

# SHOALHAVEN CITY COUNCIL

## General Purpose Financial Reports for the year ended 30th June 2003

### TABLE OF CONTENTS

	<u>Page</u>
<b>Council Certificate [s 413 (2)(c)]</b>	1
<b>Principal Financial Statements</b>	
Statement of Financial Performance	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
<b>Notes to, and forming part of, the Principal Financial Statements</b>	
Note 1 - Significant Accounting Policies	N1-N6
Note 2 - Functions	N7-N8
Note 3 - Expenses from Ordinary Activities	N9-N10
Note 4 - Revenues from Ordinary Activities	N11-N12
Note 5 - Gain or Loss on Disposal of Assets	N13
Note 6 - Cash Assets and Investment Securities	N14-N15
Note 7 - Receivables	N16-N17
Note 8 - Inventories & Other Assets	N18
Note 9 - Property, Plant & Equipment	N19-N23
Note 10 - Liabilities	N24-N25
Note 11 - Reconciliation to Statement of Cash Flows	N26
Note 12 - Commitments for Expenditure	N27
Note 13 - Statement of Performance Measurement	N28
Note 14 - Conditions Over Grants & Contributions	N29
Note 15 - Financial Instruments	N30-N31
Note 16 - Significant Variations from original Budget	N32-N33
Note 17 - Statement of Contribution Plans	N34
Note 18 - Contingencies & Other Assets & Liabilities not Recognised	N35
<b>Auditors Report [s 417 (2)]</b>	
<b>Auditors Report [s 417 (3)]</b>	

## COUNCIL OF THE CITY OF SHOALHAVEN

### STATEMENT BY THE COUNCIL ON THE GENERAL PURPOSE FINANCIAL REPORTS FOR THE PERIOD ENDED 30 JUNE 2003.

In accordance with the provisions of Section 413 of the Local Government Act, 1993 and Clause 22 of the Local Government (Financial Management) Regulations 1993, the Council at a duly convened meeting held on 23 September 2003 resolved to make the following statement on its General Purpose Financial Reports for the period ended 30 June 2003.

#### Statement:

In the opinion of the members of Council: -

- a) The Councils General Purpose Financial Reports have been drawn up in accordance with: -
  - The Local Government Code of Accounting Practice and Financial Reporting; and,
  - The Local Government Asset Accounting Manual; and,
  - The Australian Accounting Standards.
- b) The General Purpose Financial Reports give a true and fair view of Council's financial position as at 30 June 2003 and the operating result for the period ended 30 June 2003, and;
- c) The General Purpose Financial Reports are in accordance with the Councils accounting and other records, and;
- d) The signatories to this statement do not know of anything that would make those reports false or misleading in any way.

Mayor

  
Greg Watson

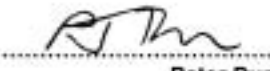
Councillor

  
Shelley Hancock

General Manager

  
Russ Pigg

Responsible Accounting Officer

  
Peter Dun

# SHOALHAVEN CITY COUNCIL

## STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30th June 2003

Budget 2003 \$'000		Notes	Actual 2003 \$'000	Actual 2002 \$'000
	<b>EXPENSES FROM ORDINARY ACTIVITIES</b>			
34,117	Employee Costs	3	37,956	34,730
28,499	Materials & Contracts		28,497	26,975
4,348	Borrowing Costs	3	3,377	4,143
20,167	Depreciation & Amortisation	3	21,289	19,807
12,408	Other Operating Expenses	3	12,506	10,787
-	Loss from Disposal of Assets	5	-	59
<u>99,539</u>	<b>Total Expenses from Ordinary Activities</b>		<u>103,625</u>	<u>96,501</u>
	<b>REVENUES FROM ORDINARY ACTIVITIES</b>			
65,088	Rates & Annual Charges	4	64,676	61,803
22,135	User Charges & Fees	4	30,760	26,776
2,430	Interest Received	4	3,820	3,128
17,422	Grants & Contributions - Operating	4	17,894	16,737
2,906	Other Operating Revenues	4	1,598	1,067
-	Profit from Disposal of Assets	5	1,840	-
<u>109,981</u>	<b>Total Revenues from Ordinary Activities before Capital Amounts</b>		<u>120,588</u>	<u>109,511</u>
10,442	<b>SURPLUS FROM ORDINARY ACTIVITIES BEFORE CAPITAL AMOUNTS</b>		16,963	13,010
	Grants & Contributions Provided For Capital Purposes	4	13,834	20,196
<u>4,898</u>				
<u>15,340</u>	<b>SURPLUS ATTRIBUTABLE TO COUNCIL</b>		<u>\$ 30,797</u>	<u>\$ 33,206</u>

This Statement is to be read in conjunction with the attached Notes.

# SHOALHAVEN CITY COUNCIL

## STATEMENT OF FINANCIAL POSITION

for the year ended 30th June 2003

	Notes	Actual 2003 \$'000	Actual 2002 \$'000
<b>CURRENT ASSETS</b>			
Cash Assets	6	43,230	41,480
Receivables	7	8,729	9,118
Inventories	8	2,793	2,792
Other	8	1,053	1,058
<b>TOTAL CURRENT ASSETS</b>		<b>55,805</b>	<b>54,448</b>
<b>NON-CURRENT ASSETS</b>			
Cash Assets	6	14,170	17,419
Investment Securities	6	16,860	6,725
Receivables	7	3,719	3,882
Inventories	8	5,336	5,430
Property, Plant & Equipment	9	1,054,535	1,039,075
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,094,620</b>	<b>1,072,531</b>
<b>TOTAL ASSETS</b>		<b>1,150,425</b>	<b>1,126,979</b>
<b>CURRENT LIABILITIES</b>			
Payables	10	18,712	20,156
Borrowings	10	11,093	12,542
Provisions	10	3,639	5,145
<b>TOTAL CURRENT LIABILITIES</b>		<b>33,444</b>	<b>37,843</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	10	44,275	49,402
Provisions	10	21,618	19,444
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>65,893</b>	<b>68,846</b>
<b>TOTAL LIABILITIES</b>		<b>99,337</b>	<b>106,689</b>
<b>NET ASSETS</b>		<b>\$ 1,051,088</b>	<b>1,020,290</b>
<b>EQUITY</b>			
Accumulated Surplus		1,012,447	981,649
Asset Revaluation Reserve		38,641	38,641
<b>TOTAL EQUITY</b>		<b>\$ 1,051,088</b>	<b>1,020,290</b>

This Statement is to be read in conjunction with the attached Notes

**SHOALHAVEN CITY COUNCIL**  
**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 30th June 2003

	2003 \$'000				2002 \$'000			
	Accum Surplus	Asset Reval Reserve	Council Equity Interest	Total	Accum Surplus	Asset Reval Reserve	Council Equity Interest	Total
Balance at beginning of the reporting period	981,649	38,641	1,020,290	<b>1,020,290</b>	948,443	38,641	987,084	987,084
Change in equity recognised in the Statement of Financial Performance	<b>30,797</b>	-	<b>30,797</b>	<b>30,797</b>	33,206	-	33,206	33,206
<b>Balance at end of the reporting period</b>	<b>1,012,446</b>	<b>38,641</b>	<b>1,051,087</b>	<b>1,051,087</b>	981,649	38,641	1,020,290	1,020,290

This Statement is to be read in conjunction with the attached Notes

# SHOALHAVEN CITY COUNCIL

## STATEMENT OF CASH FLOWS

for the year ended 30th June 2003

	Notes	Actual 2003 \$'000	Actual 2002 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<u>Receipts</u>			
Rates & Annual Charges		65,052	61,796
User Charges & Fees		33,237	26,946
Interest Received		3,798	3,134
Grants & Contributions		30,157	28,355
Other operating receipts		7,158	7,765
<u>Payments</u>			
Employee Costs		(37,438)	(32,320)
Materials & Contracts		(32,125)	(28,264)
Interest Paid		(3,519)	(4,206)
Other operating payments		(18,009)	(16,981)
<b>Net Cash provided by (or used in) Operating Activities</b>	11	<b>48,311</b>	<b>46,225</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Receipts</u>			
Proceeds from sale of Property, Plant & Equipment		5,265	3,397
Proceeds from sale of Real Estate for resale	5, 8	1,256	1,001
Proceeds from sale of Investment Securities		1,058	1,043
Repayments from Deferred Debtors		187	47
<u>Payments</u>			
Purchase of Property, Plant & Equipment		(39,428)	(43,773)
Purchase of Real Estate for resale	8	(380)	(712)
Purchase of Investment Securities		(11,192)	-
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(43,234)</b>	<b>(39,002)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Receipts</u>			
Proceeds from Borrowings & Advances		5,954	14,750
<u>Payments</u>			
Repayments of Borrowings & Advances		(12,530)	(11,821)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>(6,576)</b>	<b>2,929</b>
<b>Net Increase (Decrease) in cash held</b>		<b>(1,499)</b>	<b>10,152</b>
Cash Assets at beginning of reporting period	11	58,899	48,747
<b>Cash Assets at end of reporting period</b>	11	<b>57,400</b>	<b>58,899</b>

This Statement is to be read in conjunction with the attached Notes

# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2003

### Note 1 - SIGNIFICANT ACCOUNTING POLICIES

#### 1. The Local Government Reporting Entity

The City of Shoalhaven has its principal business office at the City Administrative Centre, Bridge Road Nowra NSW 2541. Shoalhaven City Council is empowered by the New South Wales Local Government Act (LGA) 1993 and its Charter is specified in Section 8 of the Act.

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

These General Purpose Statements incorporate the assets and liabilities of all entities controlled by Council (the parent entity) and the results of all controlled entities for the financial period ended being the 30<sup>th</sup> June 2003. They include the consolidated fund and other entities through which the Council controls resources to carry on its functions. In the process of reporting on the local government as a single unit, all transactions and balances between activities (for example, loans and transfers) have been eliminated.

#### 1.1 The Consolidated Fund

As required by Section 409(1) of the Local Government Act 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:

- Shoalhaven City Council General Purpose Operations
- Shoalhaven City Council Water Supply Fund
- Shoalhaven City Council Sewerage Fund
- Shoalhaven City Council Domestic Waste Management Fund
- Southern Water Services

The General Purpose Financial Reports do not include the amounts attributable to management committees, as they are not considered to be material according to AAS5 – Materiality

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

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. A separate statement of moneys held in the Trust Fund is available for inspection at the Council Office.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2003**

**Note 1 - Significant Accounting Policies (cont)**

**2. Basis of Accounting**

**2.1 Compliance**

The General Purpose Financial Report complies with the applicable Australian Accounting Standards and professional pronouncements, the requirements of the Local Government Act and the Local Government Code of Accounting Practice and Financial Reporting and the Local Government Asset Accounting Manual.

**2.2 Basis**

This General Purpose Financial Report has been prepared on an accrual accounting basis and, except where specifically indicated in these Notes, in accordance with the historical cost convention.

The accounting policies adopted for the reporting period are consistent with those of the previous reporting period except where otherwise indicated.

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

**3. Rates**

The rating period and reporting period for the Council coincide and, accordingly, all rates levied for the year are recognised as revenues. Uncollected rates are recognised as receivables after providing for amounts due from unknown owners and postponed rates in accordance with the requirements of the Local Government Act 1993.

**4. Grants, Contributions and Donations**

Grants, donations and other contributions are recognised as revenues when the Council obtains control over the assets comprising the contributions. Control over granted assets is normally obtained upon their receipt. Where prior advice of grants has been received and expenditure has been incurred in accordance with the relevant terms and conditions, grant entitlements not received are recorded as receivables.

Contributions not received over which the Council has control are recognised as receivables.

Where grants, contributions and donations recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes as restricted assets. Also disclosed is the amount of grants, contributions and receivables recognised as revenues in a previous reporting period, which were obtained in respect of the Council's operations for the current reporting period.

**5. Cash Assets and Investment Securities**

Investments in Bank Bills, Promissory Notes and Term Deposits are recognised at cost. Interest revenues are recognised as they accrue. Bills of exchange which have been purchased at a discount to face value are recognised at cost; the discount brought to account during the reporting period is accounted for as interest received. Managed Funds are valued at market value in accordance with advice issued by each fund; changes in market value are recognised as interest received.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2003**

**Note 1 - Significant Accounting Policies (cont)**

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with maturity of three months or less from the date of acquisition. Where cash and investments held are subject to restrictions and Council's management plan for the ensuing reporting period does not provide for the discharge of those restrictions, the amounts have been classified as non-current.

**6. Receivables**

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1993 and the Regulations and Determinations made thereunder.

Other receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate provision made for amounts the receipt of which is considered doubtful.

**7. Inventories**

**7.1 Stores**

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

**7.2 Real Estate Assets Developments**

Real Estate Assets developments have been classified as Inventory in accordance with Australian Accounting Standard AAS2 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. The amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

**7.2 Other Real Estate held for resale**

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recorded at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with Chapter 17 of the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

**8. Property, Plant & Equipment**

**8.1 Transitional Provisions**

The accounting regulations applicable prior to 1 January 1993 did not require the capitalisation of infrastructure assets acquired or constructed. Australian Accounting Standard AAS 27 provides a transitional period for the capitalisation of these assets on a staged basis.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2003**

**Note 1 - Significant Accounting Policies (cont)**

At the date of these accounts, the following infrastructure assets have not been capitalised:

Land under Roads

Pursuant to AASB 1045 Land Under Roads is not required to be brought to account until December 2006.

All non-current assets purchased or constructed are capitalised when completed and depreciated as soon as the asset is held "ready for use".

**8.2 Materiality**

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds are provided in Note 9 to these accounts.

**8.3 Valuation**

The "Recoverable Amount Test" of paragraph 30 of AAS 10 does not apply to the Council except in relation to recognised trading operations.

At 1 July 2000 upon the commencement of Australian Accounting Standard AAS 38 "Revaluation of Non-Current Assets", Council elected pursuant to paragraph 10.4(a) of the standard to revert to the deemed cost basis for all classes of assets previously carried at revalued amounts. Further details are provided at Note 9.

Plant, equipment and similar assets are carried at historical cost less accumulated depreciation.

**8.4 Depreciation of Non-Current Assets**

All assets recognised are systematically depreciated over their useful lives in a manner that reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. Major depreciation periods for each class of asset are provided in Note 9. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and care should be used in interpreting financial information based on these estimates.

**8.5 Borrowing Costs**

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with Australian Accounting Standard AAS 34 "Borrowing Costs". The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 4.

**9. Payables**

**9.1 Goods & Services**

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

**9.2 Payments Received in Advance & Deposits**

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2003**

**Note 1 - Significant Accounting Policies (cont)**

until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

**10. Borrowings**

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

**11. Employee Entitlements**

Employee entitlements are accrued on a pro-rata basis for annual leave, sick leave and long service leave in respect of services provided by employees up to the reporting date. Such accruals are assessed as at each reporting date, having regard to current and future rates of pay and other factors including experience of employee departures and their periods of service, and calculated in accordance with AASB1028 and the Local Government Code of Accounting Practice nominal value present value estimate. The amounts provided have been apportioned between current and non-current, the current provision being the entitlement estimated to be payable in the next twelve months.

The superannuation expense for the year is the amount of the contribution the Council makes to the various statutory superannuation plans that provide benefits to its employees. These payments fully discharge Council's liability for post-retirement employee benefits.

As at balance date a number of council staff were making contributions to a defined superannuation scheme referred to as the Local Government Superannuation Retirement and Defined Benefit Scheme. A defined benefit scheme may generally be described as one where the amount of benefits payable are, in part, defined by a members final salary. The value of accrued benefits in respect of all defined benefits plans in which Council participates has been determined on the basis of the present value of expected payments which arise from its membership in the superannuation scheme at the date of actuarial review. The actuarial review was performed as at 30 June 2003. The estimated assets and liabilities as at 30 June 2003 of Council in relation to the Local Government Superannuation Retirement and Defined Benefit Scheme is as follows:

Employer Liability	\$25,195K
Employer Assets	<u>\$30,765K</u>
Surplus	\$ 5,570K

**12. Financial Instruments**

Council complies with Australian Accounting Standard AAS33 "Presentation & Disclosure of Financial Instruments"; the disclosures required by that Standard are made in Note 6 (Cash Assets and Investment Securities), Note 7 (Receivables), and Note 15 (Financial Instruments).

**13. Construction Contracts**

Construction works undertaken by Council for third parties (principally the Roads & Traffic Authority for works on national and state highways) are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

**14. Joint Ventures and Associated Entities**

Council does not participate in any joint ventures.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2003**

**Note 1 - Significant Accounting Policies (cont)**

**15. Leases**

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AAS17 "Accounting for Leases".

**16. Self-Generating and Regenerating Assets**

All material Self-Generating and Regenerating Assets owned by the Council are held for the principal purposes of one or more of aesthetics, heritage, ecology, the environment or recreation, and accordingly Australian Accounting Standard AAS 35 "Self-Generating and Regenerating Assets" does not apply.

**17. GST Implications**

In accordance with UIG Abstract 31 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

**18. Budget Information**

The Statement of Financial Performance and Note 2 provide budget information of revenues and expenditures by type and for each of the major activities of the Council. Budget figures presented are those approved by Council at the beginning of the financial year and do not include Council approved variations throughout the year. Short explanations of the most significant variations in the Statement of Financial Position are given in Note 16 and further information of the nature and amount of all variations is available from the Council office upon request.

**19. Rounding**

In accordance with the Code of Accounting Practice all amounts shown in the Financial Statements have been rounded to the nearest thousand dollars.

**20. Self Insurance**

Council has determined to self-insure for various risks including public liability. A provision for workers compensation has been made to recognise outstanding claims the amount of which is detailed in Note 10. Council also maintains cash and investments to meet expected future claims the amount of which is identified in Note 6.

# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2003

### Note 2 - FUNCTIONS

REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES													
	REVENUES			EXPENSES			OPERATING RESULT			GRANTS INCLUDED IN REVENUES		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ORIGINAL BUDGET 2003 \$'000	ACTUAL 2003 \$'000	ACTUAL 2002 \$'000	ORIGINAL BUDGET 2003 \$'000	ACTUAL 2003 \$'000	ACTUAL 2002 \$'000	ORIGINAL BUDGET 2003 \$'000	ACTUAL 2003 \$'000	ACTUAL 2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
GOVERNANCE	-	-	-	-	610	581	-	(610)	(581)	-	-	-	-
ADMINISTRATION	613	1,739	1,711	7,616	7,653	8,997	(7,003)	(5,914)	(7,286)	654	683	36,668	31,587
CITY SERVICES	6,782	11,769	10,964	23,880	13,356	13,744	(17,098)	(1,587)	(2,780)	7,010	6,956	26,143	25,470
ASSET CONSTRUCTION & MAINT	224	819	505	4,078	13,106	12,360	(3,854)	(12,287)	(11,855)	108	86	33,805	28,424
CORPORATE & COMMUNITY SERVICES	3,723	6,733	8,863	16,522	16,583	15,494	(12,799)	(9,850)	(6,631)	1,857	1,450	614,098	613,805
DEVELOPMENT & ENVIRONMENTAL SERVICES	2,134	3,275	2,902	3,920	4,404	3,623	(1,786)	(1,129)	(721)	188	102	399	414
COMMERCIAL OPERATIONS	834	3,146	1,114	4,383	6,464	4,523	(3,549)	(3,318)	(3,409)	5	16	3,745	3,355
HOLIDAY HAVEN TOURIST PARKS	10,944	10,948	9,931	5,218	5,658	5,168	5,726	5,290	4,763	20	-	10,262	8,857
INFORMATION TECHNOLOGY	419	588	433	3,089	3,643	3,025	(2,670)	(3,055)	(2,592)	-	3	3,602	3,504
PLANNING SERVICES	335	401	499	1,368	1,380	1,388	(1,033)	(979)	(889)	-	17	259	228
PROPERTY SERVICES	523	1,893	477	1,116	823	1,002	(593)	1,070	(525)	-	-	8,137	6,773
WASTE MANAGEMENT	9,900	10,273	9,709	7,726	7,494	6,578	2,174	2,779	3,131	430	532	21,695	20,658
WATER SUPPLY & SERVICES	15,420	18,505	16,753	9,151	10,207	9,224	6,269	8,298	7,529	1,116	673	180,882	174,873
WASTEWATER SERVICES	24,563	25,810	29,842	11,473	12,244	10,794	13,090	13,566	19,048	1,382	7,139	210,730	209,031
<b>TOTALS - FUNCTIONS</b>	76,414	<b>95,899</b>	93,703	99,540	<b>103,625</b>	96,501	#####	<b>(7,726)</b>	(2,798)	<b>12,770</b>	17,656	<b>1,150,425</b>	1,126,979
GENERAL PURPOSE REVENUES	38,466	<b>38,523</b>	36,004				38,466	38,523	36,004	<b>9,795</b>	9,094		
<b>TOTALS</b>	114,880	<b>134,422</b>	129,707	99,540	<b>103,625</b>	96,501	15,340	<b>30,797</b>	33,206	<b>22,565</b>	26,750	<b>1,150,425</b>	1,126,979

# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30<sup>th</sup> June 2003

### Note 2 (cont.) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

#### **Governance**

Costs relating to Council's role as a component of democratic government, including elections, meetings and associated activities, area representation, and public disclosure and compliance, together with related administration costs.

#### **Administration**

Costs not other wise attributable to functions.

#### **City Services and Asset Construction and Maintenance**

Road and bridge construction and maintenance, drainage works (incl. kerb and gutter), traffic facilities, streetscapes, car parks, parks, reserves and recreation facilities, public halls and buildings, coastal and flood plain management, emergency services (bushfire, state emergencies), land management (noxious weeds, fire hazards), technical support.

#### **Corporate and Community Services**

Corporate strategy, finance, purchasing and warehousing, insurances, corporate services (records, printing, building maintenance), welfare, aged and Aboriginal services, rangers.

#### **Development and Environmental Services**

Development assessments, building assessments, subdivision assessments, building inspections.

#### **Commercial Operations**

Cemeteries & crematoriums, aquatic management, mechanical workshop.

#### **Holiday Haven Tourist Parks**

Tourist and caravan/camping parks management.

#### **Information Technology**

IT support services, communications and technology services.

#### **Planning Services**

Town Planning.

#### **Property Services**

Development of property strategy, management of property portfolio, land subdivision and development, land tenure and conveyancing, land register and plans of management, survey plans and mapping.

#### **Waste Management**

Domestic waste collection, trade waste collection, waste disposal (landfill, transfer stations), waste minimisation (recycling).

#### **Water Supply**

Water resources (dams, reservoir), water reticulation (mains), water development control.

#### **Waste Water Services**

Waste water collection, waste water treatment Management

# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2003

### Note 3 - EXPENSES FROM ORDINARY ACTIVITIES

	2003 \$'000	2002 \$'000
<b>EMPLOYEE COSTS</b>		
Salaries and Wages	27,549	26,048
Travelling	41	40
Employee Leave Entitlements	7,633	6,383
Superannuation	1,706	1,351
Workers' Compensation Insurance	982	1,941
Fringe Benefits Tax	174	173
Payroll Tax	412	292
Training Costs (excluding Salaries)	464	353
Other	55	38
Less: Capitalised and distributed costs	(1,060)	(1,889)
<b>Total Employee Costs Expensed</b>	<b>37,956</b>	<b>34,730</b>
<b>Total Number of Employees</b>	<b>685</b>	<b>684</b>
<i>(Full time equivalent at end of reporting period)</i>		
<b>BORROWING COST EXPENSE</b>		
Interest on Loans	4,122	4,211
Interest on Advances	86	104
Interest on other debts	-	2
<b>Gross Interest Charges</b>	<b>4,208</b>	<b>4,317</b>
Less: Borrowing Costs capitalised	(831)	(174)
<b>Total Borrowing Costs Expensed</b>	<b>3,377</b>	<b>4,143</b>
<b>DEPRECIATION</b>		
Plant and Equipment	3,271	3,147
Office Equipment	941	846
Furniture & Fittings	104	99
Land Improvements	573	392
Buildings	1,305	1,174
Other Structures	1,220	1,026
Infrastructure		
- roads, bridges & footpaths	5,204	5,127
- stormwater drainage	1,343	1,337
- water supply network not elsewhere included	3,162	3,083
- sewerage network not elsewhere included	4,017	3,440
Other assets		
- library books	149	136
<b>Total Depreciation Costs Expensed</b>	<b>21,289</b>	<b>19,807</b>

# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2003

### Note 3 - EXPENSES FROM ORDINARY ACTIVITIES (cont)

	2003 \$'000	2002 \$'000
<b>OTHER EXPENSES</b>		
Advertising, Postage and Stationery	1,590	1,499
Auditor's Remuneration		
- Audit Services	56	70
- Other Services	2	12
Bad and Doubtful Debts	(12)	(28)
Consultancies	882	701
Donations & Contributions to Local & Regional Bodies	730	865
Insurances	1,863	1,483
Legal Expenses		
- Planning & Development	128	68
- Other Legal Expenses	217	206
Light, Power & Heating	2,315	1,654
Mayoral Allowance	26	25
Members' Fees & Allowances	158	153
Members' Expenses	87	96
Operating Lease Rentals - cancellable	137	120
Fuel	567	610
Bank Charges	309	212
Payments to other levels of Government	565	486
Street Lighting	703	914
Computer Software, Equipment & Maintenance	1,026	343
Telephone & Communications	592	633
Other	565	665
<b>Total Other Expenses From Ordinary Activities</b>	<b>12,506</b>	<b>10,787</b>



# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2003

### Note 4 - REVENUES FROM ORDINARY ACTIVITIES

<b>RATES &amp; ANNUAL CHARGES</b>	<b>2003 \$'000</b>	<b>2002 \$'000</b>
<u>Ordinary Rates</u>		
Residential	24,543	23,270
Farmland	1,284	1,249
Business	2,945	2,865
	<u>28,772</u>	<u>27,384</u>
<u>Special Rates</u>		
Town Improvement	8	8
Bushfire Levy	595	-
	<u>603</u>	<u>8</u>
<u>Annual Charges</u>		
Domestic Waste Management	6,696	6,499
Water Supply	9,002	8,848
Sewerage Services	19,385	18,853
Other Waste Management	218	211
	<u>35,301</u>	<u>34,411</u>
<b>Total Rates &amp; Annual Charges</b>	<b><u>64,676</u></b>	<b><u>61,803</u></b>
<b>USER CHARGES &amp; FEES</b>		
<u>User Charges</u>		
Water Supply	4,506	4,160
Sewerage Services	1,141	1,043
Other Waste Management	2,800	2,379
	<u>8,447</u>	<u>7,582</u>
<u>Fees</u>		
Planning & Building	3,252	3,047
Private Works	2,634	2,663
Motor Vehicle Use	455	417
Cemeteries	886	829
Swimming/Aquatic Centre	1,113	2
Health Licence Fees	94	96
Rent & Hire of Council Property	697	697
Caravan and Tourist Park Fees	10,737	9,817
Other	2,445	1,626
	<u>22,313</u>	<u>19,194</u>
<b>Total User Charges &amp; Fees</b>	<b><u>30,760</u></b>	<b><u>26,776</u></b>
<b>INTEREST</b>		
Interest on overdue rates & charges	390	492
Interest on investments attributable to		
Section 94 Contributions	451	427
Water & Sewerage Contributions	38	27
Water & Sewerage Usage Charges	12	18
Waste Management	10	16
Other External Restrictions	579	490
Other Investments	2,337	1,653
Other Investment Revenues	12	16
<b>Gross Interest Received</b>	<b><u>3,829</u></b>	<b><u>3,139</u></b>
Less: Interest deducted from		
capitalised borrowing costs	(9)	(11)
<b>Total Interest Revenue</b>	<b><u>3,820</u></b>	<b><u>3,128</u></b>

# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2003

### Note 4 - REVENUES FROM ORDINARY ACTIVITIES (CONT)

	2003 \$'000	2002 \$'000
<b>OTHER REVENUES</b>		
Self Insurance Provision Adjustment	141	-
Fines	320	266
Insurance Claims	665	354
Legal Fees Recovery (Rates)	126	134
Discount Received	14	13
Other	332	300
<b>Total Other Revenue From Ordinary Activities</b>	<b>1,598</b>	<b>1,067</b>

	<b>OPERATING</b>		<b>CAPITAL</b>	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<b>GRANTS</b>				
General Purpose (Untied)				
Financial Assistance	8,655	7,971	-	-
Pensioner Rates Subsidies (General)	1,140	1,123	-	-
Specific Purpose				
Pensioner Rates Subsidies				
Water Supplies	508	504	-	-
Sewerage Services	457	453	-	-
Domestic Waste Management	362	367	-	-
Water Supplies	-	-	134	162
Sewerage Services	-	38	1,382	6,638
Community Centres	-	-	324	64
Roads & Bridges	1,727	1,440	3,287	3,850
Environmental Protection	701	297	326	326
Heritage & Cultural Services	-	14	120	4
Community Care Services	1,762	1,608	-	-
Bushfire & Emergency Services	512	967	375	-
Other	524	629	269	295
<b>Total Grants</b>	<b>16,348</b>	<b>15,411</b>	<b>6,217</b>	<b>11,339</b>

### CONTRIBUTIONS

Developer Contributions				
Roadworks	-	-	752	576
Drainage	-	-	57	58
Parking	-	-	271	100
Open Space	-	-	171	124
Community Facilities	-	-	627	315
Other	-	-	1,103	677
Water Supplies	-	-	2,316	1,732
Sewerage Services	2	6	1,982	1,308
Land	-	-	-	3,306
Bushfire & Emergency Services	1,382	913	-	-
Kerb & Gutter	-	-	16	108
Other	162	407	322	553
<b>Total Contributions</b>	<b>1,546</b>	<b>1,326</b>	<b>7,617</b>	<b>8,857</b>

<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>17,894</b>	<b>16,737</b>	<b>13,834</b>	<b>20,196</b>
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# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2003

### Note 5 - GAIN OR LOSS ON DISPOSAL OF ASSETS

	2003 \$'000	2002 \$'000
<b>DISPOSAL OF PROPERTY</b>		
Proceeds from disposal	1,579	203
Less: Carrying amount of assets sold	<u>257</u>	<u>78</u>
<b>Gain (Loss) on disposal</b>	<u>1,322</u>	<u>125</u>
<b>DISPOSAL OF PLANT &amp; EQUIPMENT</b>		
Proceeds from disposal	3,686	3,194
Less: Carrying amount of assets sold	<u>3,938</u>	<u>3,631</u>
<b>Gain (Loss) on disposal</b>	<u>(252)</u>	<u>(437)</u>
<b>DISPOSAL OF REAL ESTATE DEVELOPMENT ASSETS</b>		
Proceeds from disposal	1,256	1,001
Less: Carrying amount of assets sold	<u>486</u>	<u>748</u>
<b>Gain (Loss) on disposal</b>	<u>770</u>	<u>253</u>
<b>TOTAL GAIN (LOSS) ON DISPOSAL OF ASSETS</b>	<u>1,840</u>	<u>(59)</u>

# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2003

### Note 6 - CASH ASSETS AND INVESTMENT SECURITIES

	2003 \$'000		2002 \$'000	
	Current	Non-Current	Current	Non-Current
<b>CASH ASSETS</b>				
Cash on Hand and at Bank	3,777	-	843	-
Short term Deposits & Bills, etc	39,453	14,170	40,637	17,419
<b>Total Cash Assets</b>	<b>43,230</b>	<b>14,170</b>	<b>41,480</b>	<b>17,419</b>
<b>INVESTMENT SECURITIES</b>				
Term Deposits	-	16,844	-	6,709
Managed Funds	-	-	-	-
Other	-	16	-	16
<b>Total Investment Securities</b>	<b>-</b>	<b>16,860</b>	<b>-</b>	<b>6,725</b>
<b>TOTAL CASH ASSETS &amp; INVESTMENT SECURITIES</b>	<b>43,230</b>	<b>31,030</b>	<b>41,480</b>	<b>24,144</b>

### RESTRICTED CASH AND INVESTMENTS

Ref	2003 \$'000		2002 \$'000	
	Current	Non-Current	Current	Non-Current
<b>EXTERNAL RESTRICTIONS</b>				
<b>Included in liabilities</b>				
Unexpended Loans	3,337	-	2,636	-
Workers Comp. Self Insurance	658	2,309	-	-
	<b>3,995</b>	<b>2,309</b>	<b>2,636</b>	<b>-</b>
<b>Other</b>				
Developer Contributions	17 857	11,586	1,755	8,562
Unexpended Grants	14 2,747	-	1,847	-
Water Supply funds	9,341	11,349	8,238	8,574
Sewerage funds	7,740	4,960	4,500	6,902
Domestic Waste Management	645	826	816	90
	<b>21,330</b>	<b>28,721</b>	<b>17,156</b>	<b>24,128</b>
<b>Total External Restrictions</b>	<b>25,325</b>	<b>31,030</b>	<b>19,792</b>	<b>24,128</b>
<b>Total Internal Restrictions</b>	<b>13,628</b>		<b>9,661</b>	
<b>TOTAL UNRESTRICTED</b>	<b>4,277</b>	<b>-</b>	<b>12,027</b>	<b>16</b>
<b>TOTAL CASH ASSETS &amp; INVESTMENT SECURITIES</b>	<b>43,230</b>	<b>31,030</b>	<b>41,480</b>	<b>24,144</b>

**A:** As at 30 June 2003 Council had not restricted funds allocated to works that had commenced prior to, but were not completed by, balance date. These works are funded by existing restricted cash and investments plus general revenue (unrestricted cash and investments). Existing restrictions are included in either external or internal restrictions however the general revenue component is included in unrestricted cash. For 2003 the amount of unrestricted cash required to fund uncompleted works as at 30 June was \$3,015K (\$5,173K 2002).

**B:** Council is a self insurer for Workers Compensation purposes. The Council is required to hold either a bank guarantee or investment to the value of the actuarial assessment of Councils liability (disclosed in Note 10). In 2002/03 Council placed an investment which is disclosed as an externally restricted asset (\$2,967K). In 2001/02 Council held a bank guarantee instead of an investment and this was not required to be disclosed as a restricted asset.

# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2003

### Note 6 - CASH ASSETS & INVESTMENT SECURITIES (cont)

#### DETAILS OF MOVEMENTS & UTILISATION OF RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

Notes		Opening Balance 30 June 2002	Movements		Closing Balance 30 June 2003	Proposed Utilisation of Restriction	
			Transfers To Restriction	Transfers From Restriction		Less than 1 Year	Between 1 and 5 years
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b><u>External Restrictions</u></b>							
	Developer Contributions	10,317	7,575	5,449	12,443	857	11,586
	Unexpended Grants	1,847	29,021	28,121	2,747	2,747	-
	Water Supply funds	16,812	20,090	16,212	20,690	9,341	11,349
	Sewerage funds	11,402	27,043	25,745	12,700	7,740	4,960
	Domestic Waste Management	906	1,291	726	1,471	645	826
	<b>Total External Restrictions</b>	<b>41,284</b>	<b>85,020</b>	<b>76,253</b>	<b>50,051</b>	<b>21,330</b>	<b>28,721</b>

*External Restrictions arise pursuant to section 409(3) of the Local Government Act, the Local Government (Financial Management) Regulation 1999 and other applicable legislation. Further information relating to Developer Contributions is provided in Note 17 and Unexpended Grants in Note 14. Amounts raised by special rates (eg. Water & Sewer) or for Domestic Waste Management may only be used for those purposes.*

#### **Internal Restrictions**

Employee Leave Entitlements	4,133	600	2,029	2,704	2,704	-
Construction of Buildings	393	-	-	393	393	-
Replacement - Plant & Vehicles	571	-	192	379	379	-
Sporting Facilities	47	51	-	98	98	-
Strategic Projects	4,305	9,915	5,499	8,721	8,721	-
Gasworks Decontamination	212	69	12	269	269	-
Land Development reserve	-	1,064	-	1,064	1,064	-
<b>Total Internal Restrictions</b>	<b>9,661</b>	<b>11,699</b>	<b>7,732</b>	<b>13,628</b>	<b>13,628</b>	<b>-</b>

*Internal Restrictions arise pursuant to resolutions of Council to set aside reserves of cash resources either relating to liabilities recognised in these reports or to fund future expenditure for the stated purpose. Such reserves are not permitted to exceed the amounts of cash assets and cash investments not otherwise restricted.*

# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2003

### Note 7 - RECEIVABLES

	2003 \$'000		2002 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
Rates & Annual Charges	2,059	2,258	2,350	2,234
Interest & Extra Charges	283	1,153	361	1,184
User Charges & Fees	2,776	-	3,698	-
Accrued Interest Revenues	243	-	221	-
Deferred Debtors	35	308	66	464
Other levels of Government	2,149	-	2,628	-
Accrued Revenues Other	1,370	-	-	-
Other	15	-	21	-
<b>Total</b>	<b>8,930</b>	<b>3,719</b>	<b>9,345</b>	<b>3,882</b>
Less: Provision for Doubtful Debts				
Rates & Annual Charges	151	-	151	-
User Charges & Fees	50	-	76	-
<b>Total Receivables</b>	<b>8,729</b>	<b>3,719</b>	<b>9,118</b>	<b>3,882</b>
<b>RESTRICTED RECEIVABLES</b>				
Water Supply	2,205	-	2,542	-
Sewerage Services	2,494	-	3,054	-
Domestic Waste Management	1,097	-	1,035	-
<b>Total Restrictions</b>	<b>5,796</b>	<b>-</b>	<b>6,631</b>	<b>-</b>
Unrestricted Receivables	2,933	3,720	2,487	3,882
<b>Total Receivables</b>	<b>8,729</b>	<b>3,720</b>	<b>9,118</b>	<b>3,882</b>

# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30<sup>th</sup> June 2003

### Note 7 cont'd - RECEIVABLES

#### 1. Rates and Annual Charges

Rates are secured by underlying properties. Interest is charged on overdue rates at 9.0%. Rates are due for payment on 31<sup>st</sup> August, 30<sup>th</sup> November, 28<sup>th</sup> February and 31<sup>st</sup> May. Overdue rates are those not paid within 1 day of the due date. The amount of the overdue rates and annual charges upon which interest is charged is \$5,480M (2002 \$5,874M). A provision for doubtful debts in respect of the class of debtor has been provided in an amount of \$151K.

#### 2. User charges and fees

User charges and fees are unsecured. The credit risk for this class of debtor is 100% of the carrying value. A provision for doubtful debts in respect of the class of debtor has already been provided in an amount of \$50K.

#### 3. Other levels of government

##### 3.1 Government Grants & Subsidies

Government grants and subsidies have been guaranteed subject to the terms and conditions of the relevant agreement.

##### 3.2 Goods & Services Tax

The Commonwealth Government guarantees the Goods and Services Tax refund outstanding at 30 June 2003. The amount due to Council at 30 June 2003 is \$1,285K

#### 4. Deferred Debtors

Deferred Debtors relate to loans made to organisations external to Council for the provision of community facilities eg, buildings, sports facilities. In some cases the debt is secured by the facility constructed.

#### 5. Accrued Revenue - Interest

Accrued interest on investments amounts to \$243K. Investments are comprised of term deposits, bills of exchange and managed funds. The average interest rate for investments that are held at 30 June 2003 is 4.76% (2002 4.84%).

Bills of exchange are generally subject to credit risk in the event of default by the acceptor. However ensuring that the banks have accepted the bills has mitigated the risk.

# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2003

### Note 8 - INVENTORIES & OTHER ASSETS

	2003 \$'000		2002 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
<b>INVENTORIES</b>				
Stores & Materials	1,675	-	1,663	-
Real Estate Developments	1,118	5,336	1,129	5,430
<b>Total Inventories</b>	<b>2,793</b>	<b>5,336</b>	<b>2,792</b>	<b>5,430</b>
<b>OTHER ASSETS</b>				
Prepayments	1,053	-	1,058	-
<b>Total Other Assets</b>	<b>1,053</b>	<b>-</b>	<b>1,058</b>	<b>-</b>
<b>Real Estate Developments</b>				
<i>(Valued at the lower of cost and net realisable value)</i>				
Industrial & Commercial	1,118	5,336	1,129	5,430
<b>Total Real Estate for Resale</b>	<b>1,118</b>	<b>5,336</b>	<b>1,129</b>	<b>5,430</b>
<i>Represented by:</i>				
Acquisition Costs	-	123	22	143
Development Costs	60	2,920	452	2,138
Borrowing Costs	-	5	-	-
Other Holding Costs	-	-	4	20
Other Properties - Book Value	1,058	2,288	651	3,129
	1,118	5,336	1,129	5,430
<i>Less: Provision for Under-Recovery</i>	-	-	-	-
<b>Total Real Estate for Resale</b>	<b>1,118</b>	<b>5,336</b>	<b>1,129</b>	<b>5,430</b>
<b>RESTRICTIONS EXIST IN RESPECT OF THE FOLLOWING:</b>				
<b>Other Assets</b>				
Water Supplies	111	-	-	-
Sewerage Services	5	-	-	-
	116	-	-	-



# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2003

### Note 9 - PROPERTY, PLANT & EQUIPMENT

	2002 \$'000			CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000			2003 \$'000		
	AT COST	ACCUM DEPN	CARRYING AMOUNT	Asset Purchases	Asset Disposals	Depreciation	AT COST	ACCUM DEPN	CARRYING AMOUNT
Plant & Equipment	37,265	13,036	24,229	8,708	(3,781)	(3,271)	40,308	14,423	25,885
Office Equipment	9,390	5,251	4,139	947	(157)	(941)	10,024	6,036	3,988
Furniture & Fittings	1,332	662	670	66	-	(104)	1,398	766	632
Land									
- Council owned (freehold)	65,593	-	65,593	538	-	-	66,131	-	66,131
- Council controlled	5,658	-	5,658	-	-	-	5,658	-	5,658
Land Improvements - depreciab	20,380	1,877	18,503	1,579	-	(573)	21,959	2,450	19,509
Buildings	77,505	17,924	59,581	3,950	(257)	(1,305)	80,765	18,796	61,969
Other Structures	41,492	16,913	24,579	2,396	-	(1,220)	43,888	18,133	25,755
Infrastructure									
- Roads, bridges, footpaths	473,810	95,399	378,411	10,086	-	(5,204)	483,896	100,603	383,293
- Bulk earthworks (non-deprec	84,590	-	84,590	-	-	-	84,590	-	84,590
- Stormwater drainage	55,539	18,503	37,036	353	-	(1,343)	55,892	19,846	36,046
- Water Supply Network	220,370	71,321	149,049	5,852	-	(3,162)	226,222	74,483	151,739
- Sewerage Network	253,789	67,091	186,698	6,128	-	(4,017)	259,917	71,108	188,809
Other Assets									
- Library Books	3,134	2,795	339	341	-	(149)	3,475	2,944	531
<b>Totals</b>	<b>1,349,847</b>	<b>310,772</b>	<b>1,039,075</b>	<b>40,944</b>	<b>(4,195)</b>	<b>(21,289)</b>	<b>1,384,123</b>	<b>329,588</b>	<b>1,054,535</b>

# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2003

### Note 9 (cont) - RESTRICTED PROPERTY, PLANT & EQUIPMENT

	2003 \$'000			2002 \$'000		
	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT COST	ACCUM DEPN	CARRYING AMOUNT
<b><u>Water Supply</u></b>						
Plant & Equipment	3,466	1,706	1,760	3,290	1,449	1,841
Office Equipment	1,131	472	659	977	384	593
Furniture & Fittings	74	39	35	114	28	86
Land						
- Council owned (freehold)	2,160	-	2,160	2,739	-	2,739
Buildings	1,439	-	1,439	72	19	53
Other Structures	104	23	81	-	-	-
Water Supply Infrastructure	226,224	74,484	151,740	219,766	71,321	148,445
<b>Total Water Supply</b>	<b>234,598</b>	<b>76,724</b>	<b>157,874</b>	<b>226,958</b>	<b>73,201</b>	<b>153,757</b>
<b><u>Sewerage Services</u></b>						
Plant & Equipment	2,968	914	2,054	2,565	761	1,804
Office Equipment	473	138	335	287	101	186
Furniture & Fittings	62	12	50	14	11	3
Land						
- Council owned (freehold)	3,244	-	3,244	2,956	-	2,956
Buildings	1,423	133	1,290	1,386	138	1,248
Sewerage Infrastructure	259,667	71,108	188,559	245,105	67,091	178,014
<b>Total Sewerage Services</b>	<b>267,837</b>	<b>72,305</b>	<b>195,532</b>	<b>252,313</b>	<b>68,102</b>	<b>184,211</b>
<b><u>Domestic Waste Management</u></b>						
Plant & Equipment	1,323	61	1,262	1,224	150	1,074
Office Equipment	61	58	3	144	103	41
Furniture & Fittings	19	2	17	-	-	-
- Council owned (freehold)	566	-	566	1,245	-	1,245
Land Improvements - depreciable	5,123	165	4,958	4,429	120	4,309
Buildings	1,306	944	362	2,805	1,479	1,326
Other Structures	739	30	709	314	23	291
<b>Total Domestic Waste</b>	<b>9,137</b>	<b>1,260</b>	<b>7,877</b>	<b>10,161</b>	<b>1,875</b>	<b>8,286</b>
<b>TOTAL RESTRICTIONS</b>	<b>511,572</b>	<b>150,289</b>	<b>361,283</b>	<b>489,432</b>	<b>143,178</b>	<b>346,254</b>

## **SHOALHAVEN CITY COUNCIL**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS** **For the year ending 30 June 2003**

#### **Note 9 (cont) - PROPERTY, PLANT & EQUIPMENT**

##### **Valuation of Assets**

At 1 July 2000 upon the commencement of Australian Accounting Standard AAS 38 "Revaluation of Non-Current Assets", Council elected pursuant to paragraph 10.4(a) of the standard to revert to the deemed cost basis for all classes of assets previously carried at revalued amounts.

##### **Plant & Equipment, Office Equipment, Furniture & Fittings, Leased Plant & Equipment**

Assets acquired after 1 January 1993 are recorded at cost. Assets acquired prior to that date are recorded at deemed cost, being the carrying value of those assets as 31 December 1992.

Major depreciation periods are:

Office Equipment	10 years
Office Furniture	10 years
Vehicles & Road-making Equip	2 years
Earthmoving and Heavy Equipment	6 years
Other Plant & Equipment	10 years

Asset capitalisation thresholds include:

Office Furniture & Equipment	>\$1,000
Other Plant & Equipment	>\$2,000

##### **Land - Council owned and Council controlled**

Land classified by Council as operational land in accordance with Part 2 of Chapter 6 of the Local Government Act 1993, and buildings thereon, were valued by independent valuation in the reporting period ended 30 June 1995. Pursuant to Council's election, these amounts are disclosed at deemed cost.

Land not classified by Council as operational land was valued by Council officers at municipal site value during the reporting period ended 30 June 1995. Pursuant to Council's election, these amounts are disclosed at deemed cost.

All land acquired after 1 July 1995 is recorded at cost. No capitalisation threshold is applied to the acquisition of land or interests in land.

Current Valuation – A valuation of all Council land, operational and non-operational, was undertaken on a municipal site value basis by the NSW Valuer General as at 30 June 2003 and totalled \$1,039,764K. The new valuation has not been brought to account as Council has continued to adopt the cost basis for recording this asset class.

##### **Buildings**

Buildings were valued by independent valuation during the reporting period ended 30 June 1996 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are:

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 9 – Property, Plant & Equipment (cont)

Small Buildings (eg, toilet blocks)	50 years
Large Buildings	100 years

Asset capitalisation thresholds include:

New construction/extensions	Capitalise
Renovations	>\$2,000

Current Valuation – An independent valuation of buildings, based on replacement with new value, was undertaken by International Valuation Consultants as at 30 June 2003. The valuation of Council's buildings was \$114,653K. The new valuation has not been brought to account as Council has continued to adopt the cost basis.

#### Land Improvements, Other Structures and Infrastructure

Land improvements and other structures were valued during the reporting period ended 30 June 1996 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are:

Bus Shelters	20 years
Sporting Facilities (eg tennis courts)	10 years
Other Structures	50 years

Asset capitalisation thresholds include:

Other Structures	>\$2,000
------------------	----------

Water and sewer infrastructure was valued by Council officers at written down current replacement cost during the reporting period ended 30 June 1995 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are:

Water and Sewer infrastructure	20 to 100 years
--------------------------------	-----------------

Augmentation works constructed subject to PWD schemes are recorded as follows:

- Where the scheme has not been commissioned, works are recorded at cost (including borrowing costs).
- Where the scheme has been commissioned but the final cost to Council has not been determined, the scheme has been recorded as a single asset and depreciated from the date of commissioning. The depreciation period has been selected, depending on the nature of the scheme, having regard to the depreciation period applicable to its major components.
- Where the final cost to Council has been determined the depreciation period has been selected from the depreciation periods shown above with regard to the nature of the scheme.

Asset capitalisation thresholds include:

Water and Sewer infrastructure	>\$2,000
--------------------------------	----------

Transportation assets were valued by Council officers at written down current replacement cost during the reporting period ended 30 June 1996 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are:

Roads Structure	100 years
-----------------	-----------

Asset capitalisation thresholds include:

Road construction & reconstruction	Capitalise
Reseal/resheet/major repairs	>\$2,000

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 9 – Property, Plant & Equipment (cont)

Stormwater drainage infrastructure was valued by Council officers as at 30 June 1997 at written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June 1997 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are:

Stormwater Drainage	33 to 100 years
---------------------	-----------------

Asset capitalisation thresholds include:

Stormwater Drainage	>\$5,000
---------------------	----------

#### All other assets

Assets acquired after 1 January 1993 are recorded at cost. Assets acquired prior to that date are recorded at deemed cost, being the carrying value of those assets at 31 December 1992.

Major depreciation periods are:

Library Books	5 years
---------------	---------

#### Restricted Assets

Restrictions exist in relation to the following assets, which must be applied for the purposes for which special rates and other charges enabling their purchase were raised.

	<b>2003</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>
Water Supplies	<b>157,874</b>	153,757
Sewerage Services	<b>195,532</b>	184,211
Domestic Waste Management	<b>7,877</b>	8,286
<b>Total</b>	<b>361,283</b>	346,254

# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2003

### Note 10 - PAYABLES, INTEREST BEARING LIABILITIES AND PROVISIONS

	2003 \$'000		2002 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
<b>PAYABLES</b>				
Goods & Services	10,279	-	11,526	-
Payments received in advance	60	-	70	-
Accrued Expenses	957	-	1,529	-
Other Levels of Government	5,730	-	5,674	-
Deposits, Retentions & Bonds	1,596	-	1,227	-
Other	90	-	130	-
<b>Total Payables</b>	<b>18,712</b>	<b>-</b>	<b>20,156</b>	<b>-</b>
<b>INTEREST BEARING LIABILITIES</b>				
Loans	10,767	42,511	12,239	47,877
Government Advances	302	1,480	264	1,328
Ratepayer Advances	24	284	39	197
<b>Total Interest Bearing Liabilities</b>	<b>11,093</b>	<b>44,275</b>	<b>12,542</b>	<b>49,402</b>
<b>PROVISIONS</b>				
Annual Leave	2,059	1,136	1,995	1,182
Sick Leave	558	10,474	1,020	9,401
Long Service Leave	364	7,699	724	7,159
Workers Compensation Self Insurance	658	2,309	1,406	1,702
<b>Total Provisions</b>	<b>3,639</b>	<b>21,618</b>	<b>5,145</b>	<b>19,444</b>
<b>LIABILITIES relating to RESTRICTED ASSETS</b>				
<u>Domestic Waste Management</u>				
Payables	685	-	507	-
Interest Bearing Liabilities	712	3,536	671	4,248
Subtotal	1,397	3,536	1,178	4,248
<u>Water Supplies</u>				
Payables	6,930	-	4,988	-
Interest Bearing Liabilities	1,854	5,350	2,438	7,204
Subtotal	8,784	5,350	7,426	7,204
<u>Sewerage Services</u>				
Payables	2,575	-	5,802	-
Interest Bearing Liabilities	3,417	15,262	4,540	18,680
Subtotal	5,992	15,262	10,342	18,680
<b>TOTAL</b>	<b>16,173</b>	<b>24,148</b>	<b>18,946</b>	<b>30,132</b>

# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2003

### Note 10b - DESCRIPTION AND MOVEMENT IN PROVISIONS

Provision is made in respect of the estimated self insurance claims for workers' compensation based on an independent actuarial assessment. The amount of \$658K is expected to be settled within the next twelve months and is shown as current in Note 10.

Class of Provision	2002  Opening Balance \$'000	2003			2003  Closing Balance \$'000
		Increases to Provision \$'000	Reduction to Provision		
			Payments \$'000	Re-measurement \$'000	
Self Insurance	3,108			141	2,967
	3108	0	0	141	2967

# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2003

### Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

#### (a) Reconciliation of Cash

	2003 \$'000	2002 \$'000
Total Cash Assets (Note 6)	57,400	58,899
Less: Bank Overdraft	-	-
Balances per Statement of Cash Flows	<u>57,400</u>	<u>58,899</u>

#### (b) Reconciliation of Change in Net Assets to Cash from Operating Activities

Change in Net Assets resulting from Operations	30,797	33,206
Add: Depreciation and Amortisation	21,289	19,807
Increase in employee leave entitlements	668	1,441
Increase in other provisions	-	1,228
Decrease in receivables	391	127
Decrease in inventories	-	145
Increase in creditors	-	1,051
Increase in other payables	-	292
Loss on Sale of Assets	-	59
	<u>53,145</u>	<u>57,356</u>
Less: Decrease in provision for doubtful debts	26	28
Increase in inventories	8	-
Increase in other current assets	-	392
Decrease in creditors	886	-
Decrease in accrued expenses payable	558	546
Gain on Sale of Assets	1,840	-
Non-cash Capital Grants and Contributions	1,516	10,165
<b>Net Cash provided by (or used in) operations</b>	<u><b>48,311</b></u>	<u><b>46,225</b></u>

#### (c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:		
- PWD Construction	1,516	6,800
- Bushfire Grants	-	59
- Developer Contributions received in kind	-	3,306
	<u>1,516</u>	<u>10,165</u>

#### (d) Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

Bank Overdrafts		
Total Facilities	400	400

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Interest rates on overdrafts are variable while the rates for loans are fixed for the period of the loan.



## SHOALHAVEN CITY COUNCIL

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2003

#### Note 12 - COMMITMENTS FOR EXPENDITURE

	2003 \$'000	2002 \$'000
<b>(a) Capital Commitments</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	1,888	249
Other Structures	7,317	3,162
Plant & Equipment	546	427
	<u>9,751</u>	<u>3,838</u>
These expenditures are payable:		
Not later than one year	<u>9,751</u>	<u>3,838</u>
	<u>9,751</u>	<u>3,838</u>

# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2003

### Note 13 - STATEMENT OF PERFORMANCE MEASUREMENT

	<u>Amounts</u>	<u>2003 Indicators</u>	2002	2001	2000
<b>Current Ratio</b>					
<u>Current Assets</u>	\$55,805	1.67:1	1.44:1	1.47:1	2.12:1
Current Liabilities	\$33,444				
<b>Unrestricted Current Ratio</b>					
<u>Unrestricted Current Assets*</u>	\$24,568	1.42:1	1.48:1	1.67:1	2.01:1
Current Liabilities not relating to Restricted Assets	\$17,271				
* as defined in the Code					
<b>Debt Service Ratio</b>					
<u>Net Debt Service Cost</u>	\$16,732	14.9%	15.6%	16.6%	16.0%
Operating Revenue	\$112,489				
* as defined in the Code					
<b>Rate &amp; Annual Charges Coverage Ratio</b>					
<u>Rates &amp; Annual Charges Revenues</u>	\$64,676	48.1%	47.6%	51.1%	53.7%
Total Revenues	\$134,422				
<b>Rates &amp; Annual Charges Outstanding Percentage</b>					
<u>Rates &amp; Annual Charges Outstanding</u>	\$5,602	7.8%	8.8%	9.0%	8.8%
Rates & Annual Charges Collectible	\$71,195				

# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2003

### Note 14 - CONDITIONS OVER GRANTS & CONTRIBUTIONS

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

	<b>2003 \$'000</b>		<b>2002 \$'000</b>	
	<u>Grants</u>	<u>Contrib</u>	<u>Grants</u>	<u>Contrib</u>
Unexpended at the close of the previous reporting period	1,847	10,317	1,686	9,482
Less: expended during the current period from revenues recognised in previous reporting periods	4,636	5,449	5,481	4,481
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions	5,536	7,575	5,642	5,316
Unexpended at the close of this reporting period and held as restricted assets	<u>2,747</u>	<u>12,443</u>	<u>1,847</u>	<u>10,317</u>
Net increase (decrease) in restricted assets in the current reporting period.	<u><b>900</b></u>	<u><b>2,126</b></u>	<u>161</u>	<u>835</u>

# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2003

### Note 15 - FINANCIAL INSTRUMENTS

#### Interest Rate Risk Exposures

2003	Floating Interest Rate '000	Fixed interest maturing in			Non- interest bearing '000	Total '000
		≤ 1 year '000	> 1 year ≤ 5 years '000	> 5 years '000		
<b>Financial Assets</b>						
Cash Assets	3,721	53,679	-	-	-	57,400
Investment Securities	-	11,193	3,675	1,976	16	16,860
Receivables						
Rates & Annual Charges	-	2,191	3,411	-	-	5,602
User Charges & Fees	-	-	-	-	2,726	2,726
Deferred Debtors	-	-	-	20	323	343
Other levels of Govt.	-	-	-	-	2,149	2,149
Other	-	-	-	-	15	15
<b>Total</b>	<b>3,721</b>	<b>67,063</b>	<b>7,086</b>	<b>1,996</b>	<b>5,229</b>	<b>85,095</b>
<i>Weighted Average Interest Rate</i>	3.40%	5.00%	7.37%	4.74%		

#### Financial Liabilities

<b>Payables</b>						
Goods & Services	-	-	-	-	10,279	10,279
Payments in advance	-	-	-	-	-	-
Other Levels of Government	-	-	-	-	5,730	5,730
Deposits, Retentions, Bonds	-	-	-	-	1,596	1,596
Other	-	-	-	-	90	90
Interest Bearing Liabilities	-	1,525	19,169	34,674	-	55,368
<b>Total</b>	<b>-</b>	<b>1,525</b>	<b>19,169</b>	<b>34,674</b>	<b>17,695</b>	<b>73,063</b>
<i>Weighted Average Interest Rate</i>	0.00%	8.24%	8.50%	6.37%		

#### 2002

#### Financial Assets

Cash Assets	843	58,056	-	-	-	58,899
Investment Securities	-	3	799	5,907	16	6,725
Receivables						
Rates & Annual Charges	-	2,560	3,418	-	-	5,978
User Charges & Fees	-	-	-	-	3,622	3,622
Deferred Debtors	-	-	-	151	379	530
Other levels of Govt.	-	-	-	-	2,628	2,628
Other	-	-	-	-	21	21
<b>Total</b>	<b>843</b>	<b>60,619</b>	<b>4,217</b>	<b>6,058</b>	<b>6,666</b>	<b>78,403</b>
<i>Weighted Average Interest Rate</i>	3.40%	5.09%	10.02%	5.34%		

#### Financial Liabilities

<b>Payables</b>						
Goods & Services	-	-	-	-	11,526	11,526
Payments in advance	-	-	-	-	-	-
Other Levels of Government	-	-	-	-	5,674	5,674
Deposits, Retentions, Bonds	-	-	-	-	1,227	1,227
Other	-	-	-	-	130	130
Interest Bearing Liabilities	-	2,600	24,424	34,920	-	61,944
<b>Total</b>	<b>-</b>	<b>2,600</b>	<b>24,424</b>	<b>34,920</b>	<b>18,557</b>	<b>80,501</b>
<i>Weighted Average Interest Rate</i>	0.00%	9.41%	8.76%	6.42%		

# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2003

### Note 15 (CONT) - RECONCILIATION OF FINANCIAL ASSETS & LIABILITIES

	2003 \$'000	2002 \$'000
<b><u>Reconciliation of Financial Assets &amp; Liabilities</u></b>		
Net financial assets from previous page		
Financial Assets	85,095	78,403
Financial Liabilities	<u>73,063</u>	<u>80,501</u>
	12,032	(2,098)
Non-financial assets and liabilities		
Accrued Revenues	1,613	221
Inventories	8,129	8,222
Property, Plant & Equipment	1,054,535	1,039,075
Other Assets	1,053	1,058
Accrued Expenses	(957)	(1,529)
Provisions	(25,257)	(24,589)
Other liabilities	<u>(60)</u>	<u>(70)</u>
	1,039,056	1,022,388
Net Assets per Statement of Financial Position	<u>1,051,088</u>	<u>1,020,290</u>

#### Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any provision for doubtful debts. Except as detailed in Note 7 in relation to individual classes of financial assets, exposure is concentrated within the Council's boundaries within the State of New South Wales, and there is no material exposure to any individual debtor.

#### Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. With the exception of investments, there is no recognised market for the financial assets of the Council.

# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2003

### Note 16 - SIGNIFICANT VARIATIONS FROM ORIGINAL BUDGET

Council's original budget comprised part of the Management Plan adopted by Council on 25<sup>th</sup> June 2002. The original projections on which the budget was based have been affected by a number of factors. These include State and Federal Government decisions including new grant programs, changing economic activity and by decisions made by the Council.

This Note sets out the principal variations between the original Budget and Actual results for the Statement of Financial Performance. Material favourable (F) and unfavourable (U) variances represent amounts 10% or more of the budgeted amount.

### 1 EXPENSES FROM ORDINARY ACTIVITIES

#### 1.1 Employee Costs

Employee Costs were over budget by \$3,839K (U) (11.25%). The main reason for this was the retirement of several long serving employees and related termination payments and the subsequent need to increase the Employee Leave Entitlement Reserve. In addition Council's Aquatic Centres ceased being managed on a contractual basis in September 2002 increasing wages costs approximately \$1,000 over original budget (this was offset by a reduction in subsidies and contract payments made to contract managers).

#### 1.2 Borrowing Costs

Borrowing Costs were under budget by \$971K (F) (22.33%). Council's original budget was \$4,348K – this did not take into account the amount capitalised at year-end. Borrowing costs for the year excluding amounts capitalised was \$4,208K and the difference is within a 10% variation.

### 2 REVENUES FROM ORDINARY ACTIVITIES

#### 2.1 User Charges and Fees

User Charges and Fees were over budget by \$8,625K (F) (38.97%). Part of the reason for the variation is classification – some User Charges and Fees were included as Other Revenues. The major variations for items originally budgeted as User Charges and Fees include:

- Private Works Income - \$1,546K
- Planning and Building Fees - \$1,102K
- Aquatics - \$1,113K (due to Council undertaking management rather than contractors)
- Other - \$1,240K

## **Note 16 cont.**

### **2.2 Interest Received**

The actual amount of interest received was over budget by \$1,390K (F) (57.20%). This was due to several projects included in the original budget not being completed by year-end. The funding areas and major projects included:

- Loan funded
  - Flood Mitigation
  - Tourist Park Improvements
  - Roads
- Strategic Projects
  - Sussex Inlet Aquatic Centre
  - St Georges Basin By-Pass
  - Ulladulla Harbour Precinct Development
  - Ulladulla Multi-Purpose Centre
- S94 – various projects

### **2.3 Other Revenues from Ordinary Activities**

Other operating revenues were under budget by \$1,308K (U) (45.01%). This was mainly due to a classification issue as some amounts for User Charges and Fees were budgeted as other revenues.

### **2.4 Grants & Contributions – Capital**

Capital Grants and Contributions received were over budget by \$8,936 (F) (182.44%). Some of the major grants and contributions received that were additional to budget include:

- MR92 – \$651K
- Financial Assistance Grant –\$484K
- Water and Sewer s64 contributions – \$3,088K
- Section 94 Developer contributions – additional \$1,698K
- Ulladulla Integrated Child Centre – \$227K
- Environmental Protection - \$281K

# SHOALHAVEN CITY COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2003

### Note 17 - STATEMENT OF CONTRIBUTION PLANS

#### SUMMARY OF CONTRIBUTIONS

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	EXPENDED IN ADVANCE \$'000	HELD AS RESTRICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Drainage	113	57	-	7	6	24	171	169
Roads	2,895	752	-	136	851	179	2,932	5,625
Parking	148	271	-	10	18	-	411	984
Open Space	986	174	-	47	24	-	1,183	473
Community facilities	2,285	627	-	109	223	3	2,798	1,754
Other	2,663	1,100	-	142	202	-	3,703	3,474
Subtotal S94 under plans	9,090	2,981	-	451	1,324	206	11,198	12,479
Sec 64 Contributions	1,227	4,143	-	-	4,125	-	1,245	17,717
<b>Total Contributions</b>	<b>10,317</b>	<b>7,124</b>	<b>-</b>	<b>451</b>	<b>5,449</b>	<b>206</b>	<b>12,443</b>	<b>30,196</b>

**Note:** The above summary of contribution plans represents the total of Council's individual contribution plans. Individual plan details are shown below. Funds expended in advance relate to plan projects but have been provided for from Council funds and are not shown as expended during the year until the corresponding contribution is received during the reporting period.

#### CONTRIBUTION PLAN - 1

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	EXPENDED IN ADVANCE \$'000	HELD AS RESTRICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Drainage	113	57	-	7	6	24	171	169
Roads	2,895	752	-	136	851	179	2,932	5,625
Parking	148	271	-	10	18	-	411	984
Open Space	986	174	-	47	24	-	1,183	473
Community facilities	2,285	627	-	109	223	3	2,798	1,754
Other	2,663	1,100	-	142	202	-	3,703	3,474
<b>Total</b>	<b>9,090</b>	<b>2,981</b>	<b>-</b>	<b>451</b>	<b>1,324</b>	<b>206</b>	<b>11,198</b>	<b>12,479</b>



# **SHOALHAVEN CITY COUNCIL**

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2003**

### **Note 18 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION**

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

#### **HIH Insurance**

Up to 16 March 2001 Council had the following insurance coverage insured or re-insured with a member of the HIH Insurance group of companies;

- Workers Compensation - Excess Loss - over \$450K

At reporting date Council is not aware of any claims exceeding the excess.

#### **Statewide Mutual**

Council is a member of Statewide Mutual, a mutual scheme providing liability insurance to local government.

Council has been advised that the Scheme has significant losses, partly resulting from the collapse of the HIH group of companies. Council's share of the losses at 30 June 2003 is \$704K. Council's share of losses at 30 June 2002 was \$1,525K.

Council has not recognised any part of the losses experienced by Statewide Mutual because;

- Part of the liability at 30 June 2003 only applies if Council chooses to withdraw from the scheme.
- Statewide have anticipated that existing losses may be recouped from future operational surpluses prior to recovery from Councils. Statewide has been able to generate a significant

#### **Land Assets**

At the balance date of 30 June 2003 there were contributions of land dedicated to Council which have not been brought to account as they could not be reliably measured. On receipt of valuation information these assets will be brought to account in future periods.

# millington SBS

Chartered Accountants & Business Advisors

## INDEPENDENT AUDIT REPORT TO SHOALHAVEN CITY COUNCIL

### Scope

We have audited the general purpose financial report of the Shoalhaven City Council for the financial year ended 30 June 2003, comprising the Council Certificate, Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to and forming part of the Principal Financial Statements on pages to . The financial statements include the consolidated accounts of the economic entity comprising the Council and the entities it controlled at the year's end or from time to time during the year. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to Council. In respect of the original budget figures disclosed in the Statement of Financial Performance and in Note 2 (a), and proposed timing of expenditure in Note 6(b), we have not examined the underlying basis of their preparation.

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

The audit opinion expressed in this report has been formed on the above basis.

### Audit Opinion

In our opinion:

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13, Part 3, Division 2; and
- (b) the Council's general purpose financial report:
  - (i) has been prepared in accordance with the requirements of this Division;
  - (ii) is consistent with the Council's accounting records;
  - (iii) presents fairly the Council's financial position and the results of its operations;
  - (iv) is in accordance with Australian accounting standards and other professional reporting requirements.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial reports that we have become aware of in the course of the audit.

*Millington SBS*

**MILLINGTON SBS**  
Chartered Accountants

*Carl Millington*

**Carl Millington**  
Principal

Date: 2 October 2003

Specialised Business Solutions

Liability limited by, and to the extent of, the  
Accountant's Scheme under the Professional  
Standards Act 1994 (NSW)

## SHOALHAVEN CITY COUNCIL

### INDEPENDENT AUDITOR'S REPORT ON THE CONDUCT OF THE AUDIT OF COUNCIL FOR THE YEAR ENDED 30 JUNE 2003

(Section 417(3) Local Government Act, 1993)

In accordance with the requirement of the Local Government Act, 1993, we provide this report on the conduct of the audit for the year ended 30 June 2003.

#### Audit Scope

In our audit report prepared in accordance with Section 417(1) of the Act, we directed Council's attention to the fact that the responsibility for the preparation of the financial reports, including adequate disclosure, is that of Council. This includes the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, and the safeguarding of the assets of Council.

Our audit, which was conducted to provide reasonable assurance of detecting material misstatements in the financial statements, accorded with Australian Auditing Standards and statutory requirements, and we:

- evaluated the accounting policies and significant accounting estimates used by the Council in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Council had failed in its reporting obligations.

Our opinion does *not* provide assurance:

- about the future viability of the Council,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

In accordance with the requirements of the Act we have conducted an independent audit of the financial statements in order to express an opinion on them and now, in accordance with section 417(3) of the Act, provide further comment on the conduct of our audit.

## Financial Performance

### Result for 2003

The statement of financial performance discloses that Council's activities for the 2003 year resulted in a surplus from all activities of \$30.797M (2002 – surplus of \$33.206M).

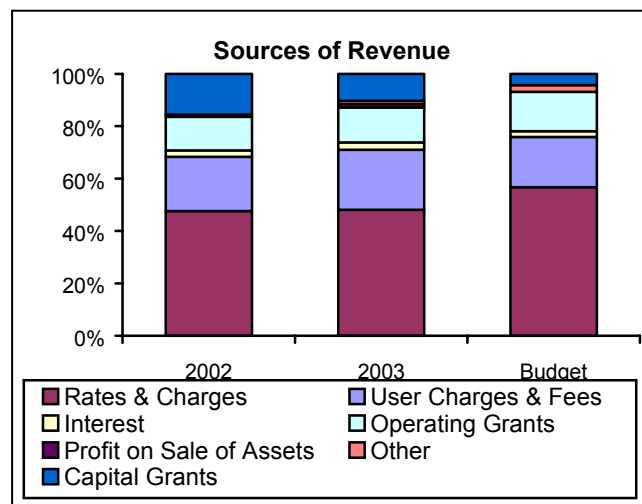
The consolidated result for the year ended 30 June 2003 was comprised of the following:

2002 \$'000		2003 \$'000	Budget \$'000
32,817	Surplus before capital amounts and depreciation	38,252	30,609
20,196	Revenue provided for capital purposes	13,834	4,898
53,013	Surplus before depreciation	52,086	35,507
19,807	Depreciation charge for year	21,289	20,167
33,206	Surplus from all activities	30,797	15,340

Significant variations from the original budget are disclosed in detail in Note 16 to the financial statements with material variations in employee costs, borrowing costs, user charges and fees, and capital grants and contributions received, being the major items.

### Revenue

The majority of Council's revenue is derived from rates and charges, fees, and grants and contributions, illustrated in the following graph:



### Rates and annual charges

Rates and annual charges represent approximately 48.1% of Council's total revenue in 2003 compared with 47.7% in 2002.

Total revenue derived from rates and annual charges amounted to \$64.676M and represented an increase of 4.65% on 2002. This increase resulted from a 5.07% increase in ordinary rates revenue, \$595K raised from the bushfire levy, and an increase of 2.59% in revenue raised from annual charges.

### Grants and Contributions Received

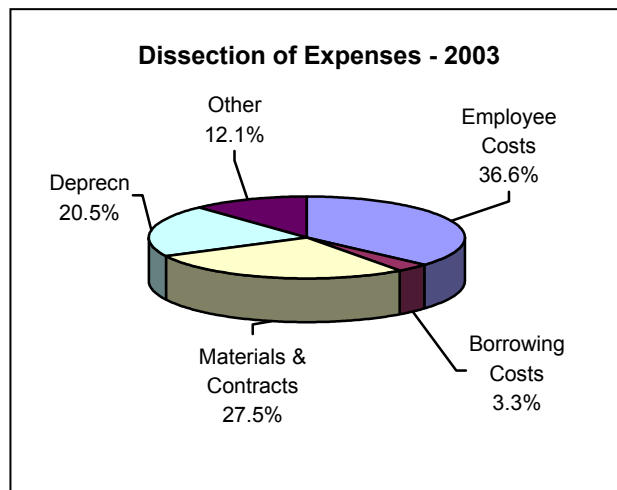
During 2003 Council received operating grants and contributions totalling \$17.894M (\$16.737M in 2002), and capital grants and contributions amounting to \$13.834M (\$20.196M in 2002) representing 23% of Council's total revenue for the year. Of total

grants and contributions received, \$1.516M represented contributions not involving the receipt of cash by Council.

### *Expenses from Ordinary Activities*

Expenses from Council's ordinary activities totalled \$103.625M compared with \$96.501M in 2002. Council's original budget for the year provided for total expenditure of \$99.539M with the actual expenses representing a 4.1% variation from budget.

The following graph provides a graphical dissection of expenses for the 2003 year:



### *Employee Costs*

Whilst the percentage that employee costs represented to total operating expenses remained similar to the previous year, the total expense increased by 9.3%. This resulted from a combination of the retirement of several long serving employees and Council assuming responsibility for the Aquatic Centres in September 2002. The impact of these events has been reported in Note 16 to the financial

statements. As a result, Council's salaries and wages increased by \$1.501M, employee leave entitlements increased by \$1.250M, whilst the cost of workers compensation insurance decreased by \$959K.

### *Depreciation*

The amount calculated and charged for the depreciation of non-current assets totalled \$21.289M representing 20% of total expenses from ordinary activities. This compares with \$19.807 and 20% in 2002.

## **Financial Position as at 30 June 2003**

### *Council Equity*

Net Assets at 30 June 2003 totalled \$1,051M (2002 - \$1,020M), whilst Council's working capital position, calculated by reference to the current assets and current liabilities disclosed on the Statement of Financial Position, amounted to \$22,361M (2002 - \$16,605M).

### *Impact of Internal and External Restrictions*

At 30 June 2003 Council had sufficient net current assets to cover the external restrictions placed on those assets (primarily for water and sewerage operations and developer contributions), but internal restrictions on cash assets exceeded the calculated level of general operations working capital, as illustrated in the following table:

	<b>2003 \$'000</b>	<b>2002 \$'000</b>	<b>2001 \$'000</b>
<b>Total Current Assets</b>	55,805	54,448	50,812
Less: Externally Restricted Assets	31,237	26,423	23,646
<i>Unrestricted Current Assets</i>	24,568	26,655	27,166
<b>Total Current Liabilities</b>	33,444	37,843	34,452
Less: Liabilities Related to Restricted Assets	16,079	13,172	9,845
	17,365	24,671	24,607
<b>Net Current Assets</b>	7,203	1,984	2,559
Less: Internal Restrictions (net of related liabilities)	10,924	5,922	8,207
<b>Unrestricted Net Current Assets</b>	<b>-3,721</b>	<b>-3,938</b>	<b>-5,648</b>

The negative unrestricted net current asset figure represents the deficiency of net current assets in Council's general operations (referred to internally as General Fund), suggesting that future operations may need to be funded from operating surpluses, sale of assets, or utilisation of internal restrictions.

At 30 June 2003 Council's bank overdraft facility of \$400K had not been utilised.

#### *Funding 2004 Operations*

An analysis of the Management Plan and comparison with the financial position of Council at 30 June 2003 indicates that, after adding back depreciation of non-current assets, and taking into consideration planned borrowings and anticipated capital expenditure, there is sufficient provision for the funding of 2004 operations.

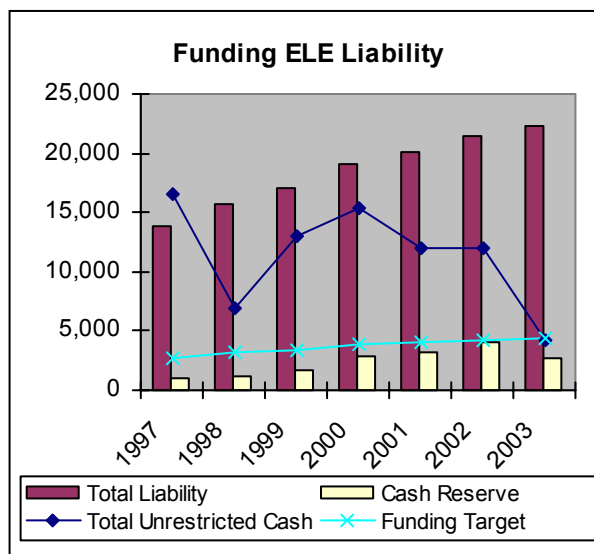
However, not included in this analysis is the impact of revoted expenditure for projects not completed in 2003 requiring funding from 2004 operations if completed in that year. Of the \$19.9M revoted, \$3.015M will need to be funded from unrestricted cash. As the 2004 budget provides for a minimal surplus, the impact of completing these revoted projects could be to increase the deficiency in Unrestricted Net Current Assets, or require utilisation of funds internally reserved for other purposes. It is strongly recommended that Council consider revising its planning and budgeting process to ensure that revotes are incorporated into the Management Plan and proposed operations for coming years, with the objective of reducing the level of carry over works and improving the Unrestricted Net Current Asset balance in future years.

#### *Employee Leave Entitlements*

Council's total liability for employee leave entitlements increased by 3.77% in 2002 to a total of \$22.290M. Cash assets representing 12.13% (2002 – 19.24%) of this liability have been restricted to fund any unforeseen or substantial payouts. The decrease in ELE funding resulted primarily from large payouts made during the 2003 year.

Council's history of ELE funding is illustrated in the following graph:

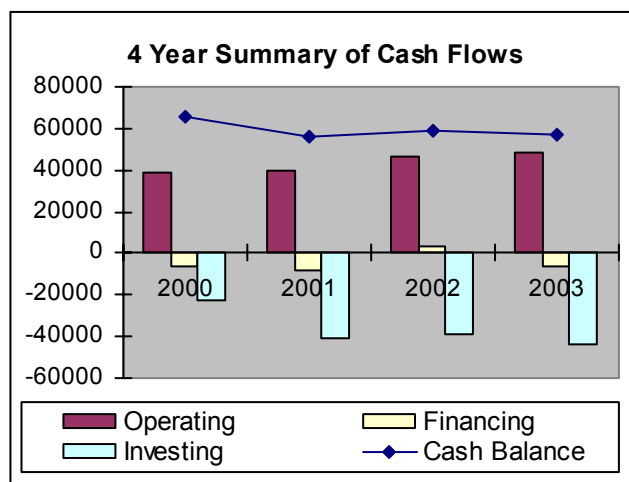
Since 1997, Council's total liability for leave entitlements has continued to increase. The cash restricted to fund unexpected or excessive payments has gradually increased as a percentage of the total liability, with the total for 2002 almost reaching 20%. However, with the payouts made in 2003, the amount reserved has fallen to 12.13% which is substantially below a suggested funding target of 20% of the total liability. The decrease in unrestricted cash is also disclosed on the graph and further illustrates the need to continue increasing the funding level for employee leave entitlements.



## 2003 Cash Flows

### *Net Cash Flows for Year*

Council's total cash assets (as defined in current standards and regulations) decreased by \$1.499M as a result of all activities in the 2003 year. This result was a combination of \$48.311M provided from operating activities, \$43.234M used in investing activities, and \$6.576M used in financing activities. The cash balances disclosed on this statement do not include investment securities, as these are not deemed to be cash readily available to fund



Council's day-to-day operations. Movements in Council's non-cash investment securities are disclosed as investing activities on the Statement of Cash Flows with the net increase for the year being \$10.134M

### *Assessment of Cash Assets and Investment Securities*

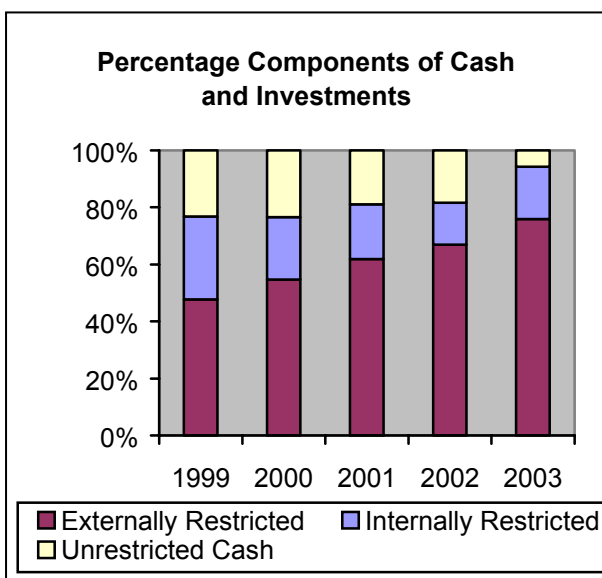
The total of cash assets and investment securities at 30 June 2003 was \$74.260M, of which \$17.905M was not subject to external restrictions. Of this

amount, Council has identified specific uses for \$13.628M disclosed as internal restrictions. However, consideration should also be given to our previous comments regarding revoted expenditure requiring funding from unrestricted cash, which could further reduce the amount of cash available for funding future operations.

The components of cash and investment securities has changed over the last 5 years with externally restricted cash increasing as a percentage of total cash and investments. Council's decision during the 2003 year to replace the bank guarantee for workers compensation self insurance with a term deposit further reduced unrestricted cash by \$2.967M. The combination of increases in external and internal restrictions has reduced

the level of unrestricted cash to below 6% of the total.

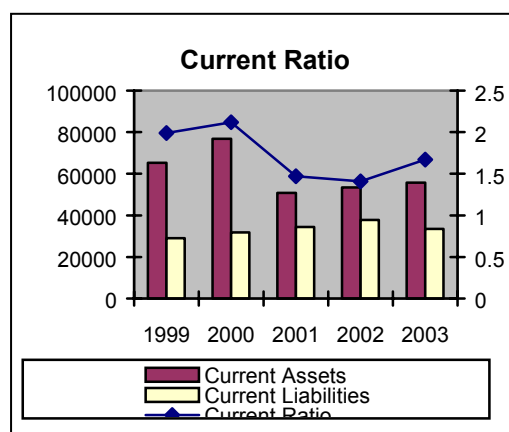
This following graph illustrates the changing nature of Council's cash and investments, and the proportion that is subject to externally and internally imposed restrictions on its use. The components of Council's cash assets has an effect on future planning, and a continuation of this trend could require Council to consider the utilisation of assets held for specific purposes.



## Performance Indicators and Trends

### 1. Current Ratio

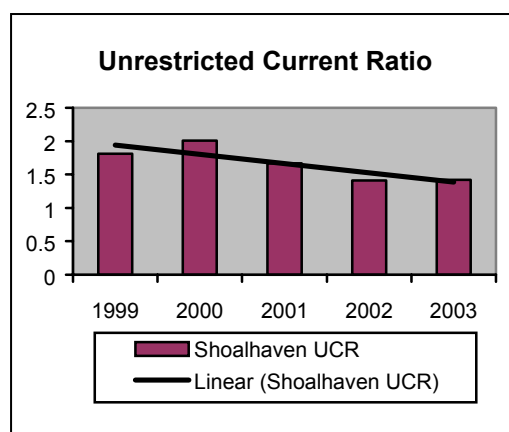
Council's ratio of 1.67:1 is below industry better practice guidelines but demonstrates an improvement on prior years.



### 2. Unrestricted Current Ratio

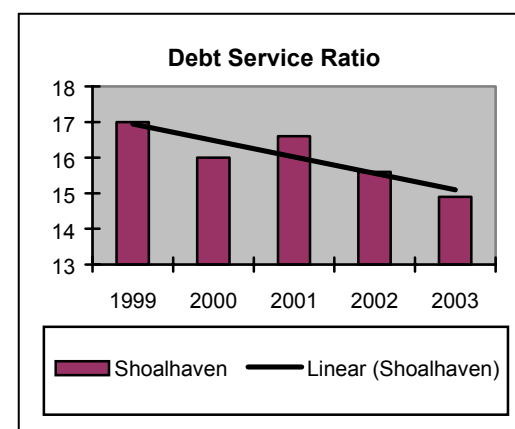
This indicator has improved slightly on the previous year, with the actual result, i.e. 1.42:1 being within the acceptable range and indicates that Council currently has sufficient assets to meet its liabilities as and when they fall due.

The apparent overall downward trend in this ratio is directly related to the increasing amount of cash and investments subject to restrictions, and should be monitored closely by Council.



### 3. Debt Service Ratio

Council's ratio of 14.9% (2002 – 15.6%) is slightly higher than comparative councils,



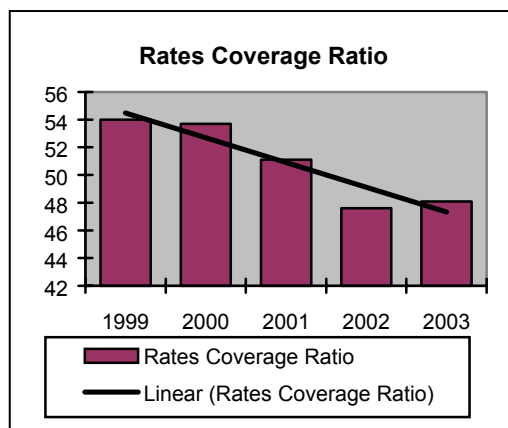


however the recent downward trend in this indicator demonstrates the effect of the Council's intentional loan reduction programme, and is consistent with Councils responsible for the provision of infrastructure works such as water and sewer services.

#### 4. Rates and Annual Charges Coverage Ratio

Council's rates and annual charges revenue represents 48.1% of total revenue, which is lower than the overall State average, and is a continuation of the downward trend experienced in recent years.

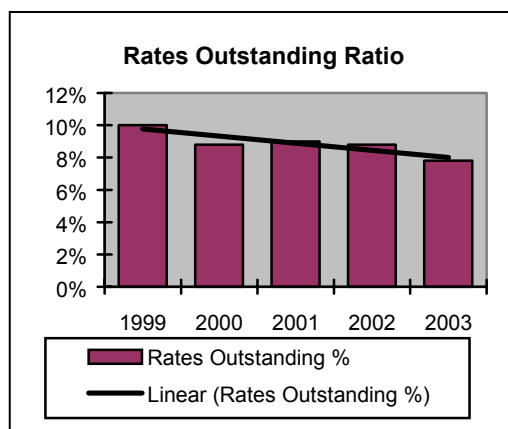
As this ratio is related to total revenue, large increases in capital grants and contributions, particularly non-cash contributions, can have a significant impact on the result. The following graph includes revenue adjusted for non-cash contributions for capital purposes to give a better indication of the reliance on rate revenue as a source of recurrent income.



#### 5. Rates and Annual Charges Outstanding Percentage

The amount of rates uncollected at year end expressed as a percentage of the total rates and annual charges collectible was 7.8% and continued the improvement experienced in 2002.

The result is impacted by Council's pensioner policy and is above industry better practice guidelines of approximately 5%.



### Other Matters

#### Statewide Mutual

Note 18 to the financial statements refers to Council's membership of Statewide Mutual, a mutual scheme providing public liability insurance to local government. As a result of the

collapse of the HIH insurance group, the accumulated losses of Statewide increased significantly, and raised the possibility that each member council may have to make a contribution towards recoupment of the losses.

Council has not recognised this potential liability (other than in Note 18) as the amount of the debt (2003 - \$704K) cannot be reliably measured and, based on information provided by the Statewide Fund Manager, there is no certainty that Council will be called upon to satisfy their proportion of debt identified at 30 June 2003.

As Council's share of Statewide losses is considered to be immaterial when measured against total liabilities at 30 June 2003, and as full disclosure of the situation has been made in Note 18, we do not believe that any users of the financial report will be misled or disadvantaged in any way by the non-inclusion of the liability in Note 10.

#### *Conduct of the audit*

During the conduct of our audit, a number of issues arose that required additional explanation and investigation, however, we are able to report that all such issues have been appropriately attended to and there are no matters of audit significance that require mention in this report.

#### **Audit Conclusion**

As a result of our audit we advise that no material deficiencies in the accounting records or financial reports have come to our attention during the conduct of the audit, and that Council's accounting records have been kept accurately and conscientiously and in accordance with requirements of the Local Government Act, 1993, and Regulations.

The general purpose financial report and special purpose financial report of Council for the year ended 30 June 2003 has been prepared in accordance with the Australian Accounting Standards, the Local Government Code of Accounting Practice and Financial Reporting (Update 11) and the Asset Accounting Manual.

Yours faithfully  
**millington SBS**

2 October 2003



Carl Millington  
Principal

**Mob: 0414 365 772**  
**Email: [carl@msbs.com.au](mailto:carl@msbs.com.au)**

# SHOALHAVEN CITY COUNCIL

## Special Purpose Financial Reports And Special Schedules

for the year ended 30th June 2003

### TABLE OF CONTENTS

#### Page

#### **SPECIAL PURPOSE FINANCIAL REPORTS**

##### **Council Certificate**

P1

##### **Special Purpose Financial Statements**

Operating Statement By Business Activity

P2

Statement of Financial Position by Business Activity

P3

##### **Notes to, and forming part of, the Special Purpose Financial Statements**

Note 1 - Significant Accounting Policies

P4 - P6

##### **Auditors Report**

#### **SPECIAL SCHEDULES (*not audited*)**

Special Schedule 1 - Net Cost of Services

S1-S2

Special Schedule 2 (1) - Statement of Long Term Debt (All Purpose)

S3

Special Schedule 2 (2) - Statement of Internal Loans

S3

Special Schedule 3 - Water Supply Operations

S4-S5

Special Schedule 4 - Water Supply - Net Assets Committed

S6

Special Schedule 5 - Sewerage Services Operations

S7-S8

Special Schedule 6 - Sewerage Services - Net Assets Committed

S9

Special Schedule 7 Condition of Public Works

S10-S12

## COUNCIL OF THE CITY OF SHOALHAVEN

### STATEMENT BY THE COUNCIL ON THE SPECIAL PURPOSE FINANCIAL REPORTS FOR THE PERIOD ENDED 30 JUNE 2003.

In accordance with the provisions of Section 413 of the Local Government Act, 1993 and Clause 22 of the Local Government (Financial Management) Regulations 1993, the Council at a duly convened meeting held on 23 September 2003 resolved to make the following statement on its Special Purpose Financial Reports for the period ended 30 June 2003.

#### Statement:

In the opinion of the members of Council: -

- a) The Councils Special Purpose Financial Reports have been drawn up in accordance with: -
  - The Local Government Code of Accounting Practice and Financial Reporting; and,
  - The Local Government Asset Accounting Manual; and,
  - The Australian Accounting Standards.
- b) The Special Purpose Financial Reports give a true and fair view of Council's financial position as at 30 June 2003 and the operating result for the period ended 30 June 2003, and;
- c) The Special Purpose Financial Reports are in accordance with the Councils accounting and other records, and;
- d) The signatories to this statement do not know of anything that would make those reports false or misleading in any way.

Mayor

  
Greg Watson

Councillor

  
Shelley Hancock

General Manager

  
Russ Pegg

Responsible Accounting Officer

  
Peter Dun

## SHOALHAVEN CITY COUNCIL

**OPERATING STATEMENT OF BUSINESS ACTIVITIES**  
for the year ended 30th June 2003

for the year ended 30th June 2009												
BUSINESS ACTIVITIES												
Water \$'000			Sewer \$'000		Holiday Haven \$'000		Cemeteries \$'000		Mechanical Services \$'000		Electrical Services \$'000	
2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	
EXPENSES FROM ORDINARY ACTIVITIES												
Employee Costs	3,540	3,199	2,062	1,773	165	421	333	328	1,552	1,430	926	908
Materials & Contracts	2,323	2,190	3,023	2,517	3,274	3,307	151	129	556	481	400	165
Borrowing Costs	639	846	873	1,236	204	246	114	147	-	-	-	-
Depreciation & Amortisation	3,640	3,525	4,370	3,704	1,039	854	69	62	15	20	-	-
Other Operating Expenses	2,585	2,897	6,516	6,385	2,958	2,957	659	571	898	817	636	460
Loss on Disposal of Assets	3	13	12	-	-	-	-	-	-	-	-	-
NCP Imputation Payments	47	35	60	80	62	66	4	4	93	89	56	56
TOTAL	12,777	12,705	16,916	15,695	7,702	7,851	1,330	1,241	3,114	2,837	2,018	1,589
REVENUES FROM ORDINARY ACTIVITIES												
Rates & Annual Charges	9,002	8,848	19,504	18,948	-	-	-	-	-	-	-	-
User Charges & Fees	4,833	4,355	1,199	1,236	11,358	10,500	893	835	2,963	2,595	1,966	1,470
Interest Received	955	464	390	111	-	-	-	-	-	-	-	-
Grants & Contributions - Operating	520	514	466	466	-	-	-	-	-	-	-	-
Other Operating Revenues	1,475	1,660	1,400	2,083	-	-	-	-	-	-	-	-
Profit on Disposal of Assets	-	-	-	264	-	-	-	-	-	-	-	-
TOTAL	16,785	15,841	22,959	23,108	11,358	10,500	893	835	2,963	2,595	1,966	1,470
ORDINARY ACTIVITIES RESULT BEFORE CAPITAL AMOUNTS												
	4,008	3,136	6,043	7,413	3,656	2,649	(437)	(406)	(151)	(242)	(52)	(119)
Grants & Contributions - Capital	2,450	1,894	3,364	7,996	-	-	-	-	-	-	-	-
SURPLUS (DEFICIT) BEFORE TAX	6,458	5,030	9,407	15,409	3,656	2,649	(437)	(406)	(151)	(242)	(52)	(119)
Corporate Taxation Equivalent	1,202	941	1,813	2,224	1,097	795	-	-	-	-	-	-
SURPLUS (DEFICIT) FOR YEAR	5,256	4,089	7,594	13,185	2,559	1,854	(437)	(406)	(151)	(242)	(52)	(119)
Add: Accumulated Profits brought forward	160,243	155,178	180,009	164,520	18,056	15,341	1,434	1,836	6	159	16	79
NCP Imputation Payments retained	1,249	976	1,873	2,304	1,159	861	4	4	93	89	56	56
Less: Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-
ACCUMULATED SURPLUS	166,748	160,243	189,476	180,009	21,774	18,056	1,001	1,434	(52)	6	20	16
RATE OF RETURN ON CAPITAL												
NOTIONAL SUBSIDY FROM COUNCIL	2.94% 0	2.57% 0	3.54% 0	4.48% 0	17.79% 0	14.01% 0	NIL 586	NIL 446	NIL 171	NIL 246	NIL 58	NIL 122

This Statement is to be read in conjunction with the attached Notes.

## SHOALHAVEN CITY COUNCIL

STATEMENT OF FINANCIAL POSITION by BUSINESS ACTIVITIES  
for the year ended 30th June 2003

BUSINESS ACTIVITIES												
Water \$'000		Sewer \$'000		Holiday Haven \$'000		Cemeteries \$'000		Mechanical Services \$'000		Electrical Services \$'000		
2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	
CURRENT ASSETS												
Cash Assets	9,341	8,238	7,740	5,983	3,161	555	(1,121)	(12)	(206)	(161)	(18)	(49)
Receivables	2,207	2,546	2,494	3,055	585	609	141	174	113	78	13	7
Inventories	1	-	-	-	-	-	-	-	-	-	-	-
Other	110	-	5	-	26	-	-	-	-	-	-	-
TOTAL CURRENT ASSETS	11,659	10,784	10,239	9,038	3,772	1,164	(980)	162	(93)	(83)	(5)	(42)
NON-CURRENT ASSETS												
Cash Assets	11,349	9,025	4,959	6,903	-	-	-	-	-	-	-	-
Property, Plant & Equipment	157,874	155,064	195,531	193,090	21,695	20,658	3,640	3,178	93	120	58	66
TOTAL NON-CURRENT ASSETS	169,223	164,089	200,491	199,993	21,695	20,658	3,640	3,178	93	120	58	66
TOTAL ASSETS	180,882	174,873	210,730	209,031	25,467	21,822	2,660	3,340	-	37	53	24
CURRENT LIABILITIES												
Payables	6,930	4,988	2,575	5,802	145	101	35	11	52	31	33	8
Interest Bearing Liabilities	1,854	2,438	3,417	4,540	553	532	287	270	-	-	-	-
TOTAL CURRENT LIABILITIES	8,784	7,426	5,992	10,342	698	633	322	281	52	31	33	8
NON-CURRENT LIABILITIES												
Interest Bearing Liabilities	5,350	7,204	15,262	18,680	2,995	3,133	1,337	1,625	-	-	-	-
TOTAL NON CURRENT LIABILITIES	5,350	7,204	15,262	18,680	2,995	3,133	1,337	1,625	-	-	-	-
TOTAL LIABILITIES	14,134	14,630	21,254	29,022	3,693	3,766	1,659	1,906	52	31	33	8
NET ASSETS	166,748	160,243	189,476	180,009	21,774	18,056	1,001	1,434	(52)	6	20	16
EQUITY												
Accumulated Surplus	166,748	160,243	189,476	180,009	21,774	18,056	1,001	1,434	(52)	6	20	16
TOTAL EQUITY	166,748	160,243	189,476	180,009	21,774	18,056	1,001	1,434	(52)	6	20	16

This Statement is to be read in conjunction with the attached Notes

# SHOALHAVEN CITY COUNCIL

## NOTES TO THE SPECIAL PURPOSE FINANCIAL REPORTS

For the year ended 30<sup>th</sup> June 2003

### Note 1

#### SIGNIFICANT ACCOUNTING POLICIES

A Statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Reports for National Competition Policy reporting purposes follows.

These financial statements are statements prepared for use by the Council and Department of Local Government. For the purpose of these financial statements, the Council is not a reporting entity.

The financial statements have been prepared in accordance with the requirements of the following applicable Accounting Standards and other mandatory professional reporting requirements:

- AAS1 Profit and Loss or other Operating Statements
- AAS2 Inventories
- AAS4 Depreciation
- AAS5 Materiality
- AAS8 Events Occurring after Balance Date
- SAC1 Definition of a Reporting Entity.

No other applicable Accounting Standards or mandatory professional reporting requirements have been applied.

The financial statements are also prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Special Purpose Financial Reports include transactions between each of the business units and other areas of Council (examples of transactions include loans between units, rates, and water charges). For the purposes of preparing the General Purpose Financial Reports these transactions are eliminated. For this reason the assets reported for the Water and Sewer business units will not reconcile to Note 9 – Restricted Property, Plant and Equipment of the General Purpose Financial Reports.

#### **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 of Costing for Council Business A Guide to Competitive Neutrality"* issued by the Department 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 & Costing for Council Businesses - A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

#### Category 1

Name	Brief Description of Activity
Shoalhaven Water – Water	Water Supply
Shoalhaven Water – Sewer	Sewerage Services
Holiday Haven	Caravan Park Operations
Shoalhaven Mechanical Services	Mechanical Services

#### Category 2

Name	Brief Description of Activity
Shoalhaven Memorial Gardens	Cemetery and Crematorium Services
Electrical Technology Services	Electrical Services

### **Taxation Equivalent Payments**

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations (General Purpose Financial Report) just like all other costs. However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council nominated business activities and are reflected in the Special Purpose Financial Reports. 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 Tax Rate	30%
Land Tax	\$100 plus 1.7% where land value exceeds \$196,000
Stamp Duty (Mortgage)	\$5 plus \$4 for every \$1,000 over \$16,000 (per loan)
Payroll Tax	6.0%

### **Income Tax**

An income tax equivalent has been applied on the profits of each 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 (Operating Result 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 for the reporting period.

Income Tax is only applied where a positive Operating Result before Capital Amounts has been achieved. Since the 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 the General Purpose Financial Reports. The rate applied of 30% is the equivalent company tax rate prevalent as at balance date.

### **Local Government Rates and Charges**

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

### **Loan and 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 is required to determine what the differential borrowing rate would have been between the commercial rate and the Council's borrowing rate for its business activities. It has been decided that there is no differential and therefore no debt guarantee fees are included in the SPFR.



## **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. The overall effect of subsidies is contained within the Operating Statement by Business Activities. The calculation of subsidies is shown below.

## **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". Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is 2% for Shoalhaven Water and 10% for all other Business Activities.

The Rate of Return and calculation of the subsidy by Council for year ended 30 June 2003 is calculated as follows:

	Water	Sewer	Holiday Haven	Cemetery	Workshop	Electrical
Return Required %	2%	2%	10%	10%	10%	10%
Assets (\$'000)	180,882	210,730	22,307	3,781	205	71
Interest Costs (\$'000)	639	873	204	114	0	0
Return Required less interest (\$'000)	2,979	3,342	2027	264	21	7
Actual Return excl. interest (\$'000)	4,647	6,916	3,860	(322)	(151)	(51)
Actual Return %	2.94%	3.54%	17.79%	0	0	0
Subsidy (\$'000)	0	0	0	586	171	58

## **Dividends**

Council is not required to pay dividends to either itself as owner of a range of businesses or to any external entities. Consequently, any form of dividend payment is purely notional. Dividend payments to Council are also restricted to those activities that do not levy special rates or charges (water, sewer, domestic waste management).

Council operates the following restricted activities - water supplies, sewerage services and Domestic Waste Management (DWM). The Local Government Act 1993 requires that all operating surpluses or deficits of these funds are credited/debited to the equity of those funds.

## **Adjustment for Equity in Operating Statement**

A complete trial balance is not maintained for the following business activities; Holiday Haven, Workshop, Cemetery and Electrical. Those accounts that are maintained have been reported accordingly. The Equity is determined by reference to the Statement of Financial Position and the Accumulated Profits brought forward in the Operating Statement is adjusted accordingly.



# millington SBS

Chartered Accountants & Business Advisors

## INDEPENDENT AUDIT REPORT TO SHOALHAVEN CITY COUNCIL Year Ended 30 June 2003

### Scope

We have audited the attached financial report, being a special purpose financial report, of the Shoalhaven City Council for the financial year ended 30 June 2003, comprising the Council Certificate, Statement of Financial Performance by Business Activity, Statement of Financial Position by Business Activity, and accompanying notes to the special purpose financial statements. The financial statements include the accounts of the declared business activities of the Council. The Council is responsible for the financial report and has determined that the accounting policies used and described in Note 1 to the financial reports are appropriate to their needs. We have conducted an independent audit of the financial report in order to express an opinion on it to Council. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate to the needs of the Council.

The special purpose financial report has been prepared for distribution to the Council and the New South Wales Department of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this audit report or on the financial report to which it relates to any person other than the Council or the New South Wales Department of Local Government, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note 1 to the financial statements. These policies do not require the application of all Accounting Standards and UIG Consensus Views.

The audit opinion expressed in this report has been formed on the above basis.

### Audit Opinion

In our opinion, the special purpose financial report of the Shoalhaven City Council for the year ended 30 June 2003 presents fairly in accordance with the requirements of Australian accounting standards described in Note 1 to the special purpose financial report and the Local Government Code of Accounting Practice and Financial Reporting.

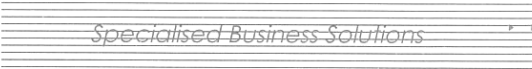


MILLINGTON SBS  
Chartered Accountants



Carl Millington  
Principal

Date: 2 October 2003



Specialised Business Solutions

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Standards Act 1994 (NSW)

# SHOALHAVEN CITY COUNCIL

## SPECIAL SCHEDULE NO 1 NET COST OF SERVICES for the year ended 30th June 2003

\$'000

Function or Activity	OPERATING EXPENSES		OPERATING REVENUES			NET COST OF SERVICES	
	Expenses	Group Totals	Revenues - Ord. Activities	Capital Rev. Ord. Activities	Group Totals	Net Cost	Group Totals
<b>GOVERNANCE</b>	610		0	0		( 610)	
		610			0		( 610)
<b>ADMINISTRATION</b>							
Corporate Support	17,458		3,789	44		( 13,625)	
Engineering & Works	6,366		481	0		( 5,885)	
		23,824			4,314		( 19,510)
<b>PUBLIC ORDER &amp; SAFETY</b>							
Fire Protection - Other	2,302		2,145	324		167	
Animal Control	352		173	0		( 179)	
Beach Control	249		2	0		( 247)	
Enforcement of Local Govt Regulations	613		280	0		( 333)	
Emergency Services	97		25	200		128	
Other	99		2	0		( 97)	
		3,712			3,151		( 561)
<b>HEALTH</b>							
Administration & Inspection	771		90	0		( 681)	
Immunisations	22		17	0		( 5)	
Food Control	0		50	0		50	
Noxious Plants	183		148	0		( 35)	
Health Centres	1		10	0		9	
Other	0		6	0		6	
		977			321		( 656)
<b>COMMUNITY SERVICES &amp; EDUCATION</b>							
Administration	40		0	0		( 40)	
Family Day Care	1,378		1,412	0		34	
Child Care	32		0	264		232	
Youth Services	103		45	0		( 58)	
Aged & Disabled	120		26	74		( 20)	
Aboriginal Services	187		203	0		16	
Other Community Services	44		24	0		( 20)	
Education	35		7	1		( 27)	
		1,939			2,056		117
<b>HOUSING &amp; COMMUNITY AMENITIES</b>							
Town Planning	1,380		401	84		( 895)	
Domestic Waste Management	1,707		7,256	0		5,549	
Other Waste Management	5,777		2,980	37		( 2,760)	
Street Cleaning	273		0	0		( 273)	
Other Sanitation & Garbage	442		0	0		( 442)	
Urban Stormwater Drainage	604		0	68		( 536)	
Environmental Protection	2,771		690	131		( 1,950)	
Public Cemeteries	685		893	0		208	
Public Conveniences	564		0	2		( 562)	
Other Community Amenities	40		0	0		( 40)	
		14,243			12,542		( 1,701)

# SHOALHAVEN CITY COUNCIL

## SPECIAL SCHEDULE NO 1 - NET COST OF SERVICES (cont)

Function or Activity	OPERATING EXPENSES		OPERATING REVENUES			NET COST OF SERVICES	
	Expenses	Group Totals	Revenues - Ord. Activities	Capital Rev. Ord. Activities	Group Totals	Net Cost	Group Totals
<b>WATER SUPPLIES</b>	11,400		16,059	2,450		7,109	
		11,400			18,509		7,109
<b>SEWERAGE SERVICES</b>	11,061		22,455	3,364		14,758	
		11,061			25,819		14,758
<b>RECREATION &amp; CULTURE</b>							
Public Libraries	1,506		373	58		( 1,075)	
Museums	4		3	0		( 1)	
Community Centres	11		46	543		578	
Public Halls	441		107	0		( 334)	
Other Cultural Services	187		25	120		( 42)	
Swimming Pools	3,576		1,995	30		( 1,551)	
Sporting Grounds	1,006		59	907		( 40)	
Parks & Gardens, Lakes	1,063		80	186		( 797)	
Other Sport & Recreation	532		172	153		( 207)	
		8,326			4,857		( 3,469)
<b>MINING, MANUFACTURING &amp; CONSTRUCTION</b>							
Building Control	3,075		2,828	0		( 247)	
Quarries & Pits	222		0	0		( 222)	
		3,297			2,828		( 469)
<b>TRANSPORT &amp; COMMUNICATION</b>							
Urban Roads: Local	5,235		1,468	932		( 2,835)	
Urban Roads: Regional	48		3	20		( 25)	
Sealed Rural Roads: Local	1,489		0	255		( 1,234)	
Sealed Rural Roads: Regional	909		320	280		( 309)	
Unsealed Rural Roads: Local	2,081		0	394		( 1,687)	
Unsealed Rural Roads: Regional	18		0	1,567		1,549	
Bridges - Urban Roads: Local	175		0	73		( 102)	
Bridges - Sealed Rural Roads: Local	61		0	0		( 61)	
Bridges - Sealed Rural Roads: Regional	162		0	276		114	
Footpaths	533		6	56		( 471)	
Parking Areas	107		4	380		277	
Bus Shelters & Services	90		0	22		( 68)	
Water Transport	474		0	41		( 433)	
RTA Works - State Roads	196		0	169		( 27)	
Street Lighting	1,031		59	0		( 972)	
Other	1,917		197	150		( 1,570)	
		14,526			6,672		( 7,854)
<b>ECONOMIC AFFAIRS</b>							
Caravan Parks	5,880		10,948	178		5,246	
Tourism & Area Promotion	1,089		161	0		( 928)	
Industrial Development Promotion	698		1,225	0		527	
Real Estate Development	504		1,354	0		850	
Other Business Undertakings	1,539		964	0		( 575)	
		9,710			14,830		5,120
<b>TOTALS - FUNCTIONS</b>		103,625			95,899		( 7,726)
<b>General Purpose Revenues</b>			38,523	0			38,523
<b>SURPLUS FROM ALL ORDINARY ACTIVITIES</b>							30,797

## SHOALHAVEN CITY COUNCIL

### SPECIAL SCHEDULE NO 2 (1) STATEMENT OF LONG TERM DEBT (ALL PURPOSE) for the year ended 30th June 2003

\$'000

Classification of Debt	Principal Outstanding at beginning of year			New Loans Raised	Debt Redemption		Tfrs to Sinking Funds	Interest applicable for year	Principal outstanding at end of year		
	Current	Non-Current	Total		From Revenue	Sinking Funds			Current	Non-Current	Total
<b>LOANS (by source)</b>											
Commonwealth Government	-	100	100	-	-	-	-	6	-	100	100
Financial Institutions	12,054	45,421	57,475	5,400	12,054	-	-	3,945	10,612	40,209	50,821
Other	186	2,356	2,542	-	186	-	-	163	155	2,201	2,356
<b>Total Loans</b>	<b>12,240</b>	<b>47,877</b>	<b>60,117</b>	<b>5,400</b>	<b>12,240</b>	<b>-</b>	<b>-</b>	<b>4,114</b>	<b>10,767</b>	<b>42,510</b>	<b>53,277</b>
<b>OTHER LONG TERM DEBT</b>											
Ratepayers' Advances	39	197	236	100	28	-	-	12	24	284	308
Government Advances	264	1,328	1,592	454	264	-	-	74	302	1,480	1,782
<b>Total Other Long Term Debt</b>	<b>303</b>	<b>1,525</b>	<b>1,828</b>	<b>554</b>	<b>292</b>	<b>-</b>	<b>-</b>	<b>86</b>	<b>326</b>	<b>1,764</b>	<b>2,090</b>
<b>TOTAL LONG TERM DEBT</b>	<b>12,543</b>	<b>49,402</b>	<b>61,945</b>	<b>5,954</b>	<b>12,532</b>	<b>-</b>	<b>-</b>	<b>4,200</b>	<b>11,093</b>	<b>44,274</b>	<b>55,367</b>

This Schedule excludes Internal Loans and refinancing of existing borrowings.

### SPECIAL SCHEDULE NO 2 (2) STATEMENT OF INTERNAL LOANS for the year ended 30th June 2003

Borrower (by purpose)	Amount Originally Raised	Total Repaid During Year Principal & Interest	Principal Outstanding at End of Year
General	3,000	441	801
<b>Totals</b>	<b>3,000</b>	<b>441</b>	<b>801</b>

The above summary of internal loans represents the total of Council's internal loans categorised according to the purpose of the borrower. Details of individual internal loans are set out below.

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Maturity Date	Rate of Interest	Amount Originally Raised	Paid During Year - Princ and Interest	Principal Outstanding End of Year
General	Water	15/09/94	10/01/95	10	10/01/05	8.00%	2,065	304	552
General	Sewer	15/09/94	10/01/95	10	10/01/05	8.00%	935	138	250
<b>Totals</b>							<b>3,000</b>	<b>441</b>	<b>801</b>

# SHOALHAVEN CITY COUNCIL

## SPECIAL SCHEDULE NO 3 WATER SUPPLY OPERATIONS (Gross including Internal Transactions) for the year ended 30th June 2003

<b><u>A. OPERATING TRANSACTIONS</u></b>	<b>2003</b>	<b>2002</b>
<b><u>EXPENSES</u></b>	<b>\$'000</b>	<b>\$'000</b>
1.a. Management - Administration	3,483	3,074
b. - Engineering & Supervision	758	724
2 Operations		
a. - Dams & Weirs - Operation Expenses	48	26
b. - Maintenance Expenses	11	12
c. - Mains - Operation Expenses	645	587
d. -Maintenance Expenses	770	841
e. - Reservoirs - Operation Expenses	142	348
f. - Maintenance Expenses	85	266
g. - Pumping Stations - Operation Expenses	104	144
h. - Energy Costs	631	474
i. - Maintenance Expenses	58	103
j. - Treatment - Operation Expenses	561	556
k. - Chemical Costs	487	476
l. - Maintenance Expenses	229	191
m. - Other - Operation Expenses	245	211
n. - Maintenance Expenses	11	126
o. - Purchase of Water	8	20
3.a. Depreciation - System Assets	3,481	3,084
b. - Plant & Equipment	159	440
4.a. Miscellaneous - Interest	639	846
b. - Other	174	111
<b>5 Total Expenses</b>	<b>12,729</b>	<b>12,660</b>
<b><u>REVENUE</u></b>		
6 Residential Charges		
a. - Access (including rates)	8,478	8,422
b. - User Charges	1,975	2,049
7 Non-Residential Charges		
a. - Access (including rates)	524	426
b. - User Charges	2,858	2,306
8 Extra Charges	-	-
9 Interest	955	464
10 Other Revenues	1,477	1,661
11.a. Grants - Acquisition of Assets	134	162
b. - Pensioner Rebates	508	504
c. - Other	10	10
12.a. Contributions - Developer Charges	2,316	1,732
c. - Other Contributions	2	-
<b>13 Total Revenues</b>	<b>19,237</b>	<b>17,736</b>
14 Gain (Loss) on Disposal of Assets	( 3 )	(13)
<b>15 OPERATING RESULT</b>	<b>6,505</b>	<b>5,063</b>
15a. Operating Result before Grants for Acquisition of Assets	6,371	4,901

# SHOALHAVEN CITY COUNCIL

## SPECIAL SCHEDULE NO 3 - WATER SUPPLY OPERATIONS (cont)

	2003 \$'000	2002 \$'000
<b>B. CAPITAL TRANSACTIONS</b>		
<b><u>Non - Operating Expenditure</u></b>		
16 Acquisition of Fixed Assets		
a. - Subsidised Scheme	4,552	338
b. - Other New System Assets	808	2,994
c. - Renewals	492	338
d. - Plant & Equipment	484	1,224
17 Repayment of Debt		
a. - Loans	2,438	2,307
19 <b>Total Non-Operating Expenditure</b>	<b>8,774</b>	<b>7,201</b>
<b><u>Non-Operating Funds Employed</u></b>		
20 Proceeds from Disposal of Assets	305	253
21 Borrowings Utilised		
a. - Loans	-	-
23 <b>Total Non-Operating Funds Employed</b>	<b>305</b>	<b>253</b>
<b>C. RATES &amp; CHARGES</b>		
24 Number of Assessments		
a. - Residential (occupied)	43,589	
c. - Non-Residential (occupied)	2,616	
25 Number of ETs for which Developer Charges were	1,036 ET	
26 Total Amount of Pensioner Rebates	923	
<b>D. BEST PRACTICE ANNUAL CHARGES &amp; DEVELOPER CHARGES</b>		
27 <b>Annual Charges</b>		
a Does Council have best-practice water supply annual charges and usage charges?	<input type="checkbox"/> No	
If Yes, go to 28a.		
If No, has Council removed <b>land value</b> from access charges (i.e. rates)?	<input type="checkbox"/> Yes	
b Cross subsidy <b>from</b> residential customers using less than allowance		-
c Cross subsidy <b>to</b> non-residential customers		-
d Cross subsidy <b>to</b> large connections in unmetered supplies		-
28 <b>Developer Charges</b>		
a Has Council completed a water supply Development Servicing Plan?	<input type="checkbox"/> No	
b Total cross-subsidy in water supply developer charges for 2002/03		-
29 <b>TOTAL OF CROSS SUBSIDIES</b>		-

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.

# SHOALHAVEN CITY COUNCIL

## SPECIAL SCHEDULE NO 4 WATER SUPPLY - NET ASSETS COMMITTED (Gross including Internal Transactions) for the year ended 30th June 2003

	<u>Current</u> \$'000	<u>Non-Current</u> \$'000	<u>Total</u> \$'000
<b><u>ASSETS</u></b>			
27 Cash and Investments			
a. - Developer Charges	420	-	420
d. - Unexpended Loans	6	-	6
f. - Other	8,915	11,349	20,264
28 Receivables			
b. - Rates & Availability Charges	684	-	684
c. - Other	1,522	-	1,522
29 Inventories	1	-	1
30 Property, Plant & Equipment			
a. - System Assets		151,740	151,740
b. - Plant & Equipment		6,134	6,134
31 Other	110	-	110
32 <b>Total Assets</b>	<u>11,658</u>	<u>169,223</u>	<u>180,881</u>
<b><u>LIABILITIES</u></b>			
34 Creditors	6,930	-	6,930
35 Borrowings			
a. - Loans	1,854	5,350	7,204
37 <b>Total Liabilities</b>	<u>8,784</u>	<u>5,350</u>	<u>14,134</u>
38 <b>NET ASSETS COMMITTED</b>	<u>2,874</u>	<u>163,873</u>	<u>166,747</u>
<b><u>EQUITY</u></b>			
41 <b>Total Equity</b>			<u>166,747</u>
42 Current Replacement Cost of System Assets			226,224
43 Accumulated Current Cost Depreciation of System Assets			74,484
44 Written Down Current Cost of System Assets			<u>151,740</u>



# SHOALHAVEN CITY COUNCIL

## SPECIAL SCHEDULE NO 5 SEWERAGE SERVICE OPERATIONS (Gross including Internal Transactions) for the year ended 30th June 2003

<b><u>A. OPERATING TRANSACTIONS</u></b>	<b>2003</b>	<b>2002</b>
<b><u>EXPENSES</u></b>	<b>\$'000</b>	<b>\$'000</b>
1.a. Management - Administration	3,636	3,337
b. - Engineering & Supervision	740	642
2 Operations & Maintenance Expenses		
a. -Mains - Operation Expenses	837	884
b. -Maintenance Expenses	259	153
c. - Pumping Stations - Operation Expenses	998	1,105
d. - Energy Costs	234	234
e. - Maintenance Expenses	561	535
f. - Treatment - Operation Expenses	1,408	1,318
g. - Chemical Costs	188	143
h. - Energy Costs	275	250
i. - Effluent Management	60	49
j. - Biosolids Management	243	383
k. - Maintenance Expenses	541	332
l. - Other - Operation Expenses	1,090	1,165
m. - Maintenance Expenses	-	133
3.a. Depreciation - System Assets	4,123	3,441
b. - Plant & Equipment	248	262
4.a. Miscellaneous - Interest	873	1,236
b. - Other	531	14
5 <b>Total Expenses</b>	<b>16,845</b>	<b>15,616</b>
<b><u>REVENUE</u></b>		
6 Residential Charges (including rates)	18,545	18,177
7 Non-Residential Charges		
a. Access (including rates)	958	770
b. User Charges	734	3
8 Trade Waste Charges		
a. Access (including rates)	2	-
b. User Charges	15	-
c. Excess Mass Charges & Re-inspection Fees	-	-
9 Extra Charges	450	1,233
10 Interest	390	111
11 Other Revenues	1,400	2,084
12.a. Grants - Acquisition of Assets	1,382	6,676
b. - Pensioner Rebates	457	453
c. - Other	7	7
13.a. Contributions - Developer Charges	1,982	1,308
b. - Developer Provided Assets	-	12
c. - Other Contributions	2	6
14 <b>Total Revenues</b>	<b>26,324</b>	<b>30,840</b>
15 Gain (Loss) on Disposal of Assets	(12)	264
16 <b>OPERATING RESULT</b>	<b>9,467</b>	<b>15,488</b>
16.a. Operating Result before Grants for Acquisition of Assets	8,085	8,812

# SHOALHAVEN CITY COUNCIL

## SPECIAL SCHEDULE NO 5 - SEWERAGE SERVICE OPERATIONS (cont)

	2003 \$'000	2002 \$'000
<b><u>B. CAPITAL TRANSACTIONS</u></b>		
<b><u>Non - Operating Expenditure</u></b>		
17 Acquisition of Fixed Assets		
a. - Subsidised Scheme	4,405	34,510
b. - Other New System Assets	742	3,935
c. - Renewals	967	234
d. - Plant & Equipment	554	765
18 Repayment of Debt		
a. - Loans	4,540	4,406
20 <b>Total Non-Operating Expenditure</b>	<b>11,208</b>	<b>43,850</b>
<b><u>Non-Operating Funds Employed</u></b>		
21 Proceeds of Disposal of Assets	244	427
22 Borrowings Utilised		
a. - Loans	-	11,000
24 <b>Total Non-Operating Funds Employed</b>	<b>244</b>	<b>11,427</b>
<b><u>C. RATES AND CHARGES</u></b>		
25 Number of Assessments		
a. - Residential (occupied)	38,950	
b. - Residential (unoccupied)	1,860	
26 Number of ETs for which Developer Charges were	1,078 ET	
27 Total Amount of Pensioner Rebates	831	
<b><u>D. BEST PRACTICE ANNUAL CHARGES &amp; DEVELOPER CHARGES</u></b>		
28 <b>Annual Charges</b>		
a Does Council have best-practice sewerage annual charges, usage charges and trade waste fees and charges?	<input type="checkbox"/> No	
If Yes, go to 29a.		
If No, has Council removed <b>land value</b> from access charges (i.e. rates)	<input type="checkbox"/> Yes	
b Cross subsidy <b>to</b> non-residential customers		-
c Cross subsidy <b>to</b> trade waste dischargers		-
29 <b>Developer Charges</b>		
a Has Council completed a sewerage Development Servicing Plan?	<input type="checkbox"/> No	
b Total cross-subsidy in sewerage developer charges for 2002/03		-
30 <b>TOTAL OF CROSS SUBSIDIES</b>		-

Councils which have not yet implemented best practice sewerage pricing and trade 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 trade waste pricing and is phasing in such pricing over a period of 3 years.

# SHOALHAVEN CITY COUNCIL

## SPECIAL SCHEDULE NO 6 SEWERAGE SERVICES - NET ASSETS COMMITTED (Gross including Internal Transactions) for the year ended 30th June 2003

	<u>Current</u> \$'000	<u>Non-Current</u> \$'000	<u>Total</u> \$'000
<b><u>ASSETS</u></b>			
28 Cash and Investments			
a. - Developer Charges	825	-	825
f. - Other	6,915	4,959	11,874
29 Receivables			
b. - Rates & Availability Charges	1,585	-	1,585
c. - Other	909	-	909
31 Property, Plant & Equipment			
a. - System Assets		188,559	188,559
b. - Plant & Equipment		6,973	6,973
32 Other	5	-	5
33 <b>Total Assets</b>	<u>10,239</u>	<u>200,491</u>	<u>210,730</u>
<b><u>LIABILITIES</u></b>			
35 Creditors	2,575	-	2,575
36 Borrowings			
a. - Loans	3,417	15,262	18,679
38 <b>Total Liabilities</b>	<u>5,992</u>	<u>15,262</u>	<u>21,254</u>
39 <b>NET ASSETS COMMITTED</b>	<u>4,247</u>	<u>185,229</u>	<u>189,476</u>
<b><u>EQUITY</u></b>			
42 <b>Total Equity</b>			<u>189,476</u>
43 Current Replacement Cost of System Assets			259,667
44 Accumulated Current Cost Depreciation of System Assets			71,108
45 Written Down Current Cost of System Assets			<u>188,559</u>

# SHOALHAVEN CITY COUNCIL

## SPECIAL SCHEDULE NO 7 CONDITION OF PUBLIC WORKS as at 30 June 2003

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense	Cost	Accumulated Depreciation	Carrying Value	Asset Condition (see Notes attached)	Estimated Cost to bring to a Satisfactory Standard	Estimated Annual Maintenance Expense	Program Maintenance Works for current year
			'000	'000	'000	'000		'000	'000	'000
<i>References</i>		<i>Note 9</i>	<i>Note 4</i>		<i>Note 9</i>		<i>Local Govt. Act 1993, Section 428 (2d)</i>			
Public Buildings	Administration Buildings	1-5%	279	14,246	2,629	11,617	1	-	147	147
	Works Depots	2-5%	128	7,393	2,959	4,434	2	130	243	243
	Halls/Community/Cultural Buildings	1-2%	301	21,052	6,790	14,262	2	6,928	186	253
	Sports Grounds, Facilities & Parks	2-10%	657	19,760	11,488	8,272	2	3,928	3,400	2,780
	Commercial & Industrial Properties	1-2%	72	5,284	652	4,632	2	397	79	58
	Bus Shelters	5%	20	402	167	235	2	104	56	63
	Animal Control	2%	3	176	53	123	2	60	15	28
	Fire Control & Emergency Services	2%	78	5,606	1,035	4,571	2	177	36	86
	Waste Depots	2%	37	3,040	1,514	1,526	2	37	8	8
	Tourist Parks	2%	349	13,877	2,705	11,172	1	-	700	1,026
	Swimming Pools & Leisure Centres	2%	239	18,682	2,248	16,434	1	-	500	444
	Wharves, Jetties & Boat Ramps	2%	185	5,606	1,707	3,899	2	1,516	115	105
	Communication Facilities	2%	7	327	104	223	1	-	8	8
	Cemeteries & Crematorium	2%	59	3,307	477	2,830	1	-	140	136
	Amenities/Toilets	2%	111	5,727	2,333	3,394	2	1,814	778	885
	<b>Subtotal</b>		<b>2,525</b>	<b>124,485</b>	<b>36,861</b>	<b>87,624</b>		<b>15,091</b>	<b>6,411</b>	<b>6,270</b>
Public	Roads	1%	3,507	449,329	73,166	376,163	2	13,075	9,462	6,886
	Bridges	1%	289	25,803	5,746	20,057	2	2,268	275	275
	Footpaths	1-2%	510	25,854	6,992	18,862	2	384	187	185
	Kerb & Gutter	1-4%	840	60,069	12,553	47,516	2	1,388	288	290
	Carparks	1%	58	7,604	2,216	5,388	2	800	150	135
	<b>Subtotal</b>		<b>5,204</b>	<b>568,659</b>	<b>100,673</b>	<b>467,986</b>		<b>17,915</b>	<b>10,362</b>	<b>7,771</b>

*This Schedule is to be read in conjunction with the explanatory notes following.*

# SHOALHAVEN CITY COUNCIL

## SPECIAL SCHEDULE NO 7 - CONDITION OF PUBLIC WORKS (cont) as at 30 June 2003

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense '000	Cost '000	Accumulated Depreciation '000	Carrying Value '000	Asset Condition (see Notes attached)	Estimated Cost to bring to a Satisfactory Standard '000	Estimated Annual Maintenance Expense '000	Program Maintenance Works for current year '000
<i>References</i>		<i>Note 9</i>	<i>Note 4</i>		<i>Note 9</i>		<i>Local Govt. Act 1993, Section 428 (2d)</i>			
Water	Infrastructure including - Treatment Plants - Dams and Reservoirs - Pumping Stations - Pipelines	1-2%	3,162	226,222	74,483	151,739	1	-	1,025	1,025
	<b>Subtotal</b>		3,162	226,222	74,483	151,739		-	1,025	1,025
Sewerage	Infrastructure including - Treatment Plants - Pumping Stations - Pipelines	1-2%	4,017	259,917	71,108	188,809	1	-	927	927
	<b>Subtotal</b>		4,017	259,917	71,108	188,809		-	927	927
Drainage Works	Infrastructure including - Stormwater Drainage Pits - Stormwater Drainage Pipes - Stormwater Drainage Infrastructure - Flood Mitigation	1%	1,343	55,887	19,844	36,043	2	4,130	720	467
	<b>Subtotal</b>		1,343	55,887	19,844	36,043		4,130	720	467
<b>Total Classes - All Assets</b>			16,251	1,235,170	302,969	932,201		37,136	19,445	16,460

*This Schedule is to be read in conjunction with the explanatory notes following.*

# **SHOALHAVEN CITY COUNCIL**

## **SPECIAL SCHEDULE NO 7 - CONDITION OF PUBLIC WORKS (cont) as at 30 June 2003**

### **"SATISFACTORY" CONDITION OF PUBLIC ASSETS**

In assessing the condition of Public Assets Council has had regard to the condition, function and location of each asset. Proposed or potential enhancements to the existing asset have been ignored. Assets within each Asset Category have been assessed on an overall basis, recognising that an average standard of "satisfactory" may be achieved even though certain assets may be above or below that standard on an individual basis.

Council recognises that the standard that it considers to be "satisfactory" may be different from that adopted by other Councils.

### **ASSET CONDITION**

The following condition codes have been used in this Schedule.

- 1** Good/Satisfactory - asset considered to be in a good condition and able to meet current levels of service.
- 2** Work Required - asset considered to require work to be in a condition to satisfactorily meet current levels of service.