

Attachments

Monday 20 November 2017

GR1, EC1, EC2, & EC4



GR1 Attachments

1. Overview of exhibited documents and summary of relevant considerations

Monday 20 November 2017

GR1 – Draft Greater Sydney Regional Plan, Draft Western City District Plan & Draft Future Transport Strategy

OVERVIEW OF DOCUMENTS ON CONSULTATION

Draft Greater Sydney Region Plan Our Greater Sydney 2056; A metropolis of three cities – connecting people

Outlines how Greater Sydney will manage growth and change and guide infrastructure delivery. It sets the vision and strategy for Greater Sydney, to be implemented at a local level through District Plans.

PREPARED BY	ONCE FINALIZED IT WILL REPLACE	LEVEL OF PLANNING	PLAN TIMEFRAME	KEY POINTS FOR WOLLONDILLY	CLOSING DATE FOR SUBMISSIONS
Greater Sydney Commission	A Plan for Growing Sydney (2014)	Regional	40 year vision 20 year plan	<ul style="list-style-type: none"> Wollondilly is largely absent from many of the maps included throughout the document. Two (2) Priority Growth Areas are shown for Wollondilly, Wilton Priority Growth Area and the Greater Macarthur Priority Growth Area which includes West Appin and Appin. These are expected to provide significant housing capacity to Greater Sydney in the medium to long term. The focus for housing supply should be around creating more walkable neighborhoods. Councils are required to identify attributes that make local areas suitable for housing beyond 10 years. There are areas within Wollondilly that have been removed from the Metropolitan Rural Area, these include the two (2) Priority Growth Areas referred to above. Requires Councils to prepare housing strategies which are to be given effect through amendments to local environmental plans. Housing strategies will need to address 0-5 and 6-10 year local housing targets. 0-5 year housing targets are a minimum and Council's are required to find additional opportunities to exceed their target to address demand. 6-10 year targets will be agreed with councils over the next 18-24 months in collaboration with the commission. Wilton Priority Growth Area or a centre designation does not appear on any maps. Even the maps to 2056. Updated local environmental plans are required within 3 years of the finalisation of the district plan that respond to the housing strategy once prepared. The Plans intent to carry out measures which ensure limited intensification of rural and rural residential areas in the Metropolitan Rural Area that enables the protection of high value biodiversity in corridors to help support landscape conservation. The objective to protect and manage urban bushland and bushland on public land is supported. Council sees a need for new urban development to retain pockets of vegetation wherever possible, which can be retained for use in public reserves, streetscaping or in some cases landscaping for private lots. Further clarification is required as to whether the proposed green grids are intended to create linkages on a local or regional scale. Clarification is also required over the role of the Metropolitan Rural Area in the formation of green grids and larger vegetated areas. Council agrees with the statement in the Plan that Land Use Plans need to address opportunities for the private sector in developing recycling and waste facilities. The Strategy should also be expanded (or an additional strategy included) to identify to need for such infrastructure to be established and to service new urban areas prior to significant urban growth. This is highlighted by the statement on page 135 of the Plan which states that existing waste management facilities are at capacity. The establishment of this type of infrastructure early will help achieve adequate separation to residential areas and avoid future noise, odour and traffic issues. 	15 Dec 2017

Draft Future Transport Strategy 2056

Sets out a vision, strategic directions and customer outcomes, with infrastructure and services plans for Greater Sydney and Regional NSW to deliver these directions across the state. Considers the future possible roads, infrastructure, public transport and technology services needs.

PREPARED BY	ONCE FINALIZED IT WILL REPLACE	LEVEL OF PLANNING	PLAN TIMEFRAME	KEY POINTS FOR WOLLONDILLY	CLOSING DATE FOR SUBMISSIONS
Transport for NSW	NSW Long Term Transport Master Plan	State & Regional	40 years	<ul style="list-style-type: none"> Electrified Intercity Rail network to Goulburn from Macarthur is identified for investigation in 10-20 years. However, the strategy discusses 'track straightening' so clarification is required to ensure this does not mean that Picton is bypassed. There is no proposed new rail spur and station to the Wilton Priority Growth Area. Suburban passenger rail improvements are supported, however, there is no clear definition of what that means. If it formed part of the electrification to Goulburn from Macarthur, this would be positive, however the extended services south of Macarthur are a 0-10 year initiative while electrification to Goulburn is 20+ years. It is not possible under this arrangement to expect that within the next 0-10 years extended <i>electrified</i> passenger rail services will be provided to Picton within 0-10 years. There also reference to an 'on street intermediate' fast bus link from Campbelltown to Illawarra which appears to bypass Wilton. This is not an adequate substitute for heavy passenger rail service. There is no reference to any infrastructure improvement connecting the Wilton Priority Growth Area Appin and Picton Road improvements are identified for investigation in the next 10 years. The Outer Sydney Orbital (motorway and freight rail) corridor protection from Box Hill to South Line and M31 Hume Hwy is identified for investigation 0-10 years The Outer Sydney Orbital (motorway) corridor protection from M31 Hume Hwy to the Illawarra is identified for investigation 0-10 years The Outer Sydney Orbital (motorway and freight rail) from WSA Badgery's Creek Aerotropolis to South Line and M31 Hume Hwy is identified for investigation in the long-term (i.e. 20+ years). The Outer Sydney Orbital (motorway) Stage 2 from M31 Hume Motorway to Illawarra is identified for investigation in the long-term (i.e. 20+ years). The Maldon-Dombarton Freight Rail Link is identified for investigation in 10-20 years. 	3 Dec 2017

Draft Western City District Plan

Guides the growth of the Western City District within the context of Greater Sydney's three cities to improve the District's social, economic and environmental assets by setting out planning priorities and actions for growth and development in the District.

PREPARED BY	ONCE FINALIZED IT WILL REPLACE	LEVEL OF PLANNING	PLAN TIMEFRAME	KEY POINTS FOR WOLLONDILLY	CLOSING DATE FOR SUBMISSIONS
Greater Sydney Commission	Draft South West District Plan	District	20-40 years	<ul style="list-style-type: none"> 0-5 year housing target for Wollondilly remains the same as in the Draft South West District Plan at 1,550 dwellings (2016 – 2021). Requires Councils to prepare local or district housing strategies. The Greater Sydney Commission will work with Council's to develop 6-10 year housing targets. Recommends the introduction and adoption of affordable rental housing targets. Refers to the Greater Macarthur Priority Growth Area but not as a draft or proposed area. No announcement has been made on the outcome since the State Government's consultation in 2016. 'Appin' is listed as an opportunity to provide additional housing supply as part of the Greater Macarthur Priority Growth Area. Identifies the Wollondilly Growth Management Strategy 2011 as a strategy that identifies opportunities to increase capacity for housing in the District. Limits urban development to within urban areas in the Metropolitan Rural Area. The Metropolitan Area only protects agricultural land to the extent that the land is not earmarked for urban investigation. Wollondilly's presence in the Draft Western City District Plan appears to have reduced from the previous Draft South West District Plan. Picton is identified as one of the District's 'great places'. No 'centres' in Wollondilly are shown in the Draft Plan. By comparison, Camden, Rosemeadow, Amaervale, Bradbury and Spring Farm are shown for adjoining local government areas. Requires place-based planning to support the role of centres as a focus for connected neighborhoods. Limited recognition of the role of Community Strategic Plans in local government planning. Areas for green infrastructure have been identified in the Plan which is agreed with however, no areas for the provision of green infrastructure in Wollondilly have been identified. Green Grid areas have been identified, further clarification is required on the scale of the green grids (i.e are they intended to link green spaces on a local or regional scale or both). There are limited, if any, green grid opportunity projects areas identified in the Wollondilly Local Government Area. It is noted that the plan identifies scenic landscapes such as the Razorback Range and scenic hills in Camden Campbelltown, which is agreed with, however, further direction needs to be given regarding the preservation of other landscapes in the area (such as bushland that is not in the national park area). The plan states that 60% of the Western Sydney City District is bushland. It is unclear how much of this vegetation would be retained and how much will be removed. Further clarification is also required over whether this figure does or does not include land identified as national park in figure 28 of the plan. The term Rural Residential development (referenced on page 113) requires clarification. Council is concerned that the statement <i>careful planning of rural residential development can provide the necessary incentive to</i> 	15 Dec 2017

Draft Western City District Plan

Guides the growth of the Western City District within the context of Greater Sydney's three cities to improve the District's social, economic and environmental assets by setting out planning priorities and actions for growth and development in the District.

PREPARED BY	ONCE FINALIZED IT WILL REPLACE	LEVEL OF PLANNING	PLAN TIMEFRAME	KEY POINTS FOR WOLLONDILLY	CLOSING DATE FOR SUBMISSIONS
				<p>enable greater investment in the management of bushland, waterways and scenic landscapes using effective buffers around rural industries. Council's concerns are that the plan does not encourage further residential development within the Metropolitan Rural Area around existing townships with a view to minimising fragmentation of land. The statement above could be read as encouraging residential development in rural locations which requires clarification.</p> <ul style="list-style-type: none"> The plan makes little mention of measures proposed to ensure adequate buffers between existing large scale uses and the encroachment of residential/urban development. The Plan talks about the need to offset some vegetation removal through biobanking, however, for larger scale proposals, the use of biocertification may be more appropriate. The plan should also focus on the need to retain some isolated pockets of vegetation in some urban developments in the district as a form of landscaping/streetscaping. Plan timeframe is 20 years to achieve 40 year vision in Sydney Region plan but no nexus between dwelling targets and other infrastructure/service provision. No commitment to integrating land use and transport planning for Wilton Priority Growth Area Most of the Wollondilly Shire is within the Metropolitan Rural Area which recognises its high resource and natural landscape value but implies that the Shire's social, economic and welfare needs are limited. Support for rural-residential may result in fragmented and isolated development and contradicts support for agricultural industry. No reference to Wollondilly towns on most maps implies indifference Suggests only investigation and no commitment to passenger trains improvements south of Macarthur. Focus on aerotropolis and existing health/education, major industrial areas but no strategies or infrastructure support proposed for local and new industrial areas eg Maldon for local job growth. High level document that provides an excellent overview of planning strategies for improving lifestyle, biodiversity, jobs growth, health/welfare and education and gives responsibility to Council for implementation but no realistic means or commitment to resources. Terminology used in actions – protect, provide, require, identify – to be implemented needs to be detailed further with policies and within legislative framework, templates, training Maldon-Dombarton freight line described as 'potential longer term' even though in the pipeline for past 40 years. A lower level sub-district plan for Campbelltown Macarthur that recognises the significant housing growth in the Wilton Priority Growth Area, Appin/Mt Gilead, Menangle Park and Oran Park in the short to medium term (not in 40+years) and provides for the integration of transport infrastructure and the phasing in of health, education, community services and facilities. All agencies – Sydney Water, Water NSW, Health, Education, Industry should be required to review the plan and provide strategies for realizing the Actions as undertaken by Transport NSW 	

EC1 Attachment

1. Adoption of Councillors Fees, Expenses & Facilities Policy

Monday 20 November 2017

EC1 – Adoption of Councillors Fees, Expenses & Facilities
Policy

1. POLICY OBJECTIVES

The objectives of this policy are to:

- 1.1 enable the reasonable and appropriate reimbursement of expenses incurred by Councillors while undertaking their civic duties.
- 1.2 enable facilities of a reasonable and appropriate standard to be provided to Councillors to support them in undertaking their civic duties.
- 1.3 ensure accountability and transparency in reimbursement of expenses and provision of facilities to Councillors.
- 1.4 ensure facilities and expenses provided to Councillors meet community expectations.
- 1.5 support a diversity of representation.
- 1.6 fulfil Council's statutory responsibilities.

2. BACKGROUND

Introduction

- 2.1 The provision of expenses and facilities enables Councillors to fulfil their civic duties as the elected representatives of Wollondilly Shire Council.
- 2.2 The community is entitled to know the extent of expenses paid to Councillors, as well as the facilities provided.
- 2.3 The purpose of this policy is to clearly state the expenses paid, the facilities and the support provided to Councillors to assist them in fulfilling their civic duties.
- 2.4 Council staff are empowered to question or refuse a request for payment from a Councillor when it does not accord with this policy.
- 2.5 Expenses and facilities provided by this policy are in addition to fees paid to Councillors. The minimum and maximum fees a Council may pay each Councillor are set by the Local Government Remuneration Tribunal as per Section 241 of the Local Government Act and are reviewed annually. Council must adopt its annual fees within this set range.

Principles

- 2.6 Council commits to the following principles:
 - **Proper conduct:** Councillors and staff acting lawfully and honestly, exercising care and diligence in carrying out their functions.
 - **Reasonable expenses:** Providing for Councillors to be reimbursed for expenses reasonably incurred as part of their role as Councillor.

- **Participation and access:** Enabling people from diverse backgrounds, underrepresented groups, those in carer roles and those with special needs to serve as a Councillor.
- **Equity:** There must be equitable access to expenses and facilities for all Councillors
- **Appropriate use of resources:** Providing clear direction on the appropriate use of Council resources in accordance with legal requirements and community expectations.
- **Accountability and transparency:** Clearly stating and reporting on the expenses and facilities provided to Councillors.

Private or Political Benefit

- 2.7 Councillors must not obtain private or political benefit (as referred to in clause 2.11) from any expense or facility provided under this policy.
- 2.8 Reasonable private use of Council equipment and facilities by Councillors may occur from time to time.
- 2.9 Such incidental private use does not require a compensatory payment back to Council.
- 2.10 Councillors should avoid obtaining any greater private benefit from Council than an incidental benefit. Where there are unavoidable circumstances and more substantial private use of Council facilities does occur, Councillors must reimburse Council.
- 2.11 Campaigns for re-election are considered to be a political benefit. The following are examples of what is considered to be a political interest during a re-election campaign:
- production of election material
 - use of Council resources and equipment for campaigning
 - use of official Council letterhead, publications, websites or services for political benefit
 - fundraising activities of political parties or individuals, including political fundraising events.

3. ELIGIBILITY

This policy applies to:

- 3.1 all Councillors, including the Mayor and Deputy Mayor. They are also relevant to NSW Council Administrators where applicable.
- 3.2 all Council Officers required to process expense reimbursements for Councillors.
- 3.3 all Council Officers involved with any matters relating to payment of Councillor fees or reimbursement of expenses.

4. GUIDELINES

PAYMENT OF COUNCILLOR FEES

- 4.1 The fee range for the Mayor and Councillors are set each financial year by the Remuneration Tribunal. Council adopts the fees payable having regard to the applicable determined range.
- 4.2 Should the Deputy Mayor be requested by the Mayor or if the Mayor is prevented (for a minimum duration of 1 month) by illness; absence or otherwise or during a casual vacancy in the office of the Mayor to exercise any function of the Mayor, they will be paid a pro rata amount of the annual Mayoral Allowance for the period. The payment will be taken from the allowance paid to the Mayor.

GENERAL EXPENSES

- 4.3 All expenses provided under this policy will be for a purpose specific to the functions of holding civic office. Allowances for general expenses are not permitted under this policy.
- 4.4 Expenses not explicitly addressed in this policy will not be paid or reimbursed.

SPECIFIC EXPENSES

General travel arrangements and expenses

- 4.5 All travel by Councillors should be undertaken using the most direct route and the most practicable and economical mode of transport.
- 4.6 Each Councillor may be reimbursed up to the total amounts per year for transport expenses incurred while undertaking official business such as professional development or attending approved conferences and seminars within New South Wales as outlined in **Attachment 9.2**. For example these expenses may include the following:
- public transport fares
 - the use of a private vehicle or hire car
 - parking costs for Council and other meetings
 - tolls
 - Cabcharge card or equivalent
 - documented ride-share programs, such as Uber, where tax invoices can be issued.
- 4.7 Allowances for the use of a private vehicle will be reimbursed by kilometre at the rate contained in the Local Government (State) Award.
- 4.8 Councillors seeking to be reimbursed for use of a private vehicle must submit the approved claim form (Attachment 9.3) recording the date, distance and purpose of travel being claimed.

Interstate, overseas and long distance intrastate travel expenses

- 4.9 Councils should avoid overseas trips for Official Council business unless direct and tangible benefits can be established for the Council and the local community.

- 4.10 In the unusual circumstance where overseas travel is required by a Councillor for Official Council business, the Councillor is to submit an Request for Overseas Travel Form
- 4.11 The request is to be considered at a full Council meeting prior to the travel occurring.

Travel expenses not paid by Council

- 4.12 Council will not pay any traffic or parking fines or administrative charges for road toll accounts.

Accommodation and meals

- 4.13 In circumstances where it would introduce undue risk for a Councillor to travel to or from official business in the late evening or early morning, reimbursement of costs for accommodation and meals on the night before or after the meeting may be approved by the General Manager. This includes where a meeting finishes later than 10.00pm or starts earlier than 7.00am and the Councillor lives more than 50 kilometres from the meeting location.
- 4.14 Council will reimburse costs for accommodation and meals while Councillors are undertaking prior approved travel or professional development outside the Wollondilly Shire Boundary.
- 4.15 The daily limits for accommodation and meal expenses within Australia are to be consistent with those set out in Part B Monetary Rates of the NSW Crown Employees (Public Service Conditions of Employment) Reviewed Award 2009, as adjusted annually.
- 4.16 The daily limits for accommodation and meal expenses outside Australia are to be determined in advance by the General Manager, being mindful of Clause 4.19.

Refreshments for Council related meetings

- 4.17 Appropriate refreshments will be available for Council meetings, Council Committee meetings, Councillor briefings, approved meetings and engagements, and official Council functions as approved by the General Manager.
- 4.18 As an indicative guide for the standard of refreshments to be provided at Council related meetings, the General Manager must be mindful of Part B Monetary Rates of the NSW Crown Employees (Public Service Conditions of Employment) Reviewed Award 2009, as adjusted annually.

Professional development

- 4.19 **Attachment 9.2** sets out the annual monetary amounts Council will set aside for Councillors and the Mayor to facilitate their professional development through programs, training, education courses and membership of professional bodies.
- 4.20 In the first year of a new Council term, Council will provide a comprehensive induction program for all Councillors which considers any guidelines issued by the Office of Local Government (OLG). The cost of the induction program will be in addition to the ongoing professional development funding.

- 4.21 Annual membership of professional bodies will only be covered where the membership is relevant to the exercise of the Councillor's civic duties, the Councillor actively participates in the body and the cost of membership is likely to be fully offset by savings from attending events as a member.
- 4.22 Approval for professional development activities is subject to a prior written request to the General Manager outlining the:
- details of the proposed professional development and how it aligns to the Councillors Individual Training Plan
 - relevance to Council priorities and business
 - relevance of the exercise of the Councillor's civic duties
- 4.23 In assessing a Councillor request for a professional development activity, the General Manager must consider the factors set out above, as well as the cost of the professional development in relation to the Councillor's remaining budget.

Conferences and seminars

- 4.24 Council is committed to ensuring its Councillors are up to date with contemporary issues facing council and the community, and local government in New South Wales.
- 4.25 **Attachment 9.2** sets out amounts for the Mayor and Councillors annually to facilitate Councillor attendance at conferences and seminars. (This does not include the Local Government NSW Annual Conference (State) and the Australian Local Government Association Conference (Federal)).
- 4.26 Approval to attend a conference or seminar is subject to a written request to the General Manager. In assessing a Councillor request, the General Manager must consider factors including the:
- relevance of the topics and presenters to current Council priorities and business and the exercise of the Councillor's civic duties.
 - cost of the conference or seminar.
- 4.27 Council will meet the cost of training registration fees and accommodation associated with attendance at conferences approved by the General Manager. Council will also meet the reasonable cost of meals when they are not included in the conference fees. Reimbursement for accommodation and meals not included in the conference fees will be subject to Clauses 4.13- 4.16.

Local Government NSW Annual Conference and Australian Local Government Association Conference

- 4.28 All Councillors can attend the Local Government NSW Annual Conference each year. Council will reimburse the cost of registration fees and where the conference is outside Wollondilly Shire, the cost of travel, accommodation and meals not covered by the conference registration, subject to Clauses 4.13 - 4.16.
- 4.29 For the Local Government NSW Annual Conference, Council will meet the costs of the official conference dinner for an accompanying person of a Councillor.

- 4.30 Council will reimburse the cost for the Mayor of registration fees at the Local Government Association Conference and where the conference is outside Wollondilly Shire, the cost of travel, accommodation and meals not covered by the conference registration, subject to Clauses 4.13 - 4.16.
- 4.31 For the Local Government Association Conference, Council will meet the costs of the official conference dinner for an accompanying person to the Mayor.

ICT expenses

- 4.32 Council will provide or reimburse Councillors for expenses associated with appropriate ICT devices and services up to limits set out in **Attachment 9.2 and 9.3** for each Councillor. All reimbursement lodgements must be accompanied by an appropriate receipt and must include the Business Name and ABN (where available) the phone provider, Date of Receipt and GST component (where applicable).
- 4.33 Reimbursements will be made only for communications devices and services used for Councillors to undertake their civic duties, such as:
- receiving and reading Council business papers
 - relevant phone calls and correspondence
 - diary appointment management.
- 4.34 Councillors may seek reimbursement for applications on their mobile electronic communication device that are directly related to their duties as a Councillor, within the maximum limits set out in **Attachment 9.3**.

Special requirement and carer expenses

- 4.35 Council encourages wide participation and interest in civic office. It will seek to ensure Council premises and associated facilities are accessible, including provision for sight or hearing impaired Councillors and those with other disabilities.
- 4.36 Transportation provisions outlined in this policy will also assist Councillors who may be unable to drive a vehicle.
- 4.37 In addition to the provisions above, the General Manager may authorise the provision of reasonable additional facilities and expenses in order to allow a Councillor with a disability to perform their civic duties.
- 4.38 Councillors who are the principal carer of a child or other elderly, disabled and/or sick immediate family member will be entitled to reimbursement of carer's expenses up to a maximum amount set out in **Attachment 9.3** for attendance at official business, plus reasonable travel from the principal place of residence.
- 4.39 Child care expenses may be claimed for children up to and including the age of 16 years where the carer is not a relative.

- 4.40 In the event of caring for an adult person, Councillors will need to provide suitable evidence to the General Manager that reimbursement is applicable. This may take the form of advice from a medical practitioner.

INSURANCES

- 4.41 In accordance with Section 382 of the Local Government Act, Council is insured against public liability and professional indemnity claims. Councillors are included as a named insured on this Policy.
- 4.42 Insurance protection is only provided if a claim arises out of or in connection with the Councillor's performance of his or her civic duties, or exercise of his or her functions as a Councillor. All insurances are subject to any limitations or conditions set out in the policies of insurance.
- 4.43 Council shall pay the insurance policy excess in respect of any claim accepted by Council's insurers, whether defended or not.
- 4.44 Appropriate travel insurances will be provided for any Councillors traveling on approved interstate and overseas travel on Council business.

LEGAL ASSISTANCE

- 4.45 Council may, if requested, indemnify or reimburse the reasonable legal expenses of:
- a Councillor defending an action arising from the performance in good faith of a function under the Local Government Act
 - a Councillor defending an action in defamation, provided the statements complained of were made in good faith in the course of exercising a function under the Act
 - a Councillor for proceedings before an appropriate investigative or review body, provided the subject of the proceedings arises from the performance in good faith of a function under the Act and the matter has proceeded past any initial assessment phase to a formal investigation or review and the investigative or review body makes a finding substantially favourable to the Councillor.
- 4.46 In the case of a conduct complaint made against a Councillor, legal costs will only be made available where the matter has been referred by the General Manager to a conduct reviewer or conduct review panel to make formal enquiries into that matter in accordance with Council's Code of Conduct.
- 4.47 Legal expenses incurred in relation to proceedings arising out of the performance by a Councillor of his or her functions under the Act are distinguished from expenses incurred in relation to proceedings arising merely from something that a Councillor has done during his or her term in office. For example, expenses arising from an investigation as to whether a Councillor acted corruptly would not be covered by this section.

4.48 Council will not meet the legal costs:

- of legal proceedings initiated by a Councillor under any circumstances
- of a Councillor seeking advice in respect of possible defamation, or in seeking a non-litigious remedy for possible defamation
- for legal proceedings that do not involve a Councillor performing their role as a Councillor.

4.49 Reimbursement of expenses for reasonable legal expenses must have Council approval by way of a resolution at a Council meeting prior to costs being incurred.

4.50 Council will meet the costs of a Councillor seeking legal advice in respect of Conflict of Interests Declarations up to a maximum amount set out in **Attachment 9.2**.

GENERAL FACILITIES FOR ALL COUNCILLORS

Facilities

4.51 Council will provide the following facilities to Councillors to assist them to effectively discharge their civic duties:

- a Councillor common room appropriately furnished to include telephone, desk, computer terminal, pigeon holes, appropriate refreshments and access to a printer/photocopier and stationary
- access to shared car parking spaces while attending Council offices on official business
- personal protective equipment for use during site visits
- a name badge which may be worn at official functions, indicating that the wearer holds the office of a Councillor and/or Mayor or Deputy Mayor.

4.52 Councillors may book meeting rooms for official business in a Council building at no cost. Rooms may be booked through the Mayors administrative support staff member.

4.53 The provision of facilities will be of a standard deemed by the General Manager as appropriate for the purpose.

Stationery

4.54 Council will provide the following stationery to Councillors each year:

- business cards
- ordinary postage costs
- a reasonable number of Christmas or festive cards per year for Councillors and the Mayor.

Administrative support

4.55 Council will provide administrative support to the Mayor and reasonable administrative support to other Councillors to assist with civic duties only.

4.56 Council staff are expected to assist the Mayor and Councillors with civic duties only, and not assist with matters of personal or political interest, including campaigning.

4.57 The number of exclusive staff provided to support the Mayor and Councillors will not exceed one full time equivalent (FTE).

ADDITIONAL FACILITIES FOR THE MAYOR

- 4.58 Council will provide to the Mayor a maintained vehicle to a similar standard of other Council vehicles, with a fuel card. The vehicle will be supplied for use on business, professional development and attendance at the Mayor's office.
- 4.59 Reasonable incidental private use of the vehicle is permitted.
- 4.60 Any substantial private use of the vehicle must be declared to the General Manager. Where this occurs, the Mayoral Allowance will be reduced to cover the cost of the private travel, calculated on a per kilometre basis, by the rate set by the Local Government (State) Award.
- 4.61 A parking space at Council's offices will be reserved for the Mayor's Council-issued vehicle for use on official business, professional development and attendance at the Mayor's office.
- 4.62 Council will provide the Mayor with use of the Councillor common room which is a furnished office incorporating a computer configured to Council's standard operating environment, telephone and meeting space.
- 4.63 The Mayor may request a mayoral office be provided.

PROCESSES

Approval, payment and reimbursement arrangements

- 4.64 Expenses should only be incurred by Councillors in accordance with the provisions of this policy.
- 4.65 Approval for incurring expenses, or for the reimbursement of such expenses, should be obtained through the appropriate request form before the expense is incurred in with this policy.
- 4.66 Up to the maximum limits specified in this policy, approval for the following may be sought after the expense is incurred:
- local travel relating to the conduct of official business
 - carer costs
 - ICT expenses.
- 4.67 Final approval for payments made under this policy will be granted by the General Manager or their delegate.

Direct payment

- 4.68 Council may approve and directly pay expenses. Requests for direct payment must be submitted to the General Manager for assessment against this policy using the prescribed form, with sufficient information and time to allow for the claim to be assessed and processed.

Reimbursement

4.69 All claims for reimbursement of expenses incurred must be made on the appropriate request form, supported by appropriate receipts and/or tax invoices and be submitted to the General Manager.

Notification

4.70 If a claim is approved, Council will make payment directly or reimburse the Councillor through accounts payable.

4.71 If a claim is refused, Council will inform the Councillor in writing that the claim has been refused and the reason for the refusal.

Reimbursement to Council

4.72 If Council has incurred an expense on behalf of a Councillor that exceeds a maximum limit, exceeds reasonable incidental private use or is not provided for in this policy:

- Council will invoice the Councillor for the expense
- the Councillor will reimburse Council for that expense within 14 days of the invoice date.

4.73 If the Councillor cannot reimburse Council within 14 days of the invoice date, they are to submit a written explanation to the General Manager. The General Manager may elect to deduct the amount from the Councillor's allowance.

Timeframe for reimbursement

4.74 Unless otherwise specified in this policy, Councillors must provide all claims for reimbursement within three months of an expense being incurred. Claims made after this time cannot be approved.

DISPUTES

4.75 If a Councillor disputes a determination under this policy, the Councillor should discuss the matter with the General Manager.

4.76 If the Councillor and the General Manager cannot resolve the dispute, the Councillor may submit a notice of motion to a Council meeting seeking to have the dispute resolved.

RETURN OR RETENTION OF FACILITIES

4.77 All unexpended facilities or equipment supplied under this policy are to be relinquished immediately upon a Councillor or Mayor ceasing to hold office or at the cessation of their civic duties.

4.78 Should a Councillor desire to keep any equipment allocated by Council, then this policy enables the Councillor to make application to the General Manager to purchase any such equipment. The General Manager will determine an agreed fair market price or written down value for the item of equipment.

4.79 The prices for all equipment purchased by Councillors will be recorded in Council's Annual Report.

PUBLICATION

4.80 This policy will be published on Council's website.

REPORTING

4.81 Council will report on the provision of expenses and facilities to Councillors as required in the Act and Regulations.

4.82 A detailed report on the provision of expenses and facilities to Councillors will be included in Council's Annual Report in accordance with regulation 217 of the Local Government (General) Regulation 2005.

AUDITING

4.83 The operation of this policy, including claims made under the policy, will be included in Council's audit program and an audit undertaken at least every two years.

BREACHES

4.84 Suspected breaches of this policy are to be reported to the General Manager.

4.85 Alleged breaches of this policy shall be dealt with by following the processes outlined for breaches of the Code of Conduct, as detailed in the Code and in the Procedures for the Administration of the Code.

5. RESPONSIBILITY/ACCOUNTABILITY

5.1 The Governance Team is responsible for ensuring that reimbursement of expenses are forwarded to the Councillors in a timely manner, in line with Council procedure.

5.2 The Manager Governance is responsible for co-ordinating the notification to the appropriate Council Officers of any increase in Councillor Remuneration as released by the Remuneration Tribunal. This includes:

5.2.1 Notifying the Governance Team, Assistant Director People, Legal and Governance and General Manager of the change.

5.2.2 Submitting a report to Council annually outlining the Remuneration Tribunal Determination of fees for Councillors and Mayors.

5.2.3 Notifying the Governance Team once the change has been approved by Council.

5.3 The Governance Team is responsible for ensuring that the correct pay rate is applied to each Councillor's remuneration, in accordance with the instructions received in line with Guideline 5.2.3.

- 5.4 The General Manager and Mayor are responsible for the management of the Local Democracy Budget line items relating to the reimbursement of expenses for Councillors.

6. RELATED POLICIES

- 6.1 Code of Conduct

7. RELATED PROCEDURES

- 7.1 Mobile Phone Procedure – TRIM 2365#14

8. RELATED LEGISLATION

- 8.1 *Section 23A of the Local Government Act 1993*
- 8.2 *Section 249 of the Local Government Act 1993*
- 8.3 *Section 250 of the Local Government Act 1993*
- 8.4 *Section 252 of the Local Government Act 1993*
- 8.5 *Section 253 of the Local Government Act 1993*
- 8.6 *Section 254 of the Local Government Act 1993*
- 8.7 *Clause 403 of the Local Government (General) Regulation 2005*

9. ATTACHMENTS

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- 9.3 Available Facilities 21

10. RESOURCES

- 10.1 Guidelines for the payment of expenses and the provision of facilities for Mayors and Councillors for Local Councils in NSW – DLG October 2009
- 10.2 ICAC Publication – No excuse for misuse, preventing the misuse of Council resources. This publication is available on the ICAC website at www.icac.nsw.gov.au
- 10.3 OLG Circular 16-15 – 2016/17 Determination of the Local Government Remuneration Tribunal
- 10.4 Councillor Expenses and Facilities Model Template – Office of Local Government

11. IMPLEMENTATION STATEMENT

11.1 To ensure this policy is implemented effectively, Council will employ a variety of strategies involving awareness, education and training. These strategies will be aimed at Councillors, staff and council representatives and will involve:

11.1.1 Policy placed in Policy Folder in Customer Service

11.1.2 Policy placed on Councils Website

11.1.3 Copy of Policy given to Councillors and incorporated into Councillor training

11.1.4 Copy of Policy sent to Department of Premier and Cabinet

11.1.5 Policy discussed at Staff Meetings.

12. POLICY HISTORY

12.1	Date First Adopted	25 September 2000
12.2	Most Recent Adoption	17 October 2016
12.3	Next Review Date	October 2020
12.4	Responsible Officer	Manager Governance

Attachment 9.1

Term	Definition
Accompanying person	Means a spouse, partner or de facto or other person who has a close personal relationship with or provides carer support to a Councillor
Appropriate refreshments	Means food and beverages, excluding alcohol, provided by Council to support Councillors undertaking official business
Act	Means the Local Government Act 1993 (NSW)
Annual Conference	Means Local Government NSW Annual Conference
Clause	Unless stated otherwise, a reference to a clause is a reference to a clause of this policy
Code of Conduct	Means the Code of Conduct adopted by Council or the Model Code if none is adopted
Councillor	Means a person elected or appointed to civic office as a member of the governing body of Council who is not suspended, including the Mayor
General Manager	Means the General Manager of Council and includes their delegate or authorised representative
ICT	Means Telecommunications and Information Communications and Technology
Incidental personal use	Means use that is infrequent and brief and use that does not breach this policy or the Code of Conduct
Long distance intrastate travel	Means travel to other parts of NSW of more than three hours duration by private vehicle
Maximum limit	Means the maximum limit for an expense or facility provided in the text and summarised in Appendix 1
NSW	New South Wales
Official business	Means functions that the Mayor or Councillors are required or invited to attend to fulfil their legislated role and responsibilities for Council or result in a direct benefit for Council and/or for the local government area, and includes: <ul style="list-style-type: none"> ▪ meetings of Council and committees of the whole ▪ meetings of committees facilitated by Council ▪ civic receptions hosted or sponsored by Council ▪ meetings, functions, workshops and other events to which attendance by a Councillor has been requested or approved by Council ▪ other activities considered reasonable to fulfil the responsibilities of a Councillor
Professional development	Means a seminar, conference, training course or other development opportunity relevant to the role of a Councillor or the Mayor
Regulation	Means the Local Government (General) Regulation 2005 (NSW)
Year	Means the financial year, that is the 12 month period commencing on 1 July each year

ATTACHMENT 9.2

MONETARY LIMITS TO EXPENSES

Expense or Facility	Maximum Amount	Frequency
General travel expenses	\$27,000 collective for Councillors and the Mayor Travel expenses in excess of this require approval at full Council meeting.	Per year
Accommodation and meals	As per the NSW Crown Employees (Public Service Conditions of Employment) Reviewed Award 2009, adjusted annually	Per meal/night
Professional development, Conferences and seminars (excluding LGNSW and ALGA Conference)	\$5000 to the Mayor \$4000 per Councillor	Per year
ICT expenses * see note below	\$2000 per Councillor	Per year
Carer expenses ** see note below	\$3000 per Councillor	Per year
Access to facilities in a Councillor common room	Provided to all Councillors	Not relevant
Council vehicle and fuel card	Provided to the Mayor	Not relevant
Legal Expenses – Conflict of Interests	\$1,000	Per year

Additional costs incurred by a Councillor in excess of these limits are considered a personal expense that is the responsibility of the Councillor.

Councillors must provide claims for reimbursement within three months of an expense being incurred. Claims made after this time cannot be approved.

Detailed reports on the provision of expenses and facilities to councillors will be publicly tabled at a council meeting every six months and published in full on council's website. These reports will include expenditure summarised by individual councillor and as a total for all councillors.

* \$140.00 is allocated for mobile and internet usage per month. \$100.00 may be reimbursed on request (as per clause 4.36 of this policy). \$40.00 Data Plan (iPad data) will be paid by Council and may not be claimed.

** \$3000.00 is allocated annually for the term of the Council and may be adjusted accordingly to meet individual circumstances.

ATTACHMENT 9.3

Equipment	Cost per Councillor	Mayor	Deputy Mayor	Councillors
		Facilities Available/Not Available for Council business use		
Tablet	\$1000	Available	Available*	Available*
Printer	\$600	Available	Available*	Available*
3G Data Plan (4GB)	\$40 per month	Available	Available*	Available*
Vehicle use		Available	Not Available	Not Available
Stationery, office supplies, postage, business cards & other similar consumables		Available	Available	Available
Ceremonial garb	N/A	Available	Not Available	Not Available
Mobile phone		Available	Available*	Available*
Facilities				
Secretarial & administrative support		Available	Not Available	Not Available
Councillors Room		Available	Available	Available
Meals/refreshments related to Council meetings, office functions and committee and work group meetings		Available	Available	Available
Disabled Access		Available	Available	Available
Hearing impaired		Available	Available	Available
Vision impaired	N/A	Not Applicable	Not Applicable	Not Applicable
Corporate clothing	N/A	Not Applicable	Not Applicable	Not Applicable
Personal Protective Equipment (PPE)		Available*	Available*	Available*

**Equipment remains the property of Council*



EC2 Attachment

1. Annual Financial Statements for the year ended 30 June 2017

Monday 20 November 2017

EC2 – Presentation of 2016-17 Annual Financial Statements to
the Public



ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2017



Wollondilly Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017



"Rural Living"

Wollondilly Shire Council

General Purpose Financial Statements for the year ended 30 June 2017

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the operations for Wollondilly Shire Council.
- (ii) Wollondilly Shire 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 1993* (LGA).

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

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 16 October 2017. Council has the power to amend and reissue these financial statements.

Wollondilly Shire Council

General Purpose Financial Statements for the year ended 30 June 2017

Understanding Council's financial statements

Introduction

Each year, individual local governments across New South Wales are required to present a set of audited financial statements to their council and community.

What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2017.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses.

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

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, Property, Plant and Equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's annual financial statements are required to be audited by the NSW Audit Office. In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the financial statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the Audit Report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

More information

A review of Council's financial performance and position for the 2016/17 financial year can be found at Note 29 of the financial statements.

Wollondilly Shire Council

General Purpose Financial Statements for the year ended 30 June 2017

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

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

- the *Local Government Act 1993 (NSW)* (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
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 16 October 2017.



Cr J Hanrahan
Mayor



Cr R Khan
Deputy Mayor



L Johnson
General Manager



A Christie
Responsible Accounting Officer

Wollondilly Shire Council

Income Statement

for the year ended 30 June 2017

Budget ¹ 2017	\$ '000	Notes	Actual 2017	Actual 2016
Income from continuing operations				
Revenue:				
35,815	Rates and annual charges	3a	36,415	32,724
4,867	User charges and fees	3b	5,500	5,069
1,738	Interest and investment revenue	3c	1,697	1,730
830	Other revenues	3d	1,940	1,504
7,258	Grants and contributions provided for operating purposes	3e,f	10,539	7,611
4,734	Grants and contributions provided for capital purposes	3e,f	9,255	19,443
Other income:				
–	Net gains from the disposal of assets	5	26	107
55,242	Total income from continuing operations		65,372	68,188
Expenses from continuing operations				
21,308	Employee benefits and on-costs	4a	20,433	20,609
926	Borrowing costs	4b	1,706	1,789
13,709	Materials and contracts	4c	16,170	14,841
10,878	Depreciation and amortisation	4d	12,581	12,572
–	Impairment	4d	–	229
5,468	Other expenses	4e	4,719	4,264
52,289	Total expenses from continuing operations		55,609	54,304
2,953	Operating result from continuing operations		9,763	13,884
2,953	Net operating result for the year		9,763	13,884
(1,781)	Net operating result for the year before grants and contributions provided for capital purposes		508	(5,559)

¹ Original budget as approved by Council – refer Note 16

Wollondilly Shire Council

Statement of Comprehensive Income
for the year ended 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
Net operating result for the year (as per Income Statement)		9,763	13,884
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	–	43,008
Impairment (loss) reversal relating to I,PP&E	20b (ii)	–	(176)
Total items which will not be reclassified subsequently to the operating result		–	42,832
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
Total other comprehensive income for the year		–	42,832
Total comprehensive income for the year		9,763	56,716

Wollondilly Shire Council

Statement of Financial Position

as at 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
ASSETS			
Current assets			
Cash and cash equivalents	6a	3,302	2,527
Investments	6b	32,250	31,750
Receivables	7	4,093	4,549
Inventories	8	2,185	2,088
Other	8	246	143
Total current assets		42,076	41,057
Non-current assets			
Investments	6b	22,154	14,934
Infrastructure, property, plant and equipment	9	439,706	437,725
Total non-current assets		461,860	452,659
TOTAL ASSETS		503,936	493,716
LIABILITIES			
Current liabilities			
Payables	10	6,255	4,444
Income received in advance	10	204	276
Borrowings	10	1,559	1,817
Provisions	10	6,400	6,628
Total current liabilities		14,418	13,165
Non-current liabilities			
Borrowings	10	11,196	12,753
Provisions	10	13,855	13,094
Total non-current liabilities		25,051	25,847
TOTAL LIABILITIES		39,469	39,012
Net assets		464,467	454,704
EQUITY			
Retained earnings	20	323,870	314,107
Revaluation reserves	20	140,597	140,597
Total equity		464,467	454,704

Wollondilly Shire Council

Statement of Changes in Equity
for the year ended 30 June 2017

\$ '000	Notes	2017			2016		
		Retained earnings	Asset revaluation reserve (Refer 20b)	Total equity	Retained earnings	Asset revaluation reserve (Refer 20b)	Total equity
Opening balance (as per last year's audited accounts)		314,107	140,597	454,704	300,223	97,765	397,988
Net operating result for the year		9,763	–	9,763	13,884	–	13,884
Other comprehensive income							
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	–	–	–	43,008	43,008
– Impairment (loss) reversal relating to I,PP&E	20b (ii)	–	–	–	–	(176)	(176)
Other comprehensive income		–	–	–	–	42,832	42,832
Total comprehensive income		9,763	–	9,763	13,884	42,832	56,716
Equity – balance at end of the reporting period		323,870	140,597	464,467	314,107	140,597	454,704

Wollondilly Shire Council

Statement of Cash Flows

for the year ended 30 June 2017

Budget 2017	\$ '000	Notes	Actual 2017	Actual 2016
Cash flows from operating activities				
Receipts:				
36,042			36,652	32,260
4,099			5,181	5,846
1,466			1,675	1,760
12,106			19,288	15,038
–			–	229
1,070			4,712	4,124
Payments:				
(21,054)			(21,085)	(19,638)
(13,655)			(17,969)	(16,127)
(943)			(923)	(1,044)
–			(93)	–
(5,458)			(3,740)	(4,853)
13,673		11b	23,698	17,595
Cash flows from investing activities				
Receipts:				
–			29,780	30,304
–			42	107
Payments:				
–			(37,500)	(36,000)
(12,540)			(13,430)	(11,165)
(12,540)			(21,108)	(16,754)
Cash flows from financing activities				
Receipts:				
Nil				
Payments:				
(1,818)			(1,815)	(2,024)
(1,818)			(1,815)	(2,024)
(685)			775	(1,183)
1,843		11a	2,527	3,710
1,158		11a	3,302	2,527

This statement should be read in conjunction with the accompanying notes.

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Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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n/a – not applicable

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these 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 and Australian Accounting Interpretations, the Local Government Act 1993 (NSW) and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity for the purpose of preparing these financial statements.

(i) New and amended standards adopted by Council

AASB 124 Related Party Disclosures was adopted during the year, the impact of this standard had no impact on reporting financial position or performance, however note 28 has been added.

AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11] has not had any impact for the Council.

(ii) Early adoption of standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2016.

(iii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of property, plant and equipment and investment property.

(iv) Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council 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 include:

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

(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 Council and specific criteria have been met for each of the Council's activities as described below.

Council bases its 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:

(i) Rates, annual charges, grants and contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenue 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 the Council may apply contributions according to the priorities established in work schedules.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

rateable property or, where earlier, upon receipt of the rates.

Control over granted assets/contributed 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.

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 un-discharged at reporting 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.

(ii) User charges and fees

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

(iii) 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.

(iv) Interest

Interest income is recognised using the effective interest rate at the date that interest is earned.

(v) Rent

Rental income is accounted for on a straight-line basis over the lease term.

(c) Principles of consolidation

In accordance with the provisions of Section 409(1) of the Local Government Act 1993 (NSW), 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.

Due to their immaterial value and nature, Council's Management Committees have been excluded from this consolidation.

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

(e) Impairment of assets

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 that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Cash and cash equivalents

For Statement of Cash Flow 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.

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

(g) Inventories

(i) Raw materials and stores, work in progress and finished goods

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

Cost comprises direct materials, direct labour, and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

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

(ii) Inventory held for distribution

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

(h) Investments and other financial assets

Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which that are classified as non-current assets.

Loans and receivables are included in receivables (note 7) in the Statement of Financial Position.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

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

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Impairment

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(i) Assets carried at amortised cost

For loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Council may measure impairment on the basis of an instrument's fair value using an observable market price.

Collectability of receivables is reviewed on an on-going basis. Debts that 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.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of the impairment loss is recognised in the income statement within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period it is written off against the allowance account. Subsequent recoveries of

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

Investment Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act 1993 (NSW) and Clause 212 of the Local Government (General) Regulation 2005 (NSW).

Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it, or its representatives, exercise the care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order (the Order) arising from the Cole Inquiry recommendations.

(i) Fair value estimation – financial instruments

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

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to Council for similar financial instruments.

(j) Infrastructure, property, plant and equipment (IPPE)

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

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Externally valued

- Operational land
- Community land (Valuer General valuation)
- Buildings – specialised/non-specialised

Internally valued

- Roads assets including roads, bridges and footpaths
- Bulk earthworks
- Stormwater drainage
- Swimming pools
- Other open space/recreational assets
- Other infrastructure

As approximated by depreciated historical cost

- Plant and equipment
- Land improvements
- Other structures
- Other assets

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. Council has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and revalue the asset to that amount. Full revaluations are undertaken for all assets on a five-year cycle.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss.

Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve for that class; 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 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:

Plant and Equipment

- Vehicles	5 to 8 years
- Heavy plant/road making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

Office equipment

- Computer equipment	5 years
- Other office equipment	5 to 10 years

Furniture and fittings

10 to 20 years

Buildings

- Buildings: masonry	50 to 100 years
- Buildings: other	20 to 40 years

Infrastructure

- Sealed surfacings	
• Asphalt	25 years
• Flush Seal	15 years
- Sealed pavement structure	80 years
- Kerb and gutter	70 years
- Paved footpaths	
• Concrete	50 years
• Asphalt seal	20 years
• Gravel	10 years
- Unsealed pavement structure	10 years
- Bulk earthworks	Infinite
- Concrete bridges	100 years
- Timber bridges	80 years
• Structure and girders	60 years
• Deck	30 years
- Swimming pools	50 years
- Other open space/recreational assets	
• Playground equipment	5-15 years
• Tennis courts	
o Concrete	50 years
o Synthetic	10 years
• Outdoor furniture	10 years
• Shelters	20 years
• Sporting equip (goal posts, etc)	20-30 years
• Floodlighting	10 years
• BBQ's	20 years

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Other infrastructure	
- Traffic facilities	
• LATM devices, traffic islands	70 years
• Steel guard rails	20 years
• Roadside fencing	20 years
- Line marking	5 years
- Signs	10 years
- Roadside furniture	10-20 years

Stormwater drainage

- Culverts	
• Major	100 years
• Steel	50 years
- Pipes	150 years
- Pits	70 years
- Structures including headwalls	70 years
- Detention basins	100 years
- Gross pollutant traps	60 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(k) Payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence of probability that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

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

(m) Provisions

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(n) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

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

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

(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 Statement of Financial Position, 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 that 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 accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable.

Defined Contribution Plans

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(o) Land under roads

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

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

Data in relation to land under roads acquired after 1 July 2008 has been collected, but is not recognised in these accounts because of the lack of a valid valuation methodology.

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

(p) Crown reserves

Crown Reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

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

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

(q) Rural fire service assets

Under section 119 of the Rural Fire Services Act 1997 (NSW), "all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed".

Until such time as discussions on this matter have concluded and the legislation changed, Council will recognise rural fire service assets including land, buildings, plant and vehicles.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which that are recoverable from, or payable to the taxation authority are presented as operating cash flows.

(s) New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

As at the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

Effective for annual reporting periods beginning on or after 1 January 2017

- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15

- AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15
- AASB 2016-7 Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities

Effective for annual reporting periods beginning on or after 1 January 2018

- AASB 9 Financial Instruments (December 2009)
- AASB 15 Revenue from Contracts with Customers
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)
- AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)
- AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15
- AASB 2016-6 Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 16 Leases
- AASB 16 Leases (Appendix D)

The full impact of these standards has yet to be ascertained or quantified but will range from additional and/or revised disclosures to changes in how certain transactions and balances are accounted for.

(t) Rounding of amounts

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

(u) Comparative figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(v) Disclaimer

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

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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	
	2017	2017	2016	2017	2017	2016	2017	2017	2016	2017	2016	2016	
Governance	–	–	–	1,114	1,026	997	(1,114)	(1,026)	(997)	–	86	–	
Administration	1,772	2,876	1,284	3,877	4,425	4,760	(2,105)	(1,549)	(3,476)	1	8	63,433	
Public order and safety	1,344	1,125	931	3,285	3,808	3,734	(1,941)	(2,683)	(2,803)	320	304	9,187	
Health	175	338	499	373	3	3	(198)	335	496	–	–	17	
Environment	8,168	9,187	11,989	8,679	8,975	9,155	(511)	212	2,834	378	271	1,948	
Community services and education	785	1,072	945	2,557	2,683	2,466	(1,772)	(1,611)	(1,521)	452	349	354	
Housing and community amenities	3,118	6,868	6,456	4,143	6,365	4,816	(1,025)	503	1,640	82	81	3,505	
Recreation and culture	404	1,545	502	8,700	8,960	8,501	(8,296)	(7,415)	(7,999)	134	205	120,055	
Mining, manufacturing and construction	605	780	592	1,187	1,288	1,381	(582)	(508)	(789)	–	–	–	
Transport and communication	5,674	5,916	14,105	16,909	16,776	17,031	(11,235)	(10,860)	(2,926)	2,208	2,672	303,658	
Economic affairs	322	401	402	1,465	1,300	1,460	(1,143)	(899)	(1,058)	–	–	1,779	
Total functions and activities	22,367	30,108	37,705	52,289	55,609	54,304	(29,922)	(25,501)	(16,599)	3,575	3,976	503,936	
General purpose income ¹	32,875	35,264	30,483	–	–	–	32,875	35,264	30,483	5,619	3,664	–	
Operating result from continuing operations	55,242	65,372	68,188	52,289	55,609	54,304	2,953	9,763	13,884	9,194	7,640	503,936	

1. Includes: rates and annual charges (incl. ex-gratia), unried general purpose grants and unrestricted interest and investment income.

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

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

Includes costs relating to 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, public disclosure (e.g. GIPA), and legislative compliance.

ADMINISTRATION

Includes corporate support and other support services, engineering works, and any Council policy compliance.

PUBLIC ORDER AND SAFETY

Includes Council's fire and emergency services levy, fire protection, emergency services, beach control, enforcement of regulations and animal control.

HEALTH

Includes immunisation, food control, health centres etc.

ENVIRONMENT

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage, street cleaning, drainage and stormwater management.

COMMUNITY SERVICES AND EDUCATION

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's services, including family day care; child care; and other family and children services.

HOUSING AND COMMUNITY AMENITIES

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development and accommodation for families and children, aged persons, disabled persons, migrants and Indigenous persons.

RECREATION AND CULTURE

Includes public libraries; museums; art galleries; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks; gardens; lakes; and other sporting, recreational and cultural services.

MINING, MANUFACTURING AND CONSTRUCTION

Includes building control, quarries and pits, mineral resources, and abattoirs.

TRANSPORT AND COMMUNICATION

Urban local, urban regional, includes sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes.

ECONOMIC AFFAIRS

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; commercial nurseries; and other business undertakings.

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
(a) Rates and annual charges			
Ordinary rates			
Residential		25,067	22,023
Farmland		837	910
Mining		1,340	1,260
Business		1,312	1,170
Total ordinary rates		28,556	25,363
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		7,441	6,959
Stormwater management services		270	259
Waste management services (non-domestic)		148	143
Total annual charges		7,859	7,361
TOTAL RATES AND ANNUAL CHARGES		36,415	32,724

Council has used 2014 year valuations provided by the NSW Valuer General in calculating its rates.

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(b) User charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Animal registration fees		60	134
Planning and building regulation		1,786	1,614
Private works – section 67		–	5
Rezoning fees		153	79
Section 149 certificates (EPA Act)		149	145
Section 603 certificates		82	92
Septic tank fees		212	191
Other		160	182
Total fees and charges – statutory/regulatory		2,602	2,442
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Cemeteries		97	84
Children services		449	443
Development management		170	221
Leaseback fees – Council vehicles		281	239
Leisure centre		23	86
Plan checking fees		418	217
Restoration charges		46	58
Royalties		309	303
Waste disposal tipping fees		887	772
Contract works		35	28
Other		183	176
Total fees and charges – other		2,898	2,627
TOTAL USER CHARGES AND FEES		5,500	5,069

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Interest and investment revenue			
Interest			
– Interest on overdue rates and annual charges		207	191
– Interest earned on investments		1,490	1,539
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>		<u>1,697</u>	<u>1,730</u>
(d) Other revenues			
Rental income – other council properties		567	526
Fines		358	529
Legal fees recovery – rates and charges (extra charges)		148	84
Legal fees recovery – other		56	2
Commissions and agency fees		34	34
Diesel rebate		33	31
Insurance claim recoveries		419	18
Insurance premium rebate		111	89
Reimbursements		117	77
Other		97	114
<u>TOTAL OTHER REVENUE</u>		<u>1,940</u>	<u>1,504</u>

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
(e) Grants				
General purpose (untied)				
Financial assistance*	5,367	3,416	–	–
Pensioners' rates subsidies – general component	252	248	–	–
Total general purpose	5,619	3,664	–	–
*Note: Council received 50% advance payment of 2017/18 Financial Assistance Grant allocation during 2016/17				
Specific purpose				
Pensioners' rates subsidies:				
– Domestic waste management	84	86	–	–
Bushfire and emergency services	320	304	–	–
Child care	198	183	–	–
Community services	254	166	–	–
Environmental management	294	271	–	–
Library	134	91	–	44
LIRS subsidy	240	289	–	–
Recreation and culture	–	27	–	43
Street lighting	82	81	–	–
Transport (roads to recovery)	–	–	1,963	1,722
Transport (other roads and bridges funding)	–	–	5	661
Other	1	8	–	–
Total specific purpose	1,607	1,506	1,968	2,470
Total grants	7,226	5,170	1,968	2,470
Grant revenue is attributable to:				
– Commonwealth funding	5,523	3,568	1,963	2,396
– State funding	1,688	1,598	5	74
– Other funding	15	4	–	–
	7,226	5,170	1,968	2,470

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
(f) Contributions				
Developer contributions:				
(s93 & s94 – EP&A Act, s64 of the LGA):				
S 93F – contributions using planning agreements	–	–	743	1,598
S 94 – contributions towards amenities/services	–	–	3,626	2,937
S 94A – fixed development consent levies	–	–	139	56
Total developer contributions	–	–	4,508	4,591
Other contributions:				
Bushfire services	308	327	240	125
Community services	189	95	–	–
Dedications (other than by S94)	–	–	1,061	11,471
Kerb and gutter	–	–	30	14
Recreation and culture	7	155	89	41
Roads and bridges	–	–	830	63
RMS contributions (regional roads, block grant)	2,155	1,864	529	668
Environmental Management	654	–	–	–
Total other contributions	3,313	2,441	2,779	12,382
Total contributions	3,313	2,441	7,287	16,973
TOTAL GRANTS AND CONTRIBUTIONS	10,539	7,611	9,255	19,443

\$ '000	Actual 2017	Actual 2016
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(g) Unspent grants and contributions**Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:**

Unexpended at the close of the previous reporting period	18,953	16,785
Add: grants and contributions recognised in the current period but not yet spent:	5,909	5,456
Add: grants and contributions received for the provision of goods and services in a future period	1,826	–
Less: grants and contributions recognised in a previous reporting period now spent:	(2,569)	(3,288)
Net increase (decrease) in restricted assets during the period	5,166	2,168
Unexpended and held as restricted assets	24,119	18,953
Comprising:		
– Specific purpose unexpended grants	3,118	1,274
– Developer contributions	20,233	17,223
– Other contributions	768	456
	24,119	18,953

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
(a) Employee benefits and on-costs			
Salaries and wages		19,139	18,275
Employee leave entitlements (ELE)		7	941
Superannuation		1,957	1,806
Workers' compensation insurance		436	415
Fringe benefit tax (FBT)		132	171
Training costs (other than salaries and wages)		195	104
Employment advertising		128	181
Other		17	11
Total employee costs		22,011	21,904
Less: capitalised costs		(1,578)	(1,295)
TOTAL EMPLOYEE COSTS EXPENSED		20,433	20,609
Number of 'full-time equivalent' employees (FTE) at year end		233	216
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		913	1,031
Total interest bearing liability costs expensed		913	1,031
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	26	793	758
Total other borrowing costs		793	758
TOTAL BORROWING COSTS EXPENSED		1,706	1,789

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Materials and contracts			
Raw materials and consumables		6,269	5,790
Contractor and consultancy costs			
– Environmental services		1,008	1,084
– General maintenance		2,299	3,325
– Leisure centre management		172	160
– Planning and development consultants		166	106
– Planning and development contractors/labour hire		774	–
– Road maintenance and construction		6,735	3,614
– Street and gutter cleaning contract		195	285
– Waste contractors		6,386	6,356
– Other		1,037	1,558
Auditors remuneration ⁽¹⁾		102	64
Legal expenses:			
– Legal expenses: planning and development		790	535
– Legal expenses: other		358	304
Operating leases:			
– Operating lease rentals: minimum lease payments ⁽²⁾		816	901
Total materials and contracts		27,107	24,082
Less: capitalised costs		(10,937)	(9,241)
TOTAL MATERIALS AND CONTRACTS		16,170	14,841
1. Auditor remuneration			
a. During the year, the following fees were incurred for services provided by the Auditor-General:			
(i) Audit and other assurance services			
– Audit and review of financial statements: Auditor-General		44	–
Remuneration for audit and other assurance services		44	–
Total Auditor-General remuneration		44	–
b. During the year, the following fees were incurred for services provided by Council's other Auditors:			
(i) Audit and other assurance services			
– Audit and review of financial statements: Council's Other Auditor		–	39
– Internal audit services external provider		58	25
Remuneration for audit and other assurance services		58	64
Total remuneration of other Council's Other Auditors		58	64
Total Auditor remuneration		102	64

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(d) Depreciation, amortisation and impairment			
Plant and equipment		462	579
Office equipment		24	63
Furniture and fittings		58	51
Land improvements (depreciable)		50	49
Infrastructure:			
– Buildings – non-specialised		722	668
– Buildings – specialised		1,009	1,007
– Roads		5,986	5,908
– Bridges		724	715
– Footpaths		324	322
– Other road assets		2,145	2,118
– Stormwater drainage		457	457
– Swimming pools		75	75
– Other open space/recreational assets		508	492
Other assets			
– Other		37	25
Asset reinstatement costs	9 & 26	–	43
Total gross depreciation and amortisation costs		12,581	12,572
Less: capitalised costs		–	–
Total depreciation and amortisation costs		12,581	12,572
Impairment			
Infrastructure:			
– Bridges		–	229
– Other open space/recreational assets		–	176
Total gross impairment costs		–	405
Less: IPP&E impairments (to)/from equity	9	–	(176)
Total impairment costs		–	229
TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED		12,581	12,801

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(e) Other expenses			
Advertising		152	124
Agency charges		64	63
Bad and doubtful debts		13	2
Bank charges		48	44
Computer software charges		390	414
Contributions/levies to other levels of government			
– Department of planning levy		51	50
– Emergency services levy (includes FRNSW, SES, and RFS levies)		639	702
– Section 88 waste and environment levy		364	265
Councillor expenses – mayoral fee		35	40
Councillor expenses – councillors' fees		162	166
Councillors' expenses (incl. mayor) – other (excluding fees above)		29	23
Donations, contributions and assistance to other organisations (Section 356)		146	150
Election expenses		249	–
Electricity and heating		241	275
Insurance		569	555
Photocopier charges		105	88
Postage		191	158
Street lighting		527	426
Telephone and communications		138	128
Valuation fees		110	105
Vehicle registration / insurance		93	78
Water charges		127	123
Other		283	300
Total other expenses		4,726	4,279
Less: capitalised costs		(7)	(15)
TOTAL OTHER EXPENSES		4,719	4,264

Note 5. Gains or losses from the disposal of assets

Plant and equipment			
Proceeds from disposal – plant and equipment		42	107
Less: carrying amount of plant and equipment assets sold/written off		(16)	–
Net gain/(loss) on disposal		26	107
Financial assets			
Proceeds from disposal/redemptions/maturities – financial assets		29,780	30,304
Less: carrying amount of financial assets sold/redeemed/matured		(29,780)	(30,304)
Net gain/(loss) on disposal		–	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		26	107

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 6a. – Cash assets and Note 6b. – investments

\$ '000	Notes	2017 Actual Current	2017 Actual Non-current	2016 Actual Current	2016 Actual Non-current
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		3,302	–	2,527	–
Total cash and cash equivalents		3,302	–	2,527	–
Investments (Note 6b)					
– Long term deposits		30,250	6,000	28,750	–
– NCD's, FRN's (with maturities > 3 months)		–	14,500	2,000	11,250
– Mortgage backed securities		–	1,654	–	1,684
– Other long term financial assets		2,000	–	1,000	2,000
Total investments		32,250	22,154	31,750	14,934
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		35,552	22,154	34,277	14,934
 Cash, cash equivalents and investments were classified at year end in accordance with AASB 139 as follows:					
Cash and cash equivalents					
a. 'At fair value through the profit and loss'		3,302	–	2,527	–
Investments					
a. 'Held to maturity'		32,250	22,154	31,750	14,934
Investments		32,250	22,154	31,750	14,934

Refer to Note 27. Fair value measurement for information regarding the fair value of investments held.

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 6c. Restricted cash, cash equivalents and investments – details

\$ '000	2017	2017	2016	2016
	Actual Current	Actual Non-current	Actual Current	Actual Non-current
Total cash, cash equivalents and investments	35,552	22,154	34,277	14,934
attributable to:				
External restrictions (refer below)	9,983	22,154	10,882	14,934
Internal restrictions (refer below)	20,388	–	21,190	–
Unrestricted	5,181	–	2,205	–
	35,552	22,154	34,277	14,934

2017 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of restrictions

External restrictions – included in liabilities

Nil

External restrictions – other

Developer contributions – general	(A)	17,223	4,938	(1,928)	20,233
Specific purpose unexpended grants	(B)	1,274	2,320	(475)	3,118
Domestic waste management	(C)	6,322	1,033	(8)	7,347
Stormwater management	(C)	541	270	(140)	671
Other contributions	(D)	456	477	(165)	768
External restrictions – other		25,816	9,038	(2,716)	32,137
Total external restrictions		25,816	9,038	(2,716)	32,137

- A** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- B** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1 (b))
- C** Domestic Waste Management (DWM) and Stormwater Management charges are externally restricted assets and must be applied for the purposes for which they were raised.
- D** Other Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 6c. Restricted cash, cash equivalents and investments – details (continued)

2017 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
Internal restrictions				
Employees leave entitlement	2,444	–	(5)	2,439
Animal management	19	–	–	19
Effluent disposal	216	–	(2)	214
Election	267	70	(258)	79
Growth management strategy	1,669	521	(819)	1,371
Information technology	70	–	(21)	49
Infrastructure and asset maintenance	7,946	4,558	(4,088)	8,416
Legal claims	991	–	(644)	347
Organisational development	676	–	(149)	527
Plant and vehicle replacement	1,456	367	(503)	1,320
Property	1,944	426	(386)	1,984
Recreation	474	–	(1)	473
Risk management	488	111	(78)	521
Roads	296	8	–	304
Sportsgrounds	834	278	(198)	914
Swimming pool	542	–	–	542
Tourism and economic development	368	–	(21)	347
Work in progress	490	36	(4)	522
Total internal restrictions	21,190	6,375	(7,177)	20,388
TOTAL RESTRICTIONS	47,006	15,413	(9,893)	52,525

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 7. Receivables

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
Purpose					
Rates and annual charges		1,495	–	1,732	–
Interest and extra charges		534	–	536	–
User charges and fees		825	–	386	–
Accrued revenues					
– Interest on investments		515	–	491	–
– Other income accruals		236	–	281	–
Government grants and subsidies		287	–	833	–
Net GST receivable		212	–	313	–
Total		4,104	–	4,572	–
Less: provision for impairment					
User charges and fees		(11)	–	(23)	–
Total provision for impairment – receivables		(11)	–	(23)	–
<u>TOTAL NET RECEIVABLES</u>		<u>4,093</u>	<u>–</u>	<u>4,549</u>	<u>–</u>
Externally restricted receivables					
Domestic waste management		584	–	628	–
Stormwater management		23	–	25	–
Total external restrictions		607	–	653	–
Unrestricted receivables		3,486	–	3,896	–
TOTAL NET RECEIVABLES		4,093	–	4,549	–

Notes on debtors above:

- (i) Rates and 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 and charges at 8.50% (2016 8.50%).
Generally all other receivables are non-interest bearing.
- (iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 8. Inventories and other assets

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
(a) Inventories					
(i) Inventories at cost					
Real estate for resale (refer below)		195	–	195	–
Stores and materials		1,942	–	1,845	–
Trading stock		2	–	2	–
Total inventories at cost		2,139	–	2,042	–
(ii) Inventories at net realisable value (NRV)					
Trading stock		46	–	46	–
Total inventories at net realisable value (NRV)		46	–	46	–
TOTAL INVENTORIES		2,185	–	2,088	–
(b) Other assets					
Prepayments		246	–	143	–
TOTAL OTHER ASSETS		246	–	143	–
Externally restricted assets					
RFS stores and materials		1,808	–	1,721	–
Unrestricted assets		623	–	510	–
TOTAL INVENTORIES AND OTHER ASSETS		2,431	–	2,231	–

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 8. Inventories and other assets (continued)

\$ '000	2017		2016	
	Current	Non-current	Current	Non-current
Other disclosures				
(a) Details for real estate development				
Residential	195	–	195	–
Total real estate for resale	195	–	195	–
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	195	–	195	–
Total costs	195	–	195	–
Total real estate for resale	195	–	195	–
Movements:				
Real estate assets at beginning of the year	195	–	230	–
– Other	–	–	(35)	–
Total real estate for resale	195	–	195	–

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

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

	2017	2016
Real estate for resale	195	195
	195	195

(c) Inventories recognised as an expense for the year included:

– Stores and materials	559	398
– Trading stock	–	4

(d) Inventory write downs

\$1,141 was recognised as an expense relating to the write down of inventory balances held during the year.

Refer to Note 27. Fair value measurement for information regarding the fair value of other assets held.

Wollondilly Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 9. Infrastructure, property, plant and equipment

Asset class	as at 30/6/2016			Asset movements during the reporting period						as at 30/6/2017		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Reinstatement costs for impaired assets	Carrying value of disposals	Depreciation expense	WIP transfers	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	2,217	–	2,217	247	159	–	–	–	(1,970)	653	–	653
Plant and equipment	12,945	11,356	1,589	–	506	–	(16)	(462)	–	13,397	11,780	1,617
Office equipment	3,882	3,767	115	–	57	–	–	(24)	–	3,939	3,791	148
Furniture and fittings	1,044	557	487	51	37	–	–	(58)	–	1,132	615	517
Land:												
– Operational land	12,972	–	12,972	–	343	–	–	–	–	13,315	–	13,315
– Community land	50,342	–	50,342	–	–	–	–	–	–	50,342	–	50,342
Land improvements – depreciable	2,473	326	2,147	37	–	–	–	(50)	–	2,510	376	2,134
Infrastructure:												
– Buildings – non-specialised	26,414	15,138	11,276	593	–	–	–	(722)	1,970	28,978	15,861	13,117
– Buildings – specialised	48,199	21,846	26,353	409	–	–	–	(1,009)	–	48,609	22,856	25,753
– Roads	219,890	103,416	116,474	7,347	–	–	–	(5,986)	–	227,237	109,402	117,835
– Bridges	62,361	27,452	34,909	1,591	–	178	–	(724)	–	63,590	27,636	35,954
– Footpaths	14,793	3,269	11,524	138	73	–	–	(324)	–	15,003	3,592	11,411
– Other road assets	76,109	24,951	51,158	1,259	132	–	–	(2,145)	–	77,500	27,096	50,404
– Bulk earthworks (non-depreciable)	44,331	–	44,331	–	–	–	–	–	–	44,331	–	44,331
– Stormwater drainage	53,948	11,921	42,027	58	–	–	–	(457)	–	54,006	12,378	41,628
– Swimming pools	3,000	1,200	1,800	–	–	–	–	(75)	–	3,000	1,275	1,725
– Other open space/recreational assets	31,798	4,277	27,521	153	1,061	149	–	(508)	–	32,936	4,560	28,376
Other assets:												
– Library books	1,025	1,025	–	–	–	–	–	–	–	1,025	1,025	–
– Other	763	280	483	–	–	–	–	(37)	–	763	317	446
Reinstatement, rehabilitation and restoration assets (refer Note 26):												
– Tip assets	8,054	8,054	–	–	–	–	–	–	–	8,054	8,054	–
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	676,560	238,835	437,725	11,883	2,368	327	(16)	(12,581)	–	690,320	250,614	439,706

Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27. Fair value measurement for information regarding the fair value of other infrastructure, property, plant and equipment.

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
Payables					
Goods and services		2,756	–	1,768	–
Accrued expenses:					
– Borrowings		64	–	74	–
– Salaries and wages		–	–	297	–
– Other expenditure accruals		2,479	–	1,487	–
Security bonds, deposits and retentions		464	–	557	–
Other		492	–	261	–
Total payables		6,255	–	4,444	–
Income received in advance					
Payments received in advance		204	–	276	–
Total income received in advance		204	–	276	–
Borrowings					
Loans – secured ¹		1,559	11,196	1,817	12,753
Total borrowings		1,559	11,196	1,817	12,753
Provisions					
Employee benefits:					
Annual leave		1,585	–	1,621	–
Sick leave		187	–	193	–
Long service leave		4,172	148	4,360	163
Time in Lieu		158	–	172	–
Sub-total – aggregate employee benefits		6,102	148	6,346	163
Asset remediation/restoration (future works)	26	298	13,707	282	12,931
Total provisions		6,400	13,855	6,628	13,094
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		14,418	25,051	13,165	25,847

(i) Liabilities relating to restricted assets

There are no restricted assets (external or internal) applicable to the above liabilities.

¹. Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 15.

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 10a. Payables, borrowings and provisions (continued)

\$ '000	Actual 2017	Actual 2016
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(ii) Current liabilities not anticipated to be settled within the next twelve months

The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.

Provisions – employees benefits	4,558	4,953
	<u>4,558</u>	<u>4,953</u>

Note 10b. Description of and movements in provisions

Class of provision	2016		2017			Closing balance as at 30/6/17
	Opening balance as at 1/7/16	Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	
Annual leave	1,621	1,157	(1,193)	–	–	1,585
Sick leave	193	7	(13)	–	–	187
Long service leave	4,523	357	(224)	(336)	–	4,320
Time in Lieu	172	72	(86)	–	–	158
Asset remediation	13,213	793	(1)	–	–	14,005
TOTAL	19,722	2,386	(1,517)	(336)	–	20,255

- a. Employees leave entitlements and 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.
- b. Asset remediation, reinstatement and restoration provisions represent the present value estimate of future costs Council will incur in order to remove, restore and remediate assets and/or activities as a result of past operations.

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 2017	Actual 2016
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	3,302	2,527
Less bank overdraft	10	–	–
Balance as per the Statement of Cash Flows		3,302	2,527
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		9,763	13,884
Adjust for non-cash items:			
Depreciation and amortisation		12,581	12,572
Net losses/(gains) on disposal of assets		(26)	(107)
Non-cash capital grants and contributions		(1,148)	(11,500)
Impairment losses recognition – I,PP&E		–	229
Losses/(gains) recognised on fair value re-measurements through the P&L		–	99
Unwinding of discount rates on reinstatement provisions		793	758
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		468	(402)
Increase/(decrease) in provision for doubtful debts		(12)	(12)
Decrease/(increase) in inventories		(97)	(3)
Decrease/(increase) in other assets		(103)	21
Increase/(decrease) in payables		988	755
Increase/(decrease) in accrued interest payable		(10)	(13)
Increase/(decrease) in other accrued expenses payable		695	304
Increase/(decrease) in other liabilities		66	287
Increase/(decrease) in employee leave entitlements		(259)	898
Increase/(decrease) in other provisions		(1)	(175)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		23,698	17,595

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 11. Statement of cash flows – additional information (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Non-cash investing and financing activities			
Bushfire grants		87	6
Dedicated Infrastructure Assets		1,061	11,471
Revaluation of propagated nursery stock		–	23
Total non-cash investing and financing activities		1,148	11,500
(d) Financing arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank overdraft facilities ⁽¹⁾		300	300
Credit cards/purchase cards		100	100
Total financing arrangements		400	400
Amounts utilised as at balance date:			
– Bank overdraft facilities		300	300
– Credit cards/purchase cards		82	90
Total financing arrangements utilised		382	390

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 and other payables are disclosed in Note 15.

(ii) Secured loan liabilities

Loans are secured by a mortgage over future years rate revenue only.

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 12. Commitments for expenditure

\$ '000	Notes	Actual 2017	Actual 2016
(a) Capital commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: (includes both 'contractually committed' and 'major works commenced' as at the reporting date.)			
Property, plant and equipment			
Buildings ¹		845	361
Plant and equipment		–	59
Recreation ²		1,012	66
Major road and bridge works ³		2,218	654
Tip remediation ⁴		96	96
Total commitments		4,171	1,236
These expenditures are payable as follows:			
Within the next year		4,171	1,236
Total payable		4,171	1,236
Sources for funding of capital commitments:			
Unrestricted general funds		3,601	1,236
Internally restricted reserves		570	–
Total sources of funding		4,171	1,236

Details of capital commitments

1. Buildings \$845k - Bargo RFS Building (\$544.8k); Tahmoor RFS (\$91.1k); Bargo Sportsground (\$46k); Old Post Office Clock (\$35k); Colden St (\$34k); Library (\$25k); Buxton RFS (\$23.9k); Menangle RFS (\$20.5k); Douglas Park RFS (\$9.7k); F McKay Building CCTV (\$7k); Tahmoor Sportsground (\$3.7k); Victoria Park Sportsground (\$3.5k);

2. Recreation \$1,017k - Picton Sportsground (\$261.9k); Wilton Sportsground (\$231k); Kennedy St Cycleway (\$147k); Warragamba Civic Park (\$96.7k); Antill Park Dam Wall (\$30.3k); Bin Enclosures (\$63k); Douglas Park Sportsground (\$25.9k); Leisure Centre Upgrade (\$19.8k); Picton Botanic Gardens (\$3.2k).

3. Major Road & Bridge Works \$2,226k - Broughton Pass Embankment restoration (\$746.8k); Werombi Rd (\$524.9k); Bus Shelter Program (\$121.1k); Margaret St signals (\$118.4k); Thirlmere Way (\$93.6k); Montpelier Drive (\$79.7k); Remembrance Drive Rockfall (\$77k); Burns Rd (\$63.7k); Bridge St (\$56.8k); Stonequarry Creek Handrail replacement (\$37.8k); Argyle St widening (\$35k); Noongah St Bargo (\$33.4k); Fairleys Rd to Abbotsford Rd (\$30.2k); Prince St Bridge (\$17.5k); Silverdale Rd (\$18.7k); Estonian Rd improvements (\$16.3k).

4. Tip Remediation \$96k - Warragamba Tip

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 12. Commitments for expenditure (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(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		378	548
Later than one year and not later than 5 years		433	472
Later than 5 years		–	45
Total non-cancellable operating lease commitments		811	1,065

b. Non-cancellable operating leases include the following assets:

Motor Vehicles and IT Equipment

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

Conditions relating to operating leases:

- All operating lease agreements are secured only against the leased asset.
- No lease agreements impose any financial restrictions on Council regarding future debt etc.

(d) Investment property commitments

Nil

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 13a(i). Statement of performance measurement – indicators (consolidated)

\$ '000	Amounts 2017	Indicator 2017	Prior periods		Benchmark
			2016	2015	
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	<u>482</u>	0.86%	-11.65%	-12.00%	>0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>56,091</u>				
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>45,552</u>	69.71%	60.26%	60.44%	>60.00%
Total continuing operating revenue ⁽¹⁾	<u>65,346</u>				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	<u>29,483</u>	2.99x	3.36x	3.42x	>1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	<u>9,860</u>				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>14,769</u>	4.19x	2.34x	2.00x	>2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>3,521</u>				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	<u>2,029</u>	5.20%	6.49%	6.14%	< 5% Metro
Rates, annual and extra charges collectible	<u>39,038</u>				<10% Rural
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	<u>39,552</u>	10.40 mths	8.6 mths	8.7 mths	> 3 mths
Payments from cash flow of operating and financing activities	<u>3,802</u>				

Notes

⁽¹⁾ Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures and associates.

⁽²⁾ Refer Notes 6-8 inclusive.

Also excludes any real estate and land for resale not expected to be sold in the next 12 months.

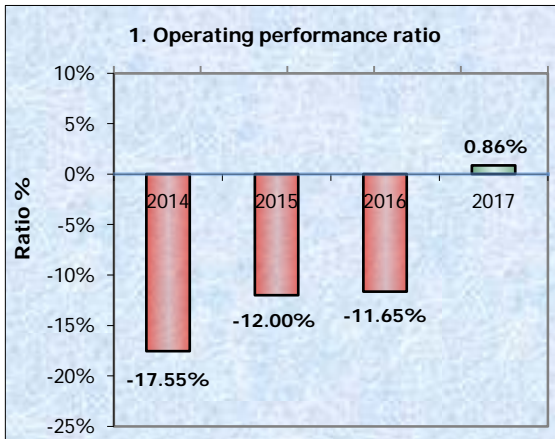
⁽³⁾ Refer to Note 10(a).

⁽⁴⁾ Refer to Note 10(a)(ii) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

Wollondilly Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 13a(ii). Local government industry indicators – graphs (consolidated)



Purpose of operating performance ratio

This ratio measures Council's achievement of containing operating expenditure within operating revenue.



Commentary on 2016/17 result

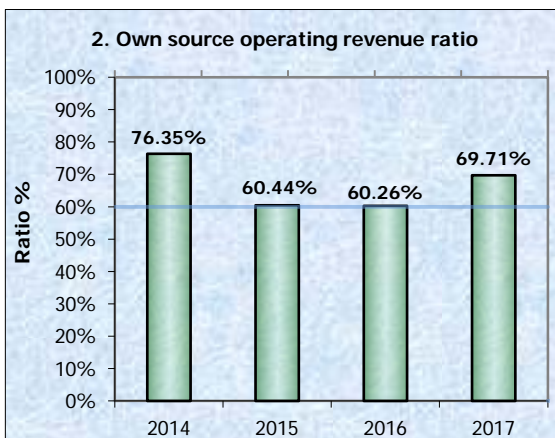
2016/17 ratio 0.86%

This positive result reflects a favourable outcome compared to the adopted budget, primarily as a result of Council receiving additional operating grant revenue during the year. A number of other cost savings and efficiency gains also contributed to this pleasing result. Council's forward projections originally predicted a positive operating result to not be achieved for another two years.

Benchmark: ——— Minimum $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

 Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.



Commentary on 2016/17 result

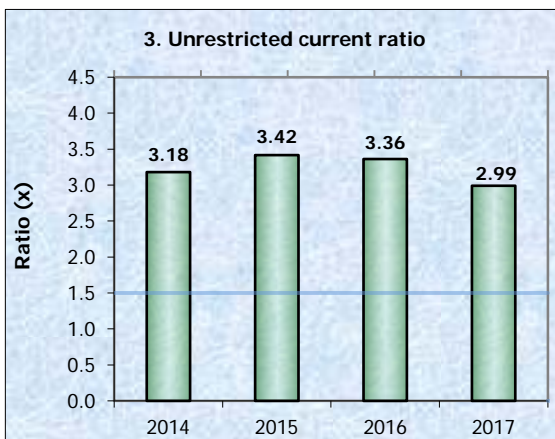
2016/17 ratio 69.71%

Council is comfortably exceeding this minimum benchmark for this ratio, indicating an acceptably low degree of reliance on external funding.

Benchmark: ——— Minimum $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

 Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of unrestricted current ratio

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



Commentary on 2016/17 result

2016/17 ratio 2.99x

Council's unrestricted current ratio has continued to remain well above the target ratio of 1.5:1. This indicates that Council has the ability to easily meet all of its short term obligations.

Benchmark: ——— Minimum ≥ 1.50

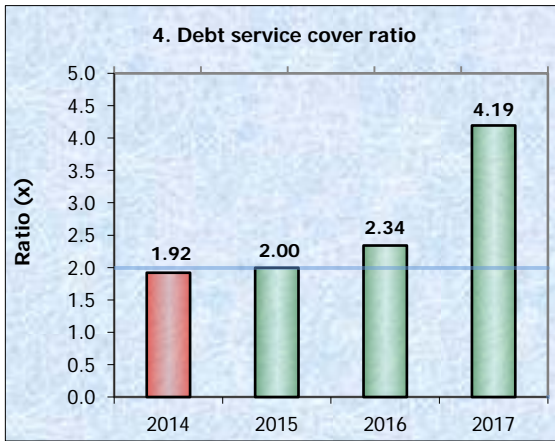
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

 Ratio achieves benchmark
 Ratio is outside benchmark

Wollondilly Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 13a(ii). Local government industry indicators – graphs (consolidated)



Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2016/17 result

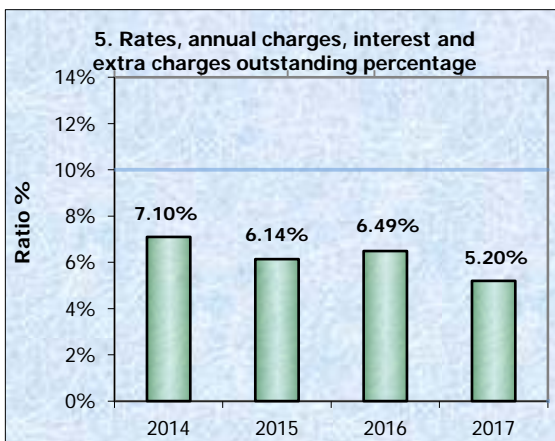
2016/17 ratio 4.19x

This ratio has continued to improve each year, reflective of Council's improving operating results. The ratio indicates that Council has sufficient operating cash with which to meet its debt servicing obligations.

Benchmark: Minimum ≥ 2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of rates and annual charges outstanding ratio

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

Commentary on 2016/17 result

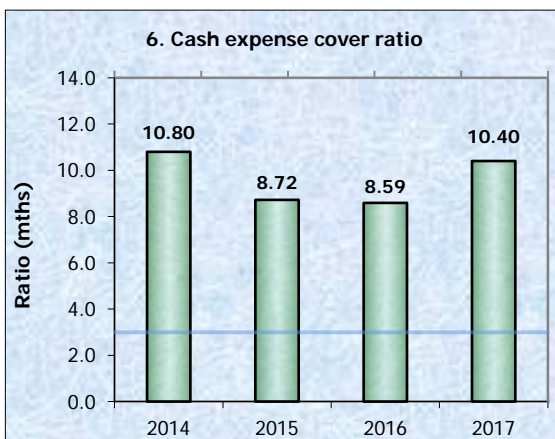
2016/17 ratio 5.20%

This ratio has been trending downwards over recent years as a result of improved debt recovery procedures. Even though the industry benchmark for Rural Councils is 10%, Wollondilly has set itself a target to achieve a ratio of less than 5% in line with the benchmark for metropolitan Councils.

Benchmark: Maximum $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

Commentary on 2016/17 result

2016/17 ratio 10.40 mths

Council's short term financial position is very sound, as evidenced by this ratio being more than 3 times above the minimum benchmark. This indicates that Council has the ability to easily meet all of its short term obligations.

Benchmark: Minimum ≥ 3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark
 Ratio is outside benchmark

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 14. Investment properties

\$ '000

Council has not classified any land or buildings as 'investment properties'.

Note 15. Financial risk management

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 and financial liabilities recognised in the financial statements is presented below.

	Carrying value		Fair value	
	2017	2016	2017	2016
Financial assets				
Cash and cash equivalents	3,302	2,527	4,678	2,527
Investments				
– 'Held to maturity'	54,404	46,684	54,441	46,548
Receivables	4,093	4,549	4,093	4,520
Total financial assets	61,799	53,760	63,212	53,595
Financial liabilities				
Payables	6,255	4,444	6,255	4,468
Loans/advances	12,755	14,570	12,755	14,570
Total financial liabilities	19,010	19,014	19,010	19,038

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.

Refer to Note 27. Fair value measurement for information regarding the fair value of financial assets and liabilities.

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

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

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the *Local Government Act 1993* and Minister's investment order. This policy is regularly reviewed by Council and it's staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **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 and investments.

(a) Market risk – price risk and interest rate risk

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2017				
Possible impact of a 10% movement in market values	–	–	–	–
Possible impact of a 1% movement in interest rates	544	544	(544)	(544)
2016				
Possible impact of a 10% movement in market values	–	–	–	–
Possible impact of a 1% movement in interest rates	488	488	(488)	(488)

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and 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 and 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:

	2017	2017	2016	2016
	Rates and	Other	Rates and	Other
	annual	receivables	annual	receivables
	charges		charges	
(i) Ageing of receivables – %				
Current (not yet overdue)	83%	88%	83%	77%
Overdue	17%	12%	17%	23%
	100%	100%	100%	100%
(ii) Ageing of receivables – value				
Rates and annual charges	Rates and	Other	Rates and	Other
Other receivables	annual	receivables	annual	receivables
	charges		charges	
Current	1,243	2,304	1,446	2,182
< 1 year overdue	252	190	286	553
1 – 2 years overdue	–	25	–	3
2 – 5 years overdue	–	3	–	11
> 5 years overdue	–	87	–	91
	1,495	2,609	1,732	2,840

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

(c) Liquidity risk

Payables and 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 and overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity 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		
2017									
Trade/other payables	464	5,791	–	–	–	–	–	6,255	6,255
Loans and advances	–	2,378	2,389	2,346	2,082	1,908	9,120	20,223	12,755
Total financial liabilities	464	8,169	2,389	2,346	2,082	1,908	9,120	26,478	19,010
2016									
Trade/other payables	557	3,887	–	–	–	–	–	4,444	4,444
Loans and advances	–	2,738	2,378	2,389	2,346	2,082	7,422	19,355	14,570
Total financial liabilities	557	6,625	2,378	2,389	2,346	2,082	7,422	23,799	19,014

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

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

	2017		2016	
	Carrying value	Average interest rate	Carrying value	Average interest rate
Trade/other payables	6,255	0.00%	4,444	0.00%
Loans and advances – fixed interest rate	12,755	6.75%	14,570	6.70%
	<u>19,010</u>		<u>19,014</u>	

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Material budget variations

\$ '000

Council's original financial budget for 16/17 was adopted by the Council on 20 June 2016.

While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the *Local Government Act 1993* 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	2017 Budget	2017 Actual	2017 ----- Variance* -----	
REVENUES				
User charges and fees	4,867	5,500	633	13% F
Development related income exceeded expectations due to increased development in the Shire. Waste disposal income also increased significantly due to increased dumping at Bargo Waste Management Centre. Other areas where income increased include Children's Services due to increased use of the service, cemetery income and royalty income. Income from the Wollondilly Leisure Centre was lower than originally budgeted as a result of the new centre management contract.				
Other revenues	830	1,940	1,110	134% F
Other revenue exceeded the original budget primarily due to insurance claims received as a result of: damage to Council property in the June 2016 storm event; the reimbursement of expenses including legal expenses and staff secondments to other government agencies; insurance premium rebate as a result of Council's good claims history; increased property rental income and events income (including sponsorship income).				
Operating grants and contributions	7,258	10,539	3,281	45% F
The additional grant and contribution income was due mainly to the receipt of a part-prepayment of the 2017/18 Financial Assistance Grant. Council also received a contribution from the Department of Planning towards growth management costs and additional RMS funding was received in relation to the June 2016 storm event. Other additional funding included an increased streetlighting subsidy, funding for environmental projects, Wollondilly Health Alliance contributions for various projects and a contribution from the State government towards costs in relation to the (now deferred) Fire & Emergency Services Levy implementation.				

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Material budget variations (continued)

\$ '000	2017 Budget	2017 Actual	2017 Variance*		
REVENUES (continued)					
Capital grants and contributions	4,734	9,255	4,521	96%	F
<p>Additional developer contributions were received due to the accelerated level of development in the Shire. Council also received a contribution from RMS towards the reconstruction of the Broughton Pass bridge and embankment. Other additional funding included an increase in Roads to Recovery grants; Rural Fire Service contributions towards improvements at Rural Fire Service stations; ratepayer contributions towards kerb and guttering and other contributions towards park and playground equipment.</p>					
EXPENSES					
Borrowing costs	926	1,706	(780)	(84%)	U
<p>Borrowing costs exceeded budget due to the non-cash entry required to recognise the unwinding of a present value discount in relation to the remediation of Council's tip assets.</p>					
Materials and contracts	13,709	16,170	(2,461)	(18%)	U
<p>The increase in materials and contracts is due mainly to the increased road and building maintenance program resulting in a higher than budgeted use of raw materials, contractors and plant and equipment hire. Other areas where costs increased include waste contractors, leisure centre management contractors, tree maintenance contractors. Labour hire for planning and development was not included in the original budget but was required due to the large number of development related matters to be assessed and staff vacancies. Legal expenses were also higher than originally budgeted due to some large development and compliance legal matters that were not known at the time of developing the original budget. Areas where costs decreased include vehicle running costs, internet costs, memberships and subscriptions and equipment repairs and maintenance.</p>					
Depreciation and amortisation	10,878	12,581	(1,703)	(16%)	U
<p>The 2016/17 budget was developed prior to the end of the 2015/16 financial year and at that time, the depreciation was calculated based on existing asset valuations at that time. The end of year result recognises the increased asset base after taking into account 30 June 2016 asset revaluations and 2016/17 capitalisations.</p>					
Other expenses	5,468	4,719	749	14%	F
<p>The original budget for streetlighting and other electricity costs were based on an estimated significant increase in electricity costs (per industry predictions), however the actual increase was lower than expected. Council also originally budgeted for a steep increase in insurance premiums also based on industry predictions, however the actual increase was lower than expected, resulting in budgetary savings in this area. Councillor expenses were lower than expected as some Councillor training was deferred and travel and conference costs were lower than originally anticipated. Contributions to the RFS & SES were budgeted for based on an expected increase from the previous year's contributions, however the actual increase was not as high as expected. Postage costs increased due to increases from Australia Post. Council paid more in donations, sponsorships, contributions and financial assistance payments than were included in the original budget as Councillors determined that the increase was warranted to provide a greater amount of support to community organisations and events.</p>					

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Material budget variations (continued)

\$ '000	2017 Budget	2017 Actual	2017 ----- Variance* -----
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Budget variations relating to Council's Cash Flow Statement include:

Cash flows from operating activities	13,673	23,698	10,025	73.3%	F
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The increase in cash flows from operating activities was due mainly to additional developer contributions and grant funding received during the year. A portion of the 2018 Financial Assistance grant was paid to Council in 2017 and Council received more grants and contributions towards road maintenance than was originally expected. There was also an increase in development related income and reimbursements received. Outgoings for utility costs, insurance premiums and other expenses were lower than expected as the original budget was based on industry predictions of significant increases in both insurance and utility costs. The actual increase during the year was less than originally budgeted.

Cash flows from investing activities	(12,540)	(21,108)	(8,568)	68.3%	U
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A significant reduction in the expected cash inflows from investing activities was primarily due to the original expectation that Council would be required to reduce the size of its investment portfolio in order to accommodate the proposed schedule of major works. Due to the revised number of major projects completed during the year funded from restricted cash and increased grant and contribution funding received, including developer contributions, Council managed to increase its investment portfolio.

Wollondilly Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 17. Statement of developer contributions

\$ '000

Council recovers contributions, raises levies and 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 and levies and the value of all remaining funds which are 'restricted' in their future use.

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Traffic facilities	3,946	891	-	87	(858)	-	4,066	-
Open space	3,189	2,123	-	86	(94)	-	5,304	-
Community facilities	2,645	604	-	75	-	-	3,324	-
Bushfire protection	21	7	-	1	-	-	29	-
Animal Management	2	-	-	-	(2)	-	-	-
Other	6	1	-	-	-	-	7	-
S94 contributions – under a plan	9,809	3,626	-	249	(954)	-	12,730	-
S94A levies – under a plan	523	139	-	6	(295)	-	373	-
Total S94 revenue under plans	10,332	3,765	-	255	(1,249)	-	13,103	-
S93F planning agreements	6,891	743	-	175	(679)	-	7,130	-
Total contributions	17,223	4,508	-	430	(1,928)	-	20,233	-

Wollondilly Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN - 2005

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Traffic facilities	2,604	867	-	73	-	-	3,544	
Open space	2,572	2,117	-	70	(76)	-	4,683	
Community facilities	1,663	599	-	47	-	-	2,309	
Bushfire protection	21	7	-	1	-	-	29	
Total	6,860	3,590	-	191	(76)	-	10,565	-

CONTRIBUTION PLAN - PRIOR YEARS

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Traffic facilities	1,342	24	-	14	(858)	-	522	
Open space	617	6	-	16	(18)	-	621	
Community facilities	982	5	-	28	-	-	1,015	
Animal Management	2	-	-	-	(2)	-	-	
Other	6	1	-	-	-	-	7	
Total	2,949	36	-	58	(878)	-	2,165	-

Wollondilly Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 17. Statement of developer contributions (continued)

\$ '000

S94A LEVIES – UNDER A PLAN

CONTRIBUTION PLAN - 2005

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Other	523	139	-	6	(295)	-	373	-
Total	523	139	-	6	(295)	-	373	-

S93F planning agreements

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Traffic facilities	3,319	-	-	75	(661)	-	2,733	-
Open space	2,416	-	-	68	(13)	-	2,471	-
Community facilities	1,002	743	-	28	-	-	1,773	-
Animal Management	25	-	-	1	(6)	-	20	-
Bushfire Protection	115	-	-	3	-	-	118	-
Tree Planting	14	-	-	-	-	-	14	-
Total	6,891	743	-	175	(680)	-	7,129	-

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 18. Contingencies and 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 and 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) 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.

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.

Wollondilly Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 18. Contingencies and other assets/liabilities not recognised (continued)

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other liabilities (continued)

(ii) S94 plans (continued)

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) Legal Expenses

Council is currently defending its position before the Land & Environment Court in relation to a planning matter. As the outcome of this matter is currently unknown, no liability has been recognised in these financial statements. Council's current costs to date in relation to this dispute are \$472K.

Note 19. Interests in other entities

Council has no interest in any controlled entities, joint arrangements or associates.

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

\$ '000	Notes	Actual 2017	Actual 2016
(a) Retained earnings			
Movements in retained earnings were as follows:			
Balance at beginning of year (from previous years audited accounts)		314,107	300,223
a. Net operating result for the year		9,763	13,884
Balance at end of the reporting period		323,870	314,107
(b) Revaluation reserves			
(i) Reserves are represented by:			
– Infrastructure, property, plant and equipment revaluation reserve		140,597	140,597
Total		140,597	140,597
(ii) Reconciliation of movements in reserves:			
Infrastructure, property, plant and equipment revaluation reserve			
– Opening balance		140,597	97,765
– Revaluations for the year	9(a)	–	43,008
– (Impairment of revalued assets)/impairment reversals	9(a),(c)	–	(176)
– Balance at end of year		140,597	140,597
TOTAL VALUE OF RESERVES		140,597	140,597

(iii) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

– The infrastructure, property, plant and equipment revaluation reserve is used to record increments/decrements of non-current asset values due to their revaluation.

(c) Correction of error/s relating to a previous reporting period

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

(d) Voluntary changes in accounting policies

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

Note 21. Financial result and financial position by fund

Council utilises only a general fund for its operations.

Wollondilly Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 22. 'Held for sale' non-current assets and disposal groups

\$ '000

Council did not classify any non-current assets or disposal groups as 'held for sale'.

Note 23. Events occurring after the reporting date

Council is unaware of any material or significant events that should be disclosed.

Note 24. Discontinued operations

Council has not classified any of its operations as 'discontinued'.

Note 25. Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance.

Council is unaware of any control over intangible assets that warrant recognition in the financial statements, including either internally generated and developed assets or purchased assets.

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 26. Reinstatement, rehabilitation and restoration liabilities

\$ '000

Council has legal/public obligations to make restore, rehabilitate and reinstate the following assets/operations:

Asset/operation	Estimated year of restoration	NPV of provision	
		2017	2016
Tip site – Bargo	2022	4,765	4,496
Tip site – Warragamba (closed)	In progress	298	282
Tip site – Picton (closed)	Undetermined	6,071	5,727
Tip site – Appin (closed)	Undetermined	2,396	2,260
Effluent ponds - Bargo (closed)	Undetermined	475	448
Balance at end of the reporting period	10(a)	14,005	13,213

Under AASB 116 – Property, Plant and Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 – Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The last comprehensive assessment of costs was undertaken in 2008. The discount rate used is the risk free borrowing rate applicable to Council.

Reconciliation of movement in provision for year:

Balance at beginning of year	13,213	12,630
Amounts capitalised to new or existing assets:		
Amortisation of discount (expensed to borrowing costs)	793	758
Expenditure incurred attributable to provisions	(1)	(175)
Total – reinstatement, rehabilitation and restoration provision	14,005	13,213

Amount of expected reimbursements

Of the above provisions for reinstatement, rehabilitation and restoration works, those applicable to garbage services and waste management are able to be funded through future charges incorporated within Council's annual domestic waste management charge.

Wollondilly Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 26. Reinstatement, rehabilitation and restoration liabilities (continued)

\$ '000

Provisions for close down and restoration and for environmental clean up costs – tips and quarries

Restoration

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals

Close down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

Other movements in the provisions for close down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement

\$ '000

The Council measures the following asset and liability classes at fair value on a recurring basis:

– Infrastructure, property, plant and equipment

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

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

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values:

2017	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Work in progress	30/06/17	–	653	–	653
Plant and equipment		–	–	1,617	1,617
Office equipment	30/06/16	–	–	148	148
Furniture and fittings	30/06/16	–	–	517	517
Operational land	30/06/13	–	–	13,315	13,315
Community land	30/06/16	–	–	50,342	50,342
Land improvements – depreciable		–	–	2,134	2,134
Buildings	30/06/13	–	–	38,870	38,870
Swimming pools and other recreational assets	30/06/16	–	–	30,101	30,101
Road infrastructure	30/06/15	–	–	259,935	259,935
Stormwater drainage	30/06/15	–	–	41,628	41,628
Other assets		–	–	446	446
Total infrastructure, property, plant and equipment		–	653	439,053	439,706

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values: (continued)

2016	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Financial assets					
Investments – ‘Held to maturity’	30/06/16	–	–	46,684	46,684
Total financial assets		–	–	46,684	46,684
Infrastructure, property, plant and equipment					
Work in progress	30/06/16	–	2,217	–	2,217
Plant and equipment		–	–	1,589	1,589
Office equipment	30/06/16	–	–	115	115
Furniture and fittings	30/06/16	–	–	487	487
Operational land	30/06/13	–	–	12,972	12,972
Community land	30/06/16	–	–	50,342	50,342
Land improvements – depreciable		–	–	2,147	2,147
Buildings	30/06/13	–	–	37,629	37,629
Swimming pools and other recreational assets	30/06/16	–	–	29,321	29,321
Road infrastructure	30/06/15	–	–	258,396	258,396
Stormwater drainage	30/06/15	–	–	42,027	42,027
Other assets		–	–	483	483
Total infrastructure, property, plant and equipment		–	2,217	435,508	437,725

Wollondilly Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

(2) Valuation techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (ie. Level 1 inputs), Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Work in Progress

Work in Progress is disclosed at cost in the notes. Separate valuation of these assets is not deemed necessary due to the small period of time that has elapsed between the incurring of the expenditure and the reported valuation in the financial statements.

There has been no change to the valuation techniques during the reporting period.

Plant & Equipment, Office Equipment and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

The key unobservable inputs to the valuation are the remaining useful life and residual value. Council reviews the value of these assets against quoted prices for the gross replacement cost of similar assets and by taking account of the pattern of consumption, the remaining useful life and residual value are able to be estimated. There has been no change to the valuation process during the reporting period.

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The valuation of Council's operational land was undertaken at 30 June 2013 by Scott Fullarton Valuations Pty Ltd, FAPI, Certified Practising Valuer, Registration No. VAL2144. Operational land has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in settling the price. Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset; and cash flows from the future use and disposal. There has been no change to the valuation process during the reporting period.

Community Land

Valuations of all Council's Community Land and Council managed land were based on either the land values provided by the Valuer-General or an average unit rate based on the land values for similar properties where the Valuer-General did not provide a land value having regard to the highest and best use for this land. As these rates were not considered to be observable market evidence they have been classified as Level 3. There has been no change to the valuation process during the reporting period.

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

Land Improvements - depreciable

This asset class comprises land improvements such as gardens, mulched areas, streetscaping and landscaping. These assets may be located on parks, reserves and also within road reserves.

Council carries fair value of land improvements using Level 3 valuation inputs. Such valuations are undertaken by Council Staff or by an external valuer depending upon the asset.

The unobservable Level 3 inputs used include as estimated pattern of consumption, residual value, asset condition and useful life. There has been no change to the valuation techniques during the reporting period.

Buildings – Non Specialised and Specialised

Council's buildings were valued utilising the cost approach by Scott Fullarton Valuations Pty Ltd in June 2013. The approach estimated the replacement cost of each building and componentising of significant parts with different useful lives and taking into account a range of factors. The unit rates could be supported by market evidence (Level 2 inputs), other inputs (such as estimates of residual value, useful life and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets have been valued using Level 3 inputs. There has been no change to the valuation techniques during the reporting period.

Swimming Pools & Other Open Space/Recreational Assets

Council's Swimming Pools & Other Open Space/Recreational Assets were valued using the cost approach. Council carries fair value of these assets using Level 3 inputs. Such valuations are undertaken by Council Staff or by an external valuer depending upon the structure.

The unobservable Level 3 inputs used include as estimated pattern of consumption, residual value, asset condition and useful life. There has been no change to the valuation techniques during the reporting period.

Road Infrastructure

This asset class includes roads, bridges, car parks, kerb and gutter, traffic facilities, footpaths and bulk earthworks undertaken in the course of construction. The 'Cost Approach' using Level 3 inputs was used to value the road carriageway and other road infrastructure. Valuations for the road carriageway, comprising surface, pavement and formation were based primarily on unit rates determined in collaboration with sixteen neighbouring Councils. Other inputs (such as estimated pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there some uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Stormwater Drainage

Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices. The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The Level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Other Assets

Council's Other Assets were valued using the cost approach. Council carries fair value of Other Assets using Level 3 inputs. Such valuations are undertaken by Council Staff or by an external valuer depending upon the asset. The unobservable Level 3 inputs used include estimated patterns of consumption, residual value, asset condition and useful life. There has been no change to the valuation techniques during the reporting period.

Tip Assets

Council is obligated to restore/rehabilitate closed former landfill sites at Warragamba, Picton and Appin and the closed Bargo Effluent Ponds. Council will also eventually be required to remediate the existing active landfill site at Bargo. It has been recognised that there will be significant costs associated with the closure and remediation or post closure management of these sites. Remediation of the sites to meet the requirements of the stringent standards and guidelines will involve a wide range of activities including preparation of a Landfill Closure and Management Plans, as well as environmental assessments with appropriate remediation works. In some instances this remediation may involve extensive re-profiling or shaping works, final capping of the landfill waste and site re-vegetation, installation of a final landfill gas management system, revision of the surface water management system and leachate management infrastructure to suit post-closure operation, decommissioning and removing infrastructure and equipment that will not be required post-closure, and fencing sensitive infrastructure.

The key unobservable inputs are the discount rate, cost escalation rate, actual timing of costs and future environmental management requirements. There has been no change to the valuation process during the reporting period.

(3) Fair value measurements using significant unobservable inputs (level 3)

a. Changes in level 3 fair values

There were no fair value measurement movements during the reporting period. Other movements such as purchases, disposals and depreciation have been reported in Note 9.

b. Information relating to the transfers into and out of the level 3 fair value hierarchy

Prior to 2016/17, council recorded \$1,970,457 of work in progress for the refurbishment of Council's Library building. The refurbishment project was completed in 2016/17 and therefore the work in progress amount was capitalised. The capitalisation had the effect of moving the work in progress (level 2) to the Buildings asset category (level 3).

(4) Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use.

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 28. Related party disclosures

\$ '000

a. Key management personnel

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

	Actual
Compensation:	2017
Short-term benefits	1,064
Post-employment benefits	86
Total	1,150

b. Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Nature of the transaction	Value of transactions during year \$'000	Outstanding balance (incl. loans and commitments) \$'000	Terms and conditions	Provisions for doubtful debts outstanding \$'000	Doubtful debts expense recognised \$'000
Purchase of grocery items on account at local store owned by a Councillor	34	–	30-day terms on invoices	–	–
Final payment for street sweeping services under Contract with Councillor. Contract terminated at end of 2015/16 financial year	7	–	15-day terms on invoices	–	–
Advertsing with a business owned by the spouse of a Councillor	32	–	30-day terms on invoices	–	–

Wollondilly Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 29. Financial review

\$ '000

Key financial figures of Council over the past 5 years

Financial performance figures	2017	2016	2015	2014	2013
Inflows:					
Rates and annual charges revenue	36,415	32,724	29,321	28,059	26,356
User charges revenue	5,500	5,069	5,322	4,645	3,533
Interest and investment revenue (losses)	1,697	1,730	1,793	1,802	1,781
Grants income – operating and capital	9,194	7,640	7,218	4,354	5,910
Total income from continuing operations	65,372	68,188	63,018	47,595	45,920
Sale proceeds from I,PP&E	42	107	121	348	1,567
New loan borrowings and advances	–	–	–	9,000	2,750
Outflows:					
Employee benefits and on-cost expenses	20,433	20,609	19,412	17,688	16,193
Borrowing costs	1,706	1,789	1,961	1,702	1,458
Materials and contracts expenses	16,170	14,841	15,190	14,982	13,113
Total expenses from continuing operations	55,609	54,304	55,546	49,631	44,897
Total cash purchases of I,PP&E	13,430	11,165	9,267	10,714	10,256
Total loan repayments (incl. finance leases)	1,815	2,024	1,725	1,134	747
Operating surplus/(deficit) (excl. capital income)	508	(5,559)	(9,657)	(7,149)	(3,942)
Financial position figures	2017	2016	2015	2014	2013
Current assets	42,076	41,057	40,379	38,102	31,752
Current liabilities	14,418	13,165	11,319	11,245	9,145
Net current assets	27,658	27,892	29,060	26,857	22,607
Cash and investments – unrestricted	5,181	2,205	1,148	2,044	1,476
Cash and investments – internal restrictions	20,388	21,190	20,076	18,383	13,975
Cash and investments – total	57,706	49,211	44,698	43,168	35,086
Total borrowings outstanding (Loans, advances and finance leases)	12,755	14,570	16,594	18,319	10,453
Total value of I,PP&E (excl. land and earthworks)	582,332	568,915	528,072	465,656	454,740
Total accumulated depreciation	250,614	238,835	228,020	173,232	162,427
Indicative remaining useful life (as a % of GBV)	57%	58%	57%	63%	64%

Source: published audited financial statements of Council (current year and prior year)

Wollondilly Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 30. Council information and contact details

Principal place of business:

62-64 Menangle Street
Picton NSW 2571

Contact details

Mailing address:

PO Box 21
Picton NSW 2571

Telephone: (02) 4677 1100

Facsimile: (02) 4677 2339

Internet: www.wollondilly.nsw.gov.au

Email: council@wollondilly.nsw.gov.au

Officers

GENERAL MANAGER

L Johnson

RESPONSIBLE ACCOUNTING OFFICER

A Christie

PUBLIC OFFICER

J Sproule

AUDITORS

Audit Office of New South Wales

**Elected members (as at the date these statements
were authorised for issue - 16/10/17)**

MAYOR

Cr J Hannan

COUNCILLORS

Cr R Khan (Deputy Mayor)

Cr M Banasik

Cr B Briggs

Cr M Deeth

Cr M Gould

Cr S Landow

Cr N Lowry

Other information

ABN: 93 723 245 808



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Wollondilly Shire Council

To the Councillors of the Wollondilly Shire Council

Opinion

I have audited the accompanying financial statements of Wollondilly Shire Council (the Council), which comprise the statement of financial position as at 30 June 2017, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion,

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been presented, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Matter

The financial statements of the Council for the year ended 30 June 2016 were audited by another auditor who expressed an unmodified opinion on that financial statement on 17 October 2016.

The Councillors' Responsibility for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, Note 2(a) and Note 16 budget variation explanations
- on the attached Special Schedules
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Lawrissa Chan
Director, Financial Audit Services

16 October 2017
SYDNEY

Cr Judith Hannan
Mayor
Wollondilly Shire Council
Frank McKay Building
62-64 Menangle Street
PICTON NSW 2571

Contact: Lawrissa Chan
Phone no: 02 9275 7255
Our ref: D1724897/1810

16 October 2017

Dear Cr Hannan

**Report on the Conduct of the Audit
for the year ended 30 June 2017
Wollondilly Shire Council**





I have audited the general purpose financial statements of the Wollondilly Shire Council (the Council) for the year ended 30 June 2017 as required by section 415 of the *Local Government Act 1993* (the Act).

I have expressed an unmodified opinion on the Council's general purpose financial statements.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2017 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2017 \$m	2016 \$m	Variance %
Rates and annual charges revenue	36.4	32.7	11.3 
Grants and contributions revenue	19.8	27.1	26.9 
Operating result for the year	9.8	13.9	29.5 
Net operating result before capital amounts	0.5	(5.6)	108.9 

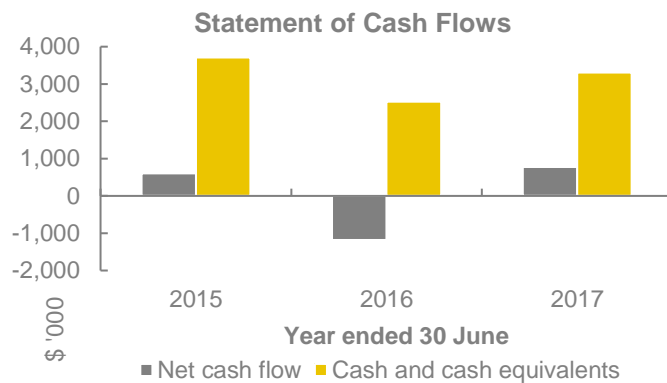
The following comments are made in respect of Council’s operating result for the year:

- Rates and annual charges revenue has increased in line with the IPART approved special rate variation of 10.8 per cent. The remaining variance is attributable to an increase in the number of rateable properties in the 2016/17 financial year.
- Grants and contributions revenue has decreased primarily due to non-cash infrastructure dedications of \$11.5 million that were received in the 2015/16 financial year (2016/17: \$1.1 million). This is offset by the receipt of \$1.8 million (50%) of 2017-18 Financial Assistance Grants in advance from the Commonwealth Government.
- Council’s operating result for the year was a surplus of \$9.8 million. This has decreased compared with the prior year due to the reduction of non-cash infrastructure dedications of \$11.5 million, which has been offset by the receipt of 2017–18 Financial Assistance Grants in advance. The Council budgeted for a surplus of \$2.9 million.
- The net operating result for the year before capital grants and contributions was a surplus of \$0.5 million. This was driven by the increase in rates and annual charges arising from the special rate variation and the receipt of \$1.8 million (50%) of 2017–18 Financial Assistance Grants in advance.
- Total expenses of \$55.6 million were consistent with the prior year, increasing by 2.3%. Total expenses included depreciation (a non-cash expense) of \$12.6 million.

STATEMENT OF CASH FLOWS

The following comments are made in respect of Council’s statement of cash flows:

- Council has generated consistent cash flows in the past 3 years. Council’s cash and cash equivalents balance at 30 June 2017 is \$3.3 million compared with \$2.5 million in the prior year.
- The net increase in cash and cash equivalents of \$0.78 million are due to increased rates and annual charges as a result of the special rate variation (\$4.4 million) and grants and contributions (\$4.3 million). This has been offset by purchases of infrastructure, property, plant and equipment (\$2.3 million), investment securities (\$2 million), employee benefit and on-cost payments (\$1.5 million) and materials and contracts (\$1.2 million).
- Council maintains borrowing facilities requiring annual repayments of \$1.7 million to \$2.0 million each year.



FINANCIAL POSITION

Cash and Investments

Restricted Cash and Investments	2017	2016	Commentary
	\$m	\$m	
External restrictions	32.1	25.8	<ul style="list-style-type: none"> Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase of \$6.3 million in externally restricted cash is driven by developer contributions (\$3.0 million), special purpose unexpended grants (\$1.8 million) and domestic waste management (\$1 million). There is significant growth within the Wollondilly local government area. Developer contributions continue to drive the growth of external restrictions on cash and investments.
Internal restrictions	20.4	21.2	
Unrestricted	5.2	2.2	
Cash and investments	57.7	49.2	<ul style="list-style-type: none"> Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. Internally restricted cash remains steady. Council has grown its unrestricted cash and investments balance by \$3.0 million (136 per cent) from the prior year due to the improved operating result before capital amounts.

PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 13 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7.

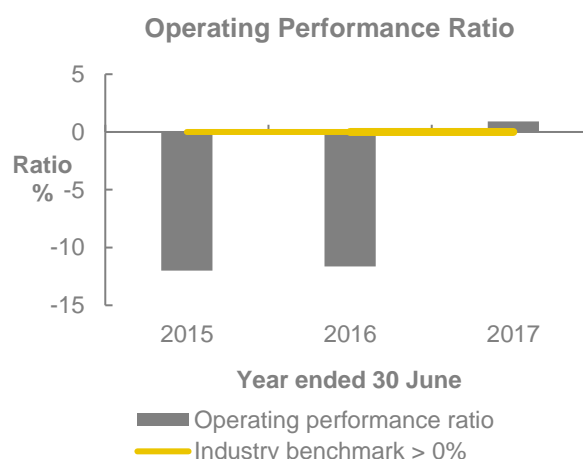
Operating performance ratio

Council has met the benchmark of zero per cent for the first time in recent years.

Council's improved result has been primarily driven by the:

- increase in rates and annual charges revenue (arising from the special rate variation of 10.8 per cent);
- additional \$1.8 million arising from a partial pre-payment of the 2017/18 Financial Assistance Grant by the Commonwealth Government; and
- consistency of expenses with the prior year.

The 'operating performances ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than zero per cent.



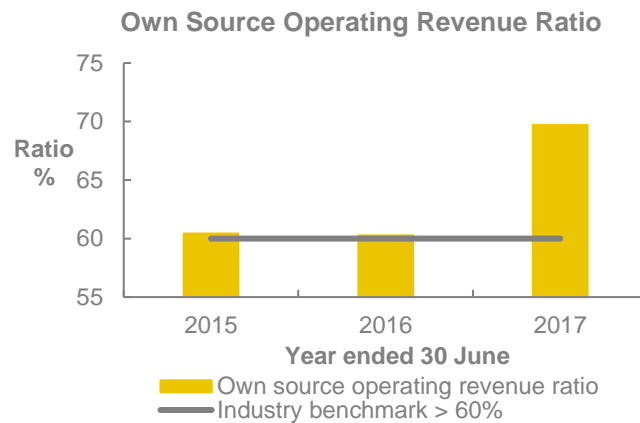
Own source operating revenue ratio

Council has consistently met the benchmark of 60 per cent in recent years.

Council's improved result in 2016/17 has been primarily driven by the:

- increase in rates and annual charges revenue (arising from the special rate variation of 10.8 per cent)
- receipt of \$1.8 million (50 per cent) Financial Assistance Grants for 2017–18 in advance.

The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



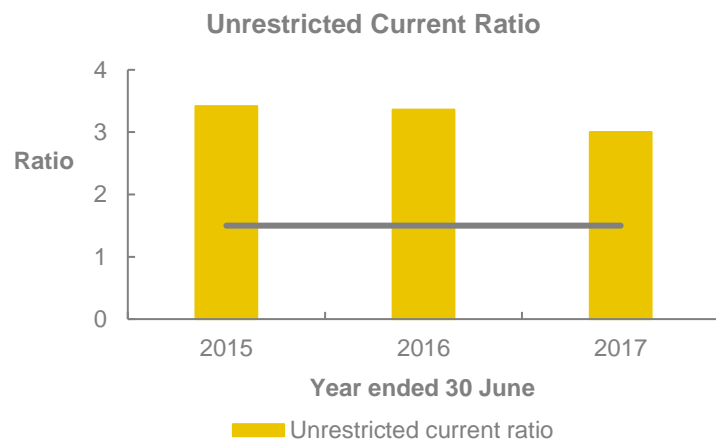
Unrestricted current ratio

Council has consistently met the benchmark minimum ratio of 1.5x. This indicates that the Council has sufficient liquidity to meet its current liabilities when they fall due.

The slight decrease in this ratio has been primarily driven by the:

- significant growth management areas within the Wollondilly local government area and the corresponding developer contributions which continue to drive the growth of external restrictions on cash and investments
- Council's investment of surplus cash in long term investment (non-current asset) balances to increase interest income

The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



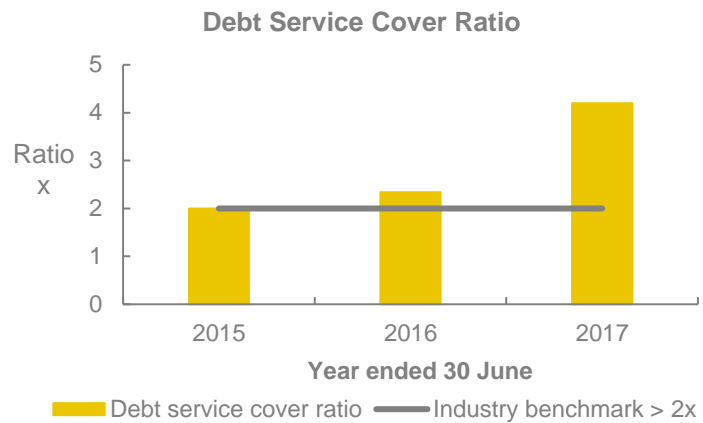
Debt service cover ratio

Council has met the benchmark minimum ratio of 2 times (x). The debt cover ratio of 4.2x indicates the Council has adequate revenue to cover the principal repayments and borrowing costs.

Council's improved result has been primarily driven by:

- the improvement in the operating result (as further outlined above); and
- Council not entering into any new borrowing facilities in recent years.

The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



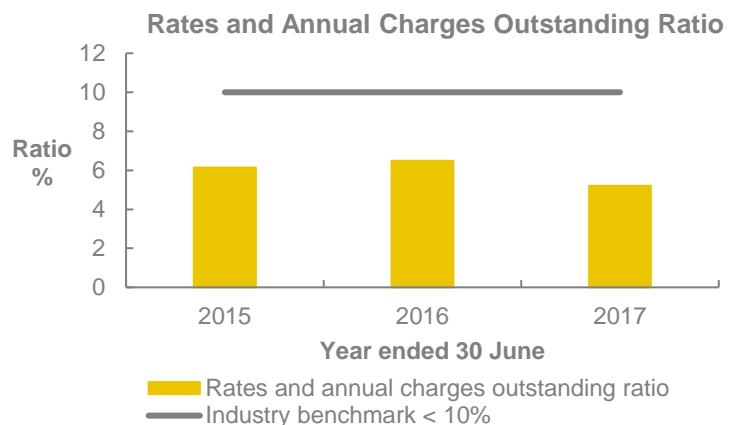
Rates and annual charges outstanding ratio

Council has consistently met the rural council benchmark of 10 per cent in recent years.

Council's improved result has been primarily driven by:

- improved debt recovery procedures; and
- favourable economic conditions in the local government area affecting the agricultural, construction, industrial and mining industries.

The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for rural councils and less than 5 per cent for metropolitan councils.



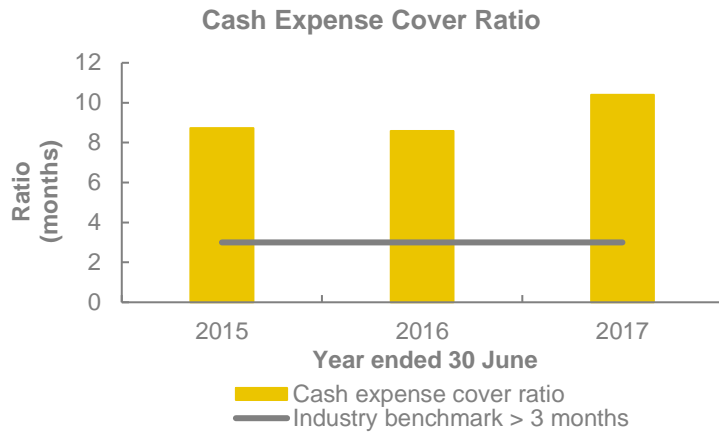
Cash expense cover ratio

Council has consistently met the benchmark minimum ratio of > 3 months in recent years. At 30 June 2017, the Council had the capacity to cover 10.4 months of cash expenditure without additional cash inflows.

Council's improved result in 2016/17 has been primarily driven by the:

- improvement in the operating result (as further outlined above)
- consistency of expenses with the prior year; and
- Council not entering into any new borrowing facilities in recent years.

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.



Building and infrastructure renewals ratio

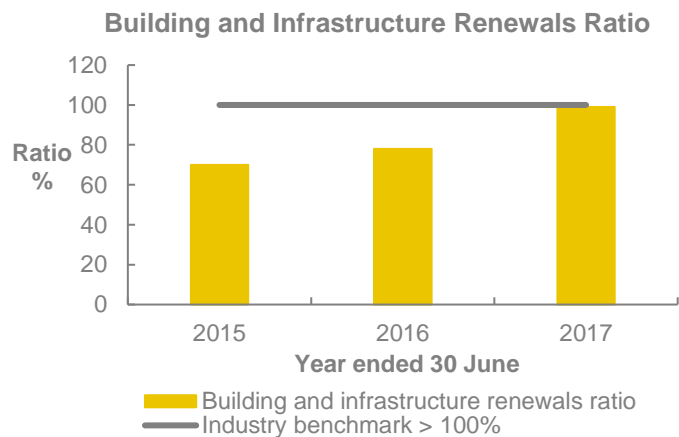
Council has not met the benchmark of 100 per cent in recent years. However, Council has made substantial improvement achieving a result of 99% for the ratio in 2016/17.

This improvement has been primarily driven by:

- the improvement in the operating result for the year due to the increase in rates and annual charges revenue (arising from the special rate variation); and
- the use of additional income to invest in infrastructure renewal projects totalling \$11.9 million in 2016/17.

The 'building and infrastructure renewals ratio assesses the rate at which these assets are being renewed against the rate at which they are depreciating. The benchmark set by OLG is greater than 100 per cent.

This ratio is sourced from information contained in council's Special Schedule 7 which has not been audited.



OTHER MATTERS

New accounting standards implemented

AASB 124 'Related Party Disclosures'

Effective for annual reporting periods beginning on or 1 July 2016

AASB 2015-6 extended the scope of AASB 124 to include not-for-profit public sector entities. As a result, Council's financial statements disclosed the:

- compensation paid to their key management personnel
- nature of their related party relationships
- amount and nature of their related party transactions, outstanding balances and commitments and outstanding balances (including commitments).

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial reports. The Council's:

- accounting records were maintained in a manner and form to allow the general purpose financial statements to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Lawrissa Chan
Director, Financial Audit Services

16 October 2017
SYDNEY

cc: Mr Luke Johnson, General Manager
Stephen Horne, Chair of Audit Committee
Mr Tim Hurst, Acting Chief Executive of the Office of Local Government

Wollondilly Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017



"Rural Living"

Special Purpose Financial Statements
for the year ended 30 June 2017

Council has no reportable Business Activities

Wollondilly Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2017



"Rural Living"

Wollondilly Shire Council

Special Schedules

for the year ended 30 June 2017

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Special Schedules¹

Special Schedule 1	Net Cost of Services	2
Special Schedule 2(a)	Statement of Long Term Debt (all purposes)	4
Special Schedule 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
Special Schedule 3	Water Supply Operations – incl. Income Statement	n/a
Special Schedule 4	Water Supply – Statement of Financial Position	n/a
Special Schedule 5	Sewerage Service Operations – incl. Income Statement	n/a
Special Schedule 6	Sewerage Service – Statement of Financial Position	n/a
Notes to Special Schedules 3 and 5		n/a
Special Schedule 7	Report on Infrastructure Assets	5
Special Schedule 8	Permissible Income Calculation	9

¹ Special Schedules are not audited (with the exception of Special Schedule 8).

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 (NOW), and
 - the Office of Local Government (OLG).
- (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.

Wollondilly Shire Council

Special Schedule 1 – Net Cost of Services

for the year ended 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	1,026	–	–	(1,026)
Administration	4,425	2,876	–	(1,549)
Public order and safety				
Fire service levy, fire protection, emergency services	2,005	775	240	(990)
Beach control	–	–	–	–
Enforcement of local government regulations	1,753	52	–	(1,701)
Animal control	50	58	–	8
Other	–	–	–	–
Total public order and safety	3,808	885	240	(2,683)
Health	3	338	–	335
Environment				
Noxious plants and insect/vermin control	–	4	–	4
Other environmental protection	1,537	1,165	–	(372)
Solid waste management	7,162	7,748	–	586
Street cleaning	239	–	–	(239)
Drainage	–	–	–	–
Stormwater management	37	270	–	233
Total environment	8,975	9,187	–	212
Community services and education				
Administration and education	1,832	428	–	(1,404)
Social protection (welfare)	–	–	–	–
Aged persons and disabled	–	–	–	–
Children's services	851	644	–	(207)
Total community services and education	2,683	1,072	–	(1,611)
Housing and community amenities				
Public cemeteries	63	99	–	36
Public conveniences	–	–	–	–
Street lighting	527	82	–	(445)
Town planning	4,715	1,967	4,508	1,760
Other community amenities	1,060	212	–	(848)
Total housing and community amenities	6,365	2,360	4,508	503
Water supplies	–	–	–	–
Sewerage services	–	–	–	–

Wollondilly Shire Council

Special Schedule 1 – Net Cost of Services (continued)
for the year ended 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	1,468	144	–	(1,324)
Museums	–	–	–	–
Art galleries	–	–	–	–
Community centres and halls	2,903	158	–	(2,745)
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	–	–	–	–
Sporting grounds and venues	203	36	12	(155)
Swimming pools	444	23	–	(421)
Parks and gardens (lakes)	52	18	25	(9)
Other sport and recreation	3,890	16	1,113	(2,761)
Total recreation and culture	8,960	395	1,150	(7,415)
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	1,288	780	–	(508)
Other mining, manufacturing and construction	–	–	–	–
Total mining, manufacturing and const.	1,288	780	–	(508)
Transport and communication				
Urban roads (UR) – local	16,776	2,559	3,357	(10,860)
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	–	–	–	–
Footpaths	–	–	–	–
Aerodromes	–	–	–	–
Other transport and communication	–	–	–	–
Total transport and communication	16,776	2,559	3,357	(10,860)
Economic affairs				
Camping areas and caravan parks	–	–	–	–
Other economic affairs	1,300	401	–	(899)
Total economic affairs	1,300	401	–	(899)
Totals – functions	55,609	20,853	9,255	(25,501)
General purpose revenues ⁽¹⁾		35,264		35,264
Share of interests – joint ventures and associates using the equity method	–	–	–	–
NET OPERATING RESULT ⁽²⁾	55,609	56,117	9,255	9,763

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges (2) As reported in the Income Statement

Wollondilly Shire Council

Special Schedule 2(a) – Statement of Long Term Debt (all purpose)
for the year ended 30 June 2017

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		From revenue	Sinking funds			Current	Non-current
Loans (by source)									
Financial institutions	1,817	12,753	–	1,815	–	–	913	1,559	11,196
Total debt	1,817	12,753	–	1,815	–	–	913	1,559	11,196
									12,755
									12,755

\$'000

Notes: excludes (i) internal loans and (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).

Wollondilly Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
								1	2	3	4	5	
Buildings	Buildings	7,536	7,536	1,415	3,264	38,868	80,600	7%	12%	70%	11%	0%	
	Sub-total	7,536	7,536	1,415	3,264	38,870	80,600	7.0%	12.0%	70.0%	11.0%	0.0%	
Roads	Sealed roads	35,027	35,027	4,737	8,276	115,921	224,284	32%	23%	35%	7%	3%	
	Unsealed roads	242	242	242	320	1,914	2,953	0%	9%	68%	18%	5%	
	Bridges	3,055	3,055	843	1,958	35,954	63,590	8%	29%	46%	14%	3%	
	Footpaths	223	223	445	225	11,411	15,003	2%	4%	84%	9%	1%	
	Other road assets	2,761	2,761	2,505	2,138	50,404	77,500	21%	46%	19%	13%	1%	
	Bulk earthworks	–	–	–	480	44,331	44,331						
	Sub-total	41,308	41,308	8,772	13,397	259,935	427,661	21.8%	24.9%	32.1%	8.5%	2.3%	

\$'000

Wollondilly Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017 (continued)

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Stormwater drainage	Stormwater drainage	1,083	1,083	445	152	41,628	54,049	27%	58%	10%	5%	0%
	Sub-total	1,083	1,083	445	152	41,628	54,049	27.0%	58.0%	10.0%	5.0%	0.0%
Open space/recreational assets	Swimming pools	–	–	60	296	1,715	3,750	86%	14%	0%	0%	0%
	Other	246	246	5,639	3,133	28,386	32,311	6%	70%	20%	4%	0%
	Sub-total	246	246	5,699	3,429	30,101	36,061	14.3%	64.2%	17.9%	3.6%	0.0%
	TOTAL – ALL ASSETS	50,173	50,173	16,331	20,242	370,534	598,371	19.9%	28.5%	34.3%	8.3%	1.6%

Notes:

a Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

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

Wollondilly Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2017

\$ '000	Amounts	Indicator	Benchmark	Prior periods	
	2017	2017		2016	2015
Infrastructure asset performance indicators * consolidated					
1. Infrastructure renewals ratio					
Asset renewals ⁽¹⁾	<u>11,883</u>	99.44%	>= 100%	78.24%	70.44%
Depreciation, amortisation and impairment	<u>11,950</u>				
2. Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	<u>50,173</u>	15.28%	< 2%	16.16%	15.91%
Net carrying amount of infrastructure assets	<u>328,337</u>				
3. Asset maintenance ratio					
Actual asset maintenance	<u>20,242</u>	1.24	> 1.00	0.92	0.57
Required asset maintenance	<u>16,331</u>				
4. Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	<u>50,173</u>	8.38%		9.03%	8.71%
Gross replacement cost	<u>598,371</u>				

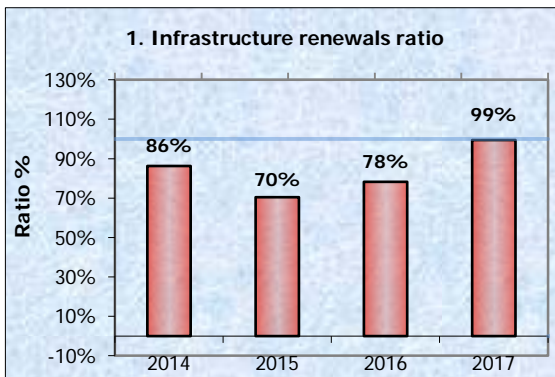
Notes

* All asset performance indicators are calculated using the asset classes identified in the previous table.

(1) Asset renewals represent the replacement and/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.

Wollondilly Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued) for the year ended 30 June 2017



Purpose of asset renewals ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

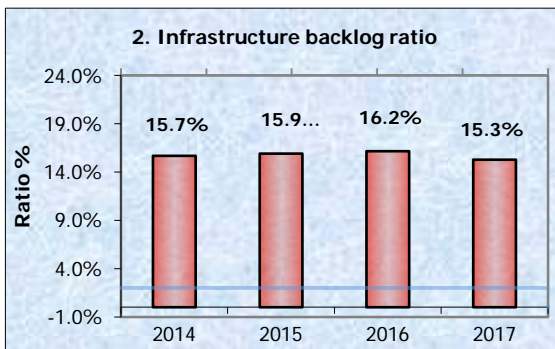
Commentary on 2016/17 result

2016/17 Ratio 99.44%

Historically, this ratio has been below the benchmark and the insufficient renewals have led to the large infrastructure backlog. This issue is being addressed with the current special rate variation that was sought for the purpose of renewing Council's infrastructure assets. Council came very close to meeting the benchmark this year & expects to exceed it in future years.

Benchmark: ——— Minimum $\geq 100.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

■ Ratio achieves benchmark
■ Ratio is outside benchmark



Purpose of infrastructure backlog ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

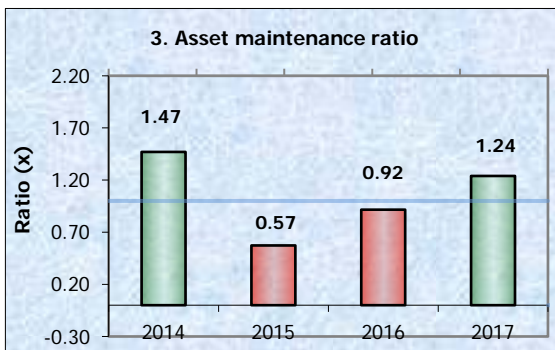
Commentary on 2016/17 result

2016/17 Ratio 15.28%

This ratio is currently not meeting the required benchmark due to many years of insufficient funding for asset maintenance and renewal. To address this issue, Council successfully applied for a special rate variation in 2015/16 - the effects of which are now starting to be seen with the ratio beginning to fall.

Benchmark: ——— Maximum $< 2.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

■ Ratio achieves benchmark
■ Ratio is outside benchmark



Purpose of asset maintenance ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

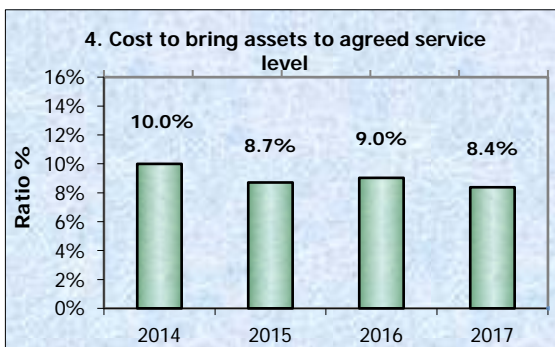
Commentary on 2016/17 result

2016/17 Ratio 1.24 x

2013/14 was the final year of the previous special rate variation (SRV) which saw a significant investment in the maintenance of Council's assets. The ratio dropped away in the following year but has been steadily increasing since the commencement of the current SRV in 2015/16. The 2016/17 ratio of 1.24 has exceeded the benchmark.

Benchmark: ——— Minimum > 1.00
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

■ Ratio achieves benchmark
■ Ratio is outside benchmark



Purpose of agreed service level ratio

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

Commentary on 2016/17 result

2016/17 Ratio 8.38%

Similar to the Infrastructure Backlog ratio, this ratio has historically been too high due to years of insufficient funding for asset maintenance and renewal. The effects of the recent special rate variation are now starting to be seen with the ratio beginning to fall. Future projections indicate this ratio will continue to fall each year.

Wollondilly Shire Council

Special Schedule 8 – Permissible Income Calculation

for the year ended 30 June 2018

\$'000		Calculation 2016/17	Calculation 2017/18
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	25,902	29,159
Plus or minus adjustments ⁽²⁾	b	402	230
Notional general income	c = (a + b)	26,304	29,389
Permissible income calculation			
Special variation percentage ⁽³⁾	d	10.80%	10.80%
Or rate peg percentage	e	1.80%	1.50%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	–	–
Plus special variation amount	h = d x (c – g)	2,841	3,174
Or plus rate peg amount	i = c x e	–	–
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–
Sub-total	k = (c + g + h + i + j)	29,145	32,563
Plus (or minus) last year's carry forward total	l	10	0
Less valuation objections claimed in the previous year	m	–	(5)
Sub-total	n = (l + m)	10	(5)
Total permissible income	o = k + n	29,154	32,558
Less notional general income yield	p	29,159	32,556
Catch-up or (excess) result	q = o – p	(5)	2
Plus income lost due to valuation objections claimed ⁽⁴⁾	r	5	–
Less unused catch-up ⁽⁵⁾	s	–	–
Carry forward to next year	t = q + r – s	0	2

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Special Schedule 8 in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule No. 8

Wollondilly Shire Council

To the Councillors of Wollondilly Shire Council

Opinion

I have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 8) of Wollondilly Shire Council (the Council) for the year ending 30 June 2018.

In my opinion, Special Schedule No. 8 of Wollondilly Shire Council for 30 June 2018 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report, and in particular the Emphasis of Matter paragraph, which describes the basis of accounting.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of Special Schedule No.8' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the notes and explanations in Special Schedule No. 8 that instruct councils in its preparation so it complies with OLG's requirements as described in the LG Code. As a result, Special Schedule No. 8 may not be suitable for another purpose.

Other Matter

Special Schedule No.8 of the Council for the year ended 30 June 2016 was audited by another auditor who expressed an unmodified opinion on Special Schedule No. 8 on 17 October 2016.

Councillors' Responsibility for Special Schedule No. 8

The Councillors of the Council are responsible for the preparation of Special Schedule No. 8 in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of Special Schedule No. 8 that is free from material misstatement, whether due to fraud or error.

In preparing Special Schedule No.8, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of Special Schedule No. 8

My objectives are to:

- obtain reasonable assurance whether Special Schedule No. 8 as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on Special Schedule No.8.

A description of my responsibilities for the audit of Special Schedule No.8 is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Special Schedule No.8 on any website where they may be presented
- about any other information which may have been hyperlinked to/from Special Schedule No 8.



Lawrissa Chan
Director, Financial Audit Services

16 October 2017
SYDNEY

EC4 Attachment

1. Investment Summary Report as at 30 September 2017

Monday 20 November 2017

EC4 – Investment of Funds as at 30 September 2017



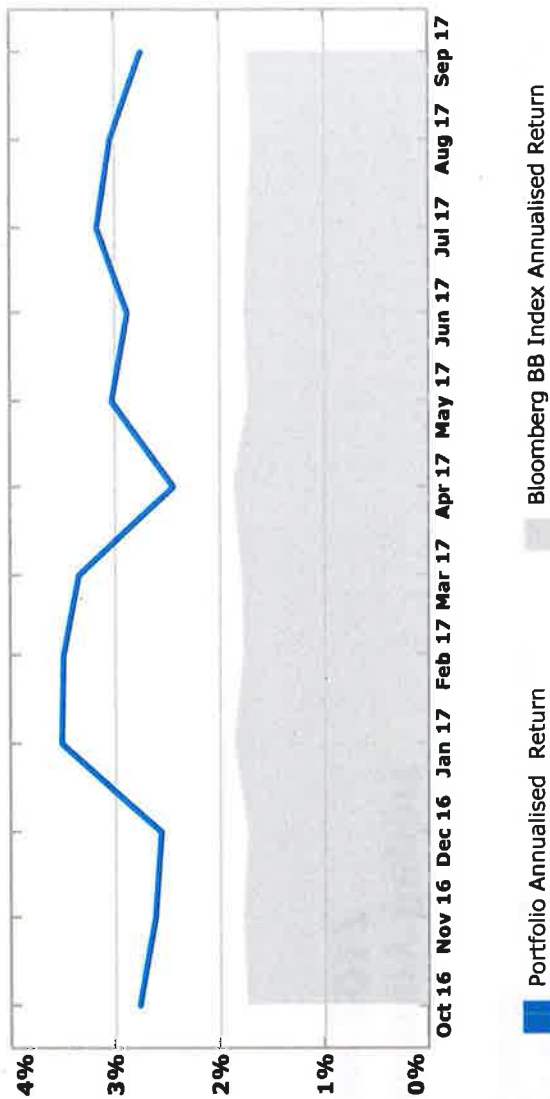
Wollondilly
Shire Council

**Investment Summary Report
September 2017**

Investment Holdings

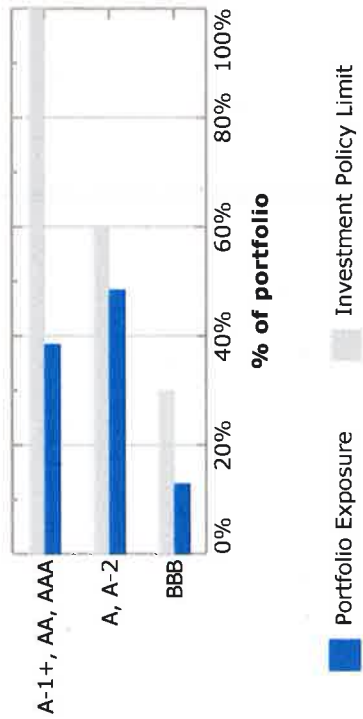
By Product	Face Value (\$)	Current Value (\$)	Current Yield (%)
Bonds	2,000,000.00	1,984,800.00	7.1692
Cash	2,411,000.00	2,411,000.00	1.5500
Floating Rate Note	15,000,000.00	15,183,319.05	2.8298
Mortgage Backed Security	1,629,895.21	1,103,559.87	2.2044
Term Deposit	38,750,000.00	39,106,671.43	2.7488
	59,790,895.21	59,789,350.35	2.8538

Investment Performance

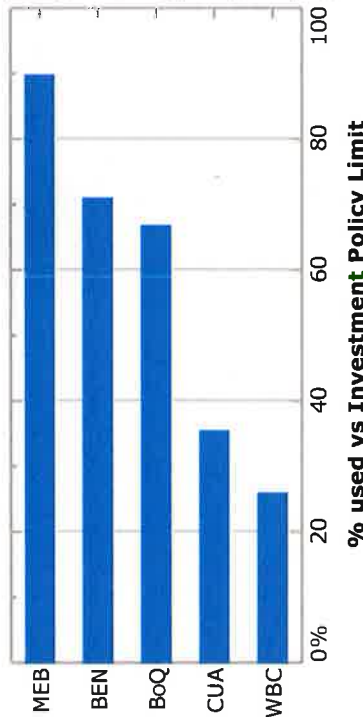


Investment Policy Compliance

Total Credit Exposure



Highest Individual Exposures



Term to Maturities

Maturity Profile	Face Value (\$)	Policy Max
Less than 1yr	40,161,000	67%
Greater than 1yr	19,629,895	33%
a. Between 3 and 5yrs	4,629,895	8%
b. Greater than 5yrs	1,000,000	2%
	59,790,895	0%

Portfolio Exposure Investment Policy Limit

% used vs Investment Policy Limit

Portfolio Annualised Return Bloomberg BB Index Annualised Return

Cash Accounts

Face Value (\$)	Current Yield	Institution	Credit Rating	Current Value (\$)	Deal No.	Reference
2,411,000.00	1.5500%	National Australia Bank	A-1+	2,411,000.00	211819	
2,411,000.00	1.5500%			2,411,000.00		

Term Deposits

Maturity Date	Face Value (\$)	Rate	Institution	Credit Rating	Purchase Price (\$)	Purchase Date	Current Value (\$)	Deal No.	Accrued Interest (\$)	Coupon Frequency	Coupon Reference
4-Oct-17	1,000,000.00	3.0000%	Westpac Group	A-1+	1,000,000.00	14-Sep-16	1,001,397.26	534334	1,397.26	Annually	
11-Oct-17	1,000,000.00	2.6000%	ME Bank	A-2	1,000,000.00	14-Jun-17	1,007,764.38	535360	7,764.38	AtMaturity	
18-Oct-17	750,000.00	2.6500%	ME Bank	A-2	750,000.00	19-Apr-17	758,984.59	535187	8,984.59	AtMaturity	
1-Nov-17	2,000,000.00	2.8800%	Credit Union Australia	A-2	2,000,000.00	1-Feb-17	2,038,189.59	534818	38,189.59	AtMaturity	
8-Nov-17	500,000.00	2.7500%	Bendigo and Adelaide Bank	A-2	500,000.00	9-Nov-16	512,280.82	534517	12,280.82	AtMaturity	
15-Nov-17	1,000,000.00	2.7000%	Bank of Queensland	A-2	1,000,000.00	16-Feb-17	1,016,791.78	534882	16,791.78	AtMaturity	
6-Dec-17	1,000,000.00	2.6500%	ME Bank	A-2	1,000,000.00	1-Mar-17	1,015,536.99	534927	15,536.99	AtMaturity	
6-Dec-17	1,000,000.00	2.7000%	ME Bank	A-2	1,000,000.00	5-Jun-17	1,008,728.77	535292	8,728.77	AtMaturity	
13-Dec-17	1,000,000.00	2.8000%	Bank of Queensland	A-2	1,000,000.00	14-Dec-16	1,022,323.29	534665	22,323.29	AtMaturity	
13-Dec-17	1,000,000.00	2.7000%	ME Bank	A-2	1,000,000.00	14-Jun-17	1,008,063.01	535361	8,063.01	AtMaturity	
20-Dec-17	1,000,000.00	2.8000%	Bank of Queensland	A-2	1,000,000.00	20-Dec-16	1,021,863.01	534671	21,863.01	AtMaturity	
2-Jan-18	1,000,000.00	2.7000%	ME Bank	A-2	1,000,000.00	4-Apr-17	1,013,315.07	535131	13,315.07	AtMaturity	
10-Jan-18	1,000,000.00	2.7200%	Commonwealth Bank of Australia	A-1+	1,000,000.00	9-Mar-17	1,015,351.23	534987	15,351.23	AtMaturity	
14-Feb-18	1,000,000.00	2.7000%	Bank of Queensland	A-2	1,000,000.00	15-Feb-17	1,016,865.75	534879	16,865.75	AtMaturity	
28-Feb-18	1,000,000.00	2.5500%	ME Bank	A-2	1,000,000.00	28-Aug-17	1,002,375.34	535651	2,375.34	AtMaturity	
5-Mar-18	1,000,000.00	2.7000%	Rural Bank	A-2	1,000,000.00	2-Mar-17	1,015,756.16	534933	15,756.16	Annually	
7-Mar-18	1,000,000.00	2.7400%	Commonwealth Bank of Australia	A-1+	1,000,000.00	9-Mar-17	1,015,464.11	534986	15,464.11	AtMaturity	
7-Mar-18	1,000,000.00	2.6500%	Bank of Queensland	A-2	1,000,000.00	5-Jun-17	1,008,567.12	535293	8,567.12	AtMaturity	
14-Mar-18	1,000,000.00	2.6500%	Bank of Queensland	A-2	1,000,000.00	14-Jun-17	1,007,913.70	535362	7,913.70	AtMaturity	
24-Apr-18	1,000,000.00	2.7000%	ME Bank	A-2	1,000,000.00	26-Apr-17	1,011,687.67	535196	11,687.67	AtMaturity	

Term Deposits

Maturity Date	Face Value (\$)	Rate	Institution	Credit Rating	Purchase Price (\$)	Purchase Date	Current Value (\$)	Deal No.	Accrued Interest (\$)	Coupon Frequency	Coupon Reference
1-May-18	1,000,000.00	2.5400%	National Australia Bank	A-1+	1,000,000.00	30-Aug-17	1,002,226.85	535660	2,226.85	AtMaturity	
2-May-18	1,000,000.00	2.6500%	Bank of Queensland	A-2	1,000,000.00	2-Aug-17	1,004,356.16	535566	4,356.16	AtMaturity	
16-May-18	1,000,000.00	2.6500%	ME Bank	A-2	1,000,000.00	18-Aug-17	1,003,194.52	535622	3,194.52	AtMaturity	
23-May-18	1,000,000.00	2.8500%	Credit Union Australia	A-2	1,000,000.00	24-May-17	1,010,150.68	535264	10,150.68	AtMaturity	
30-May-18	1,000,000.00	2.7000%	Bendigo and Adelaide Bank	A-2	1,000,000.00	31-May-17	1,009,098.63	535276	9,098.63	AtMaturity	
6-Jun-18	1,000,000.00	2.7000%	Bendigo and Adelaide Bank	A-2	1,000,000.00	5-Jun-17	1,008,728.77	535294	8,728.77	AtMaturity	
27-Jun-18	1,500,000.00	2.5900%	National Australia Bank	A-1+	1,500,000.00	27-Sep-17	1,500,425.75	535803	425.75	AtMaturity	
4-Jul-18	1,000,000.00	2.7000%	Bank of Queensland	A-2	1,000,000.00	5-Jul-17	1,006,509.59	535439	6,509.59	AtMaturity	
4-Jul-18	1,000,000.00	2.5800%	Commonwealth Bank of Australia	A-1+	1,000,000.00	5-Sep-17	1,001,837.81	535703	1,837.81	AtMaturity	
11-Jul-18	1,000,000.00	2.5800%	National Australia Bank	A-1+	1,000,000.00	13-Sep-17	1,001,272.33	535776	1,272.33	AtMaturity	
23-Aug-18	1,000,000.00	3.1000%	Westpac Group	A-1+	1,000,000.00	23-Aug-16	1,003,312.33	534157	3,312.33	Annually	
27-Aug-18	1,000,000.00	3.0500%	Bendigo and Adelaide Bank	A-2	1,000,000.00	26-Aug-15	1,002,841.10	508262	2,841.10	Annually	
28-Aug-18	1,000,000.00	2.6500%	ME Bank	A-2	1,000,000.00	29-Aug-17	1,002,395.89	535656	2,395.89	AtMaturity	
5-Sep-18	1,000,000.00	2.6000%	National Australia Bank	A-1+	1,000,000.00	1-Sep-17	1,002,136.99	535680	2,136.99	AtMaturity	
12-Sep-18	1,000,000.00	3.1000%	Westpac Group	A-1+	1,000,000.00	1-Sep-16	1,002,547.95	534201	2,547.95	Annually	
15-May-19	2,000,000.00	2.9000%	Bendigo and Adelaide Bank	BBB+	2,000,000.00	17-May-17	2,021,769.86	535244	21,769.86	Annually	
9-Aug-19	1,000,000.00	3.2000%	Westpac Group	AA-	1,000,000.00	9-Aug-16	1,004,646.58	534113	4,646.58	Annually	
	38,750,000.00	2.7488%			38,750,000.00		39,106,671.43		356,671.43		

Floating Rate Notes

Maturity Date	Face Value (\$)	Current Coupon	Security Name	Credit Rating	Purchase Price (\$)	Purchase Date	Current Value (\$)	Deal No.	Accrued Interest (\$)	Next Coupon Reference Date
1-Apr-19	500,000.00	3.3100%	CUA Snr FRN (Apr19) BBSW+1.60%	BBB	500,000.00	1-Apr-16	507,085.82	533363	4,080.82	3-Oct-17
10-May-19	1,000,000.00	2.6900%	WBC Snr FRN (May19) BBSW+1.00%	AA-	1,000,000.00	11-Mar-16	1,013,682.33	533330	3,832.33	10-Nov-17
11-Jun-19	750,000.00	2.8350%	AMP Snr FRN (Jun19) BBSW+1.10%	A	750,000.00	11-Dec-15	757,202.57	512050	1,165.07	11-Dec-17
18-Jul-19	1,000,000.00	3.1450%	ME Bank Snr FRN (Jul19) BBSW+1.45%	BBB	1,000,000.00	18-Jul-16	1,012,532.33	534040	6,462.33	18-Oct-17

Floating Rate Notes

Maturity Date	Face Value (\$)	Current Coupon	Security Name	Credit Rating	Purchase Price (\$)	Purchase Date	Current Value (\$)	Deal No.	Accrued Interest (\$)	Next Coupon Reference Date	
17-Sep-19	1,000,000.00	2.6500%	BEN Snr FRN (Sep19) BBSW+0.93%	BBB+	1,000,000.00	17-Sep-14	1,003,433.84	491128	943.84	18-Dec-17	
11-Nov-19	1,000,000.00	2.5400%	ANZ Snr FRN (Nov19) BBSW+0.85%	AA-	1,000,000.00	11-Nov-14	1,011,729.04	497055	3,549.04	13-Nov-17	
29-Nov-19	500,000.00	3.2100%	GBS Snr FRN (Nov19) BBSW+1.50%	BBB	500,000.00	29-Nov-16	498,129.38	534565	1,451.10	29-Nov-17	
22-Jan-20	1,000,000.00	2.5900%	WBC Snr FRN (Jan20) BBSW+0.90%	AA-	1,000,000.00	22-Jan-15	1,014,286.16	501146	4,896.16	23-Oct-17	
21-Feb-20	500,000.00	2.7900%	BEN Snr FRN (Feb20) BBSW+1.10%	BBB+	500,000.00	21-Nov-16	503,741.99	534537	1,566.99	21-Nov-17	
3-Mar-20	1,000,000.00	2.8350%	MAC Snr FRN (Feb20) BBSW+1.10%	A	1,000,000.00	3-Mar-15	1,012,427.12	502273	2,097.12	4-Dec-17	
20-Mar-20	750,000.00	3.0100%	CUA Snr FRN (Mar20) BBSW+1.30%	BBB	750,000.00	20-Mar-17	751,017.84	534994	680.34	20-Dec-17	
17-Jul-20	1,000,000.00	2.6000%	CBA Snr FRN (Jul20) BBSW+0.90%	AA-	1,000,000.00	17-Jul-15	1,014,023.70	507122	5,413.70	17-Oct-17	
18-Aug-20	1,000,000.00	2.7900%	BEN Snr FRN (Aug20) BBSW+1.10%	BBB+	1,000,000.00	18-Aug-15	1,008,573.29	505173	3,363.29	20-Nov-17	
20-Oct-20	1,000,000.00	2.9500%	SUN Snr FRN (Oct20) BBSW+1.25%	A+	1,000,000.00	20-Oct-15	1,021,180.00	510106	5,900.00	20-Oct-17	
18-Jan-21	500,000.00	2.8450%	CBA Snr FRN (Jan21) BBSW+1.15%	AA-	500,350.00	25-Jan-16	510,337.96	533092	2,922.96	18-Oct-17	
20-Apr-21	500,000.00	3.1600%	BEN Snr FRN (Apr21) BBSW+1.46%	BBB+	500,000.00	20-Apr-16	511,245.00	533420	3,160.00	20-Oct-17	
3-Jun-21	1,000,000.00	2.9050%	WBC Snr FRN (Jun21) BBSW+1.17%	AA-	1,000,000.00	3-Jun-16	1,018,268.90	533707	2,148.90	4-Dec-17	
30-Mar-22	500,000.00	2.7600%	AMP Snr FRN (Mar22) BBSW+1.05%	A	500,000.00	30-Mar-17	502,810.62	535097	75.62	29-Dec-17	
16-Aug-22	500,000.00	2.6600%	SUN Snr FRN (Aug22) BBSW+0.97%	A+	500,000.00	16-Aug-17	511,611.16	535608	1,676.16	16-Nov-17	
					15,000,350.00			15,183,319.05	55,385.77		

Zero Coupon Bonds

Maturity Date	Face Value (\$)	Security Name	Credit Rating	Purchase Price (\$)	Purchase Date	Current Value (\$)	Deal No.	Purchase Yield Reference
22-Jan-18	2,000,000.00	CBA Snr Bond (Feb18) ZC	A-1+	1,000,000.00	21-Jan-08	1,984,800.00	220294	7.1692%
				1,000,000.00			1,984,800.00	7.1692%

Mortgage Backed Securities

Weighted Avg Life	Face Value (\$)	Current Coupon	Security Name	Rating	Purchase Price (\$)	Purchase Date	Current Value (\$)	Deal No.	Accrued Interest (\$)	Reference
22-Aug-22	629,895.21	2.1400%	Emerald Reverse Mortgage (A Tranche)	AAA	1,000,000.00	17-Jul-06	499,131.38	310323	1,514.16	
21-Jul-27	1,000,000.00	2.2450%	Emerald Reverse Mortgage (B Tranche)	AA	1,000,000.00	6-Jul-07	604,428.49	310288	4,428.49	
	1,629,895.21	2.2044%			2,000,000.00		1,103,559.88		5,942.66	

Wollondilly Shire Council Accrued Interest Report



Accrued Interest Report

Asset Type	Deal Number	Face Value (\$)	Settlement Date	Maturity Date	Interest Received (\$)	Days Accrued	Interest Accrued (\$)	Percentage Return
Bonds								
CBA Snr Bond (Feb18) ZC	220294	2,000,000.00	21-Jan-08	22-Jan-18	0.00	30	8,210.18	7.17%
					0.00		8,210.18	7.17%
Cash								
National Australia Bank	211819	2,411,000.00			6,147.34	30	6,147.34	1.55%
					6,147.34		6,147.34	1.55%
Floating Rate Note								
CUA Snr FRN (Apr19) BBSW+1.60%	533363	500,000.00	1-Apr-16	1-Apr-19	0.00	30	1,360.27	3.31%
WBC Snr FRN (May19) BBSW+1.00%	533330	1,000,000.00	11-Mar-16	10-May-19	0.00	30	2,210.96	2.69%
AMP Snr FRN (Jun19) BBSW+1.10%	512050	750,000.00	11-Dec-15	11-Jun-19	5,215.07	30	1,744.52	2.83%
ME Bank Snr FRN (Jul19) BBSW+1.45%	534040	1,000,000.00	18-Jul-16	18-Jul-19	0.00	30	2,584.93	3.15%
BEN Snr FRN (Sep19) BBSW+0.93%	491128	1,000,000.00	17-Sep-14	17-Sep-19	6,606.85	30	2,178.08	2.65%
ANZ Snr FRN (Nov19) BBSW+0.85%	497055	1,000,000.00	11-Nov-14	11-Nov-19	0.00	30	2,087.67	2.54%
GBS Snr FRN (Nov19) BBSW+1.50%	534565	500,000.00	29-Nov-16	29-Nov-19	0.00	30	1,319.18	3.21%
WBC Snr FRN (Jan20) BBSW+0.90%	501146	1,000,000.00	22-Jan-15	22-Jan-20	0.00	30	2,128.77	2.59%
BEN Snr FRN (Feb20) BBSW+1.10%	534537	500,000.00	21-Nov-16	21-Feb-20	0.00	30	1,146.58	2.79%
MAC Snr FRN (Feb20) BBSW+1.10%	502273	1,000,000.00	3-Mar-15	3-Mar-20	7,055.62	30	2,329.73	2.83%
CUA Snr FRN (Mar20) BBSW+1.30%	534994	750,000.00	20-Mar-17	20-Mar-20	5,709.04	30	1,859.38	3.02%
CBA Snr FRN (Jul20) BBSW+0.90%	507122	1,000,000.00	17-Jul-15	17-Jul-20	0.00	30	2,136.99	2.60%
BEN Snr FRN (Aug20) BBSW+1.10%	505173	1,000,000.00	18-Aug-15	18-Aug-20	0.00	30	2,293.15	2.79%
SUN Snr FRN (Oct20) BBSW+1.25%	510106	1,000,000.00	20-Oct-15	20-Oct-20	0.00	30	2,424.66	2.95%
CBA Snr FRN (Jan21) BBSW+1.15%	533092	500,000.00	25-Jan-16	18-Jan-21	0.00	30	1,169.18	2.85%
BEN Snr FRN (Apr21) BBSW+1.46%	533420	500,000.00	20-Apr-16	20-Apr-21	0.00	30	1,298.63	3.16%
WBC Snr FRN (Jun21) BBSW+1.17%	533707	1,000,000.00	3-Jun-16	3-Jun-21	7,230.14	30	2,387.26	2.90%

Accrued Interest Report

Asset Type	Deal Number	Face Value (\$)	Settlement Date	Maturity Date	Interest Received (\$)	Days Accrued	Interest Accrued (\$)	Percentage Return
AMP Snr FRN (Mar22) BBSW+1.05%	535097	500,000.00	30-Mar-17	30-Mar-22	3,434.32	30	1,132.33	2.76%
SUN Snr FRN (Aug22) BBSW+0.97%	535608	500,000.00	16-Aug-17	16-Aug-22	0.00	30	1,093.15	2.66%
					35,251.03		34,885.42	2.83%
Mortgage Backed Securities								
Emerald Reverse Mortgage (A Tranche)	310323	629,895.21	17-Jul-06	22-Aug-22	0.00	30	1,107.93	2.14%
Emerald Reverse Mortgage (B Tranche)	310288	1,000,000.00	6-Jul-07	21-Jul-27	0.00	30	1,845.21	2.25%
					0.00		2,953.13	2.20%
Term Deposit								
Bank of Queensland	534926	1,000,000.00	1-Mar-17	5-Sep-17	13,649.32	4	290.41	2.65%
Westpac Group	534200	1,000,000.00	1-Sep-16	13-Sep-17	30,986.30	12	986.30	3.00%
Westpac Group	534178	500,000.00	25-Aug-16	27-Sep-17	1,356.16	26	1,068.49	3.00%
Westpac Group	534223	1,000,000.00	2-Sep-16	27-Sep-17	32,054.79	26	2,136.99	3.00%
Westpac Group	534334	1,000,000.00	14-Sep-16	4-Oct-17	30,000.00	30	2,465.75	3.00%
ME Bank	535360	1,000,000.00	14-Jun-17	11-Oct-17	0.00	30	2,136.99	2.60%
ME Bank	535187	750,000.00	19-Apr-17	18-Oct-17	0.00	30	1,633.56	2.65%
Credit Union Australia	534818	2,000,000.00	1-Feb-17	1-Nov-17	0.00	30	4,734.25	2.88%
Bendigo and Adelaide Bank	534517	500,000.00	9-Nov-16	8-Nov-17	0.00	30	1,130.14	2.75%
Bank of Queensland	534882	1,000,000.00	16-Feb-17	15-Nov-17	0.00	30	2,219.18	2.70%
ME Bank	534927	1,000,000.00	1-Mar-17	6-Dec-17	0.00	30	2,178.08	2.65%
ME Bank	535292	1,000,000.00	5-Jun-17	6-Dec-17	0.00	30	2,219.18	2.70%
Bank of Queensland	534665	1,000,000.00	14-Dec-16	13-Dec-17	0.00	30	2,301.37	2.80%
ME Bank	535361	1,000,000.00	14-Jun-17	13-Dec-17	0.00	30	2,219.18	2.70%
Bank of Queensland	534671	1,000,000.00	20-Dec-16	20-Dec-17	0.00	30	2,301.37	2.80%
ME Bank	535131	1,000,000.00	4-Apr-17	2-Jan-18	0.00	30	2,219.18	2.70%

Accrued Interest Report

Asset Type	Deal Number	Face Value (\$)	Settlement Date	Maturity Date	Interest Received (\$)	Days Accrued	Interest Accrued (\$)	Percentage Return
Commonwealth Bank of Australia	534987	1,000,000.00	9-Mar-17	10-Jan-18	0.00	30	2,235.62	2.72%
Bank of Queensland	534879	1,000,000.00	15-Feb-17	14-Feb-18	0.00	30	2,219.18	2.70%
ME Bank	535651	1,000,000.00	28-Aug-17	28-Feb-18	0.00	30	2,095.89	2.55%
Rural Bank	534933	1,000,000.00	2-Mar-17	5-Mar-18	0.00	30	2,219.18	2.70%
Commonwealth Bank of Australia	534986	1,000,000.00	9-Mar-17	7-Mar-18	0.00	30	2,252.05	2.74%
Bank of Queensland	535293	1,000,000.00	5-Jun-17	7-Mar-18	0.00	30	2,178.08	2.65%
Bank of Queensland	535362	1,000,000.00	14-Jun-17	14-Mar-18	0.00	30	2,178.08	2.65%
ME Bank	535196	1,000,000.00	26-Apr-17	24-Apr-18	0.00	30	2,219.18	2.70%
National Australia Bank	535660	1,000,000.00	30-Aug-17	1-May-18	0.00	30	2,087.67	2.54%
Bank of Queensland	535566	1,000,000.00	2-Aug-17	2-May-18	0.00	30	2,178.08	2.65%
ME Bank	535622	1,000,000.00	18-Aug-17	16-May-18	0.00	30	2,178.08	2.65%
Credit Union Australia	535264	1,000,000.00	24-May-17	23-May-18	0.00	30	2,342.47	2.85%
Bendigo and Adelaide Bank	535276	1,000,000.00	31-May-17	30-May-18	0.00	30	2,219.18	2.70%
Bendigo and Adelaide Bank	535294	1,000,000.00	5-Jun-17	6-Jun-18	0.00	30	2,219.18	2.70%
National Australia Bank	535803	1,500,000.00	27-Sep-17	27-Jun-18	0.00	4	425.75	2.59%
Bank of Queensland	535439	1,000,000.00	5-Jul-17	4-Jul-18	0.00	30	2,219.18	2.70%
Commonwealth Bank of Australia	535703	1,000,000.00	5-Sep-17	4-Jul-18	0.00	26	1,837.81	2.58%
National Australia Bank	535776	1,000,000.00	13-Sep-17	11-Jul-18	0.00	18	1,272.33	2.58%
Westpac Group	534157	1,000,000.00	23-Aug-16	23-Aug-18	0.00	30	2,547.95	3.10%
Bendigo and Adelaide Bank	508262	1,000,000.00	26-Aug-15	27-Aug-18	0.00	30	2,506.85	3.05%
ME Bank	535656	1,000,000.00	29-Aug-17	28-Aug-18	0.00	30	2,178.08	2.65%
National Australia Bank	535680	1,000,000.00	1-Sep-17	5-Sep-18	0.00	30	2,136.99	2.60%
Westpac Group	534201	1,000,000.00	1-Sep-16	12-Sep-18	31,000.00	30	2,547.95	3.10%
Bendigo and Adelaide Bank	535244	2,000,000.00	17-May-17	15-May-19	0.00	30	4,767.12	2.90%
Westpac Group	534113	1,000,000.00	9-Aug-16	9-Aug-19	0.00	30	2,630.14	3.20%

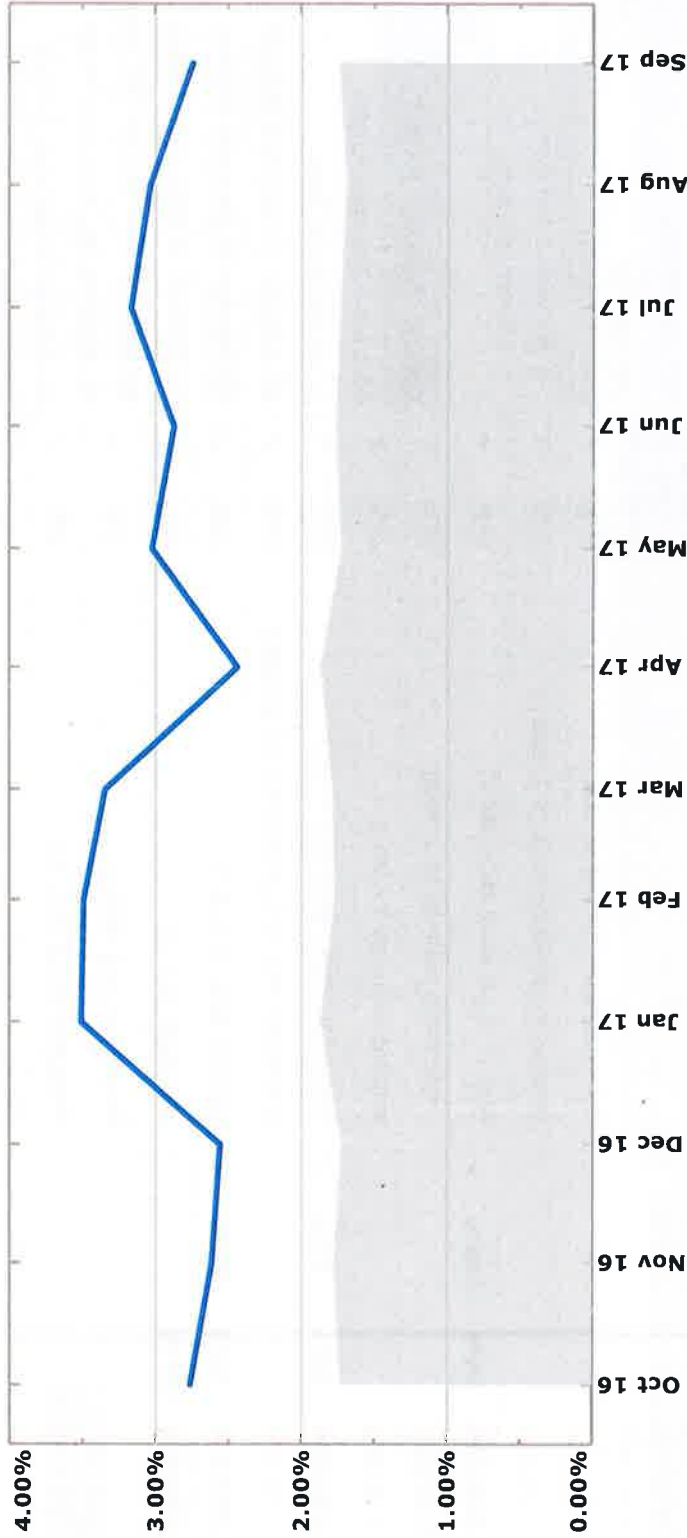
Wollondilly Shire Council
Accrued Interest Report



Accrued Interest Report

Asset Type	Deal Number	Face Value (\$)	Settlement Date	Maturity Date	Interest Received (\$)	Days Accrued	Interest Accrued (\$)	Percentage Return
					139,046.58		88,132.47	2.77%
Grand Totals					180,444.94		140,328.53	2.77%

Annualised Monthly Return (Marked to Market)



■ Portfolio Annualised Return ■ AusBond BB Index Annualised Return

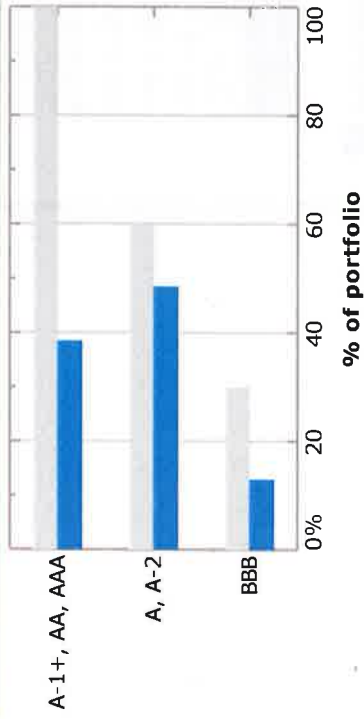
Historical Performance Summary

	Portfolio	AusBond BB Index	Outperformance
Sep 2017	2.74%	1.74%	1.00%
Last 3 Months	2.98%	1.72%	1.26%
Last 6 Months	2.88%	1.75%	1.13%
Financial Year to Date	2.98%	1.72%	1.26%
Last 12 months	2.96%	1.76%	1.20%

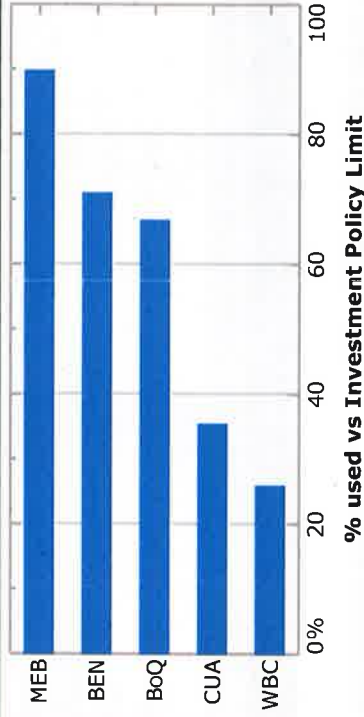
Wollondilly Shire Council Investment Policy Compliance Report



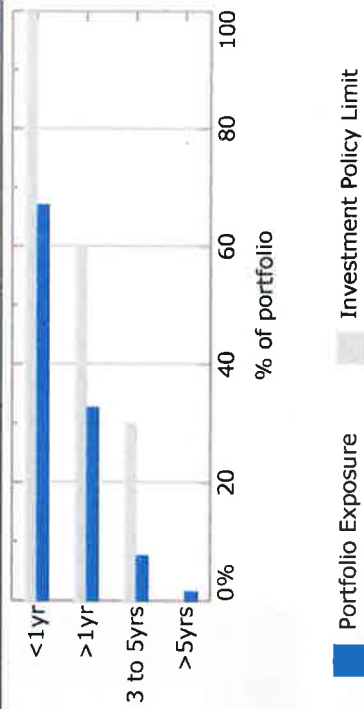
Total Credit Exposure



Individual Institutional Exposures



Term to Maturities



■ Portfolio Exposure ■ Investment Policy Limit

Credit Rating	Face Value (\$)	Policy Max
Short Term	14,911,000	
Long Term	7,500,000	
Long Term	629,895	
	23,040,895	39%
Short Term	25,250,000	
Long Term	3,750,000	
	29,000,000	49%
Long Term	7,750,000	
	7,750,000	13%
	59,790,895	100%

✓ = compliant
✗ = non-compliant

Institution	Credit Rating	% used vs Investment Policy Limit
Members Equity Bank (A-2, BBB)		90%
Bendigo and Adelaide Bank (A-2, BBB+)		71%
Bank of Queensland (A-2, BBB+)		67%
Credit Union Australia (A-2, BBB)		36%
Westpac Group (A-1+, AA-)		26%
National Australia Bank (A-1+, AA-)		26%
Commonwealth Bank of Australia (A-1+, AA-)		24%
Suncorp Bank (A-1, A+)		13%
AMP Bank (A-1, A)		10%
Rural Bank (A-2, BBB+)		8%
Macquarie Group (A-1, A)		8%
Greater Building Society (A-2, BBB)		8%
Emerald Reverse Mortgage (B Tranche) (AA)		5%
ANZ Group (A-1+, AA-)		5%

Maturity Profile	Face Value (\$)	Policy Max
Less than 1yr	40,161,000	100%
Greater than 1yr	19,629,895	60%
a. Between 3 and 5yrs	4,629,895	8%
b. Greater than 5yrs	1,000,000	2%
	59,790,895	0%

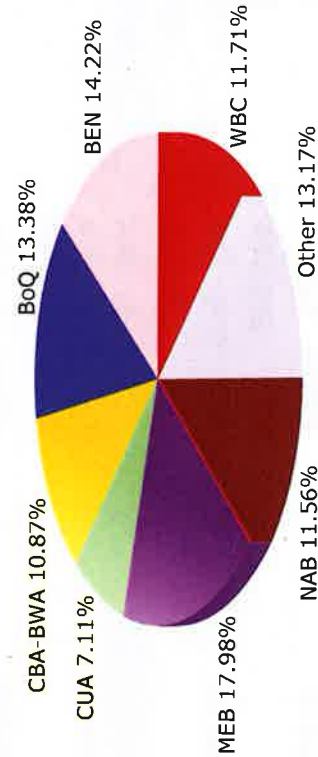
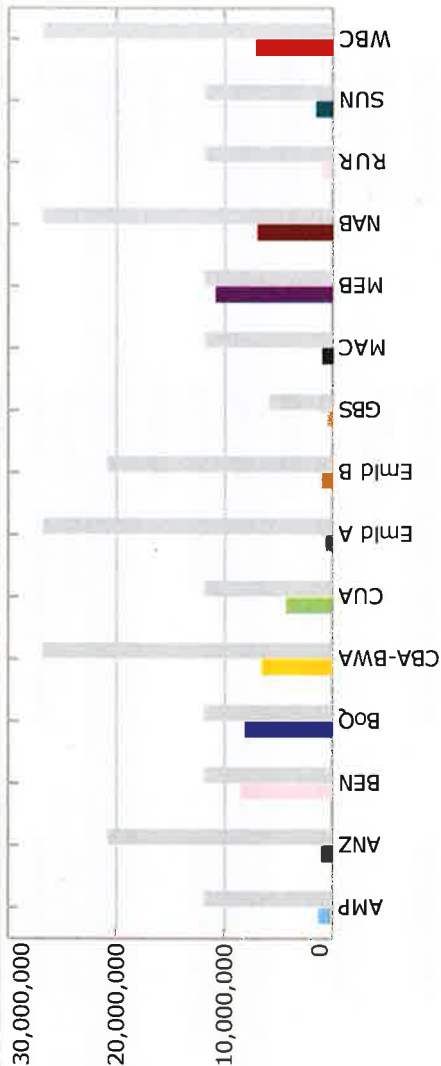
Detailed Maturity Profile	Face Value (\$)
00. Cash + Managed Funds	2,411,000
01. Less Than 30 Days	2,750,000
02. Between 30 Days and 60 Days	3,500,000
03. Between 60 Days and 90 Days	5,000,000
04. Between 90 Days and 180 Days	10,000,000
05. Between 180 Days and 365 Days	16,500,000
06. Between 365 Days and 3 Years	14,000,000
07. Between 3 Years and 5 Years	4,629,895
08. Between 5 Years and 10 Years	1,000,000
	59,790,895



Individual Institutional Exposures

Individual Institutional Exposure Charts

Parent Group	Credit Rating	Portfolio Exposure (\$)	Investment Policy Limit (\$)
AMP Bank	A, A-1	1,250,000	11,958,179
ANZ Group	A-1+, AA-	1,000,000	20,926,813
Bank of Queensland	A-2, BBB+	8,000,000	11,958,179
Bendigo and Adelaide Bank	A-2, BBB+	8,500,000	11,958,179
Commonwealth Bank of Australia	A-1+, AA-	6,500,000	26,905,903
Credit Union Australia	A-2, BBB	4,250,000	11,958,179
Emerald Reverse Mortgage (A Tranche)	AAA	629,895	26,905,903
Emerald Reverse Mortgage (B Tranche)	AA	1,000,000	20,926,813
Greater Building Society	A-2, BBB	500,000	5,979,090
Macquarie Group	A-1, A	1,000,000	11,958,179
Members Equity Bank	A-2, BBB	10,750,000	11,958,179
National Australia Bank	A-1+, AA-	6,911,000	26,905,903
Rural Bank	A-2, BBB+	1,000,000	11,958,179
Suncorp Bank	A-1, A+	1,500,000	11,958,179
Westpac Group	A-1+, AA-	7,000,000	26,905,903
		59,790,895	



Current Month Cashflows

<u>Transaction Date</u>	<u>Deal No.</u>	<u>Cashflow Counterparty</u>	<u>Asset Type</u>	<u>Cashflow Description</u>	<u>Cashflow Received</u>
1-Sep-17	534200	Westpac Group	Term Deposits	Interest - Received	30,000.00
				<u>Deal Total</u>	30,000.00
	534201	Westpac Group	Term Deposits	Interest - Received	31,000.00
				<u>Deal Total</u>	31,000.00
	535680	National Australia Bank	Term Deposits	Settlement Face Value - Paid	-1,000,000.00
				<u>Deal Total</u>	-1,000,000.00
				Day Total	-939,000.00
4-Sep-17	502273	Macquarie Bank	Floating Rate Note	Coupon - Received	7,055.62
				<u>Deal Total</u>	7,055.62
	533707	Westpac Group	Floating Rate Note	Coupon - Received	7,230.14
				<u>Deal Total</u>	7,230.14
	534223	Westpac Group	Term Deposits	Interest - Received	30,164.38
				<u>Deal Total</u>	30,164.38
				Day Total	44,450.14
5-Sep-17	534926	Bank of Queensland	Term Deposits	Interest - Received	13,649.32
		Bank of Queensland	Term Deposits	Maturity Face Value - Received	1,000,000.00
				<u>Deal Total</u>	1,013,649.32
	535703	Commonwealth Bank of Australia	Term Deposits	Settlement Face Value - Paid	-1,000,000.00
				<u>Deal Total</u>	-1,000,000.00
				Day Total	13,649.32
11-Sep-17	512050	AMP Bank	Floating Rate Note	Coupon - Received	5,215.07
				<u>Deal Total</u>	5,215.07
				Day Total	5,215.07
13-Sep-17	534200	Westpac Group	Term Deposits	Interest - Received	986.30
		Westpac Group	Term Deposits	Maturity Face Value - Received	1,000,000.00
				<u>Deal Total</u>	1,000,986.30
	535776	National Australia Bank	Term Deposits	Settlement Face Value - Paid	-1,000,000.00
				<u>Deal Total</u>	-1,000,000.00

Current Month Cashflows

<u>Transaction Date</u>	<u>Deal No.</u>	<u>Cashflow Counterparty</u>	<u>Asset Type</u>	<u>Cashflow Description</u>	<u>Cashflow Received</u>
				<u>Deal Total</u>	<u>-1,000,000.00</u>
14-Sep-17	534334	Westpac Group	Term Deposits	Day Total Interest - Received	986.30 30,000.00
				<u>Deal Total</u>	<u>30,000.00</u>
18-Sep-17	491128	Bendigo and Adelaide Bank	Floating Rate Note	Day Total Coupon - Received	30,000.00 6,606.85
				<u>Deal Total</u>	<u>6,606.85</u>
20-Sep-17	534994	Credit Union Australia	Floating Rate Note	Day Total Coupon - Received	6,606.85 5,709.04
				<u>Deal Total</u>	<u>5,709.04</u>
27-Sep-17	534178	Westpac Group Westpac Group	Term Deposits Term Deposits	Day Total Interest - Received Maturity Face Value - Received	5,709.04 1,356.16 500,000.00
				<u>Deal Total</u>	<u>501,356.16</u>
	534223	Westpac Group	Term Deposits	Interest - Received	1,890.41
		Westpac Group	Term Deposits	Maturity Face Value - Received	1,000,000.00
		National Australia Bank	Term Deposits	Settlement Face Value - Paid	-1,500,000.00
				<u>Deal Total</u>	<u>-1,500,000.00</u>
29-Sep-17	535097	AMP Bank	Floating Rate Note	Day Total Coupon - Received	3,246.58 3,434.32
				<u>Deal Total</u>	<u>3,434.32</u>
				Day Total	3,434.32
				Net Cash Movement for Period	-825,702.40

Wollondilly Shire Council
Cash Flows Report

Next Month Cashflows

<u>Transaction Date</u>	<u>Deal No.</u>	<u>Cashflow Counterparty</u>	<u>Asset Type</u>	<u>Cashflow Description</u>	<u>Cashflow Due</u>
3-Oct-17	533363	Credit Union Australia	Floating Rate Note	Coupon - Received	4,171.51
				<u>Deal Total</u>	<u>4,171.51</u>
4-Oct-17	534334	Westpac Group	Term Deposit	Interest - Received	1,643.84
		Westpac Group	Term Deposit	Maturity Face Value - Received	1,000,000.00
				<u>Deal Total</u>	<u>1,001,643.84</u>
11-Oct-17	535360	ME Bank	Term Deposit	Interest - Received	8,476.71
		ME Bank	Term Deposit	Maturity Face Value - Received	1,000,000.00
				<u>Deal Total</u>	<u>1,008,476.71</u>
17-Oct-17	507122	Commonwealth Bank of Australia	Floating Rate Note	Coupon - Received	6,553.42
				<u>Deal Total</u>	<u>6,553.42</u>
18-Oct-17	533092	Commonwealth Bank of Australia	Floating Rate Note	Coupon - Received	3,585.50
				<u>Deal Total</u>	<u>3,585.50</u>
				<u>Deal Total</u>	<u>7,927.12</u>
				<u>Deal Total</u>	<u>7,927.12</u>
				<u>Deal Total</u>	<u>9,910.27</u>
				<u>Deal Total</u>	<u>9,910.27</u>
20-Oct-17	510106	Suncorp Bank	Floating Rate Note	Coupon - Received	7,435.62
				<u>Deal Total</u>	<u>7,435.62</u>
				<u>Deal Total</u>	<u>7,435.62</u>
				<u>Deal Total</u>	<u>3,982.47</u>
				<u>Deal Total</u>	<u>3,982.47</u>
23-Oct-17	310288	Emerald Reverse Mortgage (B Tranche)	Mortgage Backed Securities	Coupon - Received	5,781.64
				<u>Deal Total</u>	<u>5,781.64</u>
				<u>Deal Total</u>	<u>5,781.64</u>
				<u>Deal Total</u>	<u>6,457.26</u>
				<u>Deal Total</u>	<u>6,457.26</u>
				<u>Deal Total</u>	<u>12,238.90</u>
				<u>Deal Total</u>	<u>12,238.90</u>

Next Month Cashflows

Transaction Date	Deal No.	Cashflow Counterparty	Asset Type	Cashflow Description	Cashflow Due
Net Cash Movement for Period					2,815,925.36

