

UPPER HUNTER COUNTY COUNCIL

ANNUAL REPORT 2010/11



The Upper Hunter County Council Annual Report has been prepared by Council staff in accordance with the requirements of Section 428 of the Local Government Act 1993 and associated Regulations

Steve McDonald
General Manager

Table of Contents

Contents

1. Performance Management [428(2) L.G.A. 1993]	3
1.1 Upper Hunter County Council Management Plan Review 30 June 2011	4
Principal Activities	4
a) Control of Noxious Weeds	4
b) Inspection of Properties	5
c) Community Awareness.....	7
d) Constituent Council and Government Authority Co-Operation	8
3. Upper Hunter County Council 2010/2011 Audited Financial Report	9
4. Annual Report Additional Information	70
(a) Overseas Visits	70
(a1) Councillor Disclosures.....	70
(a2) Contracts.....	70
(a3) Legal Proceedings.....	70
(a4) Subsidised Private Works	70
(a5) Contributions Granted	70
(a6) External Bodies Delegations.....	70
(a7) Business Controlling Interest.....	71
(a8) Partnership Participation.....	71
(a9) Equal Employment Opportunity	71
(b) General Manager Remuneration.....	71
(c) Senior Staff Remuneration	71
5. Stormwater Management, Coastal Protection Services and Companion Animals Act 1998	71

1. Performance Management [428(2) L.G.A. 1993]

In accordance with the requirements of this section of the Local Government Act 1993, Council is required to report on its performance in relation to its principal activities. Local Government Act Regulations (General) 2005 requires County Councils to develop a Business Activity Strategic Plan. This County Council is not due to adopt its Business Activity Strategic Plan until June 2012.

To for fill the requirements for Annual Reports, a copy the County Council's review of its 2010/2011 Management Plan follows. This report is divided into the four (4) principal activities (functions) of Council. Within each function is detailed relevant information on Council's performance for the year. The review is set out in the following pages.

1.1 Upper Hunter County Council Management Plan Review 30 June 2011

Principal Activities

a) Control of Noxious Weeds

Program Goals:

- To control all classes of noxious weeds on public roads, recreation areas and other lands controlled by Constituent Councils in accordance with the Noxious Weeds Act, 1993 and develop Regional and Local Weed Control Plans.
- To ensure that other weeds do not adversely affect the health and welfare of the community.

Objective	Performance Target	Performance Measure	Progress to 30/06/2011
1. Remove and destroy all Class 1 & Class 2 Noxious Weeds.	Control all reported infestations.	All reported infestations treated and/or plant removed.	Treatment program conduct in January 2011 on Alligator Weed along 14 kms of Hunter River in the Branxton area
2. Fully and continuously suppress and destroy all Class 3 noxious weeds subject to adequate funding.	No increase in infestations	All reported Class 3 noxious weed infestations to be treated each year in accordance with Council's Roadside Spraying Policy.	Treatments programs conducted on Mother of Millions and Green Cestrum
3. Prevent the spread and reduce the numbers and distribution of Class 4 noxious weeds	Contain and reduce infestations of Class 4 noxious weeds on an annual seasonal basis.	All reported Class 4 noxious weed infestations to be treated each year subject to funding.	Treatment programs conducted on St Johns Wort, Blackberry, African Boxthorns, Paterson's Curse and Pear species.
4. Carry out a chemical control program for any noxious weed which is poisonous and causes ill health in humans and animals	Contain and reduce the extent of infestations of noxious weeds causing ill health.	Overall health of humans and animals improving due to reduction or elimination of specified noxious weeds.	Control programs carried out on Mother of Millions and Green Cestrum
5. Maintain the health of staff and public who may come into contact with herbicides during the noxious weed spraying program.	Report of no herbicide related illnesses	Staff health checks show all herbicide levels are below industry standards. No complaints or reports of ill health from the public related to this activity.	Health checks of staff return no measurably herbicide levels. No Reports of Illness from the public.

b) Inspection of Properties

Program Goals:	<ul style="list-style-type: none"> To inspect public and private properties and to advise, co-ordinate and implement weed control programs for their owners. To report the existence, type and extent of class 1 to 5 noxious plant infestations. To monitor the effectiveness of each land occupier's weed control program. Where control programs are not put in place or are ineffective commence consultation and or legal action under the Noxious Weeds Act, 1993.
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Objective	Performance Target	Performance Measure	Progress to 30/06/2011
1. Inspect all non-urban, private and public properties at least once during any five year period.	Carry out at least 2,000 property inspections annually.	Inspection report to council to contain a summary report on all properties inspected in specific areas.	2,110 property inspections on 1 July 2010 to 30 June 2011
2. Prevent the sale and transport of Class 5 noxious plants.	No Class 5 noxious plants sold in area of operation.	No of inspections carried out on nurseries and other outlets involve in the sale of plants quarterly.	All nurseries in the Council's area of operation inspected during the quarter.
3. Re-inspect all properties systematically who are, or should be undertaking noxious weed control programs.	Re-inspect as per the Property Re-Inspection Report produced from the database records.	Inspection reports to Council containing recommendations for actions required by land occupier or Council within a reasonable time of the last inspection.	Twenty One (21) Section 18a notices and Thirteen (13) Section 18 Notices were issued from 1 July 2010 to 30 June 2011.

Objective	Performance Target	Performance Measure	Progress to 30/06/2011
4. Advise, co-ordinate and implement noxious weed control programs.	All land occupiers carry out weed control procedures using integrated management techniques in accordance with the specified actions for the categories of noxious weeds under the Noxious Weed Act, 1993.	Inspection reports indicate a containment, reduction and eradication of noxious weeds on the property.	Properties with established noxious plant infestations have with the assistance of staff prepared long term control programs. These programs are reviewed by staff during property inspections.

c) Community Awareness

<p>Program Goals:</p>	<ul style="list-style-type: none"> • To promote an effective level of understanding of weed awareness and management strategies amongst all stakeholders. • To maintain membership of and/or provide assistance to: <ul style="list-style-type: none"> (i) Weeds Advisory Groups; (ii) Neighbouring Councils; (iii) Landcare Groups; (iv) Associated Weed Professional Associations; (v) Department of Agriculture and other State Government Bodies; (vi) C.S.I.R.O. and other Federal Government Bodies.
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Objective	Performance Target	Performance Measure	Progress to 30/06/2011
1. Develop awareness of noxious and potentially damaging weeds and promote good weed management practices using integrated weed management strategies and develop Weed Management Plans for Weeds of regional importance through a Regional Committee.	The public are targeted with awareness campaigns	<p>Observe and count audience size.</p> <p>Observe level of feedback from publicity campaigns.</p> <p>Observe improvement by more and effective noxious weed control programs being undertaken.</p>	<p>Articles submitted to Merriwa Ringer & Muswellbrook Chronicle.</p> <p>Staff attended Mudgee Small Farm Field Day.</p> <p>Staff attended Singleton Show and Merriwa Shows in September.</p> <p>Staff conducted Weeds Awareness Displays at Singleton, Scone and Denman Saleyards.</p> <p>Staff attended Hunter Show in April.</p>
2. Participate in regional advisory groups, campaigns and surveys being conducted by stakeholders with weed control interests	Co-ordinate activities with neighbouring Councils membership with Upper Hunter Noxious Plants Advisory Committee and Lower Hunter Noxious Plants Advisory Committee and participate in meetings of stakeholders.	Observe good relations with the neighbours and stakeholders.	Staff attended meetings of the Hunter & Central Coast Weed Managers & Weed Officers Committees

d) Constituent Council and Government Authority Co-Operation

<p>Program Goals:</p>	<ul style="list-style-type: none"> To ensure effective and continuous communication, co-ordination and co-operation with each Constituent Council and the Department of Agriculture. To secure the appropriate level of contributions and grants from Constituent Councils and Department of Agriculture, sufficient to achieve Council's Goals and Objectives.
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Objective	Performance Target	Performance Measure	Progress to 30/06/2011
REPORTING			
1. Provide ongoing information to Constituent Councils and the Department of Agriculture.	Councillors to report to their respective Councils after each meeting, distribute fact sheets and annual reports. Maintain effective level of accurate cost/benefit feedback to Councils and the Department of Agriculture	Elected Members/Senior Staff's understanding and appreciation of the need for noxious weed control. Compare level of funds to previous year and willingness of Constituent Councils to make level of contributions sought	All 2010/2011 Constituent Council contributions received

Objective	Performance Target	Performance Measure	Progress to 30/06/2011
STRATEGIC PLANNING			
1. Achieve Management Planning Practices	Develop, implement and review annual management plan. Develop Long-Term Strategic Plan and Delivery Program	2011/2012 Plan placed on public exhibition by March, 2011 Council adopts the Long-Term Strategic Plan and Delivery Program by June 2011	2011/2012 Management Plan placed on public exhibition from 21 March 2011 to 21 April 2011 Council resolved at its February meeting to defer the adoption of the Long-Term Strategic Plan and Delivery Program to June 2012
2. Ensure level of Grant Funding is maintained.	Complete Grant Application and Returns on Time	Grant applications completed and returned on time in September 2010 and May, 2011.	2009/2010 NSW DPI Grant returns completed and submitted before due date.

3. Upper Hunter County Council 2010/2011 Audited Financial Report

The Financial Accounts required by Local Government Act 1993, were prepared by Muswellbrook Shire Council staff and audited by Council's Auditor, Spencer Steer of Sydney.

A copy of the Financial Accounts follows:

Upper Hunter County Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Upper Hunter County Council

General Purpose Financial Statements
for the financial year ended 30 June 2011

Contents	Page
1. Statement by Councillors & Management	3
2. Primary Financial Statements:	
- Income Statement	4
- Statement of Comprehensive Income	5
- Balance Sheet	6
- Statement of Changes in Equity	7
- Statement of Cash Flows	8
3. Notes to the Financial Statements	9
4. Independent Auditor's Reports:	
- On the Financial Statements (Sect 417 [2])	ii
- On the Conduct of the Audit (Sect 417 [3])	jj

Overview

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

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

- carrying out activities and providing goods, services & facilities appropriate to the current & future needs of the Local community and of the wider public
- responsibility for administering regulatory requirements under the LGA and other applicable legislation, &
- a role in the management, improvement and development of the resources of the local government area.

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 25/10/2011.
~~Council has the power to amend and reissue the financial statements.~~
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Upper Hunter County Council

General Purpose Financial Statements
for the financial year ended 30 June 2011

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

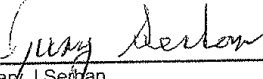
The attached General Purpose Financial Statements have been prepared in accordance with:

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


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

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


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



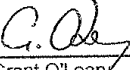
Gary J Serhan
COUNCILLOR



Christine Phelps
COUNCILLOR



Stephen McDonald
GENERAL MANAGER



Grant O'Leary
RESPONSIBLE ACCOUNTING OFFICER

Upper Hunter County Council

Income Statement
for the financial year ended 30 June 2011

Budget ⁽¹⁾			Actual	Actual
2011	\$ '000	Notes	2011	2010
Income from Continuing Operations				
<i>Revenue:</i>				
	Rates & Annual Charges	3a	-	-
35	User Charges & Fees	3b	25	24
4	Interest & Investment Revenue	3c	7	4
	Other Revenues	3d	-	-
466	Grants & Contributions provided for Operating Purposes	3e,f	815	482
	Grants & Contributions provided for Capital Purposes	3e,f	-	-
<i>Other Income:</i>				
2	Net gains from the disposal of assets	5	3	10
	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
507	Total Income from Continuing Operations		850	520
Expenses from Continuing Operations				
345	Employee Benefits & On-Costs	4a	373	361
	Borrowing Costs	4b	-	-
86	Materials & Contracts	4c	73	112
5	Depreciation & Amortisation	4d	47	50
	Impairment	4d	-	-
38	Other Expenses	4e	333	28
	Interest & Investment Losses	3c	-	-
	Net Losses from the Disposal of Assets	5	-	-
	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
474	Total Expenses from Continuing Operations		826	551
33	Operating Result from Continuing Operations		24	(31)
Discontinued Operations				
	Net Profit/(Loss) from Discontinued Operations	24	-	-
33	Net Operating Result for the Year		24	(31)
33	Net Operating Result attributable to Council		24	(31)
	Net Operating Result attributable to Minority Interests		-	-
33	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		24	(31)

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

This Statement should be read in conjunction with the accompanying Notes.

page 4

Upper Hunter County Council

Statement of Comprehensive Income
for the financial year ended 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010
Net Operating Result for the year (as per Income statement)		24	(31)
Other Comprehensive Income			
Gain (loss) on revaluation of I,PP&E	20b (ii)	-	-
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-
Other Movements in Reserves (enter details here)	20b (ii)	-	-
De-recognition of land under roads		-	-
Adjustment to correct prior period depreciation errors		-	-
Total Other Comprehensive Income for the year		-	-
Total Comprehensive Income for the Year		24	(31)
Total Comprehensive Income attributable to Council		24	(31)
Total Comprehensive Income attributable to Minority Interests		-	-

This Statement should be read in conjunction with the accompanying Notes.

page 5

Upper Hunter County Council
 Balance Sheet
 as at 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	152	138
Investments	6b	-	-
Receivables	7	19	20
Inventories	8	15	12
Other	8	11	-
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		197	170
Non-Current Assets			
Investments	6b	-	-
Receivables	7	-	-
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	220	219
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	-	-
Non-current assets classified as "held for sale"	22	-	-
Other	8	-	-
Total Non-Current Assets		220	219
TOTAL ASSETS		417	389
LIABILITIES			
Current Liabilities			
Payables	10	15	25
Borrowings	10	-	-
Provisions	10	158	144
Liabilities associated with assets classified as "held for sale"	22	-	-
Total Current Liabilities		173	169
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	-	-
Provisions	10	-	-
Investments accounted for using the equity method	19	-	-
Liabilities associated with assets classified as "held for sale"	22	-	-
Total Non-Current Liabilities		-	-
TOTAL LIABILITIES		173	169
Net Assets		244	220
EQUITY			
Retained Earnings	20	244	220
Revaluation Reserves	20	-	-
Council Equity Interest		244	220
Minority Equity Interest		-	-
Total Equity		244	220

This Statement should be read in conjunction with the accompanying Notes.

page 6

Upper Hunter County Council

Statement of Changes in Equity
for the financial year ended 30 June 2011

\$ '000	Notes	Council			Total Equity
		Retained Earnings	Reserves (Refer 20b)	Equity Interest	
2011					
Opening Balance (as per Last Year's Audited Accounts)		220	-	220	220
a. Correction of Prior Period Errors	20 (c)	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-
Revised Opening Balance (as at 1/7/10)		220	-	220	220
c. Net Operating Result for the Year		24	-	24	24
d. Other Comprehensive Income					
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	-	-	-
- Revaluations: Other Reserves	20b (ii)	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-
- Other Movements (enter details here)	20b (ii)	-	-	-	-
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income (c&d)		24	-	24	24
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-
f. Transfers between Equity		-	-	-	-
Equity - Balance at end of the reporting period		244	-	244	244

\$ '000	Notes	Council			Total Equity
		Retained Earnings	Reserves (Refer 20b)	Equity Interest	
2010					
Opening Balance (as per Last Year's Audited Accounts)		251	-	251	251
a. Correction of Prior Period Errors	20 (c)	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-
Revised Opening Balance (as at 1/7/09)		251	-	251	251
c. Net Operating Result for the Year		(31)	-	(31)	(31)
d. Other Comprehensive Income					
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	-	-	-
- Revaluations: Other Reserves	20b (ii)	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-
- Other Movements (enter details here)	20b (ii)	-	-	-	-
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income (c&d)		(31)	-	(31)	(31)
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-
f. Transfers between Equity		-	-	-	-
Equity - Balance at end of the reporting period		220	-	220	220

This Statement should be read in conjunction with the accompanying Notes.

page 7

Upper Hunter County Council

Statement of Cash Flows
for the financial year ended 30 June 2011

Budget		Notes	Actual	Actual
2011	\$ '000		2011	2010
Cash Flows from Operating Activities				
<u>Receipts:</u>				
	Rates & Annual Charges		-	-
35	User Charges & Fees		25	24
4	Investment & Interest Revenue Received		7	4
466	Grants & Contributions		815	482
2	Other		1	(6)
<u>Payments:</u>				
(345)	Employee Benefits & On-Costs		(359)	(347)
(86)	Materials & Contracts		(87)	(132)
	Borrowing Costs		-	-
(38)	Other		(343)	(28)
	Net Cash from Boundary Adjustments		-	-
38	Net Cash provided (or used in) Operating Activities	11b	59	(3)
Cash Flows from Investing Activities				
<u>Receipts:</u>				
	Nil			
147	Sale of Infrastructure, Property, Plant & Equipment		142	172
<u>Payments:</u>				
	Nil			
	Purchase of Investment Securities		-	-
	Purchase of Investment Property		-	-
(180)	Purchase of Infrastructure, Property, Plant & Equipment		(187)	(242)
(33)	Net Cash provided (or used in) Investing Activities		(45)	(70)
Cash Flows from Financing Activities				
<u>Receipts:</u>				
	Nil			
<u>Payments:</u>				
	Nil			
-	Net Cash Flow provided (used in) Financing Activities		-	-
5	Net Increase/(Decrease) in Cash & Cash Equivalents		14	(73)
138	plus: Cash & Cash Equivalents - beginning of year	11a	138	211
143	Cash & Cash Equivalents - end of the year	11a	152	138

Please refer to Note 11 for information on the following: -

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

This Statement should be read in conjunction with the accompanying Notes.

page 8

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10
2(a)	Council Functions / Activities - Financial Information	23
2(b)	Council Functions / Activities - Component Descriptions	24
3	Income from Continuing Operations	25
4	Expenses from Continuing Operations	27
5	Gains or Losses from the Disposal of Assets	29
6(a)	Cash & Cash Equivalent Assets	30
6(b)	Investment Securities	n/a
6(c)	Restricted Cash, Cash Equivalents & Investments - Details	31
7	Receivables	32
8	Inventories & Other Assets	33
9(a)	Infrastructure, Property, Plant & Equipment	34
9(b)	Externally Restricted Infrastructure, Property, Plant & Equipment	n/a
9(c)	Infrastructure, Property, Plant & Equipment - Current Year Impairments	n/a
10(a)	Payables, Borrowings & Provisions	35
10(b)	Description of (& movements in) Provisions	36
11	Statement of Cash Flows - Additional Information	37
12	Commitments for Expenditure	38
13a	Statements of Performance Measures:	39
13b	Statement of Performance Measures - Indicators (by Fund)	n/a
14	Investment Properties	n/a
15	Financial Risk Management	40
16	Material Budget Variations	44
17	Statement of Developer Contributions	n/a
18	Contingencies and Other Liabilities/Assets not recognised	46
19	Controlled Entities, Associated Entities & Interests in Joint Ventures	n/a
20	Equity - Retained Earnings and Revaluation Reserves	48

n/a - not applicable

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation**(i) Background**

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

- Australian Accounting Standards,
- Other authoritative pronouncements of the Australian Accounting Standards Board,
- Urgent Issues Group Interpretations,
- the Local Government Act (1993) and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

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

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

(iii) Basis of Accounting

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

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

(iv) Changes in Accounting Policies

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

Unless otherwise stated, there have also been no changes in accounting policies when compared with previous financial statements.

(v) Critical Accounting Estimates

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

It also requires County Council management to exercise their judgement in the process of applying County Council's accounting policies.

(b) Revenue recognition

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

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

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

Revenue is measured on major income categories as follows:

Grants, Contributions and Donations

Grant, contributions and donations are recognised as revenues when the County Council obtains control over the assets comprising these receipts.

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

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

(c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of County Council and any Entities (or operations) that it **controls** (as at 30/6/11) and (ii) all the related operating results (for the financial year ended the 30th June 2011).

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

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

(i) The Consolidated Fund

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

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(ii) The Trust Fund

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

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

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

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

(d) Leases

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

Finance Leases

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

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

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

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

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

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

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

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

(f) Investments and Other Financial Assets

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

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

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

▪ **available-for-sale financial assets.**

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

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

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

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

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

Derivatives are classified as held for trading unless they are designated as hedges.

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the County Council's

management has the positive intention and ability to hold to maturity.

In contrast to the "Loans & Receivables" classification, these investments are generally quoted in an active market.

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

(iv) Available-for-sale financial assets

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

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

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

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

Financial Assets – Reclassification

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

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

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

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

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

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

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

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

the available-for-sale investments revaluation reserve.

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

Impairment

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

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement.

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

(iii) Types of Investments

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

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

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

County Council amended its policy following revisions to the Ministerial Local Government

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

(g) Fair value estimation

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

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

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

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

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

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

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

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

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

(h) Receivables

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

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

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

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

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

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

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

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

(i) Inventories**Raw Materials and Stores, Work in Progress and Finished Goods**

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

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

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

Costs are assigned to individual items of inventory on the basis of weighted average costs.

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

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

(j) Infrastructure, Property, Plant and Equipment (I,PP&E)**Acquisition of assets**

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

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

- **Investment Properties** – refer Note 1(p),
- **Plant and Equipment**
(as approximated by depreciated historical cost)

Initial Recognition

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

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

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

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the

financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

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

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

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

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

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

Capitalisation Thresholds

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

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

Depreciation

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

Land is not depreciated.

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

Plant & Equipment	
- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Vehicles	5 to 8 years

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

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

Disposal and De-recognition

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

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the

asset) is included in County Council's Income Statement in the year the asset is derecognised.

(k) Impairment of assets

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

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

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

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

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

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

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

(l) Payables

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

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

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(m) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

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

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

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

(n) Employee benefits**(i) Short Term Obligations**

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

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term

employee benefit obligations disclosed under payables..

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

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

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

(ii) Other Long Term Obligations

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

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

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

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

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

(iii) Retirement benefit obligations

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

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 10/11 was incorporated as part of its Management Plan and was adopted by the Council on the 22 June 2011.

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

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

Note that for Variations* of Budget to Actual :

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

F = Favourable Budget Variation, U = Unfavourable Budget Variation

\$ '000	2011 Budget	2011 Actual	2011 Variance*		
REVENUES					
Rates & Annual Charges	-	-	-	0%	F
User Charges & Fees	35	25	(10)	(29%)	U
Revenue in this category decreased by \$10K (29%) mainly due to less Private Works jobs completed within the financial year, where the original budget was \$22K and the actual income was \$15K.					
Interest & Investment Revenue	4	7	3	75%	F
Interest on investment increased \$3K (75%). The County Council investment account with NAB has received more interest than the originally budgeted.					
Other Revenues	-	-	-	0%	F
Operating Grants & Contributions	466	815	349	75%	F
Operating Grants & Contributions increased by \$376K (81%) due to a grant received for the Lower Hunter and Central Coast WAP project.					
Capital Grants & Contributions	-	-	-	0%	F
Net Gains from Disposal of Assets	2	3	1	50%	F
Gains on the disposal of assets has increased by \$1K (50%) more than the original budgeted.					

page 44

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

Defined Benefit Plans

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

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

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

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

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

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

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

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 16 February 2010 and covers the period ended 30 June 2009. However the position is monitored annually and the Actuary has estimated that as at 30 June 2011 a deficit still exists. Effective from 1 July 2009,

employers were required to contribute at twice the "notional" or long term cost for a period of up to ten years in order to rectify this deficit. The share of this deficit that can be broadly attributed to the employer was estimated to be in the order of \$75,726 as at 30 June 2011.

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

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

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

Define Contribution Plans

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

(iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/11.

(o) Self insurance

County Council does not self insure.

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

Exceptions

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

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

(aa) Taxes

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

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

Goods & Services Tax (GST)

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

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

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

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

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

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

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

(ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2011.

County Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

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

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

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

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

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

None

Not applicable to Local Government per se;

Applicable to Local Government but no implications for County Council;

AASB 2009 14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (effective from 1 January 2011)

In December 2009, the AASB made an amendment to Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme.

It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. County Council does not make any such prepayments.

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)

Amendments made to AASB 7 Financial Instruments: Disclosures in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets.

The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties.

They are not expected to have any significant impact on County Council's disclosures.

Revised AASB 124 Related Party Disclosures and AASB 2009 12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures.

It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively.

The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities.

AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia.

Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements.

Local Government are specifically excluded from adopting the new Australian Accounting Standards – Reduced Disclosure Requirements.

AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (effective from 1 January 2012)

In December 2010, the AASB amended AASB 112 Income Taxes to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model.

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

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or through sale.

County Council is not subject to Income Tax and accordingly this amendment will have no impact on future financial statements.

(ac) Rounding of amounts

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

(ad) Comparative Figures

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

(ae) Disclaimer

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

Upper Hunter County Council
 Notes to the Financial Statements
 for the financial year ended 30 June 2011

Note 2(a). Council Functions / Activities - Financial Information

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).										Total Assets held (Current & Non-current)		
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Actual 2011	Actual 2010
	Original Budget 2011	Actual 2011	Actual 2010	Original Budget 2011	Actual 2011	Actual 2010	Original Budget 2011	Actual 2011	Actual 2010	Actual 2011	Actual 2010	Actual 2011	Actual 2010
Governance	-	-	-	-	-	-	-	-	-	-	-	11	-
Administration	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Order & Safety	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	507	850	520	474	826	551	33	24	(31)	558	231	406	389
Environment	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Services & Education	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing & Community Amenities	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation & Culture	-	-	-	-	-	-	-	-	-	-	-	-	-
Fuel & Energy	-	-	-	-	-	-	-	-	-	-	-	-	-
Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining, Manufacturing & Construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Transport & Communication	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Functions & Activities	507	850	520	474	826	551	33	24	(31)	558	231	417	389
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Result from Continuing Operations	507	850	520	474	826	551	33	24	(31)	558	231	417	389

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

Upper Hunter County Council

Notes to the Financial Statements for the financial year ended 30 June 2011

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

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

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

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

FUEL & ENERGY - Gas Supplies

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
(a). Rates & Annual Charges			
Nil			
TOTAL RATES & ANNUAL CHARGES		-	-
(b). User Charges & Fees			
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s608 & 610A)			
Nil			
Private Works - Section 67		15	14
Regulatory/ Statutory Fees		5	5
Total Fees & Charges - Statutory/Regulatory		20	19
(ii) Fees & Charges - Other (incl. General User Charges (per s.610C))			
Nil			
Leaseback Fees - Council Vehicles		5	5
Total Fees & Charges - Other		5	5
TOTAL USER CHARGES & FEES		25	24
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest earned on Investments (interest & coupon payment income)		7	4
TOTAL INTEREST & INVESTMENT REVENUE		7	4
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
General Council Cash & Investments		7	4
Total Interest & Investment Revenue Recognised		7	4
(e). Grants			
Specific Purpose			
Noxious Weeds	558	231	-
Total Specific Purpose	558	231	-
Total Grants	558	231	-
Grant Revenue is attributable to:			
- Other Funding	558	231	-
	558	231	-

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	2011 Operating	2010 Operating	2011 Capital	2010 Capital
(f). Contributions				
Other Councils - Noxious Plant Control	257	251	-	-
Total Other Contributions	257	251	-	-
Total Contributions	257	251	-	-
TOTAL GRANTS & CONTRIBUTIONS	815	482	-	-

(g). Restrictions relating to Grants and Contributions

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

Unexpended at the Close of the Previous Reporting Period

- -

add: Grants and contributions recognised in the current period which have not been spent:

-

less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:

-

**Net Increase (Decrease) in
Restricted Assets during the Current Reporting Period**

- -

**Unexpended at the Close of this
Reporting Period and held as Restricted Assets**

- -

Comprising:

- Specific Purpose Unexpended Grants
- Developer Contributions
- Other Contributions

- -

- -

- -

- -

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
(a) Employee Benefits & On-Costs			
Salaries and Wages		252	255
Employee Leave Entitlements (ELE)		39	37
Superannuation		57	55
Workers' Compensation Insurance		8	7
Training Costs (other than Salaries & Wages)		17	5
Protective Clothing		-	2
Total Employee Costs		373	361
less: Capitalised Costs		-	-
TOTAL EMPLOYEE COSTS EXPENSED		373	361
Number of "Equivalent Full Time" Employees at year end		6	6
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)			-
(c) Materials & Contracts			
Raw Materials & Consumables		60	107
Auditors Remuneration			
- Audit Services: Council's Auditor		6	5
- Legal Expenses: Other		1	-
- Operating Lease Rentals: Minimum Lease Payments ⁽¹⁾		6	-
Total Materials & Contracts		73	112
less: Capitalised Costs		-	-
TOTAL MATERIALS & CONTRACTS		73	112
1. Operating Lease Payments are attributable to:			
- Computer Software		6	-
		6	-

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2011	Actual 2010	Actual 2011	Actual 2010
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	47	50
Total Depreciation & Impairment Costs		-	-	47	50
less: Capitalised Costs		-	-	-	-
less: Impairments offset in ARR (Equity)	9a	-	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		<u>-</u>	<u>-</u>	<u>47</u>	<u>50</u>

(e) Other Expenses

Other Expenses for the year include the following:

Councillor Expenses - Mayoral Fee	3	3
Councillor Expenses - Councillors' Fees	8	8
Insurance	19	15
Office Expenses (including computer expenses)	-	2
Telephone & Communications	9	-
Lower Hunter & Central Coast WAP	294	-
Total Other Expenses	333	28
less: Capitalised Costs	-	-
TOTAL OTHER EXPENSES	<u>333</u>	<u>28</u>

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2011	Actual 2010
Plant & Equipment			
Proceeds from Disposal		142	172
less: Carrying Amount of P&E Assets Sold		(139)	(162)
Net Gain/(Loss) on Disposal		3	10

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

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

\$ '000	Notes	2011	2011	2010	2010
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		152	-	138	-
Cash-Equivalent Assets ¹					
- Deposits at Call		-	-	-	-
- Managed Funds		-	-	-	-
- Short Term Deposits		-	-	-	-
- NCD's, FRN's		-	-	-	-
- Other Financial Assets		-	-	-	-
Total Cash & Cash Equivalents		152	-	138	-
Investment Securities (Note 6b)					
- Managed Funds		-	-	-	-
- Long Term Deposits		-	-	-	-
- Government & Semi-Government Bonds		-	-	-	-
- Bills of Exchange		-	-	-	-
- Equity Linked Notes		-	-	-	-
- NCD's, FRN's (with Maturities > 3 months)		-	-	-	-
- CDO's		-	-	-	-
- Mortgage Backed Securities		-	-	-	-
- Listed Equity Securities		-	-	-	-
- Unlisted Equity Securities		-	-	-	-
- Other Long Term Financial Assets		-	-	-	-
Total Investment Securities		-	-	-	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		152	-	138	-

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

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

Cash & Cash Equivalents					
a. "At Fair Value through the Profit & Loss"		<u>152</u>	<u>-</u>	<u>138</u>	<u>-</u>
Investments					
a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)			-	-
- "Designated at Fair Value on Initial Recognition"	6(b-i)			-	-
b. "Held to Maturity"	6(b-ii)	-	-	-	-
c. "Loans & Receivables"	6(b-iii)			-	-
d. "Available for Sale"	6(b-iv)			-	-
Investments		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

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

\$ '000	2011	2011	2010	2010
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	152	-	138	-
attributable to:				
External Restrictions (refer below)	-	-	-	-
Internal Restrictions (refer below)	122	-	112	-
Unrestricted	30	-	26	-
	152	-	138	-

2011	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
\$ '000				

Details of Restrictions

External Restrictions - Included in Liabilities

Nil				
External Restrictions - Included in Liabilities	-	-	-	-

External Restrictions - Other

Nil				
External Restrictions - Other	-	-	-	-
Total External Restrictions	-	-	-	-

2011	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
\$ '000				

Internal Restrictions

Employees Leave Entitlement	112	10		122
Total Internal Restrictions	112	10	-	122

TOTAL RESTRICTIONS	112	10	-	122
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- A Loan moneys which must be applied for the purposes for which the loans were raised.
- B Advances by the Roads and Traffic Authority for works on the State's classified roads.
- C Self Insurance liability resulting from reported claims or incurred claims not yet reported.
- D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- E RTA Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- G Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Upper Hunter County Council
Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 7. Receivables

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
Purpose					
Net GST Receivable		17	-	18	-
Other Debtors		2	-	-	-
Total		19	-	20	-
less: Provision for Impairment					
Nil		-	-	-	-
Total Provision for Impairment - Receivables		-	-	-	-
TOTAL NET RECEIVABLES		19	-	20	-
Externally Restricted Receivables					
Nil		-	-	-	-
Total External Restrictions		-	-	-	-
Internally Restricted Receivables					
Nil		-	-	-	-
Internally Restricted Receivables		-	-	-	-
Unrestricted Receivables		19	-	20	-
TOTAL NET RECEIVABLES		19	-	20	-

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 9.00% (2010 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 8. Inventories & Other Assets

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		15	-	12	-
Total Inventories		15	-	12	-
Other Assets					
Prepayments		11	-	-	-
Total Other Assets		11	-	-	-
TOTAL INVENTORIES / OTHER ASSETS		26	-	12	-

Externally Restricted Assets

There are no restrictions applicable to the above assets.

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 9a Infrastructure, Property, Plant & Equipment

	Asset Movements during the Reporting											
	as at 30/6/2010					as at 30/6/2011						
	At Cost	At Fair Value	Accumulated Deprec.	Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense (recognised in P/L)	Impairment Loss (recognised in P/L)	At Cost	At Fair Value	Accumulated Dep'n	Carrying Value
\$ '000	-	-	-	-	-	-	-	-	-	-	-	-
Capital Work in Progress	-	-	-	219	187	(139)	(47)	-	-	267	47	220
Plant & Equipment	-	258	39	-	-	-	-	-	-	1	1	-
Office Equipment	-	1	1	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-
Plant & Equipment (under Finance Lease)	-	-	-	-	-	-	-	-	-	-	-	-
Land:	-	-	-	-	-	-	-	-	-	-	-	-
- Operational Land	-	-	-	-	-	-	-	-	-	-	-	-
- Community Land	-	-	-	-	-	-	-	-	-	-	-	-
- Land under Roads (pre 1/7/08)	-	-	-	-	-	-	-	-	-	-	-	-
- Land under Roads (post 30/6/08)	-	-	-	-	-	-	-	-	-	-	-	-
Land improvements - non depreciable	-	-	-	-	-	-	-	-	-	-	-	-
Land improvements - depreciable	-	-	-	-	-	-	-	-	-	-	-	-
Buildings - Non Specialised	-	-	-	-	-	-	-	-	-	-	-	-
Buildings - Specialised	-	-	-	-	-	-	-	-	-	-	-	-
Other Structures	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure:	-	-	-	-	-	-	-	-	-	-	-	-
- Roads, Bridges, Footpaths	-	-	-	-	-	-	-	-	-	-	-	-
- Bulk Earthworks (non-depreciable)	-	-	-	-	-	-	-	-	-	-	-	-
- Stormwater Drainage	-	-	-	-	-	-	-	-	-	-	-	-
- Water Supply Network	-	-	-	-	-	-	-	-	-	-	-	-
- Sewerage Network	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets:	-	-	-	-	-	-	-	-	-	-	-	-
- Heritage Collections	-	-	-	-	-	-	-	-	-	-	-	-
- Library Books	-	-	-	-	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-	-	-	-	-
Reinstatement, Rehabilitation & Restoration Assets (refer Note 2b)	-	-	-	-	-	-	-	-	-	-	-	-
- Tip Asset	-	-	-	-	-	-	-	-	-	-	-	-
- Quarry Asset	-	-	-	-	-	-	-	-	-	-	-	-
- Other Assets	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	-	259	40	219	187	(139)	(47)	-	-	268	48	220

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		11	-	22	-
- Other Expenditure Accruals		4	-	3	-
Total Payables		15	-	25	-
Borrowings					
Nil		-	-	-	-
Total Borrowings		-	-	-	-
Provisions					
Employee Benefits;					
Annual Leave		36	-	31	-
Long Service Leave		122	-	113	-
Sub Total - Aggregate Employee Benefits		158	-	144	-
Total Provisions		158	-	144	-
Total Payables, Borrowings & Provisions		173	-	169	-

(i) Liabilities relating to Restricted Assets

	2011		2010	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Other	-	-	-	-
Liabilities relating to externally restricted assets	-	-	-	-
Internally Restricted Assets				
Nil	-	-	-	-
Liabilities relating to internally restricted assets	-	-	-	-
Total Liabilities relating to restricted assets	-	-	-	-

¹ Loans are secured over the General Rating Income of Council

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

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

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

\$ '000	2011	2010
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	54	113
	<u>54</u>	<u>113</u>

Note 10b. Description of and movements in Provisions

Class of Provision	2010			2011		Closing Balance as at 30/6/11
	Opening Balance as at 1/7/10	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	31	23	(18)			36
Long Service Leave	113	16	(7)			122
TOTAL	144	39	(25)	-	-	158

- a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- b. Self Insurance Provisions represent both (i) Claims Incurred but Not reported and (ii) Claims Reported & Estimated as a result of Council's being a self insurer up to certain levels of Excess.
- c. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

Upper Hunter County Council
Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2011	Actual 2010
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	152	138
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		152	138
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		24	(31)
Adjust for non cash items:			
Depreciation & Amortisation		47	50
Net Losses/(Gains) on Disposal of Assets		(3)	(10)
Non Cash Capital Grants and Contributions		-	-
Impairment Losses Recognition - I,PP&E		-	-
Impairment (Reversal of previous losses) - I,PP&E		-	-
Impairment Losses / (Prior Period Reversals) - Financial Investments		-	-
Investment Income relating to "Available for Sale" Investments sold		-	-
Reversal of prior period I,PP&E revaluation decrements costed DIRECT to the P&L		-	-
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "@ Fair Value" or "Held for Trading"		-	-
- Investment Properties		-	-
- Favourable Financial Liabilities (ie. Initial Recognition at Fair Value)		-	-
- Fair Valuation Adjustment (re-measurement) of existing Loans to Council		-	-
- Interest Free Advances made by Council (Deferred Debtors)		-	-
- Write Offs relating to the Fair Valuation of I,PP&E		-	-
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- "Held to Maturity" Financial Assets		-	-
- Interest on all fair value adjusted Interest Free Advances made by Council		-	-
- Interest Exp. on Interest Free Loans received by Council (previously Fair Valued)		-	-
Unwinding of Discount Rates on Reinstatement Provisions		-	-
Share of Net (Profits) or Losses of Associates/Joint Ventures		-	-
Net Loss/(Gain) on Council Restructure/Amalgamations (excl. Cash)		-	-
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		1	(6)
Increase/(Decrease) in Provision for Doubtful Debts		-	-
Decrease/(Increase) in Inventories		(3)	(3)
Decrease/(Increase) in Other Assets		(11)	-
Increase/(Decrease) in Payables		(11)	(17)
Increase/(Decrease) in accrued Interest Payable		-	-
Increase/(Decrease) in other accrued Expenses Payable		1	-
Increase/(Decrease) in Other Liabilities		-	-
Increase/(Decrease) in Employee Leave Entitlements		14	14
Increase/(Decrease) in Other Provisions		-	-
NET CASH PROVIDED FROM/(USED IN)		59	(3)
OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		59	(3)

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2011	Actual 2010
(a) Capital Commitments (exclusive of GST)			
Nil			
(b) Other Expenditure Commitments (exclusive of GST)			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		13	19
Computer Software		1	-
Total Commitments		14	19
These expenditures are payable as follows:			
Within the next year		7	5
Later than one year and not later than 5 years		7	14
Later than 5 years		-	-
Total Payable		14	19
(d) Operating Lease Commitments (Non Cancellable)			
Nil			
(e) Investment Property Commitments			
Nil			

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

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

\$ '000	Amounts	Indicator	Prior Periods	
	2011	2011	2010	2009
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	197	1.66 : 1	3.04:1	3.16:1
Current Liabilities less Specific Purpose Liabilities ^(2,3)	119			
2. Debt Service Ratio				
Debt Service Cost	-	0.00%	0.00%	0.00%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	35			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	-	0.00%	0.00%	0.00%
Income from Continuing Operations	850			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	-	0.00%	0.00%	0.00%
Rates, Annual & Extra Charges Collectible	-			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure]	-	0.00%	0.00%	0.00%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	-			

Notes

(1) Refer Notes 6-8 inclusive.

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

(2) Refer to Note 10(a).

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

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

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 15. Financial Risk Management

 \$ '000

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2011	2010	2011	2010
Financial Assets				
Cash and Cash Equivalents	152	138	152	138
Receivables	19	20	19	20
Total Financial Assets	171	158	171	158
Financial Liabilities				
Payables	15	25	15	25
Total Financial Liabilities	15	25	15	25

Fair Value is determined as follows:

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

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

 \$ '000

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

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

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2011				
Possible impact of a 10% movement in Market Values				
Possible impact of a 1% movement in Interest Rates	2	2	(2)	(2)
2010				
Possible impact of a 10% movement in Market Values				
Possible impact of a 1% movement in Interest Rates	2	2	(2)	(2)

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

 \$ '000

(b) Receivables

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

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

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

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

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

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

	2011	2011	2010	2010
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	19	-	20
Past due by up to 30 days				
Past due between 31 and 180 days				
Past due between 181 and 365 days				
Past due by more than 1 year				
	<u>-</u>	<u>19</u>	<u>-</u>	<u>20</u>
(ii) Movement in Provision for Impairment of Receivables			2011	2010
Balance at the beginning of the year			-	
+ new provisions recognised during the year				
- amounts already provided for & written off this year				
- amounts provided for but recovered during the year				
- previous impairment losses reversed				
Balance at the end of the year			<u>-</u>	<u>-</u>

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2011									
Bank Overdraft	-							-	-
Trade/Other Payables	-	4						4	15
Loans & Advances								-	-
Lease Liabilities								-	-
Total Financial Liabilities	-	4	-	-	-	-	-	4	15
2010									
Bank Overdraft	-							-	-
Trade/Other Payables	-	25						25	25
Loans & Advances	-							-	-
Lease Liabilities	-							-	-
Total Financial Liabilities	-	25	-	-	-	-	-	25	25

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

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

	2011		2010	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Bank Overdraft	-		-	
Trade/Other Payables	15		25	
Loans & Advances - Fixed Interest Rate	-		-	
Loans & Advances - Variable Interest Rate	-		-	
Lease Liabilities	-		-	
	15		25	

page 43

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 10/11 was incorporated as part of its Management Plan and was adopted by the Council on the 22 June 2011.

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

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

Note that for Variations* of Budget to Actual :

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

F = Favourable Budget Variation, U = Unfavourable Budget Variation

\$ '000	2011 Budget	2011 Actual	2011 Variance*		
REVENUES					
Rates & Annual Charges	-	-	-	0%	F
User Charges & Fees	35	25	(10)	(29%)	U
Revenue in this category decreased by \$10K (29%) mainly due to less Private Works jobs completed within the financial year, where the original budget was \$22K and the actual income was \$15K.					
Interest & Investment Revenue	4	7	3	75%	F
Interest on investment increased \$3K (75%). The County Council investment account with NAB has received more interest than the originally budgeted.					
Other Revenues	-	-	-	0%	F
Operating Grants & Contributions	466	815	349	75%	F
Operating Grants & Contributions increased by \$376K (81%) due to a grant received for the Lower Hunter and Central Coast WAP project.					
Capital Grants & Contributions	-	-	-	0%	F
Net Gains from Disposal of Assets	2	3	1	50%	F
Gains on the disposal of assets has increased by \$1K (50%) more than the original budgeted.					

page 44

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 16. Material Budget Variations (continued)

\$ '000	2011 Budget	2011 Actual	2011 Variance*		
EXPENSES					
Employee Benefits & On-Costs	345	373	(28)	(8%)	U
The County Council staff actual annual leave taken increased compared to the original budget.					
Materials & Contracts	86	73	13	15%	F
The main contributor for this increase of \$308K (358%) is the Lower Hunter & Central Coast WAP Project.					
Depreciation & Amortisation	5	47	(42)	(840%)	U
The Upper Hunter County Council had not estimated plant depreciation in the original budget.					
Other Expenses	38	333	(295)	(776%)	U
Actual amounts for other expenses were increased compared to the original budget. The main contributors to this result was the WAP Project.					
Budget Variations relating to Council's Cash Flow Statement include:					
Cash Flows from Operating Activities	38	59	21	55.3%	F
The main contributors to this result were the increase in Materials and Contracts.					
Cash Flows from Investing Activities	(33)	(45)	(12)	36.4%	U
The Upper Hunter County Council had estimated that the cost to purchase and the sale of vehicles was lower than the actual amounts.					

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:**1. Guarantees****(i) Defined Benefit Superannuation Contribution Plans**

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

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

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions from 2009/10 & beyond.

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other Guarantees

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

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

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

\$ '000

ASSETS NOT RECOGNISED:

The County Council does not have any contingent assets for the year ended 30th June 2011.

Upper Hunter County Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2011	Actual 2010
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		220	251
a. Correction of Prior Period Errors	20 (c)	-	-
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		24	(31)
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
g. Other Changes (disclosure required)		-	-
Balance at End of the Reporting Period		<u>244</u>	<u>220</u>

b. Reserves

Council has no reportable Equity Reserves.

c. Correction of Error/s relating to a Previous Reporting Period

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

Hill Rogers
Spencer Steer

UPPER HUNTER COUNTY COUNCIL
GENERAL PURPOSE FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying *general purpose financial statements* of *Upper Hunter County Council*, which comprises the Balance Sheet as at 30 June 2011, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

Responsibility of Council for the Financial Statements

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

Auditors' Responsibility

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

Assurance Partners

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Spencer Steer

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

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

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

Independence

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

Auditor's Opinion

In our opinion,

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

HILL ROGERS SPENCER STEER

B. Hanger

BRETT HANGER
Partner

Dated at Sydney this 25th day of October 2011

Hill Rogers
Spencer Steer

25 October 2011

The Chairman
Upper Hunter County Council
PO Box 122
MUSWELLBROOK NSW 2333

Sir,

Audit Report - Year Ended 30 June 2011

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2011 and that all information required by us was readily available. We have signed our report as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General Purpose Financial Statements.

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

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

1. RESULTS FOR THE YEAR

1.1 Operating Result

The operating result for the year was a surplus of \$24,000 as compared with a deficit of \$31,000 in the previous year.

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Spencer Steer

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

	2011 \$000	% of Total	2010 \$000	% of Total	Increase (Decrease) \$000
Revenues before capital items					
User charges, fees & other revenues	28	3%	34	7%	(6)
Grants & contributions provided for operating purposes	815	96%	482	93%	333
Interest & investment revenue	7	1%	4	1%	3
	850	100%	520	100%	330
Expenses					
Employee benefits & costs	373	45%	361	66%	12
Materials, contracts & other expenses	406	49%	140	25%	266
Depreciation, amortisation & impairment	47	6%	50	9%	(3)
	826	100%	551	100%	275
Net Surplus/(Deficit) for the year	24		(31)		55

1.2 Funding Result

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

	2011 \$000	2010 \$000
Funds were provided by:-		
Operating Result (as above)	24	(31)
Add back non funding items:-		
- Depreciation, amortisation & impairment	47	50
- Book value of non current assets sold	139	162
	210	181
Net Changes in current/non current assets & liabilities	14	14
	224	195
Funds were applied to:-		
Purchase of assets	(187)	(242)
Transfers to internal reserves (net)	(10)	0
	(197)	(242)
Increase/(Decrease) in Available Working Capital	27	(47)

Hill Rogers
Spencer Steer

2. FINANCIAL POSITION

2.1 Unrestricted Current Ratio - The Unrestricted Current Ratio is a financial indicator specific to local government and represents Council's ability to meet its debts and obligations as they fall due. Net current assets (after eliminating current liabilities not expected to be paid within the next 12 months) amounted to \$78,000, representing a factor of 1.66 to 1.

2.2 Available Working Capital - The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures.

Taking into consideration the nature and level of the internally restricted assets (Reserves), we concluded that the level of Available Working Capital of \$60,000 was sound.

	2011	2010	Change
	\$000	\$000	\$000
Net Current Assets (Working Capital) as per Accounts	24	1	23
<i>Add:</i> provisions not expected to be realised in the next 12 months included above	54	113	(59)
Adjusted Net Current Assets	78	114	(36)
<i>Add:</i> expected to pay in the next 12 months			
- Employees leave entitlements	104	31	73
<i>Less:</i> Internally restricted assets	(122)	(112)	(10)
Available Working Capital as at 30 June	60	33	27

3. CASH AT BANK

Cash at bank amounted to \$138,000 as compared with \$211,000 at the close of the previous year. Internally restricted cash totalled \$112,000 relating to amounts set aside for employee leave entitlements, leaving uncommitted cash of \$26,000.

4. CASH FLOWS

The Statement of Cash Flows illustrates the flow of cash moving in and out of Council during the year and reveals that cash at bank increased by \$14,000 to \$152,000. In addition to operating activities which utilised net cash of \$59,000 were the proceeds from the sale of plant and equipment (\$142,000). Cash outflows other than operating activities were used to purchase plant and equipment (\$187,000).

Hill Rogers
Spencer Steer

5. CONCLUSION

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

Yours faithfully,
HILL ROGERS SPENCER STEER



BRETT HANGER
Partner

Upper Hunter County Council

SPECIAL SCHEDULES
for the year ended 30 June 2011

Upper Hunter County Council

Special Schedules
for the financial year ended 30 June 2011

Contents	Page
Special Schedules¹	
- Special Schedule No. 1 Net Cost of Services	2
- Special Schedule No. 8 Financial Projections	3

¹ Special Purpose Schedules are not audited.

Background

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

Upper Hunter County Council

Special Schedule No. 1 - Net Cost of Services
for the financial year ended 30 June 2011

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Health	826	850	-	24
Totals – Functions	826	850	-	24
General Purpose Revenues ⁽²⁾		-		-
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT⁽¹⁾	826	850	-	24

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

Upper Hunter County Council

Special Schedule No. 8 - Financial Projections
as at 30 June 2011

\$'000	Actual ⁽¹⁾ 10/11	Forecast 11/12	Forecast 12/13	Forecast ⁽²⁾ 13/14	Forecast ⁽³⁾ 14/15
(i) RECURRENT BUDGET					
Income from continuing operations	850	516	534	550	570
Expenses from continuing operations	826	478	500	517	535
Operating Result from Continuing Operations	24	38	34	33	35
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾					
Replacement/Refurbishment of Existing Assets					
Total Capital Budget	-	-	-	-	-
Funded by:					
- Loans					
- Asset sales					
- Reserves					
- Grants/Contributions					
- Recurrent revenue					
- Other					
	-	-	-	-	-

Notes:

- (1) From 10/11 Income Statement.
(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.
(3) If Council has only adopted 3 years of projections then only show 3 years.

4. Annual Report Additional Information

In regards to the Part 217, Local Government (General) Regulations 2005 and for the purposes of section 428(4) of the Local Government Act 1993, the County Council makes the follow declarations:

(a) Overseas Visits

No Councillor, staff member or other persons undertook overseas visits representing the County Council during 2010/2011

(a1) Councillor Disclosures

The County Council made no reimbursement or provision of services to Councillors during 2010/2011 for the following:

- (i) Office Equipment;
- (ii) Telephone calls;
- (iii) Attendance at conferences and seminars;
- (iv) Training and skill development;
- (v) Interstate visits;
- (vi) Overseas visits;
- (vii) Expenses of any spouse, partner or other person who accompanied a Councillor in the performance of their civic duties;
- (viii) Expenses involved in the care of a child of, or immediate family of a Councillor to allow the Councillor to undertake their civic functions.

(a2) Contracts

- (i) No employment contracts were awarded during 2010/2011;
- (ii) No contracts for less than \$150,000

(a3) Legal Proceedings

This County Council was not involved in any legal proceeding during 2010/2011.

(a4) Subsidised Private Works

County Council did not resolve to carry out work on private lands that was either fully or partly subsidised by the County Council as per section 67 of the Local Government Act 1993 in 2010/2011.

(a5) Contributions Granted

Council made no grants in accordance with Section 356 of the Local Government Act in 2010/2011

(a6) External Bodies Delegations

No external bodies were delegated to exercise any functions of the County Council during 2010/2011.

(a7) Business Controlling Interest

The County Council held no controlling interest in any other body during 2010/2011.

(a8) Partnership Participation

The County Council didn't participate with any other bodies during 2010/2011.

(a9) Equal Employment Opportunity

In accordance with Council's Equal Employment Opportunity Plan, all staff has received training in the principles of Equal Employment Opportunity. Council's Equal Employment Opportunity Policy was review in May 2011.

(b) General Manager Remuneration

For the 2010/2011 period:

- (i) The total value of the General Manager's salary component was \$11,271;
- (ii) No bonus payments, performance payments or other payments were made to General Manager;
- (iii) There were no non-cash benefits received by General Manager
- (iv) The County Council payed no fringe benefits tax.

(c) Senior Staff Remuneration

The County Council employs no other Senior Staff other than the General Manager.

5. Stormwater Management, Coastal Protection Services and Companion Animals Act 1998

These activities are not applicable to Upper Hunter County Council