

Hunter's Hill Council



FINANCIAL STATEMENTS

2012/2013

for the year ended 30 June 2013



A sense of history, A sense of community, A place to belong, A sustainable future

Hunters Hill Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2013

“A sense of history, A sense of community,
A place to belong, A sustainable future”



Hunters Hill Council

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

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Hunters Hill Council.
- (ii) Hunters Hill Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

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

- the ability to provide goods, services & facilities, and to carry out activities appropriate to the current & future needs of the local community and of the wider public,
- the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the area.

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 22 October 2012. Council has the power to amend and reissue these financial statements.
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Hunters Hill 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.

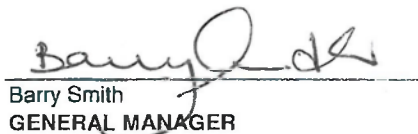
Signed in accordance with a resolution of Council made on 14 October 2013.



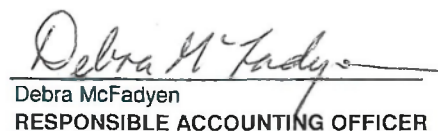
Richard Quinn
MAYOR



COUNCILLOR



Barry Smith
GENERAL MANAGER



Debra McFadyen
RESPONSIBLE ACCOUNTING OFFICER

Hunters Hill Council

Income Statement

for the financial year ended 30 June 2013

Budget ⁽¹⁾ 2013	\$ '000	Notes	Actual 2013	Actual 2012
Income from Continuing Operations				
<i>Revenue:</i>				
9,496	Rates & Annual Charges	3a	9,545	8,919
713	User Charges & Fees	3b	819	1,194
465	Interest & Investment Revenue	3c	445	522
1,034	Other Revenues	3d	992	950
805	Grants & Contributions provided for Operating Purposes	3e,f	807	1,002
431	Grants & Contributions provided for Capital Purposes	3e,f	823	542
<i>Other Income:</i>				
43	Net gains from the disposal of assets	5	5	42
	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
12,987	Total Income from Continuing Operations		13,436	13,171
Expenses from Continuing Operations				
5,337	Employee Benefits & On-Costs	4a	4,919	4,835
34	Borrowing Costs	4b	35	57
3,668	Materials & Contracts	4c	4,469	4,604
2,865	Depreciation & Amortisation	4d	2,196	2,921
	Impairment	4d	-	-
2,365	Other Expenses	4e	2,121	1,875
	Interest & Investment Losses	3c	-	-
	Net Losses from the Disposal of Assets	5	-	-
	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
14,269	Total Expenses from Continuing Operations		13,740	14,292
(1,282)	Operating Result from Continuing Operations		(304)	(1,121)
Discontinued Operations				
	Net Profit/(Loss) from Discontinued Operations	24	-	-
(1,282)	Net Operating Result for the Year		(304)	(1,121)
(1,282)	Net Operating Result attributable to Council		(304)	(1,121)
	Net Operating Result attributable to Non-controlling Interests		-	-
(1,713)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(1,127)	(1,663)

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

Hunters Hill Council

Statement of Comprehensive Income

for the financial year ended 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
Net Operating Result for the year (as per Income statement)		(304)	(1,121)
Other Comprehensive Income:			
<i>Amounts which will not be reclassified subsequently to the Operating Result</i>			
Gain (loss) on revaluation of I,PP&E	20b (ii)	6,330	-
Adjustment to correct prior period errors			-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-
Other Movements in reserves (enter details here)	20b (ii)		-
Other Movements (enter details here)			-
Total Items which will not be reclassified subsequently to the Operating Result		6,330	-
<i>Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met</i>			
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Other Movements in reserves (enter details here)	20b (ii)	-	-
Other Movements (enter details here)			-
Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met		-	-
Total Other Comprehensive Income for the year		6,330	-
Total Comprehensive Income for the Year		6,026	(1,121)
Total Comprehensive Income attributable to Council		6,026	(1,121)
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Hunters Hill Council

Statement of Financial Position as at 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	10,162	9,242
Receivables	7	756	1,161
Inventories	8	12	51
Other	8	93	154
Total Current Assets		11,023	10,608
Non-Current Assets			
Receivables	7	29	27
Infrastructure, Property, Plant & Equipment	9	483,223	477,658
Other	8	407	340
Total Non-Current Assets		483,659	478,025
TOTAL ASSETS		494,682	488,633
LIABILITIES			
Current Liabilities			
Payables	10	3,720	3,369
Borrowings	10	53	399
Provisions	10	1,603	1,539
Total Current Liabilities		5,376	5,307
Non-Current Liabilities			
Borrowings	10	217	270
Provisions	10	39	32
Total Non-Current Liabilities		256	302
TOTAL LIABILITIES		5,632	5,609
Net Assets		489,050	483,024
EQUITY			
Retained Earnings	20	269,279	269,583
Revaluation Reserves	20	219,771	213,441
Council Equity Interest		489,050	483,024
Non-controlling Interests		-	-
Total Equity		489,050	483,024

Hunters Hill Council

Statement of Changes in Equity for the financial year ended 30 June 2013

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2013						
Opening Balance (as per Last Year's Audited Accounts)		268,781	213,441	482,222	-	482,222
a. Correction of Prior Period Errors	20 (c)	802	-	802	-	802
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/12)		269,583	213,441	483,024	-	483,024
c. Net Operating Result for the Year		(304)	-	(304)	-	(304)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	6,330	6,330	-	6,330
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements (enter details here)	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	6,330	6,330	-	6,330
Total Comprehensive Income (c&d)		(304)	6,330	6,026	-	6,026
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		269,279	219,771	489,050	-	489,050

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2012						
Opening Balance (as per Last Year's Audited Accounts)		269,902	213,441	483,343	-	483,343
a. Correction of Prior Period Errors	20 (c)	802	-	802	-	802
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/11)		270,704	213,441	484,145	-	484,145
c. Net Operating Result for the Year		(1,121)	-	(1,121)	-	(1,121)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	-	-	-	-
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements (enter details here)	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	-	-	-	-
Total Comprehensive Income (c&d)		(1,121)	-	(1,121)	-	(1,121)
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		269,583	213,441	483,024	-	483,024

Hunters Hill Council

Statement of Cash Flows

for the financial year ended 30 June 2013

Budget 2013	\$ '000	Notes	Actual 2013	Actual 2012
Cash Flows from Operating Activities				
Receipts:				
9,496	Rates & Annual Charges		9,494	8,942
713	User Charges & Fees		1,477	1,341
465	Investment & Interest Revenue Received		447	522
1,236	Grants & Contributions		1,924	1,212
	Bonds, Deposits & Retention amounts received		300	314
1,077	Other		1,678	1,425
Payments:				
(5,280)	Employee Benefits & On-Costs		(4,863)	(4,600)
(3,646)	Materials & Contracts		(4,276)	(4,626)
(34)	Borrowing Costs		(36)	(59)
	Bonds, Deposits & Retention amounts refunded		(259)	(340)
(2,365)	Other		(3,134)	(2,079)
1,662	Net Cash provided (or used in) Operating Activities	11b	2,752	2,052
Cash Flows from Investing Activities				
Receipts:				
163	Sale of Infrastructure, Property, Plant & Equipment		93	135
Payments:				
(1,664)	Purchase of Infrastructure, Property, Plant & Equipment		(1,526)	(1,768)
(1,501)	Net Cash provided (or used in) Investing Activities		(1,433)	(1,633)
Cash Flows from Financing Activities				
Receipts:				
Nil				
Payments:				
(399)	Repayment of Borrowings & Advances		(399)	(378)
(399)	Net Cash Flow provided (used in) Financing Activities		(399)	(378)
(238)	Net Increase/(Decrease) in Cash & Cash Equivalents		920	41
	plus: Cash & Cash Equivalents - beginning of year	11a	9,242	9,201
(238)	Cash & Cash Equivalents - end of the year	11a	10,162	9,242
Additional Information:				
	plus: Investments on hand - end of year	6b	-	-
Total Cash, Cash Equivalents & Investments			10,162	9,242

Please refer to Note 11 for information on the following:

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

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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Hunters Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the Local Government Act (1993) and Regulation, and the Local Government Code of Accounting Practice and Financial Reporting.

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 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

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 at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical Accounting Estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

Critical judgements in applying the entity's accounting policies

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

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Council's activities as described below. Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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.

Revenue is recognised when the Council either obtains control of the contribution or the right to receive it, it is probable that the economic benefits comprising the contribution will flow to the 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 as at balance date.

User Charges, Fees and Other Income

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

(c) Principles of Consolidation

(i) The Consolidated Fund

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

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

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

- General Purpose Operations

(ii) The Trust Fund

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

Trust monies and property subject to Council's control have been included in these statements. A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

(iii) Joint Ventures

Jointly Controlled Entities

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

Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in retained earnings & reserves is recognised in the balance sheet. Details relating to the partnership are set out in Note 19.

(d) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Hunters Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

(e) Cash and Cash Equivalents

For statement of cash flows presentation purposes, 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.

(f) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment. Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

Collectibles of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

(g) Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

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

Council's assets are being progressively revalued to fair value in accordance with a staged implementation advised by the department of Local Government. Valuations are carried out by a qualified valuer. At balance date the following classes of IPPE were stated at their fair value. At

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

- Investment Properties – refer Note 1(p),
- Operational land (External Valuation).
- Buildings – Specialised/Non Specialised (External Valuation).
- Plant and equipment (as approximated by depreciated historical cost)
- Road assets – roads, bridges and footpaths (External Valuation)
- Drainage assets – (Internal Valuation)
- Community land – (External Valuation)
- Land Improvements (as approximately 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 and loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; 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.

Depreciation

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 useful lives, as follows:

Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles & Road making equipment	5 to 8 years

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

Other Plant & Equipment	5 to 15 years
Buildings – masonry	50 to 100 years
Buildings – other	20 to 40 years
Playground Equipment	5 to 15 years
Benches, tables, seats etc	10 to 20 years
Drains	80 to 100 years
Sealed Roads - Surface	20 years
- Structure	30 to 100 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Land, other than land under roads, is classified as either operational or community in accordance with Part 2 of Chapter 6 of the Local Government Act (1993). This classification is made in Note 9(a).

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

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

(j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's

carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Payables

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

(l) Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with serving the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

(m) Borrowing costs

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

(n) Employee benefits

(i) Short Term Obligations

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

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

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

Liabilities for non-vesting sick leave are recognised at the time when the leave is taken and measured at

Hunters Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

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

(ii) Other Long Term Obligations

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

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

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

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

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair

value of the superannuation fund's assets at that date and any unrecognised past service cost.

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

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans (see below).

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 purposes of AASB119. Sufficient information under AASB119 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 benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2013 was \$181,273. The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20th February 2013 and covers the period ended 30 June 2013. However the position is monitored annually and the Actuary has estimated that as at 30th 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 included in the total employer contribution advised above is \$60,708. The additional contributions remitted during the year is included in the total employer contributions set out in the beginning of this paragraph.

The share of this deficit that can be broadly attributed to your organisation was estimated to be in the order of \$282,253 as at 30 June 2013.

(o) Rounding of amounts

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

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

(p) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

(ab) New accounting standards and UIG interpretations

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

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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.

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.

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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.

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.

There are no other standards that are not yet effective and that are expected to have a material

Hunters Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(ac) Rounding of amounts

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

(s) Insurance Pools

Council is a member of Metropool, a mutual pool scheme providing liability insurance to Local Government. Membership includes the potential to share in either the net assets or liabilities of the fund dependant on its past performance. Council's share of the Net Assets or Liabilities reflects our contributions to the pool and insurance claims within each of the funds years.

Council's accounting policy regarding the measurement and disclosure of the potential liability or benefit is to book Council's share of the net asset or liability value, as advised by Metropool taking into account their audited figures for the year ended 30 June 2013.

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 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	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2013	2013	2012	2013	2013	2012	2013	2013	2012	2013	2012	2013	2012
Governance	-	-	-	348	1,480	1,231	(348)	(1,480)	(1,231)	-	-	-	-
Administration	136	155	211	4,384	2,932	3,055	(4,248)	(2,777)	(2,844)	-	-	22,874	20,195
Public Order & Safety	5	23	7	692	646	677	(687)	(623)	(670)	-	-	-	3
Health	45	58	39	144	112	111	(99)	(54)	(72)	-	-	352	170
Environment	2,097	2,290	2,094	2,207	2,446	2,490	(110)	(156)	(396)	30	66	-	-
Community Services & Education	191	222	180	656	602	591	(465)	(380)	(411)	138	131	12,683	12,213
Housing & Community Amenities	504	502	558	1,204	1,236	1,286	(700)	(734)	(728)	80	33	5,982	5,636
Recreation & Culture	641	1,330	1,339	2,172	2,462	2,128	(1,531)	(1,132)	(789)	103	152	354,939	353,400
Mining, Manufacturing & Construction	43	24	53	-	66	50	43	(42)	3	-	-	78	194
Transport & Communication	764	1,424	1,469	2,459	1,757	2,672	(1,695)	(333)	(1,203)	368	259	97,774	96,822
Economic Affairs	1	3	1	3	1	1	(2)	2	-	-	-	-	-
Total Functions & Activities	4,427	6,031	5,951	14,269	13,740	14,292	(9,842)	(7,709)	(8,341)	719	641	494,682	488,633
General Purpose Income ¹	8,560	7,405	7,220			-	8,560	7,405	7,220	465	584		-
Operating Result from Continuing Operations	12,987	13,436	13,171	14,269	13,740	14,292	(1,282)	(304)	(1,121)	1,184	1,225	494,682	488,633

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

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

GOVERNANCE

Costs relating to the Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance.

ADMINISTRATION

Corporate Support and Other Support Services (not otherwise attributed to the listed functions / activities).

PUBLIC ORDER & SAFETY

Fire protection, animal control, beach control, enforcement of local government regulations, emergency services, other.

HEALTH

Inspection, immunisations, food control, health centres, other, administration.

ENVIRONMENT

Noxious plants and insect/vermin control, other environmental protection, solid waste management, street cleaning, drainage, stormwater management.

COMMUNITY SERVICES & EDUCATION

Administration, family day care, child care, youth services, other family and children, aged and disabled, migrant services, Aboriginal services, other community services, education.

HOUSING & COMMUNITY AMENITIES

Housing, town planning, street lighting, other sanitation and garbage, public cemeteries, public conveniences, other community amenities.

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport and recreation.

FUEL & ENERGY - Gas Supplies

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RTA works, other.

ECONOMIC AFFAIRS

Camping areas, caravan parks, tourism and area promotion, industrial development promotion, saleyards and markets, real estate development, commercial nurseries, other business undertakings.

Hunters Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		6,342	6,005
Business		212	205
Total Ordinary Rates		6,554	6,210
Special Rates			
Environmental		166	158
Community Facilities		295	279
Infrastructure		328	-
Other		237	525
Total Special Rates		1,026	962
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		1,913	1,696
Section 611 Charges		52	51
Total Annual Charges		1,965	1,747
TOTAL RATES & ANNUAL CHARGES		9,545	8,919

Council has used 2005 year valuations provided by the NSW Valuer General in calculating its rates.

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 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		4	8
Waste Management Services (non-domestic)		109	96
Total User Charges		113	104
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Inspection Services		19	22
Planning & Building Regulation		307	254
Section 149 Certificates (EPA Act)		54	48
Section 603 Certificates		18	16
Total Fees & Charges - Statutory/Regulatory		398	340
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Lease Rentals		16	11
Leaseback Fees - Council Vehicles		27	21
Restoration Charges		265	718
Total Fees & Charges - Other		308	750
TOTAL USER CHARGES & FEES		819	1,194

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 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 (incl. Special Purpose Rates)		27	26
- Interest earned on Investments (interest & coupon payment income)		418	496
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>445</u>	<u>522</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		27	26
General Council Cash & Investments		359	426
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		59	70
Restricted Investments/Funds - Internal:			
Internally Restricted Assets			-
<u>Total Interest & Investment Revenue Recognised</u>		<u>445</u>	<u>522</u>
(d) Other Revenues			
Rental Income - Other Council Properties		488	460
Fines		228	206
Commissions & Agency Fees		12	11
Sundry Rents & Charges		178	191
Waste Rebate		86	82
<u>TOTAL OTHER REVENUE</u>		<u>992</u>	<u>950</u>

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 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 - General Component	289	371	-	-
Financial Assistance - Local Roads Component	137	175	-	-
Pensioners' Rates Subsidies - General Component	39	38	-	-
Total General Purpose	465	584	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Domestic Waste Management	16	16	-	-
Community Care	73	84	25	-
Environmental Protection	16	1	-	-
Library	48	47	-	-
Recreation & Culture	-	9	40	40
Street Lighting	34	33	-	-
Traffic Route Subsidy	5	5	-	-
Transport (Other Roads & Bridges Funding)	-	-	402	254
Stormwater Drainage	14	49	-	-
Other	46	103	-	-
Total Specific Purpose	252	347	467	294
Total Grants	717	931	467	294
Grant Revenue is attributable to:				
- Commonwealth Funding	426	546	-	-
- State Funding	291	385	467	294
- Other Funding	-	-	-	-
	717	931	467	294

Hunters Hill Council

Notes to the Financial Statements for the financial year ended 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	-	-	317	185
Total Developer Contributions	-	-	317	185
	17			
Other Contributions:				
Kerb & Gutter	7	7	-	-
RMS Contributions (Regional Roads, Block Grant)	66	64		27
Other	17	-	39	36
Total Other Contributions	90	71	39	63
Total Contributions	90	71	356	248
TOTAL GRANTS & CONTRIBUTIONS	807	1,002	823	542

Hunters Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2013	Actual 2012
(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	1,253	1,330
add: Grants & contributions recognised in the current period but not yet spent:	472	516
less: Grants & contributions recognised in a previous reporting period now spent:	(492)	(593)
Net Increase (Decrease) in Restricted Assets during the Period	(20)	(77)
Unexpended and held as Restricted Assets	<u>1,233</u>	<u>1,253</u>
Comprising:		
- Specific Purpose Unexpended Grants	74	67
- Developer Contributions	1,159	1,186
	<u>1,233</u>	<u>1,253</u>

Hunters Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
(a) Employee Benefits & On-Costs			
Salaries and Wages		3,640	3,504
Travelling		93	96
Employee Leave Entitlements (ELE)		455	561
Superannuation		482	464
Workers' Compensation Insurance		149	96
Fringe Benefit Tax (FBT)		55	67
Training Costs (other than Salaries & Wages)		51	48
Total Employee Costs		4,925	4,836
less: Capitalised Costs		(6)	(1)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>4,919</u>	<u>4,835</u>
Number of "Equivalent Full Time" Employees at year end		58	59
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		35	57
Total Interest Bearing Liability Costs		35	57
Total Interest Bearing Liability Costs Expensed		35	57
(ii) Other Borrowing Costs			
Nil			
Total Other Borrowing Costs		-	-
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>35</u>	<u>57</u>

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(c) Materials & Contracts			
Raw Materials & Consumables		667	806
Contractor & Consultancy Costs		3,404	3,364
Auditors Remuneration ⁽¹⁾		79	69
Legal Expenses:			
- Legal Expenses: Planning & Development		267	334
- Legal Expenses: Other		34	14
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽²⁾		18	17
Total Materials & Contracts		4,469	4,604
less: Capitalised Costs		-	-
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>4,469</u>	<u>4,604</u>
1. Auditor Remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
(i) Audit and Other Assurance Services			
- Audit & review of financial statements: Council's Auditor		27	26
- Audit & review of financial statements: Internal Auditors		52	43
Remuneration for audit and other assurance services		79	69
Total Auditor Remuneration		79	69
2. Operating Lease Payments are attributable to:			
Other		18	17
		18	17

Hunters Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2013	Actual 2012	Actual 2013	Actual 2012
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	224	221
Office Equipment		-	-	123	92
Furniture & Fittings		-	-	7	6
Land Improvements (depreciable)		-	-	86	71
Buildings - Non Specialised		-	-	329	329
Buildings - Specialised		-	-	372	366
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	909	1,693
- Stormwater Drainage		-	-	146	143
Total Depreciation & Impairment Costs		-	-	2,196	2,921
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	2,196	2,921

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 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:			
Advertising		40	59
Bad & Doubtful Debts		6	3
Bank Charges		35	32
Carbon Tax Expense		3	-
Contributions/Levies to Other Levels of Government		-	-
- Department of Planning Levy		52	50
- NSW Fire Brigade Levy		402	404
- Regional Library		559	540
- Other Contributions/Levies		36	35
Councillor Expenses - Mayoral Fee		26	27
Councillor Expenses - Councillors' Fees		119	118
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		47	21
Donations, Contributions & Assistance to other organisations (Section 356)		11	11
Election Expenses		72	-
Electricity & Heating		161	110
Insurance		92	78
Printing & Stationery		77	82
Street Lighting		275	210
Subscriptions & Publications		75	51
Telephone & Communications		33	44
Total Other Expenses		2,121	1,875
less: Capitalised Costs		-	-
<u>TOTAL OTHER EXPENSES</u>		<u>2,121</u>	<u>1,875</u>

Hunters Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2013	Actual 2012
Property (excl. Investment Property)			
Proceeds from Disposal - Property		-	-
less: Carrying Amount of Property Assets Sold / Written Off		-	-
Net Gain/(Loss) on Disposal		-	-
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		93	135
less: Carrying Amount of P&E Assets Sold / Written Off		(88)	(93)
Net Gain/(Loss) on Disposal		5	42
Infrastructure			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		-	-
Net Gain/(Loss) on Disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		5	42

Hunters Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 6a. - Cash Assets and Note 6b. - Investments

\$ '000	Notes	2013	2013	2012	2012
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		813	-	655	-
Cash-Equivalent Assets ¹					
- Deposits at Call		251	-	243	-
- Short Term Deposits		9,098	-	8,344	-
Total Cash & Cash Equivalents		10,162	-	9,242	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS					
		10,162	-	9,242	-

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

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
Total Cash, Cash Equivalents and Investments	10,162	-	9,242	-
attributable to:				
External Restrictions (refer below)	3,138	-	3,117	-
Internal Restrictions (refer below)	4,221	-	4,219	-
Unrestricted	2,803	-	1,906	-
	10,162	-	9,242	-

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	112		(3)	109
External Restrictions - Included in Liabilities	112	-	(3)	109

External Restrictions - Other

Developer Contributions - General (D)	1,186	376	(403)	1,159
Specific Purpose Unexpended Grants (F)	67	7	-	74
Domestic Waste Management (G)	407		(24)	383
Other Special Levies (G)	1,345	395	(327)	1,413
External Restrictions - Other	3,005	778	(754)	3,029
Total External Restrictions	3,117	778	(757)	3,138

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	184	131	(22)	293
Employees Leave Entitlement	566	429	(386)	609
Deposits, Retentions & Bonds	2,369	41	-	2,410
Construction of Buildings	194	30	(5)	219
Office Equipment	287	100	(95)	292
Road Reconstruction	49	117	(18)	148
Recreation Facilities	17		(17)	-
Traffic Management	50	12	(50)	12
Environmental Projects	224		(224)	-
Elections	86	22	(72)	36
Public Places & Urban Design	35			35
Insurance Reserve	97			97
Other	61	43	(34)	70
Total Internal Restrictions	4,219	925	(923)	4,221
TOTAL RESTRICTIONS	7,336	1,703	(1,680)	7,359

- A** Loan moneys which must be applied for the purposes for which the loans were raised.
- B** Advances by Roads and Maritime Services for works on the State's classified roads.
- C** Self Insurance liability resulting from reported claims or incurred claims not yet reported.
- D** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- E** RMA Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- F** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- G** Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 7. Receivables

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Purpose					
Nil					
Rates & Annual Charges		231	18	181	17
Interest & Extra Charges		23	11	16	10
User Charges & Fees		156	-	391	-
Private Works		-	-	-	-
Contributions to Works		-	-	-	-
Capital Debtors (being sale of assets)					
- Sale of Land		-	-	-	-
- Other Asset Sales		-	-	-	-
Accrued Revenues					
- Interest on Investments		41	-	51	-
- Interest on Impaired Investments		-	-	-	-
- Other Income Accruals		10	-	-	-
Government Grants & Subsidies		127	-	399	-
Net GST Receivable		173	-	126	-
Total		761	29	1,164	27
less: Provision for Impairment					
User Charges & Fees		(5)	-	(3)	-
Total Provision for Impairment - Receivables		(5)	-	(3)	-
TOTAL NET RECEIVABLES		756	29	1,161	27
Externally Restricted Receivables					
Domestic Waste Management		50	-	38	-
Total External Restrictions		50	-	38	-
Internally Restricted Receivables					
Nil					
Internally Restricted Receivables		-	-	-	-
Unrestricted Receivables		706	29	1,123	27
TOTAL NET RECEIVABLES		756	29	1,161	27

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 10.00% (2012 11.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Hunters Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 8. Inventories & Other Assets

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		12	-	51	-
Total Inventories		12	-	51	-
Other Assets					
Prepayments		93	-	89	-
Insurance Pool Surplus Metropool		-	407	-	340
Other		-	-	65	-
Total Other Assets		93	407	154	340
TOTAL INVENTORIES / OTHER ASSETS		105	407	205	340
Externally Restricted Assets					
Domestic Waste Management					
Nil					
Other					
Total Externally Restricted Assets		-	-	-	-
Total Unrestricted Assets		105	407	205	340
TOTAL INVENTORIES & OTHER ASSETS		105	407	205	340

Notes to the Financial Statements
for the financial year ended 30 June 2013

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2012					Asset Movements during the Reporting Period						as at 30/6/2013				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Adjustments & Transfers	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment										Dep'n	Impairment	
Capital Work in Progress	765	-	-	-	765	251			(681)			335	-	-	-	335
Plant & Equipment	-	1,344	555	-	789	173	(88)	(224)				-	1,373	723	-	650
Office Equipment	-	1,198	1,062	-	136	136		(123)				-	1,333	1,184	-	149
Furniture & Fittings	-	143	87	-	56	16		(7)				-	159	94	-	65
Land:																
- Operational Land	-	22,226	-	-	22,226						1,208	-	23,434	-	-	23,434
- Community Land	-	399,081	-	-	399,081							-	399,081	-	-	399,081
- Land under Roads (pre 1/7/08)	-	-	-	-	-							-	-	-	-	-
- Land under Roads (post 30/6/08)	-	-	-	-	-							-	-	-	-	-
Land Improvements - non depreciable	-	-	-	-	-							-	-	-	-	-
Land Improvements - depreciable	-	1,744	761	-	983	21		(86)				-	1,765	847	-	918
Buildings - Non Specialised	-	9,974	4,984	-	4,990			(329)		2,331		-	12,918	5,926	-	6,992
Buildings - Specialised	-	13,020	8,013	-	5,007	498		(372)	399	2,791		-	22,213	13,890	-	8,323
Other Structures	-	-	-	-	-			-				-	-	-	-	-
Infrastructure:																
- Roads, Bridges, Footpaths	-	57,045	16,934	-	40,111	423		(909)				-	57,468	17,843	-	39,625
- Bulk Earthworks (non-depreciable)	-	-	-	-	-							-	-	-	-	-
- Stormwater Drainage	-	7,293	3,779	-	3,514	1		(146)	282			-	7,574	3,923	-	3,651
- Other	-	-	-	-	-			-				-	-	-	-	-
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	765	513,068	36,175	-	477,658	1,519	(88)	(2,196)	-	-	6,330	335	527,318	44,430	-	483,223

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$614) and New Assets (\$308).
Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

Council has no Externally Restricted Infrastructure, Property, Plant & Equipment.

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2013		2012		
		Current	Non Current	Current	Non Current	
Payables						
		479	-	280	-	
		12	-	19	-	
		677	-	287	-	
		Accrued Expenses:				
		5	-	6	-	
		137	-	408	-	
		2,410	-	2,369	-	
		3,720	-	3,369	-	
Borrowings						
		53	217	399	270	
		53	217	399	270	
Provisions						
Employee Benefits;						
		523	-	492	-	
		25	-	25	-	
		989	39	966	32	
		66	-	56	-	
		1,603	39	1,539	32	
		1,603	39	1,539	32	
		5,376	256	5,307	302	

(i) Liabilities relating to Restricted Assets

	2013		2012	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
	115	-	111	-
	115	-	111	-

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.

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Actual 2013	Actual 2012
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(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	818	845
Payables - Security Bonds, Deposits & Retentions	2,106	1,988
	<u>2,924</u>	<u>2,833</u>

Note 10b. Description of and movements in Provisions

Nil

Class of Provision	2012		2013			Closing Balance as at 30/6/13
	Opening Balance as at 1/7/12	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	492	355	(324)			523
Sick Leave	25	-				25
Long Service Leave	998	92	(62)			1,028
Other Leave	56	10				66
TOTAL	1,571	457	(386)	-	-	1,642

- 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.

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2013	Actual 2012
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	10,162	9,242
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		10,162	9,242
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		(304)	(1,121)
Adjust for non cash items:			
Depreciation & Amortisation		2,196	2,921
Net Losses/(Gains) on Disposal of Assets		(5)	(42)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		401	(177)
Increase/(Decrease) in Provision for Doubtful Debts		2	2
Decrease/(Increase) in Inventories		39	18
Decrease/(Increase) in Other Assets		(6)	(7)
Increase/(Decrease) in Payables		199	(40)
Increase/(Decrease) in accrued Interest Payable		(1)	(2)
Increase/(Decrease) in other accrued Expenses Payable		(271)	287
Increase/(Decrease) in Other Liabilities		431	(22)
Increase/(Decrease) in Employee Leave Entitlements		71	235
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		2,752	2,052

Hunters Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
(c) Non-Cash Investing & Financing Activities			
Nil			
Total Non-Cash Investing & Financing Activities		-	-
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾			-
Credit Cards / Purchase Cards		10	10
Total Financing Arrangements		10	10
Amounts utilised as at Balance Date:			
- Credit Cards / Purchase Cards		1	1
Total Financing Arrangements Utilised		1	1

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

(ii) Secured Loan Liabilities

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

(e) Net Cash Flows Attributable to Discontinued Operations

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

Hunters Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2013	Actual 2012
(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		-	319
Road - Car Park		245	-
Total Commitments		245	319
These expenditures are payable as follows:			
Within the next year		245	319
Later than one year and not later than 5 years			-
Later than 5 years			-
Total Payable		245	319
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		245	319
Future Grants & Contributions			-
Sect 64 & 94 Funds/Reserves			-
Unexpended Grants			-
Total Sources of Funding		245	319

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(b) Finance Lease Commitments			
Nil			
(c) 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		17	17
Later than one year and not later than 5 years		23	40
Later than 5 years		-	-
Total Non Cancellable Operating Lease Commitments		40	57

b. Non Cancellable Operating Leases include the following assets:

Council has entered into non-cancellable operating leases for office photocopier equipment

Contingent rental payments have been determined & have been publicly notified in Council's Annual Management Plan. The term of the lease is five years. No lease imposes any additional restrictions on Council in relation to additional debt of further leasing.

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2013	Actual 2012
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(d) Investment Property Commitments

Nil

(e) Investment in Associates / Joint Ventures - Commitments

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

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Amounts 2013	Indicator 2013	Prior Periods 2012 2011	
Local Government Industry Indicators - Consolidated				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	<u>7,835</u>	3.35 : 1	3.15:1	3.49:1
Current Liabilities less Specific Purpose Liabilities ^(2,3)	<u>2,337</u>			
2. Debt Service Ratio				
Debt Service Cost	<u>434</u>	3.54%	3.56%	3.93%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)	<u>12,271</u>			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	<u>9,545</u>	71.04%	67.72%	72.21%
Income from Continuing Operations	<u>13,436</u>			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	<u>283</u>	2.89%	2.44%	2.80%
Rates, Annual & Extra Charges Collectible	<u>9,796</u>			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾	<u>614</u>	34.97%	19.64%	18.03%
Depreciation, Amortisation & Impairment	<u>1,756</u>			

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

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

⁽²⁾ Refer to Note 10(a).

⁽³⁾ Refer to Note 10(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.

Hunters Hill Council

Notes to the Financial Statements
for the financial year ended 30 June 2013

Note 14. Investment Properties

\$ '000	Notes	Actual 2013	Actual 2012
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Council has not classified any Land or Buildings as "Investment Properties"

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 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 the Council.

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

	Carrying Value		Fair Value	
	2013	2012	2013	2012
Financial Assets				
Cash and Cash Equivalents	10,162	9,242	10,162	9,242
Investments				
- "Held for Trading"	-	-	-	-
- "Designated At Fair Value on Initial Recognition"	-	-	-	-
- "Held to Maturity"	-	-	-	-
- "Loans & Receivables"	-	-	-	-
- "Available for Sale"	-	-	-	-
Receivables	785	1,188	785	1,188
Total Financial Assets	10,947	10,430	10,947	10,430
Financial Liabilities				
Payables	3,043	3,082	3,043	3,082
Loans / Advances	270	669	270	669
Lease Liabilities	-	-	-	-
Total Financial Liabilities	3,313	3,751	3,313	3,751

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.

Hunters Hill Council

Notes to the Financial Statements

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

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

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

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

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

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

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

2013	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
Possible impact of a 10% movement in Market Values				
Possible impact of a 1% movement in Interest Rates	102	102	(102)	(102)
2012				
Possible impact of a 10% movement in Market Values				
Possible impact of a 1% movement in Interest Rates	92	92	(92)	(92)

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 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	2013	2012	2012
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	249	541	198	993
	249	541	198	993

(ii) Movement in Provision for Impairment of Receivables

	2013	2012
Balance at the beginning of the year	3	1
+ new provisions recognised during the year	5	3
- amounts already provided for & written off this year	(3)	(1)
- amounts provided for but recovered during the year		
- previous impairment losses reversed		
Balance at the end of the year	5	3

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 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	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2013									
Bank Overdraft	-							-	-
Trade/Other Payables	2,410	633						3,043	3,043
Loans & Advances		270						270	270
Lease Liabilities								-	-
Total Financial Liabilities	2,410	903	-	-	-	-	-	3,313	3,313
2012									
Bank Overdraft	-	-	-	-	-	-	-	-	-
Trade/Other Payables	2,369	713	-	-	-	-	-	3,082	3,082
Loans & Advances	-	399	270	-	-	-	-	669	669
Lease Liabilities	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	2,369	1,112	270	-	-	-	-	3,751	3,751

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
Bank Overdraft	-		-	
Trade/Other Payables	3,043		3,082	
Loans & Advances - Fixed Interest Rate	270	6.2%	669	6.1%
Loans & Advances - Variable Interest Rate				
Lease Liabilities	-		-	
	3,313		3,751	

Hunters Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 12/13 was adopted by the Council on 12 June 2012.

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

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

Note that for Variations* of Budget to Actual :

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

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

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----		
REVENUES					
User Charges & Fees	713	819	106	15%	F
The components of this variance are increase in Lease Rental \$15F, Restoration works from Ausgrid Project \$65F and Development Application for \$26F					
Capital Grants & Contributions	431	823	392	91%	F
Previous Grant Project received for Margaret Street Boatramp Construction \$306F, Riverglade to River Bike \$56F, and new funding received for Margaret Street Boatramp Carpark \$39F					
Net Gains from Disposal of Assets	43	5	(38)	(88%)	U
Deferment of replacement of some motor vehicles \$38					

Hunters Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 16. Material Budget Variations (continued)

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----		
EXPENSES					
Materials & Contracts	3,668	4,469	(801)	(22%)	U
Contractors used to complete restoration \$65U and to carry out essential tasks due to staff shortages \$100U, this offset in part by a reduction in employee costs. Operational grant and contribution expenses carried over from the previous year \$84K. Other variations were legal expenses \$80U, Waste contractor and tipping costs\$64U, Closing off Store \$44U,					
Depreciation & Amortisation	2,865	2,196	669	23%	F
Review of Depreciation calculation and methodology for Road \$802U					
Other Expenses	2,365	2,121	244	10%	F
The Increase to NSW State Emergency Services was not as high as anticipated \$18F. An increases in Council interest in Metropool has resulted in a favourable outcome of \$81F. Other variation were subscription \$32F, Printing \$9F, Advertising \$17, Telephone \$15F and by install efficiency measurement has led in saving in water and Electricity \$39F					

Hunters Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 16. Material Budget Variations (continued)

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----
---------	----------------	----------------	-------------------------------

Budget Variations relating to Council's Cash Flow Statement include:

Cash Flows from Operating Activities	1,662	2,752	1,090	65.6%	F
---	--------------	--------------	--------------	-------	----------

This favourable variance were the previous year grant project received for Margaret Steet Boat Ramp Construction and Carpark \$346, Riverglade Rerverse Bikeway and other carry over grant projects \$103F. Other variance is due to restoration works from Telstra, Ausgrid, Network Alliance and AGL \$529

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 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	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
S94 Contributions - under a Plan	-	-	-	-	-	-	-	-	-	-	-
S94A Levies - under a Plan	1,186	317	-	59	(403)	-	1,159				-
Total S94 Revenue Under Plans	1,186	317	-	59	(403)	-	1,159				-
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	-						-				
S64 Contributions	-						-				
Total Contributions	1,186	317	-	59	(403)	-	1,159	-	-	-	-

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN NUMBER - 31 August 2012

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-						-				
Roads	-						-				
Traffic Facilities	-						-				
Parking	-						-				
Open Space	-						-				
Community Facilities	-						-				
Other	1,186	317		59	(403)		1,159				
Total	1,186	317	-	59	(403)	-	1,159				-

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions in future years.

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

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

(ii) MetroPool

The Council is a member of an insurance group named MetroPool which provides public liability and professional indemnity coverage for the local government areas of Auburn, The Hills, Botany Bay, Canada Bay, Holroyd, Hunters Hill, Lane Cove, Marrickville, Kiama Municipal Council and Rockdale.

Public Liability insurance is one that can take many years to mature so it is likely that the cooperative will continue to carry old claims for the past and present member councils for some time into the future.

Member Councils provide the contributions towards insurance coverage which is arranged on their behalf by MetroPool. MetroPool organises the administration of the funds and of claims against the insurance policies.

(iii) StateCover Limited

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

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

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

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

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

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

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

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

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

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

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

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

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

ASSETS NOT RECOGNISED:

(i) Land Under Roads

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

(ii) Infringement Notices/Fines

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

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

Hunters Hill Council

Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000

(c) Joint Venture Operations

(a) Council is involved in the following Joint Venture Operations (JVO)

Name of Operation	Principal Activity	Councils Interests in Outputs of JVO's	
		2013	2012
JV Cowell Street Development		63%	
(b) Council Assets employed in the Joint Venture Operations		2013	2012
Council's own assets employed in the Operations			
Current Assets:			
Receivables			-
Inventories			-
Other Assets		-	65
Non-Current Assets			
Property, Plant & Equipment		-	400
Total Assets - Council Owned		-	465
Council's share of assets jointly owned with other partners			
Current Assets			-
Current Liabilities			-
Property, Plant & Equipment			-
Other Non Current Assets			-
Non Current Liabilities			-
Total Net Assets Employed - Council & Jointly Owned		-	465
(c) Share of Joint Venture Operations Expenditure Commitments		2013	2012
Capital Commitments			
Payable Not Later than 1 Year			-
Payable Later than 1 Year but not later than 5 Years			-
Payable Later than 5 Years			-
Total Capital Commitments		-	-
Operating Expenditure Commitments			
Payable Not Later than 1 Year			-
Payable Later than 1 Year but not later than 5 Years			-
Payable Later than 5 Years			-
Total Operating Expenditure Commitments		-	-
(d) Contingent Liabilities of Joint Venture Operations		2013	2012
Share of Contingent Liabilities incurred jointly with other Participants			-
Share of Contingent Liabilities for which Council is severally liable			-

Council has entered into an agreement with the owner of the Gladesville Village Shopping Centre to sell Councils adjoining lands at Cowell St. Therefore, previous joint venture is not going to be continued.

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '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)		268,781	269,902
a. Correction of Prior Period Errors	20 (c)	802	802
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		(304)	(1,121)
e. Distributions to/(Contributions from) Non-controlling Interests		-	-
f. Transfers between Equity		-	-
g. Other Changes (disclosure required)		-	-
Balance at End of the Reporting Period		269,279	269,583

(b) Reserves

(i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve		219,771	213,441
- "Available for Sale" Financial Investments Revaluation Reserve		-	-
- Other Reserves (Specify)		-	-
Total		219,771	213,441

(ii) Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance		213,441	213,441
- Revaluations for the year	9(a)	6,330	-
- Impairment of revalued assets (incl. impairment reversals)	9(a),(c)	-	-
- Transfer to Retained Earnings for Asset disposals		-	-
- Correction of Prior Period Errors	20(c)	-	-
- Other movements (disclose here...)		-	-
- Balance at End of Year		219,771	213,441

TOTAL VALUE OF RESERVES

219,771	213,441
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(iii) Nature & Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve

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

"Available for Sale" Financial Investments Revaluation Reserve

- The "Available for Sale" Financial Investments Revaluation Reserve is used to account for the Fair Value movements in all financial assets so classified that remain on hand at year end.

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
(c) Correction of Error/s relating to a Previous Reporting Period			
Road (increase)/decrease to accumulated depreciation		802	
This adjustment resulted in net increase / (decrease) in Council's Accumulated Surplus as at 30/6/12.			
In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Opening Equity - 1/7/12 (relating to adjustments for the 30/6/12 reporting year end and prior periods)		802	-
- Adjustments to Closing Equity - 30/6/13 (relating to adjustments for the 30/6/13 year end)			-
Total Prior Period Adjustments - Prior Period Errors		802	-

Council has reassessed its depreciation figures for its road related assets. This reassessment has taken into account its real life experience as appropriate for the Municipality. It is considered that all assets have the useful life and inclusion of residual value. Under the previous method accumulated depreciation was over 3% of the the assets value, which is not consider reasonable and after reassessment a 1.5% of the asset value which in line with the industry.

Hunters Hill Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
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(d) Voluntary Changes in Accounting Policies

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

Hill Rogers
Spencer Steer

HUNTERS HILL COUNCIL
GENERAL PURPOSE FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying *general purpose financial statements* of **Hunters Hill Council**, which comprises the Statement of Financial Position as at 30 June 2013, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

Responsibility of Council for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. Our audit responsibility does not extend to the original budget information disclosed in the Income Statement, Statement of Cash Flows, and Note 2(a) or the budget variation explanations disclosed in Note 16. Accordingly, no opinion is expressed on these matters.

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Steer Assurance Partners

ABN 56 435 338 966

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

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

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

Independence

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

Auditor's Opinion

In our opinion,

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

HILL ROGERS SPENCER STEER



BRETT HANGER

Partner

Dated at Sydney this 22nd day of October 2013

Hill Rogers
Spencer Steer

22 October 2013

The Mayor
Hunters Hill Council
PO Box 21
HUNTERS HILL NSW 2110

Mayor,

Audit Report - Year Ended 30 June 2013

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2013 and that all information required by us was readily available. We have signed our report as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General Purpose Financial Statements.

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

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

I. RESULTS FOR THE YEAR

1.1 Operating Result

The operating result for the year was a deficit of \$304,000 as compared with \$1.121 million in the previous year.

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

	2013 \$000	% of Total	2012 \$000	% of Total	Increase (Decrease) \$000
Revenues before capital items					
Rates & annual charges	9,545	76%	8,919	71%	626
User charges, fees & other revenues	1,816	14%	2,186	17%	(370)
Grants & contributions provided for operating purposes	807	6%	1,002	8%	(195)
Interest & investment revenue	445	4%	522	4%	(77)
	12,613	100%	12,629	100%	(16)
Expenses					
Employee benefits & costs	4,919	36%	4,835	34%	84
Materials, contracts & other expenses	6,590	48%	6,479	45%	111
Depreciation, amortisation & impairment	2,196	16%	2,921	20%	(725)
Borrowing costs	35	0%	57	0%	(22)
	13,740	100%	14,292	100%	(552)
Surplus/(Deficit) before capital items	(1,127)		(1,663)		536
Grants & contributions provided for capital purposes	823		542		281
Net Surplus/(Deficit) for the year	(304)		(1,121)		817

The above table shows an overall increase of \$817,000 from the previous year. The improved result can be mainly attributed to a reduction in the depreciation expense and increased capital grants and contributions received. Rates and annual charges increased by \$626,000 and represented 76% of Council's revenue before capital items.

1.2 Funding Result

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

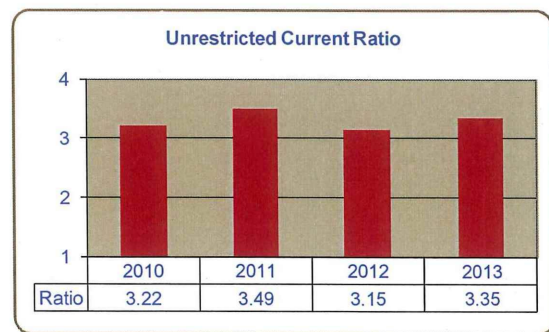
	2013	2012
<i>Funds were provided by:-</i>	\$000	\$000
Operating Result (as above)	(304)	(1,121)
Add back non funding items:-		
- Depreciation, amortisation & impairment	2,196	2,921
- Book value of non current assets sold	88	93
	1,980	1,893
Transfers from externally restricted assets (net)	0	189
Transfers from internal reserves (net)	0	354
Net Changes in current/non current assets & liabilities	43	169
	2,023	2,605
<i>Funds were applied to:-</i>		
Purchase and construction of assets	(1,519)	(1,731)
Principal repaid on loans	(399)	(378)
Transfers to externally restricted assets (net)	(29)	0
Transfers to internal reserves (net)	(2)	0
	(1,949)	(2,109)
Increase/(Decrease) in Available Working Capital	74	496

2. FINANCIAL POSITION

2.1 Unrestricted Current Ratio

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

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$5.498 million representing a factor of 3.35 to 1.



2.2 Available Working Capital – (Working Funds)

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

At the close of the year the Available Working Capital of Council stood at \$2.419 million as detailed below;

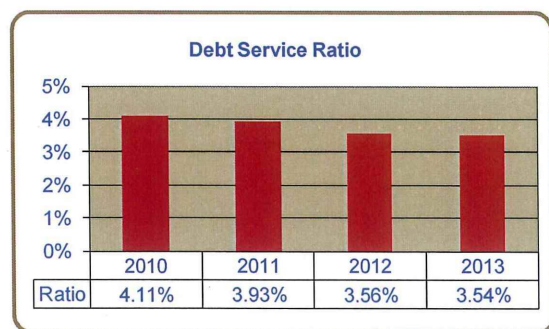
	2013	2012	Change
	\$000	\$000	\$000
Net Current Assets (Working Capital) as per Accounts	5,647	5,301	346
Add Payables & provisions not expected to be realised in the next 12 months included above	2,924	2,833	91
Adjusted Net Current Assets	8,571	8,134	437
Add Budgeted & expected to pay in the next 12 months			
- Borrowings	53	399	(346)
- Employees leave entitlements	785	694	91
- Deposits & retention moneys	304	381	(77)
Less: Externally restricted assets	(3,073)	(3,044)	(29)
Less: Internally restricted assets	(4,221)	(4,219)	(2)
Available Working Capital as at 30 June	2,419	2,345	74

The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures. Taking into consideration the nature and level of the internally restricted assets (Reserves) set aside we are of the opinion that Available Working Capital as at 30 June 2013 was sound.

2.3 Debt

Operating revenue (excluding special purpose grants and contributions) required to service debt (repayment of loans) was 3.54%.

Principal and interest paid was \$434,000 leaving total debt as at 30 June 2013 at \$270,000.



2.4 Summary

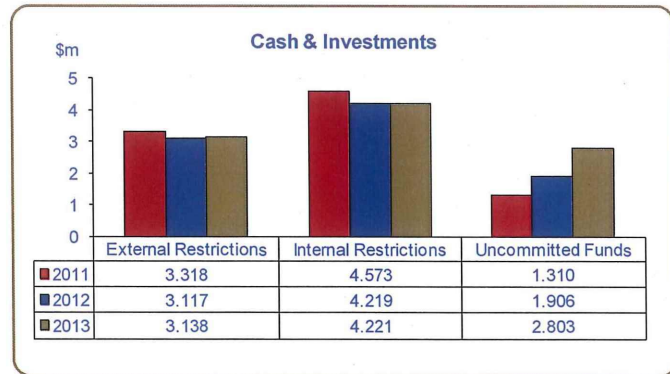
Council's overall financial position, when taking into account the above financial indicators is, in our opinion, sound.

3. CASH ASSETS

3.1 Cash & Investments

Cash and investments held at the close of the year amounted to \$10.162 million as compared with \$9.242 million and \$9.201 million at the close of financial years 2012 and 2011 respectively.

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



Externally restricted cash and investments are restricted in their use by externally imposed requirements and consisted of unexpended loans (\$109,000), unexpended development contributions under Section 94 (\$1.159 million), unexpended grants and contributions (\$74,000), domestic waste management charges (\$383,000) and special rate levies (\$1.413 million).

Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's "**Reserves**". These Reserves totalled \$4.221 million and their purposes are more fully disclosed in Note 6 of the financial statements.

Unrestricted cash and investments amounted to \$2.803 million, which is available to provide liquidity for the day to day operations.

3.2 Cash Flows

The Statement of Cash Flows illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that Cash Assets increased by \$920,000 to \$10.162 million at the close of the year.

In addition to operating activities which contributed net cash of \$2.752 million were the proceeds from the sale of assets (\$93,000). Cash outflows other than operating activities were used to repay loans (\$399,000) and to purchase and construct assets (\$1.526 million).

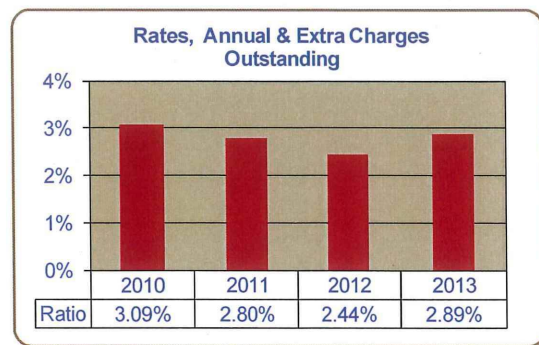
4. RECEIVABLES

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

Net rates and annual charges levied during the year totalled \$9.545 million and represented 71% of Council's total revenues. Including arrears, the total rates and annual charges collectible was \$9.743 million of which \$9.494 million (97%) was collected.

4.2 Rates, Annual & Extra Charges

Arrears of rates, annual & extra charges stood at \$283,000 at the end of the year and represented 2.89% of those receivables.



4.3 Other Receivables

Receivables (other than rates & annual charges) totalled \$507,000 and mainly consisted of user charges and fees (\$156,000) and amounts due from other levels of government (\$300,000).

5. PAYABLES

5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$1.642 million.

A cash reserve of \$609,000 was held at year end representing 37% of this liability and was, in our opinion, adequate to enable Council to meet unbudgeted and unanticipated retirements.

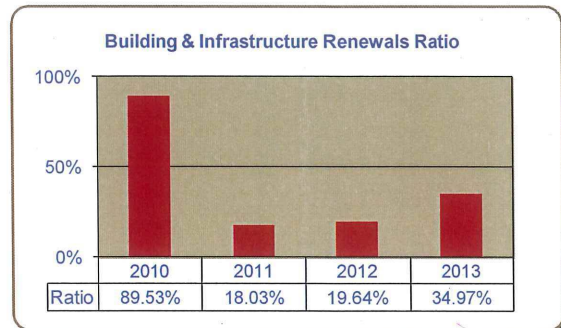
5.2 Deposits, Retentions & Bonds

Deposits, retentions and bonds held at year end amounted to \$2.410 million and were fully funded by cash and investments held in reserves.

6. BUILDING AND INFRASTRUCTURE RENEWALS

The Building and Infrastructure Renewals ratio measures the rate at which these assets are renewed against the rate at which they are depreciating.

The ratio indicates that asset renewals for 2013 represented 35% of the depreciation charges for these assets. An industry benchmark is considered to be 100%, measured annually over the long term.



7. MANAGEMENT LETTER

An audit management letter addressing the findings from our interim audit was issued on 20 June 2013 and this included our recommendations on possible ways to strengthen and/or improve procedures.

8. CONCLUSION

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

Yours faithfully,

HILL ROGERS SPENCER STEER

BRETT HANGER
Partner

Hunters Hill Council

SPECIAL SCHEDULES
for the year ended 30 June 2013

“A sense of history, A sense of community,
A place to belong, A sustainable future”



Hunters Hill Council

Special Schedules

for the financial year ended 30 June 2013

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¹ Special Purpose Schedules are not audited.

Background

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

Hunters Hill Council

Special Schedule No. 1 - Net Cost of Services for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from. Continuing. Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
Governance	1,480	-	-	(1,480)
Administration	2,932	155	-	(2,777)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	422	17	-	(405)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	224	6	-	(218)
Other	-	-	-	-
Total Public Order & Safety	646	23	-	(623)
Health	112	58	-	(54)
Environment				
Noxious Plants and Insect/Vermin Control	12	-	-	(12)
Other Environmental Protection	18	23	-	5
Solid Waste Management	1,752	2,166	-	414
Street Cleaning	388	4	-	(384)
Drainage	276	97	-	(179)
Stormwater Management	-	-	-	-
Total Environment	2,446	2,290	-	(156)
Community Services and Education				
Administration & Education	335	29	-	(306)
Social Protection (Welfare)	13	-	-	(13)
Aged Persons and Disabled	193	127	26	(40)
Children's Services	61	40	-	(21)
Total Community Services & Education	602	196	26	(380)
Housing and Community Amenities				
Public Cemeteries	-	-	-	-
Public Conveniences	2	-	-	(2)
Street Lighting	275	34	-	(241)
Town Planning	919	343	-	(576)
Other Community Amenities	40	125	-	85
Total Housing and Community Amenities	1,236	502	-	(734)
Water Supplies	-	-	-	-
Sewerage Services	-	-	-	-

Hunters Hill Council

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

for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from Continuing Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
Recreation and Culture				
Public Libraries	559	48	-	(511)
Museums	-	-	-	-
Art Galleries	42	42	-	-
Community Centres and Halls	343	345	-	2
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	124	66	-	(58)
Sporting Grounds and Venues	105	32	-	(73)
Swimming Pools	22	-	-	(22)
Parks & Gardens (Lakes)	1,096	403	394	(299)
Other Sport and Recreation	171	-	-	(171)
Total Recreation and Culture	2,462	936	394	(1,132)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	66	24	-	(42)
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	66	24	-	(42)
Transport and Communication				
Urban Roads (UR) - Local	1,326	700	-	(626)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads (SRR) - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	-	-	-	-
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	20	152	39	171
Footpaths	339	-	-	(339)
Aerodromes	-	-	-	-
Other Transport & Communication	72	170	363	461
Total Transport and Communication	1,757	1,022	402	(333)
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	1	3	-	2
Total Economic Affairs	1	3	-	2
Totals – Functions	13,740	5,209	822	(7,709)
General Purpose Revenues⁽²⁾		7,405		7,405
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT⁽¹⁾	13,740	12,614	822	(304)

(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

Hunters Hill Council

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

for the financial year ended 30 June 2013

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-							-	-
Treasury Corporation	-	-	-							-	-
Other State Government	-	-	-							-	-
Public Subscription	-	-	-							-	-
Financial Institutions	399	270	669		399			35		270	270
Other	-	-	-							-	-
Total Loans	399	270	669	-	399	-	-	35	-	270	270
Other Long Term Debt											
Ratepayers Advances	-	-	-							-	-
Government Advances	-	-	-							-	-
Finance Leases	-	-	-							-	-
Deferred Payments	-	-	-							-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	399	270	669	-	399	-	-	35	-	270	270

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

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

Hunters Hill Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2013

\$'000	Actual ⁽¹⁾	Forecast ⁽³⁾	Forecast ⁽³⁾	Forecast ⁽³⁾	Forecast ⁽³⁾	Forecast ⁽³⁾	Forecast ⁽³⁾	Forecast ⁽³⁾	Forecast ⁽³⁾	Forecast ⁽³⁾	Forecast ⁽³⁾
	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23
(i) OPERATING BUDGET											
Income from continuing operations	13,436	13,520	13,926	14,427	14,770	15,161	15,540	16,009	16,544	16,922	17,366
Expenses from continuing operations	13,740	13,830	14,224	14,711	15,096	15,519	16,009	16,461	17,149	17,478	18,050
Operating Result from Continuing Operations	(304)	(310)	(298)	(284)	(326)	(358)	(469)	(452)	(605)	(556)	(684)
(ii) CAPITAL BUDGET											
New Capital Works ⁽²⁾	467	930	295	85	-	-	50	-	100	-	-
Replacement/Refurbishment of Existing Assets	1,052	1,524	2,343	1,810	2,099	1,882	1,661	1,710	1,816	1,907	1,846
Total Capital Budget	1,519	2,454	2,638	1,895	2,099	1,882	1,711	1,710	1,916	1,907	1,846
Funded by:											
- Loans	-	-	-	-	-	-	-	-	-	-	-
- Asset sales	93	99	96	169	86	134	145	125	111	190	190
- Reserves	22	-	-	-	-	-	-	-	-	-	-
- Grants/Contributions	661	740	819	295	115	125	125	125	125	135	135
- Recurrent revenue	743	1,615	1,723	1,431	1,898	1,623	1,441	1,460	1,680	1,582	1,521
- Other											
	1,519	2,454	2,638	1,895	2,099	1,882	1,711	1,710	1,916	1,907	1,846

Notes:

(1) From 12/13 Income Statement.

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

(3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.