drainage, and building asset classes to more accurately reflect the consumption of these assets. The result is a decrease in depreciation expense from the previous year and more realistically represents the consumption of these assets. This review will also be conducted in future years.

Total depreciation for the year was \$19.1m (2011-12, \$39.0m).

Other Expenses

The detailed Notes to the Financial Statements provide information on Other Expenses.

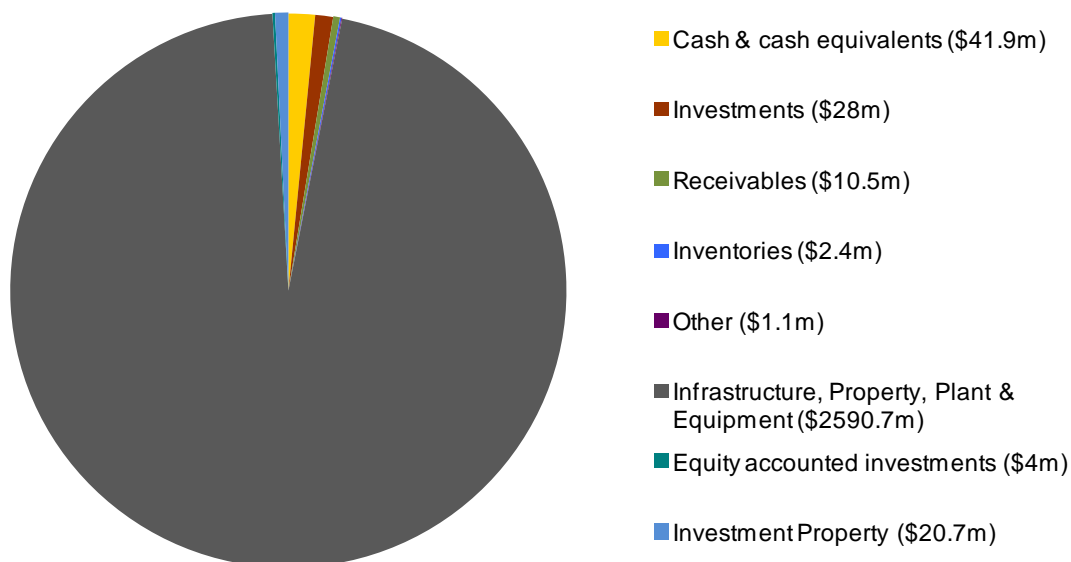


Financial Statements

Assets

Summary

- Total Assets ▲ 3.1% to \$2,699m
- Net Assets ▲ 3.3% to \$2,589m
- Asset \$ per head of population is \$14,615
- Infrastructure, Property Plant & Equipment ▲ 3.3% to \$2,591m



Asset Item	2013 (\$'000)	2012 (\$'000)	% Change
CURRENT ASSETS			
Cash & cash equivalents	41,880	45,453	(7.9%)
Investments	24,966	16,784	48.7%
Receivables	8,316	9,068	(8.3%)
Inventories	2,353	2,357	(0.2%)
Other	1,102	1,117	(1.3%)
TOTAL CURRENT ASSETS	78,617	74,779	5.1%
NON-CURRENT ASSETS			
Investments	3,000	8,894	(66.3%)
Receivables	2,215	2,468	(10.3%)
Infrastructure, Property, Plant & Equipment	2,590,652	2,508,126	3.3%
Equity accounted investments	3,955	3,228	22.5%
Investment Property	20,719	20,550	0.8%
TOTAL NON-CURRENT ASSETS	2,620,541	2,543,266	3.0%
TOTAL ASSETS	2,699,158	2,618,045	3.1%

Cash Position

An assessment of Council's cash holdings at the end of the Financial Year provides a different view of the year's financial information. Council's Cash Flow Statement provides information relating to actual payments and receipts of cash. Investments have decreased slightly over the 2012-13 year. At 30 June 2013, Council reduced the value of its Mortgage Backed Securities (MBS) by \$1m after Council received valuations for these investments that took into account the lack of a market for these investments. The maturity date of these investments were extended beyond their initial maturity date, and have a legal maturity date of 2051 and 2057. It is important to note that these investments are still paying coupons and penalty interest, and there have been no indications that

Assets (continued)

these investments will default. The reduction in the value is a reflection of the minimal market there is for these investments. Council continues to hold funds on call to ensure funds are immediately available if required. This amount can fluctuate and for 2012-13 the holdings of \$2.4m are in line with Council's targets. For the 2012-13, Council has moved its term deposits that had a maturity date of 3 months or less at 30 June 2013 into Cash and Cash Equivalents to more accurately reflect the amount of liquid funds Council has access to within these 3 months.

Reserves

Council operates a number of internally and externally restricted reserves. External reserves include unspent Section 94 funds received, special purpose grants or unexpended loans, along with domestic waste and sullage reserves. These reserves are maintained to ensure that the funds received are expended on the intended purpose, and this restriction is imposed on Council through either legislation or the funding body. An increase in unrestricted funds held at 30 June 2013 of \$1.3m, offset by a decrease in externally restricted funds, is also a contributing factor to the maintenance of the strong level of Council's investment portfolio.

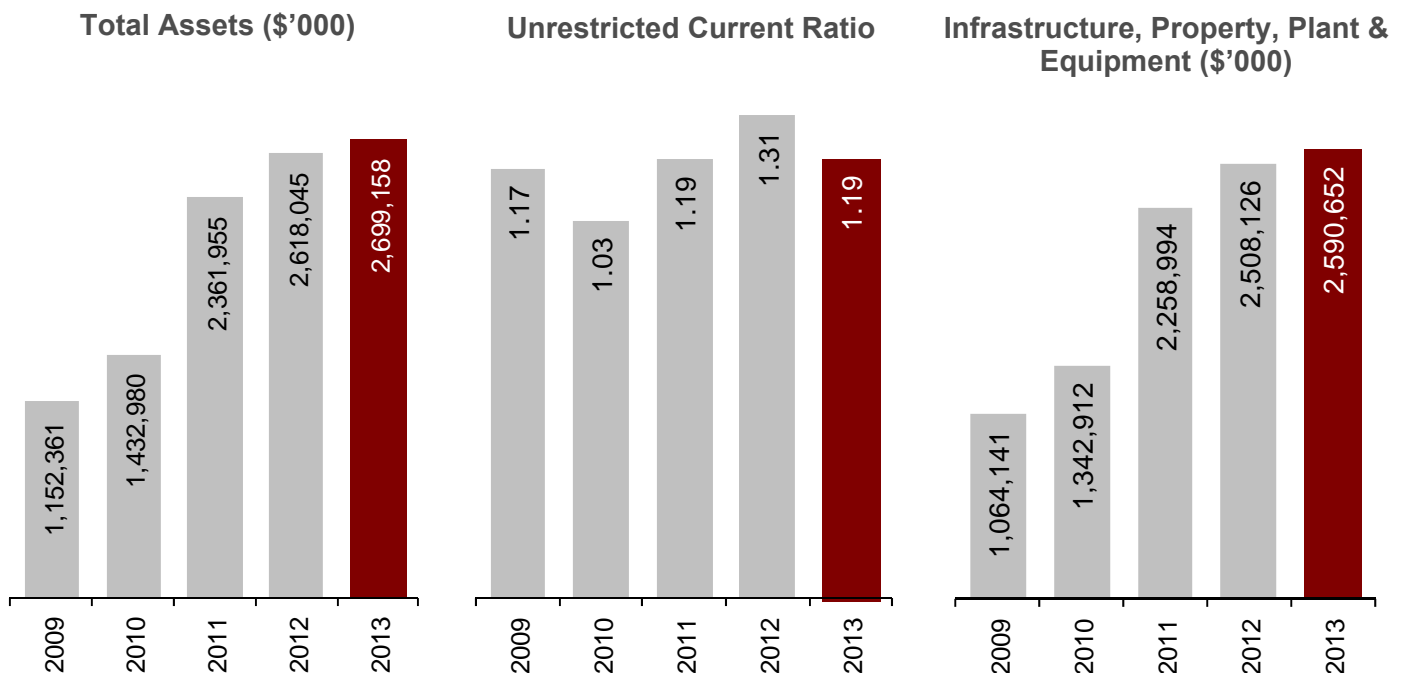
Council continues to maintain a number of internal reserves as detailed in Note 6. These reserves have been established by Council resolution, and include provisions for Employee Leave Entitlements, Property Development activities, and Council's Children's Services operations. The maintenance of these reserves ensures that Council has sufficient capacity to respond to planned calls for funding in these areas and also provides some ability to fund unplanned expenditure for these purposes.

Unrestricted Current Ratio

The unrestricted current ratio for 2012-13 was 1.19:1. Council's practice of borrowing from internal reserves to meet the demands of essential works required in advance of receipt of Section 94 contributions has again been a major impact on the ratio this year. At 30 June 2013, there were six Section 94 plans in deficit totalling \$7.9m (compared to 2011-12, \$8.4m). Two plans, the Cultural Facilities Plan and the Civic Improvement Plan, accounted for \$5.8m of this deficit. Once adjusted for these internal borrowings, the adjusted indicator is 1.48:1 and is above Council's adopted benchmark of 1.25:1, but slightly below the Division of Local Government's benchmark of 1.5:1.

Receivables

Receivables for 2012-13 totaled \$10.5m, a decrease of \$1m compared to 2011-12. The Rates Outstanding percentage decreased from 5.73% in 2011-12 to 4.83% in 2012-13, which is below the industry benchmark of less than 5%. Council has a long established policy of not actively pursuing pensioners for outstanding Rates and Annual Charges. Excluding pensioners from this calculation decreases this indicator to 3.96% (4.33% in 2011-12), below Council's target of 4.50%.



Assets (continued)

Infrastructure, Property, Plant & Equipment

Infrastructure, Property, Plant & Equipment (IPPE) increased \$82.5m (3.3%) over the 2012-13 year to \$2,591m. This increase is mainly due to the revaluation of Council's Buildings and Operating Land, which resulted in a net increase of \$36.2m and Council's asset additions throughout the year of \$67.9m. These asset additions included asset renewals of \$7.5m and new infrastructure asset purchases and constructions of \$39.5m. A summary of IPPE activity for 2012-13 is shown below, and is provided in greater detail in Note 9.

Plant and Equipment

Vehicles Purchased	109
Vehicles Sold	108
Plant items purchased	10

Total value of plant and equipment purchases was \$3.7m, and includes:

Toro Groundmaster Mowers (x4)	\$233,166
Toyota Hiace Community Bus (x2)	\$92,175
Toyota Hilux Utility (x3)	\$89,053
Montabert Rock Breaker	\$10,000

Office Equipment

New Computer Purchases	\$124,594
Other Hardware and Systems	\$62,880

Buildings and Other Structure

Londonderry Neighbourhood Centre	\$175,258
Penrith Gallery – Ancher House	\$129,637
Jamison Park Netball	\$120,615

Road Works and Drainage

Drainage Works (ex. Dedications)	\$185,399
Road Works (ex. Dedications)	\$17.1m

Includes:

Bus Shelters	\$264,632
Pathpaving	\$661,590

Infrastructure

Road Dedications	\$12.7m
Drainage Dedications	\$9.2m

Major Capital Projects worth of note, either completed or underway during the year include:

Erskine Park Intersection Upgrade	\$6.4m
Road Resealing/Resheeting	\$4.8m
Organic Bins	\$1.4m
Building Asset Renewal Program	\$930,411
Parks Asset Renewal Program	\$566,304
Public Amenity Replacement Program	\$368,401
Community Safety Program	\$239,353
Children Services Playground Upgrades	\$254,610

Other Assets

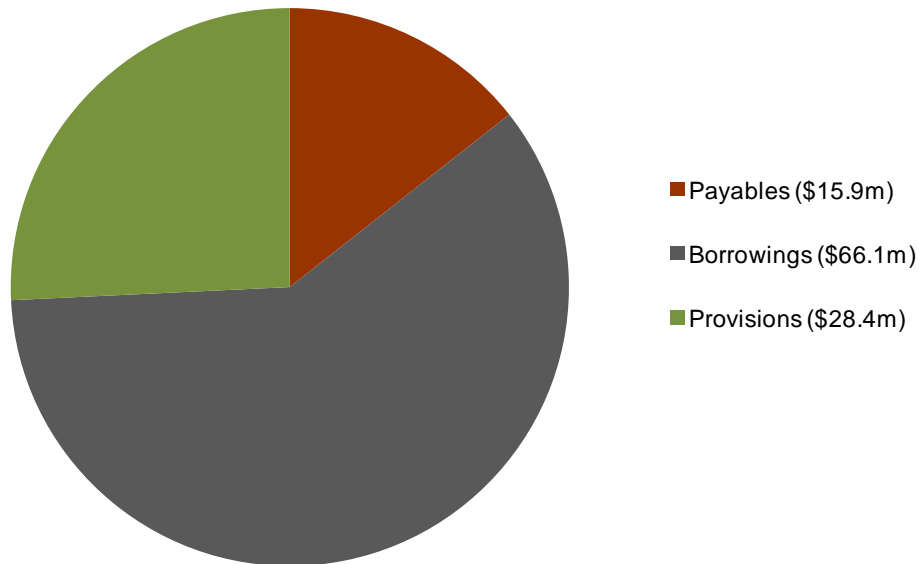
Library Resources	\$540,532
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Summary

Liabilities

Summary

- Liabilities ▼ 1.1% to \$110.4m
- Borrowings ▼ 3.2% to \$66.1m
- Payables ▲ 10.0% to \$15.9m
- Provisions ▼ 1.65% to \$28.4m

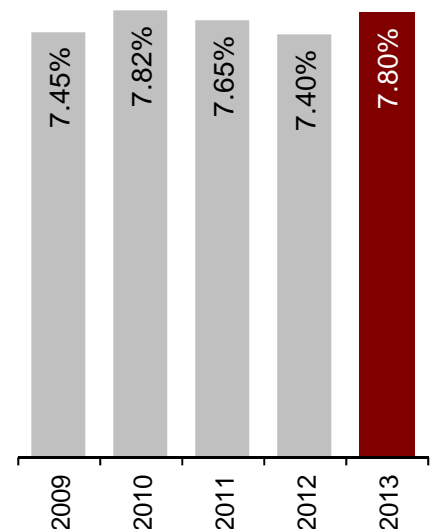


Liability Item	2013 (\$'000)	2012 (\$'000)	% Change
CURRENT LIABILITIES			
Payables	15,890	14,439	10.0%
Borrowings	8,853	8,413	5.2%
Provisions	27,481	27,641	(0.6%)
TOTAL CURRENT LIABILITIES	52,224	50,493	3.4%
NON-CURRENT LIABILITIES			
Borrowings	57,233	59,849	(4.4%)
Provisions	952	1,268	(24.9%)
TOTAL NON CURRENT LIABILITIES	58,185	61,117	(4.8%)
TOTAL LIABILITIES	110,409	111,610	(1.1%)

The 2012-13 Debt Service Ratio was 7.80% (7.40% in 2011-12). This means that 7.80% of Council's revenue (excluding capital grants and contributions and specific purpose operating grants and contributions) is used to meet Council's annual loan repayments. The Debt Service Ratio indicator can be misleading if comparisons are made without understanding the underlying situation. Much of Council's recent additions to the loan portfolio have income streams to fund the loan repayments. Knowledge of the principal and interest components of loan payments, along with any revenue streams used to fund these repayments, is required if any comparison to other Councils is to be meaningful.

Total borrowings now stand at \$66.1m, a decrease of \$2.2m (3.2%) over 2011-12. Council's recent approval under the Local Infrastructure Renewal Scheme (LIRS) also provides an interest rates subsidy from the NSW Government.

Debt Service Ratio



Financial Statements

Controlled Entities

Council operates a number of controlled entities – Ripples Leisure Centre, Penrith Whitewater Stadium (PWS), and Penrith Performing & Visual Arts (PPVA). The financial results for these entities are consolidated with Council's operations to give the overall result for the year.

Each entity reports their results to Council on an annual basis. At this time, it is resolved that the operations of each entity are underwritten by Council until the next year's results are reported.

	\$'000		
	PPVA	Ripples	PWS
Operating Expenses	3,596	3,564	1,823
Operating Revenues (Excluding Council's Subsidy)	2,057	2,704	1,686
Surplus / (Deficit) before Subsidy	(1,539)	(860)	(137)
Subsidy	1,507	1,057	-
Surplus / (Deficit) from Ordinary Operations	(32)	197	(137)
Capital Grants	-	-	-
Surplus/(Deficit)	(32)	197	(137)
Current Assets	983	173	279
Non-Current Assets	556	354	1,242
Total Assets	1,539	527	1,521
Current Liabilities	771	652	619
Non-Current Liabilities	146	10	728
Total Liabilities	917	662	1,347
Net Assets	622	(135)	174

Business Activity Reporting

Business activity reporting shows certain activities of Council in accordance with the National Competition Policy (NCP) guidelines. It attempts to portray the Financial Statements of these activities as if all taxes and commercial principles that applied to private enterprise were also applied to these activities.

It must be emphasised that the business activity report is based on a number of factors:

- prescribed assumptions as to rates of return, taxes and other costs,
- the inclusion of assumed costs as if they were paid,
- a particular view of where the boundary between the activity and other Council operations should be drawn,
- the allocation of costs which are charged to other functions in first instance, and
- determination of the purpose for which each asset is owned, even though the purpose may be one of many joint purposes.

The reports also assume that each year can be separately taken and analysed. Where an activity has irregular revenue, great variations will be reported. Property Development may well show deficits in some years and large surpluses in others. This is because the property strategy results in varying sales from year-to-year.

In these statements all the businesses have generally been assumed to be operators and not owners of the applicable lands. This means for example, that Ripples is a business activity but the ownership of the land and building is outside the business activity. The business activity is then nominally charged a rental for use of the premises. The business activity reports show that if rentals, taxes and similar costs were charged some of the activities would then need a subsidy in order to pay these costs. As these costs are not charged, only assumed, the "Subsidy from Council" does not represent an amount actually paid or ever likely to be paid. It represents the difference between actual surplus and the assumed profit of a commercial operation.

Category 1 (turnover greater than \$2m)	2013 Surplus / (Deficit)	2012 Surplus / (Deficit)	2011 Surplus / (Deficit)	2010 Surplus / (Deficit)	2009 Surplus / (Deficit)
Children's Services	(609)	137	(606)	(1,170)	(1,486)
Council Pools	(2,653)	(1,715)	(2,044)	(3,501)	(2,940)
Penrith Whitewater Stadium	(182)	(142)	182	(226)	(7)
Property Development	(930)	(1,338)	2,911	1,609	1,663
Penrith Performing & Visual Arts	(1,372)	(955)	(3,086)	(2,862)	(3,106)

Category 2 (turnover less than \$2m)	2013 Surplus / (Deficit)	2012 Surplus / (Deficit)	2011 Surplus / (Deficit)	2010 Surplus / (Deficit)	2009 Surplus / (Deficit)
Cemeteries	(156)	(86)	(152)	(164)	(133)
Tennis Courts	(369)	(216)	(299)	(1,309)	(115)
St Clair Recreation Centre	(332)	(159)	(196)	(378)	(358)
Lemongrove Retirement Village (sold 2011)	n/a	n/a	80	(289)	(255)
Halls	(1,198)	(1,106)	(1,161)	(4,571)	(427)
Contestable Services	71	(80)	(4)	106	60



STATEMENTS
& NOTES



Financial Statements

Penrith City Council

General Purpose Financial Statements

for the financial year ended 30 June 2013

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 23 September 2013.



Cr Mark Davies
MAYOR



Cr Ross Fowler OAM
DEPUTY MAYOR



Alan Stoneham
GENERAL MANAGER



Andrew Moore
**ACTING RESPONSIBLE ACCOUNTING
OFFICER**

Statements and Notes

INCOME STATEMENT for the year ended 30 June 2013

Budget ⁽¹⁾			Actual	Actual
2013	\$ '000	Notes	2013	2012
Income from Continuing Operations				
<i>Revenue:</i>				
104,104	Rates & Annual Charges	3a	104,564	98,524
31,245	User Charges & Fees	3b	32,265	31,414
3,375	Interest & Investment Revenue	3c	3,118	4,215
6,853	Other Revenues	3d	6,877	8,862
27,820	Grants & Contributions provided for Operating Purposes	3e,f	24,341	36,484
7,326	Grants & Contributions provided for Capital Purposes	3e,f	45,271	28,435
<i>Other Income:</i>				
50	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	727	333
180,773	Total Income from Continuing Operations		217,163	208,267
Expenses from Continuing Operations				
78,419	Employee Benefits & On-Costs	4a	76,933	75,899
4,194	Borrowing Costs	4b	3,995	4,064
56,537	Materials & Contracts	4c	51,166	49,673
37,931	Depreciation & Amortisation	4d	19,114	39,034
17,042	Other Expenses	4e	19,159	18,462
537	Net Losses from the Disposal of Assets	5	684	264
194,660	Total Expenses from Continuing Operations		171,051	187,396
(13,887)	Operating Result from Continuing Operations		46,112	20,871
(13,887)	Net Operating Result for the Year		46,112	20,871
(21,213)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		841	(7,564)

1. Original Budget as approved by Council - refer Note 16

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
Net Operating Result for the year (as per Income Statement)		46,112	20,871
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	36,202	235,521
Total Items which will not be reclassified subsequently to the Operating Result		36,202	235,521
Total Other Comprehensive Income for the year		36,202	235,521
Total Comprehensive Income for the Year		82,314	256,392

Statements and Notes

STATEMENT OF FINANCIAL POSITION as at 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	41,880	45,453
Investments	6b	24,966	16,784
Receivables	7	8,316	9,068
Inventories	8	2,353	2,357
Other	8	1,102	1,117
Total Current Assets		78,617	74,779
Non-Current Assets			
Investments	6b	3,000	8,894
Receivables	7	2,215	2,468
Infrastructure, Property, Plant & Equipment	9	2,590,652	2,508,126
Investments accounted for using the equity method	19	3,955	3,228
Investment Property	14	20,719	20,550
Total Non-Current Assets		2,620,541	2,543,266
TOTAL ASSETS		2,699,158	2,618,045
LIABILITIES			
Current Liabilities			
Payables	10	15,890	14,439
Borrowings	10	8,853	8,413
Provisions	10	27,481	27,641
Total Current Liabilities		52,224	50,493
Non-Current Liabilities			
Borrowings	10	57,233	59,849
Provisions	10	952	1,268
Total Non-Current Liabilities		58,185	61,117
TOTAL LIABILITIES		110,409	111,610
Net Assets		2,588,749	2,506,435
EQUITY			
Retained Earnings	20	1,920,875	1,874,763
Revaluation Reserves	20	667,874	631,672
Total Equity		2,588,749	2,506,435

Financial Statements

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2013

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Total Equity
2013					
Opening Balance as per Last Year's Audited Accounts		1,874,763	631,672	2,506,435	2,506,435
Revised Opening Balance (as at 1/7/12)		1,874,763	631,672	2,506,435	2,506,435
Net Operating Result for the Year		46,112	-	46,112	46,112
Other Comprehensive Income					
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	36,202	36,202	36,202
Other Comprehensive Income		-	36,202	36,202	36,202
Total Comprehensive Income (c&d)		46,112	36,202	82,314	82,314
Equity - Balance at end of the reporting period		1,920,875	667,874	2,588,749	2,588,749

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Total Equity
2012					
Opening Balance as per Last Year's Audited Accounts		1,853,892	396,151	2,250,043	2,250,043
Revised Opening Balance (as at 1/7/11)		1,853,892	396,151	2,250,043	2,250,043
Net Operating Result for the Year		20,871	-	20,871	20,871
Other Comprehensive Income					
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	235,521	235,521	235,521
Other Comprehensive Income		-	235,521	235,521	235,521
Total Comprehensive Income (c&d)		20,871	235,521	256,392	256,392
Equity - Balance at end of the reporting period		1,874,763	631,672	2,506,435	2,506,435

Statements and Notes

STATEMENT OF CASH FLOWS for the year ended 30 June 2013

Budget 2013	\$ '000	Notes	Actual 2013	Actual 2012
Cash Flows from Operating Activities				
Receipts:				
104,099	Rates & Annual Charges		105,206	98,811
38,596	User Charges & Fees		34,218	32,612
3,379	Investment & Interest Revenue received		3,385	4,370
38,986	Grants & Contributions		40,522	49,644
-	Bonds, Deposits & Retention amounts received		2,604	2,057
3,178	Other		13,960	21,036
Payments:				
(77,806)	Employee Benefits & On-Costs		(77,780)	(76,371)
(66,855)	Materials & Contracts		(57,390)	(54,282)
(4,194)	Borrowing Costs		(3,995)	(4,064)
-	Bonds, Deposits & Retention amounts refunded		(2,436)	(1,926)
(13,471)	Other		(20,392)	(25,097)
25,912	Net Cash provided (or used in) Operating Activities	11b	37,902	46,789
Cash Flows from Investing Activities				
Receipts:				
154,813	Sale of Investment Securities		212,691	184,385
750	Sale of Real Estate Assets		10	-
1,463	Sale of Infrastructure, Property, Plant & Equipment		1,792	784
-	Transfers between Cash & Cash Equivalents		-	40,500
Payments:				
(148,594)	Purchase of Investment Securities		(215,000)	(196,500)
(31,387)	Purchase of Infrastructure, Property, Plant & Equipment		(38,647)	(39,134)
-	Purchase of Real Estate Assets		(11)	(57)
-	Transfers between Cash & Cash Equivalents		(1,000)	-
(22,955)	Net Cash provided (or used in) Investing Activities		(40,165)	(10,022)
Cash Flows from Financing Activities				
Receipts:				
5,713	Proceeds from Borrowings & Advances		7,108	8,263
4	Deferred Debtors Receipts		2	-
Payments:				
(12,693)	Repayment of Borrowings & Advances		(8,420)	(7,656)
-	Deferred Debtors & Advances Made		-	(282)
(6,976)	Net Cash Flow provided (used in) Financing Activities		(1,310)	325
(4,019)	Net Increase/(Decrease) in Cash & Cash Equivalents		(3,573)	37,092
4,953	plus: Cash & Cash Equivalents - beginning of year	11a	45,453	8,361
934	Cash & Cash Equivalents - end of the year	11a	41,880	45,453
Additional Information:				
	plus: Investments on hand - end of year	6b	27,966	25,678
	Total Cash, Cash Equivalents & Investments		69,846	71,131

Please refer to Note 11 for information on the following:

- Non Cash Financing & Investing Activities
- Financing Arrangements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 1—Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, the Local Government Act (1993) and Regulation, and the NSW Local Government Code of Accounting Practice and Financial Reporting issued by the NSW Division of Local Government, Department of Premier and Cabinet. Penrith Council is a not for-profit entity for the purpose of preparing the financial statements.

a. New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

b. Early adoption of standards

Penrith Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2012.

c. Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

d. Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Penrith Council makes estimates and assumptions concerning the future. The resulting accounting

estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

e. Critical judgements in applying the entity's accounting policies

Impairment of Receivables

Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

Projected Section 94 Commitments

Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

2. The Local Government Reporting Entity

The City of Penrith has its principal business office at Penrith Civic Centre, 601 High Street, Penrith NSW 2750. Penrith Council is empowered by the New South Wales Local Government Act (LGA) 1993 (as amended) and its Charter is specified in Section 8 of the Act.

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

The General Purpose Financial Statements incorporate the assets and liabilities of all entities controlled by Council (the parent entity) and the results of all controlled entities and Joint Ventures for the financial period ended 30 June 2013. They include the consolidated fund and other entities through which Council controls resources to carry on its functions. In the process of reporting on the Local Government as a single unit, all transactions and balances between activities (for example, loans and transfers) have been eliminated.

a. The Consolidated Fund

The consolidated fund and other entities through which Council controls resources to carry on its functions have been included in the Financial Statements forming part of this report. Internal transactions between sections of the reporting entity have been eliminated in accordance with Australian equivalents to International Financial Reporting Standards.

Council operates a number of children's centres and includes the transactions associated with these

Note 1—Significant Accounting Policies (continued)

centres in its consolidated fund. The centres include 18 providing long day care services, 9 providing before and after school care services, 1 occasional care service and 5 preschool services. The Penrith City Children’s Services Co-operative, established in January 2003, manages the Children’s Centres (excluding the Glenmore Park Child & Family Centre) through a delegation under S377 of the Local Government Act 1993.

The Penrith Performing and Visual Arts Limited (which administers the Joan Sutherland Performing Arts Centre and the Penrith Regional Gallery), the City of Penrith Regional Indoor Aquatic and Recreational Centre Limited (which administers Ripples), and Penrith Whitewater Stadium Limited are controlled entities within the meaning of the accounting standards. The operating results of these entities before Council subsidies was a loss of \$1.5m for Penrith Performing and Visual Arts, a loss of \$860,000 for Ripples and a loss of \$137,000 for the Penrith Whitewater Stadium. Council each year makes a resolution to continue to guarantee the operations of these entities for 24 months from 1 July each year.

Council committees operate the following centres whose finances are administered independently of Council. Of these committees, two handed their operations back to Council during 2012-13. The contribution to the Financial Statements of each centre is shown in the table opposite.

Other Council Committees not included in the listing below include St Marys Combined Pensioners and Superannuates Association, South Penrith Youth and Neighbourhood Centre, and North St Marys Neighbourhood Centre. The operating result for the year of these Council committees could not be determined due to their financial records not being available but are not considered material.

b. Joint ventures

Jointly controlled assets

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings. Details of the activity are set out in Note 19.

Joint venture entities

The interest in a joint venture partnership is accounted for using the equity method after initially being recognised at cost. Under the equity method, the share of the profits or losses of the partnership is recognised in profit or loss, and the share of post acquisition movements in reserves is recognised in other comprehensive income. Details relating to the partnership are set out in Note 19.

2012-13

Committee	Operating Surplus / (Deficit) \$	Net Assets \$
Andromeda Community Centre	38	8,806
Arms of Australia Inn	(2,177)	1,407
Emu Plains Tennis Complex	7,194	40,973
Masters Hall- U3A	1,831	5,198
North Penrith Community Centre	(1,225)	8,382
Jamison Park Netball Complex	13,485	54,225
Samual Marsden Road Riding Facility	(2,153)	(1,261)
Penrith International Friendship Committee	(3,141)	13,679
Penrith Schools Boatshed Management Committee	1,127	10,718
Penrith Valley Senior Citizens Centre	5,804	55,315
Regentville Hall	3,582	44,987
St Marys Development Committee	(6,675)	27,252
The Community Connection	1,447	14,020
Werrington Community Cottage	(822)	15,931
Total	18,315	299,631

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the Council's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

Information about joint ventures is contained in Note 19.

3. Revenue Recognition

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

Note 1—Significant Accounting Policies (continued)

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:

a. Rates, Annual Charges, Grants and Contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when Council obtains control over the assets comprising these receipts. Developer contributions may only be expended for the purposes for which the contributions were required but Council may apply contributions according to the priorities established in work schedules.

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.

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 is recognised when Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to Council and 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). The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

b. User Charges and Fees

User charges and fees are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A provision for doubtful debt is recognised when collection in full is no longer probable.

c. Sale of Plant, Property, Infrastructure and Equipment

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

d. Interest and Rents

Interest and 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.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when Council obtains control over the assets comprising the revenue, or when the amount becomes an enforceable debt, whichever first occurs.

4. 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 Statement of Financial Position.

5. Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of receivables. 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.

6. Inventories

Raw materials and stores, work in progress and finished goods are 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

Note 1—Significant Accounting Policies (continued)

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

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, 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.

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and 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 – these are retained in property, plant and equipment.

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets 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 Statement of Financial Position.

7. Investments and Other Financial Assets

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

a. Financial Assets at Fair Value through Profit or Loss

All financial assets acquired for the purpose of generating a profit from short-term fluctuations in price, or part of a portfolio with a pattern of short-term profit taking.

b. 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 Council provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the Statement of Financial Position date, which are classified as non-current assets. Loans and receivables are included in receivables in the Statement of Financial Position.

c. Held-to-Maturity Investments

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

d. 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. They are included in non-current assets unless Council's management intends to dispose of the investment within 12 months of the Statement of Financial Position date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and Council intends to hold them for the medium- to long-term.

Purchases and sales of investments are recognised on trade-date - the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

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 at fair value through profit or loss category are included in the

Note 1—Significant Accounting Policies (continued)

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.

Council has an approved investment policy complying with Section 625 of the Local Government Act, Section 212 of the Local Government (General) Regulations 2005, and the Minister's Order.

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

e. Impairment

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of 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) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group of financial assets may have impairment measured on the basis of an instrument's fair value using an observable market price.

8. 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 Statement of Financial Position 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. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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 Council for similar financial instruments.

9. Infrastructure, Property, Plant and Equipment (IPPE)

Council's assets have been progressively revalued to fair value in accordance with the staged implementation advised by the Division of Local Government. At Statement of Financial Position date, the following classes of IPPE were stated at their fair value:

- Operational land (internal valuation)
- Community Land (Valuer General's valuation)
- Buildings (external valuation)
- Plant and Equipment (as approximated by depreciated replacement cost)
- Road assets—roads, bridges, and footpaths (internal valuation based on current replacement costs)
- Drainage assets (internal valuation based on current contract costs)
- Bulk Earthworks (no revaluation as cannot be reliably measured)
- Land improvements (as approximated by depreciated historical cost)
- Other Structures (as approximated by depreciated historical cost)
- Other assets (as approximated by depreciated historical cost)

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 recognising profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are

Note 1—Significant Accounting Policies (continued)

first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset. All other decreases are charged to the Income Statement.

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.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated remaining useful lives. New assets are generally depreciated as below:

Buildings	20-100 years
Vehicles	5 years
Earthmoving Equipment	6-12 years
Office Equipment	3-10 years
Roads Structure	100 years
Bridges	100 years
Stormwater Pipes	200 years
Other Drainage Structures	100 years
Levee Banks	100 years

Detailed examination of the roads data held by Council's Asset Management department was again reviewed in 2013 to accurately reflect the depreciation charge for roads assets in light of the extensive maintenance program that Council has for these assets. Amended remaining useful lives are identified for the roads network. The amended useful life is then applied to the written down value of the individual roads and a more appropriate depreciation figure calculated.

The assets' residual values and remaining useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position 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. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

For 2012-13, Council reviewed and amended the useful lives and residual value for its road, drainage, and building asset classes to more accurately reflect the consumption of these assets. This change in method of incorporating both a change in useful lives and the use of a residual value resulted in a decrease

in depreciation expense from the previous year and now more realistically represents the consumption of these assets. This review will also be conducted in future years.

The residual values now used for these classes of assets are:

Buildings	25%
Bulk Earthworks	100% (not depreciable)
Drainage	0-50%
Roads	25-50%

a. Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

Examples of capitalisation thresholds applied during the year are shown below.

Plant & Equipment, Office Equipment, and Furniture & Fittings	Capitalise if Value > \$2,000
Land:	
- Council Land	Capitalise
- Open Space	Capitalise
- Land Under Roads	Capitalise
Buildings:	
- Construction/Extension	Capitalise
- Renovations	Capitalise
Other Structures	Capitalise
Roads, Bridges, Footpaths:	
- Construction/Reconstruction	Capitalise
Stormwater Drainage	Capitalise

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets that are subject to depreciation 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 (which is the higher of the present value of future cash inflows or value in use).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable presumption is made that the current replacement cost exceeds the

Note 1—Significant Accounting Policies (continued)

original cost of acquisition.

b. Land Under Roads (LUR)

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

Land Under Roads (LUR) acquired after 1 July 2008 is recognised in accordance with AASB 116—Property, Plant and Equipment, and AASB 1051—Land Under Roads.

Council has previously elected to recognise LUR acquired before 1 July 2008 in accordance with AASB 116—Property, Plant and Equipment, and AASB 1051—Land Under Roads. Circular 09-25 issued by the Division of Local Government (DLG) had allowed councils to elect to recognise land under roads acquired before 1 July 2008 but defer that recognition until an industry-wide valuation methodology is determined. This methodology has been determined and Council has recognised all acquired pre-1 July 2008 using the Valuer General's valuations at 30 June 2009 to determine a municipal rate. Council's total LUR is disclosed in Note 9.

10. Investment Property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by Council. Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, Council uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. These valuations are reviewed annually by a registered property valuer on Council staff. Changes in fair values are recorded in profit or loss as part of other income.

Investment property now also includes properties that are under construction for future use as investment properties. These are also carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete. This is different to previous years where properties under construction were accounted for at cost and presented under property, plant and equipment until construction was complete. The change in policy was necessary following changes made to AASB 140 Investment Property as a result of the IASB's 2008 Improvements standard.

11. Payables

a. Goods and Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

b. Payments Received in Advance and Deposits

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to Council's assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

12. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method.

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

a. Borrowings Costs

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

13. Provisions

Provisions for legal claims and service warranties are recognised when: Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Note 1—Significant Accounting Policies (continued)

14. Employee Benefits

a. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

b. Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period 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 end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. Leave entitlements not expected to be settled in the next 12 months are detailed in Note 10a.

c. Superannuation

Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme and other complying funds. Council employees have two types of membership, each of which is funded differently.

Accumulation Fund Members

Accumulation funds receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Levy (9% in 2013, 9% in 2012). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Defined Benefit Members

Council makes employer contributions to the defined benefits categories of the Local Government Super Scheme (LGSS) at rates determined by the Scheme's Trustee. The rate for 2012-13 was 1.9 times members' contributions (1.9 times in 2011-12) plus a basic benefit of 2.5% of the member's salary (2.5% in 2011-12). Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue. LGSS have advised a revised payment calculation for contributions to this scheme from 2012-13, which includes an additional flat rate contribution from Council to address the deficit that resulted from the Global Financial Crisis.

The Local Government Superannuation Scheme—Pool B (the Scheme) is a defined benefit plan that has been deemed to be a "multi-employer fund" for the purposes of AASB 119. Sufficient information under AASB 119 is not available to account for the Scheme as a defined benefit plan, because the assets to the scheme are pooled together for all employers.

The amount of employer contributions to the defined benefits section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2013 was \$2.6m (\$2.7m in 2011-12). The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20 February 2013 and covers the period ended 30 June 2013. However, the position is monitored annually and the actuary has estimated that as at 30 June 2013, a deficit still exists. Effective from 1 July 2013, employers are required to contribute additional contributions to assist in extinguishing this deficit. The amount of additional contributions payable until the deficit is extinguished is \$1.1m per year. The additional contributions remitted during the year are included in the total employer contributions set out in Note 4(a).

The share of this deficit that can be broadly attributed to Council was estimated to be in the order of \$5m as at 30 June 2013.

15. Leases

Lease arrangements have been accounted for in accordance with AASB 117.

Council is not leasing any items under finance lease, which are leases that effectively transfer to Council substantially all of the risks and benefits incidental to ownership.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits

Note 1—Significant Accounting Policies (continued)

incident to ownership of the leased items, lease payments are charged to expense over the lease term.

16. GST Implications

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

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), i.e. 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.

17. Rounding

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

18. New Accounting Standards and Interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2013.

Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures (effective from 1 January 2015)

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular 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 although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

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

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

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

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures.

Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.

It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements.

However, application of the new standard will impact

Note 1—Significant Accounting Policies (continued)

the type of information disclosed in the notes to the financial statements.

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

Applicable to Local Government but no implications for Council:

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 132 & AASB 7] (effective 1 January 2013)

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (effective 1 January 2014).

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

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

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure

of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

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

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

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

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

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

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

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

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

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

Note 1—Significant Accounting Policies (continued)

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

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

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

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

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

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

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

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

This revised standard on accounting for employee benefits requires the recognition of all re-measurements of defined benefit liabilities/assets

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

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

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

The amendments will have to be implemented retrospectively.

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

Not applicable to Local Government per se;

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle (effective 1 January 2013)

AASB 1 - this standard clarifies that an entity can apply AASB 1 more than once. An entity can elect to apply AASB 123 from the transition date or an earlier date.

AASB 101 - clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments.

AASB 116 - clarifies the classification of servicing equipment.

AASB 132 and Interpretation 2 - clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes

AASB 134 - provides clarification about segment reporting.

The amendments arising from this standard are not expected to change the reported financial position or performance of the Council.

Note 1—Significant Accounting Policies (continued)

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

19. Rural Fire Service Assets

Under section 119 of the Rural Fire Services Act 1997, “all fire fighting equipment purchased or constructed wholly or from money to the credit of the fund is to be vested in the Council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed”. Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as they have been doing in previous years.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2013

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 2013	Actual 2013	Actual 2012	Original Budget 2013	Actual 2013	Actual 2012	Original Budget 2013	Actual 2013	Actual 2012	Actual 2013	Actual 2012	Actual 2013	Actual 2012	Actual 2013
Children's Services	18,457	18,624	18,846	19,626	20,217	19,404	(1,169)	(1,593)	(558)	2,701	3,236	228	256	
Planning & Advocacy	2,863	17,034	10,641	3,886	3,929	4,652	(1,023)	13,105	5,989	-	-	66	19	
Community Facilities	1,243	1,283	1,393	2,071	2,089	1,979	(828)	(806)	(586)	16	30	249	260	
Community Information & Events	78	99	169	4,655	4,524	4,530	(4,577)	(4,425)	(4,361)	-	26	16	15	
Community Well Being	2,329	2,323	2,171	6,221	6,232	5,854	(3,892)	(3,909)	(3,683)	681	761	42	43	
Corporate Finance	6,611	7,210	4,364	12,266	10,230	11,086	(5,655)	(3,020)	(6,722)	326	307	1,792,281	1,762,723	
Corporate Governance	16	50	317	5,544	5,234	4,851	(5,528)	(5,184)	(4,534)	-	-	-	-	
Corporate Support	3	352	10	1,593	1,730	1,444	(1,590)	(1,378)	(1,434)	337	-	6,708	6,975	
Corporate Workforce	155	142	184	2,914	2,976	3,025	(2,759)	(2,834)	(2,841)	113	180	-	3	
Development Applications	3,125	3,268	3,047	7,370	7,086	7,636	(4,245)	(3,818)	(4,589)	35	12	-	-	
Environment & Health Management ²	1,808	(629)	2,171	2,687	2,861	2,506	(879)	(3,490)	(335)	(1,010)	1,803	5	2	
Libraries	748	786	950	7,326	7,404	7,469	(6,578)	(6,618)	(6,519)	558	732	2,938	3,041	
Major Infrastructure Projects & Design ²	2,725	(990)	9,083	3,941	1,383	1,533	(1,216)	(2,373)	7,550	(1,075)	8,707	-	-	
Public Spaces & Safety	409	468	573	20,268	13,975	18,929	(19,859)	(13,507)	(18,356)	310	414	14,528	12,464	
Roads, Footpaths & Buildings	7,822	24,311	14,859	39,623	27,663	40,068	(31,801)	(3,352)	(25,209)	2,855	2,367	874,520	825,383	
Sport & Recreation	6,308	5,866	5,792	8,889	8,453	8,859	(2,581)	(2,587)	(3,067)	25	20	2,254	2,243	
Strategic Planning	-	-	-	515	591	428	(515)	(591)	(428)	-	-	-	-	
Traffic, Parking & Drainage	1,155	3,660	3,168	2,789	2,839	2,558	(1,634)	841	610	3,200	2,452	-	-	
Waste & Community Protection	26,758	26,424	25,198	29,627	28,993	28,003	(2,869)	(2,569)	(2,805)	1,992	2,776	1,332	1,390	
Parks	137	10,071	4,419	12,029	11,840	11,766	(11,892)	(1,769)	(7,347)	209	20	36	-	
Sustainability ²	70	(43)	130	820	802	815	(750)	(845)	(685)	(48)	130	-	-	
Total Functions & Activities	82,820	120,329	107,485	194,660	171,051	187,396	(111,840)	(50,722)	(79,911)	11,225	23,971	2,695,203	2,614,817	
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	50	727	333	-	-	-	50	727	333	-	-	3,955	3,228	
General Purpose Income ¹	97,903	96,107	100,449	-	-	-	97,903	96,107	100,449	11,687	15,093	-	-	
Operating Result from Continuing Operations	180,773	217,163	208,267	194,660	171,051	187,396	(13,887)	46,112	20,871	22,912	39,064	2,699,158	2,618,045	

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), United General Purpose Grants & Unrestricted Interest & Investment Income.
2. Includes an amount of grant funds received in prior years that were refunded to the provider in 2012-13.

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 2(b) - Components of Functions

These programs are adopted in Council's Delivery Program and are used to report in Note 2(a):

A Leading City

Community Information & Events
Sustainability
Planning & Advocacy
Strategic Planning
Corporate Finance
Corporate Workforce
Corporate Governance
Corporate Support

A City of Opportunity

Planning & Advocacy
Development Applications
Corporate Finance
Community Wellbeing
Children's Services
Libraries
Community Information & Events
Strategic Planning

A Green City

Environmental & Health Management
Parks
Sustainability
Waste Management & Community Protection
Planning & Advocacy

A Liveable City

Planning & Advocacy
Traffic, Parking & Drainage
Roads, Footpaths & Buildings
Major Infrastructure Projects & Design
Public Spaces & Community Safety
Parks
Waste Management & Community Protection
Community Facilities
Sport & Recreation

A Vibrant City

Community Wellbeing
Environmental & Health Management
Development Applications
Community Information & Events

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 3—Income from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
a) Rates & Annual Charges			
Ordinary Rates¹			
Residential		61,687	59,714
Farmland		1,144	1,129
Business		19,410	18,829
Total Ordinary Rates		82,241	79,672
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		20,431	18,717
Stormwater Management Services ²		1,746	-
Waste Management Services (non-domestic)		78	72
Section 611 Charges		68	63
Total Annual Charges		22,323	18,852
TOTAL RATES & ANNUAL CHARGES		104,564	98,524

1. Council has used 2009 year valuations provided by the NSW Valuer General in calculating its rates.

2. Council introduced the Stormwater Management Service Charge in 2012-13.

Statements and Notes

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 3—Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		7	3
Total User Charges		7	3
Other User Charges & Fees			
i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Building Fees		1,210	1,296
Planning & Building Regulation		2,181	2,200
Other Regulatory / Statutory Fees		593	528
Section 149 Certificates (EPA Act)		445	408
Section 603 Certificates		271	247
Total Fees & Charges - Statutory/Regulatory		4,700	4,679
ii) Fees & Charges - Other (incl. General User Charges (per s.608)			
Cemeteries		538	594
Children's Services		15,888	15,551
Companion Animals		131	105
Halls and Community Centres		916	814
Penrith Whitewater Stadium		1,676	1,804
Performing Arts Centre / Gallery		1,529	1,291
Road Reinstatements		1,602	1,301
Sport and Recreation		612	522
Swimming Centres		3,009	3,242
Other		1,657	1,508
Total Fees & Charges - Other		27,558	26,732
TOTAL USER CHARGES & FEES		32,265	31,414

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 3—Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		412	417
- Interest earned on Section 94 Contributions		840	924
- Other Externally Restricted		99	150
- Internally Restricted		417	718
- Unrestricted		1,507	2,006
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		(1,021)	-
Fair Valuation of Financial Liabilities on recognition			
- Interest Free (or favourable) Loans & Advances Received		864	-
TOTAL INTEREST & INVESTMENT REVENUE		<u>3,118</u>	<u>4,215</u>
d) Other Revenues			
Fair Value Adjustments - Investment Properties	14	169	1,915
Rental Income - Investment Properties	14	1,787	1,751
Rental Income - Other Council Properties		1,481	1,322
Fines		1,292	1,315
Legal Fees Recovery - Rates & Charges (Extra Charges)		432	395
Legal Fees Recovery - Other		14	308
Environmental Performance Rebate		1,149	1,042
Insurance Claim Recoveries		121	248
Other		432	566
TOTAL OTHER REVENUE		<u>6,877</u>	<u>8,862</u>

Statements and Notes

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 3—Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
e) Grants				
General Purpose (Untied)				
Financial Assistance	4,993	8,320	-	-
Additional Financial Assistance Grant Payment ¹	5,704	5,795	-	-
Pensioners' Rates Subsidies - General Component	990	978	-	-
Total General Purpose	11,687	15,093	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Domestic Waste Management	326	307	-	-
Bushfire & Emergency Services	1,941	2,328	-	385
Children's Services	2,279	2,486	-	2
Community Services	564	947	-	-
Cultural Services	452	399	-	-
Environmental Protection & Management	-	1,801	-	-
- refund of surplus grant funds to provider ²	(1,011)	-	-	-
Libraries	348	345	-	-
NSW Bikeplan River Cities Program	2,700	1,524	-	-
Parks Environmental Management	179	20	-	-
Penrith Commuter Carpark	-	-	700	4,933
Penrith Stadium Precinct Redevelopment	-	20	-	-
RLCIP (Regional & Local Community Infrastructure Program)	-	3,773	-	-
- refund of surplus grant funds to provider ³	(1,785)	-	-	-
Street Lighting	300	294	-	-
Transport (Other Roads & Bridges Funding)	2,485	2,888	865	406
Other	801	1,113	81	-
Total Specific Purpose	9,579	18,245	1,646	5,726
Total Grants	21,266	33,338	1,646	5,726
Grant Revenue is attributable to:				
- Commonwealth Funding	11,006	21,258	-	-
- State Funding	10,245	12,073	1,646	5,726
- Other Funding	15	7	-	-
	21,266	33,338	1,646	5,726

1. The Federal Government prepaid two instalments of the 2013-14 Financial Assistance Grant.
2. This funding was provided for the Managed Aquifer Recharge project by the NSW Government. This project's feasibility study determined the project was not viable and the surplus funds were returned.
3. This funding was provided for the Penrith Commuter Carpark by the Commonwealth Government. Council delivered this project below budget with the surplus funds being returned.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 3—Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 94 - Contributions towards amenities/services	-	-	14,127	7,968
Subdivider Dedications	-	-	29,266	14,558
Other Developer Contributions	3,040	3,146	232	183
Total Developer Contributions	3,040	3,146	43,625	22,709
	17			
Other Contributions:				
Local Infrastructure Renewal Scheme (LIRS) subsidy	35	-	-	-
Total Other Contributions	35	-	-	-
Total Contributions	3,075	3,146	43,625	22,709
TOTAL GRANTS & CONTRIBUTIONS	24,341	36,484	45,271	28,435

\$ '000	Actual 2013	Actual 2012
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g) Restrictions relating to Grants and Contributions

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

Unexpended at the Close of the Previous Reporting Period	31,977	29,553
add: Grants & contributions recognised in the current period but not yet spent:	16,851	12,180
less: Grants & contributions recognised in a previous reporting period now spent:	(18,858)	(9,756)
Net Increase (Decrease) in Restricted Assets during the Period	(2,007)	2,424
Unexpended and held as Restricted Assets	29,970	31,977
Comprising:		
- Specific Purpose Unexpended Grants	1,882	5,726
- Developer Contributions	28,088	26,251
	29,970	31,977

Statements and Notes

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 4—Expenses from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
a) Employee Benefits & On-Costs			
Salaries and Wages		59,163	57,234
Travelling		10	15
Employee Leave Entitlements (ELE)		9,667	10,834
Superannuation - Guarantee Levy		4,923	4,580
Superannuation - Defined Benefit Plans		2,640	2,677
Workers' Compensation Insurance		1,236	1,099
Fringe Benefit Tax (FBT)		88	108
Payroll Tax		101	108
Training Costs (other than Salaries & Wages)		287	244
Other		229	188
Total Employee Costs		78,344	77,087
less: Capitalised Costs		(1,411)	(1,188)
TOTAL EMPLOYEE COSTS EXPENSED		76,933	75,899
Number of "Equivalent Full Time" Employees at year end		1,042	1,040
b) Borrowing Costs			
i) Interest Bearing Liability Costs			
Interest on Loans		3,995	4,064
TOTAL BORROWING COSTS EXPENSED		3,995	4,064

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 4—Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
c) Materials & Contracts			
Raw Materials & Consumables		8,176	7,754
Contractor & Consultancy Costs			
- Garbage Services		6,028	5,538
- Recycling Services		2,004	1,813
- Organic Services		3,259	3,385
- Sullage Services		159	263
- Tipping Services		2,368	2,029
- Engineering Services		7,886	8,117
- Security Services		664	669
- Building and Parks Services		3,561	2,920
- Cleaning Services		1,538	1,397
- Computer Software Maintenance		1,230	1,124
- Contractor & Consultancy Costs		13,162	12,632
Auditors Remuneration ¹		131	132
Legal Expenses:			
- Legal Expenses: Planning & Development		120	1,062
- Legal Expenses: Other		349	238
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ²		531	600
Total Materials & Contracts		51,166	49,673
TOTAL MATERIALS & CONTRACTS		51,166	49,673

1. Auditor Remuneration

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

i) Audit and Other Assurance Services

- Audit & review of financial statements: Council's Auditor	77	78
- Audit & review of financial statements: Other Consolidated Entity Auditors	54	54
Remuneration for audit and other assurance services	131	132
Total Auditor Remuneration	131	132

2. Operating Lease Payments are attributable to:

Office Equipment	531	600
	531	600

Statements and Notes

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 4—Expenses from Continuing Operations (continued)

\$ '000	Notes	Depreciation/Amortisation	
		Actual 2013	Actual 2012
d) Depreciation, Amortisation & Impairment			
Plant and Equipment		2,393	2,349
Office Equipment		1,536	1,485
Furniture & Fittings		132	86
Land Improvements (depreciable)		234	50
Buildings - Non Specialised ¹		2,671	6,623
Buildings - Specialised ¹		3,014	8,173
Infrastructure ¹ :			
- Roads, Bridges & Footpaths		6,787	14,796
- Stormwater Drainage		1,476	4,611
Other Assets			
- Library Books		835	823
- Other		36	38
Total Depreciation & Impairment Costs		19,114	39,034
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		19,114	39,034

1. During the year, a review of the useful lives and residual value was conducted on these asset classes. The review resulted in a decrease in depreciation expense which more accurately reflects the asset's consumption of future economic benefits, and is shown in the above change in depreciation expense.
2. Depreciation, Amortisation, and Impairment relates solely to Depreciation and Amortisation. After testing, no impairment of Council's assets in 2013 has been identified.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 4—Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
e) Other Expenses			
Other Expenses for the year include the following:			
Bad & Doubtful Debts		35	9
Contribution on Sale of Business Activities		-	9
Contributions/Levies to Other Levels of Government			
- Department of Planning Levy		153	128
- Emergency Services Levy		1,667	1,672
- Waste Levy		2,760	2,047
- Other Levies		349	459
Councillor Expenses - Mayoral Fee		70	55
Councillor Expenses - Councillors' Fees		372	372
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)			
- Telephone		23	14
- Training, Conferences and Seminars		74	50
- Other		38	30
District Maintenance - Rural Fire Service		1,127	1,278
Donations, Contributions & Assistance to other organisations (Section 356)			
- Contribution to Penrith Stadium Precinct Works		-	75
- Penrith Business Alliance		487	543
- Penrith Valley Regional Sports Centre		-	30
- Other Contributions and Donations		1,310	1,444
Electricity & Heating		2,278	2,356
Infringement Processing Bureau		151	158
Insurance		2,451	2,745
Street Lighting		3,653	2,846
Telephone & Communications *		606	610
Water Rates and Charges		672	602
Other *		883	930
Total Other Expenses		19,159	18,462
TOTAL OTHER EXPENSES		19,159	18,462

* excludes disclosures shown separately in Councillors' Expenses

Statements and Notes

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 5—Gain or Loss on Disposal of Assets

\$ '000	Notes	Actual 2013	Actual 2012
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		1,792	784
less: Carrying Amount of P&E Assets Sold / Written Off		(2,475)	(870)
Net Gain/(Loss) on Disposal		(683)	(86)
Infrastructure & Buildings			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		-	(178)
Net Gain/(Loss) on Disposal		-	(178)
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		10	-
less: Carrying Amount of Real Estate Assets Sold / Written Off		(11)	-
Net Gain/(Loss) on Disposal		(1)	-
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		212,691	184,385
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(212,691)	(184,385)
Net Gain/(Loss) on Disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(684)	(264)

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 6—Cash and Cash Equivalents / Investments

\$ '000	Notes	2013	2013	2012	2012
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
Note 6a - Cash & Cash Equivalents					
Cash on Hand and at Bank		877	-	2,100	-
Cash-Equivalent Assets					
- Deposits at Call		1,503	-	2,853	-
- Term Deposits (with maturities < 3 mths)		39,500	-	40,500	-
Total Cash & Cash Equivalents		41,880	-	45,453	-
Note 6b - Investments					
- Long Term Deposits		20,152	-	14,784	-
- NCD's, FRN's (with maturities > 3 mths)		3,000	3,000	2,000	6,000
- Mortgage Backed Securities		1,814	-	-	2,894
Total Investments		24,966	3,000	16,784	8,894
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		66,846	3,000	62,237	8,894
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"		41,880	-	45,453	-
Investments					
a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	1,814	-	-	-
b. "Held to Maturity"	6(b-ii)	23,152	3,000	16,784	8,894
Investments		24,966	3,000	16,784	8,894

Statements and Notes

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 6—Cash and Cash Equivalents / Investments (continued)

\$ '000	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Revaluations (through the Income Statement)	(1,021)	-	-	-
Disposals (sales & redemptions)	(59)	-	-	-
Transfers between Current/Non Current	2,894	(2,894)	-	-
Transfers from/(to) "Held to Maturity"	-	2,894	-	-
Balance at End of Year	1,814	-	-	-
Comprising:				
- Mortgage Backed Securities	1,814	-	-	-
Total	1,814	-	-	-
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	16,784	8,894	46,142	7,921
Additions	215,000	-	196,500	-
Disposals (sales & redemptions)	(212,632)	-	(184,358)	(27)
Transfers between Current/Non Current	3,000	(3,000)	(1,000)	1,000
Transfers (to)/from Cash & Cash Equivalents	1,000	-	(40,500)	-
Transfers from/(to) "At Fair Value"	-	(2,894)	-	-
Balance at End of Year	23,152	3,000	16,784	8,894
Comprising:				
- Long Term Deposits	20,152	-	14,784	-
- NCD's, FRN's (with Maturities > 3 months)	3,000	3,000	2,000	6,000
- Mortgage Backed Securities	-	-	-	2,894
Total	23,152	3,000	16,784	8,894

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 6—Cash and Cash Equivalents / Investments (continued)

\$ '000	2013	2013	2012	2012
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	66,846	3,000	62,237	8,894
attributable to:				
External Restrictions (refer below)	44,086	3,000	39,419	8,894
Internal Restrictions (refer below)	17,211	-	18,531	-
Unrestricted	5,549	-	4,287	-
	66,846	3,000	62,237	8,894
2013	Opening	Transfers to	Transfers from	Closing
\$ '000	Balance	Restrictions	Restrictions	Balance

Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	8,198	4,049	(6,114)	6,133
External Restrictions - Included in Liabilities	8,198	4,049	(6,114)	6,133

External Restrictions - Other

Developer Contributions - General (B)	26,251	14,967	(13,132)	28,088
RMS (formerly RTA) Contributions (C)	-	1,987	(1,987)	-
Specific Purpose Unexpended Grants (D)	5,726	5,680	(9,523)	1,882
Domestic Waste Management	2,078	2,345	(2,173)	2,250
Sullage Reserve	351	800	(592)	559
Childcare	1,437	1,026	(851)	1,612
Waste & Sustainability	927	1,149	(616)	1,460
Other	3,345	4,520	(2,763)	5,102
External Restrictions - Other	40,115	32,474	(31,637)	40,953
Total External Restrictions	48,313	36,523	(37,751)	47,086

- A Loan moneys which must be applied for the purposes for which the loans were raised.
- B Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- C RMS Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- D Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)

Council's practice of completing works intended by Section 94 contribution plans ahead of receipts as identified in Note 17 are funded by borrowings distributed against internal reserves. The reserve balances shown above take these borrowings into account (2013 - \$7.9m, 2012-\$8.4m).

Statements and Notes

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 6—Cash and Cash Equivalents / Investments (continued)

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	1,095	2,248	(2,298)	1,045
Infrastructure Construction	4,864	10,823	(10,444)	5,243
Employees Leave Entitlement	3,246	-	(23)	3,223
Deposits, Retentions & Bonds	552	53	(167)	438
Acquisition of Land and Buildings	3,240	5,168	(6,875)	1,533
Insurance Reserve	1,169	1,037	(788)	1,418
Salary Administration	115	4	(9)	110
Revote Reserve	525	1,010	(735)	800
Cemetery Reserve	154	43	(52)	145
Legal Reserve	10	137	-	147
Environmental Protection Reserve	18	-	-	18
Children's Services Reserve	1,051	189	(599)	641
Election Reserve	445	191	(564)	72
Environmental Program Reserve	696	21	(77)	640
Voted Works	170	126	(61)	235
Other	1,181	7,533	(7,211)	1,503
Total Internal Restrictions	18,531	28,583	(29,903)	17,211
TOTAL RESTRICTIONS	66,844	65,106	(67,654)	64,297

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 7—Receivables

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		3,090	1,938	3,395	2,189
Interest & Extra Charges		1,160	-	1,103	-
User Charges & Fees		956	-	1,281	-
Accrued Revenues					
- Interest on Investments		241	-	373	-
- Other Income Accruals		959	-	685	-
Government Grants & Subsidies		2,966	-	3,142	-
Deferred Debtors		3	277	3	279
Other Debtors		4	-	4	-
Total		9,379	2,215	9,986	2,468
less: Provision for Impairment					
Rates & Annual Charges		(522)	-	(436)	-
Interest & Extra Charges		(284)	-	(249)	-
Other Debtors		(257)	-	(233)	-
Total Provision for Impairment - Receivables		(1,063)	-	(918)	-
TOTAL NET RECEIVABLES		8,316	2,215	9,068	2,468
Externally Restricted Receivables					
Domestic Waste Management		948	-	1,003	-
Stormwater Management		44	-	-	-
Total External Restrictions		992	-	1,003	-
Internally Restricted Receivables					
Nil					
Internally Restricted Receivables		-	-	-	-
Unrestricted Receivables		7,324	2,215	8,065	2,468
TOTAL NET RECEIVABLES		8,316	2,215	9,068	2,468

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 7—Receivables (continued)

Rates and Annual Charges

Rates are secured by underlying properties. Interest is charged on overdue rates at the rate allowable (2012-13 – 10%, 2013-14 – 9%) under the Local Government Act. Rates are due for payment on the last day of August, November, February and May as determined in accordance with the Local Government Act.

Overdue Rates and Annual Charges are those not paid within one day of the due date. Interest is charged on the overdue amount. Where collection of the debt is doubtful and the assessed value of the property is less than the amount outstanding a provision for doubtful debt is recognised for the shortfall.

Although Council is not materially exposed to any individual ratepayer, credit risk exposure is concentrated within Council boundaries.

User Charges and Fees

User charges and fees are unsecured. The credit risk for this class of debtor is 100% of the carrying value. A provision for doubtful debts in respect for this class of debtor has already been provided in an amount shown on the previous page.

Government Grants

Government Grants & Subsidies (subject to the terms and conditions of the relevant agreement) have been guaranteed.

Other Receivables

Amounts due (other than User Charges which are secured over the relevant land) are unsecured and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State of New South Wales.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 8—Inventories and Other Assets

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		1,193	-	1,193	-
Stores & Materials		781	-	785	-
Trading Stock		15	-	14	-
Bushfire Stores		338	-	338	-
Other		26	-	27	-
Total Inventories		2,353	-	2,357	-
Other Assets					
Prepayments		614	-	394	-
GST		466	-	690	-
Other		22	-	33	-
Total Other Assets		1,102	-	1,117	-
TOTAL INVENTORIES / OTHER ASSETS		3,455	-	3,474	-
Other					
Inventories - Bushfire Stores		338	-	338	-
Total Other		338	-	338	-
Total Externally Restricted Assets		338	-	338	-
Total Unrestricted Assets		3,117	-	3,136	-
TOTAL INVENTORIES & OTHER ASSETS		3,455	-	3,474	-

Statements and Notes

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 8—Inventories and Other Assets (continued)

\$ '000	2013		2012	
	Current	Non Current	Current	Non Current
i) Other Disclosures				
a) Details for Real Estate Development				
Residential	1,193	-	1,193	-
Total Real Estate for Resale	1,193	-	1,193	-
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	1,193	-	1,193	-
Total Real Estate for Resale	1,193	-	1,193	-
Movements:				
Real Estate assets at beginning of the year	1,193	-	1,136	-
- Purchases and other costs	11	-	57	-
- WDV of Sales (exp) 5	(11)	-	-	-
Total Real Estate for Resale	1,193	-	1,193	-

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

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

	2013	2012
Real Estate for Resale	443	448
	443	448

NOTES TO THE FINANCIAL STATEMENTS
30 June 2013

Note 9—Infrastructure, Property, Plant and Equipment

	as at 30/6/2012					Asset Movements during the Reporting Period					as at 30/6/2013		
	At	At	Accum	Carrying	Revaluation Increments to Equity (ARR)	W/DV of Asset Disposals	Depreciation Expense	Asset Additions	At	Fair Value	Accum	Carrying	
	Cost	Fair Value	Dep'n	Value									Cost
\$ '000													
Capital Work in Progress	-	-	-	-	-	7,154	-	7,154	-	-	-	7,154	
Plant & Equipment	-	33,131	16,331	16,800	6,461	(2,475)	(2,393)	6,461	-	35,771	17,378	18,393	
Office Equipment	-	25,197	18,159	7,038	952	-	(1,536)	952	-	26,119	19,665	6,454	
Furniture & Fittings	-	5,390	4,361	1,029	333	-	(132)	333	-	5,717	4,487	1,230	
Land:													
- Operational Land	-	74,919	-	74,919	23	-	-	23	4,159	79,101	-	79,101	
- Community Land	-	178,360	-	178,360	711	-	-	711	-	179,071	-	179,071	
- Land under Roads (pre 1/7/08)	-	1,341,687	-	1,341,687	-	-	-	-	-	1,341,687	-	1,341,687	
- Land under Roads (post 30/6/08)	-	9,084	-	9,084	9,714	-	-	9,714	-	18,798	-	18,798	
Land Improvements - depreciable	-	2,821	50	2,771	3,566	-	(234)	3,566	-	6,483	380	6,103	
Buildings - Non Specialised	-	134,080	63,652	70,428	424	-	(2,671)	424	19,882	153,588	65,525	88,063	
Buildings - Specialised	-	189,697	77,008	112,689	4,132	-	(3,014)	4,132	12,161	212,346	86,378	125,968	
Infrastructure:													
- Roads, Bridges, Footpaths	-	680,409	223,329	457,080	24,931	-	(6,787)	24,931	-	705,340	230,116	475,224	
- Bulk Earthworks (non-depreciable)	2,863	-	-	2,863	75	-	-	75	-	2,938	-	2,938	
- Stormwater Drainage	-	313,104	85,161	227,943	8,705	-	(1,476)	8,705	-	321,809	86,637	235,172	
- Other Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	
Other Assets:													
- Library Books	-	13,375	10,342	3,033	732	-	(835)	732	-	14,106	11,176	2,930	
- Other	-	3,163	761	2,402	-	-	(36)	-	-	3,163	797	2,366	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	2,863	3,004,417	499,154	2,508,126	67,913	(2,475)	(19,114)	67,913	36,202	3,103,099	522,539	2,590,652	

a) Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$7,469) and New Assets (\$39,533). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

b) the above schedule excludes investment properties and non-current assets held for sale

c) land under roads (LUR) have been valued using a "municipal rate"

d) Council has elected not to revalue its Bulk Earthworks as it cannot be reliably measured

e) Depreciation Expense relates solely to depreciation. After testing, no impairment of Council assets has been identified

f) Council holds no restricted Infrastructure, Property, Plant, or Equipment

Statements and Notes

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 10—Payables, Borrowings, and Provisions

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services		1,548	-	2,659	-
Payments Received In Advance		1,253	-	1,776	-
- Payments received in advance-rate monies overpaid or deposited in advance of the rates being levied		1,092	-	917	-
Accrued Expenses:					
- Salaries & Wages		62	-	433	-
- Other Expenditure Accruals		8,516	-	5,413	-
Security Bonds, Deposits & Retentions		3,309	-	3,141	-
Other		110	-	100	-
Total Payables		15,890	-	14,439	-
Borrowings					
Loans - Secured ¹		8,749	53,926	8,309	55,574
Interest Free Government Advances		104	3,307	104	4,275
Total Borrowings		8,853	57,233	8,413	59,849
Provisions					
Employee Benefits;					
Annual Leave		5,819	-	5,403	-
Sick Leave		7,623	-	8,202	-
Long Service Leave		13,262	628	13,390	633
Gratuities		777	324	646	635
Total Provisions		27,481	952	27,641	1,268
Total Payables, Borrowings & Provisions		52,224	58,185	50,493	61,117

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 10—Payables, Borrowings, and Provisions (continued)

i) Liabilities relating to Restricted Assets	2013		2012	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Domestic Waste Management	1,212	1,141	835	-
Liabilities relating to externally restricted assets	1,212	1,141	835	-
Internally Restricted Assets				
Nil				
Liabilities relating to internally restricted assets	-	-	-	-
Total Liabilities relating to restricted assets	1,212	1,141	835	-
Total Liabilities relating to Unrestricted Assets	51,012	57,044	49,658	61,117
TOTAL PAYABLES, BORROWINGS & PROVISIONS	52,224	58,185	50,493	61,117

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

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

Statements and Notes

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 10—Payables, Borrowings, and Provisions (continued)

\$ '000	Actual 2013	Actual 2012
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	20,979	21,771
Payables - Security Bonds, Deposits & Retentions	2,608	2,301
	23,587	24,072

Note 10b. Description of and movements in Provisions

Class of Provision	2012		2013	
	Opening Balance as at 1/7/12	Additional Provisions	Decrease due to Payments	Closing Balance as at 30/6/13
Annual Leave	5,403	4,918	(4,502)	5,819
Sick Leave	8,202	2,729	(3,308)	7,623
Long Service Leave	14,023	1,991	(2,124)	13,890
Gratuities	1,281	29	(209)	1,101
TOTAL	28,909	9,667	(10,143)	28,433

- 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.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 11—Reconciliation to Cash Flow Statement

\$ '000	Notes	Actual 2013	Actual 2012
a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	41,880	45,453
BALANCE as per the STATEMENT of CASH FLOWS		41,880	45,453
b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		46,112	20,871
Adjust for non cash items:			
Depreciation & Amortisation		19,114	39,034
Net Losses/(Gains) on Disposal of Assets		684	264
Non Cash Capital Grants and Contributions		(29,266)	(14,558)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investment Properties		(169)	(1,915)
Share of Net (Profits) or Losses of Associates/Joint Ventures		(727)	(333)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		858	4,878
Increase/(Decrease) in Provision for Doubtful Debts		145	116
Decrease/(Increase) in Inventories		4	28
Decrease/(Increase) in Other Assets		15	230
Increase/(Decrease) in Payables		(1,111)	330
Increase/(Decrease) in other accrued Expenses Payable		2,732	(3,133)
Increase/(Decrease) in Other Liabilities		(170)	637
Increase/(Decrease) in Employee Leave Entitlements		(476)	340
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		37,902	46,789
c) Non-Cash Investing & Financing Activities			
Contributions "in kind"		29,266	14,558
Total Non-Cash Investing & Financing Activities		29,266	14,558

Statements and Notes

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 11—Reconciliation to Cash Flow Statement (continued)

\$ '000	Notes	Actual 2013	Actual 2012
d) Financing Arrangements			
i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ¹		520	520
Credit Cards / Purchase Cards		340	340
Total Financing Arrangements		860	860

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.

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

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 12—Commitments for Expenditure

\$ '000	Notes	Actual 2013	Actual 2012
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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		604	3,081
Plant & Equipment		333	-
Roadworks		241	4,981
Other		991	467
Total Commitments		2,169	8,529

These expenditures are payable as follows:

Within the next year		2,169	8,529
Total Payable		2,169	8,529

Sources for Funding of Capital Commitments:

Unrestricted General Funds		2,169	8,529
Total Sources of Funding		2,169	8,529

b) Operating Lease Commitments (Non Cancellable)

a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:

Within the next year		225	260
Later than one year and not later than 5 years		460	513
Total Non Cancellable Operating Lease Commitments		685	773

b. Non Cancellable Operating Leases include the following assets:

Office Equipment

Statements and Notes

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 12—Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2013	Actual 2012
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Conditions relating to Operating Leases:

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

c) Investment Property Commitments

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

Contractual Obligations - Repairs & Maintenance	52	46
Total Commitments	52	46

These expenditures are payable as follows:

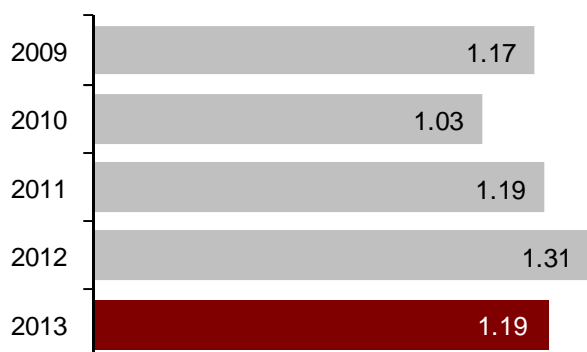
Within the next year	52	46
Total Payable	52	46

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 13—Statement of Performance Measures

\$ '000	Amounts	Indicator	Prior Periods	
	2013	2013	2012	2011
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ¹	32,758	1.19 : 1	1.31	1.19
Current Liabilities less Specific Purpose Liabilities ^{2,3}	27,425			

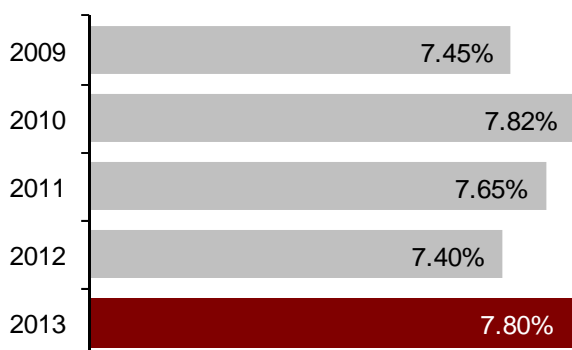


Commentary

This ratio aims to measure Council's liquidity, and more importantly, Council's solvency. This result is slightly lower than last year and remains below the DLG's benchmark of 1.5:1. Once adjusted for internal borrowings, this indicator increases to 1.48:1 and exceeds Council's adopted benchmark of 1.25:1.

2. Debt Service Ratio

Debt Service Cost	12,415	7.80%	7.40%	7.65%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)	159,238			



Commentary

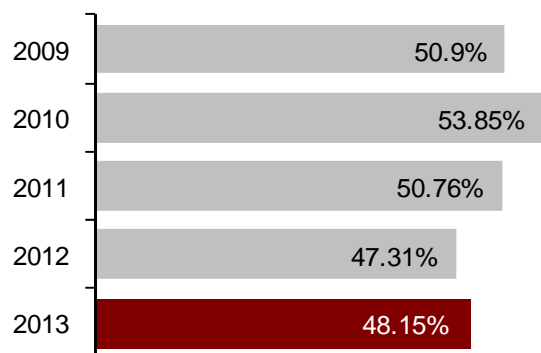
This ratio measures Council's debt servicing costs as a percentage of its revenue, and has increased over 2013 due to an increase in loan borrowings, offset by an increase in revenue, and a stabilisation of borrowing costs.

Statements and Notes

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 13—Statement of Performance Measures (continued)

\$ '000	Amounts	Indicator	Prior Periods	
	2013	2013	2012	2011
3. Rates & Annual Charges				
Coverage Ratio				
Rates & Annual Charges	<u>104,564</u>	48.15%	47.31%	50.76%
Income from Continuing Operations	<u>217,163</u>			

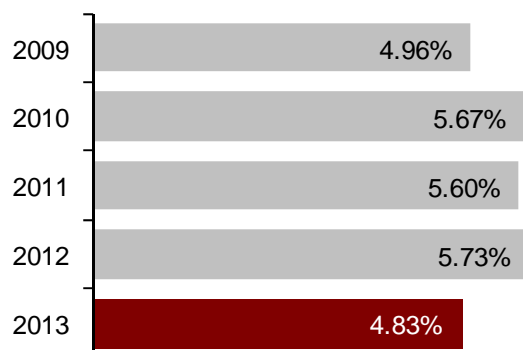


Commentary

Council's revenue generation in 2013 has seen a stabilisation of revenue obtained from rates and annual charges. This indicator is impacted by fluctuations of funds received from grants and contributions from year-to-year.

4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage

Rates, Annual & Extra Charges Outstanding	<u>5,382</u>	4.83%	5.73%	5.60%
Rates, Annual & Extra Charges Collectible	<u>111,410</u>			



Commentary

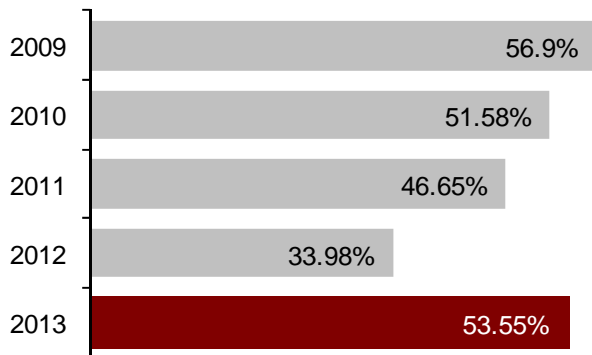
Rates arrears are below the DLG's benchmark of 5%. Council will continue to remain active in debt recovery to maintain this ratio below 5%.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 13—Statement of Performance Measures (continued)

\$ '000	Amounts	Indicator	Prior Periods	
	2013	2013	2012	2011
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁴	7,469	53.55%	33.98%	46.65%
Depreciation, Amortisation & Impairment	13,948			



Commentary

The significant change in 2013 is the result of Council's review of useful lives and residual values for its building, roads and drainage assets. This indicator is also offset by the large Capital program Council undertook in 2012-13 (refer to Note 9 for details).

Notes:

1. Refer Notes 6-8 inclusive.

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

2. Refer to Note 10(a).

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

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

Asset Renewals include building and infrastructure assets only.

Statements and Notes

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 14—Investment Property

\$ '000	Notes	Actual 2013	Actual 2012
a) Investment Properties at Fair value			
<u>Investment Properties on Hand</u>		<u>20,719</u>	<u>20,550</u>
Reconciliation of Annual Movement:			
Opening Balance		20,550	18,635
- Net Gain/(Loss) from Fair Value Adjustments		169	1,915
CLOSING BALANCE - INVESTMENT PROPERTIES		<u>20,719</u>	<u>20,550</u>
b) Valuation Basis			
The basis of valuation of Investment Properties is Fair Value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.			
The 2013 revaluations were based on independent assessments made by Council's Property Development Manager, a registered valuer.			
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		2,016	1,804
Later than 1 year but less than 5 years		5,741	4,371
Later than 5 years		3,135	1,804
Total Minimum Lease Payments Receivable		<u>10,892</u>	<u>7,979</u>
e) Investment Property Income & Expenditure - summary			
Rental Income from Investment Properties:			
- Minimum Lease Payments		1,787	1,751
Direct Operating Expenses on Investment Properties:			
- that generated rental income		(511)	(506)
- that did not generate rental income		(10)	(17)
Net Revenue Contribution from Investment Properties		<u>1,266</u>	<u>1,228</u>
plus:			
Fair Value Movement for year		<u>169</u>	<u>1,915</u>
Total Income attributable to Investment Properties		<u>1,435</u>	<u>3,143</u>

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

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 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	
	2013	2012	2013	2012
Financial Assets				
Cash and Cash Equivalents	41,880	45,453	41,880	45,453
Investments				
- "Held for Trading"	1,814	-	1,814	-
- "Held to Maturity"	26,152	25,678	26,152	25,678
Receivables	10,531	11,536	10,531	11,536
Total Financial Assets	80,377	82,667	80,377	82,667
Financial Liabilities				
Payables	15,890	14,439	15,890	14,439
Loans / Advances	66,086	68,262	63,364	71,311
Total Financial Liabilities	81,976	82,701	79,254	85,750

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.

Statements and Notes

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 15—Financial Risk Management (continued)

\$ '000

a) Fair Value Measurements

The fair value of financial assets and financial liabilities must be estimated in accordance with Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 7 Financial Instruments: Disclosures, requires the disclosure of how fair valuations have been arrived at for all financial assets and financial liabilities that have been measured at fair value.

Arriving at fair values for financial assets & liabilities can be broken up into 3 distinct measurement hierarchies:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table presents the financial assets and financial liabilities that have been measured & recognised at fair values:

2013	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- Other (Held for Trading)	-	-	1,814	1,814
Total Financial Assets	-	-	1,814	1,814
2012	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- Other (Held for Trading)	-	-	1,608	1,608
Total Financial Assets	-	-	1,608	1,608

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 15—Financial Risk Management (continued)

\$ '000

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

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

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

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

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2013				
Possible impact of a 10% movement in Market Values	181	181	(181)	(181)
Possible impact of a 1% movement in Interest Rates	680	680	(680)	(680)
2012				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	711	711	(711)	(711)

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 15—Financial Risk Management (continued)

\$ '000

c) Receivables

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

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

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

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

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

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

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

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

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

	2013 Rates & Annual Charges	2013 Other Receivables	2012 Rates & Annual Charges	2012 Other Receivables
i) Ageing of Receivables				
Current (not yet overdue)	0%	90%	0%	91%
Overdue	100%	10%	100%	9%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 15—Financial Risk Management (continued)

\$ '000

d) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity		payable in:		Total Cash Outflows	Actual Carrying Values
	≤ 1 Year		2-5 Yrs	> 5 Yrs		
2013						
Trade/Other Payables	3,309	9,973	2,608	-	15,890	15,890
Loans & Advances	-	12,574	39,680	24,889	77,143	66,086
Total Financial Liabilities	3,309	22,547	42,288	24,889	93,033	81,976
2012						
Trade/Other Payables	4,058	8,080	2,301	-	14,439	14,439
Loans & Advances	-	12,400	44,194	25,208	81,802	68,262
Total Financial Liabilities	4,058	20,480	46,495	25,208	96,241	82,701

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:

	2013		2012	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	15,890	n/a	14,439	n/a
Loans & Advances - Fixed Interest Rate	62,675	5.8%	63,883	6.7%
Loans & Advances - Interest Free	3,411	0.0%	4,379	0.0%
	81,976		82,701	

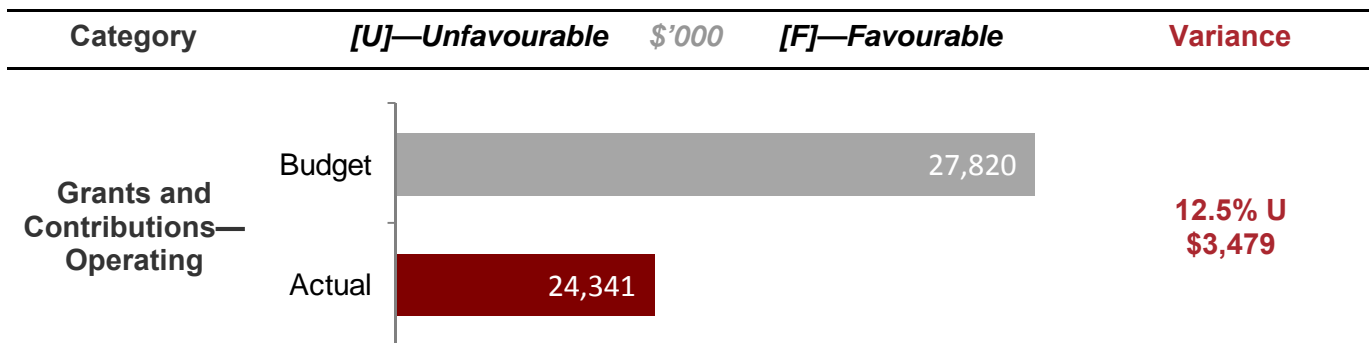
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NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 16—Material Budget Variations

Council's original budget was incorporated as part of the Operational Plan adopted by Council on 25 June 2012. Council then undertakes major quarterly reviews of its budget as well as making other changes throughout the year. The budget as it stands at the end of the Financial Year will vary from the original budget because of these changes. The original projections on which the budget was based have been affected by a number of factors. These include changing economic activity, State and Federal Government decisions including new grant programs, and other changes made by the Council.

Below are the details of material variations between the original budget and actual results for the Income Statement and Note 2(a). All variations have been monitored and reported to Council on a regular basis.



The original budget has been offset by savings for the Penrith Station Commuter Carpark Federal grant (\$1.9m), which were returned to the funding body due to project savings, and the Penrith Recycled Water Scheme State grant (\$2.5m) which was not received when the project was discontinued.



The original budget did not include Road and Drainage Dedications (\$17.4m) as well as Land Under Roads (\$9.7m). In addition to this s94 income was higher than anticipated (\$9m) due to increased development activity.

Financial Statements

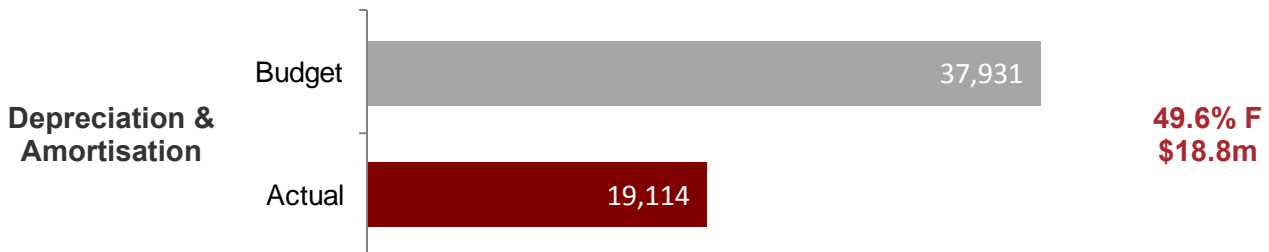
NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 16—Material Budget Variations (continued)

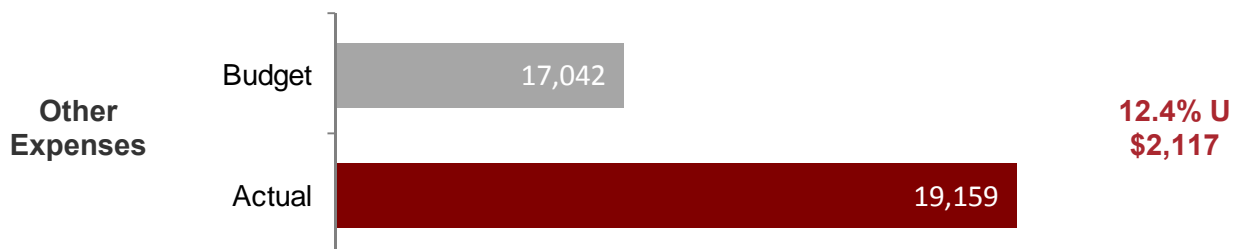
Category	[U]—Unfavourable	\$'000	[F]—Favourable	Variance
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The original budget for the share of profits in Westpool and UIP (see note 19) is set on the basis that the venture will return a small surplus. These results vary each year depending on the expenses incurred in managing the insurance activities. The 2012-13 combined result was a surplus of \$727, with this surplus being retained within Council's equity of the Joint Venture.



During the year, Council reviewed the useful lives and residual value of its roads, drainage, and building asset classes to more accurately reflect the consumption of these assets. The result was a decrease in depreciation expense which is a more realistic representation of the consumption of these assets.



The main variation related to the Waste Levy (\$2.8m) payable in 2012-13. This levy is included in the Materials and Contracts original budget.

Statements and Notes

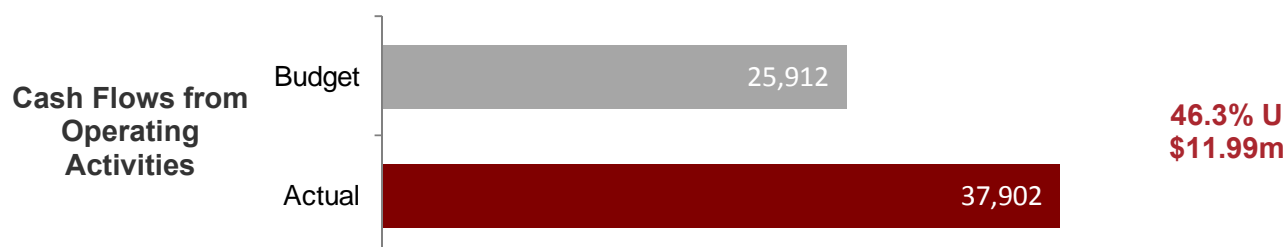
NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 16—Material Budget Variations (continued)

Category	<i>[U]—Unfavourable</i>	\$'000	<i>[F]—Favourable</i>	Variance
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This budget is set based on assumptions provided at the beginning of the year. Factors such as the timing of the sales, and the market conditions will affect the profit and loss on the sale of assets which make accurate budgeting difficult to predict.



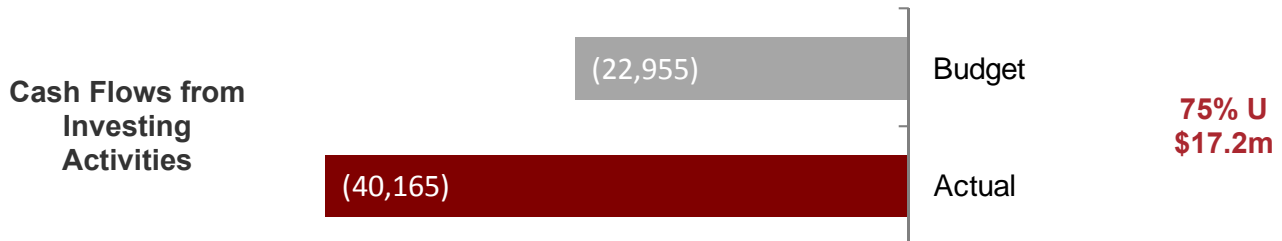
The budget for the Cash flow Statement is based on a number of assumptions that are difficult to accurately predict. Materials and Contracts payments were less than budgeted (\$9.5m) and Other payments were higher than budgeted (\$6m). Other Payments have a variance of \$10.8m, largely due to the budget being set much lower than 2011-12 actuals.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 16—Material Budget Variations (continued)

Category	[U]—Unfavourable	\$'000	[F]—Favourable	Variance
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The Purchase of Investment Securities was significantly higher than budgeted, as was the Purchase of Infrastructure, Property, Plant & Equipment. The budget for these items is based on forecasted figures and are difficult to predict accurately.



Repayment of Borrowings and Advances was \$4.2m under budget and Receipts were \$1.4m over budget resulting in a favourable variance of \$5.6m.

Statements and Notes

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 16—Material Budget Variations (continued)

[U]—Unfavourable \$'000 [F]—Favourable

Income (by Functions)

Activity	Original Budget	Actual	Variance	Commentary
Planning and Advocacy	\$ 2,863	\$ 17,034	495.0% F	Additional s94 contributions (\$10.9m)
Corporate Support	\$ 3	\$ 352	11633.3% F	Digital Local Government Grant (\$337,000)
Environmental Health & Support	\$ 1,808	-\$ 629	-134.8% U	Removal of grant due to withdrawal of construction of Stormwater harvesting project (\$1.5m)
Major Infrastructure Projects & Design	\$ 2,725	-\$ 990	-136.3% U	Removal of grants due to recycled water project being withdrawn (\$2.5m)
Traffic Parking & Drainage	\$ 1,155	\$ 3,680	218.6% F	Grant for NSW Bike Path Project (\$1.5m)
Parks	\$ 137	\$ 10,071	7251.1% F	Additional recognition of land under roads not included in original budget (\$9.7m)
Sustainability	\$ 70	-\$ 43	-161.4% U	Grant for Feasibility of an Environmental Upgrade Agreement Program not in actuals (\$70k)

Expenditure (by Functions)

Activity	Original Budget	Actual	Variance	Commentary
Corporate Finance	\$ 12,266	\$ 10,230	-16.6% F	Review of residual values and useful lives in Roads, Drainage, Building assets (\$1.3m)
Major Infrastructure Projects & Design	\$ 3,941	\$ 1,383	-64.9% F	Withdrawal of Recycled Water project (\$2.4m)
Strategic Planning	\$ 515	\$ 591	14.8% U	Creation of new positions not in original budget (\$93k)

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 17—Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	2,415	262	-	69	(240)	(19)	2,487	36,508	(37,616)	1,379	891
Roads	18,607	2,209	3,276	449	(6,790)	211	14,686	66,371	(83,100)	(2,043)	9,698
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	95,267	(95,267)	-	(152)
Open Space	4,728	7,281	-	490	(1,647)	(444)	10,408	182,092	(192,413)	87	(14,736)
Community Facilities	70	268	-	(166)	(305)	285	152	17,300	(17,322)	130	3,357
Other	431	831	-	(2)	(872)	(33)	355	7,615	(7,575)	395	942
S94 Contributions - under a Plan	26,251	10,851	3,276	840	(9,854)	-	28,088	405,153	(433,293)	(52)	-
S94A Levies - under a Plan	-	-	-	-	-	-	-	-	-	-	-
Total S94 Revenue Under Plans	26,251	10,851	3,276	840	(9,854)	-	28,088	-	-	-	-
Total Contributions	26,251	10,851	3,276	840	(9,854)	-	28,088	405,153	(433,293)	(52)	-

S94 CONTRIBUTIONS - UNDER A PLAN

North Cranebrook Contribution Plan

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	251
Roads	-	-	-	-	-	-	-	-	-	-	1,130
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	10	-	-	-	(18)	8	-	-	-	-	(19)
Community Facilities	8	-	-	-	-	(8)	-	-	-	-	(1,362)
Other	-	-	-	-	-	-	-	-	-	-	-
Total	18	-	-	-	(18)	-	-	-	-	-	-

Glenmore Park Contribution Plan

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	66	-	-	(3)	-	-	63	-	-	63	264
Roads	84	-	-	(17)	(109)	42	-	-	(153)	(153)	4,676
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	812	-	-	225	(232)	(335)	470	-	(388)	82	(11,291)
Community Facilities	-	-	-	(172)	(121)	293	-	-	(55)	(55)	5,511
Other	72	-	-	(9)	-	-	63	-	-	63	840
Total	1,034	-	-	24	(462)	-	596	-	(596)	-	-

Statements and Notes

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 17—Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

Mt Vernon Contribution Plan

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	104	-	-	2	(156)	50	-	-	(40)	(40)	26
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	13	-	-	(1)	-	-	12	-	-	12	24
Other	76	-	-	2	-	(50)	28	-	-	28	(50)
Total	193	-	-	3	(156)	-	40	-	(40)	-	-

Claremont Meadows Contribution Plan

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	80	-	-	(226)	-	(146)	1,912	(2,059)	(293)	1,098
Roads	-	59	-	-	-	-	59	390	(331)	118	(120)
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	280	-	-	(242)	-	38	2,494	(2,706)	(174)	(100)
Community Facilities	-	32	-	-	-	-	32	1,060	(1,027)	65	(645)
Other	-	291	-	-	(274)	-	17	3,259	(2,978)	298	(233)
Total	-	742	-	-	(742)	-	-	9,115	(9,101)	14	-

Erskine Park (Residential) Contribution Plan

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	58	23	-	2	(11)	(19)	53	289	(600)	(258)	(1,072)
Roads	-	15	-	(34)	-	19	-	-	-	-	3,872
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	84	79	-	34	-	(17)	180	-	-	180	(2,683)
Community Facilities	49	22	-	7	-	-	78	-	-	78	(171)
Other	2	1	-	(1)	(19)	17	-	13	(13)	-	54
Total	193	140	-	8	(30)	-	311	302	(613)	-	-

Penrith City Local Open Space Contribution Plan

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	233	545	-	13	(219)	-	572	9,473	(10,044)	1	(2)
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	5	-	-	-	-	5	106	(112)	(1)	2
Total	233	550	-	13	(219)	-	577	9,579	(10,156)	-	-

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 17—Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

Lambridge Estate Contribution Plan

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	903	(903)	-	150
Roads	-	-	-	-	-	-	-	-	-	-	2
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	(152)
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	903	(903)	-	-

Library Facilities Contribution Plan

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	80	43	-	2	(125)	-	-	-	-	-	-
Total	80	43	-	2	(125)	-	-	-	-	-	-

Kingswood Neighbourhood Contribution Plan

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	11	-	-	(11)	-	-	72	(72)	-	-
Total	-	11	-	-	(11)	-	-	72	(72)	-	-

Footpath Construction Contribution Plan

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	45	74	-	2	(51)	-	70	9	(79)	-	-
Total	45	74	-	2	(51)	-	70	9	(79)	-	-

Statements and Notes

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 17—Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

Cultural Facilities Contribution Plans

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	
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	300	-	-	(300)	-	-	2,088	(2,088)	-	-
Total	-	300	-	-	(300)	-	-	2,088	(2,088)	-	-

Erskine Business Park Contribution Plan

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	18,394	2,077	-	499	(6,370)	-	14,600	5,840	(22,307)	(1,867)	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	49	19	-	1	(23)	-	46	344	(390)	-	-
Total	20,734	2,252	-	570	(6,393)	-	17,163	6,184	(23,347)	-	-

Waterside Contribution Plan

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	25	3	1,968	(1)	-	-	27	30	(58)	(1)	12
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	333	83	-	14	(5)	-	425	2,146	(2,572)	(1)	(12)
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	42	8	-	2	(4)	-	48	5	(51)	2	-
Total	400	94	1,968	15	(9)	-	500	2,181	(2,681)	-	-

Penrith City District Open Space Contribution Plan

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	3,256	4,839	-	204	(232)	-	8,067	63,218	(71,285)	-	(116)
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	65	52	-	(1)	(43)	-	73	512	(585)	-	116
Total	3,321	4,891	-	203	(275)	-	8,140	63,730	(71,870)	-	-

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 17—Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

Glenmore Park Stage 2 Contribution Plan

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	8	1,308	-	(8)	-	-	6,388	(6,388)	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	31,666	(31,666)	-	-
Open Space	-	257	-	-	(257)	-	-	31,409	(31,409)	-	-
Community Facilities	-	165	-	-	(165)	-	-	-	-	-	-
Other	-	22	-	-	(22)	-	-	176	(176)	-	-
Total	-	452	1,308	-	(452)	-	-	69,639	(69,639)	-	-

Civic Improvement Plan

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	3	-	-	(3)	-	-	2,232	(2,232)	-	-
Roads	-	47	-	-	(47)	-	-	32,082	(32,082)	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	63,601	(63,601)	-	-
Open Space	-	24	-	-	(24)	-	-	16,737	(16,737)	-	-
Community Facilities	-	19	-	-	(19)	-	-	12,737	(12,737)	-	-
Other	-	-	-	-	-	-	-	602	(602)	-	-
Total	-	93	-	-	(93)	-	-	127,991	(127,991)	-	-

Werrington Enterprise Living and Learning (WELL) Precinct Contribution Plan

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	31,172	(31,172)	-	200
Roads	-	-	-	-	(100)	100	-	21,641	(21,741)	(100)	100
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	1,174	-	-	(418)	(100)	656	56,615	(57,272)	(1)	(513)
Community Facilities	-	30	-	-	-	-	30	3,503	(3,503)	30	-
Other	-	5	-	-	-	-	5	429	(429)	5	213
Total	-	1,209	-	-	(518)	-	691	113,360	(114,117)	(66)	-

Statements and Notes

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 17—Statement of Developer Contributions (continued)

Penrith City Council is committed to providing appropriate levels of infrastructure and will on occasion complete works intended by contribution plans ahead of receipts to facilitate development and/or provide essential works. In these instances these works are funded by borrowings against internal reserves. The reserve balances shown in Note 6 have taken these borrowings into account. The summary below illustrates the position of such plans and the contributions required to replace these internal borrowings.

Contribution Plan	\$'000
North Cranebrook	-
Glenmore Park	596
Mt Vernon	40
Claremont Meadows	(14)
Erskine Park Residential	311
Penrith City Local Open Space	577
Lambridge Estate	(1,717)
Library Facilities	-
Kingswood Neighbourhood Centre	(73)
Footpath Construction	70
Cultural Facilities	(3,536)
Erskine Business Park	17,163
Waterside	500
Penrith City District Open Space	8,140
Glenmore Park Stage 2	(382)
Civic Improvement Plan	(2,218)
Werrington Enterprise Living and Learning (WELL)	691
Borrowing from Internal Reserves to fund deficits	7,940
	28,088

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 18—Contingencies, Assets, and Liabilities Not Recognised

The following contingencies do not qualify for recognition in the Statement of Financial Position but knowledge of those items is considered relevant to user of the financial statements in making and evaluating decisions about the allocation of scarce resources.

1. Council has guaranteed a loan of \$450,000 to Penrith Valley Regional Sports Stadium. The loan financed building on land leased to Penrith Sports Stadium Ltd by Council until 10 October 2087. Council will be entitled to cancel the lease if action is taken to enforce the guarantee.
2. Borrowings are secured by mortgages over Council's incomes.

DEFINED BENEFIT SUPERANNUATION PLAN

Council contributes to the Local Government Superannuation Scheme which has a closed section where a portion of member entitlements are defined as a multiple of salary. The rate for 2012-13 was 1.9 times members' contributions (1.9 times in 2011-12) plus a basic benefit of 2.5% of the member's salary (2.5% in 2011-12). Member councils bear the responsibility of ensuring there are sufficient monies available to pay out benefits as these members cease employment. The position of this scheme is monitored annually and the Actuary has estimated that as at 30 June 2013 a deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit. However, the Trustees may also call upon Councils to make an immediate payment sufficient to offset all or part of this deficit at any time. There is no current indication that such action will be necessary.

As the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils, the amount of such a payment is not able to be reliably quantified. The share of this deficit that can be broadly attributed to Council was estimated to be in the order of \$5m as at 30 June 2013. LGSS have advised a revised payment calculation for contributions to this scheme from 1 July 2013, which includes an additional flat rate of \$1.1m per year.

DEVELOPER CONTRIBUTIONS REVIEW

On 4 June 2010, the Premier of NSW announced changes to the Developer Contributions planning process which capped residential development contributions to \$20,000 per new lot/dwelling. On 31 August 2010, this cap was increased to \$30,000 per new lot/dwelling for greenfield release areas and applies to the Werrington Enterprise Living and Learning (WELL) Precinct and Glenmore Park Stage 2.

As a consequence of a Voluntary Planning Agreement (VPA) being negotiating with Glenmore Park Stage 2 landowners, the cap's impact is limited to the WELL Precinct. The infrastructure funding gap arising for new development in the WELL Precinct is estimated at \$46.5 million and would affect the WELL Precinct, District Open Space, and Cultural Facilities s94 Plans.

Following analysis of the physical, social and financial impacts of the cap on the WELL Precinct and the Penrith City community, Council, on 27 June 2011, resolved to require new development within the WELL Precinct to provide all drainage and most roadworks by way of conditions of development consent. Contributions up to \$30,000 per lot would be levied for open space, community and cultural facilities. The consequence of this resolution would be no infrastructure funding gaps under the three contributions plans applying to the WELL Precinct.

Council has completed a review of its section 94 plans, as directed by the Minister for Planning, and these revised plans have been adopted by Council and submitted to the Minister for Planning for determination and remaking. The Minister has not made the revised Plans.

The *White Paper – A new planning system for NSW* and draft planning legislation were released on 16 April 2013. If the White Paper changes to the new planning system are implemented a minimum of approximately \$126 million in contributions income would be affected, or a significant reduction in the nature and scale of facilities being funded. Plans funding open space, and community and cultural facilities would be especially significantly adversely affected. The White Paper does propose abandoning the \$30,000 cap on contributions.

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 18—Contingencies, Assets, and Liabilities Not Recognised (cont)

The White Paper did not provide details on Savings and Transitional arrangements, when these have been developed Council will be better informed as to the effect on those plans that have been forward funded and thus the gap that would be required to be funded by Council.

New planning legislation, including details on a new contributions system is scheduled to be enacted in January / February 2014.

RECOVERY OF INVESTMENTS

In June 2013 a Statement of Claim was lodged by Council against its investment advisors that were utilised between 2006 and 2011. The claim seeks to recover losses arising from Council's investments, and subsequent losses, in structured investment products, including \$2m in Collateralised Debt Obligations (CDOs) that were recommended by the investment advisors at the time prior to placement.

These investments were exposed to significant risk due to the United States sub-prime mortgage crisis and the CDOs gradually lost value during 2007 and 2008. Due to the minimal chance of recovering these investments, Council wrote off the total investment value of \$2m in the 2008-09 Financial Statements.

This Claim also involves Council's investment of \$3m in Mortgage Backed Securities (MBS), which were also recommended to Council by the same investment advisors during 2007. Although these MBS are continuing to pay regular coupons, they have lost considerable value and, subsequent after placement, have a deferred maturity date past 2050.

At 30 June 2013, Council reduced the value of its Mortgage Backed Securities (MBS) by \$1m after Council received valuations for these investments that took into account the lack of a market for these investments. The maturity date of these investments were extended beyond their initial maturity date, and have a legal maturity date of 2051 and 2057. It is important to note that these investments are still paying coupons and penalty interest, and there have been no indications that these investments will default. The reduction in the value is a reflection of the minimal market there is for these investments.

The case is ongoing through the legal system and a result will be known in due course.

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 19—Interests in Joint Ventures and Associates

\$ '000

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

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

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

Associated Entities & Joint Venture Entities

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

Accounting Recognition:

- i) **Subsidiaries disclosed under Note 19(a), and Joint Venture Operations disclosed at Note 19(c), are accounted for on a Line by Line Consolidation basis within the Income Statement and Statement of Financial Position.**
- ii) **Associated Entities and Joint Venture Entities as per Notes 19(b)(i) & (ii) are accounted for using the Equity Accounting Method - and are disclosed as a 1 line entry in both the Income Statement and Statement of Financial Position.**

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
Joint Venture Entities	727	333	3,955	3,228
Total	727	333	3,955	3,228

Statements and Notes

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 19—Interests in Joint Ventures and Associates (continued)

\$ '000

Associated Entities & Joint Venture Entities (continued)

JOINT VENTURE ENTITIES

a) Carrying Amounts

Name of Entity	Principal Activity	2013	2012
Westpool	Insurance	3,378	2,786
United Independent Pools (UIP)	Insurance	577	442
Total Carrying Amounts - Joint Venture Entities		3,955	3,228

b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2013	2012	2013	2012	2013	2012
Westpool	12%	14%	12%	14%	14%	14%
United Independent Pools (UIP)	10%	9%	10%	9%	9%	9%

c) Movement in Carrying Amounts

	Westpool		United Independent Pools (UIP)	
	2013	2012	2013	2012
Opening Balance	2,786	2,753	442	142
Share in Operating Result	592	33	135	300
Council's Equity Share in the Joint Venture Entity	3,378	2,786	577	442

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 19—Interests in Joint Ventures and Associates (continued)

\$ '000

Associated Entities & Joint Venture Entities (continued)

d) Share of Joint Ventures Assets & Liabilities

	Assets		Liabilities		Net Assets
	Current	Non Current	Current	Non Current	
2013					
Westpool	6,676	3	454	2,847	3,378
United Independent Pools (UIP)	823	-	96	150	577
Totals	7,499	3	550	2,997	3,955
2012					
Westpool	5,424	4	355	2,287	2,786
United Independent Pools (UIP)	703	-	129	132	442
Totals	6,127	4	484	2,419	3,228

e) Share of Joint Ventures Revenues, Expenses & Results

	2013			2012		
	Revenues	Expenses	Result	Revenues	Expenses	Result
Westpool	1,270	678	592	1,192	1,159	33
United Independent Pools (UIP)	815	680	135	974	674	300
Totals	2,085	1,358	727	2,166	1,833	333

Statements and Notes

NOTES TO THE FINANCIAL STATEMENTS 30 June 2013

Note 20—Revaluation Reserves and Retained Earnings

\$ '000	Notes	Actual 2013	Actual 2012
a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		1,874,763	1,853,892
Net Operating Result for the Year		46,112	20,871
Balance at End of the Reporting Period		<u>1,920,875</u>	<u>1,874,763</u>
b) Reserves			
i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		667,874	631,672
Total		<u>667,874</u>	<u>631,672</u>
ii) Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		631,672	396,151
- Revaluations for the year	9(a)	36,202	235,521
- Balance at End of Year		<u>667,874</u>	<u>631,672</u>
TOTAL VALUE OF RESERVES		<u>667,874</u>	<u>631,672</u>
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.			



Penrith City Council

Independent auditor's report to the Council – s417(2) Report on the general purpose financial statements

Report on the financial statements

We have audited the accompany financial statements of Penrith City Council, which comprise the statement of financial position as at 30 June 2013 and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, accompanying notes to the financial statements and the Statement by Councillors and Management in the approved form as required by Section 413(2) of the Local Government Act 1993.

Councillors' responsibility for the financial statements

The Councillors of the Council are 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 and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial statements.

Our audit responsibility does not extend to the Original Budget Figures included in the Income Statement, Statement of Cash Flows and the Original Budget disclosures in notes 2(a) and 16 and the Projections disclosed in note 17 to the financial statements, nor the attached Special Schedules, and accordingly, we express no opinion on them.

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

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 (the Division); and
- (b) the financial statements:
 - (i) have been presented, in all material respects, in accordance with the requirements of this Division
 - (ii) are consistent with the Council's accounting records
 - (iii) present fairly, in all material respects, the Council's financial position as of 30 June 2013 and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- (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 have come to light during the course of the audit.

A handwritten signature in blue ink, appearing to read 'Peter Buchholz', is written over the printed name.

PricewaterhouseCoopers

A second handwritten signature in blue ink, appearing to read 'Peter Buchholz', is written over the printed name.

Peter Buchholz
Partner

Sydney
23 September 2013



The Mayor
 Councillor Mark Davies
 Penrith City Council
 DX 8017
 PENRITH

Dear Councillor Davies

**REPORT ON THE CONDUCT OF THE AUDIT FOR YEAR ENDED
 30 JUNE 2013 – SECTION 417(3)**

We have completed our audit of the financial reports of Penrith City Council for the year ended 30 June 2013, in accordance with Section 415 of the Local Government Act 1993.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial reports are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial reports, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial reports are presented fairly in accordance with Australian Accounting Standards as well as Statutory requirements so as to present a view which is consistent with our understanding of the Council's financial position, the results of its operations and its cash flows.

This report should be read in conjunction with our audit opinion on the general purpose financial statements provided under Section 417(2) of the Local Government Act 1993.

Flowing from our audit, there are a number of comments we wish to raise concerning the trends in Council's finances. These are set out below:

Operating Result

Council's operating result improved from a \$21m surplus in the previous year to a \$46m surplus in the current period. Large increases in capital grants and contributions (\$17m) and a significant reduction in depreciation (\$20m) were major reasons for this improvement. The Operating result before Capital was a surplus of \$1m against the previous year's \$7m deficit.

Cash Position

Council's overall cash position remained relatively stable at \$70m during the period under review. The following table highlights the composition of cash.

	2012 \$m	2013 \$m
Externally restricted	48.3	47.1
Internally restricted	18.5	17.2
Unrestricted	4.3	5.5
TOTAL	71.1	69.8



Working Capital

Council's net current assets remained relatively stable at \$26m during the period under review. The value of net current assets needs to be adjusted in order to establish the available working capital position.

	2012 \$'000	2013 \$'000
Net current assets	24,286	26,393
Less External restrictions	39,419	44,086
Internal restrictions	18,531	17,211
Inventories > 12mths	448	443
	(34,112)	(35,347)
Add current liabilities funded from other sources	38,355	38,942
Available Working Capital	4,243	3,595

The effective unrestricted or available working capital upon which Council could build its 2014 budget was \$3.6m.

Performance Indicators

The financial reports disclose a number of indicators in Note 13 and these are detailed below:

	2012 %	2013 %
Unrestricted Current Ratio	131	119
Debt Service Ratio	7.4	7.8
Rate Coverage Ratio	47	48
Rates Outstanding Ratio	5.7	4.8
Asset Renewals Ratio	34	54

The Unrestricted Current Ratio declined but remained above the industry benchmark of 100%.

The Debt Service Ratio increased but remained below the industry benchmark of 10%.

The Rate Coverage Ratio increased to 48% of Revenue reflecting the higher capital grants and contributions received during the period.

The Rates Outstanding Ratio improved to 4.8% of collectibles to stand within the industry benchmark of 5%.

The Assets Renewals Ratio indicates that assets are only being renewed at 54% of the rate at which they are depreciating.

Council is considered to be in a sound and stable financial position. Most financial indicators are better than accepted industry benchmarks.

Revaluations

Council revalued its operational land and buildings during the period under review resulting in a \$36m credit to the Asset Revaluation Reserve.

General

The books of accounts and records inspected by us have been kept in an accurate and conscientious manner. We thank the General Manager and his staff for the cooperation and courtesy extended to us during the course of our audit.

Yours faithfully

PricewaterhouseCoopers

P L Buchholz
Partner

Sydney
23 September 2013

Financial Statements

Penrith City Council

Special Purpose Financial Statements
for the financial year ended 30 June 2013

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.

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.

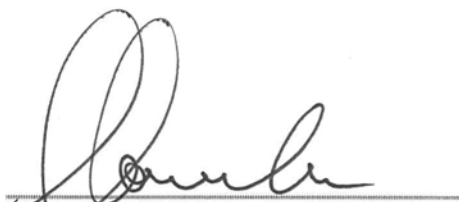
Signed in accordance with a resolution of Council made on 23 September 2013.



Cr Mark Davies
MAYOR



Cr Ross Fowler OAM
DEPUTY MAYOR



Alan Stoneham
GENERAL MANAGER



Andrew Moore
ACTING RESPONSIBLE ACCOUNTING
OFFICER

Statements and Notes

SPECIAL PURPOSE FINANCIAL STATEMENTS 30 June 2013

Income Statement by Business Activities

\$ '000	Childcare		Council Pools	
	Category 1		Category 1	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
Income from continuing operations				
User charges	8,649	9,197	3,371	2,989
Interest	-	-	6	10
Grants and contributions provided for non capital purposes	8,297	7,944	-	-
Profit from the sale of assets	-	-	2	-
Other income	99	90	-	1
Total income from continuing operations	17,045	17,231	3,379	3,000
Expenses from continuing operations				
Employee benefits and on-costs	14,101	13,513	3,304	2,738
Materials and contracts	911	1,120	796	776
Depreciation and impairment	-	-	80	45
Calculated taxation equivalents	732	735	175	30
Debt guarantee fee (if applicable)	880	620	889	655
Other expenses	1,030	1,047	788	471
Total expenses from continuing operations	17,654	17,035	6,032	4,715
Surplus (deficit) from Continuing Operations before capital amounts	(609)	196	(2,653)	(1,715)
Surplus (deficit) from Continuing Operations after capital amounts	(609)	196	(2,653)	(1,715)
Surplus (deficit) from ALL Operations before tax	(609)	196	(2,653)	(1,715)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(59)	-	-
SURPLUS (DEFICIT) AFTER TAX	(609)	137	(2,653)	(1,715)
plus Opening Retained Profits	(2,110)	(3,842)	(14,434)	(14,114)
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	732	735	175	30
- Debt guarantee fees	880	620	889	655
- Corporate taxation equivalent	-	59	-	-
add:				
- Subsidy Paid/Contribution To Operations	186	181	1,112	710
Closing Retained Profits	(921)	(2,110)	(14,911)	(14,434)
Return on Capital %	n/a	n/a	-749.4%	-1491.3%
Subsidy from Council	609	-	2,666	1,718

Financial Statements

SPECIAL PURPOSE FINANCIAL STATEMENTS 30 June 2013

Income Statement by Business Activities (continued)

\$ '000	Property Development		Whitewater	
	Category 1		Category 1	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
Income from continuing operations				
User charges	3,403	3,530	1,676	1,804
Interest	152	186	8	18
Profit from the sale of assets	1	-	2	-
Total income from continuing operations	3,556	3,716	1,686	1,822
Expenses from continuing operations				
Employee benefits and on-costs	564	591	841	878
Borrowing costs	88	126	66	75
Materials and contracts	917	1,081	275	313
Depreciation and impairment	1,705	1,974	121	127
Calculated taxation equivalents	765	764	8	11
Debt guarantee fee (if applicable)	25	38	37	31
Other expenses	422	480	520	529
Total expenses from continuing operations	4,486	5,054	1,868	1,964
Surplus (deficit) from Continuing Operations before capital amounts	(930)	(1,338)	(182)	(142)
Surplus (deficit) from Continuing Operations after capital amounts	(930)	(1,338)	(182)	(142)
Surplus (deficit) from ALL Operations before tax	(930)	(1,338)	(182)	(142)
SURPLUS (DEFICIT) AFTER TAX	(930)	(1,338)	(182)	(142)
plus Opening Retained Profits	34,750	36,645	388	488
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	765	764	8	11
- Debt guarantee fees	25	38	37	31
less:				
- Dividend paid	(2,454)	(1,359)	-	-
Closing Retained Profits	32,156	34,750	251	388
Return on Capital %	-1.7%	-2.5%	-9.3%	-5.2%
Subsidy from Council	2,705	2,687	163	106

Statements and Notes

SPECIAL PURPOSE FINANCIAL STATEMENTS 30 June 2013

Income Statement by Business Activities (continued)

\$ '000	Penrith Performing and Visual Arts Ltd		Cemeteries	
	Category 1		Category 2	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
Income from continuing operations				
User charges	1,500	1,272	547	598
Interest	37	48	-	-
Grants and contributions provided for non capital purposes	2,003	1,913	4	-
Other income	28	20	-	-
Total income from continuing operations	3,568	3,253	551	598
Expenses from continuing operations				
Employee benefits and on-costs	1,834	1,667	267	280
Materials and contracts	1,217	1,136	345	305
Depreciation and impairment	37	66	10	7
Loss on sale of assets	5	5	-	-
Calculated taxation equivalents	63	54	-	-
Imputed Rental	1,276	885	-	-
Other expenses	508	395	85	92
Total expenses from continuing operations	4,940	4,208	707	684
Surplus (deficit) from Continuing Operations before capital amounts	(1,372)	(955)	(156)	(86)
Surplus (deficit) from Continuing Operations after capital amounts	(1,372)	(955)	(156)	(86)
Surplus (deficit) from ALL Operations before tax	(1,372)	(955)	(156)	(86)
SURPLUS (DEFICIT) AFTER TAX	(1,372)	(955)	(156)	(86)
plus Opening Retained Profits	(9,581)	(11,478)	(831)	(745)
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	63	54	-	-
- Imputed Rental	1,276	885	-	-
add:				
- Subsidy Paid/Contribution To Operations	1,507	1,913	-	-
Closing Retained Profits	(8,107)	(9,581)	(987)	(831)
Return on Capital %	-246.8%	-162.4%	-26.8%	-13.4%
Subsidy from Council	1,393	973	178	105

Financial Statements

SPECIAL PURPOSE FINANCIAL STATEMENTS 30 June 2013

Income Statement by Business Activities (continued)

\$ '000	Tennis Courts		St Clair Recreation Centre	
	Category 2		Category 2	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
Income from continuing operations				
User charges	39	55	128	-
Interest	3	3	-	-
Other income	30	31	-	-
Total income from continuing operations	72	89	128	-
Expenses from continuing operations				
Employee benefits and on-costs	63	29	282	87
Materials and contracts	18	21	53	-
Depreciation and impairment	305	221	2	3
Calculated taxation equivalents	11	8	-	-
Imputed Rental	-	-	57	40
Other expenses	44	26	66	29
Total expenses from continuing operations	441	305	460	159
Surplus (deficit) from Continuing Operations before capital amounts	(369)	(216)	(332)	(159)
Surplus (deficit) from Continuing Operations after capital amounts	(369)	(216)	(332)	(159)
Surplus (deficit) from ALL Operations before tax	(369)	(216)	(332)	(159)
SURPLUS (DEFICIT) AFTER TAX	(369)	(216)	(332)	(159)
plus Opening Retained Profits	1,142	1,350	(3,916)	(3,797)
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	11	8	-	-
- Debt guarantee fees	-	-	57	40
Closing Retained Profits	784	1,142	(4,191)	(3,916)
Return on Capital %	-15.3%	-9.1%	-3018.2%	-1135.7%
Subsidy from Council	460	288	332	159

Statements and Notes

SPECIAL PURPOSE FINANCIAL STATEMENTS 30 June 2013

Income Statement by Business Activities (continued)

\$ '000	Halls		Contestable Services	
	Category 2		Category 2	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
Income from continuing operations				
User charges	81	277	597	438
Interest	2	3	-	-
Grants and contributions provided for non capital purposes	10	26	-	-
Other income	190	178	-	-
Total income from continuing operations	283	484	597	438
Expenses from continuing operations				
Employee benefits and on-costs	207	192	343	366
Borrowing costs	7	-	-	-
Materials and contracts	163	297	3	1
Depreciation and impairment	991	981	-	-
Other expenses	113	120	149	151
Total expenses from continuing operations	1,481	1,590	495	518
Surplus (deficit) from Continuing Operations before capital amounts	(1,198)	(1,106)	102	(80)
Surplus (deficit) from Continuing Operations after capital amounts	(1,198)	(1,106)	102	(80)
Surplus (deficit) from ALL Operations before tax	(1,198)	(1,106)	102	(80)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	(31)	-
SURPLUS (DEFICIT) AFTER TAX	(1,198)	(1,106)	71	(80)
plus Opening Retained Profits	3,095	4,201	(84)	(4)
plus Adjustments for amounts unpaid:				
- Corporate taxation equivalent	-	-	31	-
Closing Retained Profits	1,897	3,095	18	(84)
Return on Capital %	-8.5%	-8.9%	n/a	n/a
Subsidy from Council	1,717	1,482	-	80

Financial Statements

SPECIAL PURPOSE FINANCIAL STATEMENTS 30 June 2013

Statement of Financial Position by Business Activities

\$ '000	Childcare		Council Pools	
	Category 1		Category 1	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
ASSETS				
Current Assets				
Cash and cash equivalents	-	3	87	34
Investments	1,313	1,790	-	-
Receivables	248	251	55	396
Inventories	-	-	20	20
Other	-	-	11	19
Total Current Assets	1,561	2,044	173	469
Non-Current Assets				
Infrastructure, property, plant and equipment	-	-	354	115
Total Non-Current Assets	-	-	354	115
TOTAL ASSETS	1,561	2,044	527	584
LIABILITIES				
Current Liabilities				
Payables	755	977	457	658
Provisions	-	-	150	257
Total Current Liabilities	755	977	607	915
Non-Current Liabilities				
Payables	-	-	10	-
Other Liabilities	1,727	3,177	14,821	14,103
Total Non-Current Liabilities	1,727	3,177	14,831	14,103
TOTAL LIABILITIES	2,482	4,154	15,438	15,018
NET ASSETS	(921)	(2,110)	(14,911)	(14,434)
EQUITY				
Retained earnings	(921)	(2,110)	(14,911)	(14,434)
Council equity interest	(921)	(2,110)	(14,911)	(14,434)
TOTAL EQUITY	(921)	(2,110)	(14,911)	(14,434)

Statements and Notes

SPECIAL PURPOSE FINANCIAL STATEMENTS 30 June 2013

Statement of Financial Position by Business Activities (continued)

\$ '000	Property Development		Whitewater	
	Category 1		Category 1	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
ASSETS				
Current Assets				
Cash and cash equivalents	-	-	26	10
Investments	2,283	4,791	247	369
Receivables	-	-	8	48
Inventories	750	745	15	17
Other	-	3	(16)	(14)
Non-current assets classified as held for sale	750	125	-	-
Total Current Assets	3,783	5,664	280	430
Non-Current Assets				
Inventories	443	448	-	-
Infrastructure, property, plant and equipment	49,414	48,693	1,242	1,283
Other	-	1,019	76	75
Total Non-Current Assets	49,857	50,160	1,318	1,358
TOTAL ASSETS	53,640	55,824	1,598	1,788
LIABILITIES				
Current Liabilities				
Payables	17	14	126	166
Interest bearing liabilities	238	576	258	143
Provisions	1	1	235	210
Total Current Liabilities	256	591	619	519
Non-Current Liabilities				
Interest bearing liabilities	424	662	728	881
Other Liabilities	983	-	-	-
Total Non-Current Liabilities	1,407	662	728	881
TOTAL LIABILITIES	1,663	1,253	1,347	1,400
NET ASSETS	51,977	54,571	251	388
EQUITY				
Retained earnings	32,156	34,750	251	388
Revaluation reserves	19,821	19,821	-	-
Council equity interest	51,977	54,571	251	388
TOTAL EQUITY	51,977	54,571	251	388

Financial Statements

SPECIAL PURPOSE FINANCIAL STATEMENTS 30 June 2013

Statement of Financial Position by Business Activities (continued)

\$ '000	Penrith Performing and Visual Arts Ltd		Cemeteries	
	Category 1		Category 2	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
ASSETS				
Current Assets				
Cash and cash equivalents	72	37	-	-
Investments	808	820	217	390
Receivables	25	102	-	-
Inventories	11	9	-	-
Other	66	56	-	-
Total Current Assets	982	1,024	217	390
Non-Current Assets				
Infrastructure, property, plant and equipment	556	588	582	642
Total Non-Current Assets	556	588	582	642
TOTAL ASSETS	1,538	1,612	799	1,032
LIABILITIES				
Current Liabilities				
Payables	678	733	-	-
Provisions	93	85	1	-
Total Current Liabilities	771	818	1	-
Non-Current Liabilities				
Provisions	146	139	-	-
Other Liabilities	8,728	10,236	1,785	1,863
Total Non-Current Liabilities	8,874	10,375	1,785	1,863
TOTAL LIABILITIES	9,645	11,193	1,786	1,863
NET ASSETS	(8,107)	(9,581)	(987)	(831)
EQUITY				
Retained earnings	(8,107)	(9,581)	(987)	(831)
Council equity interest	(8,107)	(9,581)	(987)	(831)
TOTAL EQUITY	(8,107)	(9,581)	(987)	(831)

Statements and Notes

SPECIAL PURPOSE FINANCIAL STATEMENTS 30 June 2013

Statement of Financial Position by Business Activities (continued)

\$ '000	Tennis Courts		St Clair Recreation Centre	
	Category 2		Category 2	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
ASSETS				
Current Assets				
Cash and cash equivalents	38	67	-	-
Receivables	8	15	-	-
Total Current Assets	46	82	-	-
Non-Current Assets				
Infrastructure, property, plant and equipment	2,413	2,382	11	14
Other	168	523	-	-
Total Non-Current Assets	2,581	2,905	11	14
TOTAL ASSETS	2,627	2,987	11	14
LIABILITIES				
Current Liabilities				
Payables	-	2	-	-
Provisions	-	-	1	1
Total Current Liabilities	-	2	1	1
Non-Current Liabilities				
Other Liabilities	-	-	4,201	3,929
Total Non-Current Liabilities	-	-	4,201	3,929
TOTAL LIABILITIES	-	2	4,202	3,930
NET ASSETS	2,627	2,985	(4,191)	(3,916)
EQUITY				
Retained earnings	784	1,142	(4,191)	(3,916)
Revaluation reserves	1,843	1,843	-	-
Council equity interest	2,627	2,985	(4,191)	(3,916)
TOTAL EQUITY	2,627	2,985	(4,191)	(3,916)

Financial Statements

SPECIAL PURPOSE FINANCIAL STATEMENTS 30 June 2013

Statement of Financial Position by Business Activities (continued)

\$ '000	Halls		Contestable Services	
	Category 2		Category 2	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
ASSETS				
Current Assets				
Cash and cash equivalents	373	574	-	-
Investments	97	125	-	-
Receivables	20	66	-	-
Total Current Assets	490	765	-	-
Non-Current Assets				
Infrastructure, property, plant and equipment	13,961	12,397	-	-
Other	-	-	19	-
Total Non-Current Assets	13,961	12,397	19	-
TOTAL ASSETS	14,451	13,162	19	-
LIABILITIES				
Current Liabilities				
Payables	42	87	-	-
Provisions	1	-	1	1
Total Current Liabilities	43	87	1	1
Non-Current Liabilities				
Other Liabilities	6,680	4,149	-	83
Total Non-Current Liabilities	6,680	4,149	-	83
TOTAL LIABILITIES	6,723	4,236	1	84
NET ASSETS	7,728	8,926	18	(84)
EQUITY				
Retained earnings	1,897	3,095	18	(84)
Revaluation reserves	5,831	5,831	-	-
Council equity interest	7,728	8,926	18	(84)
TOTAL EQUITY	7,728	8,926	18	(84)

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS 30 June 2013

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)

Childcare

Council operates a number of children's centres and includes the transactions associated with these centres in its consolidated fund. The centres include 18 providing long day care services, 9 providing before and after school care services, 1 occasional care service and 6 preschool services. The Penrith City Children's Services Co-operative, established in January 2003, manages the Children's Centres (excluding the Glenmore Park Child & Family Centre) through a delegation under S377 of the Local Government Act 1993.

Council Pools

Includes all activities conducted at Ripples Aquatic Centre (such as gymnasium and aerobics). Penrith Pool is also included. The business activity is considered to be a tenant.

Property Development

The purchase, development, rental and management of real estate. Almost all assets would have dual purposes of revenue generation and community service. Community Service purposes include preventing inappropriate development, attracting business into the region and providing shopping facilities to new estates (when the population does not yet support profitable trading).

Whitewater Stadium

Penrith Whitewater Stadium Limited provides whitewater canoe slalom facilities for competition, training and recreation purposes.

Penrith Performing and Visual Arts Limited

During 2006-07 the Penrith Regional Gallery and Lewers Bequest was joined with the Joan Sutherland Performing Arts Centre to be managed by a revised company structure named Penrith Performing and Visual Arts Limited. This new entity provides gallery, theatre, function and educational facilities. The centres

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS 30 June 2013

Note 1—Significant Accounting Policies (continued)

organise activities and also provide for hire of venues. Many items, and in particular, the educational programs are community services. The Venues are provided to community groups at a discounted rental. The business is a tenant and a market rental has been estimated.

Category 2

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

Cemeteries

Provides for burials and for interment of ashes. The land on which these operations are conducted are owned by trusts and Council is the manager of the trusts. The management function is considered a business activity. No rental charge of the land has been imputed.

Tennis Courts

45 Tennis Courts are managed under various structures.

St Clair Recreation Centre

Indoor sporting and gymnastics facilities.

Halls

15 Halls may be hired and are managed under various structures. Catering service is not available from Council.

Contestable Services

Services that can be provided by either Council or other businesses.

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 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 **\$406,000** of combined land values attracts **0%**. From \$406,001 to \$2,482,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,482,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$689,000.

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

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS 30 June 2013

Note 1—Significant Accounting Policies (continued)

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.

iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense
Written Down Value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.77% at 30 June 2013.

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.



Penrith City Council

Independent auditor's report Report on the special purpose financial report

Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report, of **Penrith City Council** (the Council), which comprises the Statement of Financial Position by Business Activity for the year ended 30 June 2013, the Income Statements by Business Activity for the year then ended, Notes to the financial report for the business activities identified by Council and the Statement by Councillors and Management for Council for the year ended 30 June 2013.

Councillors' responsibility for the financial report

The Councillors of the Council are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in note 1 to the financial statements which form part of the financial report, are appropriate to meet the requirements of the Local Government Code of Accounting Practice and Financial Reporting. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to error or fraud.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report 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 report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, 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 report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Councillors, as well as evaluating the overall presentation of the financial report.

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

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Auditor's opinion:

In our opinion, the financial report presents fairly, in all material respects, the financial position by Business Activities of **Penrith City Council** as of 30 June 2013 and its financial performance by Business Activities for the year then ended in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 to the financial report, and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the Local Government Code of Accounting Practice and Financial Reporting. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Council.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', is written above the printed name.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Peter Buchholz', is written above the printed name.

Peter Buchholz
Partner

Sydney
23 September 2013

Financial Statements

SPECIAL SCHEDULE NO. 1 for the year ended 2013

Net Cost of Services (\$'000)

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	6,025	13	-	(6,012)
Administration	24,815	30,709	768	6,662
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	4,299	2,015	-	(2,284)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	2,558	2,061	-	(497)
Animal Control	726	204	-	(522)
Other	870	28	-	(842)
Total Public Order & Safety	8,453	4,308	-	(4,145)
Health	1,202	341	-	(861)
Environment				
Noxious Plants and Insect/Vermin Control	128	-	-	(128)
Other Environmental Protection	3,204	(905)	-	(4,109)
Solid Waste Management	21,321	1,537	-	(19,784)
Street Cleaning	2,825	-	-	(2,825)
Drainage	-	-	-	-
Stormwater Management	3,608	1	-	(3,607)
Total Environment	31,086	633	-	(30,453)
Community Services and Education				
Administration & Education	1,177	110	-	(1,067)
Social Protection (Welfare)	793	84	579	(130)
Aged Persons and Disabled	521	68	-	(453)
Children's Services	20,217	18,621	-	(1,596)
Total Community Services & Education	22,708	18,883	579	(3,246)
Housing and Community Amenities				
Public Cemeteries	701	551	-	(150)
Public Conveniences	1,029	-	-	(1,029)
Street Lighting	3,670	-	-	(3,670)
Town Planning	2,519	258	120	(2,141)
Other Community Amenities	-	-	-	-
Total Housing and Community Amenities	7,919	809	120	(6,990)
Water Supplies	-	-	-	-
Sewerage Services	-	-	-	-

Statements and Notes

SPECIAL SCHEDULE NO. 1 for the year ended 2013

Net Cost of Services (\$'000) continued

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	7,404	438	43	(6,923)
Museums	46	-	-	(46)
Art Galleries	21	-	-	(21)
Community Centres and Halls	1,387	714	16	(657)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	4,009	2,084	-	(1,925)
Sporting Grounds and Venues	3,097	93	30	(2,974)
Swimming Pools	4,966	3,426	56	(1,484)
Parks & Gardens (Lakes)	8,233	143	17,279	9,189
Other Sport and Recreation	3,199	2,165	143	(891)
Total Recreation and Culture	32,362	9,063	17,567	(5,732)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	5,990	3,541	-	(2,449)
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	5,990	3,541	-	(2,449)
Transport and Communication				
Urban Roads (UR) - Local	20,651	4,945	6,527	(9,179)
Urban Roads - Regional	1,092	230	304	(558)
Sealed Rural Roads (SRR) - Local	2,184	460	607	(1,117)
Sealed Rural Roads (SRR) - Regional	273	57	76	(140)
Unsealed Rural Roads (URR) - Local	273	57	76	(140)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	167	-	-	(167)
Footpaths	476	23	-	(453)
Aerodromes	-	-	-	-
Other Transport & Communication	1,321	55	18,647	17,381
Total Transport and Communication	26,437	5,827	26,237	5,627
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	4,054	931	-	(3,123)
Total Economic Affairs	4,054	931	-	(3,123)
Totals – Functions	171,051	75,058	45,271	(50,722)
General Purpose Revenues²		96,107		96,107
Share of interests - joint ventures & associates using the equity method	-	727		727
NET OPERATING RESULT¹	171,051	171,892	45,271	46,112

1. As reported in the Income Statement

2. Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) & Interest on overdue Rates & Annual Charges

SPECIAL SCHEDULE NO. 2(a)
for the year ended 2013

Statement of Long-Term Debt (all purpose) - \$'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
Loans (by Source)									
Financial Institutions	8,309	55,574	63,883	7,108	8,316	-	3,995	8,749	53,926
Total Loans	8,309	55,574	63,883	7,108	8,316	-	3,995	8,749	53,926
Other Long Term Debt									
Interest Free Government Advances	104	4,275	4,379	-	104	-	-	104	4,171
Total Long Term Debt	104	4,275	4,379	-	104	-	-	104	4,171
Total Debt	8,413	59,849	68,262	7,108	8,420	-	3,995	8,853	58,097
									66,950

Notes: Excludes (i) Internal Loans & (ii) Principal Inflow/s/Outflow s relating to Loan Re-Financing.
This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (w hich are reported in the GPFS).

**SPECIAL SCHEDULE NO. 7
as at 30 June 2013**

Condition of Public Works (continued)

Notes:

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.

Asset Condition "Key" - as per the DLG Integrated Planning & Reporting Manual

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

SPECIAL SCHEDULE NO. 8
Financial Projections

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
OPERATIONS FROM ORDINARY ACTIVITIES										
Operating Expenditure										
Employee Costs	(79,931.6)	(82,680.2)	(85,947.0)	(89,371.1)	(92,899.3)	(96,535.0)	(100,081.6)	(103,340.6)	(106,697.5)	(110,155.0)
Employee Costs - Employee Leave Entitlements	(2,532.9)	(2,583.6)	(2,635.2)	(2,687.9)	(2,741.7)	(2,796.5)	(2,852.5)	(2,909.5)	(2,967.7)	(3,027.0)
Interest Charges	(4,025.2)	(4,000.0)	(4,000.0)	(4,000.0)	(4,000.0)	(4,000.0)	(4,000.0)	(4,000.0)	(4,000.0)	(4,000.0)
Depreciation, Amortisation & Impairment	(20,600.0)	(21,218.0)	(21,854.5)	(22,510.2)	(23,185.5)	(23,881.0)	(24,597.5)	(25,335.4)	(26,095.5)	(26,878.3)
Materials	(25,869.6)	(26,387.0)	(26,914.7)	(27,453.0)	(28,002.1)	(28,562.1)	(29,133.4)	(29,716.0)	(30,310.4)	(30,916.6)
Contracts	(28,702.9)	(29,564.0)	(30,450.9)	(31,364.4)	(32,305.4)	(33,274.5)	(34,272.8)	(35,300.9)	(36,360.0)	(37,450.8)
Other Operating Expenses	(17,453.2)	(17,976.8)	(18,516.1)	(19,071.6)	(19,643.7)	(20,233.0)	(20,840.0)	(21,465.2)	(22,109.2)	(22,772.5)
Other Expenses - Internal Charges	304.2	304.2	304.2	304.2	304.2	304.2	304.2	304.2	304.2	304.2
Total Expenditure	(178,811.2)	(184,105.3)	(190,014.3)	(196,154.1)	(202,473.5)	(208,978.1)	(215,473.5)	(221,763.5)	(228,236.0)	(234,896.0)
Operating Revenue										
Rates & Annual Charges	110,824.1	116,071.2	120,449.3	125,041.9	129,786.4	135,163.2	140,784.9	146,753.5	153,004.1	159,388.0
User Charges & Fees	5,342.5	5,502.8	5,667.9	5,837.9	6,013.0	6,193.4	6,379.2	6,570.6	6,767.7	6,970.8
Fees for Commercially Available Services	32,125.4	33,089.2	34,081.8	35,104.3	36,157.4	37,242.1	38,359.4	39,510.2	40,695.5	41,916.3
Interest Income	2,004.5	1,979.0	1,994.9	2,011.6	2,028.9	2,046.6	2,065.1	2,085.1	2,106.2	2,127.4
Other Operating Revenues	1,877.8	1,915.4	1,953.7	1,992.7	2,032.6	2,073.2	2,114.7	2,157.0	2,200.1	2,244.1
Operating Grants	32,000.0	32,000.0	32,000.0	32,000.0	32,000.0	32,000.0	32,000.0	32,000.0	32,000.0	32,000.0
Operating Contributions										
Profit on Sale of Assets	(533.0)	(533.0)	(533.0)	(533.0)	(533.0)	(533.0)	(533.0)	(533.0)	(533.0)	(533.0)
Total Operating Revenue	183,641.3	190,024.5	195,614.6	201,455.4	207,485.3	214,185.6	221,170.3	228,543.4	236,240.7	244,113.7
Operating Result before Capital Grants & Contributions	4,830.1	5,919.2	5,600.2	5,301.4	5,011.9	5,207.5	5,696.8	6,779.9	8,004.7	9,217.7
Capital Grants & Contributions	18,246.4	7,220.8	8,693.1	9,031.2	11,327.1	6,513.2	6,125.3	5,381.2	61,279.4	62,675.6
OPERATING RESULT	23,076.5	13,140.0	14,293.3	14,332.6	16,339.0	11,720.7	11,822.1	12,161.1	69,284.1	71,893.3

This model is based on various assumptions. A detailed list of the assumptions is available in Council's Management Plan.

SPECIAL SCHEDULE NO. 8
Financial Projections (continued)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Funding Statement (Source & Application)										
Add-back non-funded expenses - Depreciation, Amortisation & Impairment	20,600.0	21,218.0	21,854.5	22,510.2	23,165.5	23,881.0	24,597.5	25,335.4	26,095.5	26,878.3
Add-back non-funded Other										
Entitlements	2,532.9	2,563.6	2,635.2	2,687.9	2,741.7	2,796.5	2,852.5	2,909.5	2,967.7	3,027.0
Funds received from sale of assets	4,707.4	11,549.4	4,032.4	3,542.4	3,542.4	3,542.4	3,542.4	3,542.4	3,542.4	3,542.4
Loans received	4,324.9	4,324.9	4,324.9	4,324.9	4,324.9	4,324.9	4,324.9	4,324.9	4,324.9	4,324.9
Funds transferred (to) / from reserves held	6,712.1	(1,737.1)	(4,147.8)	(2,822.5)	(1,865.8)	(1,787.3)	(743.8)	(5,844.9)	(8,212.1)	(10,782.4)
Subtotal	38,877.3	37,938.8	28,699.3	30,242.9	31,928.7	32,757.6	34,573.4	30,267.3	28,718.4	26,990.3
Net Funds Available	61,953.8	51,078.7	42,992.6	44,575.5	48,267.7	44,478.3	46,395.6	42,428.4	98,002.4	98,883.5
Application of Funds										
Assets acquired (non-current)	(53,031.1)	(41,649.5)	(33,081.7)	(34,670.7)	(38,086.0)	(34,686.5)	(37,808.7)	(35,253.2)	(90,827.2)	(91,708.3)
Loan repayments made	(8,922.7)	(9,429.2)	(9,910.9)	(9,904.8)	(10,181.7)	(9,791.8)	(8,586.9)	(7,175.2)	(7,175.2)	(7,175.2)
Total application	(61,953.8)	(51,078.7)	(42,992.6)	(44,575.5)	(48,267.7)	(44,478.3)	(46,395.6)	(42,428.4)	(98,002.4)	(98,883.5)
Net cost funded from Rates & other income	(0.0)	0.0	0.0	(0.0)	(0.0)	0.0	(0.0)	(0.0)	0.0	0.0

This model is based on various assumptions. A detailed list of the assumptions is available in Council's Management Plan.

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APPENDICES



Financial Statements

Appendix 1—Historical Financial Data

Income Statement

	30 June 2013 \$'000	30 June 2012 \$'000	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2009 \$'000
OPERATING REVENUES					
Rates and Annual Charges	104,564	98,524	90,630	87,339	83,503
User Charges and Fees	32,265	31,414	30,455	28,714	28,554
Investment Revenues	3,118	4,215	3,807	2,877	3,669
Grants and Contributions provided for Operating Purposes	24,341	36,484	33,553	28,701	30,535
Grants and Contributions provided for Capital Purposes	45,271	28,435	13,335	4,475	12,068
Profit from Disposal of Assets	-	-	-	2,734	329
Profit from Interests in Joint Ventures & Associates	727	333	426	826	-
Other Operating Revenues	6,877	8,862	6,345	6,415	5,325
Total Operating Revenues	217,163	208,267	178,551	162,081	163,983
OPERATING EXPENSES					
Employee Costs	76,933	75,899	72,601	71,437	67,127
Materials and Contracts	51,166	49,673	45,327	44,715	45,477
Borrowing Costs	3,995	4,064	4,139	4,049	4,146
Depreciation, Amortisation & Impairment	19,114	39,034	39,565	31,550	20,436
Loss from the Disposal of Assets	684	264	1,959	-	-
Other Operating Expenses	19,159	18,462	19,645	16,195	15,919
Total Operating Expenses	171,051	187,396	183,236	167,946	153,105
NET OPERATING RESULT	46,112	20,871	(4,685)	(5,865)	10,878
Net Operating Result before Capital Grants & Contributions	841	(7,564)	(18,020)	(10,340)	(1,190)
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	46,112	20,871	(4,685)	(5,865)	10,878

Appendix

Appendix 1—Historical Financial Data Statement of Financial Position

	30 June 2013 \$'000	30 June 2012 \$'000	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2009 \$'000
CURRENT ASSETS					
Cash & Cash Equivalents	41,880	45,453	8,361	4,049	5,035
Investments	24,966	16,784	46,142	42,752	41,586
Receivables	8,316	9,068	13,177	6,016	6,887
Inventories	2,353	2,357	2,328	2,304	2,527
Other	1,102	1,117	1,347	450	553
Total Current Assets	78,617	74,779	71,355	55,571	56,588
NON-CURRENT ASSETS					
Investments	3,000	8,894	7,921	11,945	16,445
Receivables	2,215	2,468	2,154	2,033	1,528
Infrastructure, Property, Plant & Equipment	2,590,652	2,508,126	2,258,994	1,342,912	1,064,141
Investments Accounted for using the Equity Method	3,955	3,228	2,896	2,470	1,644
Investment Property	20,719	20,550	18,635	18,049	12,015
Total Non-Current Assets	2,620,541	2,543,266	2,290,600	1,377,409	1,095,773
TOTAL ASSETS	2,699,158	2,618,045	2,361,955	1,432,980	1,152,361
CURRENT LIABILITIES					
Payables	15,890	14,439	15,688	12,894	11,098
Borrowings	8,853	8,413	7,656	6,877	7,109
Provisions	27,481	27,641	27,041	25,991	25,145
Total Current Liabilities	52,224	50,493	50,385	45,762	43,352
NON-CURRENT LIABILITIES					
Borrowings	57,233	59,849	59,999	62,785	57,926
Provisions	952	1,268	1,528	1,307	1,151
Total Non-Current Liabilities	58,185	61,117	61,527	64,092	59,077
TOTAL LIABILITIES	110,409	111,610	111,912	109,854	102,429
NET ASSETS	2,588,749	2,506,435	2,250,043	1,323,126	1,049,932
EQUITY					
Accumulated Surplus	1,920,875	1,874,763	1,853,892	885,297	891,162
Revaluation Reserves	667,874	631,672	396,151	437,829	158,770
TOTAL EQUITY	2,588,749	2,506,435	2,250,043	1,323,126	1,049,932

Financial Statements

Appendix 2—Rates and Charges Comparative Rates Statistics

	2013	2012	2011	2010	2009
LEVIES ON PROPERTIES NOT SUBDIVIDED OR CHANGED TO/FROM BEING RATEABLE DURING YEAR					
Property Values					
General residential (\$'M)	12,495	12,289	12,216	9,516	9,382
Residential on minimum (\$'M)	2,269	1,863	1,836	2,370	2,405
General business (\$'M)	2,138	1,989	2,049	1,735	1,648
Business on minimum (\$'M)	76	74	71	54	54
Penrith CBD (\$'M)	321	312	312	211	254
Penrith CBD on minimum(\$'M)	9	9	9	7	7
St Marys Town Centre (\$'M)	67	62	62	54	53
St Marys Town Centre on minimum (\$'M)	2	2	2	2	2
General farmland (\$'M)	565	497	539	422	430
SUB-TOTAL	17,942	17,097	17,096	14,371	14,235
Property Numbers as at 30 June					
General residential	45,291	45,873	45,526	40,117	39,763
Residential on minimum	18,342	16,114	15,894	20,917	21,038
General business	1,660	1,643	1,706	1,756	1,758
Business on minimum	931	909	882	792	791
Penrith CBD	269	272	273	289	295
Penrith CBD on minimum	145	140	140	126	127
St Marys Town Centre	173	175	176	176	176
St Marys Town Centre on minimum	61	60	60	60	59
General farmland	379	370	399	436	394
Famland Minimum	8	8	8	4	4
SUB-TOTAL	67,259	65,564	65,064	64,673	64,405
Rate Levies per Property					
Residential (cents per \$ valuation)	0.40902	0.40024	0.37792	0.4321	0.4158
Residential minimum charge (\$)	772.15	755.60	714.20	695.10	669.75
Business (cents per \$ valuation)	0.71148	0.6962	0.65738	0.7799	0.7503
Business minimum charge (\$)	988.00	966.80	913.80	889.40	856.95
Farmland (cents per \$ valuation)	0.20451	0.20012	0.18896	0.2161	0.2079
Penrith CBD (cents per \$ valuation)	0.81422	0.79673	0.7523	0.8957	0.8617
Penrith CBD on minimum charge(\$)	988.00	966.80	913.80	889.40	856.95
St Marys Town Centre (cents per \$)	1.09808	1.0745	1.01458	1.2050	1.2626
St Marys Town Centre min. charge(\$)	988.00	966.80	913.80	889.40	856.95

Appendix

Appendix 2—Rates and Charges Comparative Rates Statistics (continued)

	2013	2012	2011	2010	2009
Total Value of Rates Charged					
General residential (\$'000)	50,747	49,185	46,166	41,124	38,946
Residential on minimum (\$'000)	12,534	12,176	11,317	14,499	13,963
General business (\$'000)	14,760	13,850	13,473	13,533	11,139
Business on minimum (\$'000)	905	879	802	704	642
Penrith CBD (\$'000)	2,599	2,490	2,350	1,893	2,178
Penrith CBD on minimum (\$'000)	138	135	128	110	103
St Marys Town Centre (\$'000)	686	671	633	645	659
St Marys Town Centre on minimum(\$'000)	60	58	56	53	51
General Farmland (\$'000)	970	990	1,013	909	906
Farmland on minimum (\$'000)	6	6	6	3	3
Rates charged for part of year (\$'000)	834	1,685	478	485	1,303
Prior year adjustments (\$'000)	109	221	378	159	464
SUB-TOTAL	84,348	82,346	76,800	74,117	70,357
CONSOLIDATION ADJUSTMENTS					
Rates charged on Council owned properties (\$'000)	158	157	155	140	137
ANNUAL GARBAGE AND RECYCLING CHARGES (as at year end)					
Number of Services - The Sustainable Service	37,947	38,526	39,629	41,502	-
General charge (\$)	298	279	249	245	-
Number of services - The Reduced Organic	1,967	1,757	1,630	1,517	-
General charge (\$)	272	255	225	195	-
Number of Services - The Large	3,354	2,853	2,258	1,775	-
General charge (\$)	353	329	299	295	-
Number of Services - The Weekly 140L Red	5,984	5,329	5,150	3,933	-
General charge (\$)	393	364	320	295	-
Number of Services - Non-Urban and Multi-Unit	15,151	14,881	14,614	13,497	-
General charge (\$)	298	279	253	245	-
Number of Services - Vacant Land	1,747	1,346	1,290	1,616	-
General charge (\$)	34.8	30	27	23	17
Number of Services - Other	1,959	1,827	-	-	-
Number of Services - 240L Bin	-	-	-	-	61,487
General charge (\$)	-	-	-	-	249
Number of Services - 140L Bin	-	-	-	-	1,979
General charge (\$)	-	-	-	-	184
Total charged (\$'000)	20,235	18,755	16,467	15,640	15,643
EXTRA CHARGES					
Interest charges (\$'000)	454	477	383	368	365
Legal costs (\$'000)	432	395	423	381	448
PENSIONER DISCOUNTS					
Number of Pensioners	9,566	9,324	9,172	8915	8,745
Discounts funded by Council (\$'000)	1,076	1,048	1,031	1,002	980
Discounts funded by State Govt.(\$'000)	1,316	1,282	1,261	1226	1,198

Appendix 3

Local Government Managers Australia (LGMA) Sustainable Finances Health Check

The Local Government Managers Australia (LGMA) Sustainable Finances Health Check was developed through a consultative process aimed at establishing a tool allowing Council to better assess its financial condition. What resulted are the following indicators that were considered key to enabling this assessment to be made. In conjunction with the completion of the 2012-13 Financial Statements, the Local Government Managers Australia (LGMA) Sustainable Finances Health Check has been updated to incorporate these figures.

1. Revenue Sources

Sources of Total Ordinary Revenue before Capital. Revenue from Ordinary Activities is classified by source as either from (shown in \$ millions):

	2013		2012		2011		2010		2009	
	\$	%	\$	%	\$	%	\$	%	\$	%
Rates and Charges										
- General Purpose	82.2	48.0	79.7	44.4	74.0	44.9	71.5	45.6	67.7	44.7
- Specific Purpose (DWM)	22.3	13.0	18.9	10.5	16.6	10.1	15.8	10.1	15.8	10.4
User Charges and Fees	32.3	18.9	31.4	17.5	30.5	18.5	28.8	18.4	28.6	18.9
Interest	3.1	1.8	4.2	2.3	3.8	2.3	2.9	1.8	3.7	2.4
Grants (Operating)										
- General Purpose	11.7	6.8	15.1	8.4	12.4	7.5	11.9	7.6	14.3	9.4
- Specific Purpose (DWM)	9.6	5.6	18.2	10.1	18.7	11.3	13.9	8.9	15.0	9.9
Contributions	3.0	1.8	3.1	1.7	2.5	1.5	2.9	1.8	1.2	0.8
Profit on Sale of Assets	-	-	-	-	-	-	2.7	1.7	-	-
Other	6.9	4.0	8.9	5.0	6.3	3.8	6.4	4.1	5.3	3.5
Total Ordinary Revenue before Capital	171.1	100.0	179.5	100.0	164.8	100.0	156.8	100.0	151.6	100.0

The revenue sources indicator provides the opportunity to understand and track the relative sources of revenue received by Council. Monitoring this indicator will enable Council to better measure and assess the degree of dependency on particular revenue sources. The stability of any 'over dependent' revenue source should be considered. A further dissection of the above information is available in Note 3 of Council's Financial Statements.

Comment: Revenue from charges imposed on the community constituted 79.9% of Council's revenue in 2012-13. Given the nature of these charges, this revenue stream is considered secure and sustainable in the long-term and has been strengthened by the recent Special Rate Variation. Over the last five years, there has been very little change to the proportional make-up of total revenue.

2. Cash / Liquidity Position

Scale: Unrestricted Current Ratio <1.1 = **Red**, 1.1 to 2.1 = **Amber**, Over 2.1 = **Green**

	2013	2012	2011	2010	2009
Unrestricted Current Ratio	1.19	1.31	1.19	1.03	1.17
Available Cash Position					
- Available Cash Assets (\$'000)	22,760	22,818	18,032	16,482	17,617
- Unrestricted Cash Assets (\$'000)	5,549	4,287	1,939	6,080	3,561
Availability of Cash Assets as a % of Total Revenue					
- Available Cash Assets	13.24	12.69	10.91	10.46	11.60
- Unrestricted Cash Assets	3.23	2.38	1.17	3.86	2.34

The **Unrestricted Current Ratio** aims to measure Council's liquidity and more importantly, Council's solvency. This indicator enables Council to assess whether debts will be able to be paid as they fall due, or whether arrangements should be put in place to raise additional funds or liquidate assets.

Appendix 3

Local Government Managers Australia (LGMA) Sustainable Finances Health Check (continued)

Available Cash Assets are defined as total cash assets held by Council less any externally restricted assets. This indicator presents the available cash assets as both a dollar value and percentage of total revenue respectively. This indicator is produced to enable users to better assess the Unrestricted Cash Ratio and the impact of unforeseen commitments.

Unrestricted Available Cash Assets takes the above one step further and subtracts both external and internal restrictions from the total cash assets held. This indicator highlights cash assets that are completely free of usage restriction and is similar to 'working funds'. Like the Available Cash Assets indicator, the Unrestricted Available Cash Assets indicator is used as a guide to interpreting and better understanding the Unrestricted Current Ratio.

Comment: the current year Unrestricted Current Ratio of 1.19:1 achieves a rating of **Amber** and is slightly lower from last year (1.31:1). Council's practice of forward funding S94 expenditure in advance of contributions from internal reserves continues to constrain this indicator. Excluding these borrowings from the calculations would result in a UCR of 1.48:1 for 2012-13.

3. Operating Result

Trend analysis of **Operating Results** enables Council to determine if the current level of services can be sustained in the future. Successive negative results suggest a review of Council's strategic directions may be required.

	2013	2012	2011	2010	2009
Result from Ordinary Operations before Capital Grants and Contributions	841	(7,564)	(18,020)	(10,340)	(1,190)

Comment: This year's result was a significant improvement over the previous year due to a decrease in depreciation expense, and higher Grants and Contributions received in 2012-13.

4. Asset Condition Management

Scale: Asset Renewal => 1 = **Green**, less than 1 = **Red**
Asset Maintenance => 1 = **Green**, less than 1 = **Red**

	2013	2012	2011	2010	2009
Asset Renewal	3.55	1.38	0.85	1.22	1.92
Maintenance / Maintenance Required	1.17	1.06	1.06	0.95	1.01
Asset Life Position	16.78%	16.60%	16.97%	24.22%	19.97%

Asset Renewal is a ratio of funds spent renewing assets to annual depreciation of assets. This ratio allows an insight into the condition and cost to maintain public infrastructure assets.

Asset Maintenance is a comparison of the amount of funds spent on maintenance compared to the amount of funds required to maintain.

Asset Life Position shows the average life years of assets used to date as a percentage and is calculated by comparing Accumulated Depreciation and Total Depreciable Asset Value.

Comment: Asset Renewal has scored a rating of **Green**. Asset Maintenance scores a **Green** rating. Both indicators are measuring the amount of funds spent compared to the amount required to be spent to ensure that Councils existing assets remain at an acceptable standard. Local Government in NSW faces a large backlog of work to bring roads, drainage, and building assets to a satisfactory standard. Council's commitment to addressing our infrastructure backlog has seen increased funding for asset maintenance and renewal, and development of renewal programs for all key asset classes in recent years. The review of the LTFP and Resource Strategy during 2011-12 highlighted that while progress is being made in a number of asset classes,

Appendix 3

Local Government Managers Australia (LGMA) Sustainable Finances Health Check (continued)

Council did not have the capacity to fully fund all identified asset renewal programs and addressing our infrastructure backlog was one of the key drivers for the current Special Rate Variation. As a result Council now has a program in place to address the identified infrastructure backlog for all key asset classes. Special Schedule 7 provides further information about the condition of these assets.

5. Debt and Debtor Management

Scale: Debt Service Ratio <15% = **Green**, 15-20% = **Amber**, >20% = **Red**
 Outstanding Rates <4% = **Green**, 4-5% = **Amber**, > 5% = **Red**
 Other Debtors <10% = **Green**, 10-15% = **Amber**, >15% = **Red**

	2013	2012	2011	2010	2009
Debt Service Ratio	7.80%	7.40%	7.65%	7.82%	7.45%
Outstanding Rates, Charges & Fees	4.80%	5.70%	5.57%	5.94%	4.99%
Other Debtors Outstanding	19.90%	18.59%	23.63%	3.72%	18.88%

The **Debt Service Ratio** shows what proportion of revenue is required as a commitment to fund Council's long term capacity to repay loans.

Both the **Outstanding Rates, Charges and Fees** and **Other Debtors Outstanding** indicators reflect Councils ability to collect debts that are legally owed to it. Given the unique nature of each Local Government area it is difficult to benchmark and thus rate these indicators across Councils leaving them to be best used in trend analysis.

Comment: The debt service ratio has increased slightly over the prior year due to a higher level of borrowings and scores a **Green** rating. The Outstanding Rates, Charges and Fees has declined compared to 2011-12, and scores an **Amber** rating. Other Debtors Outstanding has increased slightly over 2011-12 and scores a **Red** rating.

6. Revotes of Expenditure

What % are your total revotes of expenditure compared to total annual expenditure?

Scale: <2% = **Green**, 2-5% = **Amber**, >5% = **Red**

	2013	2012	2011	2010	2009
Total Revotes of Expenditure compared to Total Annual Expenditure	4.20%	6.12%	4.09%	7.70%	15.39%

Comment: Revotes of Expenditure score a rating of **Amber** this year, and is a decrease over 2011-12. Significant revotes include amounts for the NSW Bike Plan River Cities Program and RFS grant-funded equipment.

Appendix 3

Local Government Managers Australia (LGMA) Sustainable Finances Health Check (continued)

7. Accuracy / Timeliness of Financial Data / Budget / Compliance

	Yes / No
Financial bottom line (before Capital) matched to forecasts to a level of + or - 10%?	No
Receipt of an unqualified audit report?	Yes
Statements lodged to meet compliance deadline?	Yes
Timeliness of results and reporting to management and statutory authorities?	
• Do you report monthly to management – within 5 days of month end? (online reporting is available at all times)	Yes
• Do you report quarterly statutory – within 21 days of quarter end? (reporting is within statutory timeframes)	No
• Do you report annual statutory – within 21 days of year end? (reporting is within statutory timeframes)	No
Budgets incorporate a 3-year plan where the 2nd year becomes the base for the following year (a high level third-year budget is incorporated)?	Yes
Rigour of budget review and then ongoing monthly / quarterly budget to actual results analysis?	Yes
Does the Responsible Accounting Officer formally report to Council on the sign-off of the Financial Statements (section 413)?	Yes