



Oberon Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

OBERON
"Simply Spectacular"



Oberon Council

General Purpose Financial Statements for the financial year ended 30 June 2012

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Oberon Council.
- (ii) Oberon Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.
- Council's Statutory Charter is specified in Paragraph 8 of the LGA and includes;
- carrying out activities and providing goods, services & facilities appropriate to the current & future needs of the Local community and of the wider public
 - responsibility for administering regulatory requirements under the LGA and other applicable legislation, &
 - a role in the management, improvement and development of the resources of the local government area.
- A description of the nature of Council's operations and its principal activities are provided in Note 2(b).
- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 19/10/12. Council has the power to amend and reissue the financial statements.
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Oberon Council

General Purpose Financial Statements for the financial year ended 30 June 2012

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across NSW 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 2012.

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 NSW Division of Local Government.

About the Councillor/Management Statement

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

About the Primary Financial Statements

The Financial Statements incorporate five "primary" financial statements:

1. An Income Statement

A summary of 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. A Statement of Comprehensive Income

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

3. A Balance Sheet

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

4. A Statement of Changes in Equity

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

5. A Statement of Cash Flows

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

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW, the Auditor provides two audit reports:

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

Submissions from the public can be made 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 Division of Local Government.

Oberon Council

General Purpose Financial Statements for the financial year ended 30 June 2012

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 16 October 2012.

John McMahon
MAYOR

Kerry Gibbons
COUNCILLOR

Alan Cairney
GENERAL MANAGER

John Chapman
RESPONSIBLE ACCOUNTING OFFICER

Oberon Council

Income Statement

for the financial year ended 30 June 2012

Budget ⁽¹⁾			Actual	Actual
2012	\$ '000	Notes	2012	2011
Income from Continuing Operations				
Revenue:				
3,951	Rates & Annual Charges	3a	3,827	3,679
5,294	User Charges & Fees	3b	4,947	4,326
250	Interest & Investment Revenue	3c	112	337
173	Other Revenues	3d	291	285
3,670	Grants & Contributions provided for Operating Purposes	3e,f	4,199	3,695
1,621	Grants & Contributions provided for Capital Purposes	3e,f	1,803	3,155
Other Income:				
118	Net gains from the disposal of assets	5	-	-
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
15,077	Total Income from Continuing Operations		15,179	15,477
Expenses from Continuing Operations				
5,121	Employee Benefits & On-Costs	4a	4,765	4,700
32	Borrowing Costs	4b	32	37
3,598	Materials & Contracts	4c	3,492	3,176
1,823	Depreciation & Amortisation	4d	3,268	3,487
-	Impairment	4d	-	-
1,690	Other Expenses	4e	1,827	1,684
-	Interest & Investment Losses	3c	-	-
-	Net Losses from the Disposal of Assets	5	321	500
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
12,264	Total Expenses from Continuing Operations		13,705	13,584
2,813	Operating Result from Continuing Operations		1,474	1,893
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
2,813	Net Operating Result for the Year		1,474	1,893
2,813	Net Operating Result attributable to Council		1,474	1,893
-	Net Operating Result attributable to Minority Interests		-	-
1,192	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(329)	(1,262)

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

Oberon Council

Statement of Comprehensive Income

for the financial year ended 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
Net Operating Result for the year (as per Income statement)		1,474	1,893
Other Comprehensive Income			
Gain (loss) on revaluation of I,PP&E	20b (ii)	7,986	2,335
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-
Other Movements in Reserves (enter details here)	20b (ii)	-	-
Total Other Comprehensive Income for the year		7,986	2,335
Total Comprehensive Income for the Year		9,460	4,228
Total Comprehensive Income attributable to Council		9,460	4,228
Total Comprehensive Income attributable to Minority Interests		-	-

Oberon Council

Balance Sheet
as at 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011	Actual 2010
ASSETS				
Current Assets				
Cash & Cash Equivalents	6a	3,954	1,371	1,959
Investments	6b	-	1,000	-
Receivables	7	1,782	2,383	1,958
Inventories	8	1,514	1,504	1,529
Other	8	188	10	204
Total Current Assets		7,438	6,268	5,650
Non-Current Assets				
Investments	6b	736	1,426	1,840
Receivables	7	-	-	-
Inventories	8	316	313	313
Infrastructure, Property, Plant & Equipment	9	174,221	165,736	162,724
Total Non-Current Assets		175,273	167,475	164,877
TOTAL ASSETS		182,711	173,743	170,527
LIABILITIES				
Current Liabilities				
Payables	10	737	1,019	749
Borrowings	10	92	87	118
Provisions	10	1,344	1,413	1,606
Total Current Liabilities		2,173	2,519	2,473
Non-Current Liabilities				
Payables	10	-	50	100
Borrowings	10	179	271	358
Provisions	10	114	118	91
Total Non-Current Liabilities		293	439	549
TOTAL LIABILITIES		2,466	2,958	3,022
Net Assets		180,245	170,785	167,505
EQUITY				
Retained Earnings	20	118,919	117,445	116,500
Revaluation Reserves	20	61,326	53,340	51,005
Council Equity Interest		180,245	170,785	167,505
Minority Equity Interest		-	-	-
Total Equity		180,245	170,785	167,505

Oberon Council

Statement of Changes in Equity
for the financial year ended 30 June 2012

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2012						
Opening Balance (as per Last Year's Audited Accounts)		118,393	53,340	171,733	-	171,733
a. Correction of Prior Period Errors	20 (c)	(948)	-	(948)	-	(948)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/11)		117,445	53,340	170,785	-	170,785
c. Net Operating Result for the Year		1,474	-	1,474	-	1,474
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsvs	20b (ii)	-	7,986	7,986	-	7,986
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	7,986	7,986	-	7,986
Total Comprehensive Income (c&d)		1,474	7,986	9,460	-	9,460
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		118,919	61,326	180,245	-	180,245

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2011						
Opening Balance (as per Last Year's Audited Accounts)		123,881	51,005	174,886	-	174,886
a. Correction of Prior Period Errors	20 (c)	(2,819)	-	(2,819)	-	(2,819)
b. Changes in Accounting Policies (prior year effects)	20 (d)	(5,510)	-	(5,510)	-	(5,510)
Revised Opening Balance (as at 1/7/10)		115,552	51,005	166,557	-	166,557
c. Net Operating Result for the Year		1,893	-	1,893	-	1,893
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsvs	20b (ii)	-	2,335	2,335	-	2,335
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements (enter details here)	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	2,335	2,335	-	2,335
Total Comprehensive Income (c&d)		1,893	2,335	4,228	-	4,228
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		117,445	53,340	170,785	-	170,785

Oberon Council

Statement of Cash Flows

for the financial year ended 30 June 2012

Budget 2012	\$ '000	Notes	Actual 2012	Actual 2011
Cash Flows from Operating Activities				
Receipts:				
3,951		Rates & Annual Charges	3,845	3,667
5,294		User Charges & Fees	4,776	4,688
250		Investment & Interest Revenue Received	250	282
5,291		Grants & Contributions	6,181	6,420
173		Other	1,726	15
Payments:				
(5,121)		Employee Benefits & On-Costs	(4,833)	(4,872)
(3,598)		Materials & Contracts	(4,039)	(3,584)
(32)		Borrowing Costs	(26)	(37)
(1,690)		Other	(2,613)	(1,561)
4,518		Net Cash provided (or used in) Operating Activities	5,267	5,018
Cash Flows from Investing Activities				
Receipts:				
-		Sale of Investment Securities	1,550	500
100		Sale of Real Estate Assets	67	123
-		Sale of Infrastructure, Property, Plant & Equipment	256	133
Payments:				
-		Purchase of Investment Securities	(1)	(1,000)
(5,287)		Purchase of Infrastructure, Property, Plant & Equipment	(4,444)	(5,210)
(7)		Purchase of Real Estate Assets	(25)	(34)
(5,194)		Net Cash provided (or used in) Investing Activities	(2,597)	(5,488)
Cash Flows from Financing Activities				
Receipts:				
Nil				
Payments:				
(87)		Repayment of Borrowings & Advances	(87)	(81)
(87)		Net Cash Flow provided (used in) Financing Activities	(87)	(81)
(763)		Net Increase/(Decrease) in Cash & Cash Equivalents	2,583	(551)
2,820		plus: Cash & Cash Equivalents - beginning of year	1,371	1,922
2,057		Cash & Cash Equivalents - end of the year	3,954	1,371

Additional Information:

plus: **Investments on hand - end of year** 6b 736 2,426**Total Cash, Cash Equivalents & Investments** 4,690 3,797

Please refer to Note 11 for information on the following:

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

Oberon Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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Oberon Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act (1993) and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

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

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

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

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

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

(iii) New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates.

(v) Basis of Accounting

These financial statements have been prepared under the historical cost convention except for:

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

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

(vi) Changes in Accounting Policies

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

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20(d)].

Oberon Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(vii) Critical Accounting Estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

Critical judgements in applying the entity's accounting policies

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

(b) Revenue recognition

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

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

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

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

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

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

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

Oberon Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

unused grant or contribution is disclosed in Note 3(g).

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

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

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

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

(c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of Council and any Entities (or operations) that it controls (as at 30/6/12) and (ii) all the related operating results (for the financial year ended the 30th June 2012).

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

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

(i) The Consolidated Fund

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

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

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

- General Purpose Operations
- Water Supply
- Sewerage Service
- Town Improvement

Oberon Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(ii) The Trust Fund

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

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

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

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

(iii) Joint Ventures

Council has no interest in any Joint Venture Entities, Assets or Operations.

(iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity), ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the equity method of accounting – in a similar fashion to Joint Venture Entities and Partnerships.

Such entities are usually termed Associates.

(v) County Councils

Council is a member of the Upper Macquarie County Council (which is a body corporate under the Local Government Act) which is responsible for the control of weeds.

The governing body of the County Council is responsible for managing its own affairs.

Council is of the opinion that it neither controls nor significantly influences the Upper Macquarie County Councils and accordingly this entity has not been consolidated or otherwise included within these financial statements.

(vi) Additional Information

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

(d) Leases

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

Finance Leases

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

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

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

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

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

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

Operating Leases

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

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

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

Oberon Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

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

(f) Investments and Other Financial Assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss**,
- **loans and receivables**,
- **held-to-maturity investments**, and
- **available-for-sale financial assets**.

Each classification depends on the purpose/intention for which the investment was acquired & at the time it was acquired.

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss include financial assets that are “held for trading”.

A financial asset is classified in the “held for trading” category if it is acquired principally for the purpose of selling in the short term.

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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

Accordingly, this classification principally comprises marketable equity securities, but can include all types

Oberon Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

of financial assets that could otherwise be classified in one of the other investment categories.

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

Financial Assets – Reclassification

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

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

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

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

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

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

(ii) Subsequent Measurement

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value.

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

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as "**fair value through profit or loss**" category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as "**available-for-sale**" are recognised in equity in the available-for-sale investments revaluation reserve.

When securities classified as "**available-for-sale**" are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

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.

Oberon Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

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

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

(iii) Types of Investments

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

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

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

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

(g) Fair value estimation

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

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

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

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

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

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

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

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

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

(h) Receivables

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

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

Oberon Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

Acquisition of assets

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

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

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

Oberon Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

- **Community Land** (External Valuation)
- **Land Improvements**
(as approximated by depreciated historical cost)
- **Other Structures**
(as approximated by depreciated historical cost and External Valuation for larger assets)
- **Other Assets**
(as approximated by depreciated historical cost)

Initial Recognition

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

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

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

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Asset Revaluations (including Indexation)

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

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

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water - Rates Reference Manual.

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

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

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

Oberon Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Capitalisation Thresholds

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

Land

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

Plant & Equipment

Office Furniture	> \$3,000
Office Equipment	> \$3,000
Other Plant & Equipment	> \$5,000

Buildings & Land Improvements

Park Furniture & Equipment	> \$3,000
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Building

- construction/extensions	100% Capitalised
- renovations	> \$5,000

Other Structures	> \$5,000
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Water & Sewer Assets

Reticulation extensions	> \$2,000
Other	> \$5,000

Stormwater Assets

Drains & Culverts	> \$2,000
Other	> \$5,000

Transport Assets

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

Bridge construction & reconstruction	100% Capitalised
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Depreciation

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

Land is not depreciated.

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

Plant & Equipment

- Office Equipment	3 to 10 years
- Office furniture	3 to 10 years
- Vehicles	1 to 5 years
- Heavy Plant/Road Making equip.	5 to 15 years

Buildings

- Buildings : Brick	100 years
- Buildings : Other	20 to 50 years
- Structures	10 to 50 years

Stormwater Drainage

- Drains	60 to 80 years
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Transportation Assets

- Roads :	80 years
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Water & Sewer Assets

- Water Infrastructure	40 to 100 years
- Sewer Infrastructure	40 to 100 years

- Reticulation pipes : PVC	80 years
- Reticulation pipes : Other	25 to 75 years
- Pumps and telemetry	15 to 20 years

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

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

Disposal and De-recognition

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

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

Oberon Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(k) Land

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

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

(l) Land under roads

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

Council has elected to recognise all land under roads. Land under roads is recognised in accordance with AASB 116 – Property, Plant and Equipment.

(m) Intangible Assets

Council has not classified any assets as Intangible.

(n) Crown Reserves

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

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

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

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

(o) Rural Fire Service assets

Under section 119 of the Rural Fires Act 1997, "all fire fighting equipment purchased or constructed

wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed".

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to incorporate the assets, their values and depreciation charges within these financial statements.

(p) Investment property

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

Oberon Council has no investment properties.

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

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

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

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

Costs are estimated on the basis of a closure plan.

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

Oberon Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Oberon Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

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

(s) Impairment of assets

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

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

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

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

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

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

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

(t) Payables

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

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

(u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

(v) Borrowing costs

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

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

(w) Provisions

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

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

Provisions are not recognised for future operating losses.

Oberon Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

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

(x) Employee benefits

(i) Short Term Obligations

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

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

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

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

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

(ii) Other Long Term Obligations

The liability for all long service and annual leave in respect of services provided by employees up to the

reporting date (which is not expected to be settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

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

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

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

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 5 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

Oberon Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

experience of employee departures and periods of service.

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

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

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

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

Accordingly, Council’s contributions to the scheme for the current reporting year have been recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a).

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities. Council’s share of this deficiency is estimated at around \$411,965 at 30 June 2012.

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

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

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

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

Defined Contribution Plans

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

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

(iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/12.

(y) Self insurance

Council does not self insure.

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

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

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

Exceptions

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

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

(aa) Taxes

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

Oberon Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

Goods & Services Tax (GST)

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

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

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

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

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

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

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

(ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2012.

Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

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

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

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

When adopted, the standard will affect in particular the Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

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

The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed

AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, revised AASB 127 - Separate Financial Statements and AASB 128 - Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

Oberon Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation.

However, the standard introduces a single definition of control that applies to all entities.

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

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns.

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

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

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

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

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

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

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

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

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

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

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

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

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

AASB 13 was released in September 2011.

It explains how to measure fair value and aims to enhance fair value disclosures. Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.

It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

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

Oberon Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Applicable to Local Government but no implications for Council;

None

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

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

In September 2011, the AASB released a revised standard on accounting for employee benefits.

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

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

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

The amendments will have to be implemented retrospectively.

Council does not recognise defined benefit assets and liabilities for the reasons set out in note 1 (s)(iii) and so these changes will not have an impact on its reported results.

Not applicable to Local Government per se;

None

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

(ac) Rounding of amounts

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

(ad) 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.

(ae) Disclaimer

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

Oberon Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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 2012	Actual 2012	Actual 2011	Original Budget 2012	Actual 2012	Actual 2011	Original Budget 2012	Actual 2012	Actual 2011	Actual 2012	Actual 2011	Actual 2012	Actual 2011
Governance	-	-	-	373	498	500	(373)	(498)	(500)	-	-	1,803	1,391
Administration	67	97	17	183	823	971	(116)	(726)	(954)	5	8	6,604	4,244
Public Order & Safety	755	227	1,030	569	797	709	186	(570)	321	96	772	2,291	2,236
Health	1	6	2	15	13	15	(14)	(7)	(13)	-	-	-	-
Environment	535	718	647	606	903	668	(71)	(185)	(21)	28	186	8,546	7,025
Community Services & Education	136	159	119	222	156	129	(86)	3	(10)	82	46	3,811	3,497
Housing & Community Amenities	135	126	201	806	840	930	(671)	(714)	(729)	3	4	1,281	2,658
Water Supplies	1,239	1,148	1,137	1,229	1,185	1,113	10	(37)	24	17	23	8,624	7,759
Sewerage Services	870	829	849	818	772	661	52	57	188	10	9	12,904	5,747
Recreation & Culture	290	408	279	902	854	936	(612)	(446)	(657)	216	158	13,349	13,570
Mining, Manufacturing & Construction	77	59	85	129	123	114	(52)	(64)	(29)	-	-	366	345
Transport & Communication	2,893	5,566	5,651	2,597	6,139	6,265	296	(573)	(614)	264	329	119,299	121,205
Economic Affairs	3,658	178	289	3,815	483	573	(157)	(305)	(284)	-	54	3,489	3,670
Total Functions & Activities	10,656	9,521	10,306	12,264	13,586	13,584	(1,608)	(4,065)	(3,278)	721	1,589	182,367	173,347
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	4,421	5,658	5,171	-	119	-	4,421	5,539	5,171	2,757	2,141	344	396
Operating Result from Continuing Operations	15,077	15,179	15,477	12,264	13,705	13,584	2,813	1,474	1,893	3,478	3,730	182,711	173,743

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

Oberon Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

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

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

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

FUEL & ENERGY - Gas Supplies

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		937	898
Farmland		1,432	1,389
Business		156	148
Total Ordinary Rates		2,525	2,435
Special Rates			
Town Improvement		365	351
Total Special Rates		365	351
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		187	147
Water Supply Services		294	314
Sewerage Services		412	397
Waste Management Services (non-domestic)		44	35
Total Annual Charges		937	893
TOTAL RATES & ANNUAL CHARGES		3,827	3,679

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

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		786	729
Sewerage Services		167	164
Industrial Waste Management		346	231
Waste Management Services (non-domestic)		47	42
Trade Waste Charges		125	182
Total User Charges		1,471	1,348
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Building Control		15	24
Planning & Building Regulation		30	47
Private Works - Section 67		120	146
Section 603 Certificates		8	10
Town Planning		69	93
Total Fees & Charges - Statutory/Regulatory		242	320
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Cemeteries		43	38
Community Centres		3	2
Community Technology Centre		5	9
Gravel Pits		7	7
Leaseback Fees - Council Vehicles		19	17
Library		2	2
RMS (formerly RTA) Charges (State Roads not controlled by Council)		3,059	2,460
Sundry Sales		8	27
Swimming Pool		46	52
Tourism		15	23
Other		27	21
Total Fees & Charges - Other		3,234	2,658
TOTAL USER CHARGES & FEES		4,947	4,326

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		36	33
- Interest earned on Investments (interest & coupon payment income)		216	216
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		(141)	86
Other		1	2
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>112</u>	<u>337</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		36	22
General Council Cash & Investments		109	77
General Council Cash & Investments - Fair Value movements		(141)	86
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		16	38
- Section 64		2	5
Water Fund Operations		37	42
Sewerage Fund Operations		53	67
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		-	-
<u>Total Interest & Investment Revenue Recognised</u>		<u>112</u>	<u>337</u>
(d). Other Revenues			
Rental Income - Other Council Properties		40	35
Rental Income - Aged Units Rents		62	61
Deposit Forfeitures		-	24
Donations		-	4
Fines		6	6
Legal Fees Recovery - Rates & Charges (Extra Charges)		8	4
Legal Fees Recovery - Other		1	41
Commissions & Agency Fees		5	7
Discounts & Rebates		38	46
Insurance Claim Recoveries		56	8
Recycling Income (non domestic)		56	-
Sales - General		-	2
Tanker Sales		-	22
Other		19	25
<u>TOTAL OTHER REVENUE</u>		<u>291</u>	<u>285</u>

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance - General Component	1,670	1,259	-	-
Financial Assistance - Local Roads Component	1,051	848	-	-
Pensioners' Rates Subsidies - General Component	36	34	-	-
Total General Purpose	2,757	2,141	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	11	10	-	-
- Sewerage	10	9	-	-
- Domestic Waste Management	9	7	-	-
Water Supplies	-	13	-	-
Bushfire & Emergency Services	96	108	-	664
Community Infrastructure	6	6	179	121
Community Transport	62	43	17	-
Economic Development	-	25	-	-
Employment & Training Programs	13	13	-	-
Heritage & Cultural	3	4	-	-
Library	28	27	-	-
Recreation & Culture	-	-	1	-
Stormwater	-	-	19	179
Street Lighting	8	7	-	-
Summer Festival	-	25	-	-
Transport (Roads to Recovery)	256	322	-	-
Veterans Affairs	-	4	-	-
Womans Day	1	1	-	-
Youth Week	1	1	-	-
Seniors Week	1	-	-	-
Total Specific Purpose	505	625	216	964
Total Grants	3,262	2,766	216	964
Grant Revenue is attributable to:				
- Commonwealth Funding	2,977	2,433	105	157
- State Funding	285	319	36	780
- Other Funding	-	14	75	27
	3,262	2,766	216	964

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 94 - Contributions towards amenities/services	101	69	124	70
S 64 - Water Supply Contributions	-	-	7	2
S 64 - Sewerage Service Contributions	-	-	10	3
Total Developer Contributions	101	69	141	75
Other Contributions:				
Bushfire Services	81	82	-	40
Forests NSW	-	-	180	1,352
Heritage/Cultural	3	-	-	-
Jenolan Caves Trust	-	57	-	-
Recreation & Culture	-	-	123	56
Roads & Bridges	52	25	2	66
RMS Contributions (Regional Roads, Block Grant)	685	674	1,141	602
Tourism	4	3	-	-
Work Assist Programs	-	16	-	-
Other	11	3	-	-
Total Other Contributions	836	860	1,446	2,116
Total Contributions	937	929	1,587	2,191
TOTAL GRANTS & CONTRIBUTIONS	4,199	3,695	1,803	3,155

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2012	Actual 2011
(g). Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	720	1,218
add: Grants & contributions recognised in the current period but not yet spent:	259	189
less: Grants & contributions recognised in a previous reporting period now spent:	(150)	(687)
Net Increase (Decrease) in Restricted Assets during the Period	109	(498)
Unexpended and held as Restricted Assets	<u>829</u>	<u>720</u>
Comprising:		
- Specific Purpose Unexpended Grants	-	-
- Developer Contributions	829	720
	<u>829</u>	<u>720</u>

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a) Employee Benefits & On-Costs			
Salaries and Wages		4,244	4,079
Employee Termination Costs (where material - other than vested leave paid)		2	2
Travelling		40	49
Employee Leave Entitlements (ELE)		607	770
Superannuation		465	456
Workers' Compensation Insurance		124	217
Fringe Benefit Tax (FBT)		10	41
Training Costs (other than Salaries & Wages)		48	44
Protective Clothing		7	7
Other		12	23
Total Employee Costs		5,559	5,688
less: Capitalised Costs		(794)	(988)
TOTAL EMPLOYEE COSTS EXPENSED		4,765	4,700
Number of "Equivalent Full Time" Employees at year end		79	80
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		26	32
Other Debts		-	1
Total Interest Bearing Liability Costs		26	33
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		26	33
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	6	4
Total Other Borrowing Costs		6	4
TOTAL BORROWING COSTS EXPENSED		32	37

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c) Materials & Contracts			
Raw Materials & Consumables		2,114	1,750
Contractor & Consultancy Costs			
- Electrical Contractors		20	17
- Engineering Contractors & Consultants		262	149
- Events and Promotions Contractors		-	4
- Fencing Contractors		19	14
- Garbage Contract		93	83
- Geotechnical Consultancy		45	55
- Other Contractors		34	41
- Plant Hire		585	697
- Road Maintenance Contractors		152	163
- Town Planning Consultants		27	27
- Weed Spraying		29	25
- Building Contractors		8	16
Auditors Remuneration ⁽¹⁾		21	24
Internal Auditing		19	10
Legal Expenses:			
- Legal Expenses: Planning & Development		5	14
- Legal Expenses: Other		25	63
- Legal Expenses: Debt Recovery		8	4
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽²⁾		26	20
Total Materials & Contracts		3,492	3,176
less: Capitalised Costs		-	-
TOTAL MATERIALS & CONTRACTS		3,492	3,176
1. Auditor Remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
(i) Audit and Other Assurance Services			
- Audit & review of financial statements: Council's Auditor		21	24
Remuneration for audit and other assurance services		21	24
Remuneration for other services		-	-
Total Auditor Remuneration		21	24
2. Operating Lease Payments are attributable to:			
Computers		2	2
Other		24	18
		26	20

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2012	Actual 2011	Actual 2012	Actual 2011
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	621	590
Office Equipment		-	-	14	12
Furniture & Fittings		-	-	7	7
Land Improvements (depreciable)		-	-	46	20
Buildings - Non Specialised		-	-	7	6
Buildings - Specialised		-	-	86	124
Other Structures		-	-	36	114
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	2,100	2,254
- Stormwater Drainage		-	-	117	116
- Water Supply Network		-	-	152	166
- Sewerage Network		-	-	56	52
Other Assets					
- Library Books		-	-	22	22
- Other		-	-	2	3
Asset Reinstatement Costs	9 & 26	-	-	2	1
Total Depreciation & Impairment Costs		-	-	3,268	3,487
less: Capitalised Costs		-	-	-	-
less: Impairments (to)/from ARR [Equity]	9a	-	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	3,268	3,487

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		73	91
Asset Management		57	20
Bank Charges		19	17
Cleaning		39	34
- Emergency Services Levy		19	19
- NSW Fire Brigade Levy		15	15
- NSW Rural Fire Service Levy		229	197
- Upper Macquarie County Council		87	84
Councillor Expenses - Mayoral Fee		22	21
Councillor Expenses - Councillors' Fees		80	85
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		22	16
Donations, Contributions & Assistance to other organisations (Section 356)		27	14
Election Expenses		-	27
Electricity & Heating		185	158
Insurance		347	362
Office Expenses (including computer expenses)		276	178
Postage		18	17
Printing & Stationery		60	69
Revaluation Decrements (Fair Valuation of I,PP&E Assets)	9(a)	6	-
Street Lighting		72	65
Subscriptions & Publications		36	42
Telephone & Communications		45	46
Valuation Fees		24	25
Vehicle Registration		48	42
Other		21	40
Total Other Expenses		1,827	1,684
less: Capitalised Costs		-	-
TOTAL OTHER EXPENSES		1,827	1,684

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2012	Actual 2011
Property (excl. Investment Property)			
Proceeds from Disposal - Property		35	-
less: Carrying Amount of Property Assets Sold / Written Off		(44)	-
Net Gain/(Loss) on Disposal		(9)	-
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		221	133
less: Carrying Amount of P&E Assets Sold / Written Off		(296)	(241)
Net Gain/(Loss) on Disposal		(75)	(108)
Infrastructure			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(282)	(471)
Net Gain/(Loss) on Disposal		(282)	(471)
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		67	123
less: Carrying Amount of Real Estate Assets Sold / Written Off		(22)	(44)
Net Gain/(Loss) on Disposal		45	79
Investment Properties			
Proceeds from Disposal - Investment Properties		-	-
less: Carrying Amount of Investment Properties Sold / Written Off		-	-
Net Gain/(Loss) on Disposal		-	-
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		1,550	500
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(1,550)	(500)
Net Gain/(Loss) on Disposal		-	-
Non Current Assets Classified as "Held for Sale"			
Proceeds from Disposal - Non Current Assets "Held for Sale"		-	-
less: Carrying Amount of 'Held for Sale' Assets Sold / Written Off		-	-
Net Gain/(Loss) on Disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(321)	(500)
* Financial Assets disposals / redemptions include:			
- Net Gain/(Loss) from Financial Instruments "At Fair Value through profit & loss"		-	-
- Net Gain/(Loss) from Financial Instruments designated "Held for Trading"		-	-
- Net Gain/(Loss) from Financial Instruments designated "Held to Maturity"		-	-
Net Gain/(Loss) on Disposal of Financial Instruments		-	-

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000	Notes	2012	2012	2011	2011
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		124	-	51	-
Cash-Equivalent Assets ¹					
- Deposits at Call		1,830	-	1,320	-
- Short Term Deposits		2,000	-	-	-
Total Cash & Cash Equivalents		3,954	-	1,371	-
Investment Securities (Note 6b)					
- Long Term Deposits		-	-	1,000	-
- ADI FRN's (with Maturities > 3 months)		-	-	-	500
- CDO's		-	36	-	226
- Other Long Term Financial Assets		-	700	-	700
Total Investment Securities		-	736	1,000	1,426
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		3,954	736	2,371	1,426

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

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

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"		3,954	-	1,371	-
--	--	--------------	----------	--------------	----------

Investments

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	-	36	-	226
- "Designated at Fair Value on Initial Recognition"	6(b-i)	-	-	-	-
b. "Held to Maturity"	6(b-ii)	-	700	1,000	1,200
Investments		-	736	1,000	1,426

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 6b. Investments (continued)

\$ '000	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	-	226	-	140
Revaluations (through the Income Statement)	-	(140)	-	86
Additions	-	-	-	-
Disposals (sales & redemptions)	-	(50)	-	-
Transfers between Current/Non Current	-	-	-	-
Balance at End of Year	-	36	-	226
Comprising:				
- CDO's	-	36	-	226
Total	-	36	-	226
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	1,000	1,200	-	1,700
Additions	-	-	1,000	-
Disposals (sales & redemptions)	(1,000)	(500)	-	(500)
Transfers between Current/Non Current	-	-	-	-
Balance at End of Year	-	700	1,000	1,200
Comprising:				
- Long Term Deposits	-	-	1,000	-
- ADI FRN's (with Maturities > 3 months)	-	-	-	500
- Other Long Term Financial Assets	-	700	-	700
Total	-	700	1,000	1,200
Note 6(b-iii)				
Reconciliation of Investments classified as "Loans & Receivables"				
Nil				
Note 6(b-iv)				
Reconciliation of Investments classified as "Available for Sale"				
Nil				

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000	2012	2012	2011	2011
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	3,954	736	2,371	1,426
attributable to:				
External Restrictions (refer below)	1,562	736	682	1,426
Internal Restrictions (refer below)	1,918	-	1,397	-
Unrestricted	474	-	292	-
	3,954	736	2,371	1,426

2012	Opening	Transfers to	Transfers from	Closing
\$ '000	Balance	Restrictions	Restrictions	Balance

Details of Restrictions

External Restrictions - Included in Liabilities

RMS (formerly RTA) Advances (B)	90	137	(149)	78
Specific Purpose Unexpended Grants (F)	230	593	(507)	316
External Restrictions - Included in Liabilities	320	730	(656)	394

External Restrictions - Other

Developer Contributions - General (D)	635	241	(151)	725
Developer Contributions - Water Fund (D)	1	7	-	8
Developer Contributions - Sewer Fund (D)	84	12	-	96
Specific Purpose Unexpended Grants (F)	-	-	-	-
Water Supplies (G)	272	437	(612)	97
Sewerage Services (G)	725	129	-	854
Domestic Waste Management (G)	71	53	-	124
External Restrictions - Other	1,788	879	(763)	1,904
Total External Restrictions	2,108	1,609	(1,419)	2,298

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

2012 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	69	595	(561)	103
Employees Leave Entitlement	422	-	(225)	197
Capital Improvements	3	2	(5)	-
Cemetery Plaques	16	-	-	16
Economic Development	2	2	(4)	-
Events	2	-	(2)	-
Financial Assistance Grant - General Component	168	677	(168)	677
Financial Assistance Grant - Roads Component	5	1,051	(935)	121
Garbage Depot	105	102	(130)	77
Gravel Pits	43	7	(12)	38
Information Technology	42	-	(40)	2
Internal Audit	20	20	(19)	21
Land Development	1	70	(58)	13
Legal Costs	18	6	-	24
Library	12	8	(14)	6
Local Heritage Fund	20	-	(12)	8
Oberon Museum Precinct Project	38	-	(21)	17
Office Equipment	57	6	(6)	57
Rail Crossings Update	24	10	-	34
Recreation Facilities	4	3	(7)	-
Road Construction	8	607	(570)	45
Rural Fire Service Vehicles	22	-	(22)	-
Self Care Units	39	62	(32)	69
Swimming Pool	43	10	(14)	39
Town Improvements	207	381	(344)	244
Visitor Information Centre	7	-	-	7
Depot	-	30	(7)	23
Election	-	25	-	25
Road Maintenance	-	55	-	55
Total Internal Restrictions	1,397	3,729	(3,208)	1,918
TOTAL RESTRICTIONS	3,505	5,338	(4,627)	4,216

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

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 7. Receivables

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		304	-	322	-
Interest & Extra Charges		41	-	43	-
User Charges & Fees		351	-	366	-
Private Works		1,008	-	337	-
Contributions to Works		9	-	1,066	-
Amounts due from Other Councils		-	-	22	-
Accrued Revenues					
- Interest on Investments		12	-	7	-
- Other Income Accruals		2	-	17	-
Government Grants & Subsidies		75	-	226	-
Net GST Receivable		21	-	-	-
Total		1,823	-	2,406	-
less: Provision for Impairment					
User Charges & Fees		(41)	-	(23)	-
Total Provision for Impairment - Receivables		(41)	-	(23)	-
<u>TOTAL NET RECEIVABLES</u>		<u>1,782</u>	<u>-</u>	<u>2,383</u>	<u>-</u>
Externally Restricted Receivables					
Water Supply					
- Rates & Availability Charges		163	-	185	-
- Other		3	-	2	-
Sewerage Services					
- Rates & Availability Charges		78	-	72	-
- Other		2	-	2	-
Domestic Waste Management		18	-	16	-
Other					
- Town Improvement		28	-	30	-
Total External Restrictions		292	-	307	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		1,490	-	2,076	-
TOTAL NET RECEIVABLES		<u>1,782</u>	<u>-</u>	<u>2,383</u>	<u>-</u>

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 11.00% (2011 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 8. Inventories & Other Assets

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		1,223	316	1,223	313
Stores & Materials		272	-	268	-
Trading Stock		19	-	13	-
Total Inventories		1,514	316	1,504	313
Other Assets					
Prepayments		188	-	10	-
Total Other Assets		188	-	10	-
TOTAL INVENTORIES / OTHER ASSETS		1,702	316	1,514	313

Externally Restricted Assets

There are no restrictions applicable to the above assets.

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 8. Inventories & Other Assets (continued)

\$ '000	2012		2011	
	Current	Non Current	Current	Non Current
(i) Other Disclosures				
(a) Details for Real Estate Development				
Residential	832	249	850	246
Industrial/Commercial	391	67	373	67
Total Real Estate for Resale	1,223	316	1,223	313
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	602	309	596	309
Development Costs	621	7	627	4
Total Costs	1,223	316	1,223	313
less: Provision for Under Recovery	-	-	-	-
Total Real Estate for Resale	1,223	316	1,223	313
Movements:				
Real Estate assets at beginning of the year	1,223	313	1,233	313
- Purchases and other costs	22	3	34	-
- Transfers in from (out to) Note 9	-	-	-	-
- WDV of Sales (exp) 5	(22)	-	(44)	-
Total Real Estate for Resale	1,223	316	1,223	313
(b) Current Assets not anticipated to be settled within the next 12 months				
The following Inventories & Other Assets, even though classified as current are not expected to be recovered in the next 12 months;				
			2012	2011
Real Estate for Resale			717	1,104
			717	1,104
(c) Inventories recognised as an expense for the year included:				
- Real Estate for Resale			-	-
- Stores & Materials			-	-
- Trading Stock			-	-
(d) Inventory Write Downs				
There were no amounts recognised as an expense relating to the write down of Inventory balances held during the year.				

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2011				Asset Movements during the Reporting Period								as at 30/6/2012				
	At		Accumulated		Asset Additions	WDV of Asset Disposals	Depreciation Expense	Adjustments & Transfers	Revaluation Decrements to P&L	Revaluation Decrements to Equity (ARR)	Reversal of prior period Revaluation Decrements to the P&L	Revaluation Increments to Equity (ARR)	At		Accumulated		Carrying Value
	Fair Value	Dep'n	Impairment	Value									Fair Value	Dep'n	Impairment	Value	
Plant & Equipment	11,674	5,209	-	6,465	501	(296)	(621)	(951)	-	-	-	-	10,234	5,136	-	5,098	
Office Equipment	426	388	-	38	9	-	(14)	-	-	-	-	-	251	218	-	33	
Furniture & Fittings	222	191	-	31	20	-	(7)	-	-	-	-	-	236	192	-	44	
Land:																	
- Operational Land	5,447	-	-	5,447	-	(36)	-	-	-	-	-	-	5,411	-	-	5,411	
- Community Land	8,475	-	-	8,475	1	-	-	-	-	-	-	-	8,476	-	-	8,476	
- Land under Roads	8,620	-	-	8,620	20	-	-	-	-	-	-	-	8,640	-	-	8,640	
Land Improvements - non depreciable	24	-	-	24	-	-	-	-	-	-	-	-	24	-	-	24	
Land Improvements - depreciable	900	435	-	465	54	-	(46)	-	-	-	-	-	954	481	-	473	
Buildings - Non Specialised	189	31	-	158	-	-	(7)	-	-	-	-	7	196	38	-	158	
Buildings - Specialised	15,659	1,512	-	14,147	416	-	(86)	-	(6)	(7)	-	314	16,376	1,598	-	14,778	
Other Structures	2,810	347	-	2,463	7	(7)	(36)	-	-	(99)	-	78	2,761	355	-	2,406	
Infrastructure:																	
- Roads, Bridges, Footpaths	112,886	34,300	-	78,586	2,193	(111)	(2,100)	-	-	(16)	-	-	114,316	35,764	-	78,552	
- Bulk Earthworks (non-depreciable)	24,712	-	-	24,712	959	(172)	-	-	-	-	-	-	25,499	-	-	25,499	
- Stormwater Drainage	9,343	2,958	-	6,385	82	-	(117)	-	-	-	-	-	9,425	3,075	-	6,350	
- Water Supply Network	8,442	2,590	-	5,852	118	-	(152)	-	-	(47)	-	1,229	10,733	3,733	-	7,000	
- Sewerage Network	5,796	2,047	-	3,749	3	-	(56)	951	-	-	-	6,527	17,208	6,034	-	11,174	
Other Assets:																	
- Library Books	281	219	-	62	8	-	(22)	-	-	-	-	-	289	241	-	48	
- Other	42	33	-	9	4	-	(2)	-	-	-	-	-	46	35	-	11	
Restatement, Rehabilitation & Restoration Assets (refer Note 26)																	
- Tip Asset	28	5	-	23	-	-	(1)	-	-	-	-	-	28	6	-	22	
- Quarry Asset	32	7	-	25	-	-	(1)	-	-	-	-	-	32	8	-	24	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	216,008	50,272	-	165,736	4,395	(622)	(3,268)	-	(6)	(169)	-	8,155	231,135	56,914	-	174,221	

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$3,162,552) and New Assets (\$687,593). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000 Class of Asset	Actual 2012				Actual 2011			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
Plant & Equipment	-	90	27	63	-	85	22	63
Furniture & Fittings	-	4	3	1	-	4	3	1
Buildings	-	329	11	318	-	317	11	306
Infrastructure	-	10,733	3,733	7,000	-	8,442	2,026	6,416
Total Water Supply	-	11,156	3,774	7,382	-	8,848	2,062	6,786
Sewerage Services								
Plant & Equipment	-	422	192	230	-	1,753	537	1,216
Furniture & Fittings	-	-	-	-	-	-	-	-
Buildings	-	323	22	301	-	336	21	315
Infrastructure	-	17,208	6,034	11,174	-	5,797	1,662	4,135
Total Sewerage Services	-	17,953	6,248	11,705	-	7,886	2,220	5,666
Domestic Waste Management								
Land								
- Improvements non-depreciable	-	24	-	24	-	24	-	24
Other Structures	-	25	2	23	-	24	2	22
Mobile Garbage Bins	-	46	35	11	-	42	33	9
Other Assets	-	28	6	22	-	28	5	23
Total DWM	-	123	43	80	-	118	40	78
TOTAL RESTRICTED I,PP&E	-	29,232	10,065	19,167	-	16,852	4,322	12,530

Oberon Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
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Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		219	-	439	-
Goods & Services - capital expenditure		50	-	50	50
Payments Received In Advance		407	-	390	-
Accrued Expenses:					
- Superannuation		-	-	3	-
- Other Expenditure Accruals		49	-	63	-
Security Bonds, Deposits & Retentions		12	-	12	-
ATO - Net GST Payable		-	-	62	-
Total Payables		737	-	1,019	50
Borrowings					
Bank Overdraft		-	-	-	-
Loans - Secured ¹		92	179	87	271
Total Borrowings		92	179	87	271
Provisions					
Employee Benefits;					
Annual Leave		429	-	435	-
Long Service Leave		735	20	779	29
Other Leave		44	-	36	-
Superannuation		104	2	109	3
Sub Total - Aggregate Employee Benefits		1,312	22	1,359	32
Asset Remediation/Restoration (Future Works) ²⁶		-	91	-	85
Workers Compensation		32	1	54	1
Total Provisions		1,344	114	1,413	118
Total Payables, Borrowings & Provisions		2,173	293	2,519	439
(i) Liabilities relating to Restricted Assets					
		2012		2011	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Water		97	178	193	271
Sewer		5	-	10	-
RMS Contributions		78	-	90	-
Specific Purpose Unexpended Grants		316	-	230	-
Liabilities relating to externally restricted assets		496	178	523	271
Internally Restricted Assets					
Nil					
Total Liabilities relating to restricted assets		496	178	523	271

¹: Loans are secured over the General Rating Income of Council
Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000	2012	2011
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	831	730
	831	730

Note 10b. Description of and movements in Provisions

Class of Provision	2011		2012			
	Opening Balance as at 1/7/11	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/12
Annual Leave	435	339	(318)	(27)	-	429
Long Service Leave	808	243	(218)	(78)	-	755
Superannuation	148	2	-	-	-	150
Asset Remediation	85	6	-	-	-	91
Other	55	-	(22)	-	-	33
TOTAL	1,531	590	(558)	(105)	-	1,458

- a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- b. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2012	Actual 2011
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	3,954	1,371
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		3,954	1,371
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		1,474	1,893
Adjust for non cash items:			
Depreciation & Amortisation		3,268	3,487
Net Losses/(Gains) on Disposal of Assets		321	500
Non Cash Capital Grants and Contributions		(1)	(664)
Impairment Losses Recognition - I,PP&E		-	-
Impairment (Reversal of previous losses) - I,PP&E		-	-
Reversal of prior period I,PP&E revaluation decrements costed DIRECT to the P&L		-	-
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		141	(86)
- Investment Properties		-	-
- Favourable Financial Liabilities (ie. Initial Recognition at Fair Value)		-	-
- Fair Valuation Adjustment (re-measurement) of existing Loans to Council		-	-
- Interest Free Advances made by Council (Deferred Debtors)		-	-
- Write Offs relating to the Fair Valuation of I,PP&E		6	-
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- "Held to Maturity" Financial Assets		-	-
Unwinding of Discount Rates on Reinstatement Provisions		6	-
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		583	(425)
Increase/(Decrease) in Provision for Doubtful Debts		18	-
Decrease/(Increase) in Inventories		(10)	15
Decrease/(Increase) in Other Assets		(178)	194
Increase/(Decrease) in Payables		(220)	210
Increase/(Decrease) in accrued Interest Payable		-	-
Increase/(Decrease) in other accrued Expenses Payable		(14)	46
Increase/(Decrease) in Other Liabilities		(48)	14
Increase/(Decrease) in Employee Leave Entitlements		(57)	(153)
Increase/(Decrease) in Other Provisions		(22)	(13)
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		5,267	5,018

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
(c) Non-Cash Investing & Financing Activities			
Bushfire Grants		-	664
Other Dedications		1	-
Total Non-Cash Investing & Financing Activities		1	664
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		500	500
Credit Cards / Purchase Cards		33	30
Total Financing Arrangements		533	530
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		12	5
Total Financing Arrangements Utilised		12	5

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

(ii) Secured Loan Liabilities

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

(e) Net Cash Flows Attributable to Discontinued Operations

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

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2012	Actual 2011
(a) Capital Commitments (exclusive of GST)			
Nil			
(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		12	15
Later than one year and not later than 5 years		1	14
Later than 5 years		-	-
Total Non Cancellable Operating Lease Commitments		13	29

b. Non Cancellable Operating Leases include the following assets:

Office 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

(e) Investment in Associates / Joint Ventures - Commitments

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

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000	Amounts 2012	Indicator 2012	Prior Periods 2011 2010	
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	<u>4,867</u>	5.75 : 1	3.30	3.88
Current Liabilities less Specific Purpose Liabilities ^(2,3)	<u>846</u>			
2. Debt Service Ratio				
Debt Service Cost	<u>113</u>	0.95%	1.05%	1.05%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>11,934</u>			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	<u>3,827</u>	25.21%	23.77%	24.59%
Income from Continuing Operations	<u>15,179</u>			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	<u>345</u>	8.14%	8.99%	8.99%
Rates, Annual & Extra Charges Collectible	<u>4,236</u>			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾	<u>3,163</u>	125.62%	140.91%	397.06%
Depreciation, Amortisation & Impairment	<u>2,518</u>			

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

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

⁽²⁾ Refer to Note 10(a).

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

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

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

<p>1. Unrestricted Current Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>5.51</td> </tr> <tr> <td>2010</td> <td>3.88</td> </tr> <tr> <td>2011</td> <td>3.30</td> </tr> <tr> <td>2012</td> <td>5.75</td> </tr> </tbody> </table>	Year	Ratio : 1	2009	5.51	2010	3.88	2011	3.30	2012	5.75	<p>Purpose of Unrestricted Current Ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 5.75 : 1</p> <p>The unrestricted current ratio has increased due to a reduction in unfunded expenditure during the 2011/2012 year. Also, the current assets include land inventories that will need to be converted into cash before the funds can be used.</p>
Year	Ratio : 1											
2009	5.51											
2010	3.88											
2011	3.30											
2012	5.75											
<p>2. Debt Service Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>1.00%</td> </tr> <tr> <td>2010</td> <td>1.05%</td> </tr> <tr> <td>2011</td> <td>1.05%</td> </tr> <tr> <td>2012</td> <td>0.95%</td> </tr> </tbody> </table>	Year	Ratio %	2009	1.00%	2010	1.05%	2011	1.05%	2012	0.95%	<p>Purpose of Debt Service Ratio</p> <p>To assess the impact of loan principal & interest repayments on the discretionary revenue of council.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 0.95%</p> <p>The debt service ratio is falling as no additional loan funds have been raised. The two existing Water Supply Service loans will be paid out in 2014/2015.</p>
Year	Ratio %											
2009	1.00%											
2010	1.05%											
2011	1.05%											
2012	0.95%											
<p>3. Rates & Annual Charges Coverage Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>19.34%</td> </tr> <tr> <td>2010</td> <td>24.59%</td> </tr> <tr> <td>2011</td> <td>23.77%</td> </tr> <tr> <td>2012</td> <td>25.21%</td> </tr> </tbody> </table>	Year	Ratio %	2009	19.34%	2010	24.59%	2011	23.77%	2012	25.21%	<p>Purpose of Rates & Annual Charges Coverage Ratio</p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 25.21%</p> <p>Council's dependence upon revenue from rates and charges has not changed significantly in recent years.</p>
Year	Ratio %											
2009	19.34%											
2010	24.59%											
2011	23.77%											
2012	25.21%											
<p>4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>5.88%</td> </tr> <tr> <td>2010</td> <td>8.99%</td> </tr> <tr> <td>2011</td> <td>8.99%</td> </tr> <tr> <td>2012</td> <td>8.14%</td> </tr> </tbody> </table>	Year	Ratio %	2009	5.88%	2010	8.99%	2011	8.99%	2012	8.14%	<p>Purpose of Rates & Annual Charges Outstanding Ratio</p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 8.14%</p> <p>Council has made progress with recovery of outstanding rates and charges, however the global financial crises continues to impact payments. Recovery action continues to be taken in an attempt to reduce amounts outstanding.</p>
Year	Ratio %											
2009	5.88%											
2010	8.99%											
2011	8.99%											
2012	8.14%											
<p>5. Building & Infrastructure Renewals Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>316.80%</td> </tr> <tr> <td>2010</td> <td>397.06%</td> </tr> <tr> <td>2011</td> <td>140.91%</td> </tr> <tr> <td>2012</td> <td>125.62%</td> </tr> </tbody> </table>	Year	Ratio %	2009	316.80%	2010	397.06%	2011	140.91%	2012	125.62%	<p>Purpose of Asset Renewals Ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on Result</p> <p>2011/12 Ratio 125.62%</p> <p>The building and infrastructure renewal ratio reduced significantly in 2010/2011 due to the implementation of fair values, and the changes in depreciation methodology on roads and infrastructure. No significant movement occurred during 2011/2012.</p>
Year	Ratio %											
2009	316.80%											
2010	397.06%											
2011	140.91%											
2012	125.62%											

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 13b. Statement of Performance Measurement - Indicators (by Fund)

\$ '000	Water 2012	Sewer 2012	General ¹ 2012
Local Government Industry Indicators			
1. Unrestricted Current Ratio			
Current Assets less all External Restrictions ⁽¹⁾	2.71 : 1	39.60 : 1	5.92 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)			
prior period:	2.38 : 1	23.20 : 1	3.28 : 1
2. Debt Service Ratio			
Debt Service Cost	9.89%	0.00%	0.00%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions			
prior period:	9.97%	0.00%	0.00%
3. Rates & Annual Charges Coverage Ratio			
Rates & Annual Charges	25.59%	49.70%	23.64%
Income from Continuing Operations			
prior period:	27.67%	46.93%	21.99%
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
Rates, Annual & Extra Charges Outstanding	54.15%	18.71%	2.96%
Rates, Annual & Extra Charges Collectible			
prior period:	57.81%	17.91%	3.24%
5. Building & Infrastructure Renewals Ratio			
Asset Renewals (Building & Infrastructure assets)	77.63%	0.00%	131.82%
Depreciation, Amortisation & Impairment			
prior period:	83.13%	0.00%	148.09%

Notes

⁽¹⁾ General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

Oberon Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 14. Investment Properties

\$ '000	Notes	Actual 2012	Actual 2011
---------	-------	----------------	----------------

Council has not classified any Land or Buildings as "Investment Properties"

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 15. Financial Risk Management

\$ '000

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2012	2011	2012	2011
Financial Assets				
Cash and Cash Equivalents	3,954	1,371	3,954	1,371
Investments				
- "Held for Trading"	36	226	36	226
- "Held to Maturity"	700	2,200	700	2,052
Receivables	1,782	2,383	1,782	2,383
Total Financial Assets	6,472	6,180	6,472	6,032
Financial Liabilities				
Bank Overdraft	-	-	-	-
Payables	330	679	330	678
Loans / Advances	271	358	271	358
Total Financial Liabilities	601	1,037	601	1,036

Fair Value is determined as follows:

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

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

(a) Fair Value Measurements

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

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

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

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

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

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

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

2012	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- "Held for Trading"	-	-	36	36
Total Financial Assets	-	-	36	36

2011	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- "Held for Trading"	-	-	226	226
Total Financial Assets	-	-	226	226

The following table presents the movement in Level 3 financial instruments

	Liabilities 2012	Liabilities 2011	Assets 2012	Assets 2011
Opening Balance (of Level 3 fair values)	-	-	226	140
Transfer to/(from) Level 3	-	-	-	-
Gains/(Losses) recognised in the Income Statement	-	-	(140)	86
Disposals	-	-	(50)	-
Closing Balance	-	-	36	226

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

 \$ '000

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

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

Council has an Investment Policy which complies with the Local Government Act & 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 major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

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

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

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

Council may also seek advice from independent advisers before placing any funds in Investments.

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2012				
Possible impact of a 10% movement in Market Values	145	145	(145)	(145)
Possible impact of a 1% movement in Interest Rates	61	61	(61)	(61)
2011				
Possible impact of a 10% movement in Market Values	150	150	(150)	(150)
Possible impact of a 1% movement in Interest Rates	52	52	(52)	(52)

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

 \$ '000

(c) Receivables

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

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

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

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

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

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

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

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

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

	2012	2012	2011	2011
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	1,374	-	1,920
Overdue	304	145	322	164
	<u>304</u>	<u>1,519</u>	<u>322</u>	<u>2,084</u>
(ii) Movement in Provision for Impairment of Receivables			2012	2011
Balance at the beginning of the year			23	23
+ new provisions recognised during the year			18	-
- amounts already provided for & written off this year			-	-
Balance at the end of the year			<u>41</u>	<u>23</u>

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

(d) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2012									
Bank Overdraft	-	-	-	-	-	-	-	-	-
Trade/Other Payables	12	-	-	-	-	-	-	12	330
Loans & Advances	-	113	113	79	-	-	-	305	271
Total Financial Liabilities	12	113	113	79	-	-	-	317	601
2011									
Bank Overdraft	-	-	-	-	-	-	-	-	-
Trade/Other Payables	12	-	-	-	-	-	-	12	679
Loans & Advances	-	113	113	113	79	-	-	418	358
Total Financial Liabilities	12	113	113	113	79	-	-	430	1,037

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

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

	2012		2011	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Bank Overdraft	-		-	
Trade/Other Payables	330	0.0%	679	0.0%
Loans & Advances - Fixed Interest Rate	271	7.6%	358	7.6%
	<u>601</u>		<u>1,037</u>	

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 11/12 was adopted by the Council on 21 June 2011.

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

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

Note that for Variations* of Budget to Actual :

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

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

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----	
REVENUES				
Interest & Investment Revenue	250	112	(138)	(55%) U
Adjustments to Fair Values not budgeted			(141)	U
Other minor variances			3	F
Other Revenues	173	291	118	68% F
Rental Income in excess of budget			20	F
Legal Fees Recovery - not included in budget			9	F
Insurance Claim Recoveries - not included in budget			56	F
Recycling Income in excess of budget			28	F
Other minor variances			5	F
Operating Grants & Contributions	3,670	4,199	529	14% F
Financial Assistance Grant in excess of budget			626	F
Roads to Recovery Grant less than budgeted			(144)	U
Other minor variances			47	F
Capital Grants & Contributions	1,621	1,803	182	11% F
Rural Fire Service Tankers budgeted but not received			(299)	U
Library Extensions Grant budgeted but not approved			(200)	U
Tennis Court Extension Grants not budgeted			257	F
Community Centre Extension Grants not budgeted			45	F
Community Transport Vehicle Grant not budgeted nor completed			17	F
Edith Road Safety Improvement Program not budgeted nor completed			465	F
Dog Rocks Road RMS Special Grant- program amended and project not complete			(220)	U
Forests NSW Contributions Local Roads - improvement program amended			80	F
Stormwater Harvesting Project - improvement program amended			19	F
Other minor variances			18	F
Net Gains from Disposal of Assets	118	-	(118)	(100%) U

Net Losses from disposal of assets exceeded Net Gains. Council had budgeted \$18K profit on sale of plant and \$100K profit on the sale of land. Further details included in Net Losses from Disposal of Assets.

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 16. Material Budget Variations (continued)

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----		
EXPENSES					
Depreciation & Amortisation	1,823	3,268	(1,445)	(79%)	U
As a result of the timing between completing Council's Fair Values, updating the Assets Management Plan, and preparing the budget, depreciation costs varied significantly from the budgeted figures as follows;					
Road Infrastructure			(1,340)		U
Buildings & Structures			(20)		U
Plant & Equipment			(74)		U
Other minor variances			(11)		U
Net Losses from Disposal of Assets	-	321	(321)	0%	U
No provision was made in the budget for losses on disposal of assets. Losses were incurred as follows;					
Property			(9)		U
Plant & Equipment			(75)		U
Road Infrastructure			(282)		U
Real Estate Assets (Gain)			45		F
Budget Variations relating to Council's Cash Flow Statement include:					
Cash Flows from Operating Activities	4,518	5,267	749	16.6%	F
Rates & Annual Charges			(106)		U
User Charges & Fees			(518)		U
Grants & Contributions			890		F
Other Revenues			1,553		F
Employee Benefits & Oncosts			288		F
Materials & Contracts			(441)		U
Borrowing Costs			6		F
Other Expenses			(923)		U
Cash Flows from Investing Activities	(5,194)	(2,597)	2,597	(50.0%)	F
Sale of Investment Securities			1,550		F
Sale of Real Estate Assets			(33)		U
Sale of Infrastructure, Property, Plant & Equipment			256		F
Purchase of Investment Securities			(1)		U
Purchase of Infrastructure, Property, Plant & Equipment			843		F
Purchase of Real Estate Assets			(18)		U

Oberon Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	56	5	-	1	-	-	62	3	(60)	5	-
Roads	369	101	-	9	(71)	-	408	45	(296)	157	-
Open Space	15	5	-	1	(20)	-	1	3	(1)	3	-
Community Facilities	1	6	-	-	(6)	-	1	3	(4)	-	-
Emergency Services	168	7	-	4	-	-	179	3	(174)	8	-
S94 Contributions - under a Plan	609	124	-	15	(97)	-	651	57	(535)	173	-
S94A Levies - under a Plan	-	-	-	-	-	-	-				-
Total S94 Revenue Under Plans	609	124	-	15	(97)	-	651				-
S94 not under Plans	27	101	-	1	(54)	-	75	79	(141)	13	-
S93F Planning Agreements	-	-	-	-	-	-	-				
S64 Contributions	84	17	-	2	-	-	103				
Total Contributions	720	242	-	18	(151)	-	829	136	(676)	186	-

Oberon Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 1 - URBAN DEVELOPMENT

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	56	5	-	1	-	-	62	3	(60)	5	-
Roads	257	20	-	6	-	-	283	10	(277)	16	-
Open Space	15	1	-	1	(16)	-	1	1	(1)	1	-
Community Facilities	-	2	-	-	(2)	-	-	1	(1)	-	-
Emergency Services	85	2	-	2	-	-	89	1	(87)	3	-
Total	413	30	-	10	(18)	-	435	16	(426)	25	-

CONTRIBUTION PLAN NUMBER 2 - RURAL DEVELOPMENT

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	112	81	-	3	(71)	-	125	35	(19)	141	-
Open Space	-	4	-	-	(4)	-	-	2	-	2	-
Community Facilities	1	4	-	-	(4)	-	1	2	(3)	-	-
Emergency Services	83	5	-	2	-	-	90	2	(87)	5	-
Total	196	94	-	5	(79)	-	216	41	(109)	148	-

Oberon Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - NOT UNDER A PLAN

ROAD CONTRIBUTIONS

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	27	101	-	1	(54)	-	75	79	(141)	13	-
Total	27	101	-	1	(54)	-	75	79	(141)	13	-

Oberon Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other Guarantees

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

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

 \$ '000

LIABILITIES NOT RECOGNISED (continued):**2. Other Liabilities****(i) Third Party Claims**

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

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

(ii) S94 Plans

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

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

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

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

ASSETS NOT RECOGNISED:**(ii) Infringement Notices/Fines**

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

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

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

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

Oberon Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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

\$ '000

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

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2012	Actual 2011
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		118,393	123,881
a. Correction of Prior Period Errors	20 (c)	(948)	(2,819)
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	(5,510)
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		1,474	1,893
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
g. Other Changes (disclosure required)		-	-
Balance at End of the Reporting Period		118,919	117,445
b. Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		61,326	53,340
Total		61,326	53,340
(ii). Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		53,340	51,005
- Revaluations for the year	9(a)	7,986	2,335
- Transfer to Retained Earnings for Asset disposals		-	-
- Balance at End of Year		61,326	53,340
TOTAL VALUE OF RESERVES		61,326	53,340

(iii). Nature & Purpose of Reserves**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

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

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
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c. Correction of Error/s relating to a Previous Reporting Period

Correction of errors disclosed in this year's financial statements:

As part of Council's transition to measuring all its I,PP&E at Fair Values, Council this year reviewed and brought to account Fair Values for the following Asset Classes:

- Water Asset Class
- Sewer Asset Class

As part of that evaluation & measurement process, the remaining useful life of each asset has been reassessed to actual.

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

Council does not have sufficient and reliable information that will allow the restatement of information prior to 30/6/11 (the closing date for the comparative figures in this report).

As a result, Council has adjusted the accumulated depreciation for the following asset classes as at 30/6/11 to reflect the correct value of accumulated depreciation;

Water Asset Class increase to accumulated depreciation	(563)
Sewer Asset Class increase to accumulated depreciation	(385)

This adjustment resulted in net decrease in Council's Accumulated Surplus as at 30/6/11.

Oberon Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
Correction of errors as disclosed in last year's financial statements:			
1. Council identified a section of water pipe that was omitted from the asset register during Fair Valuations. This has resulted in an increase of \$17,230 to prior period closing equity			17
2. As part of its transition to Fair Values, Council re-assessed the remaining useful life of certain asset classes.			
This reassessment resulted in a material difference as to where some assets actually sat in with respect to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated.			
Council did not have sufficient and reliable information that would allow the restatement of information prior to 30/6/10 (the closing date for the comparative figures in last year's report).			
As a result, Council adjusted the accumulated depreciation for the Asset Classes below as at 30/6/11 to reflect the correct value of accumulated depreciation;			
- Other Structures decrease to accumulated depreciation			436
- Other Structures increase to Gross Book Value of Asset Class			86
- Community Land decrease to Gross Book Value of Asset Class			(2,410)
In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Opening Equity - 1/7/10 (relating to adjustments for the 30/6/10 reporting year end and prior periods)		-	(1,871)
- Adjustments to Closing Equity - 30/6/11 (relating to adjustments for the 30/6/11 year end)		(948)	-
Total Prior Period Adjustments - Prior Period Errors		(948)	(1,871)

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
d. Voluntary Changes in Accounting Policies			
Council made no voluntary changes in any accounting policies during the year.			
Voluntary accounting changes disclosed in last year's accounts			
Council changed the valuation method for the Land Under Roads Asset Class from 'adjacent site values' to 'average Valuer General Local Government Area Rate'.			(5,510)
Due to a change in the Division of Local Government's classification of General Purpose Grants as Operating Grants, it resulted in the change of disclosure from Capital Grants to Operating Grants for the comparative year figures for the following line items:			-
- Financial Assistance - Local Roads Component			(815)
- Roads to Recovery			(265)
As a result of the above disclosure changes:			
- The overall Operating Result in 2011/10 did not change			
- The reported figure of 'Net Operating Result for the year before Grants and Contributions provided for Capital Purposes' increased by:			1,080
In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above changes in Accounting Policy have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Opening Equity - 1/7/10 (relating to adjustments for the 30/6/10 reporting year end and prior periods)		-	(5,510)
- Adjustments to Closing Equity - 30/6/11 (relating to adjustments for the 30/6/11 year end)		-	-
Total Prior Period Adjustments - Accounting Policy Changes		-	(5,510)

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2012	Actual 2012	Actual 2012	
Continuing Operations	Other	Water	Sewer	General¹
Income from Continuing Operations				
Rates & Annual Charges		294	412	3,121
User Charges & Fees		794	300	3,853
Interest & Investment Revenue		37	55	20
Other Revenues		-	42	249
Grants & Contributions provided for Operating Purposes		17	10	4,172
Grants & Contributions provided for Capital Purposes		7	10	1,786
Other Income				
Net Gains from Disposal of Assets		-	-	-
Share of interests in Joint Ventures & Associates using the Equity Method		-	-	-
Total Income from Continuing Operations	-	1,149	829	13,201
Expenses from Continuing Operations				
Employee Benefits & on-costs		220	444	4,101
Borrowing Costs		26	-	6
Materials & Contracts		207	201	3,084
Depreciation & Amortisation		158	92	3,018
Other Expenses		574	7	1,246
Interest & Investment Losses		-	-	-
Net Losses from the Disposal of Assets		-	28	293
Share of interests in Joint Ventures & Associates using the Equity Method		-	-	-
Total Expenses from Continuing Operations	-	1,185	772	11,748
Operating Result from Continuing Operations	-	(36)	57	1,453
Discontinued Operations				
Net Profit/(Loss) from Discontinued Operations		-	-	-
Net Operating Result for the Year	-	(36)	57	1,453
Net Operating Result attributable to each Council Fund		(36)	57	1,453
Net Operating Result attributable to Minority Interests		-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	-	(43)	47	(333)

¹ General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal charges & recoveries made between the Funds.

Oberon Council

Notes to the Financial Statements
as at 30 June 2012

Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund \$ '000	Actual 2012	Actual 2012	Actual 2012	
ASSETS	Other	Water	Sewer	General¹
Current Assets				
Cash & Cash Equivalents		105	500	3,349
Investments		-	-	-
Receivables		166	80	1,536
Inventories		-	-	1,514
Other		-	-	188
Total Current Assets	-	<u>271</u>	<u>580</u>	<u>6,587</u>
Non-Current Assets				
Investments		-	450	286
Receivables		-	-	-
Inventories		-	-	316
Infrastructure, Property, Plant & Equipment		7,382	11,705	155,134
Investments Accounted for using the equity method		-	-	-
Total Non-Current Assets	-	<u>7,382</u>	<u>12,155</u>	<u>155,736</u>
TOTAL ASSETS	-	<u>7,653</u>	<u>12,735</u>	<u>162,323</u>
LIABILITIES				
Current Liabilities				
Payables		5	5	727
Borrowings		92	-	-
Provisions		-	-	1,344
Total Current Liabilities	-	<u>97</u>	<u>5</u>	<u>2,071</u>
Non-Current Liabilities				
Payables		-	-	-
Borrowings		178	-	1
Provisions		-	-	114
Total Non-Current Liabilities	-	<u>178</u>	<u>-</u>	<u>115</u>
TOTAL LIABILITIES	-	<u>275</u>	<u>5</u>	<u>2,186</u>
Net Assets	-	<u>7,378</u>	<u>12,730</u>	<u>160,137</u>
EQUITY				
Retained Earnings		4,615	5,202	109,102
Revaluation Reserves		2,763	7,528	51,035
Council Equity Interest		<u>7,378</u>	<u>12,730</u>	<u>160,137</u>
Minority Interests		-	-	-
Total Equity	-	<u>7,378</u>	<u>12,730</u>	<u>160,137</u>

¹ General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal receivables & payables between the Funds.

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

\$ '000	2012		2011	
	Current	Non Current	Current	Non Current

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

Oberon Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 23. Events occurring after Balance Sheet Date

\$ '000

Events that occur after the reporting date of 30 June 2012, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 19/10/12.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2012.

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

These financial statements (& figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2012 and which are only indicative of conditions that arose after 30 June 2012.

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

Oberon Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 24. Discontinued Operations

	Actual	Actual
\$ '000	2012	2011

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

Oberon Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 25. Intangible Assets

\$ '000

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

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

Oberon Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 26. Reinstatement, Rehabilitation & 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	
		2012	2011
Hughes Pit	2027	37	34
Oberon Tip	2040	44	42
Claytons Pit	2061	10	9
Balance at End of the Reporting Period	10(a)	91	85

Under AASB 116 - Property, Plant & 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 discount rate used is the risk free borrowing rate applicable to Council.

Specific uncertainties relating to the final costs and the assumptions made in determining the amounts of provisions include:

- the number of years the assets will remain viable
- the materials (and costs) required to complete the necessary rehabilitation

Reconciliation of movement in Provision for year:

Balance at beginning of year	85	72
Amounts capitalised to new or existing assets:		
- Claytons Gravel Pit	-	9
Amortisation of discount (expensed to borrowing costs)	6	4
Total - Reinstatement, rehabilitation and restoration provision	91	85

Amount of Expected Reimbursements

Of the above Provisions for Reinstatement, Rehabilitation and Restoration works, those applicable to Garbage Services & Waste Management are able to be funded through future charges incorporated within Council's Annual Domestic Waste Management Charge.

Oberon Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

OBERON
"Simply Spectacular"



Oberon Council

Special Purpose Financial Statements for the financial year ended 30 June 2012

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Background

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.

(ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

(iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

(iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).

Oberon Council

Special Purpose Financial Statements

for the financial year ended 30 June 2012

Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

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

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

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

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

Signed in accordance with a resolution of Council made on 16 October 2012.

John McMahon
MAYOR

Kerry Gibbons
COUNCILLOR

Alan Cairney
GENERAL MANAGER

John Chapman
RESPONSIBLE ACCOUNTING OFFICER

Oberon Council

Income Statement of Council's Water Supply Business Activity
for the financial year ended 30 June 2012

\$ '000	Actual 2012	Actual 2011	Actual 2010
Income from continuing operations			
Access charges	294	314	303
User charges	786	728	634
Fees	8	11	12
Interest	37	42	37
Grants and contributions provided for non capital purposes	17	26	10
Profit from the sale of assets	-	-	-
Other income	-	12	8
Total income from continuing operations	1,142	1,133	1,004
Expenses from continuing operations			
Employee benefits and on-costs	220	215	207
Borrowing costs	26	32	38
Materials and contracts	207	270	226
Depreciation and impairment	158	172	168
Water purchase charges	553	422	338
Loss on sale of assets	-	-	-
Calculated taxation equivalents	-	-	-
Other expenses	21	-	-
Total expenses from continuing operations	1,185	1,111	977
Surplus (deficit) from Continuing Operations before capital amounts	(43)	22	27
Grants and contributions provided for capital purposes	7	2	15
Surplus (deficit) from Continuing Operations after capital amounts	(36)	24	42
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	(36)	24	42
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(7)	(8)
SURPLUS (DEFICIT) AFTER TAX	(36)	17	34
plus Opening Retained Profits	5,214	5,173	5,037
plus/less: Prior Period Adjustments	-	-	94
plus/less: Error Adjustments	(563)	17	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	-	-	-
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	7	8
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	4,615	5,214	5,173
Return on Capital %	-0.2%	0.8%	1.0%
Subsidy from Council	241	300	275
Calculation of dividend payable:			
Surplus (deficit) after tax	(36)	17	34
less: Capital grants and contributions (excluding developer contributions)	-	8	(5)
Surplus for dividend calculation purposes	-	25	29
Potential Dividend calculated from surplus	-	13	14

Oberon Council

Income Statement of Council's Sewerage Business Activity
for the financial year ended 30 June 2012

\$ '000	Actual 2012	Actual 2011	Actual 2010
Income from continuing operations			
Access charges	412	398	389
User charges	173	163	149
Liquid Trade Waste charges	125	182	56
Fees	2	3	2
Interest	55	72	58
Grants and contributions provided for non capital purposes	10	9	9
Profit from the sale of assets	-	-	-
Other income	42	18	11
Total income from continuing operations	819	845	674
Expenses from continuing operations			
Employee benefits and on-costs	444	400	353
Borrowing costs	-	-	-
Materials and contracts	201	170	171
Depreciation and impairment	92	90	76
Loss on sale of assets	28	-	-
Calculated taxation equivalents	-	-	-
Other expenses	7	1	-
Total expenses from continuing operations	772	661	600
Surplus (deficit) from Continuing Operations before capital amounts	47	184	74
Grants and contributions provided for capital purposes	10	3	20
Surplus (deficit) from Continuing Operations after capital amounts	57	187	94
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	57	187	94
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(14)	(55)	(22)
SURPLUS (DEFICIT) AFTER TAX	43	132	72
plus Opening Retained Profits	5,530	5,343	5,230
plus/less: Prior Period Adjustments	-	-	19
plus/less: Error Adjustments	(385)	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	-	-	-
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	14	55	22
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	5,202	5,530	5,343
Return on Capital %	0.4%	3.2%	1.3%
Subsidy from Council	308	111	214
Calculation of dividend payable:			
Surplus (deficit) after tax	43	132	72
less: Capital grants and contributions (excluding developer contributions)	(1)	6	(11)
Surplus for dividend calculation purposes	42	138	61
Potential Dividend calculated from surplus	21	69	30

Oberon Council

Balance Sheet of Council's Water Supply Business Activity
as at 30 June 2012

\$ '000	Actual 2012	Actual 2011
ASSETS		
Current Assets		
Cash and cash equivalents	105	-
Investments	-	-
Receivables	166	187
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	271	187
Non-Current Assets		
Investments	-	273
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	7,382	6,786
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	7,382	7,059
TOTAL ASSETS	7,653	7,246
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	5	106
Interest bearing liabilities	92	87
Provisions	-	-
Total Current Liabilities	97	193
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	178	271
Provisions	-	-
Total Non-Current Liabilities	178	271
TOTAL LIABILITIES	275	464
NET ASSETS	7,378	6,782
EQUITY		
Retained earnings	4,615	5,214
Revaluation reserves	2,763	1,568
Council equity interest	7,378	6,782
Minority equity interest	-	-
TOTAL EQUITY	7,378	6,782

Oberon Council

Balance Sheet of Council's Sewerage Business Activity
as at 30 June 2012

\$ '000	Actual 2012	Actual 2011
ASSETS		
Current Assets		
Cash and cash equivalents	500	-
Investments	-	-
Receivables	80	74
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	580	74
Non-Current Assets		
Investments	450	809
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	11,705	5,666
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	12,155	6,475
TOTAL ASSETS	12,735	6,549
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	5	10
Interest bearing liabilities	-	-
Provisions	-	-
Total Current Liabilities	5	10
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	5	10
NET ASSETS	12,730	6,539
EQUITY		
Retained earnings	5,202	5,530
Revaluation reserves	7,528	1,009
Council equity interest	12,730	6,539
Minority equity interest	-	-
TOTAL EQUITY	12,730	6,539

Oberon Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

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

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

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

Declared Business Activities

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

Category 1

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

None

Category 2

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

a. Oberon Council Water Supply

Comprising the whole of the water supply activities and net assets therein servicing the town of Oberon, which is established as a separate Special Rate Fund.

b. Oberon Council Sewerage Service

Comprising the whole of the sewerage reticulation & treatment activities and the net assets therein servicing the town of Oberon, which is established as a separate Special Rate Fund.

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

As required by the NSW Office of Water (Department of Environment, Climate Change and Water) some amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

Oberon Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

(i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

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

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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first **\$396,000** of combined land values attracts **0%**. From \$396,001 to \$2,421,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,421,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$678,000.

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a “Dividend for Taxation equivalent”, may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income Tax

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

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

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

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

Since this taxation equivalent is notional - that is, it is payable to the “Council” as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's GPFS.

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

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

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

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

Oberon Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

(ii) Subsidies

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

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

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

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

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.03% at 30/6/12.

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

(iv) Dividends

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

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either **(i)** 50% of this surplus in any one year, or **(ii)** the number of water supply or sewerage assessments at 30 June 2012 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved its payment.

Oberon Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2012

Note 2. Water Supply Business
Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2012

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	-
(ii)	No of assessments multiplied by \$3/assessment	4,134
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	41,340
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2012, less the cumulative dividends paid for the 2 years to 30 June 2011 & 30 June 2010	18,300

2012 Surplus	(36,000)	2011 Surplus	25,400	2010 Surplus	28,900
		2011 Dividend	-	2010 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	-
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

3. Required outcomes for 6 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	NO
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	YES
(iii)	Sound Water Conservation and Demand Management implemented	NO
(iv)	Sound Drought Management implemented	NO
(v)	Complete Performance Reporting Form (by 15 September each year)	YES
(vi)	a. Integrated Water Cycle Management Evaluation	NO
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

Oberon Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2012Note 2. Water Supply Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2012

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)	\$'000	1,118
NWI F4	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	45.18%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	7,313
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	979
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	123
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	-0.24%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

- Notes:
1. References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
 2. The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

Oberon Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2012

Note 3. Sewerage Business
Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2012

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i) Calculated Tax Equivalents	-
(ii) No of assessments multiplied by \$3/assessment	3,561
(iii) Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	-
(iv) Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i) 50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	20,950
(ii) No. of assessments x (\$30 less tax equivalent charges per assessment)	35,610
(iii) Cumulative surplus before dividends for the 3 years to 30 June 2012, less the cumulative dividends paid for the 2 years to 30 June 2011 & 30 June 2010	240,500

2012 Surplus	41,900	2011 Surplus	137,800	2010 Surplus	60,800
		2011 Dividend	-	2010 Dividend	-

(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	20,950
(v) Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

3. Required outcomes for 4 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i) Completion of Strategic Business Plan (including Financial Plan)	NO
(ii) Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
Complying charges (a) Residential [Item 2(c) in Table 1]	YES
(b) Non Residential [Item 2(c) in Table 1]	YES
(c) Trade Waste [Item 2(d) in Table 1]	NO
DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	NO
(iii) Complete Performance Reporting Form (by 15 September each year)	YES
(iv) a. Integrated Water Cycle Management Evaluation	NO
b. Complete and implement Integrated Water Cycle Management Strategy	NO

Oberon Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2012Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2012

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000	779
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	11,373
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	653
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	3
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	0.30%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

**National Water Initiative (NWI) Financial Performance Indicators
Water & Sewer (combined)**

NWI F3	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	1,847
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.14%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	126
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	0.09%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

Oberon Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2012

Note 3. Sewerage Business

Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2012

**National Water Initiative (NWI) Financial Performance Indicators
Water & Sewer (combined)**

NWI F22	Net Debt to Equity (Water & Sewerage)	%	<input type="text" value="-3.90%"/>
	Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]		
NWI F23	Interest Cover (Water & Sewerage)		<input type="text" value="> 100"/>
	Earnings before Interest & Tax (EBIT) divided by Net Interest		
	Earnings before Interest & Tax (EBIT):		<input type="text" value="17"/>
	Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)		
	Net Interest:		<input type="text" value="- 54"/>
	Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		
NWI F24	Net Profit After Tax (Water & Sewerage)	\$'000	<input type="text" value="21"/>
	Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))		
NWI F25	Community Service Obligations (Water & Sewerage)	\$'000	<input type="text" value="21"/>
	Grants for Pensioner Rebates (w11b + s12b)		

Notes: 1. References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.

2. The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

Oberon Council

SPECIAL SCHEDULES
for the year ended 30 June 2012

OBERON
"Simply Spectacular"



Oberon Council

Special Schedules

for the financial year ended 30 June 2012

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¹ Special Purpose Schedules are not audited.

Background

(i) These Special Schedules have been designed to meet the requirements of special purpose users such as;

- the NSW Grants Commission
- the Australian Bureau of Statistics (ABS),
- the NSW Office of Water,
- the Department of Environment, Climate Change and Water, and
- the Division of Local Government (DLG).

(ii) The financial data is collected for various uses including;

- the allocation of Financial Assistance Grants,
- the incorporation of Local Government financial figures in national statistics,
- the monitoring of loan approvals,
- the allocation of borrowing rights, and
- the monitoring of the financial activities of specific services.

Oberon Council

Special Schedule No. 1 - Net Cost of Services
 for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	498	-	-	(498)
Administration	823	97	-	(726)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	722	209	7	(506)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	66	11	-	(55)
Other	9	-	-	(9)
Total Public Order & Safety	797	220	7	(570)
Health	13	6	-	(7)
Environment				
Noxious Plants and Insect/Vermin Control	103	-	-	(103)
Other Environmental Protection	4	-	-	(4)
Solid Waste Management	506	693	-	187
Street Cleaning	89	-	-	(89)
Drainage	147	1	24	(122)
Stormwater Management	54	-	-	(54)
Total Environment	903	694	24	(185)
Community Services and Education				
Administration & Education	-	-	-	-
Social Protection (Welfare)	109	65	23	(21)
Aged Persons and Disabled	44	70	-	26
Children's Services	3	1	-	(2)
Total Community Services & Education	156	136	23	3
Housing and Community Amenities				
Public Cemeteries	90	43	-	(47)
Public Conveniences	103	1	-	(102)
Street Lighting	72	8	-	(64)
Town Planning	575	74	-	(501)
Other Community Amenities	-	-	-	-
Total Housing and Community Amenities	840	126	-	(714)
Water Supplies	1,185	1,141	7	(37)
Sewerage Services	772	820	9	57

Oberon Council

Special Schedule No. 1 - Net Cost of Services (continued)
 for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	267	32	-	(235)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	17	13	45	41
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	6	-	-	(6)
Sporting Grounds and Venues	-	-	-	-
Swimming Pools	221	46	-	(175)
Parks & Gardens (Lakes)	338	6	265	(67)
Other Sport and Recreation	5	1	-	(4)
Total Recreation and Culture	854	98	310	(446)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	101	51	-	(50)
Other Mining, Manufacturing & Construction	22	8	-	(14)
Total Mining, Manufacturing and Const.	123	59	-	(64)
Transport and Communication				
Urban Roads (UR) - Local	340	-	19	(321)
Urban Roads - Regional	105	105	-	-
Sealed Rural Roads (SRR) - Local	1,108	141	263	(704)
Sealed Rural Roads (SRR) - Regional	626	838	1,021	1,233
Unsealed Rural Roads (URR) - Local	1,070	-	80	(990)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	12	-	-	(12)
Bridges on SRR - Local	33	-	-	(33)
Bridges on URR - Local	38	-	-	(38)
Bridges on Regional Roads	27	-	-	(27)
Parking Areas	-	-	-	-
Footpaths	52	-	40	(12)
Aerodromes	-	-	-	-
Other Transport & Communication	2,728	3,059	-	331
Total Transport and Communication	6,139	4,143	1,423	(573)
Economic Affairs				
Camping Areas & Caravan Parks	32	16	-	(16)
Other Economic Affairs	451	162	-	(289)
Total Economic Affairs	483	178	-	(305)
Totals – Functions	13,586	7,718	1,803	(4,065)
General Purpose Revenues⁽²⁾	119	5,658		5,658
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT⁽¹⁾	13,705	13,376	1,803	1,593

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

Oberon Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)
for the financial year ended 30 June 2012

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Financial Institutions	87	271	358	-	87	-	-	26	92	179	271
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	87	271	358	-	87	-	-	26	92	179	271
Other Long Term Debt											
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	87	271	358	-	87	-	-	26	92	179	271

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

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

Oberon Council

Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993] for the financial year ended 30 June 2012

\$'000

Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
Nil			
Totals	-	-	-

Note: The summary of Internal Loans (above) represents the total of Council's Internal Loans categorised according to the borrower.

Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
Nil									
Totals							-	-	-

Oberon Council

Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	62	53
b. Engineering and Supervision	73	113
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	-	-
d. Maintenance expenses	43	51
- Reservoirs		
e. Operation expenses	-	-
f. Maintenance expenses	-	-
- Pumping Stations		
g. Operation expenses (excluding energy costs)	-	-
h. Energy costs	-	-
i. Maintenance expenses	-	-
- Treatment		
j. Operation expenses (excluding chemical costs)	160	152
k. Chemical costs	47	72
l. Maintenance expenses	41	44
- Other		
m. Operation expenses	-	-
n. Maintenance expenses	-	-
o. Purchase of water	553	423
3. Depreciation expenses		
a. System assets	152	166
b. Plant and equipment	5	6
4. Miscellaneous expenses		
a. Interest expenses	26	32
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Tax Equivalent Dividends (actually paid)	-	-
5. Total expenses	1,162	1,112

Oberon Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
Income		
6. Residential charges		
a. Access (including rates)	239	226
b. Usage charges	197	197
7. Non-residential charges		
a. Access (including rates)	55	88
b. Usage charges	588	531
8. Extra charges	7	6
9. Interest income	30	36
10. Other income	8	10
11. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	11	10
c. Other grants	6	16
12. Contributions		
a. Developer charges	7	2
b. Developer provided assets	-	-
c. Other contributions	-	-
13. Total income	<u>1,148</u>	<u>1,122</u>
14. Gain (or loss) on disposal of assets	(22)	14
15. Operating Result	<u>(36)</u>	<u>24</u>
15a. Operating Result (less grants for acquisition of assets)	(36)	24

Oberon Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	-	-
c. Renewals	118	138
d. Plant and equipment	5	-
17. Repayment of debt		
a. Loans	87	81
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	210	219
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	-	-
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	1,084	1,087
b. Residential (unoccupied, ie. vacant lot)	64	45
c. Non-residential (occupied)	126	125
d. Non-residential (unoccupied, ie. vacant lot)	104	104
25. Number of ETs for which developer charges were received	6 ET	2 ET
26. Total amount of pensioner rebates (actual dollars)	\$ 18,765	\$ 17,765

Oberon Council

Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2012

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/>	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed land value from access charges (ie rates)?			
	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2011/12 (page 47 of Guidelines)			<input type="text" value="27,438"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			<input type="text" value="27,438"/>

* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

Oberon Council

Special Schedule No. 4 - Water Supply Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2012

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	8	-	8
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	97	-	97
31. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	163	-	163
c. Other (including User Charges)	3	-	3
32. Inventories	-	-	-
33. Property, plant and equipment			
a. System assets	-	7,313	7,313
b. Plant and equipment	-	69	69
34. Other assets	-	-	-
35. Total assets	271	7,382	7,653
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	5	-	5
38. Borrowings			
a. Loans	92	178	270
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
40. Total liabilities	97	178	275
41. NET ASSETS COMMITTED	174	7,204	7,378
EQUITY			
42. Accumulated surplus			4,615
43. Asset revaluation reserve			2,763
44. TOTAL EQUITY			7,378
Note to system assets:			
45. Current replacement cost of system assets			11,057
46. Accumulated current cost depreciation of system assets			(3,744)
47. Written down current cost of system assets			7,313

Oberon Council

Special Schedule No. 5 - Sewerage Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	42	40
b. Engineering and Supervision	181	158
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	-	-
b. Maintenance expenses	52	47
- Pumping Stations		
c. Operation expenses (excluding energy costs)	37	32
d. Energy costs	21	10
e. Maintenance expenses	3	1
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	244	212
g. Chemical costs	19	20
h. Energy costs	32	26
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	22	25
- Other		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
3. Depreciation expenses		
a. System assets	56	59
b. Plant and equipment	35	31
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Tax Equivalent Dividends (actually paid)	-	-
5. Total expenses	744	661

Oberon Council

Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
Income		
6. Residential charges (including rates)	366	347
7. Non-residential charges		
a. Access (including rates)	47	51
b. Usage charges	166	163
8. Trade Waste Charges		
a. Annual Fees	-	-
b. Usage charges	125	182
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	5	4
10. Interest income	50	68
11. Other income	51	4
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	10	9
c. Other grants	-	-
13. Contributions		
a. Developer charges	9	3
b. Developer provided assets	-	-
c. Other contributions	-	-
14. Total income	<u>829</u>	<u>831</u>
15. Gain (or loss) on disposal of assets	(28)	17
16. Operating Result	<u>57</u>	<u>187</u>
16a. Operating Result (less grants for acquisition of assets)	57	187

Oberon Council

Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	54
b. New Assets for Growth	3	-
c. Renewals	-	-
d. Plant and equipment	-	53
18. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	3	107
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	958	955
b. Residential (unoccupied, ie. vacant lot)	43	45
c. Non-residential (occupied)	126	125
d. Non-residential (unoccupied, ie. vacant lot)	60	61
26. Number of ETs for which developer charges were received	6 ET	2 ET
27. Total amount of pensioner rebates (actual dollars)	\$ 17,614	\$ 16,656

Oberon Council

Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2012

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/>	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed land value from access charges (ie rates)?			
<p>NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.</p>			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/>	
b. Total cross-subsidy in sewerage developer charges for 2011/12 (page 47 of Guidelines)			<input type="text" value="6,636"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text" value="6,636"/>

* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.

Oberon Council

Special Schedule No. 6 - Sewerage Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2012

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	96	-	96
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	118	736	854
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	78	-	78
c. Other (including User Charges)	2	-	2
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	11,373	11,373
b. Plant and equipment	-	332	332
35. Other assets	-	-	-
36. Total Assets	294	12,441	12,735
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	5	-	5
39. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	5	-	5
42. NET ASSETS COMMITTED	289	12,441	12,730
EQUITY			
43. Accumulated surplus			5,202
44. Asset revaluation reserve			7,528
45. TOTAL EQUITY			12,730
Note to system assets:			
46. Current replacement cost of system assets			17,428
47. Accumulated current cost depreciation of system assets			(6,055)
48. Written down current cost of system assets			11,373

Oberon Council

Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2012

Administration ⁽¹⁾

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading.
- Bad and doubtful debts.
- Other administrative/corporate support services.

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

Other income (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

Other contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) incl. capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Oberon Council

Special Schedule No. 7 - Condition of Public Works (continued)
as at 30 June 2012

\$'000

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition [#] :	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
Public Roads	Sealed Local Roads (i)	2.00%	479	-	26,554	7,087	19,467	1-2	-	160	72
	Sealed Local Roads (ii)	2.00%	226	-	12,496	3,335	9,161	3-4	3,701	319	144
	Unsealed Local Roads (i)	2.00%	168	-	8,707	3,994	4,713	1-2	-	177	91
	Unsealed Local Roads (ii)	2.00%	432	-	22,390	10,271	12,119	3-4	6,841	354	182
	Bridges (i)	1.00%	69	-	5,570	1,803	3,767	1-2	-	31	16
	Bridges (ii)	1.00%	25	-	1,957	633	1,324	3-4	484	11	6
	Footpaths (i)	1.00%	30	-	2,552	485	2,067	1-2	-	19	15
	Footpaths (ii)	1.00%	4	-	364	69	295	3-4	75	3	2
	Regional Roads (i)	2.00%	172	-	10,659	2,702	7,957	1-2	-	199	127
	Regional Roads (ii)	2.00%	85	-	5,250	1,331	3,919	3-4	2,817	299	191
	Urban Roads (i)	1.00%	117	-	8,998	1,275	7,723	1-2	-	92	86
	Urban Roads (ii)	1.00%	14	-	1,112	158	954	3-4	98	11	11
	Kerb and Gutter	1.00%	35	-	3,290	1,448	1,842	1-2	-	-	-
	Road Furniture	6.00%	244	-	4,417	1,173	3,244	1-2	-	-	-
	sub total		2,100	-	114,316	35,764	78,552		14,016	1,675	943

Oberon Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2012

\$'000	Actual ⁽¹⁾ 11/12	Forecast 12/13	Forecast 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16
(i) OPERATING BUDGET					
Income from continuing operations	15,179	11,824	11,942	12,222	12,501
Expenses from continuing operations	13,705	10,384	10,554	10,803	11,029
Operating Result from Continuing Operations	<u>1,474</u>	<u>1,440</u>	<u>1,388</u>	<u>1,419</u>	<u>1,472</u>
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	785	995	435	135	135
Replacement/Refurbishment of Existing Assets	3,609	4,280	4,154	4,153	4,278
Total Capital Budget	<u>4,394</u>	<u>5,275</u>	<u>4,589</u>	<u>4,288</u>	<u>4,413</u>
Funded by:					
– Loans	-	-	-	-	-
– Asset sales	221	-	-	-	-
– Reserves	982	1,632	1,802	1,556	1,549
– Grants/Contributions	1,706	3,105	2,140	2,165	2,192
– Recurrent revenue	1,485	538	647	567	672
– Other	-	-	-	-	-
	<u>4,394</u>	<u>5,275</u>	<u>4,589</u>	<u>4,288</u>	<u>4,413</u>

Notes:

(1) From 11/12 Income Statement.

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

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

(4) Financial Projections should be in accordance with Council's Integrated Planning & Reporting framework.