

Welcome to Central Coast Council

Central Coast Council

Central Coast Council **Business Paper EXTRAORDINARY COUNCIL MEETING 21 December 2016** 



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### **MEETING NOTICE**

The Extraordinary Council Meeting
of Central Coast Council
will be held in the Council Chamber,
2 Hely Street, Wyong on
Wednesday 21 December 2016 at 5.00pm,

for the transaction of the business listed below:

#### **OPENING PRAYER**

#### **ACKNOWLEDGEMENT OF COUNTRY**

1	PRC	OCEDURAL ITEMS	
	1.1 1.2	Disclosure of Interest	
2	PLA	NNING REPORTS	
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Rob Noble

**CHIEF EXECUTIVE OFFICER** 

**Item No:** 1.1

**Title:** Disclosure of Interest

**Department:** Governance

21 December 2016 Extraordinary Council Meeting

D12521361



The provisions of Chapter 14 of the *Local Government Act, 1993* ("LG Act") regulate the way in which the Administrator and relevant staff of Council conduct themselves to ensure that there is no conflict between their private interests and their public functions.

#### Section 451 of the LG Act states:

- "(1) A councillor or a member of a council committee who has a pecuniary interest in any matter with which the council is concerned and who is present at a meeting of the council or committee at which the matter is being considered must disclose the nature of the interest to the meeting as soon as practicable.
- (2) The councillor or member must not be present at, or in sight of, the meeting of the council or committee:
  - (a) at any time during which the matter is being considered or discussed by the council or committee, or
  - (b) at any time during which the council or committee is voting on any question in relation to the matter.
- (3) For the removal of doubt, a councillor or a member of a council committee is not prevented by this section from being present at and taking part in a meeting at which a matter is being considered, or from voting on the matter, merely because the councillor or member has an interest in the matter of a kind referred to in section 448.
- (4) Subsections (1) and (2) do not apply to a councillor who has a pecuniary interest in a matter that is being considered at a meeting, if:
  - (a) the matter is a proposal relating to:
    - (i) the making of a principal environmental planning instrument applying to the whole or a significant part of the council's area, or
    - (ii) the amendment, alteration or repeal of an environmental planning instrument where the amendment, alteration or repeal applies to the whole or a significant part of the council's area, and

#### 1.1 Disclosure of Interest (contd)

- (a1) the pecuniary interest arises only because of an interest of the councillor in the councillor's principal place of residence or an interest of another person (whose interests are relevant under section 443) in that person's principal place of residence, and
- (b) the councillor made a special disclosure under this section in relation to the interest before the commencement of the meeting.
- (5) The special disclosure of the pecuniary interest must, as soon as practicable after the disclosure is made, be laid on the table at a meeting of the council and must:
  - (a) be in the form prescribed by the regulations, and
  - (b) contain the information required by the regulations."

Further, the Model Code of Conduct prescribed by cl 193(1) of the *Local Government* (General) Regulation 2005 applies to Council, its Administrator and staff. That Model Code relevantly provides that if the Administrator or staff have a non-pecuniary conflict of interest, the nature of the conflict must be disclosed as well as providing for a number of ways in which a non-pecuniary conflicts of interests might be managed.

#### Recommendation

That the Administrator now <u>disclose</u> any conflicts of interest in matters under consideration by Council at this meeting.

#### **Attachments**

Nil.

**Item No:** 1.2

**Title:** Address by Invited Speakers

**Department:** Governance

21 December 2016 Extraordinary Council Meeting

D12563329



The following people have been invited to address the meeting of Council:

SPEAKERS	REPORT	PAGE NO	DURATION
Mr Dennis Banicevic, of PricewaterhouseCoopers	3.1 Presentation of 2015-16 Financial Statements for the former Wyong Shire Council	21	5 mins

#### **Recommendation:**

- 1 That Council <u>receive</u> the report on Invited Speakers.
- 2 That Council <u>agree</u> meeting practice may be varied to allow reports from Group Leaders and/or the Chief Executive Officer to be dealt with following an Invited Speaker's address.

#### **Attachments**

Nil.

**Item No:** 2.1

**Title:** Amendment to Clause 8.9 of the Gosford Local

**Environmental Plan** 

**Department:** Environment and Planning

21 December 2016 Extraordinary Council Meeting

D12546844



#### **Report Purpose:**

The purpose of this report is for Council to consider a planning proposal which seeks to amend the *Gosford Local Environmental Plan* (GLEP 2014) to correct a drafting anomaly affecting Clause 8.9.

This report provides an overview of the outcomes of community consultation undertaken in respect of the planning proposal, as required by the Gateway determination.

This report recommends that Council support finalisation of the planning proposal.

#### **Recommendation:**

- 1 That Council <u>support</u> the planning proposal as exhibited;
- That Council <u>request</u> the Chief Executive Officer to exercise the delegation issued by the Department of Planning and Environment dated 18 November 2016 for RZ/83/01/2007 (PP\_2016\_CCOAS\_002\_00) to proceed with the steps for drafting and making of Amendment No. 27 to Gosford Local Environmental Plan 2014.
- 3 That Council <u>advise</u> all those who made a submission of the decision.

Clause 24A of *Gosford City Centre Local Environmental Plan* (GCCLEP 2007) was an incentives provision which provided for a 30% bonus above the existing height and floor space ratio controls within a prescribed area of the Gosford City Centre. The provision came into force on 31 August 2012 and was to apply for a two year period until 31 August 2014. It was envisaged that the bonus incentives would facilitate development within and support the revitalisation of the Gosford City Centre. The GCCLEP 2007 was repealed on the making of the GLEP 2014 on 11 February 2014, with the end date of 31 August 2014 carried over into cl 8.9 of GLEP 2014.

Clause 8.9 of GLEP 2014, as made on 11 February 2014, stated:

#### 8.9 Development Incentives

- (1) The objective of this clause is to provide incentives for development on land in Gosford City Centre.
- (2) This clause applies to land identified as "Gosford City Centre" on the Development Incentives Application Map.
- (3) Development consent may be granted for the erection of a building on land to which this clause applies if the building:
  - (a) will not exceed the maximum height shown for the land on the Height of Buildings Map by more than 30%, and
  - (b) will not exceed the maximum floor space ratio shown for the land on the Floor Space Ratio Map by more than 30%.
- (4) Subclause (3) does not apply to development applications made after **31 August 2014**.

On 10 June 2014 the former Gosford City Council resolved to seek to amend the GLEP 2014 so as to extend the development incentive provisions under Clause 8.9 for a further twelve months. The *Gosford Local Environmental Plan 2014 (Amendment No 12)* ("the 2015 Amending LEP") commenced on 2 April 2015. Clause 4 of the 2015 Amending LEP stated:

#### 8.9 Development Incentives

Omit clause 8.9 (4). Insert instead:

"(4) This clause ceases to apply 12 months after the commencement of Gosford Local Environmental Plan 2014 (Amendment No 12").

The intent of that amendment was to enable relevant applications lodged before 2 April 2016 to have the benefit of the bonus provisions irrespective of the date of determination of those applications.

Clause 8.9 of GLEP, as amended by cl 4 of the 2015 Amending LEP, may not provide a savings provision for Development Applications (DA's) lodged before 2 April 2016 but not yet determined. In order to provide certainty for the DA's yet to be determined "seeking" an incentive bonus to height or FSR, on 26 October 2016 the Council resolved to prepare a planning proposal to amend cl 8.4(4) of the GLEP 2014 to reflect the intent of the 2015 Amending LEP.

The Planning Proposal applies to the land in Gosford City Centre shown hatched pink on the map below:

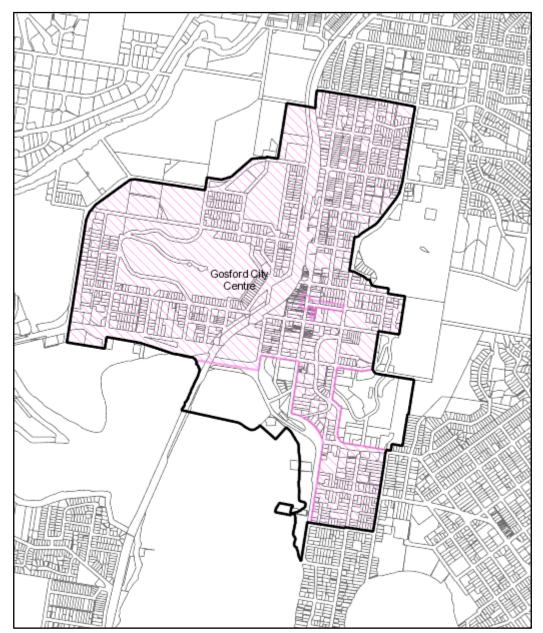


Figure 1: Locality Context Aerial

The Planning Proposal seeks to amend Clause 8.9(4) of GLEP 2014 in the following way:

#### 8.9 Development Incentives

(4) This clause 8.9 applies to development applications made on or after 31 August 2012 and on or before 2 April 2016, and operates in respect of any such development application so made whether finally determined before or after the date on which the commencement of Gosford Local Environmental Plan 2014 (Amendment No 12) commenced.

The aim of planning proposal is to correct an unintended drafting error in the 2015 Amending LEP. The planning proposal seeks to ensure that cl 8.9 of GLEP 2014 is operative and applies to relevant development applications lodged between 31 August 2012 and 2 April 2016.

A Gateway Determination was issued by the Minister's delegates, the Department of Planning and Environment (DP&E), on 18 November 2016 which allowed the Planning Proposal to proceed to public exhibition.

That planning proposal was prepared, then forwarded to the Minister for Planning pursuant to s.56 of the *Environmental Planning and Assessment Act 1979*.

#### Consultation

The planning proposal was publicly exhibited between 25 November 2016 and 9 December 2016, in accordance with the requirements of the Gateway Determination. Exhibition of the proposal was undertaken in accordance with the DP&E's *Guide to Preparing Local Environmental Plans* (August 2016).

One submission was received during the exhibition period. The matters raised in the submission are provided below:

- Development should not exceed the height of the escarpment;
- The scenic qualities of the area should be protected;
- Concern that skyscapers would be visible from Kariong and Woy Woy.

#### Comment:

The aim of this planning proposal is to correct an anomaly within the 2015 Amending LEP. The planning proposal will not increase proposed building heights above that already achievable under Clause 8.9 of GLEP 2014. Therefore, the issues raised in the above submission about impacts of building heights and impacts on scenic quality are not pertinent to this planning proposal.

#### **Public Authority Submissions:**

The Gateway Determination issued by the DP&E on 25 November 2016 did not require consultation with any public authorities.

#### **Statutory Compliance and Strategic Justification:**

In May 2016 the NSW DP&E issued a document to merged Councils that provided guidelines on the exercise of planning functions. In accordance with those guidelines, merged Councils are to continue to progress planning proposals with strategic merit. This planning proposal is consistent with the guidelines and is appropriate to be progressed as it is only the correction of an anomaly with cl 8.9 of GLEP 2014.

The planning proposal has been assessed having regard for all State Environmental Planning Policies, Ministerial s.117 Directions and the relevant guidelines set out within the regional plans including the *Central Coast Regional Plan 2036* and is considered to be consistent with all relevant actions or directions.

#### **Conclusion:**

The effect of the planning proposal is to correct the unintended drafting error of Clause 8.9 of the 2015 Amending LEP.

The proposed amendment will enable the bonus incentive provisions to be applied with certainty to relevant DA's lodged but not determined prior to 2 April 2016.

#### **Attachments**

**1** Strategic Assessment D12559609



# Central Coast Council Strategic Planning Framework Assessment Clause 8.9 of Gosford LEP 2014

Click here to enter text.

RZ/83/01/2007; December 16

#### Relationship to strategic planning framework

#### Where a regional or sub-regional strategy is in place:

 Is the planning proposal consistent with the objectives and actions contained within the applicable regional or sub-regional strategy (including the Sydney Metropolitan Strategy and exhibited draft strategies)?

#### Central Coast Regional Plan 2006 - 2031

In the NSW Government's Regional Cities Strategy, Gosford has been designated as the Regional City for the Central Coast. The Central Coast Regional Strategy (CCRS) 2006 – 2031 is relevant to the consideration of this Planning Proposal it identifies the following:

- Gosford City Centre is to function as the Central Coast's Regional City, providing an attractive and liveable mixed use city centre; and
- One of the key challenges is to rejuvenate Gosford as the Region's major centre creating the capacity for 6000 new jobs and accommodating 10,000 more residents within the City Centre.

Clause 8.9 is intended to provide development incentives to applicants who made application for development prior to 2 April 2016. The intention of this clause is to provide incentives to developers to support the revitalisation of the Gosford City Centre and generate housing supply, economic activity and employment growth. This will support investment in the Regional City and is consistent with the aims of the Central Coast Regional Strategy (CCRS) 2006 – 2031.

#### **Central Coast Regional Plan 2036**

The Central Coast Regional Strategy 2036 (CCRP) applies to both of the former Gosford and Wyong local government areas (LGAs). The Planning Proposal will assist Council in meeting the targets set by the State Government in the Regional Strategy for provision of housing and or jobs. .

The CCRP is to provide the basis of the planning by the local government sets out a number of actions. The table below demonstrates that the Planning Proposal is consistent with the relevant actions identified in the CCRP:

Action	Consistency		
1.1 Grow Gosford City Centre as the regions capital and focus of professional, civic and health services for the region's population	Clause 8.9 of GLEP 2014 facilitates development incentives that will generate housing supply, economic activity and employment growth to support the Gosford City Centre.		
1.3 Attract and facilitate greater commercial development in Gosford City Centre by improving the public domain and providing opportunities for development through local planning controls.	Clause 8.9 of GLEP 2014 provides development incentives which allow opportunities for increased commercial development within the Gosford City Centre.		

17.1 Align land use and infrastructure planning to maximise the use and capacity of existing infrastructure, and the efficiency of new infrastructure.	Clause 8.9 allows for bonus height and floorspace within the Gosford City Centre which maximises the use of existing infrastructure.
18.1 Facilitate Council-led revitalisation of centres to integrate landuse and transport planning, improve the quality of the public domain and encourage ecologically sustainable development.	The planning proposal supports the revitalisation of Gosford City Centre which is well served by existing bus and rail public transport systems. Planning controls for the Gosford City Centre promote ecologically sustainable development.

Table 1 - CCRS Assessment

Is the planning proposal consistent with the local Council's Community Strategic Plan, or other local strategic plan?

#### **Gosford 2025 – Continuing our Journey**

The Planning Proposal is consistent with the *Gosford 2025 (updated July 2013) – Continuing our Journey* which incorporates a number of objectives and strategies in the Economy theme relating to economic vitality, local business, employment and the city centre, notably:

- C1 Gosford is a place that attracts people to work, live and visit
  - C1.2 Pursue new ideas and approaches for business and infrastructure investment
- C2 Gosford attracts and supports new and existing businesses and investment
  - C2.2 Promote Gosford as a business location
- C3 Gosford City Centre thrives as the regional hub
  - C3.2 Implement the City Centre Masterplan, continuing collaborative approaches to revitalising Gosford

The planning proposal is consistent with these strategic directions as it aims to facilitate economic vitality and employment growth within Gosford's commercial core which is well served by regional road and public transport infrastructure and utility services.

The planning proposal is also generally consistent with objectives and directions contained in the Gosford City Centre Masterplan adopted by Council and the NSW Government.

The Masterplan was prepared in response to acknowledgement that in the past decade or so Gosford City Centre was in decline. It provides clear direction for positive change indicating what kind of development and creation of public realm is appropriate and necessary to revitalise the City Centre. The Masterplan recognises that there are several critical components in the revitalisation and that more widespread investment is needed in residential and commercial buildings throughout the city centre if it is to attain the critical mass to become self-sustaining.

#### 2. Is the planning proposal consistent with applicable state environmental planning policies?

The proposal has been considered against the relevant State Environmental Planning Policies (SEPP) as detailed below.

#### **State Environmental Planning Policy**

#### Comment

#### **SEPP 55 - Remediation of Land**

Aims to promote the remediation of contaminated land for the purpose of reducing the risk of harm to human health or any other aspect of the environment

- (a) by specifying when consent is required, and when it is not required, for a remediation work, and
- (b) by specifying certain considerations that are relevant in rezoning land and in determining development applications in general and development applications for consent to carry out a remediation work in particular, and
- (c) by requiring that a remediation work meet certain standards and notification requirements.

In this case the planning proposal covers a large number of sites within the existing Gosford City Centre. Council's contaminated land mapping does identify some parcels of land within the land covered by the planning proposal as having potential for contamination, and at least one site is currently being used for a purpose referred to in the Guidelines "Table 1 Some Activities that may Cause Contamination" ie a dry cleaners. It is also possible that other sites within the city centre may have been used or are being used for activities outlined in Table 1. However the planning proposal aims to correct an anomaly in the wording of Clause 8.9 and does not propose to alter uses currently permitted. Any future development application on land within the planning proposal area and the subsequent assessment of the development application would be required via SEPP 55 and Section 79C of the EP&A Act to consider potential land contamination, the suitability of the site for the proposed use and any need for site remediation.

#### SEPP 65 - Design Quality of Residential Apartment Development

#### Aims:

To improve the design quality of residential apartment development in New South Wales.

The proposal will assist in achieving the aims of the SEPP as the development controls within the Gosford City Centre have been prepared in accordance with the SEPP. Additionally any future development applications will be required to address the SEPP and the associated Apartment Design Guide.

Table 3 – SEPP Assessment

#### 3. Is the planning proposal consistent with applicable Ministerial Directions (s.117 directions)?

No.	Direction	Applicable	Consistent		
Employment & Resources					
1.1	Business & Industrial Zones	Υ	Υ		
1.2	Rural Zones	N	N/A		
1.3	Mining, Petroleum Production and Extractive Industries	N	N/A		
1.4	Oyster Aquaculture	N	N/A		
1.5	Rural Lands	N	N/A		
	Environment & Her	itage			
2.1	Environmental Protection Zones	N	N/A		
2.2	Coastal Protection	Υ	Υ		
2.3	Heritage Conservation	Υ	Υ		
2.4	Recreation Vehicle Areas	N	N/A		
	Housing, Infrastructure & Urba	an Development			
3.1	Residential Zones	Υ	Υ		
3.2	Caravan Parks and Manufactured Home Estates	N	N/A		
3.3	Home Occupations	N	N/A		
3.4	Integrating Land Use & Transport	Υ	Υ		
3.5	Development Near Licensed Aerodromes	N	N/A		
3.6	Shooting Ranges	N	N/A		
	Hazard & Risk				
4.1	Acid Sulfate Soils	N	N/A		
4.2	Mine Subsidence and Unstable Land	N	N/A		
4.3	Flood Prone Land	N	N/A		
4.4	Planning for Bushfire Protection	Υ	Υ		

No.	Direction	Applicable	Consistent		
Regio	nal Planning				
5.1	Implementation of Regional Strategies	Υ	Υ		
5.2	Sydney Drinking Water Catchments	N	N/A		
5.3	Farmland of State and Regional Significance on the NSW Far North Coast	N	N/A		
5.4	Commercial and Retail Development along the Pacific Highway, North Coast	N	N/A		
5.8	Sydney's Second Airport: Badgery's Creek:	N	N/A		
Local I	Plan Making				
6.1	Approval and Referral Requirements	Υ	Υ		
6.2	Reserving Land for Public Purposes	N	N/A		
6.3	Site Specific Provisions	N	N/A		
Metro	Metropolitan Planning				
7.1	Implementation of A Plan for Growing Sydney	N	N/A		
7.2	Implementation of Greater Macarthur Land Release Investigation	N	N/A		

Table 3 – S117 Ministerial Direction Compliance

#### **Ministerial Section 117 Directions**

Direction	Comment
Employment & Resources	
1.3 Business and Industrial Zones	
This Direction applies when a planning authority prepares a planning proposal that will affect land within an existing or proposed business zone. The objectives of the direction are to encourage employment growth in suitable locations; protect employment land in business zones; and to support the viability of identified centres.	Consistent  The planning proposal is consistent with the requirements of Clause 4 (a) – (e) of the direction:  (a) The planning proposal aims to provide incentives to encourage the revitalisation of Gosford City Centre and gives effect to the objectives of the direction to encourage employment growth in identified strategic centres;

Direction	Comment		
	(b) the planning proposal retains the areas and location of existing business zones;		
	<ul> <li>(c) the planning proposal does not reduce the total potential floor space for employment uses and related public services in business zones;</li> </ul>		
	(d) Not applicable; and		
	(e) The planning proposal does not result in 'new employment areas' as such, but rather the early revitalisation of an identified strategic centre.		

#### **Environment & Heritage**

#### 2.1 2.2 Coastal Protection

The Planning Proposal is located within the Coastal Zone and must give effect to and be consistent with *The NSW Coastal* Policy; the *Coastal Design* Guidelines; and the *NSW Coastline Management Manual* 1990.

Consistent.

The planning proposal is consistent with this direction as it does not amend Clause 32 of the Gosford City Centre LEP 2007 which gives effect to the principles of the *NSW Coastal Policy*.

#### 2.3 Heritage Conservation

Aims to conserve items, areas, objects and places of environmental heritage significance and indigenous heritage significance.

Applies when the relevant planning authority prepares a planning proposal.

#### Consistent

This planning proposal is consistent with the requirements of this direction as it does not amend the Heritage Conservation provisions of Gosford LEP 2014 and does not contain any provision adverse to the protection of Aboriginal cultural significance.

#### Housing, Infrastructure and Urban Development

#### 3.1 Residential Zones

Aims to encourage a variety and choice of housing types to provide for existing and future housing needs, to make efficient use of existing infrastructure and services and ensure that new housing has appropriate access to infrastructure and services, and to minimise the impact of residential development on the environmental and resource lands.

#### Consistent

The planning proposal is consistent with the requirements of clauses (4) and (5) of this Direction as it does not amend the location or classification of residential zones within the Gosford City Centre; does not alter the permissibility of various housing

#### **Direction** Comment

Applies when a planning proposal affects land within an existing or proposed residential zone, and any other zone in which significant residential development is permitted or proposed to be permitted. types within existing residential zones; does not reduce the permissible residential density on any land; and does not amend any provision requiring the provision of services. The planning proposal allows for incentives for development which may encourage increased housing and housing choice.

#### 3.4 Integrating Land Use & Transport

Aims to ensure that urban structures, building forms, land use locations, development designs, subdivision and street layouts to achieve: improving access to housing, jobs and services by walking, cycling and public transport; increasing choice of available transport and reducing transport on cars; reducing travel demand; supporting efficient and viable public transport services; and provide for efficient movement of freight.

Applies when a planning proposal creates alters or moves a zone or provision relating to urban land, including land zoned for residential, business, industrial, village or tourist purposes. Consistent.

The planning proposal is consistent with the requirements of the direction by providing for increased retail/commercial/residential development and community facilities/services within the Gosford City Centre which offers a choice of transport modes and by providing opportunities for people to live and work within the City Centre resulting in people making fewer and shorter trips.

#### Hazard & Risk

#### 4.4 Planning for Bushfire Protection

Aims to protect life, property and the environment from bushfire hazards, and encourage sound management of bushfire prone areas.

Applies when a planning proposal affects or is in proximity to land mapped as bushfire prone land.

Consistent

Part of the land within the Gosford City Centre is classified as bush fire prone on the Council's Bushfire Prone Land Map.

The majority of the sites contain existing buildings and are consistent with uses within a city centre. The requirements of Planning for Bushfire Protection can be addressed in the preparation and assessment of any future development application for this purpose.

The New South Wales Rural Fire Service has reviewed the original planning proposal which led to Amendment 12 of Gosford LEP 2014 and raised no objections to the proposal.

Direction	Comment
Regional Planning	
5.1 Implementation of Regional Strategies	
Aims to give legal effect to the vision, land use strategy, policies, outcomes and actions contained within regional strategies.  Applies when the relevant planning authority prepares a planning proposal that is located on land addressed within the Far North Regional Strategy, Lower Hunter Regional Strategy, Central Coast Regional Strategy, Illawarra Regional Strategy & South Coast Regional Strategy.	Consistent  The proposal has been assessed against the actions of the Central Coast Regional Strategy and the Draft Central Coast Regional Plan and is consistent with these documents (refer to Section B3 of the Planning Proposal).
Local Plan Making	
6.1 Approval and Referral Requirements	
Aims to ensure that LEP provisions encourage the efficient and appropriate assessment of development.  Applies when the relevant planning authority prepares a planning proposal.	Consistent  The planning proposal is consistent with this direction as no such inclusions, or designation is proposed.

**Item No:** 3.1

**Title:** Presentation of 2015-16 Financial Statements for the

former Wyong Shire Council

**Department:** Chief Financial Officer's Unit





#### **Summary:**

This report, including external audit reports, presents the 2015-16 financial statements for the former Wyong Shire Council and former Wyong Shire Council Water Supply Authority (Wyong Water). The 2015-16 financial statements cover the period 1 July 2015 to 12 May 2016 in line with the *Local Government (Council Amalgamations) Proclamation 2016*.

#### **Recommendation:**

- 1 That Council <u>note</u> that the audited financial reports including the auditor's reports have been presented to this meeting of the Council, in accordance with s. 419(1) of the Local Government Act 1993 ("LG Act").
- 2 That Council <u>note</u> that the external auditor, Mr Dennis Banicevic (of PricewaterhouseCoopers) addressed the Council on the auditor's report on the former Wyong Shire Council's 2015-16 financial statements in accordance with s. 419(2) of the LG Act.
- 3 That Council <u>adopt</u> the audited 2015-16 financial statements for the former Wyong Shire Council and the former Wyong Shire Council Water Supply Authority as presented in accordance with ss. 213(2)(c) and 377(1)(k) of the LG Act, and cl. 215(1)(a) of the Local Government (General) Regulation 2005.

#### **Background**

Council at its meeting held on 23 November 2016 resolved in part as follows:

"543/16 That Council <u>note</u> the draft 2015-16 Financial Statements for the former Wyong Shire Council as presented include a general purpose financial report and have been prepared in accordance with the accounting and reporting requirements of Australian Accounting Standards, the Office of Local Government prescribed Code of Accounting Practice and Financial Reporting - Update No. 24(b), s. 413(2)(b) of the Local Government Act 1993 ("LG Act"), cl. 214 of the Local Government (General) Regulation 2005 ("LG Reg") and cl. 27(1) of the Local Government (Council Amalgamations) Proclamation 2016.

## 3.1 Presentation of 2015-16 Financial Statements for the former Wyong Shire Council (contd)

- 544/16 That Council <u>adopt</u> the draft former Wyong Shire Council 2015-16 Financial Statements as presented in accordance with ss. 213(2)(c) and 377(1)(k) of the LG Act, and cl. 215(1)(a) of the LG Reg.
- 545/16 That Council <u>refer</u> the draft former Wyong Shire Council 2015-16 Financial Statements to external audit in accordance with s. 413(1) of the LG Act.
- 546/16 That Council <u>authorise</u> the Administrator to execute all documents related to the draft 2015-16 Financial Statements in accordance with s. 213(2)(c) of the LG Act, and cl. 215(1)(b)(i) and 215(1)(b)(ii) of the LG Reg.
- 547/16 That Council <u>authorise</u> the Chief Executive Officer to execute all documents related to the draft 2015-16 Financial Statements in accordance with s. 213(2)(c) of the LG Act, and cl. 215(1)(b)(iv) of the LG Reg.
- 548/16 That Council <u>authorise</u> the Responsible Accounting Officer to execute all documents related to the draft 2015-16 Financial Statements in accordance with s. 213(2)(c) of the LG Act, and cl. 215(1)(b)(iii) of the LG Reg.

Pursuant to resolution 545/16 of 23 November 2016, the draft 2015/16 Financial Statements of the former Wyong Shire Council were referred to Council's external auditor. Mr Banicevic of PricewaterhouseCoopers will attend this meeting as he is entitled to do so by s. 419(2) of the LG Act.

Council received audit reports from Mr Banicevic. Those audited reports are attachments 1 and 2 to this report. Pursuant to s. 419(1) of the LG Act, those reports are presented to this meeting of the Council.

Council has achieved a consolidated operating surplus of \$26.7M (before capital grants and contributions) for the reporting period 1 July 2015 to 12 May 2016. With the exception of Council's rates and annual charges outstanding benchmark ratio (which has been negatively impacted by the required treatment for former councils to recognise 100% of the rates revenue for the 2015–16 rating year and have no adjustment for rates not earned during the period 13 May 2016 to 30 June 2016) are better than all local government industry benchmarks.

Changes made to the draft financial statements presented on 23<sup>rd</sup> November are as follows:

#### **Former Wyong Shire Council (consolidated)**

On review of Council's current restrictions for its water and sewer operations, Council has derecognised certain cash, receivable and payable restrictions, in line with the current restriction disclosures recorded in the Financial Statements of Wyong Water. This change was corrected in the prior period in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

## 3.1 Presentation of 2015-16 Financial Statements for the former Wyong Shire Council (contd)

As a result of the above disclosure changes:

- None of the financial information disclosed in the Financial Statements changed
- The restricted and unrestricted balances within Note 6(c), Note 7 and Note 10(a) have changed such that all Wyong Water unrestricted amounts are now recorded as Unrestricted in the consolidated results
- The Unrestricted current ratio in Note 13a(i) has improved from 1.51x to 1.55x

The above commentary is documented in Note 20(d) of the attached consolidated Financial Statements for the former Wyong Shire Council.

Minor typographical errors were also corrected.

#### Former Wyong Shire Council Water Supply Authority (Wyong Water)

Wyong Water had incorrectly recognised land assets at a value of \$6.474M from 1994. During the review of land valuation process, it was identified that the land should have been recognised by the former Wyong Shire Council. This error was corrected in the prior period in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* through adjusting retained earnings and de-recognition of land.

The restated balances for each financial statement line affected in each period presented are documented in Note 20(c) of the attached Financial Statements for the former Wyong Shire Council Water Supply Authority.

Minor typographical errors were also corrected.

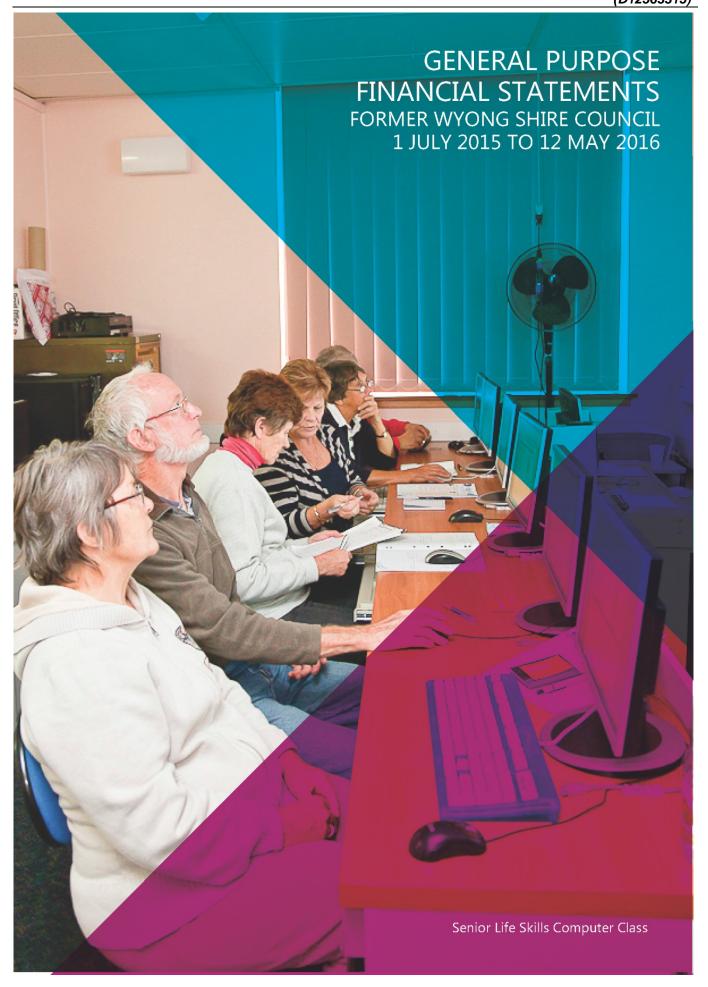
#### Conclusion

Council is required to present and adopt the audited financial reports at a Council meeting and has invited the external auditor to present.

#### **Attachments**

- 1 Consolidated Financial Statements former Wyong Shire Council 2015-16 D12563315 Audited
- **2** Financial Statements former Wyong Shire Council Water Supply Authority D12563319 2015-16 Audited
- **3** Audit Report for the former Wyong Shire Council 2015-16 Financial Statements (Distributed under separate cover)
- **4** Audit Report for the former Wyong Shire Council Water Supply Authority
  - 2015-16 Financial Statements (Distributed under separate cover)





#### The former Wyong Shire Council

#### General Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

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#### <u>Overview</u>

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

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

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

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

- (iii) All figures presented in these financial statements are presented in Australian currency.
- (iv) These financial statements were authorised for issue by Central Coast Council on 14 December 2016. Council has the power to amend and reissue these financial statements.

#### The former Wyong Shire Council

### General Purpose Financial Statements for the period 1 July 2015 to 12 May 2016

#### Understanding Council's financial statements

#### Introduction

Each year, individual Local Governments across New South Wales are required to present a set of audited financial statements to their Council and Community.

#### What you will find in the statements

On 12 May 2016, the Local Government (Council Amalgamations) Proclamation 2016 announced that the former Wyong Shire Council's operations would be amalgamated with the former Gosford City Council into the new Central Coast Council.

Any reference to Wyong Shire Council refers to the former Wyong Shire Council.

These financial statements have been prepared to reflect the financial position as at 12 May 2016 and the financial performance for the reporting period 1 July 2015 to 12 May 2016 of Wyong Shire Council.

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

#### About the Management Statement

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

#### About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

#### 1. The Income Statement

This statement summarises Council's financial performance for the period 1 July 2015 to 12 May 2016, listing all income and expenses.

The accounting treatment for revenue in the Income Statement for the reporting period to 12 May 2016 complies with the Code of Accounting Practice and Financial Reporting (Code) update 24(b) supplement which was issued on 28 September 2016.

In accordance with the Australian Accounting Standard AASB 1004 Contributions, Council has had to recognise 100% of the rates revenue for the 2015/16 rating year as control over assets acquired from rates is obtained at the commencement of the rating year or, where earlier, upon receipt of the rates. There has been no adjustment for rates not earned during the period 13 May 2016 to 30 June 2016.

Council has also recognised 100% of the Federal Assistance Grants (FAGs) revenue as grants are recognised upon receipt or upon earlier notification that the grant has been secured.

As a consequence, these financial statements include all the rates and FAGs revenue for the period from 1 July 2015 to 30 June 2016 but expenditure obligations only for the period 1 July 2015 to 12 May 2016. Expenditure obligations for the period from 13 May 2016 to 30 June 2016 will be included in the financial statements of the new Central Coast Council.

If a pro-rata adjustment for rates and the last quarter FAG payment had not been included as revenue, the net operating result for the period would be recorded as below.

Income Statement	Actual 1 July '15 to 12 May '16 \$M
Income from operations	238.6
Expenditure from operations	211.9
Net operating result (exclusive of capital grants and contributions)	26.7
Income from capital grants and contributions	35.8
Net operating result (inclusive of capital grants and contributions)	62.5
Rates and FAG adjustment	(11.8)
Adjusted net operating result (inclusive of capital grants and contributions)	50.7

All other income and expenditure reflects the statutory reporting period.

#### The former Wyong Shire Council

### General Purpose Financial Statements for the period 1 July 2015 to 12 May 2016

#### Understanding Council's financial statements

#### 2. The Statement of Comprehensive Income

This statement primarily records changes in the fair values of Council's infrastructure, property, plant and equipment.

#### 3. The Statement of Financial Position

This statement is an end of period snapshot of Council's financial position indicating its assets, liabilities and equity ('net wealth').

#### 4. The Statement of Changes in Equity

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

#### 5. The Statement of Cash Flows

This statement indicates where Council's cash came from and where it was spent.

#### About the Notes to the Financial Statements

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

The required treatment for former councils to recognise 100% of the rates revenue for the 2015–16 rating year and have no adjustment for rates not earned during the period 13 May 2016 to 30 June 2016, has negatively impacted Council's Rates and Annual Charges Outstanding benchmark ratio contained within Note 13(a) and Note 13(b).

Whilst rates are levied in July, ratepayers have the option to make payments based on quarterly due dates in August, November, February and May. As the proclamation was made on 12 May 2016 the fourth instalment due on 31 May was not due for payment. This has resulted in a higher than normal rates outstanding balance as at the reporting date. This has negatively impacted the rates, annual charges, interest and extra charges outstanding percentage.

#### About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialise in Local Government).

In NSW, the auditor provides 2 audit reports:

- An opinion on whether the financial statements present fairly the Council's financial performance and position, and
- Their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

#### Who uses the financial statements?

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

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

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

#### The former Wyong Shire Council

#### General Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Statement by Management

made pursuant to Section 413(2)(c) of the Local Government Act 1993 (NSW) (as amended)

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

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

#### To the best of our knowledge and belief, these financial statements:

- · present fairly the Council's operating result and financial position for the period, and
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Central Coast Council made on 14 December 2016.

Mr Ian Reynolds Administrator

Mr Rob Noble

**Chief Executive Officer** 

Mr Stephen Naven

Responsible Accounting Officer

#### The former Wyong Shire Council

#### Income Statement

for the period 1 July 2015 to 12 May 2016

Budget			Actual	Actual
1/7/15 to 30/6/16	\$ '000	Notes	1 July 2015 - 12 May 2016	1 July 2014 - 30 June 2015
	Income from continuing operations			
	Revenue:		4 40 007 3	
n/a	Rates and annual charges	3а	146,897 2	148,856
n/a	User charges and fees	3b	57,663	61,582
n/a	Interest and investment revenue	3c	5,195	6,599
n/a	Other revenues	3d	7,268	6,589
n/a	Grants and contributions provided for operating purposes		21,508 3	21,916
n/a	Grants and contributions provided for capital purposes  Other income:	3e,f	35,837	26,169
n/a	Net gains from the disposal of assets	5		
n/a	Total income from continuing operations		274,368	271,711
	Expenses from continuing operations			
n/a	Employee benefits and on-costs	4a	66,948	76,515
n/a	Borrowing costs	4b	12,119	14,716
n/a	Materials and contracts	4c	39,560	45,742
n/a	Depreciation and amortisation	4d	54,837	60,751
n/a	Impairment	4d	· _	
n/a	Other expenses	4e	37,039	36,862
n/a	Net losses from the disposal of assets	5	1,344	478
	Net share of interests in joint ventures and			
n/a	associates using the equity method	19	21_	229
n/a	Total expenses from continuing operations		211,868	235,293
n/a	Operating result from continuing operations		62,500	36,418
 n/a	Net operating result for the period		62,500	36,418
		,		,
n/a	Net operating result attributable to Council		62,500	36,418
n/a	Net operating result attributable to non-controlling interest	s		
	Net operating result for the period before			
n/a	grants and contributions provided for capital purposes		26,663	10,249
	Alternative net operating result for the period before grants and contributions provided for capital purposes	,	16,506	10,249
	grants and contributions provided for capital purposes		10,500	10,249

Original budget as approved by Council is not required for these financial statements as the former Wyong Shire Council has been amalgamated with the former Gosford City Council and has a statutory reporting period from 1 July 2015 to 12 May 2016 as per the Local Government (Council Amalgamations) proclamation 2016.

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

Rates are recognised as revenue at the commencement of the rating year for the period 1/7/15 to 30/6/16. No adjustments have been made for rates not earned during the period 13/5/16 to 30/6/16.

Federal Assistance Grants (FAGs) are recognised as revenue upon their receipt or upon earlier notification that the grant has been secured. As such the revenue for FAGs includes the last quarter FAG payment received on 17/5/16.

Alternative Net operating result before capital income if rates income had been pro rata'd for the period 1 June 2015 - 12 May 2016

#### The former Wyong Shire Council

## Statement of Comprehensive Income for the period 1 July 2015 to 12 May 2016

		Actual	Actual
\$ '000	Notes	1 July 2015 - 12 May 2016	1 July 2014 - 30 June 2015
Net operating result for the period (as per Income Statement)		62,500	36,418
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating res	sult		
Gain (loss) on revaluation of infrastructure, property, plant and equipment	20b (ii)	(24,542)	259,957
Other movements – correction of error	_ 20b (ii)		183,134_
Total items which will not be reclassified subsequently		(04.540)	442.004
to the operating result		(24,542)	443,091
Amounts which will be reclassified subsequently to the operating result when specific conditions are met Nil			
Total other comprehensive income for the period		(24,542)	443,091
Total comprehensive income for the period	,	37,958	479,509
Total comprehensive income attributable to Council		37,958	479,509
Total comprehensive income attributable to non-controlling interests		_	

#### The former Wyong Shire Council

#### Statement of Financial Position

as at 12 May 2016

\$ '000	Notes	Actual 12 May 2016	Actual 30 June 2015
ASSETS			
Current assets			
Cash and cash equivalents	6a	14,223	38,212
Investments	6b	124,961	93,167
Receivables	7	55,466	32,129
Inventories	8	667	712
Other	8	682	972
Total current assets		195,999	165,192
Non-current assets			
Investments	6b	19,000	25,000
Receivables	7	399	438
Infrastructure, property, plant and equipment	9	3,053,191	3,045,665
Investments accounted for using the equity method	19	_	21
Intangible assets	25	162	206
Total non-current assets		3,072,752	3,071,330
TOTAL ASSETS		3,268,751	3,236,522
LIABILITIES			
Current liabilities			
Payables	10	43,673	39,715
Borrowings	10	12,502	12,084
Provisions	10	25,110	22,601
Total current liabilities		81,285	74,400
Non-current liabilities			
Payables	10	10,763	11,621
Borrowings	10	156,452	166,014
Provisions  Total non-current liabilities	10	52,885	55,079
TOTAL LIABILITIES		220,100	232,714
		301,385	307,114
Net assets		2,967,366	2,929,408
EQUITY			
Retained earnings	20	1,646,754	1,584,254
Revaluation reserves	20	1,320,612	1,345,154
Council equity interest	20	2,967,366	2,929,408
Non-controlling equity interests		_,,	_,,
Total equity		2,967,366	2,929,408
Total equity		2,301,300	2,323,400

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

#### The former Wyong Shire Council

# Statement of Changes in Equity for the period 1 July 2015 to 12 May 2016

				Council	Non-	
		Retained	Reserves	equity controlling		Total
\$ '000	Notes	earnings	(Refer 20b)	interest	interest	equity
1 July 2015 - 12 May 2016						
Opening balance (as per last year's audited accounts)		1,584,254	1,345,154	2,929,408	_	2,929,408
a. Correction of prior period errors	20 (c)	_	-	-	-	-
b. Changes in accounting policies (prior year effects)	20 (d)	_	_	_	_	-
Revised opening balance (as at 1/7/15)		1,584,254	1,345,154	2,929,408	-	2,929,408
c. Net operating result for the period		62,500	_	62,500	-	62,500
d. Other comprehensive income						
- Revaluations: IPP&E asset revaluation reserve	20b (ii)	_	(24,542)	(24,542)	_	(24,542)
Other comprehensive income		_	(24,542)	(24,542)	_	(24,542
Total comprehensive income (c&d)		62,500	(24,542)	37,958	_	37,958
e. Distributions to/(contributions from) non-controlling In	terests	_	_	_	_	_
f. Transfers between equity		_	_	-	_	-
Equity – balance at end of the reporting pe	eriod	1,646,754	1,320,612	2,967,366	_	2,967,366

				Council	Non-	
		Retained	Reserves	equity controlling		Total
\$ '000	Notes	earnings	(Refer 20b)	interest	interest	equity
1 July 2014 - 30 June 2015						
Opening balance (as per last year's audited accounts)		1,364,702	1,085,197	2,449,899	_	2,449,899
a. Correction of prior period errors	20 (c)	_	_	_	_	_
b. Changes in accounting policies (prior year effects)	20 (d)	_	_	_	_	-
Revised opening balance (as at 1/7/14)		1,364,702	1,085,197	2,449,899	_	2,449,899
c. Net operating result for the year		36,418	_	36,418	-	36,418
d. Other comprehensive income						
- Revaluations: IPP&E asset revaluation reserve	20b (ii)	_	259,957	259,957	_	259,957
- Other movements - correction of error	20a	183,134	_	183,134	_	183,134
Other comprehensive income		183,134	259,957	443,091	-	443,091
Total comprehensive income (c&d)		219,552	259,957	479,509	_	479,509
e. Distributions to/(contributions from) non-controlling Int	erests	_	_	_	_	_
f. Transfers between equity		_	_	_	_	_
Equity – balance at end of the year		1,584,254	1,345,154	2,929,408	_	2,929,408

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

#### The former Wyong Shire Council

#### Statement of Cash Flows

for the period 1 July 2015 to 12 May 2016

Budget		Actual	Actual
1/7/15		1 July 2015 -	1 July 2014 -
to 30/6/16	\$ '000 Note	s 12 May 2016	30 June 2015
	Cash flows from operating activities		
4	Receipts:	105.010	4 40 000
n/a	Rates and annual charges	135,249	148,898
n/a	User charges and fees	61,865	58,177
n/a	Investment and interest revenue received	5,043	6,826
n/a	Grants and contributions	42,830	43,119
n/a	Bonds, deposits and retention amounts received	430	1,001
n/a	Other	6,479	21,566
(	Payments:	(07.057)	(77 444)
n/a	Employee benefits and on-costs	(67,857)	(77,411)
n/a	Materials and contracts	(43,525)	(44,744)
n/a	Borrowing costs	(7,697)	(11,035)
n/a	Bonds, deposits and retention amounts refunded	_	(527)
n/a	Other	(44,917)	(49,382)
n/a	Net cash provided (or used in) operating activities	87,899_	96,488
	Cash flows from investing activities		
	Receipts:		
n/a	Sale of investment securities	108,167	110,913
n/a	Sale of infrastructure, property, plant and equipment	3,308	4,639
n/a	Deferred debtors receipts	2	_
	Payments:		
n/a	Purchase of investment securities	(133,961)	(101,167)
n/a	Purchase of infrastructure, property, plant and equipment	(80,260)	(86,076)
n/a	Net cash provided (or used in) investing activities	(102,744)	(71,691)
	Cash flows from financing activities		
	Cash flows from financing activities		
n/a	Receipts:		5 000
11/a	Proceeds from borrowings and advances	_	5,900
n/a	Payments: Repayment of borrowings and advances	(0.144)	(11,842)
		(9,144)	
n/a	Net cash flow provided (used in) financing activities	(9,144)	(5,942)
n/a	Net increase/(decrease) in cash and cash equivalents	(23,989)	18,855
11/a	Net increase/(decrease) in cash and cash equivalents	(20,000)	10,000
	Plus: cash and cash equivalents – beginning of		
n/a	reporting period 11a	38,212	19,357
	Cash and cash equivalents – end of		
n/a	reporting period 11a	14,223	38,212
		- 1,223	,
	Additional Information:	1.40.004	140 467
	plus: Investments on hand – end of reporting period 6b	143,961	118,167
	Total cash, cash equivalents and investments	158,184	156,379
		.50,107	.00,070

<sup>&</sup>lt;sup>1</sup> The original budget as approved by Council is not required for these financial statements

Please refer to Note 11 for additional cash flow information

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

#### The former Wyong Shire Council

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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#### The former Wyong Shire Council

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

#### (a) Basis of preparation

#### (i) Background

These general purpose financial statements have been prepared in accordance with:

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

The former Wyong Shire Council is a not-for-profit entity for the purpose of preparing these financial statements

#### (ii) New and amended standards adopted by Council

There have been no new accounting standards adopted in this period's financial statements which have had any material impact on reported financial position, performance or cash flows.

#### (iii) Early adoption of accounting standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2015, except for AASB2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities, which has reduced the fair value disclosures for Level 3 assets.

For summary information relating to the effects of standards with future operative dates refer further to paragraph (x).

#### (iv) Basis of accounting

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

### (v) Significant accounting estimates and adjustments

The preparation of financial statements requires the use of certain critical accounting estimates.

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

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

#### Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

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

### (i) Preparation of the financial statements on a going concern basis

AASB 101 states that an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

Whilst the former Wyong Shire Council has been amalgamated into Central Coast Council from 13 May 2016, Council believes that the going concern basis for preparation of the financial statements for the period 1 July 2015 to 12 May 2016 is appropriate for the following reasons:

 The business of the Council is continuing through the Central Coast Council

## The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 1. Summary of significant accounting policies (continued)

- The Local Government (Council Amalgamations) Proclamation 2016 ensures:
  - all relevant staff, assets, rights, liabilities and responsibilities of former councils are transferred to new councils
  - new councils can commence operations on day one with minimal disruption to the delivery of services, council operations and staff duties
  - any reference in any document to a former council is to be read as a reference to the new council, and that anything done by a former council before the amalgamation is taken to have been done by the new council.
- The former Wyong Shire Council has not been liquidated nor has trading ceased.

### (ii) Impairment of Receivables

Council has made significant judgements about the impairment of a number of its receivables in Note 7.

### (b) Revenue recognition

# Income recognition as a result of Council's amalgamation

The former Wyong Shire Council was amalgamated on 12 May 2016 with the former Gosford City Council to form the new Central Coast Council.

In accordance with the Australian Accounting Standards the former Wyong Shire Council has had to recognise 100% of the rates revenue for the 2015/16 rating year as control over assets acquired from rates is obtained at the commencement of the rating year or where earlier upon receipt of the rates.

The former Wyong Shire Council has also recognised 100% of the Federal Assistance Grants (FAGs) revenue as grants are recognised upon receipt or upon earlier notification that the grant has been secured.

As a consequence these financial statements include all the rates and FAGs revenue for the period from 1 July 2015 to 30 June 2016 but expenditure obligations only for the period 1 July 2015 to 12 May 2016.

Expenditure obligations for the period from 13 May 2016 to 30 June 2016 will be included in the financial statements of the new Central Coast Council.

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

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

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

Revenue is measured on major income categories as follows:

### Rates, Annual Charges, Grants and Contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when Council obtains control over the assets comprising these receipts. Developer contributions may only be expended for the purposes for which the contributions were required, but Council may apply contributions according to the priorities established in work schedules.

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

Rates are recognised as revenue for the period 1 July 2015 to 30 June 2016. No adjustments have been made for rates not earned during the period 13 May 2016 to 30 June 2016.

Annual charges are recognised as revenue for the period 1 July 2015 to 12 May 2016.

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

Revenue from contributions is recognised when the Council either obtains control of the contribution or

## The former Wyong Shire Council

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

### Note 1. Summary of significant accounting policies (continued)

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 period were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at reporting 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 Council's operations during the current period.

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of s94 of the *Environmental Planning and Assessment Act 1979*.

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

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

### User charges, fees and other Income

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

# Sale of plant, property, infrastructure 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

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

Interest income from cash and investments is accounted for using the effective interest rate at the date that interest is earned.

#### Other Income

Other income is recorded when the payment is due, the value of the payment is notified or the payment is received, whichever occurs first.

### (c) Principles of consolidation

#### (i) The Consolidated Fund

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

The following entities have been included as part of the consolidated fund:

- General purpose operations
- Wyong Water, established under the Water Management Act 2000
- Committees established under the Local Government Act 1993 S355
- Central Coast Water Corporation

#### (ii) The Trust Fund

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

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

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

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

## The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 1. Summary of significant accounting policies (continued)

### (iii) Interests in other entities

#### **Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Council has control. Control is established when the Council is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

These consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

On 14 December 2015, Council registered The Art House Wyong Performing Arts and Conference Centre Limited as an Australian Public Company, Limited by Guarantee.

A list of controlled entities is contained in Note 19 to the financial statements.

#### Joint arrangements

Council has determined that it has both joint operations and joint ventures.

Joint operations (controlled assets and operations)

Joint operations represent operational arrangements where the joint control parties have rights to specific assets and obligations for specific liabilities relating to the arrangement rather than a right to the net assets of the arrangement.

The proportionate interests of Council in the assets, liabilities, income and expenses of all Joint Operation activities have been incorporated throughout the financial statements under the appropriate notes and line items.

Detailed information relating to Council's joint operations can be found at Note 19 (c).

In relation to its joint operations, where the venturer has the rights to the individual assets and obligations arising from the arrangement, Council has recognised:

 Its assets, including its share of any assets held jointly;

- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation;
- Its expenses, including its share of any expenses incurred jointly.

#### Joint ventures

Joint ventures represent operational arrangements where the joint control parties have rights to the net assets of the arrangement.

Any interests in joint ventures are accounted for using the equity method in accordance with AASB128 Associates and Joint Ventures and are carried at cost.

Under the equity method, Council's share of the operation's profits/(losses) are recognised in the Income Statement, and its share of movements in retained earnings and reserves are recognised in the Statement of Financial Position.

Detailed information relating to Council's joint ventures can be found at Note 19 (b).

### (d) Leases

All leases entered into by Council are reviewed and classified on inception date as either a finance lease or an operating lease.

#### Finance leases

Leases for property, plant and equipment where Council, as lessee, 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 or, if lower, 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 former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 1. Summary of significant accounting policies (continued)

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 are 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) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Nonfinancial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### (f) Cash and Cash Equivalents

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes;

cash on hand,

- · deposits held at call with financial institutions, and
- 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.

#### (g) Receivables

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

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the Income Statement within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

### (h) Inventories

# (i) 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.

## The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

### Note 1. Summary of significant accounting policies (continued)

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.

Cost includes the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw material. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

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

### (ii) Inventory held for distribution

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

### (i) Investments and other financial assets

### Classification

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

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

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

Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

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

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

Assets in this category are classified as current assets as they are primarily held for trading and/or are expected to be realised within 12 months of the Statement of Financial Position 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 are included in current assets, except for those with maturities greater than 12 months after the Statement of Financial Position date, which are classified as non-current assets. Loans and receivables are included in receivables (note 7) in the Statement of Financial Position.

### (iii) Held-to-maturity investments

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

If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Held-to-maturity financial assets are included in noncurrent 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. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are 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.

# The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

### Note 1. Summary of significant accounting policies (continued)

### Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the Income Statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Income Statement as gains and losses from investment securities

### Subsequent measurement

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

Changes in the fair value of other monetary and nonmonetary securities classified as available-for-sale are recognised in equity.

#### Impairment

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

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

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered an indicator that the assets are impaired.

### (i) Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

### **Investment Policy**

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

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

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

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. As at the reporting date, Council does not hold any investments that are not prescribed.

# (j) Fair value estimation – financial instruments

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 reporting date.

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

# The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 1. Summary of significant accounting policies (continued)

valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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 Council for similar financial instruments.

# (k) Infrastructure, property, plant and equipment (IPPE)

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

Due to the proclamation date of 12 May 2016, the former Wyong Shire Council had not completed their revaluations for the 2015 / 2016 reporting period and therefore the following assets have not been revalued for these financial statements:

- Land Improvements
- Other Structures
- Other Infrastructure

Council has assessed the current carrying values of the above asset classes and do not believe that (at reporting date) it is materially different from their fair value.

At reporting date, the following classes of IPPE were stated at their fair value:

- Operational land (external valuation)
- Buildings specialised/non-specialised (external valuation)
- Water/Sewerage networks (external and internal valuation)
- Plant and equipment (as approximated by depreciated historical cost)

- Road assets roads including other road related assets, bridges and footpaths (internal valuation)
- Drainage assets (internal valuation)
- Bulk earthworks (internal valuation)
- Community land (Valuer General's valuation)
- Land improvements (as approximated by depreciated historical cost)
- Other structures (as approximated by depreciated historical cost)
- · Art collection (external valuation)
- Other assets (as approximated by depreciated historical cost)

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided by Department of Primary Industries Water.

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 revalue the asset to that amount.

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

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

## The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 1. Summary of significant accounting policies (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Land, land under roads, bulk earthworks, detention basins and wetlands (part of the Stormwater Drainage asset class) are not depreciated.

Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Plant and equipment	
Vehicles	3 to 14 years
Heavy equipment	5 to 41 years
Small equipment	2 to 35 years
Other plant and equipment	2 to 33 years
Office equipment	2 to 10 years
Furniture and fittings	5 to 20 years
Depreciable land improvements	20 to 100 years
Buildings	
Non-specialised	25 to 63 years
Specialised	8 to 150 years
Other structures	5 to 100 years
Roads	
Car parks	15 to 63 years
Roads	
Surface	8 to 95 years
Base and sub-base	10 to 125 years
Other road related assets, including bus shelters, guard rails, kerb and gutters, median, pavement, pedestrian refuge, roundabouts, shared paths, speed humps and street lighting)	8 to 116 years
Bridges	
Footbridges	60 to 100 years
Road bridges	50 to 100 years
Footpaths	15 to 100 years
Stormwater drainage	25 to 182 years
Water supply network	15 to 250 years

Sewerage network	15 to 250 years
Swimming pools	10 to 100 years
Open space/recreational assets	10 to 100 years
Heritage collections	100 years
Library books	5 to 10 years
Other assets	50 Years
Tip asset	9 years

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

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

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

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

### (I) Payables

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

### (m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a

# The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 1. Summary of significant accounting policies (continued)

prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

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

### (n) Borrowing costs

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

### (o) Provisions

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

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

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

### (p) Employee benefits

### (i) Short-term obligations

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

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

### (ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

### (iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

## The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

### Note 1. Summary of significant accounting policies (continued)

### **Defined benefit plans**

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

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

However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable.

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 'multiemployer 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.

The last valuation of the scheme was performed by Mr Richard Boyfield, FIAA of Mercer Consulting (Australia) Pty Ltd on 24 February 2016.

The position is monitored annually and the actuary has estimated that as at 12 May 2016 the prior period deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit.

The amount of employer contributions to the defined benefit section of the Local Government

Superannuation Scheme and recognised as an expense and disclosed as part of superannuation expenses at Note 4 (a) for the period ending 12 May 2016 was \$2,005,648.

The expected contributions to the Fund by Council for the next annual reporting period are \$1,820,216. Additional contributions of \$3,104,000 are estimated to remain in place until 30 June 2020.

The share of the deficit that can be broadly attributed to Council is 1.94% which is estimated to be in the order of \$1,456,019 as at 12 May 2016.

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.

#### **Defined contribution plans**

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

### (q) Land under roads

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

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

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – *Property, Plant and Equipment.* 

### (r) Self-insurance

Council has decided to self-insure for workers compensation risks. A provision for self-insurance

## The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

### Note 1. Summary of significant accounting policies (continued)

has been made to recognise outstanding claims the amount of which is detailed in Note 10. Council also maintains cash and investments to meet expected future claims and these are detailed in Note 6 (c).

### (s) Intangible assets

### IT development and software

Council has acquired, under a managed service arrangement, a licence to access information technology services. In conjunction with this contract, costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and services, direct payroll and payroll-related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where Council has an intention and ability to use the asset.

### (t) Crown reserves

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

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

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

### (u) Rural fire service assets

Under section 119 of the Rural Fires Act 1997 (NSW), 'all firefighting equipment purchased or

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

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

### (v) Taxes

Council is exempt from both Commonwealth Income Tax and Capital Gains Tax, however, it does have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

### Goods and Services Tax (GST)

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

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

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

### (w) Provisions for close down, restoration and for environmental clean-up costs – including tips and quarries

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

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

## The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 1. Summary of significant accounting policies (continued)

Provisions for close down and restoration costs do not include any additional obligations that are expected to arise from future disturbance. Costs are estimated on the basis of a closure plan.

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

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

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

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the Income Statement in each accounting period. This amortisation of the discount is disclosed as a borrowing cost in Note 4 (b).

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

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each Statement of Financial Position date and the cost is charged to the Income Statement.

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the Statement of Financial Position date. These costs are charged to the Income Statement.

Movements in the environmental clean-up provisions are presented as an operating cost, except for the

unwind of the discount, which is shown as a borrowing cost.

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

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

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

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

Specific information about Council's provisions relating to close down, restoration and remediation costs can be found at Note 26.

### (x) New accounting standards and Interpretations issued (not yet effective)

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for the reporting period ended 12 May 2016

Council has not adopted any of these standards early.

These include the following standards that are anticipated will impact on local government:

AASB 9 - Financial Instruments

AASB 15 – Revenue from Contracts with Customers and associated amending standards

AASB ED 260 - Income of Not-for-Profit Entities

AASB16 - Leases

## The former Wyong Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

### Note 1. Summary of significant accounting policies (continued)

AASB 2014 - 10 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture

**AASB 2014 – 3** Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11]

**AASB2015-6** – Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties (and fall under the related party reporting requirements).

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

## (y) Rounding of amounts

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

### (z) Comparative figures

As the reporting period for the current year is different to prior year, the amounts are not comparable.

### (aa) Disclaimer

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

# The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

# Note 2(a). Council functions/activities – financial information

\$ '000	Income, expenses and assets have been directly attributed to the following functions/activities.												
		Details of these functions/activities are provided in Note 2(b).											
		e from con operations			es from co operations			ating result		incom conti	cluded in e from nuing ations		held (current current)
Functions/activities	Original			Original			Original						
	budget 1	Actual	Actual	budget 1	Actual	Actual	budget 1	Actual	Actual	Actual	Actual	Actual	Actual
	1 July 2015 - 30 June 2016	1 July 2015 - 12 May 2016	2014 - 30	2015 - 30 June		2014 - 30 June	2015 - 30 June	1 July 2015 - 12 May 2016	2014 - 30	2015 - 12	2014 - 30	2015 - 12 May 2016	
Governance	n/a	_	_	n/a	_	1,360	n/a	_	(1,360)	_	_	2,056	_
Communities	n/a	419	176	n/a	3,674	3,137	n/a	(3,255)	(2,961)	402	148	14,660	11,586
Travel	n/a	23,233	19,981	n/a	39,178	46,602	n/a	(15,945)	(26,621)	5,316	5,112	1,071,251	1,090,124
Facilities and services	n/a	115,013	127,554	n/a	123,283	140,349	n/a	(8,270)	(12,794)	4,240	5,597	1,503,997	767,631
Education	n/a	3,499	4,107	n/a	7,959	8,978	n/a	(4,460)	(4,871)	771	899	8,881	14,165
Natural areas	n/a	354	514	n/a	2,398	2,510	n/a	(2,044)	(1,996)	351	477	598	529
Environmental programs	n/a	3,373	3,302	n/a	5,621	5,908	n/a	(2,248)	(2,606)	1,617	1,556	16,312	674,246
Business sector and employment	n/a	10,555	11,873	n/a	14,991	15,656	n/a	(4,436)	(3,783)	508	1,007	39,201	440,362
Civic leadership	n/a	11,112	9,550	n/a	16,485	12,011	n/a	(5,373)	(2,461)		148	611,795	237,858
Corporate income and expense	n/a	12,669	7,886	n/a	(1,742)	(1,447)	n/a	14,411	9,332	122	135	_	
Total functions and activities	n/a	180,227	184,943	n/a	211,847	235,064	n/a	(31,620)	(50,121)	13,527	15,079	3,268,751	3,236,501
Share of gains/(losses) in associates													
and joint ventures (using the equity method)	n/a	_	_	n/a	21	229	n/a	(21)	(229)	_	_	_	21
General purpose income <sup>2</sup>	n/a	94,141	86,768	n/a	_	_	n/a	94,141	86,768	14,235	14,104	_	_
Operating result from													
continuing operations	n/a	274,368	271,711	n/a	211,868	235,293	n/a	62,500	36,418	27,762	29,183	3,268,751	3,236,522

<sup>1.</sup> Original Budget disclosures are not required for these financial statements.

<sup>2.</sup> Includes: rates and annual charges (incl. ex-gratia), untied general purpose grants and unrestricted interest and investment income.

## The former Wyong Shire Council

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

### 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

Governance costs include elections, member's fees and expenses, meeting of council and policy making committees, area representation and public disclosure. This expenditure helps provide the framework to facilitate sound decision making.

#### Communities

The objective is to create and support communities where individuals feel closely connected, people know their neighbours, relationships are built within local neighbourhoods, there is participation in the local community and a sense of belonging and pride in the local area. Services provided include community and cultural programs, community planning and learning, marketing and communications and engagement of customers.

#### Travel

The objective is to provide availability to affordable, safe and clean transport options allowing easy travel both within the Shire and to other regional centres and cities. Services provided include roads and drainage maintenance, construction and management, roadside litter collection and strategic planning of transport options.

### **Facilities and services**

There are a range of local and regional facilities that support the diverse needs of the community and contribute to its vibrancy, connections and pride, including complementary programs, services and activities that are affordable and financially sustainable. Services provided include parks and sportsfields, community halls and centres, management of natural aquatic and beach areas, health services and compliance, animal care facilities, emergency management, waste management and the provision of water and sewer services.

### **Education**

Establish Wyong Shire as a learning community where people value learning, have an opportunity to enhance their knowledge and skills, be creative and innovative. This will lead to improving income opportunities from a skilled local workforce and the attraction of business, social cohesion, cultural understanding and active participation. Services include the provision of childcare, speech pathology, community education programs and libraries.

#### Natural areas

This objective looks at retaining and maintaining areas of natural value by preserving endangered species, ecological communities and biodiversity as well as supporting programs for the restoration of degraded natural areas. Services include environmental management, public tree risk management, noxious weeds, tree applications and lifeguard services. Attention is also focused on wetland and streambank management.

## The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 2(b). Council functions/activities - component descriptions (continued)

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

### **Environmental programs**

This objective focuses on the development and establishment of a range of programs and activities that create community involvement and allows the community to appreciate and embrace areas of the Shire. Services include estuary management programs, dredging operations and wrack harvesting in Tuggerah Lakes, environmental community support programs, street tree planting, bushfire protection and environmental waste reduction programs.

#### **Business sector and employment**

This objective looks at creating a strong business sector that withstands financial downturn, and ensures local businesses achieve sustained growth and local job availability through strategic business and property development by Council. Services include the provision of holiday parks, airports, management of council property, developing and executing strategies for future development, rezoning and town centre management.

#### Civic leadership

This objective aims to provide management, administrative and technical support to the above objectives. Services include legal, risk, financial and administrative services, management oversight of the above objectives, safe work environments and training.

### Corporate income and expense

The objective of this area is to capture the receipt and management of rates and annual charges for Council, management of interest and non-specific grants and the management of developer contributions.

# The former Wyong Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 3. Income from continuing operations

		Actual	Actual
		1 July 2015 -	1 July 2014 -
\$ '000	Notes	30 June 2016	30 June 2015
(a) Rates and annual charges 1,2			
Ordinary rates			
Residential		63,883	59,366
Farmland		375	331
Mining		836	762
Business	_	9,617	8,976
Total ordinary rates		74,711	69,435
Special rates			
Town improvement		785	728
Stormwater		1,746	1,729
Total special rates	_	2,531	2,457
		Actual	Actual
		1 July 2015 -	
\$ '000	Notes		1 July 2014 -
		12 May 2016	
Appured charges (2002) and the a 4000 a 4000 a 504 0 a 504 0		12 May 2016	1 July 2014 -
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			1 July 2014 - 30 June 2015
Domestic waste management services		26,233	1 July 2014 - 30 June 2015 28,865
Domestic waste management services Drainage		26,233 6,787	1 July 2014 - 30 June 2015 28,865 7,146
Domestic waste management services Drainage Liquid trade waste		26,233 6,787 170	1 July 2014 - 30 June 2015 28,865 7,146 235
Domestic waste management services Drainage Liquid trade waste Section 611 charges		26,233 6,787 170 (12)	1 July 2014 - 30 June 2015 28,865 7,146 235 47
Domestic waste management services Drainage Liquid trade waste Section 611 charges Sewerage services		26,233 6,787 170 (12) 25,509	1 July 2014 - 30 June 2015 28,865 7,146 235 47 28,230
Domestic waste management services Drainage Liquid trade waste Section 611 charges Sewerage services Waste management services (non-domestic)		26,233 6,787 170 (12) 25,509 1,912	1 July 2014 - 30 June 2015 28,865 7,146 235 47 28,230 2,129
Domestic waste management services Drainage Liquid trade waste Section 611 charges Sewerage services	_	26,233 6,787 170 (12) 25,509	1 July 2014 - 30 June 2015 28,865 7,146 235 47 28,230
Domestic waste management services Drainage Liquid trade waste Section 611 charges Sewerage services Waste management services (non-domestic) Water supply services	_	26,233 6,787 170 (12) 25,509 1,912 9,056	1 July 2014 - 30 June 2015 28,865 7,146 235 47 28,230 2,129 10,312

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

Rates are recognised as revenue at the commencement of the rating year for the period 1 July 2015 to 30 June 2016. No adjustments have been made for rates not earned during the period 13 May 2016 to 30 June 2016 in accordance with AASB 1004 Contributions.

# The former Wyong Shire Council

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

		Actual	Actual
		1 July 2015 -	1 July 2014 -
\$ '000	Notes	12 May 2016	30 June 2015
(b) User charges and fees			
Specific user charges (per s.502 – specific 'actual use' charges)			
Water supply services		24,644	27,190
Sewerage services		825	1,029
Waste management services (non-domestic)		77	61
Liquid trade waste		714	713
Total user charges		26,260	28,993
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building certification		533	582
Building inspection		546	542
Development applications		2,307	1,522
Inspection services		156	139
Regulatory/statutory fees		207	165
Registration fees		41	53
Regulatory/statutory certificates		230	266
Rezoning fees		278	366
Section 149 certificates (EPA Act)		361	407
Section 355 committees		343	309
Section 603 certificates		323	356
Shop inspection fees		232	304
Other		107	114
Total fees and charges – statutory/regulatory		5,664	5,125
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Child care		2,620	3,072
Community centres		568	589
Companion animals		198	223
Engineering design fees		399	1,013
Holiday parks		8,795	9,320
On Site Sewer Management (OSSM)		183	176
RMS (formerly RTA) charges (state roads not controlled by Council)		1,059	1,590
Tipping fees		11,445	10,644
Other		472	837
Total fees and charges – other	_	25,739	27,464
TOTAL USER CHARGES AND FEES		57,663	61,582
TO THE GOER OF MICE PRINT FEED		07,000	01,002

# The former Wyong Shire Council

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

	Actual	Actual
\$ '000 Notes	1 July 2015 - 12 May 2016	1 July 2014 - 30 June 2015
Notes Notes	12 Way 2016	30 June 2015
(c) Interest and investment revenue (including losses)		
Interest		
<ul> <li>Interest on overdue rates and annual charges (incl. special purpose rates)</li> </ul>	574	801
<ul> <li>Interest earned on investments (interest and coupon payment income)</li> </ul>	4,516	5,723
- Interest (other)	13	18
Amortisation of premiums and discounts	2	2
Interest free (and interest reduced) loans provided     Other	90	55
TOTAL INTEREST AND INVESTMENT REVENUE	5,195	6,599
Interest revenue is attributable to:		
Unrestricted investments/financial assets: Overdue rates and annual charges (general fund)	574	801
General Council cash and investments	2,013	2,428
Restricted investments/funds – external:	2,010	2, 120
Development contributions		
– Section 94 – General	541	634
- Section 94 - Drainage	246	297
– Section 94A – Section 93F – General	1 50	25 43
- Section 93F - General - Section 93F - Drainage	15	15
- Section 93F - Water	12	15
– Section 93F – Sewer	5	6
<ul><li>Section 64 – Water</li></ul>	338	402
– Section 64 – Sewer	249	299
Water fund operations	436 715	315
Sewer fund operations		1,320
Total interest and investment revenue recognised	5,195	6,599
(d) Other revenues		
Fines – parking	560	528
Fines – other	275	294
Legal fees recovery – other	129 211	247 238
Cemetery income Commissions and agency fees	12	236 12
Diesel rebate	53	88
External works	52	307
Insurance claim recoveries	1,584	128
Landfill gas royalty payment	283	507
Property rents	2,370	2,424
Restoration from utility providers	255	461
Sale of scrap metal	317	162
Sales – general Sewerage connections	224 178	67 182
Water connections	412	448
Other	353	496
TOTAL OTHER REVENUE	7,268	6,589
		page 30

# The former Wyong Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

	1 July 2015 - 12 May 2016	1 July 2014 - 30 June 2015	1 July 2015 - 12 May 2016	1 July 2014 - 30 June 2015
\$ '000	Operating	Operating	Capital	Capital
(e) Grants <sup>1</sup>				
General purpose (untied)				
Financial assistance – general component	10,844	10,714	_	_
Financial assistance – local roads component	2,128	2,164	_	_
Pensioners' rates subsidies – general component	1,263	1,226	_	_
Total general purpose	14,235	14,104	_	_
Specific purpose				
Pensioners' rates subsidies:				
- Water	557	702	_	_
- Sewerage	549	672	_	_
- Domestic waste management	711	760	_	_
Aged and disabled	37	40	_	_
Bushfire and emergency services	829	920	622	485
Child care	311	401	_	_
Community care	37	37	160	110
Employment and training programs	13	39	_	_
Environmental protection	804	781	914	1,196
Health services	25	37	_	_
Heritage and cultural	8	31	326	199
Library	359	361	35	30
LIRS subsidy	425	353	_	_
Recreational facilities	_	_	1,014	1,810
Roads and bridges	54	60	2,173	4,860
Street lighting	412	404	_	_
Storm damage	211	_	20	_
Transport	2	10	_	_
Transport (roads to recovery)	_	_	2,916	732
Youth services	3	49	_	_
Total specific purpose	5,347	5,657	8,180	9,422
Total grants	19,582	19,761	8,180	9,422
Grant revenue is attributable to:				
Commonwealth funding	86	221	4,623	2,222
- State funding	19,417	19,438	3,557	7,200
- Other funding	79	102	0,007	7,200
Sale: randing	19,582	19,761	8,180	9,422
	19,302	13,701	0,100	3,422

<sup>&</sup>lt;sup>1</sup> Financial Assistance Grants (FAGs) are recognised as revenue upon their receipt or upon earlier notification that the grant has been secured. As such the revenue for FAGs includes the last quarter FAGs payment received on 17 May 2016.

# The former Wyong Shire Council

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

\$ '000	1 July 2015 - 12 May 2016 Operating	1 July 2014 - 30 June 2015 Operating	1 July 2015 - 12 May 2016 Capital	1 July 2014 - 30 June 2015 Capital
(f) Contributions				
Developer contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 93F – contributions using planning agreements	_	_	1,858	273
S 94A – fixed development consent levies	_	_	678	783
S 64 – water supply contributions	_	_	2,562	1,918
S 64 – sewerage service contributions	_	_	2,711	2,403
S 94 – stormwater contributions	_	_	1,434	752
S 94 - roadworks	_	_	2,873	1,398
S 94 – open space	_	_	3,722	1,795
S 94 – community facilities	_	_	2,333	1,658
Other developer contributions			288	110
<b>Total developer contributions</b> 17			18,459	11,090
Other contributions:				
Community facilities	_	_	_	8
Dedications (other than by S94)	_	_	8,869	5,306
Kerb and gutter	_	_	85	105
Other councils - long service leave contribution	65	131	_	_
Paving	_	_	45	59
RMS contributions (regional roads, block grant)	820	807	_	_
SES contributions	_	71	_	_
Vehicle contributions by employees	908	1,041	_	_
Other	133	105_	199_	179
Total other contributions	1,926	2,155	9,198	5,657
Total contributions	1,926	2,155	27,657	16,747
TOTAL GRANTS AND CONTRIBUTIONS	21,508	21,916	35,837	26,169

# The former Wyong Shire Council

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

	Actual	Actual
	1 July 2015 -	1 July 2014 -
\$ '000	12 May 2016	30 June 2015
(g) Restrictions relating to grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the close of the previous reporting period	51,643	45,373
Add: grants and contributions recognised in the current period but not yet spent:	20,609	15,711
<b>Less:</b> grants and contributions recognised in a previous reporting period now spent:	(16,291)	(9,441)
Net increase (decrease) in restricted assets during the period	4,318	6,270
Unexpended and held as restricted assets	55,961	51,643
Comprising:		
<ul> <li>Specific purpose unexpended grants</li> </ul>	3,737	3,816
<ul> <li>Developer contributions</li> </ul>	51,656	47,242
- Other contributions	568	585
	55,961	51,643

# The former Wyong Shire Council

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 4. Expenses from continuing operations

	Actual	Actual
\$ '000 Notes	1 July 2015 - 12 May 2016	1 July 2014 - 30 June 2015
Notes	12 May 2010	30 3une 2013
(a) Employee benefits and on-costs		
Salaries and wages	51,742	57,529
Travel expenses	5	28
Employee leave entitlements (ELE)	11,763	13,097
Superannuation	6,816	7,588
Workers' compensation insurance	918	2,150
Fringe benefit tax (FBT)	139	166
Payroll tax	797	998
Training costs (other than salaries and wages)	926	817
Other	969	1,937
Total employee costs	74,075	84,310
Less: capitalised costs	(7,127)	(7,795)
TOTAL EMPLOYEE COSTS EXPENSED	66,948	76,515
Number of 'full-time equivalent' employees as at 12 May 2016	917	_
Number of 'full-time equivalent' employees at 30 June 2015	-	906
(b) Borrowing costs		
(i) Interest bearing liability costs		
Interest on loans	10,479	12,641
Other debts	88	132
Total interest bearing liability costs expensed	10,567	12,773
-		
(ii) Other borrowing costs		
Discount adjustments relating to movements in provisions (other than ELE)		
- Remediation liabilities 26	1,552	1,943
Total other borrowing costs	1,552	1,943
TOTAL BORROWING COSTS EXPENSED	12,119	14,716

# The former Wyong Shire Council

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 4. Expenses from continuing operations (continued)

\$ '000 Notes	Actual 1 July 2015 - 12 May 2016	Actual 1 July 2014 - 30 June 2015
(c) Materials and contracts		
Raw materials and consumables	8,251	10,215
Contractor and consultancy costs	16,519	19,262
<ul> <li>Corporate systems</li> </ul>	1,671	2,043
<ul> <li>Garbage collection</li> </ul>	10,254	10,944
- Green waste processing	1,801	2,003
Auditors remuneration (1)	187	210
Legal expenses:		
<ul> <li>Legal expenses: planning and development</li> </ul>	48	8
- Legal expenses: debt recovery	142	167
<ul><li>Legal expenses: other</li></ul>	101	382
Operating leases:		
Operating lease rentals: minimum lease payments (2)	586	508
TOTAL MATERIALS AND CONTRACTS	39,560	45,742
During the period, the following fees were incurred for services provided by the former Council's Auditor:		
(i) Audit and other assurance services		
<ul> <li>Audit and review of financial statements: Council's Auditor</li> </ul>	184_	198
Remuneration for audit and other assurance services	184	198
(ii) Taxation services		
<ul> <li>Other taxation advice</li> </ul>	3	12
Remuneration for taxation services	3	12
Total Auditor remuneration	187	210
2. Operating lease payments are attributable to:		
2. Operating lease payments are attributable to: Buildings	52	49
2. Operating lease payments are attributable to: Buildings Computers	52 529	49 421
2. Operating lease payments are attributable to: Buildings	52	49

# The former Wyong Shire Council

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 4. Expenses from continuing operations (continued)

		Impai	rment costs	Depreciation	n/amortisation
		Actual	Actual	Actual	Actual
\$ '000	Notes	1 July 2015 - 12 May 2016	1 July 2014 - 30 June 2015	1 July 2015 - 12 May 2016	1 July 2014 - 30 June 2015
(d) Depreciation, amortisation and	impairr	ment			
Plant and equipment		_	_	3,369	3,969
Office equipment		_	_	1,109	1,105
Furniture and fittings		_	_	366	254
Land improvements (depreciable) Infrastructure:		_	_	874	1,184
- Buildings - non-specialised		_	_	52	69
- Buildings - specialised		_	_	4,515	3,930
- Other structures		_	_	548	622
– Roads		_	_	12,713	15,554
– Bridges		_	_	193	289
– Footpaths		_	_	814	655
<ul> <li>Stormwater drainage</li> </ul>		_	_	3,646	3,077
<ul> <li>Water supply network</li> </ul>		_	_	12,394	14,097
<ul> <li>Sewerage network</li> </ul>		_	_	11,670	12,857
<ul> <li>Swimming pools</li> </ul>		_	_	27	31
- Other open space/recreational assets		_	_	1,339	1,817
<ul> <li>Other infrastructure</li> </ul>		_	_	84	_
Other assets					
<ul> <li>Heritage collections</li> </ul>		_	_	5	1
<ul> <li>Library books</li> </ul>		_	_	179	412
– Other		_	_	1	1
Tip asset	9 & 26	_	_	766	693
Intangible assets	25			173	134
TOTAL DEPRECIATION AND					
<b>IMPAIRMENT COSTS EXPENSE</b>	<u>D</u>	_	_	54,837	60,751

# The former Wyong Shire Council

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 4. Expenses from continuing operations (continued)

Bad and doubtful debts         (344)         3           Bank charges         441         440           Commissions         2,29         2,199           Computer software charges         1,045           Contributions/levies to other levels of government         -           - Caravan Park levy         492         404           - Department of Planning levy         166         159           - NSW Fire Brigade levy         1,234         1,189           - NSW Rural Fire Service levy         587         577           - State Emergency Services         259         221           - Waste Minimisation levy         13,405         13,165           - Other contributions/levies         14         10           Councillor expenses - Mayoral fee         43         56           Councillor expenses - Councillors' fees         174         236           Councillor expenses - Councillors' fees         174         236           Councillor expenses (incl. mayor) - other (excluding fees above)         47         65           Donations, contributions and assistance to other organisations (Section 356)         150         150           - Central Coast Tourism inc         23         49           - Central Coast Tourism inc         150		Actual	Actual
(e) Other expenses           Advertising         633         837           Bad and doubtful debts         (344)         3           Bad and doubtful debts         (344)         3           Bank charges         441         440           Commissions         2,229         2,199           Computer software charges         20rbiputions/levies to other levels of government         2           - Caravan Park levy         492         404           - Department of Planning levy         166         159           - NSW Fire Brigade levy         1,234         1,189           - NSW Rural Fire Service levy         587         577           - State Emergency Services         259         221           - Waste Minimisation levy         13,405         13,165           - Other contributions/levies         14         10           Councillor expenses – Mayoral fee         43         56           Councillor expenses – Councillors (fees         174         236           Councillor expenses – Mayoral fee         3         4           Councillor expenses – Mayoral fee         3         56           Councillor expenses – Councillors (fees         174         236           Councillors (expenses – (incl. mayor) –		•	-
Advertising 633 837 Bad and doubtful debts (344) 3 Bank charges 4411 440 Commissions 2,229 2,199 Computer software charges 9,1045 Contributions/levies to other levels of government	\$ '000 Note	es 12 May 2016	30 June 2015
Bad and doubtful debts         (344)         3           Bank charges         441         440           Commissions         2,229         2,199           Computer software charges         985         1,045           Contributions/levies to other levels of government	(e) Other expenses		
Bank charges         441         440           Commissions         2,229         2,199           Computer software charges         985         1,045           Contributions/levies to other levels of government	Advertising	633	837
Commissions         2,229         2,199           Computer software charges         985         1,045           Contributions/levies to other levels of government	Bad and doubtful debts	(344)	3
Computer software charges         985         1,045           Contributions/levies to other levels of government         492         404           — Caravan Park levy         166         159           — Department of Planning levy         1,66         159           — NSW Fire Brigade levy         1,234         1,189           — NSW Rural Fire Service levy         587         577           — State Emergency Services         259         221           — Waste Minimisation levy         13,405         13,165           — Other contributions/levies         14         10           Councillor expenses – Mayoral fee         43         56           Councillors' expenses – Mayoral fee         47         65           Councillors' expenses Services inc         23         49           Councillors, contributions and assistance to other organisations (Section 35s)         23         49           — Central Coast Business Mentors Services inc         23         49           — Central Coast Tourism inc         150         150           — Community groups tipping fees         145         201           — The Entrance Town Centre         177         1,499           — Toukley Town Centre         19         4,349         5,664	Bank charges	441	440
Contributions/levies to other levels of government         492         404           Caravan Park levy         166         159           Department of Planning levy         1,234         1,189           NSW Fire Brigade levy         1,234         1,189           NSW Rural Fire Service levy         587         577           - State Emergency Services         259         221           - Waste Minimisation levy         13,405         13,165           - Other contributions/levies         14         10           Councillor expenses – Mayoral fee         43         56           Councillor's expenses – Mayoral fees         174         236           Councillor's expenses (incl. mayor) – other (excluding fees above)         47         65           Donations, contributions and assistance to other organisations (section 356)         -         -           - Central Coast Business Mentors Services inc         23         49           - Central Coast Tourism inc         150         150           - Central Coast Tourism inc         150         150           - Central Coast Tourism inc         150         150           - Central Coast Tourism inc         150         170           - The Entrance Town Centre         170         170	Commissions	2,229	2,199
- Caravan Park levy         492         404           - Department of Planning levy         1666         159           - NSW Fire Brigade levy         1,234         1,189           - NSW Rural Fire Service levy         587         577           - State Emergency Services         259         221           - Waste Minimisation levy         13,405         13,165           - Other contributions/levies         14         10           Councillor expenses - Mayoral fee         43         56           Councillor expenses - Councillors' fees         174         236           Councillors' expenses (incl. mayor) - other (excluding fees above)         47         65           Donations, contributions and assistance to other organisations (section 356)         - Central Coast Business Mentors Services inc         23         49           - Central Coast Tourism inc         150         150         150           - Contral Coast Tourism inc         150         150         150           - Community groups tipping fees         145         201         177         1,499         177         1,499         177         1,499         177         1,499         177         1,499         177         1,499         177         200         1,689         1,799 <t< td=""><td>Computer software charges</td><td>985</td><td>1,045</td></t<>	Computer software charges	985	1,045
− Department of Planning levy         166         159           − NSW Fire Brigade levy         1,234         1,189           − NSW Rural Fire Service levy         587         577           − State Emergency Services         259         221           − Waste Minimisation levy         13,405         13,165           − Other contributions/levies         14         10           − Councillor expenses − Mayoral fee         43         56           Councillor expenses − Councillors' fees         174         236           Councillors' expenses (incl. mayor) − other (excluding fees above)         47         65           Donations, contributions and assistance to other organisations (section 356)         −         23         49           − Central Coast Business Mentors Services inc         23         49         65           Conditions, contributions and assistance to other organisations (section 356)         150         150           − Central Coast Business Mentors Services inc         23         49           − Central Coast Tourism inc         150         150           − Community groups tipping fees         145         201           − The Entrance Town Centre         777         1,499           − Toukley Town Centre         89         67	Contributions/levies to other levels of government		
- NSW Fire Brigade levy       1,234       1,189         - NSW Rural Fire Service levy       587       577         - State Emergency Services       259       221         - Waste Minimisation levy       13,405       13,165         - Other contributions/levies       14       10         Councillor expenses - Mayoral fee       43       56         Councillor expenses - Councillors' fees       174       236         Councillors' expenses (incl. mayor) - other (excluding fees above)       47       65         Donations, contributions and assistance to other organisations (section 356)       -       -         - Central Coast Business Mentors Services inc       23       49         - Central Coast Tourism inc       150       150         - Community groups tipping fees       145       201         - The Entrance Town Centre       777       1,499         - Toukley Town Centre       170       170         - Other contributions and donations       737       88         Electricity and heating       4,349       5,664         Gas charges       123       164         Insurance       1,689       1,799         Licences       118       202         Planning NSW Development application fe	– Caravan Park levy	492	404
- NSW Rural Fire Service levy         587         577           - State Emergency Services         259         221           - Waste Minimisation levy         13,405         13,165           - Other contributions/levies         14         10           Councillor expenses – Mayoral fee         43         56           Councillors expenses – Councillors' fees         174         236           Councillors expenses (incl. mayor) – other (excluding fees above)         47         65           Donations, contributions and assistance to other organisations (section 356)         -         -           - Central Coast Business Mentors Services inc         23         49           - Central Coast Tourism inc         150         150           - Community groups tipping fees         145         201           - The Entrance Town Centre         777         1,499           - Toukley Town Centre         89         67           - Other contributions and donations         737         88           Electricity and heating         4,349         5,664           Gas charges         123         164           Insurance         1,689         1,799           Licences         18         263           Planning NSW Development application fees </td <td><ul> <li>Department of Planning levy</li> </ul></td> <td>166</td> <td>159</td>	<ul> <li>Department of Planning levy</li> </ul>	166	159
- State Emergency Services         259         221           - Waste Minimisation levy         13,405         13,165           - Other contributions/levies         14         10           Councillor expenses – Mayoral fee         43         56           Councillors' expenses (incl. mayor) – other (excluding fees above)         47         65           Donations, contributions and assistance to other organisations (section 356)         -         -           - Central Coast Business Mentors Services inc         23         49           - Central Coast Tourism inc         150         150           - Community groups tipping fees         145         201           - The Entrance Town Centre         777         1,499           - Toukley Town Centre         9         67           - Other contributions and donations         737         888           Electricity and heating         4,349         5,664           Gas charges         123         164           Insurance         1,689         1,799           Planning NSW Development application fees         288         263           Postage         411         387           Printing and stationery         468         509           Subscriptions and publications <td< td=""><td>– NSW Fire Brigade levy</td><td>1,234</td><td>1,189</td></td<>	– NSW Fire Brigade levy	1,234	1,189
- Waste Minimisation levy         13,405         13,165           - Other contributions/levies         14         10           Councillor expenses - Mayoral fee         43         56           Councillor expenses - Councillors' fees         174         236           Councillors' expenses (incl. mayor) - other (excluding fees above)         47         65           Donations, contributions and assistance to other organisations (section 356)         -         -           - Central Coast Business Mentors Services inc         23         49           - Central Coast Tourism inc         150         150           - Community groups tipping fees         145         201           - The Entrance Town Centre         777         1,499           - Toukley Town Centre         89         67           - Other contributions and donations         737         888           Electricity and heating         4,349         5,664           Gas charges         123         164           Insurance         1,689         1,799           Licences         118         202           Planning NSW Development application fees         288         263           Postage         411         387           Street lighting         2,385	- NSW Rural Fire Service levy	587	577
Other contributions/levies         14         10           Councillor expenses – Mayoral fee         43         56           Councillor expenses – Councillors' fees         174         236           Councillors' expenses (incl. mayor) – other (excluding fees above)         47         65           Donations, contributions and assistance to other organisations (section 356)         —         —           - Central Coast Business Mentors Services inc         23         49           - Central Coast Tourism inc         150         150           - Community groups tipping fees         145         201           - The Entrance Town Centre         777         1,499           - Toukley Town Centre         89         67           - Other contributions and donations         737         888           Electricity and heating         4,349         5,664           Gas charges         123         164           Insurance         1,689         1,799           Licences         118         202           Planning NSW Development application fees         288         263           Postage         411         387           Printing and stationery         468         509           Street lighting         2,385         2,	<ul> <li>State Emergency Services</li> </ul>	259	221
Councillor expenses – Mayoral fee         43         56           Councillors' expenses – Councillors' fees         174         236           Councillors' expenses (incl. mayor) – other (excluding fees above)         47         65           Donations, contributions and assistance to other organisations (section 356)         23         49           – Central Coast Business Mentors Services inc         23         49           – Central Coast Tourism inc         150         150           – Community groups tipping fees         145         201           – The Entrance Town Centre         777         1,499           – Toukley Town Centre         170         170           – Wyong Town Centre         89         67           – Other contributions and donations         737         88           Electricity and heating         4,349         5,664           Gas charges         123         164           Insurance         1,689         1,799           Licences         118         202           Planning NSW Development application fees         288         263           Postage         411         387           Printing and stationery         468         509           Street lighting         2,385         2,75	<ul> <li>Waste Minimisation levy</li> </ul>	13,405	13,165
Councillor expenses – Councillors' fees         174         236           Councillors' expenses (incl. mayor) – other (excluding fees above)         47         65           Donations, contributions and assistance to other organisations (section 356)         — Central Coast Business Mentors Services inc         23         49           – Central Coast Business Mentors Services inc         150         150         150           – Central Coast Tourism inc         150         150         150           – Community groups tipping fees         145         201         160           – The Entrance Town Centre         777         1,499         170 </td <td><ul> <li>Other contributions/levies</li> </ul></td> <td>14</td> <td>10</td>	<ul> <li>Other contributions/levies</li> </ul>	14	10
Councillors' expenses (incl. mayor) – other (excluding fees above)         47         65           Donations, contributions and assistance to other organisations (Section 356)         23         49           – Central Coast Business Mentors Services inc         23         49           – Central Coast Tourism inc         150         150           – Community groups tipping fees         145         201           – The Entrance Town Centre         777         1,499           – Toukley Town Centre         89         67           – Other contributions and donations         737         888           Electricity and heating         4,349         5,664           Gas charges         123         164           Insurance         1,689         1,799           Licences         118         202           Planning NSW Development application fees         288         263           Postage         411         387           Printing and stationery         468         509           Street lighting         2,385         2,752           Subscriptions and publications         492         345           Telephone and communications         641         807           Tip rehabilitation provision adjustment         (165)	Councillor expenses – Mayoral fee	43	56
Donations, contributions and assistance to other organisations (section 356)         23         49           - Central Coast Business Mentors Services inc         150         150           - Central Coast Tourism inc         150         150           - Community groups tipping fees         145         201           - The Entrance Town Centre         777         1,499           - Toukley Town Centre         170         170           - Wyong Town Centre         89         67           - Other contributions and donations         737         888           Electricity and heating         4,349         5,664           Gas charges         123         164           Insurance         1,689         1,799           Licences         118         202           Planning NSW Development application fees         288         263           Postage         411         387           Printing and stationery         468         509           Street lighting         2,385         2,752           Subscriptions and publications         492         345           Telephone and communications         641         807           Tip rehabilitation provision adjustment         (165)         (1,343)	Councillor expenses – Councillors' fees	174	236
- Central Coast Business Mentors Services inc       23       49         - Central Coast Tourism inc       150       150         - Community groups tipping fees       145       201         - The Entrance Town Centre       777       1,499         - Toukley Town Centre       170       170         - Wyong Town Centre       89       67         - Other contributions and donations       737       888         Electricity and heating       4,349       5,664         Gas charges       123       164         Insurance       1,689       1,799         Licences       118       202         Planning NSW Development application fees       288       263         Postage       411       387         Printing and stationery       468       509         Street lighting       2,385       2,752         Subscriptions and publications       492       345         Telephone and communications       641       807         Tip rehabilitation provision adjustment       (165)       (1,343)         Valuation fees       363       357         Vehicle registrations       309       309         Other       3,091       909 <td>Councillors' expenses (incl. mayor) - other (excluding fees above)</td> <td>47</td> <td>65</td>	Councillors' expenses (incl. mayor) - other (excluding fees above)	47	65
- Central Coast Tourism inc       150       150         - Community groups tipping fees       145       201         - The Entrance Town Centre       777       1,499         - Toukley Town Centre       170       170         - Wyong Town Centre       89       67         - Other contributions and donations       737       888         Electricity and heating       4,349       5,664         Gas charges       123       164         Insurance       1,689       1,799         Licences       118       202         Planning NSW Development application fees       288       263         Postage       411       387         Printing and stationery       468       509         Street lighting       2,385       2,752         Subscriptions and publications       492       345         Telephone and communications       641       807         Tip rehabilitation provision adjustment       (165)       (1,343)         Valuar General fees       363       357         Vehicle registrations       309       319         Other       3,091       999	Donations, contributions and assistance to other organisations (Section 356)		
- Community groups tipping fees       145       201         - The Entrance Town Centre       777       1,499         - Toukley Town Centre       170       170         - Wyong Town Centre       89       67         - Other contributions and donations       737       888         Electricity and heating       4,349       5,664         Gas charges       123       164         Insurance       1,689       1,799         Licences       118       202         Planning NSW Development application fees       288       263         Postage       411       387         Printing and stationery       468       509         Street lighting       2,385       2,752         Subscriptions and publications       492       345         Telephone and communications       641       807         Tip rehabilitation provision adjustment       (165)       (1,343)         Valuation fees       1       8         Valuer General fees       363       357         Vehicle registrations       329       319         Other       3,091       999	<ul> <li>Central Coast Business Mentors Services inc</li> </ul>	23	49
- The Entrance Town Centre       777       1,499         - Toukley Town Centre       170       170         - Wyong Town Centre       89       67         - Other contributions and donations       737       888         Electricity and heating       4,349       5,664         Gas charges       123       164         Insurance       1,689       1,799         Licences       118       202         Planning NSW Development application fees       288       263         Postage       411       387         Printing and stationery       468       509         Street lighting       2,385       2,752         Subscriptions and publications       492       345         Telephone and communications       641       807         Tip rehabilitation provision adjustment       (165)       (1,343)         Valuation fees       1       8         Valuer General fees       363       357         Vehicle registrations       329       319         Other       3,091       999	- Central Coast Tourism inc	150	150
- Toukley Town Centre       170       170         - Wyong Town Centre       89       67         - Other contributions and donations       737       888         Electricity and heating       4,349       5,664         Gas charges       123       164         Insurance       1,689       1,799         Licences       118       202         Planning NSW Development application fees       288       263         Postage       411       387         Printing and stationery       468       509         Street lighting       2,385       2,752         Subscriptions and publications       492       345         Telephone and communications       641       807         Tip rehabilitation provision adjustment       (165)       (1,343)         Valuation fees       1       8         Valuer General fees       363       357         Vehicle registrations       309       319         Other       3,091       999	<ul> <li>Community groups tipping fees</li> </ul>	145	201
- Wyong Town Centre       89       67         - Other contributions and donations       737       888         Electricity and heating       4,349       5,664         Gas charges       123       164         Insurance       1,689       1,799         Licences       118       202         Planning NSW Development application fees       288       263         Postage       411       387         Printing and stationery       468       509         Street lighting       2,385       2,752         Subscriptions and publications       492       345         Telephone and communications       641       807         Tip rehabilitation provision adjustment       (165)       (1,343)         Valuation fees       1       8         Valuer General fees       363       357         Vehicle registrations       329       319         Other       3,091       999	- The Entrance Town Centre	777	1,499
- Other contributions and donations       737       888         Electricity and heating       4,349       5,664         Gas charges       123       164         Insurance       1,689       1,799         Licences       118       202         Planning NSW Development application fees       288       263         Postage       411       387         Printing and stationery       468       509         Street lighting       2,385       2,752         Subscriptions and publications       492       345         Telephone and communications       641       807         Tip rehabilitation provision adjustment       (165)       (1,343)         Valuation fees       1       8         Valuer General fees       363       357         Vehicle registrations       329       319         Other       3,091       999	<ul><li>Toukley Town Centre</li></ul>	170	170
Electricity and heating       4,349       5,664         Gas charges       123       164         Insurance       1,689       1,799         Licences       118       202         Planning NSW Development application fees       288       263         Postage       411       387         Printing and stationery       468       509         Street lighting       2,385       2,752         Subscriptions and publications       492       345         Telephone and communications       641       807         Tip rehabilitation provision adjustment       (165)       (1,343)         Valuation fees       1       8         Valuer General fees       363       357         Vehicle registrations       329       319         Other       3,091       999	- Wyong Town Centre	89	67
Gas charges       123       164         Insurance       1,689       1,799         Licences       118       202         Planning NSW Development application fees       288       263         Postage       411       387         Printing and stationery       468       509         Street lighting       2,385       2,752         Subscriptions and publications       492       345         Telephone and communications       641       807         Tip rehabilitation provision adjustment       (165)       (1,343)         Valuation fees       1       8         Valuer General fees       363       357         Vehicle registrations       329       319         Other       3,091       999	<ul> <li>Other contributions and donations</li> </ul>	737	888
Insurance       1,689       1,799         Licences       118       202         Planning NSW Development application fees       288       263         Postage       411       387         Printing and stationery       468       509         Street lighting       2,385       2,752         Subscriptions and publications       492       345         Telephone and communications       641       807         Tip rehabilitation provision adjustment       (165)       (1,343)         Valuation fees       1       8         Valuer General fees       363       357         Vehicle registrations       329       319         Other       3,091       999	Electricity and heating	4,349	5,664
Licences       118       202         Planning NSW Development application fees       288       263         Postage       411       387         Printing and stationery       468       509         Street lighting       2,385       2,752         Subscriptions and publications       492       345         Telephone and communications       641       807         Tip rehabilitation provision adjustment       (165)       (1,343)         Valuation fees       1       8         Valuer General fees       363       357         Vehicle registrations       329       319         Other       3,091       999	Gas charges	123	164
Planning NSW Development application fees       288       263         Postage       411       387         Printing and stationery       468       509         Street lighting       2,385       2,752         Subscriptions and publications       492       345         Telephone and communications       641       807         Tip rehabilitation provision adjustment       (165)       (1,343)         Valuation fees       1       8         Valuer General fees       363       357         Vehicle registrations       329       319         Other       3,091       999	Insurance	1,689	1,799
Postage       411       387         Printing and stationery       468       509         Street lighting       2,385       2,752         Subscriptions and publications       492       345         Telephone and communications       641       807         Tip rehabilitation provision adjustment       (165)       (1,343)         Valuation fees       1       8         Valuer General fees       363       357         Vehicle registrations       329       319         Other       3,091       999	Licences	118	202
Printing and stationery       468       509         Street lighting       2,385       2,752         Subscriptions and publications       492       345         Telephone and communications       641       807         Tip rehabilitation provision adjustment       (165)       (1,343)         Valuation fees       1       8         Valuer General fees       363       357         Vehicle registrations       329       319         Other       3,091       999	Planning NSW Development application fees	288	263
Street lighting       2,385       2,752         Subscriptions and publications       492       345         Telephone and communications       641       807         Tip rehabilitation provision adjustment       (165)       (1,343)         Valuation fees       1       8         Valuer General fees       363       357         Vehicle registrations       329       319         Other       3,091       999	Postage	411	387
Subscriptions and publications       492       345         Telephone and communications       641       807         Tip rehabilitation provision adjustment       (165)       (1,343)         Valuation fees       1       8         Valuer General fees       363       357         Vehicle registrations       329       319         Other       3,091       999	Printing and stationery	468	509
Telephone and communications       641       807         Tip rehabilitation provision adjustment       (165)       (1,343)         Valuation fees       1       8         Valuer General fees       363       357         Vehicle registrations       329       319         Other       3,091       999	Street lighting	2,385	2,752
Tip rehabilitation provision adjustment       (165)       (1,343)         Valuation fees       1       8         Valuer General fees       363       357         Vehicle registrations       329       319         Other       3,091       999	Subscriptions and publications	492	345
Valuation fees       1       8         Valuer General fees       363       357         Vehicle registrations       329       319         Other       3,091       999	Telephone and communications	641	807
Valuation fees       1       8         Valuer General fees       363       357         Vehicle registrations       329       319         Other       3,091       999	Tip rehabilitation provision adjustment	(165)	(1,343)
Vehicle registrations         329         319           Other         3,091         999			8
Other3,091999	Valuer General fees	363	357
	Vehicle registrations	329	319
TOTAL OTHER EXPENSES 37,039 36,862	Other	3,091	
	TOTAL OTHER EXPENSES	37,039	36,862

# The former Wyong Shire Council

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 5. Gains or losses from the disposal of assets

	Actual	Actual
	1 July 2015 -	1 July 2014 -
\$ '000 Notes	12 May 2016	30 June 2015
Property (excl. investment property)		
Proceeds from disposal – property	636	3,837
Less: carrying amount of property assets sold/written off	(1,345)	(3,472)
Net gain/(loss) on disposal	(709)	365
Plant and equipment		
Proceeds from disposal – plant and equipment	2,672	802
Less: carrying amount of plant and equipment assets sold/written off	(2,627)	(835)
Net gain/(loss) on disposal	45	(33)
Infrastructure		
Proceeds from disposal – infrastructure	_	_
Less: carrying amount of infrastructure assets sold/written off	(680)	(307)
Net gain/(loss) on disposal	(680)	(307)
Financial assets		
Proceeds from disposal/redemptions/maturities – financial assets	108,167	110,913
Less: carrying amount of financial assets sold/redeemed/matured	(108,167)	(110,913)
Net gain/(loss) on disposal		
Water stock		
Proceeds from disposal – water stock	_	_
Less: carrying amount of water stock assets sold/written off		(503)
Net gain/(loss) on disposal	_	(503)
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS	(1,344)	(478)

# The former Wyong Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 6a. - Cash assets and Note 6b. - investments

	12 May 2016	12 May 2016	30 June 2015	30 June 2015
	Actual	Actual	Actual	Actual
\$ '000 Notes	Current	Non-current	Current	Non-current
Cash and cash equivalents (Note 6a)				
Cash on hand and at bank	1,770	_	3,838	_
Cash equivalent assets 1				
– Deposits at call	12,453	_	34,374	_
Total cash and cash equivalents	14,223	_	38,212	_
Investments (Note 6b)				
<ul> <li>Long term deposits</li> </ul>	124,961	15,000	93,167	15,000
- Bank bonds	_	4,000	_	10,000
Total investments	124,961	19,000	93,167	25,000
TOTAL CASH ASSETS, CASH				
EQUIVALENTS AND INVESTMENTS	139,184	19,000	131,379	25,000

 $<sup>^{1}</sup>$  Those investments where time to maturity (from date of purchase) is < 3 mths.

# Cash, cash equivalents and investments were classified at end of period in accordance with AASB 139 as follows:

Cash and cash equivalents  a. 'At fair value through the profit and loss'		14,223	_	38,212	
Investments					
a. 'Held to maturity'	6(b-i)	124,961_	19,000	93,167_	25,000
Investments		124,961	19,000	93,167	25,000
Note 6(b-i) Reconciliation of investments classified as 'held to maturity'					
Balance at beginning of period		93,167	25,000	102,913	25,000
Additions		128,961	5,000	91,167	10,000
Disposals (sales and redemptions)		(108, 167)	_	(110,913)	_
Transfers between current/non-current		11,000	(11,000)	10,000	(10,000)
Balance at end of period		124,961	19,000	93,167	25,000
•					-
Comprising:					
<ul> <li>Long term deposits</li> </ul>		124,961	15,000	93,167	15,000
- Bank bonds		_	4,000		10,000
Total		124,961	19,000	93,167	25,000

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

# The former Wyong Shire Council

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000		12 May 2016 Actual Current	12 May 2016 Actual Non-current	30 June 2015 Actual Current	30 June 2015 Actual Non-current
Total cash, cash equivalents					
and investments		_139,184_	19,000	131,379_	25,000
attributable to:					
External restrictions (refer below) *		93,328	19,000	78,582	25,000
Internal restrictions (refer below)		16,573	· –	27,175	_
Unrestricted *		29,283		25,622	
		139,184	19,000	131,379	25,000
1 July 2015 to 12 May 2016		Opening	Transfers to	Transfers from	
\$ '000		balance	restrictions	restrictions	balance
Details of restrictions					
External restrictions – included in liabilities					
Specific purpose unexpended loans – general	(A)	143	_	(143)	_
Specific purpose unexpended loans – sewer	(A)	5,472	_	(3,166)	2,306
RMS (formerly RTA) advances	(B)	60	90		150
External restrictions – included in liabilities		5,675_	90_	(3,309)	2,456
External restrictions – other					
Developer contributions – General	(D)	2,324	9,757	(3,438)	8,643
Developer contributions – Water fund	(D)	11,536	2,900	(56)	14,436
Developer contributions – Sewer fund	(D)	14,067	2,960	(10,320)	7,780
Developer contributions – Drainage	(D)	14,460	1,680	(339)	15,801
Developer contributions – VPA -General Developer contributions – S94a	(D)	2,534 28	1,616 679	(1,771)	2,379
Developer contributions – S94a  Developer contributions – VPA – Water	(D) (D)	1,923	318	(707)	2,241
Developer contributions – VPA – Water  Developer contributions – VPA – Sewer	(D)	370	5	_	375
Specific purpose unexpended grants	(F)	2,282	97	_	2,379
Specific purpose unexpended grants-Water fund		1,535	_	(177)	1,358
Self insurance claims – Water	(Ġ)	181	35	_	216
Self insurance claims – Sewer	(G)	153	29	_	182
Domestic waste management	(G)	31,899	6,757	_	38,656
Stormwater management	(G)	5,057	_	(691)	4,366
Cemeteries		333	60	_	393
Contributions to works – General	(G)	456	12	-	468
Contributions to works – Water		129	700	(29)	100
Holiday parks Self insurance claims – General	(G)	4,807 3,833	728 731	_	5,535 4,564
External restrictions – other	(0)	97,907	28,363	(17,528)	109,872
Total external restrictions		103,582	28,454	(20,837)	112,328
Total external restrictions		100,002	20,704	(20,007)	112,020

<sup>\*</sup> See Note 20(d) for details regarding prior period voluntary change in accounting policy for restrictions

# The former Wyong Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

1/7/15 to 12/5/16	Opening	Transfers to	Transfers from	Closing
\$ '000	balance	restrictions	restrictions	balance
Internal restrictions				
Employees leave entitlement – general	3,719	_	(292)	3,427
Contributions – bonus provisions	4,703	_	(97)	4,606
Expenditure carried forward	434	_	(292)	142
Lifeguard contract savings	807	370	_	1,177
Prepaid contributions – general	1,361	162	_	1,523
Public liability insurance – general	333	_	(101)	232
Section 355/advances/deposits	668	20	_	688
Tip replacement/rehabilitation	15,150		(10,372)	4,778
Total internal restrictions	27,175	552	(11,154)	16,573
TOTAL RESTRICTIONS	130,757_	29,005	(31,991)	128,901

- A Loan moneys which must be applied for the purposes for which the loans were raised.
- B Advances by roads and maritime services for (RMS) works on the State's classified roads.
- D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1 (b))
- **G** Water, sewerage, domestic waste management (DWM) and other special rates/levies/charges are externally restricted assets and must be applied for the purposes for which they were raised.

## The former Wyong Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

### Note 7. Receivables

	12 May 2016	12 May 2016	30 June 2015	30 June 2015
\$ '000 Notes	Current	Non-current	Current	Non-current
Purpose				
Rates and annual charges	14,674	1 1	3,025	2
Domestic waste mgt annual charges	6,142	1 2	1,551	3
Drainage annual charges	1,111	¹ _	428	_
Water annual charges	1,459	_	454	1
Sewerage annual charges	3,735	_	1,036	2
Interest and extra charges	626	_	680	_
User charges and fees	10,852	_	15,656	_
Accrued revenues				
<ul> <li>Interest on investments</li> </ul>	2,629	_	2,425	_
<ul> <li>Other income accruals</li> </ul>	4,214	_	1,013	_
Government grants and subsidies	5,239	_	1,977	_
Net GST receivable	2,495	_	2,153	_
Liquid trade waste	164	_	419	_
Toukley Golf Club Limited	37	373	36	407
Wyong Community Recreation Assoc. loan	_	794	_	794
Toowoon Bay Surf Lifesaving Club Inc.	4	23	_	_
Other debtors	2,348	_	1,882	23
Total	55,729	1,193	32,735	1,232
Less: provision for impairment				
User charges and fees	(169)	_	(310)	_
Wyong community recreation assoc. loan	(100)	_	(010)	(794)
Other debtors	(94)	(794)	(296)	( ,
Total provision for impairment – receivables	(263)	(794)	(606)	(794)
TOTAL NET RECEIVABLES	55,466	399	32,129	438
Externally restricted receivables *				
Domestic waste management	6,142	2	1,551	3
Total external restrictions	6,142	2	1,551	3
Internally restricted receivables - Nil				
Unrestricted receivables *	49,324	397	30,578	435
TOTAL NET RECEIVABLES	55,466	399	32,129	438

<sup>1</sup> The final payment instalment for rates (and annual charges) income is 31/5/16. As at 12/5/16 there is a large outstanding debtor that reflects this timing difference between the financial reporting date & the instalment payment date.

### Notes on debtors above:

- (i) Rates and annual charges outstanding are secured against the property.
- (ii) Doubtful rates debtors are provided for where the value of the property is less than the debt outstanding. An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates and charges at 8.50% (2015 8.50%). Generally all other receivables are non-interest bearing.
- (iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

<sup>\*</sup> See Note 20(d) for details regarding prior period voluntary change in accounting policy for restrictions.

# The former Wyong Shire Council

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 8. Inventories and other assets

\$ '000	Notes	12 May 2016 Current	12 May 2016 Non-current	30 June 2015 Current	30 June 2015 Non-current
(a) Inventories					
Inventories at cost Stores and materials		667	_	702	_
Other	_			10	
Total inventories at cost		667		712	
(ii) Inventories at net realisable value Nil	(NRV)				
(b) Other assets					
Prepayments		682	_	972	_
Total other assets		682		972	
Externally restricted assets					
Sewerage Prepayments		_	<del>-</del> .	57	_
Total sewerage	_	_	_	57	_
Domestic waste management Nil					
Other Nil					
Total externally restricted assets		_	_	57	_
Total internally restricted assets		_	_	_	_
Total unrestricted assets		1,349		1,627	
TOTAL INVENTORIES AND OTHER AS	SSETS	1,349		1,684	
Other disclosures					
Investories and a second second		a and a selection of the selection of		12 May 2016	30 June 2015
Inventories recognised as an expense  – Stores and materials	e for the	perioa incluaed	:	3,019	4,084

### Inventory write downs

-\$97,230 was recognised as an expense relating to the write down of inventory balances held during the period.

### The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

#### Note 9a. Infrastructure, property, plant and equipment

							A	sset movem	ents during th	e reporting	period						
			as at 30/6/201	5								Revaluation	as at 12/5/2016				
	At	At	Accun	nulated	Carrying	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	increments / (decrements)	At	At	Accur	nulated	Carrying
\$ '000	cost	fair value	depreciation	impairment	value			oi disposais				to equity (ARR)	cost	fair value	depreciation	impairment	value
Capital work in progress	73,425	_	_	_	73,425	58,566	22,451	_	_	(86,357)	_	_	68,085	_	_	_	68,085
Plant and equipment	7 0, 120	42,296	22,512	_	19,784		32	(2,597)	(3,369)	7,025	65	_	- 00,000	42,822	21,882	_	20,940
Office equipment	_	6.869	4.407	_	2,462	_	10	(13)	(1,109)	1,021	2	_	_	7,618	5,245	_	2,373
Furniture and fittings	_	3,597	1.789	_	1,808	_	4	(17)	(366)	997	(3)	_	_	4,502	2.079	_	2,423
Land:		0,00.	1,100		,,,,,,			(/	(000)		( )			,,,,,,	_,,,,,		
- Operational land		310,240	_	_	310,240	_	631	(441)	_	17,321	(7.094)		_	320,657	_	_	320,657
- Community land	_	123,494	_	_	123,494	_	200	,	_		7,048	30.207	_	160,949	_	_	160,949
- Land under roads (post 30/6/08)	_	511	_	_	511	_	22	_	_	_	(1)		_	532	_	_	532
Land improvements – depreciable	_	22,799	7,912	_	14,887	_		(1)	(874)	1,400	2,037	_	_	28,668	11,219	_	17,449
Infrastructure:			.,		,			( ' '	()	.,					,		,
Buildings – non-specialised	_	4,132	3,768	_	364	_	_	_	(52)	_	55	-	_	4,132	3,765	_	367
Buildings – specialised	_	177,560	25,001	_	152,559	-	_	(835)	(4,515)	13,401	(47)	-	_	189,878	29,315	_	160,563
- Other structures	_	17,269	4,120	_	13,149	_	_	'-'	(548)	3,066	544	-	_	22,273	6,062	_	16,211
- Roads	_	787,418	288,809	_	498,609	_	658	(268)	(12,713)	15,525	(461)	_	_	802,021	300,671	_	501,350
- Bridges	_	16,752	4,827	_	11,925	_	_	(48)	(193)	1,255	(1)	-	_	17,797	4,859	_	12,938
- Footpaths	_	44,858	14,242	_	30,616	-	143	(18)	(814)	2,152	-	-	_	47,120	15,041	_	32,079
Bulk earthworks (non-depreciable)	_	170,064		_	170,064	-	_	1		297	-	-	_	170,361		_	170,361
Stormwater drainage	_	465,684	119,438	_	346,246	-	7,259	(175)	(3,646)	1,150	2	-	_	473,854	123,018	_	350,836
<ul> <li>Water supply network</li> </ul>	_	949,955	396,337	_	553,618	_	563	(9)	(12,394)	15,293	277	5,363	_	908,460	345,749	_	562,711
- Sewerage network	_	1,016,442	344,619	_	671,823	-	850	(228)	(11,670)	5,954	(217)	(60,591)	_	962,909	356,988	-	605,921
<ul> <li>Swimming pools</li> </ul>	_	5,959	3,686	_	2,273	-	_	_	(27)	_	(5)	-	_	5,952	3,711	_	2,241
Other open space/recreational assets	_	56,047	16,898	_	39,149	-	_	_	(1,339)	243	(5,850)	-	_	46,370	14,167	_	32,203
Other infrastructure	_	_	_	_	_	-	_	-	(84)	_	3,651	-	_	4,554	987	_	3,567
Other assets:																	
Heritage collections	_	205	37	_	168	-	-	-	(5)	29	(9)	479	_	1,342	680	_	662
- Library books	_	4,036	3,029	_	1,007	-	2	(2)	(179)	228	-	-	_	3,833	2,777	-	1,056
- Other	-	38	2	_	36	-	-	-	(1)	_	1	-	_	38	2	-	36
Reinstatement, rehabilitation and restoration assets (refer Note 26):																	
- Tip assets	_	16,127	8,680	_	7,447		_	_	(766)	_			_	16,127	9,446	_	6,681
TOTAL INFRASTRUCTURE. PROPERTY, PLANT AND EQUIP.	73.425	4,242,353	1,270,113	_	3,045,665	58,566	32,825	(4,652)	(54,664)	_	(6)	(24,542)	68,085	4,242,769	1,257,663	_	3,053,191

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

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

# The former Wyong Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 9b. Externally restricted infrastructure, property, plant and equipment

\$ '000			tual y 2016				tual		
Class of asset	At	At	A/Dep &	Carrying	At	30 June 2015  At At A/Dep & Carry			
Oldss Of dsset	cost	fair value	impairm't	value	cost	fair value	impairm't	Carrying value	
Markey even by	CUSI	iali value	ппрапп с	value	CUSI	iaii vaiue	ппрани	varac	
Water supply				40.000	47.040			47.040	
Work in Progress	10,200	_		10,200	17,948		_	17,948	
Plant and equipment	-	413	335	78	-	411	312	99	
Office equipment	-	359	281	78	-	360	246	114	
Furniture and fittings	-	150	119	31	-	137	115	22	
Land									
- Operational land	-	34,960	-	34,960	-	34,631	-	34,631	
- Community land	-	414	-	414	-	1,105	-	1,105	
Buildings	-	6,405	1,037	5,368	-	6,405	892	5,513	
Other structures	-	921	124	797	-	1,222	117	1,105	
Infrastructure – water supply	-	908,460	345,749	562,711	_	949,955	396,338	553,617	
Infrastructure – stormwater	_	466,896	121,386	345,510	_	459,624	117,865	341,759	
Total water supply	10,200	1,418,978	469,031	960,147	17,948	1,453,850	515,885	955,913	
Sewerage services									
Work in Progress	21,397	_	_	21,397	10,695	_	_	10,695	
Plant and equipment	_	911	729	182	_	824	610	214	
Office equipment	_	244	204	40	_	244	179	65	
Furniture and fittings	_	174	37	137	_	32	28	4	
Land									
- Operational land	_	16,557	_	16,557	_	22,986	_	22,986	
Buildings	_	7,531	1,387	6,144	_	7,556	1,284	6,272	
Other structures	_	526	70	456	_	360	44	316	
Infrastructure	_	962,908	356,988	605,920	_	1,016,442	344.620	671,822	
Other assets	_	58	17	41	_	58	16	42	
Total sewerage services	21,397	988,909	359,432	650,874	10.695	1,048,502	346,781	712,416	
	21,201	223,280	223,132	,		.,,	2.2,.21	,	
TOTAL RESTRICTED I,PP&E	31,597	2,407,887	828,463	1,611,021	28,643	2,502,352	862,666	1,668,329	

# Note 9c. Infrastructure, property, plant and equipment – current period impairments

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

# The former Wyong Shire Council

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 10a. Payables, borrowings and provisions

Payables         4,197         -         8,207         -           Payments received In advance         3,552         10,763         3,155         11,621           Accrued expenses:         -         1,270         -           - Borrowings         2,693         -         1,270         -           - Salaries and wages         2,325         -         2,144         -           - Other expenditure accruals         19,327         -         18,207         -           Security bonds, deposits and retentions         1,677         -         1,247         -           Security bonds, deposits and retentions         1,657         -         1,105         -           Developer bonds         1,657         -         1,105         -           Overpayments         3,745         -         4,079         -           Other         4,500         -         301         -           Total payables         43,673         10,763         39,715         11,621           Borrowings           Loans – secured <sup>1</sup> 12,502         156,452         12,084         166,014           Provisions           Employee benefits:         -         6,088 <th></th> <th></th> <th>12 May 2016</th> <th>12 May 2016</th> <th>30 June 2015</th> <th>30 June 2015</th>			12 May 2016	12 May 2016	30 June 2015	30 June 2015
Soods and services	\$ '000	Notes	Current	Non-current	Current	Non-current
Soods and services	Pavables					
Payments received In advance   3,552   10,763   3,155   11,621	•		4 197	_	8 207	_
Accrued expenses:  - Borrowings - Salaries and wages - Other expenditure accruals - Other expenditure accruals - Other expenditure accruals - Other expenditure accruals - Security bonds, deposits and retentions - 1,677 - 1,247 - 1,247 - 1,055 - 1,105 - 1,079 - 0ther - 4,500 - 301 - Total payables - 43,673 - 10,763 - 39,715 - 11,621  Borrowings - Loans – secured - 1,502 - 156,452 - 12,084 - 166,014  Total borrowings - 12,502 - 156,452 - 12,084 - 166,014  Total borrowings - 12,502 - 156,452 - 12,084 - 166,014  Provisions - Semployee benefits: - Annual leave - 5,755 - 6,088 - 3,897 - 1,028 - 3,897 - 2,095 - 261 - 267 -			,	10 763	,	11 621
- Borrowings	•		0,002	10,700	0,100	. 1,02
- Salaries and wages	·		2.693	_	1.270	_
− Other expenditure accruals         19,327         −         18,207         −           Security bonds, deposits and retentions         1,677         −         1,247         −           Developer bonds         1,657         −         1,105         −           Overpayments         3,745         −         4,079         −           Other         4,500         −         301         −           Total payables         43,673         10,763         39,715         11,621           Borrowings         Loans – secured         1         12,502         156,452         12,084         166,014           Provisions           Employee benefits:         3,571         −         6,088         −           Annual leave         5,755         −         6,088         −           Sick leave         3,571         −         3,897         −           Long service leave         8,524         1,028         8,842         858           Gratuities         −         −         267         −           Other leave         245         −         261         −           Sub-total – aggregate employee benefits         18,095         1,028         19,385 <td></td> <td></td> <td>,</td> <td>_</td> <td></td> <td>_</td>			,	_		_
Security bonds, deposits and retentions	· ·			_	-	_
Developer bonds	•			_	,	_
Overpayments         3,745         -         4,079         -           Other         4,500         -         301         -           Total payables         43,673         10,763         39,715         11,621           Borrowings         12,502         156,452         12,084         166,014           Total borrowings         12,502         156,452         12,084         166,014           Provisions         Employee benefits:         -         -         6,088         -           Sick leave         3,571         -         3,897         -           Long service leave         8,524         1,028         8,842         858           Gratuities         -         -         267         -           Other leave         245         -         261         -           Sub-total – aggregate employee benefits         18,095         1,028         19,355         858           Self insurance – workers compensation         804         3,295         811         4,155           Self insurance – other         137         -         118         -           Self insurance – other         137         -         118         -           Asset remediation/resto				_		_
Other         4,500         -         301         -           Total payables         43,673         10,763         39,715         11,621           Borrowings         12,502         156,452         12,084         166,014           Provisions           Employee benefits:         Annual leave         5,755         -         6,088         -           Sick leave         3,571         -         3,897         -           Long service leave         8,524         1,028         8,842         858           Gratuities         -         -         267         -           Other leave         245         -         261         -           Sub-total – aggregate employee benefits         18,095         1,028         19,355         858           Self insurance – workers compensation         804         3,295         811         4,155           Self insurance – other         137         -         118         -           Asset remediation/restoration (future works)         26         3,704         48,555         1,937         50,061           Payroll tax         165         7         155         5           Other <th< td=""><td>•</td><td></td><td>,</td><td>_</td><td></td><td>_</td></th<>	•		,	_		_
Borrowings   Loans - secured   12,502   156,452   12,084   166,014			,	_		_
Borrowings	Total payables	_		10,763	39,715	11,621
Loans – secured         1         12,502         156,452         12,084         166,014           Provisions           Employee benefits:         3         4         4         6,088         -         6,088         -         -         6,088         -         -         -         6,088         -         -         -         6,088         -         -         -         6,088         -         -         -         6,088         -         -         -         6,088         -         -         -         6,088         -         -         -         6,088         -         -         -         6,088         -         -         -         3,897         -         -         -         2,095         -         -         -         2,088         -         -         267         -         -         -         267         -         -         -         267         -         -         -         267         -         -         267         -         -         267         -         -         267         -         -         267         -         -         268         3,842         858         858         858         858         8						
Total borrowings	Borrowings					
Provisions           Employee benefits:         Annual leave         5,755         -         6,088         -           Sick leave         3,571         -         3,897         -           Long service leave         8,524         1,028         8,842         858           Gratuities         -         -         267         -           Other leave         245         -         261         -           Sub-total – aggregate employee benefits         18,095         1,028         19,355         858           Self insurance – workers compensation         804         3,295         811         4,155           Self insurance – public liability         110         -         225         -           Self insurance – other         137         -         118         -           Asset remediation/restoration (future works)         26         3,704         48,555         1,937         50,061           Payroll tax         165         7         155         5           Other         2,095         -         -         -         -           TOTAL PAYABLES, BORROWINGS         25,110         52,885         22,601         55,079	Loans – secured 1		12,502	156,452	12,084	166,014
Employee benefits:         Annual leave       5,755       -       6,088       -         Sick leave       3,571       -       3,897       -         Long service leave       8,524       1,028       8,842       858         Gratuities       -       -       267       -         Other leave       245       -       261       -         Sub-total – aggregate employee benefits       18,095       1,028       19,355       858         Self insurance – workers compensation       804       3,295       811       4,155         Self insurance – public liability       110       -       225       -         Self insurance – other       137       -       118       -         Asset remediation/restoration (future works)       26       3,704       48,555       1,937       50,061         Payroll tax       165       7       155       5         Other       2,095       -       -       -         Total provisions       25,110       52,885       22,601       55,079	Total borrowings	_	12,502	156,452	12,084	166,014
Employee benefits:         Annual leave       5,755       -       6,088       -         Sick leave       3,571       -       3,897       -         Long service leave       8,524       1,028       8,842       858         Gratuities       -       -       267       -         Other leave       245       -       261       -         Sub-total – aggregate employee benefits       18,095       1,028       19,355       858         Self insurance – workers compensation       804       3,295       811       4,155         Self insurance – public liability       110       -       225       -         Self insurance – other       137       -       118       -         Asset remediation/restoration (future works)       26       3,704       48,555       1,937       50,061         Payroll tax       165       7       155       5         Other       2,095       -       -       -         Total provisions       25,110       52,885       22,601       55,079	Provisions					
Annual leave 5,755 — 6,088 — Sick leave 3,571 — 3,897 — 1						
Sick leave       3,571       -       3,897       -         Long service leave       8,524       1,028       8,842       858         Gratuities       -       -       -       267       -         Other leave       245       -       261       -         Sub-total – aggregate employee benefits       18,095       1,028       19,355       858         Self insurance – workers compensation       804       3,295       811       4,155         Self insurance – public liability       110       -       225       -         Self insurance – other       137       -       118       -         Asset remediation/restoration (future works)       26       3,704       48,555       1,937       50,061         Payroll tax       165       7       155       5         Other       2,095       -       -       -         Total provisions       25,110       52,885       22,601       55,079			5 755	_	6.088	_
Long service leave       8,524       1,028       8,842       858         Gratuities       -       -       267       -         Other leave       245       -       261       -         Sub-total – aggregate employee benefits       18,095       1,028       19,355       858         Self insurance – workers compensation       804       3,295       811       4,155         Self insurance – public liability       110       -       225       -         Self insurance – other       137       -       118       -         Asset remediation/restoration (future works)       26       3,704       48,555       1,937       50,061         Payroll tax       165       7       155       5         Other       2,095       -       -       -         Total provisions       25,110       52,885       22,601       55,079			,	_	-,	_
Gratuities         -         -         267         -           Other leave         245         -         261         -           Sub-total – aggregate employee benefits         18,095         1,028         19,355         858           Self insurance – workers compensation         804         3,295         811         4,155           Self insurance – public liability         110         -         225         -           Self insurance – other         137         -         118         -           Asset remediation/restoration (future works)         26         3,704         48,555         1,937         50,061           Payroll tax         165         7         155         5           Other         2,095         -         -         -           Total provisions         25,110         52,885         22,601         55,079			*	1.028	,	858
Other leave         245         –         261         –           Sub-total – aggregate employee benefits         18,095         1,028         19,355         858           Self insurance – workers compensation         804         3,295         811         4,155           Self insurance – public liability         110         –         225         –           Self insurance – other         137         –         118         –           Asset remediation/restoration (future works)         26         3,704         48,555         1,937         50,061           Payroll tax         165         7         155         5           Other         2,095         –         –         –           Total provisions         25,110         52,885         22,601         55,079				-,020		_
Sub-total – aggregate employee benefits         18,095         1,028         19,355         858           Self insurance – workers compensation         804         3,295         811         4,155           Self insurance – public liability         110         –         225         –           Self insurance – other         137         –         118         –           Asset remediation/restoration (future works)         26         3,704         48,555         1,937         50,061           Payroll tax         165         7         155         5           Other         2,095         –         –         –           Total provisions         25,110         52,885         22,601         55,079			245	_		_
Self insurance – workers compensation       804       3,295       811       4,155         Self insurance – public liability       110       –       225       –         Self insurance – other       137       –       118       –         Asset remediation/restoration (future works)       26       3,704       48,555       1,937       50,061         Payroll tax       165       7       155       5         Other       2,095       –       –       –         Total provisions       25,110       52,885       22,601       55,079		_		1.028		858
Self insurance – public liability         110         –         225         –           Self insurance – other         137         –         118         –           Asset remediation/restoration (future works)         26         3,704         48,555         1,937         50,061           Payroll tax         165         7         155         5           Other         2,095         –         –         –           Total provisions         25,110         52,885         22,601         55,079			•			
Self insurance – other       137       –       118       –         Asset remediation/restoration (future works)       26       3,704       48,555       1,937       50,061         Payroll tax       165       7       155       5         Other       2,095       –       –       –         Total provisions       25,110       52,885       22,601       55,079				-,		.,
Asset remediation/restoration (future works)       26       3,704       48,555       1,937       50,061         Payroll tax       165       7       155       5         Other       2,095       -       -       -       -         Total provisions       25,110       52,885       22,601       55,079				_		_
Payroll tax         165         7         155         5           Other         2,095         -         -         -         -           Total provisions         25,110         52,885         22,601         55,079		26	3.704	48.555		50.061
Other         2,095         -         -         -         -           Total provisions         25,110         52,885         22,601         55,079	,		,	,	,	,
Total provisions         25,110         52,885         22,601         55,079           TOTAL PAYABLES, BORROWINGS	Other			_	_	_
		_		52,885	22,601	55,079
	TOTAL DAYABLES DODES!					
<u>AND PROVISIONS</u> <u>81,285</u> <u>220,100</u> <u>74,400</u> <u>232,714</u>		58			<b>-</b> 4 45 5	
	AND PROVISIONS		81,285	220,100	74,400	232,714

Refer next page for liabilities relating to resticted assets

<sup>1.</sup> Loans are secured over the general rating income of Council Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 15.

# The former Wyong Shire Council

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

	12 May 2016	12 May 2016	30 June 2015	30 June 2015
\$ '000 Notes	Current	Non-current	Current	Non-current
(i) Liabilities relating to restricted assets				
Externally restricted assets *				
Domestic waste management	2,598	_	3,102	_
Other insurance Water Fund	_	_	9	_
Developer contributions in advance General	1,522	9,526	1,361	9,973
Developer contributions in advance Water	56	1,237	1,008	584
Developer contributions in advance Sewer	1,073	_	_	1,064
Self insurance General Fund	591	2,739	673	3,895
Liabilities relating to externally restricted assets	5,840	13,502	6,153	15,516
Internally restricted assets				
Other insurance General Fund	232		333	
Liabilities relating to internally restricted assets	232		333	
Total liabilities relating to restricted assets *	6,072	13,502	6,487	15,516
Total liabilities relating to unrestricted assets *	75,213	206,598	67,913	217,198
TOTAL PAYABLES, BORROWINGS AND PROVISIONS	81,285	220,100	74,400	232,714

<sup>\*</sup> See Note 20(d) for details regarding prior period voluntary change in accounting policy for restrictions.

12,969

13,992

# The former Wyong Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

	Actual	Actual
\$ '000	12 May 2016	30 June 2015
(ii) Current liabilities not anticipated to be settled within the next twelve mo	nths	
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	9,635	11.199
Payables – security bonds, deposits and retentions <sup>1</sup>	3,334	2,793

<sup>&</sup>lt;sup>1</sup> Payables not expected to be settled represent average balances held in security bonds, deposits, and overpayments

### Note 10b. Description of and movements in provisions

		1 July 2015 to 12 May 2016				
Class of provision	Opening balance as at 1 July 2015	Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	Closing balance as at 12 May 2016
Annual leave	6,088	4,580	(4,913)	_	_	5,755
Sick leave	3,897	2,330	(2,656)	_	_	3,571
Long service leave	9,700	2,110	(2,258)	_	_	9,552
Other leave	261	353	(369)	_	_	245
Gratuities	267	_	(267)	_	_	_
Self insurance	5,309	819	(1,782)	_	_	4,346
Asset remediation	51,998	_	(1,126)	2,999	(1,612)	52,259
Other	160	2,892	(785)	_	_	2,267
TOTAL	77,680	13,084	(14,156)	2,999	(1,612)	77,995

- a. Employees leave entitlements and on-costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- b. Self insurance provisions represent both (i) claims incurred but not reported and (ii) claims reported and estimated as per the actuarial assessment.
- c. Asset remediation, reinstatement and restoration provisions represent the present value estimate of future costs Council will incur in order to remove, restore and remediate assets and/or activities as a result of past operations.

# The former Wyong Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 12 May 2016	Actual 30 June 2015
(a) Reconciliation of cash assets			
Total each and each equivalent accets	0-	14,223	29 212
Total cash and cash equivalent assets  Less bank overdraft	6a	14,223	38,212
	10	14,223	38,212
Balance as per the Statement of Cash Flows		14,223	30,212
(b) Reconciliation of net operating result			
to cash provided from operating activities			
Net operating result from Income Statement		62,500	36,418
Adjust for non-cash items:			
Depreciation and amortisation		54,837	60,751
Net losses/(gains) on disposal of assets		1,344	478
Non-cash capital grants and contributions		(11,253)	(6,184)
Amortisation of premiums, discounts and prior period fair valuations			
<ul> <li>Interest on all fair value adjusted interest free advances made by Cou</li> </ul>	ıncil	(2)	(2)
<ul> <li>Discount adjustment relating to remediation provision</li> </ul>		1,552	1,943
Unwinding of discount rates on reinstatement provisions		1,447	1,791
Share of net (profits) or losses of associates/joint ventures		21	229
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(22,955)	(345)
Increase/(decrease) in provision for doubtful debts		(343)	(2)
Decrease/(increase) in inventories		45	730
Decrease/(increase) in other assets		290	(252)
Increase/(decrease) in payables		(4,010)	268
Increase/(decrease) in accrued interest payable		1,423	(53)
Increase/(decrease) in other accrued expenses payable		1,301	4,286
Increase/(decrease) in other liabilities		4,387	442
Increase/(decrease) in employee leave entitlements		(1,090)	(559)
Increase/(decrease) in other provisions		(1,594)	(3,451)
Net cash provided from/(used in)			
operating activities from the Statement of Cash Flows		87,899	96,488

# The former Wyong Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Notes	Actual 12 May 2016	Actual 30 June 2015
(c) Non-cash investing and financing activities			
S94 contributions 'in kind'		2,384	878
Other dedications	_	8,869	5,306
Total non-cash investing and financing activities		11,253	6,184
(d) Financing arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank overdraft facilities (1)		500	500
Credit cards/purchase cards		750	750
Master lease facilities		2,000	2,000
Standby credit facilities	_	5,000	5,000
Total financing arrangements		8,250	8,250
Amounts utilised as at balance date:			
- Credit cards/purchase cards		37	138
– Lease facilities	_	866	762
Total financing arrangements utilised		903	900

<sup>1.</sup> The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice. Interest rates on overdrafts are interest rates on loans and other payables are disclosed in Note 15.

### (ii) Secured loan liabilities

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

### (e) Bank guarantees

The former Council did not have any current bank guarantees provided to third parties.

# The former Wyong Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 12. Commitments for expenditure

	Actual	Actual
\$ '000 Notes	12 May 2016	30 June 2015
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not		
recognised in the financial statements as liabilities:		
Property, plant and equipment		
Plant and equipment	305	336
Land and buildings	172	8,440
Infrastructure – including roads, water and sewerage network, open space	14,782	22,137
Other	1,351	225
Tip assets	710	670
Total commitments	17,320	31,808
These expenditures are payable as follows:		
Within the next year	17,320	31,808
Total payable	17,320	31,808
Sources for funding of capital commitments:		
Unrestricted general funds	12,750	11,424
Future grants and contributions	825	´ <b>–</b>
Sect 64 and 94 funds/reserves	62	9,738
Externally restricted reserves	_	9,752
Internally restricted reserves	3,683	670
Insurance claim		224
Total sources of funding	17,320	31,808

### **Details of capital commitments**

Major projects include works undertaken on stage 1 construction at Memorial Park at The Entrance for \$1.99M, the design and documentation of the augmented sewer pump station at Wyong \$1.68M, the sewer treatment plant augmentation at Wyong South \$1.22M and the replacement of vacuum stations for sewer pump stations for \$1.14M. The remaining commitments are for various capital works across council including \$2.40M in Open Space and Recreation, \$1.10M in Commercial Enterprises. \$2.91M in Wyong Water and \$2.79M in Roads and Drainage.

### The former Wyong Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 12. Commitments for expenditure (continued)

	Actual	Actual
\$ '000	Notes 12 May 2016	30 June 2015

### (b) Finance lease commitments

Nil

### (c) Operating lease commitments (non-cancellable)

### a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:

Within the next year	261	416
Later than one year and not later than 5 years	1,002	641
Later than 5 years	1,621_	1,622
Total non-cancellable operating lease commitments	2,884	2,679

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

Computer equipment - PC's, monitors and laptops: Lease terms were all originally for 60 months. The most recent leases have 41 months remaining.

Printers: Lease terms were originally for 60 months. The most recent leases have 57 months remaining. Northlakes Child Care Centre premises: Expiry date of the lease is 31 December 2051.

Azzuro Blu Wharf: Expiry date of the lease is 31 December 2033.

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

### Conditions relating to operating leases:

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

### (d) Investment in joint operations - commitments

For capital commitments and other commitments relating to investments in joint operations, refer to Note 19 (c)

# The former Wyong Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

	Amounts	Indicator	Prior pe	riods			
\$ '000	12 May 2016	12 May 2016	30 June 2015	30/6/14			
Local government industry indicators – consolidated							
Operating performance ratio     Total continuing operating revenue (1) excluding capital grants and contributions less operating expenses     Total continuing operating revenue (1) excluding capital grants and contributions	28,028 238,531	11.75%	4.46%	2.92%			
2. Own source operating revenue ratio  Total continuing operating revenue (1) excluding all grants and contributions  Total continuing operating revenue (1) including capital grants and contributions	217,023 274,368	79.10%	82.30%	87.11%			
3. Unrestricted current ratio * Current assets less all external restrictions (2) Current liabilities less specific purpose liabilities (3, 4)	96,529 62,476	1.55x	1.57x	1.62x			
4. Debt service cover ratio  Operating result (1) before capital excluding interest and depreciation/impairment/amortisation  Principal repayments (Statement of Cash Flows) plus borrowing costs from the (Income Statement)	94,984 19,711	4.82x	3.51x	3.17x			
5. Rates, annual charges, interest and extra charges outstanding percentage Rates, annual and extra charges outstanding (5)  Rates, annual and extra charges collectible (5)	27,750 154,653	17.94%	4.56%	5.22%			
6. Cash expense cover ratio  Current period's cash and cash equivalents  plus all term deposits  Payments from cash flow of operating and financing activities	154,184 14,428	10.69 mths	9.0 mths	8.7 mths			

### Notes

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

<sup>(2)</sup> Refer Notes 6-8 inclusive.

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

<sup>(3)</sup> Refer to Note 10(a).

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

<sup>(5)</sup> Rates are recognised as revenue at the commencement of the rating year for the period 1 July to 30 June 2016. No adjustments have been made for rates not earned during the period 13 May 2016 to 30 June 2016.

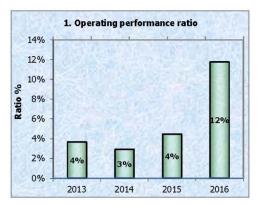
<sup>\*</sup> See Note 20(d) for details regarding prior period voluntary change in accounting policy for restrictions.

# The former Wyong Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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



Purpose of operating performance ratio

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

Commentary on 12 May 2016 result

12 May 2016 ratio 11.75%

The improved operating performance demonstrates Council's continued path of sound fiscal management and commitment to achieving financial sustainability.

Benchmark:

Minimum >=0.00%

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

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Ratio achieves benchmark
Ratio is outside benchmark



Purpose of own source operating revenue ratio

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

Commentary on 12 May 2016 result

12 May 2016 ratio 79.10%

Council's own source operating revenue ratio remains strong, well above the 60% benchmark and demonstrates fiscal flexibility if faced with unforeseen events.

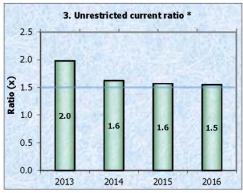


Minimum >=60.00%

Source for benchmark: Code of Accounting Practice and Financial Reporting #24



Ratio achieves benchmark Ratio is outside benchmark



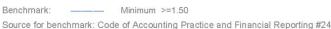
Purpose of unrestricted current ratio

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

Commentary on 12 May 2016 result

12 May 2016 ratio 1.55x

Council's unrestricted current ratio is heavily impacted by the inclusion of restricted balances in Wyong Water, particularly developer contributions. Many of these restrictions are long term and do not inhibit Council's ability to satisfy short term obligations.



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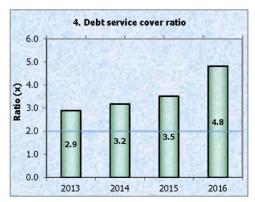
Ratio achieves benchmark Ratio is outside benchmark

# The former Wyong Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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



Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments Commentary on 12 May 2016 result

12 May 2016 ratio 4.82x

Council's debt service ratio continues to strengthen aligned with improved operating result and stable debt levels.

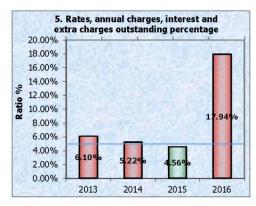
Benchmark:

Minimum >=2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

H

Ratio achieves benchmark Ratio is outside benchmark



Purpose of rates and annual charges outstanding ratio

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

Commentary on 12 May 2016 result

12 May 2016 ratio 17.94%

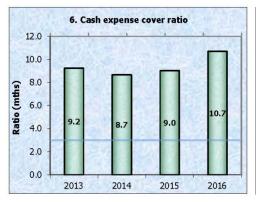
Whilst rates are levied in July, ratepayers have the option to make payments based on quarterly due dates in August, November, February and May. As the proclamation was made on 12 May 2016 the fourth instalment due on 31 May was not due for payment. This has resulted in a higher than normal rates outstanding balance as at the reporting date.

Benchmark: ——— Maximum <5.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting #24



Ratio is within Benchmark Ratio is outside Benchmark



Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow Commentary on 12 May 2016 result

12 May 2016 ratio 10.69 mths

Council's cash expense cover ratio remains strong and reflects continued sound cash management.

Benchmark: ——— Minimum >=3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

H

Ratio achieves benchmark Ratio is outside benchmark

# The former Wyong Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 13b. Statement of performance measurement – indicators (by fund)

\$ '000		Water 12 May 2016	Sewer 12 May 2016	General <sup>5</sup> 12 May 2016
Local government industry indicators – by fund				
1. Operating performance ratio				
Total continuing operating revenue (1) excluding capital				
grants and contributions less operating expenses		-2.64%	5.78%	16.19%
Total continuing operating revenue (1) excluding capital				
grants and contributions	prior period:	-10.51%	-7.17%	10.91%
2. Own source operating revenue ratio				
Total continuing operating revenue (1)		77.47%	87.29%	78.63%
excluding all grants and contributions		11.41 70	01.2370	70.0070
Total continuing operating revenue (1) including capital	prior period:	88.03%	87.47%	80.01%
grants and contributions				
3. Unrestricted current ratio *				
Current assets less all external restrictions (2)		0.80x	5.70x	1.55x
Current liabilities less specific purpose liabilities (3, 4)		0.001	3.70%	1.55%
	prior period:	0.94x	3.84x	1.56x
4. Debt service cover ratio				
Operating result (1) before capital excluding interest				
and depreciation/impairment/amortisation		1.37x	5.46x	<b>692.6</b> 8x
Principal repayments (Statement of Cash Flows)		III N	or tox	002.00X
plus borrowing costs from the (Income Statement)	prior period:	1.10x	4.37x	57.61x
5. Rates, annual charges, interest and				
extra charges outstanding percentage				
Rates, annual and extra charges outstanding (6)		15.83%	14.22%	19.15%
Rates, annual and extra charges collectible (6)		13.00 /6	14.22 /0	13.1376
	prior period:	5.49%	3.78%	4.61%
6. Cash expense cover ratio				
Current period's cash and cash equivalents				
plus all term deposits x12		9.97	21.78	9.29
Payments from cash flow of operating and		mths	mths	mths
financing activities	prior period:	5.50	19.02	8.40
Notes		mths	mths	mths
Notes				

(1) - (4) Refer to Notes at Note 13a(i) above.

General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

<sup>(6)</sup> Rates are recognised as revenue at the commencement of the rating year for the period 1 July to 30 June 2016. No adjustments have been made for rates not earned during the period 13 May 2016 to 30 June 2016.

See Note 20(d) for details regarding prior period voluntary change in accountng policy for restrictions.

# The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

### Note 14. Investment properties

\$ '000

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

### Note 15. Financial risk management

### Risk management

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk.

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

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

Financial risk management is carried out by Council's finance section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

	Carrying value		Fair	/alue
	12 May 2016	30 June 2015	12 May 2016	30 June 2015
Financial assets				
Cash and cash equivalents	14,223	38,212	14,223	38,212
Investments				
<ul><li>- 'Held to maturity'</li></ul>	143,961	118,167	143,961	118,167
Receivables	55,865_	32,567	55,865	32,567
Total financial assets	214,049	188,946	214,049	188,946
Financial liabilities				
Payables	40,121	36,560	40,121	36,560
Loans/advances	168,954_	178,098	209,408	217,916
Total financial liabilities	209,075	<b>214,65</b> 8	249,529	254,476

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables are estimated to be the carrying value that approximates market value.
- Borrowings and held-to-maturity investments are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) 'at fair value through profit and 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.

### The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

### Note 15. Financial risk management (continued)

#### \$ '000

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

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

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

The risks associated with the investments held are:

- Price risk the risk that the capital value of investments may fluctuate due to changes in market prices, whether the changes are caused by factors specific to individual financial instruments or their issuers or factors affecting similar instruments traded in a market.
- Interest rate risk the risk that movements in interest rates could affect returns and income.
- Credit risk the risk that a contracting entity will not complete their obligations under a financial instrument,
   resulting in a financial loss to the former 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.

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

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

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

	Increase of val	ues/rates	Decrease of values/rates	
1 July 2015 to 12 May 2016	Profit	Equity	Profit	Equity
Possible impact of a 1% movement in interest rates	1,582	1,582	(1,582)	(1,582)
1 July 2014 to 30 June 2015 Possible impact of a 1% movement in interest rates	1,564	1,564	(1,564)	(1,564)

### The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

### Note 15. Financial risk management (continued)

\$ '000

### (b) Credit risk

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

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

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

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

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

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

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

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

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

		12 May 2016 Rates and	12 May 2016	30 June 2015 Rates and	30 June 2015
		annual	Other	annual	Other
		charges	receivables	charges	receivables
(i) Ageing of receivables	5 – %				
Current (not yet overdue)		0%	85%	0%	80%
Overdue		100%	15%	100%	20%
		100%	100%	100%	100%
		Rates and		Rates and	
(ii) Ageing of receivable	s – value	annual	Other	annual	Other
Rates and annual charges	Other receivables	charges	receivables	charges	receivables
Current	Current	_	25,293	_	21,900
< 1 year overdue	0 – 30 days overdue	25,530	1,429	5,059	1,253
1 - 2 years overdue	30 - 60 days overdue	1,110	803	1,036	279
2 – 5 years overdue	60 - 90 days overdue	833	305	800	1,422
> 5 years overdue	> 90 days overdue	277_	1,342	287	1,931_
		27,750	29,172	7,182	26,785
(iii) Movement in provis of receivables	ion for impairment			12 May 2016	30 June 2015
Balance at the beginning	of the period			1,400	1,402
+ new provisions recognis	•			42	3
- amounts already provided for and written off this period			(385)	(5)	
Balance at the end of th	e period			1,057	1,400
					page 59

# The former Wyong Shire Council

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

### Note 15. Financial risk management (continued)

\$ '000

### (c) Liquidity risk

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

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

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

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity table below:

\$ '000	Subject							Total	Actual
	to no			cash	carrying				
	maturity	≤1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs	outflows	values
47454-40540									
1/7/15 to 12/5/16									
Trade/other payables	1,677	38,444	-	-	-	-	-	40,121	40,121
Loans and advances		23,978	23,696	23,167	20,856	41,157	96,410	229,264	168,954
Total financial liabilities	1,677	62,422	23,696	23,167	20,856	41,157	96,410	269,385	209,075
1/7/14 to 30/6/15									
Trade/other payables	1,247	35,313	-	-	-	-	-	36,560	36,560
Loans and advances		24,195	23,924	23,653	23,122	44,364	108,181	247,439	178,098
Total financial liabilities	1,247	59,508	23,924	23,653	23,122	44,364	108,181	283,999	214,658

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

The following interest rates were applicable	12 May 2016	12 May 2016	30 June 2015	30 June 2015
to Council's borrowings at balance date:	Carrying	Average	Carrying	Average
	value	interest rate	value	interest rate
Trade/other payables	40,121		36,560	
Commercial banks	168,954	6.95%	178,098	6.94%
	209,075		214,658	

### Loan agreement breaches

There were no loan agreement breaches during the year

### Note 16. Material budget variations

In accordance with the Supplementary Code 24(a), this note is not applicable for "former Councils".

# The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

### Note 17. Statement of developer contributions

#### \$ '000

The former Council recovered contributions, raised levies and entered into planning agreements on development works that were subject to a development consent issued by the former Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

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

#### SUMMARY OF CONTRIBUTIONS AND LEVIES

BUBBOSE			outions	Interest	Expenditure	Internal	Held as	Cumulative internal
PURPOSE	Opening	received duri	ng the period	earned	during	borrowing	restricted	borrowings
	balance	Cash	Non-cash	during period	period	(lent)/borrowed	asset	due/(payable)
Drainage	14,460	1,095	339	246	(339)	_	15,801	_
Roads	390	2,245	628	129	(648)	(1,148)	1,596	(1,224)
Parking	18	_	_	4	_	(15)	7	356
Open space	680	2,885	837	139	(851)	(808)	2,882	(9,176)
Community facilities	1,206	1,930	403	267	(2,327)	3,735	5,214	8,239
Other	30	235	53	2	(254)	7	73	34
S94 contributions – under a plan	16,784	8,390	2,260	787	(4,419)	1,771	25,573	(1,771)
S94A levies – under a plan	28	678	_	1	(707)	_	_	-
Total S94 revenue under plans	16,812	9,068	2,260	788	(5,126)	1,771	25,573	(1,771)
S93F planning agreements	4,827	1,858	_	82	_	(1,771)	4,996	1,771
S64 contributions	25,603	5,149	124	587	(10,376)	_	21,087	_
Total contributions	47,242	16,075	2,384	1,457	(15,502)	_	51,656	_

# The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

# Note 17. Statement of developer contributions (continued)

\$ '000

### Developer contributions – under a plan

Contribution plan number 1 - Wyong

Continuation plan harmber 1 - vvyong								
		Contrib	outions	Interest	Expenditure	Internal	Held as	Cumulative internal
PURPOSE	Opening	received duri	ng the period	earned	during	borrowing	restricted	borrowings
	balance	Cash	Non-cash	during period	period	(lent)/borrowed	asset	due/(payable)
Drainage	1,873	39	_	25	_	_	1,937	_
Roads	45	12	_	35	_	109	201	879
Parking	13	_	_	3	_	(15)	1	273
Open space	118	41	_	32	_	281	472	1,812
Community facilities	20	64	_	30	_	132	246	2,058
Other	3	_	_	1	_	-	4	45
S94 Total	2,072	156	_	126	_	507	2,861	5,067
s64 – Water	2,491	167	_	57	(2,715)	_	-	_
s64 – Sewer	2,960	276	_	50	(8,535)	5,249	-	_
S64 Total	5,451	443	_	107	(11,250)	5,249	-	_
Total	7,523	599	_	233	(11,250)	5,756	2,861	5,067

Contribution plan number 2 - Southern Lakes

·		Contrib	outions	Interest	Expenditure	Internal	Held as	Cumulative internal
PURPOSE	Opening	received duri	ng the period	earned	during	borrowing	restricted	borrowings
	balance	Cash	Non-cash	during period	period	(lent)/borrowed	asset	due/(payable)
Drainage	1,143	12	_	15	_	_	1,170	_
Roads	53	4	_	11	_	_	68	789
Open space	51	130	_	20	_	292	493	1,119
Community facilities	11	112	_	16	_	6	145	1,140
Other	3	15	_	_	(17)	_	1	-
S94 Total	1,261	273	_	62	(17)	298	1,877	3,048
s64 – Water	1,789	108	_	50	(1,947)	_	-	_
s64 – Sewer	2,816	118	_	37	(598)	(2,373)	_	-
S64 Total	4,605	226	_	87	(2,545)	(2,373)	-	_
Total	5,866	499	-	149	(2,562)	(2,075)	1,877	3,048

# The former Wyong Shire Council

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 17. Statement of developer contributions (continued)

\$ '000

### Developer contributions – under a plan

Contribution plan number 3 - The Entrance

PURPOSE	Opening balance		outions ng the period Non-cash	Interest earned during period	Expenditure during period	Internal borrowing (lent)/borrowed	Held as restricted asset	Cumulative internal borrowings due/(payable)
Drainage	4	-	-	–		-	4	- due/(payable)
Roads	40	67	_	35	_	_	142	2,619
Parking	5	_	-	1	_	-	6	77
Open space	44	44	-	12	-	-	100	852
Community facilities	69	66	_	12	_	(34)	113	(1,780)
S94 Total	162	177	_	60	_	(34)	365	1,768
s93F – General	355	_	_	5	_	_	360	_
s93F – Water	409	_	_	5	_	_	414	_
S93F Total	764	_	_	10	_	_	774	_
s64 – Water	644	5	_	40	(689)	_	_	_
s64 – Sewer	806	4	_	12	(822)	_	_	_
S64 Total	1,450	9	_	52	(1,511)	_	_	_
Total	2,376	186	_	122	(1,511)	(34)	1,139	1,768

Contribution plan number 5 - Ourimbah

PURPOSE	Opening balance		outions ng the period Non-cash	Interest earned during period	Expenditure during period	Internal borrowing (lent)/borrowed	Held as restricted asset	Cumulative internal borrowings due/(payable)
Roads	13	1	_	3	_	_	17	221
Open space	1	8	_	1	_	_	10	102
Community facilities	68	6	_	24	_	1,276	1,374	489
Other	1	1	_		(1)	_	1	_
S94 Total	83	16	_	28	(1)	1,276	1,402	812
s64 – Water	700	_	_	13	(713)	_	_	_
s64 – Sewer	353	_	_	10	(363)	_	_	_
S64 Total	1,053	_	_	23	(1,076)	_	_	_
Total	1,136	16	_	51	(1,077)	1,276	1,402	812

# The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

# Note 17. Statement of developer contributions (continued)

\$ '000

### Developer contributions – under a plan

Contribution plan number 6 - Toukley

		Contrib	outions	Interest	Expenditure	Internal	Held as	Cumulative internal
PURPOSE	Opening	received duri	ng the period	earned	during	borrowing	restricted	borrowings
	balance	Cash	Non-cash	during period	period	(lent)/borrowed	asset	due/(payable)
Drainage	4	_	_	_	_	_	4	_
Roads	1	_	_	_	_	_	1	14
Parking	_	_	_	_	_	_	_	6
Open space	48	65	9	8	(9)	456	577	106
Community facilities	43	68	9	17	(9)	751	879	522
S94 Total	96	133	18	25	(18)	1,207	1,461	648
s64 – Water	527	1	_	13	(541)	_	_	_
s64 – Sewer	17	1	_	5	(840)	817	_	_
S64 Total	544	2	_	18	(1,381)	817	_	_
Total	640	135	18	43	(1,399)	2,024	1,461	648

Contribution plan number 7 – Gorokan

		Contrib	outions	Interest	Expenditure	Internal	Held as	Cumulative internal
PURPOSE	Opening	received duri	ng the period	earned	during	borrowing	restricted	borrowings
	balance	Cash	Non-cash	during period	period	(lent)/borrowed	asset	due/(payable)
Roads	40	-	-	9	-	-	49	(24)
Open space	104	106	_	11	_	_	221	682
Community facilities	157	88	_	4	_	_	249	50
Other	4	14	_	_	(10)	(7)	1	-
S94 Total	305	208	_	24	(10)	(7)	520	708
s93F – Water	22	_	_	_	_	_	22	_
s93F – Sewer	15	_	_	_	_	_	15	-
S93F Total	37	_	_	_	_	_	37	_
s64 – Water	283	15	_	30	(328)	_	_	_
s64 – Sewer	1,362	11	_	18	(574)	(817)	-	_
S64 Total	1,645	26	_	48	(902)	(817)	_	_
Total	1,987	234	_	72	(912)	(824)	557	708

# The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

# Note 17. Statement of developer contributions (continued)

\$ '000

### Developer contributions - under a plan

Contribution plan number 8 - San Remo

PURPOSE	Opening	Contributions received during the period		Interest earned	Expenditure during	Internal borrowing	Held as	Cumulative internal
	balance	Cash	Non-cash	during period	period	(lent)/borrowed	asset	borrowings due/(payable)
Drainage	309	(67)	_	2	_	-	244	-
Roads	51	161	_	10	_	(16)	206	(81)
Open space	66	294	_	18	_		378	657
Community facilities	52	246	_	1	_	(205)	94	(392)
Other	-	6	_	-	(4)	_	2	-
S94 Total	478	640	_	31	(4)	(221)	924	184
s64 – Water	1,241	119	_	32	(1,392)	_	-	-
s64 – Sewer	245	(47)	_	18	(216)	_	-	-
S64 Total	1,486	72	_	50	(1,608)	_	-	-
Total	1,964	712	_	81	(1,612)	(221)	924	184

Contribution plan number 9 - Budgewoi

PURPOSE	Opening balance	Contrib received duri Cash	outions ng the period Non-cash	Interest earned during period	Expenditure during period	Internal borrowing (lent)/borrowed	Held as restricted asset	Cumulative internal borrowings due/(payable)
Roads	2	_	_	_	(1)	_	1	(102)
Open space	54	24	_	3	_	_	81	116
Community facilities	24	20	_	22	_	_	66	1,702
Other	1	3	_	_	(3)	_	1	-
S94 Total	81	47	_	25	(4)	_	149	1,716
s64 – Water	527	_	_	7	(534)	_	_	_
s64 – Sewer	5	_	_	2	(7)	_	_	-
S64 Total	532	_	_	9	(541)	_	_	_
Total	613	47	_	34	(545)	_	149	1,716

# The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

# Note 17. Statement of developer contributions (continued)

\$ '000

### Developer contributions – under a plan

Contribution plan number 13 - Shire Wide

PURPOSE	Opening	,		Interest earned	Expenditure during	Internal borrowing	Held as restricted	Cumulative internal borrowings
	balance	Cash	Non-cash	during period	period	(lent)/borrowed	asset	due/(payable)
Open space	2	200	19	3	(19)	(10)	195	(679)
Community facilities	1	151	15	1	(1,938)	1,775	5	(4,436)
Other	14	29	3	-	(32)	-	14	(11)
S94 Total	17	380	37	4	(1,989)	1,765	214	(5,126)
s93F – General	13	55	_	1	_	_	69	-
S93F Total	13	55	_	1	_	-	69	_
Total	30	435	37	5	(1,989)	1,765	283	(5,126)

Contribution plan number 15 - Northern Districts

		Contrib	outions	Interest	Expenditure	Internal	Held as	Cumulative internal
PURPOSE	Opening	received duri	ng the period	earned	during	borrowing	restricted	borrowings
	balance	Cash	Non-cash	during period	period	(lent)/borrowed	asset	due/(payable)
Roads	144	345	_	14	_	223	726	503
Open space	189	303	_	8	(14)	(244)	242	454
Community facilities	151	256	_	23	_	34	464	1,426
Other	1	36	_		(36)	_	1	_
S94 Total	485	940	_	45	(50)	13	1,433	2,383
s93F – General	279	_	_	4	_	_	283	_
S93F Total	279	_	_	4	_	_	283	_
s64 – Water	1,208	12	_	24	(1,244)	_	_	_
s64 – Sewer	1,623	11	_	24	(1,658)	_	_	_
S64 Total	2,831	23	_	48	(2,902)	_	_	_
Total	3,595	963	_	97	(2,952)	13	1,716	2,383

# The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

# Note 17. Statement of developer contributions (continued)

\$ '000

### Developer contributions - under a plan

Contribution plan number 17 Warnervale District

PURPOSE	Opening	Contrib		Interest earned	Expenditure during	Internal borrowing	Held as restricted	Cumulative internal borrowings
	balance	Cash	Non-cash	during period	period	(lent)/borrowed	asset	due/(payable)
Drainage	11,128	1,111	339	204	(339)	_	12,443	_
Roads	4	1,655	628	12	(647)	(1,464)	188	(6,042)
Open space	2	1,670	809	23	(809)	(1,583)	112	(14,397)
Community facilities	608	853	379	117	(380)	_	1,577	7,460
Other	7	131	50	1	(151)	14	52	_
S94 Total	11,749	5,420	2,205	357	(2,326)	(3,033)	14,372	(12,979)
s93F – General	1,888	1,511	-	40	_	(1,771)	1,668	1,771
s93F – Drainage	960	292	_	15	_	_	1,267	-
s93F – Water	531	_	_	7	_	_	538	_
s93F – Sewer	355	-	_	5	_	_	360	_
S93F Total	3,734	1,803	_	67	_	(1,771)	3,833	1,771
s64 – Water	1,690	809	19	57	(2,575)	_	-	-
s64 – Sewer	3,368	532	16	57	(1,097)	(2,876)	_	_
S64 Total	5,058	1,341	35	114	(3,672)	(2,876)	_	_
Total	20,541	8,564	2,240	538	(5,998)	(7,680)	18,205	(11,208)

Contribution plan number 18 Development Service Plans Water and Sewerage

PURPOSE	Opening balance		outions ng the period Non-cash	Interest earned during period	Expenditure during period	Internal borrowing (lent)/borrowed	Held as restricted asset	Cumulative internal borrowings due/(payable)
s64 – Water	436	1,270	37	15	12,622	_	14,380	_
s64 – Sewer	513	1,737	52	16	4,390	_	6,708	-
S64 Total	949	3,007	89	31	17,012	_	21,088	_
Total	949	3,007	89	31	17,012	_	21,088	-

# The former Wyong Shire Council

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 17. Statement of developer contributions (continued)

\$ '000

#### **S94A LEVIES – UNDER A PLAN**

Contribution plan

	PURPOSE	Opening balance	Contrib received duri Cash	outions ng the period Non-cash	Interest earned during period	Expenditure during period	Internal borrowing (lent)/borrowed	Held as restricted asset	Cumulative internal borrowings due/(payable)
ľ	Other	28	678	_	1	(707)	_	_	_
ľ	Total	28	678	_	1	(707)	_	_	_

### The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

### Note 18. Contingencies and other assets/liabilities not recognised

### Liabilities not recognised

#### 1. Defined benefit superannuation

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 Local Government Superannuation Scheme – Pool B (the Scheme) is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB 119 Employee Benefits. Sufficient information under AASB 119 is not available to account for the scheme as a defined benefit plan, because the assets to the scheme are pooled together for all employers.

The last valuation of the Scheme was performed by Mr Richard Boyfield of Mercer Consulting (Australia) Pty Ltd on 24 February 2016. This position is monitored annually and the Scheme's most recent actuarial review, performed by Mercer Consulting (Australia) Pty Ltd, estimates that a deficiency still exists as at 12 May 2016.

The scheme 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 benefits scheme obligations. The annual amount of additional contributions attributed to the Council is estimated to be \$1,456,019.

Further contributions made to the Scheme to rectify the net deficit position will be recognised as an expense when it becomes payable however because the amount of the deficit cannot be accurately calculated, no liability has been recognised in the Council's financial statements.

The defined benefit element of the scheme is now closed to new members.

#### 2. Developer contributions

Council has significant obligations to provide section 94 infrastructure across the local government area, and levies fees accordingly.

It is possible that funds contributed may be less than the cost of this infrastructure requiring Council to borrow or use general revenue to fund the difference.

These future expenses do not yet qualify as liabilities as at the reporting date, but represent Council's intention to spend funds in the manner and timing set out in those plans (refer note 17).

### 3. Contaminated lands

Council is required by law to remediate its contaminated sites. The projected costs associated with this remediation are provided for within the financial statements at Note 26 and are based on certain estimates and assumptions.

Also, once the remediation works have been carried out there is a period of validation to ensure that the remediation has been successful. This monitoring and maintenance will vary between each site and cannot be reliably estimated at this time however may approximate to \$672,000 until 2030. This estimate is based on the former landfill budget of \$48,000 as at 12 May 2016 multiplied by the remaining 14 years.

#### Assets not recognised

### 1. Land under roads

As permitted under AASB 1051 Land Under Roads, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30 June 2008.

### 2. Infringement notices/fines

Fines and penalty income, the result of the Council issuing infringement notices is followed up and collected by the infringement processing bureau.

Council's revenue recognition policy treats revenue on receipt and allows for recognition of a portion of the outstanding notices at year end. This is due to the limited information available to Council on the status and uncertainty of these notices.

Accordingly, at year end, there is a potential asset due to Council representing a portion of the unpaid infringement notices. At 12 May 2016 this value is estimated at \$353,528.

# The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

### Note 19. Interests in other entities

### \$ '000

Council's objectives can and in some cases are best met through the use of separate entities and operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other councils, bodies and other outside organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of council's (i) interest and (ii) control and the type (form) of entity/operation, as follows;

Controlled entities (subsidiaries)	Note 19(a)
Operational arrangements where Council's control (but not necessarily interest) exceeds 50%.  Joint ventures and associates  Joint ventures are operational arrangements where the parties that have joint control have rights to the net assets of the arrangement.  Associates are separate entities where Council has significant influence over the operations (but neither controls nor jointly controls them).	Note 19(b)
Joint operations Operational arrangements where the parties that have joint control have rights to specific assets and obligations for specific liabilities relating to the arrangement rather than a right to the net assets of the arrangement.	Note 19(c)
Unconsolidated structured entities  Unconsolidated structured entities represent "special vehicles" that Council has an interest in but which are not controlled by Council and therefore not consolidated as a subsidiary, joint arrangement or associate. Attributes of structured entities include restricted activities, a narrow and well-defined objective and insufficient equity to finance its activities without financial support.	Note 19(d)

### Accounting recognition:

- (i) Subsidiaries disclosed under Note 19(a) and joint operations disclosed at Note 19(c) are accounted for on a 'line by line' consolidation basis within the Income Statement and Statement of Financial Position.
- (ii) Joint ventures and associates as per Note 19(b) are accounted for using the equity accounting method and are disclosed as a one line entry in both the Income Statement and Statement of Financial Position.

	Council's shar	Council's share of net income		
	Actual	Actual	Actual	Actual
	1/7/15 to 12/5/16	1/7/14 to 30/6/15	12 May 2016	30 June 2015
Joint ventures	(21)	(229)		21_
Total	(21)	(229)		21

### The former Wyong Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 19. Interests in other entities (continued)

\$ '000

### (a) Controlled entities (subsidiaries) - being entities and operations controlled by Council

Council's consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with AASB 10 and the accounting policy described in Note 1(c).

Name of operation/entity	Principal activity			
The Art House Wyong Shire Performing Arts and Conference Centre Limited	Operations undertaken - Performing Arts Place of business - 19-21 Margaret St, Wyong			
	Owne	rship	Voting r	ights
		30		30
	12 May	June	12 May	June
Interests in Subsidiary	2016	2015	2016	2015
Council's interest in Subsidiary	100%	0%	100%	0%

### (b) Joint ventures and associates

Council has incorporated the following joint ventures and associates into its consolidated financial statements.

### (a) Net carrying amounts - Council's share

	Nature of	Measurement		
Name of entity	relationship	method	12 May 2016	30 June 2015
Central Coast Water Corporation	Joint venture	Equity		21
Total carrying amounts - material je	oint ventures and a	associates	_	21

### (b) Details

Name of entity Central Coast Water Corporation	Principal activity Strategic decisions about	Central	Coast w	vater su	pply	bus	ce of iness al Coast
(c) Relevant interests and fair values		Inter	est in	Intere	est in	Propor	tion of
		out	puts	owne	rship	voting	power
Name of entity		2016	2015	2016	2015	2016	2015
Central Coast Water Corporation		50%	50%	50%	50%	50%	50%

### (d) Summarised financial information for joint ventures and associates

### Reporting dates of joint ventures and associates

The financial position and performance of joint ventures and associates for the financial year ended 30 June 2016 have been used in these consolidated financial statements.

The joint ventures and arrangements did not have any significant transactions occurring in the period from 13 May 2016 to 30 June 2016 that would have materially affected the consolidated financial statements.

### The former Wyong Shire Council

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

### Note 19. Interests in other entities (continued)

\$ '000

### (b) Joint ventures and associates (continued)

### (d) Summarised financial information for joint ventures and associates (continued)

		oast Water oration
Statement of financial position	12 May 2016	30 June 2015
Current assets		
Other current assets		42
Total current assets		42
Total current liabilities		
Net assets		42
Reconciliation of the carrying amount		
Opening net assets (1 July)	42	500
Profit/(loss) for the period	(42)	(458)
Closing net assets		42
Council's share of net assets (%)	50.0%	50.0%
Council's share of net assets (\$)	-	21
	Central C	oast Water
	Corpo	oration
		1 July 2014 -
	1 July 2015 -	30 June
and the second of the second o	12 May 2016	2015
Statement of comprehensive income		40
Interest income	_	10
Other expenses	(42)	(468)
Profit/(loss) for period	(42)	(458)
Total comprehensive income	(42)	(458)
Share of income – Council (%)	50.0%	50.0%
Profit/(loss) – Council (\$)	(21)	(229)
Total comprehensive income – Council (\$)	(21)	(229)

# (e) Summarised financial information for individually immaterial joint ventures and associates

In addition to the joint ventures and associates disclosed individually above, Council has interests in a number of individually immaterial joint ventures and associates that have still been accounted for using the equity method.

### The former Wyong Shire Council

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

### Note 19. Interests in other entities (continued)

### (c) Joint operations

### (a) Council is involved in the following joint operations (JO's)

Name of joint operation Principal activity

Joint water supply authority Water supply headworks

#### (b) Council assets employed in the joint operations

12 May 2016 30 June 2015

# Council's own assets employed in the operations

Non-current assets

 Property, plant and equipment
 291,429
 326,821

 Total assets – Council owned
 291,429
 326,821

# Council's share of assets jointly owned with other partners

Nil

Total net assets employed – Council and jointly owned 291,429 326,821

### (d) Unconsolidated structured entities

Council did not consolidate the following structured entities:

### **Nature of interests**

Council raises special rates and provides funding to the following entities:

### The Entrance Town Centre Management Corporation Incorporated Greater Toukley Vision Incorporated Wyong Regional Chamber of Commerce Incorporated

This funding is provided so that these entities can market and promote economic development in the specific suburb area where the special rates have been levied. Specific details on each entity and Council's involvement are:

### The Entrance Town Centre Management Corporation Incorporated

The Entrance Town Centre Management (TETCM) were reliant upon funding from the Council. The Board were responsible for controlling and managing the affairs of the Corporation. Two Councillors and a General Manager's delegate sit on the eight member TETCM Board. The arrangement was defined in a funding agreement established in 2013 which was due to expire on 30 June 2017. On 27 April 2016 the board of TETCM endorsed the termination agreement related to the funding agreements between the former Wyong Shire Council and TETCM. At the Ordinary meeting of the former Council on 27 Apr 2016 the Council noted the TETCM Board endorsed the termination agreement executed by the Chair and ceased all of its representation on the Board of TETCM; such action to take effect from 2 May 2016 in accordance with Council's adpoted Code of Meeting Practice.

# The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

### Note 19. Interests in other entities (continued)

\$ '000

### (d) Unconsolidated structured entities (continued)

### **Greater Toukley Vision Incorporated**

Greater Toukley Vision (GTV) are reliant upon funding from Council. The Board are responsible for controlling and managing the affairs of the Corporation. One Councillor sits on the six member GTV Board. The arrangement is defined in a funding agreement established in 2013 which will expire on 30 June 2017.

### Wyong Regional Chamber of Commerce

Wyong Regional Chamber of Commerce (WRCC) is an entity in its own right, in alliance with the NSW Central Coast Business Chamber and does not rely upon funding from Council. The Board are responsible for controlling and managing the affairs of the Corporation. One Councillor sits on the eight member Board. Council's arrangement with WRCC is defined in a funding agreement established in 2013 which will expire on 30 June 2017.

#### Nature of risks relating to the Unconsolidated Structured Entity

The carrying amount of assets and liabilities is Nil.

### Maximum exposure to loss

Council is not exposed to loss as a result of the above arrangements. Council simply provides funding for specific functions and is not liable for any losses or liability incurred by these entities.

#### Financial support provided without a contractual obligation

Nil

#### Current intention to provide financial support

Council will not continue to provide financial support (in return for the delivery of specific functions) under the terms of the existing funding agreements with these entities. This will now be the responsibility of Central Coast Council.

# The former Wyong Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

		Actual	Actual
\$ '000	Notes	12 May 2016	30 June 2015
(a) Retained earnings			
Movements in retained earnings were as follows:  Balance at beginning of period (from previous year's audited accounts)  a. Correction of prior period errors  b. Net operating result for the period  Balance at end of the reporting period	20 (c)	1,584,254 - 62,500 1,646,754	1,364,702 183,134 36,418 1,584,254
(b) Revaluation reserves			
(i) Reserves are represented by:			
<ul> <li>Infrastructure, property, plant and equipment revaluation reserve</li> <li>Total</li> </ul>		1,320,612 1,320,612	1,345,154 1,345,154
(ii) Reconciliation of movements in reserves:			
Infrastructure, property, plant and equipment revaluation reserve  – Opening balance  – Revaluations for the period  – Balance at end of period	9(a)	1,345,154 (24,542) 1,320,612	1,085,197 259,957 1,345,154
TOTAL VALUE OF RESERVES		1,320,612	1,345,154

### (iii) Nature and purpose of reserves

### Infrastructure, property, plant and equipment revaluation reserve

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

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

### Correction of errors as disclosed in last year's financial statements:

Recognition of newly discovered road and road inventory assets	_	21,187
Recognition of bulk earthworks for road assets	_	168,463
Adjustment for prior period depreciation on recognition of road and		
road inventory assets	_	(6,337)
Adjustment for assets at Warnervale Aerodrome	_	(229)
Adjustment for disposal of land		50
Total prior period adjustments – prior period errors		183,134

# The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

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

### (d) Voluntary Changes in Accounting Policy

In the interest of good financial management Council will restrict funds from time-to-time to either meet external statutory obligations, such as (restrictions relating to grant funding or developer contributions), or in order to set aside funding for future commitments.

Restricted assets that are internally developed by Council to cover commitments or obligations that are expected to arise in the future and where it is prudent for Council to hold cash in restrictions to cover these obligations (despite there being no legislative requirement) are known as internally restricted assets.

On review of Council's current restrictions for its Water and Sewer operations, Council has derecognised certain cash, receivable and payable restrictions, in line with the current restriction disclosures recorded in the Financial Statements of Wyong Shire Council Water Supply Authority. This change was corrected in the prior period in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

As a result of the above disclosure changes:

- · None of the financial information disclosed in the Financial Statements changed
- The restricted and unrestricted balances within Note 6(c), Note 7 and Note 10(a) have changed such
  that all Wyong Water unrestricted amounts are now recorded as Unrestricted in the consolidated
  results.
- The Unrestricted current ratio in Note 13a(i) has improved

# The former Wyong Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 21. Financial result and financial position by fund

Income Statement by fund \$ '000	Actual 1 July 2015 - 12 May 2016	Actual 1 July 2015 - 12 May 2016	Actual 1 July 2015 - 12 May 2016
¥ 500	111ay 2010	may 2010	may 2010
Continuing operations	Water	Sewer	General <sup>1</sup>
Income from continuing operations			
Rates and annual charges <sup>2</sup>	15,852	25,591	105,545
User charges and fees	25,407	1,836	31,111
Interest and investment revenue	1,047	1,492	3,179
Other revenues	561	213	6,494
Grants and contributions provided for operating purposes	785	677	20,046
Grants and contributions provided for capital purposes	11,683	3,563	20,591
Total income from continuing operations	55,335	33,372	186,967
Expenses from continuing operations			
Employee benefits and on-costs	5,510	4,742	56,696
Borrowing costs	10,742	1,515	1,906
Materials and contracts	2,964	2,705	20,256
Depreciation and amortisation	16,221	11,943	26,673
Other expenses	9,368	7,183	33,385
Net losses from the disposal of assets	146	248	950
Share of interests in joint ventures and associates			
using the equity method	_	_	21
Total expenses from continuing operations	44,951	28,336	139,887
Operating result from continuing operations	10,384	5,036	47,080
<u>Discontinued operations</u>			
Net profit/(loss) from discontinued operations	_	_	_
Net operating result for the period	10,384	5,036	47,080
Net operating result attributable to each council fund	10,384	5,036	47,080
Net operating result attributable to non-controlling interests	_	_	_
Net operating result for the period before grants and contributions provided for capital purposes	(1,299)	1,473	26,489

<sup>&</sup>lt;sup>1</sup> General fund refers to all Council's activities other than Water and Sewer.

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds.

<sup>&</sup>lt;sup>2</sup> Rates are recognised as revenue at the commencement of the rating year for the period 1/7/15 to 30/6/16. No adjustments have been made for rates not earned during the period 13/5/16 to 30/6/16.

# The former Wyong Shire Council

# Notes to the Financial Statements as at 12 May 2016

# Note 21. Financial result and financial position by fund (continued)

Statement of Financial Position by fund	Actual	Actual	Actual
	12 May	12 May	12 May
\$ '000	2016	2016	2016
ASSETS	Water	Sewer	General <sup>1</sup>
Current assets			
Cash and cash equivalents	1,542	3,138	9,543
Investments	13,971	28,460	82,530
Receivables	12,306	7,929	36,407
Inventories	_	-	667
Other			682
Total current assets	27,819	39,527	129,829
Non-current assets			
Investments	19,000	_	_
Receivables	373	9,461	27,329
Infrastructure, property, plant and equipment	960,147	650,878	1,442,166
Intangible assets	14	9	139
Total non-current assets	979,534	660,348	1,469,634
TOTAL ASSETS	1,007,353	699,875	1,599,463
LIABILITIES			
Current liabilities			
Payables	5,288	3,722	34,663
Borrowings	11,276	1,744	658
Provisions	1,581	1,849	21,680
Total current liabilities	18,145	7,315	57,002
		.,515	51,552
Non-current liabilities			
Payables	1,237	_	9,526
Borrowings	162,515	25,749	4,952
Provisions	440	244	52,201
Total non-current liabilities	164,192	25,993	66,679
TOTAL LIABILITIES	182,337	33,308	123,681
Net assets	825,016	666,567	1,475,783
EQUITY			
Retained earnings	363,276	247,658	1,035,820
Revaluation reserves	461,740	418,909	439,963
Total equity	825,016	666,567	1,475,783
Total oquity	020,016	000,007	1,470,703

General Fund refers to all Council's activities other than Water and Sewer.
NB. All amounts disclosed above are gross – that is, they include internal receivables and payables between the funds.

# The former Wyong Shire Council

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000

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

### Note 23. Events occurring after the reporting date

Events that occur between the end of the reporting period (12 May 2016) and the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

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

Accordingly, the 'authorised for issue' date is 14 December 2016.

Events that occur after the reporting period represent one of two types:

#### (i) Events that provide evidence of conditions that existed at the reporting period

These financial statements (and the figures therein) incorporate all 'adjusting events' that provided evidence of conditions that existed at 12 May 2016.

### (ii) Events that provide evidence of conditions that arose after the reporting period

These financial statements (and figures therein) do not incorporate any 'non-adjusting events' that have occurred after 12 May 2016 and which are only indicative of conditions that arose after 12 May 2016.

### Council is aware of the following 'non-adjusting events' that merit disclosure:

### Amalgamation of operations for the former Wyong Shire Council to form Central Coast Council

On 12 May 2016, the Local Government (Council Amalgamations) Proclamation 2016 announced that the operations of the former Wyong Shire Council would be amalgamated with Gosford City Council to form the new council Central Coast Council.

The proclamation automatically transferred the assets, rights and liabilities of the former Wyong Shire Council to Central Coast Council on 13 May 2016.

The proclamation ensures that any reference in any document to the former Wyong Shire Council is to be read as a reference to Central Coast Council, and that anything done by the former Wyong Shire Council before the amalgamation is taken to have been done by Central Coast Council.

These proclamation clauses provide for the transfer of physical assets (such as cars, buildings, plant and equipment) along with intangible assets and liabilities (such as service contracts and outstanding debts).

This ensures the general business and operations of former councils are preserved, including contracts and services.

These financial statements have been drawn up to reflect the closing financial position as at 12 May 2016 of the former Wyong Shire Council and its financial performance for the period 1 July 2015 to 12 May 2016.

# The former Wyong Shire Council

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

### Note 24. Discontinued operations

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

# Note 25. Intangible assets

	Actual	Actual
\$ '000	12 May 2016	30 June 2015
Intangible assets represent identifiable non-monetary assets without physical subs	stance.	
Intangible assets are as follows:		
Opening values:		
Gross book value (1/7)	9,026	9,026
Accumulated amortisation (1/7)	(8,820)	(8,686)
Net book value – opening balance	206	340
Movements for the period		
– Purchases	129	-
– Amortisation charges	(173)	(134)
Closing values:		
Gross book value (12/5/16)	9,155	9,026
Accumulated amortisation (12/5/16)	(8,993)	(8,820)
TOTAL INTANGIBLE ASSETS – NET BOOK VALUE 1	162	206

# <sup>1.</sup> The net book value of intangible assets represent:

<ul><li>Software</li></ul>	 162	206
	162	206

# The former Wyong Shire Council

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 26. Reinstatement, rehabilitation and restoration liabilities

#### \$ '000

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

Council is required by law to restore the present tip sites at Bateau Bay, Mardi, Gwandalan, Tumbi, Shelly Beach, Warnervale, Toukley, Halekulani, and Buttonderry Waste Management Facility at Jilliby at the end of their useful lives. The projected cost of all rehabilitation is \$52.3 M based on engineering estimates and has been discounted to its present value using the 10 year government bond rate.

vision
VISIOII
30 June 2015
51,998
51,998

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

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

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

Reconciliation of movement in provision for the period:	12 May 2016	30 June 2015
Balance at beginning of period	51,998	52,522
Amounts capitalised to new or existing assets:		
Effect of a change in discount rates used in PV calculations	1,447	1,791
Effect of a change in other calculation estimates used	(1,612)	(3,134)
Amortisation of discount (expensed to borrowing costs)	1,552	1,943
Expenditure incurred attributable to provisions	(1,126)	(1,124)
Total – reinstatement, rehabilitation and restoration provision	52,259	51,998

### The former Wyong Shire Council

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

### Note 27. Fair value measurement

### \$ '000

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

- Infrastructure, property, plant and equipment

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

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

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

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

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

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

Egir value maggurament hierarchy

		Fair value n	neasuremen	t hierarchy	
1/7/15 to 12/5/16		Level 1	Level 2	Level 3	Total
	Date	Quoted	Significant	Significant	
Recurring fair value measurements	of latest	prices in	observable	unobservable	
	valuation	active mkts	inputs	inputs	
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/13	-	-	20,940	20,940
Office equipment	30/06/13	_	_	2,373	2,373
Furniture and fittings	30/06/13	_	_	2,423	2,423
Operational land	30/06/13	_	_	320,657	320,657
Community land	12/05/16	-	-	160,949	160,949
Land under roads (post 30/06/2008)	30/06/14	_	_	532	532
Land improvements – depreciable	30/06/11	_	_	17,449	17,449
Buildings – non specialised	30/06/13	_	_	367	367
Buildings – specialised	30/06/13	_	_	160,563	160,563
Other structures	30/06/11	_	_	16,211	16,211
Roads	30/06/15	_	_	501,350	501,350
Bridges	30/06/15	_	_	12,938	12,938
Footpaths	30/06/15	_	_	32,079	32,079
Bulk earthworks (non depreciable)	30/06/15	_	_	170,361	170,361
Stormwater drainage	30/06/15	_	_	350,836	350,836
Water supply network	12/05/16	_	_	562,711	562,711
Sewerage network	12/05/16	_	_	605,921	605,921
Swimming pools	30/06/11	_	_	2,241	2,241
Other open space/recreational assets	30/06/11	_	_	32,203	32,203
Other Infrastructure assets	30/06/11	_	_	3,567	3,567
Heritage collections	12/05/16	_	_	662	662
Library books	30/06/11	_	_	1,056	1,056
Other assets	30/06/11	-	-	36	36
Tip assets	30/06/11		_	6,681	6,681
Total infrastructure, property, plant and equip	oment	_	_	2,985,106	2,985,106

# The former Wyong Shire Council

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

### Note 27. Fair value measurement (continued)

\$ '000

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

		Fair value measurement hierarchy			
1/7/14 to 30/6/15		Level 1	Level 2	Level 3	Total
	Date	Quoted	Significant	Significant	
Recurring fair value measurements	of latest	prices in	observable	unobservable	
	valuation	active mkts	inputs	inputs	
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/13	_	_	19,784	19,784
Office equipment	30/06/13	_	_	2,462	2,462
Furniture and fittings	30/06/13	_	_	1,808	1,808
Operational land	30/06/13	_	_	310,240	310,240
Community land	30/06/11	_	_	123,494	123,494
Land under roads (post 30/06/2008)	30/06/14	_	_	511	511
Land improvements – depreciable	30/06/11	_	_	14,887	14,887
Buildings – non specialised	30/06/13	_	_	364	364
Buildings – specialised	30/06/13	_	_	152,559	152,559
Other structures	30/06/11	_	_	13,149	13,149
Roads	30/06/15	_	_	498,609	498,609
Bridges	30/06/15	_	_	11,925	11,925
Footpaths	30/06/15	_	_	30,616	30,616
Bulk earthworks (non depreciable)	30/06/15	_	-	170,064	170,064
Stormwater drainage	30/06/15	_	_	346,246	346,246
Water supply network	30/06/12	_	_	553,618	553,618
Sewerage network	30/06/12	_	_	671,823	671,823
Swimming pools	30/06/11	_	-	2,273	2,273
Other open space/recreational assets	30/06/11	_	_	39,149	39,149
Heritage collections	30/06/11	_	_	168	168
Library books	30/06/11	_	_	1,007	1,007
Other assets	30/06/11	-	-	36	36
Tip assets	30/06/11	_	_	7,447	7,447
Total infrastructure, property, plant and equip	ment	_	_	2,972,240	2,972,240

### (2) Transfers between level 1 and level 2 fair value hierarchies

During the period, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

## The former Wyong Shire Council

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 27. Fair value measurement (continued)

#### (3) Valuation techniques used to derive Level 3 fair values

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

The Fair Valuation techniques Wyong Water has employed while utilising Level 3 inputs are as follows:

## Infrastructure, property, plant and equipment

### Plant and equipment, office equipment and furniture and fittings

Plant and equipment, office equipment and furniture and fittings assets are recognised and valued at cost. Council assumes that the carrying amount reflects the fair value of the assets due to the nature of the items. Therefore these assets are disclosed at fair value in the notes.

These asset categories include:

- plant and equipment
  - Major plant items tractors, excavators, street sweepers, tippers, rollers, forklifts, backhoes, beach cleaners
  - Minor plant items generators, mowers, weed harvester, trailers, chainsaws, wood chippers, power hand tools
  - Fleet Vehicles trucks, commercial vehicles and passenger vehicles
- · office equipment computer hardware, communications equipment, digital cameras, photocopiers
- furniture and fittings work stations, storage cabinets, CCTV, air conditioning units.

The unobservable level 3 inputs used include:

- · pattern of consumption
- useful life
- residual value.

Council reviews the value of these assets based on the gross replacement cost of similar assets.

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

#### **Operational land**

This asset class is comprised of all Council's land classified as operational land under the Local Government Act 1993. The last valuation was undertaken in 2013 by APV Valuers and Asset Management.

The valuation of the freehold land has been carried out on a market value basis. It has been assessed on the basis of the estimated amount, which the interest in each property being valued might reasonably be expected to realise on the date of valuation in an exchange between a willing vendor and a willing purchaser in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Where a depth in market was identified, the fair value was assessed as a best estimate of the price reasonably obtainable in the market at the date of valuation. This is based on available market evidence of sales of similar or reference assets.

The gross current value has been assessed on the basis of replacement cost with a new asset having similar service potential and includes allowances for preliminaries and professional fees.

## The former Wyong Shire Council

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 27. Fair value measurement (continued)

This asset class is categorised as Level 3 as some of the inputs used in the valuation of these assets require significant professional judgement and are unobservable.

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

### **Community land**

Community Land assets are comprised of Council owned land classified as Community Land under the Local Government Act 1993 and land under the care and management of Council on behalf of the Crown.

Council values Community Land based on the unimproved land values provided by the Valuer General or an average unit rate based on the land values for similar properties (land use, land size, shape and location) where the Valuer General has not provided a land value based on the highest and best use for the land.

This asset class is valued using unimproved land values provided by the Valuer General which is not considered to be an observable input based on market evidence and therefore contains Level 3 unobservable inputs. As per Office of Local Government Circular 12-09, the asset class was revalued in 2016 with the Valuer General rates as at 1 July 2014.

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

#### Land under roads

Land under Roads consists of land under roadways and road reserves including land under footpaths, nature strips and median strips as per AASB 1051. Council has elected not to recognise as an asset land under roads acquired before 1 July 2008.

Land under Roads acquired since 1 July 2008 has been recognised in accordance with AASB 116 Property, Plant and Equipment. Where Council has acquired Land under Roads it is recognised at cost where the cost represents fair value. Where the land under roads is dedicated or acquired at nominal value the land is recognised at its fair value.

This asset class was valued by Council staff using the Englobo methodology as outlined in the Local Government Code of Accounting Practice and Financial Reporting Guidelines Update No 22 - June 2014. This asset class is classified as Level 3 as significant inputs used in the Englobo methodology are unobservable.

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

#### Land improvements

This asset class is comprised of landscaping, estuary protection works and paved public areas. Land improvements are valued using the technical knowledge and experience of Council staff (engineers and asset management) and costs Council has incurred in constructing similar assets. Other significant inputs considered in the valuation of these assets are asset components, pattern of consumption, dimensions, condition ratings and remaining useful life. Asset conditions are based on field inspections using the ratings set out in Special Schedule 7.

This asset class is classified as Level 3 as significant inputs used in the valuation are unobservable.

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

## Buildings – non specialised and specialised

Council engaged APV Valuers and Asset Management to value Buildings in 2013. The valuation methodology applied is dependent on whether a market exists to substantiate the value of the asset.

## The former Wyong Shire Council

## Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 27. Fair value measurement (continued)

Where a depth in market is identified, the fair value is assessed as a best estimate of the price reasonably obtainable in the market at the date of valuation. This is based on available market evidence of sales of similar assets. The net value of the building and site services is the difference between the market value of the asset (as a whole) less the market value of the land component.

Where there is no depth in market the fair value is determined on depreciated current replacement (DCRC) basis. This is calculated by determining the gross current replacement cost and determining the amount of accumulated depreciation to reflect the level of service potential remaining in the asset.

The valuation of buildings, structural improvements and site services includes those items that form part of the building services installation (e.g. heating, cooling and climate control equipment, lifts, escalators, fire alarms, sprinklers and firefighting equipment, and general lighting). The buildings and site improvements were physically inspected and measured. The building valuations incorporate a gross current value, net current value and residual value for each asset.

This asset class is categorised as Level 3 as some of the inputs used in the valuation of these assets require significant professional judgement and are unobservable.

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

#### Other structures

This asset class is comprised of shade shelters, retaining walls, playground equipment, fencing, fountains, sea walls and structures which did not meet the definition of a building.

The cost approach has been utilised to value other structures. Valuations are undertaken by Council staff based on the technical knowledge and experience of engineers and asset management staff. Unobservable Level 3 inputs used include useful life, asset condition and pattern of consumption.

The road and road related assets and stormwater drainage assets contained within Holiday Parks and classified in this asset class have been reclassified to roads and drainage asset classes and revalued during the prior year reporting period as part of the roads and drainage asset revaluation.

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

## Roads

This asset class is comprised of the road carriageway, car parks, and other road related assets. Council's roads are separated into segments for inspection and valuation and componentised into the surface, subbase, base and associated earthworks. Other road related assets include bus shelters, footpaths, guard rails, speed humps, kerb and gutter, medians, pedestrian refuges and roundabouts.

The valuation of the asset class, which was undertaken in the previous financial year was performed by Council's experienced asset management staff. The gross replacement cost for each asset was calculated based on a Modern Engineering Equivalent Replacement Asset (MEERA) approach. The replacement cost, useful lives and asset conditions were determined by extracting technical information contained in Council's pavement management system.

Unit rates were determined based on internal data available including the cost to construct similar assets from recent Council projects. Unit rates for the last valuation were adopted from standard rates for NSW roads as outlined in Rawlinson's Construction Handbook (2009) or an indexed rate calculated by Council based on actual costs. The 2009 Rawlinson rates were used for the majority of Council's road assets with the exception of road surfacing where Council's actual cost incurred throughout the Shire was found to be more varied than the standard sprayed seal and asphaltic concrete surfacing rates.

## The former Wyong Shire Council

## Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 27. Fair value measurement (continued)

Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions and road classification. A pavement condition index (PCI) is calculated based on field inspections. This PCI is converted into road technical asset condition ratings 1 (Excellent) to 5 (Very Poor) in accordance with the International Public Works Engineers of Australia (IPWEA) Roads Fair Valuation Guide. The methodology applied by external valuers, GHD, in 2010 was based on asset condition ratings from 0 (New Asset) to 10 (Failed Asset or No Longer in Service).

The road and road related assets contained within Holiday Parks and classified in Other structures have been reclassified to this asset class and revalued during the prior year reporting period. Cycle ways (Shared Paths) assets classified in Land improvements were also transferred to the Roads asset class and revalued during the reporting period.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

#### **Bridges**

This asset class is comprised of road and foot bridges. The bridges were inspected and valued using the cost approach. The valuation of this asset class undertaken in the prior financial year was performed by Council's experienced asset management staff and engineers. The significant inputs used in valuing bridges included useful life, pattern of consumption and asset condition.

Bridges are assessed by physical inspection in accordance with Roads and Maritime Services guidelines. Condition information is updated as changes are observed through regular inspections. An asset condition rating of 1 (Excellent) to 5 (Very Poor) is applied in accordance with the Roads and Maritime Services Bridge Inspection Procedure Manual. The methodology applied by external valuers, GHD, in 2010 was based on asset condition ratings from 0 (New Asset) to 10 (Failed Asset or No Longer in Service).

Unit rates were determined based on internal data available for the current valuation. Unit rates for the last valuation were adopted from standard rates as outlined in Rawlinson's Construction Handbook or the external valuers cost records.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

### **Footpaths**

This asset class is comprised of pedestrian walkways and cycle ways (shared paths). The valuation of the asset class was undertaken in the prior financial year and performed by Council's experienced asset management staff.

The assets in this class are valued using a cost approach and replacement costs (unit rates) and useful lives were determined using technical knowledge and experience of Council's staff. Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption and asset condition.

The assets in this class are assessed by physical inspection. Condition information is updated as changes are observed through regular inspections. An asset condition rating of 1 (Excellent) to 5 (Very Poor) is applied in accordance with the International Public Works Engineers of Australia (IPWEA) Condition Assessment and Asset Performance Guidelines. The methodology applied by external valuers, GHD, in 2010 was based on asset condition ratings from 0 (New Asset) to 10 (Failed Asset or No Longer in Service).

This asset class is categorised a Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

## The former Wyong Shire Council

## Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 27. Fair value measurement (continued)

#### Bulk earthworks (non-depreciable)

This asset class contains the formation costs for roads, buildings and sporting facilities. Buildings and sporting facilities are recognised and valued at cost and Council assumes that the carrying amount reflects the fair value of these assets.

The formation costs for roads were not previously recognised in the June 2010 asset revaluation. Council has calculated the volume of Bulk earthworks using standards within the Highway Design and Maintenance Standards Model. Unit rates have been determined by Council's experienced staff and based on Council's rates for materials and contracted services.

This asset class has been recognised as non-depreciable as it is not expected that bulk earthworks will need to be renewed during the normal operational use of the assets.

### Stormwater drainage

The Stormwater drainage asset class consists of Council's pits, pipes, detention basins, open drains, culverts, floodgates, wetlands, headwalls and gross pollutant traps. The valuation of the asset class, which was undertaken in the prior financial year, was performed by Council's experienced asset management staff using the cost assets approach. Replacement cost is assessed using the MEERA approach.

Stormwater drainage assets contained within Holiday Parks and classified in Other structures have been reclassified to this asset class and revalued during the prior year reporting period.

Replacement costs (unit rates) and useful lives for stormwater drainage assets were determined through a combination of historic data and technical knowledge during the prior valuation, which incorporated standard unit rates applied to the dimensions of the asset and considered environmental factors based on asset location. Other significant inputs considered in the valuation of these assets are asset condition, remaining useful life and pattern of consumption.

The asset condition of 1 (Excellent) to 5 (Very Poor) was determined by CCTV investigation undertaken across a representative selection of the Wyong Water's drainage network and assumptions based on age. Due to the availability of historical information for assets with long lives there is some uncertainty on the specifications and dimensions of some assets however data validation processes have been undertaken to reduce this risk. The methodology applied by external valuers, GHD, in 2010 was based on asset condition ratings from 0 (New Asset) to 10 (Failed Asset or No Longer in Service) and applied to a random sample of the drainage network.

This asset class is categorised a Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

### Water supply network

This asset class is comprised of water treatment plants, water pump stations, reservoirs, water mains, tunnels, dams, weirs and water meters.

The gross replacement cost approach has been utilised to value the water supply network. This approach estimates the gross replacement cost based on MEERA techniques and equipment that would result in recognising an asset to serve the same function as the existing asset, rather than replicate the existing asset. Assets have been componentised as per AASB 116 Property, Plant and Equipment.

Valuations for dams and weirs, groundwater and treatment plants were undertaken by NSW Public Works. The remaining joint water assets, pump stations, telemetry and valve assets were valued by APV Valuers and Asset Management. The valuation of all other assets was undertaken by Wyong Water's staff based on the technical knowledge and experience of engineers and asset management staff taking into consideration NSW

## The former Wyong Shire Council

## Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 27. Fair value measurement (continued)

Reference Rates issued by the Department of Primary Industries Office of Water and the valuations performed by NSW Public Works and APV.

Unobservable Level 3 inputs used include materials used in the construction of the asset, useful life, asset condition, unit rates and pattern of consumption. As some of the assets have very long lives there is some uncertainty on the specifications and dimensions of some assets however the Water and Sewer Planning section undertook data validation processes to reduce this risk.

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

### Sewerage network

This asset class is comprised of sewer treatment plants, sewer pump stations, sewer vacuum systems and sewer mains

The gross replacement cost approach has been utilised to value the sewerage network. This approach estimates the gross replacement cost based on MEERA techniques and equipment that would yield an asset to serve the same function as the existing asset, rather than replicate the existing asset. Assets have been componentised as per AASB 116 Property, Plant and Equipment.

Sewer Treatment Works plants were valued by NSW Public Works, while vacuum systems and a selection of pump stations were valued by APV Valuers and Asset Management. The remaining asset valuations were undertaken by Wyong Water's staff based on the technical knowledge and experience of engineers and asset management staff taking into consideration NSW Reference Rates issued by the Department of Primary Industries Office of Water.

Unobservable Level 3 inputs used include materials used in the construction of the asset, residual value, useful life, asset condition, unit rates and pattern of consumption. As some of the assets have very long lives there is some uncertainty on the specifications and dimensions of some assets however the Water and Sewer Planning section undertook data validation processes to reduce this risk.

Major sewer rising mains and effluent disposal mains were valued in 2011 by Evans and Peck, who utilised a resource cost approach. This change in methodology has resulted in a reduction in the fair value of sewer mains

There have been no other changes to the valuation process during the reporting period.

### Swimming pools

Assets within this class are comprised of ocean baths, swimming pools and associated structures.

The gross replacement cost approach has been utilised to value this asset class. This approach estimates the gross replacement cost based on MEERA techniques. Valuations are undertaken by Council staff based on the technical knowledge and experience of engineers and asset management staff. Significant unobservable inputs considered in the valuation of these assets are remaining useful life, pattern of consumption and asset condition.

This asset class is categorised a Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

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

## The former Wyong Shire Council

## Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 27. Fair value measurement (continued)

#### Other open space/recreational assets

This asset class is comprised of life guard towers, tennis courts, athletics tracks, picnic shelters, playground equipment, skate parks, fencing and sporting facilities.

This asset class has been valued using the gross replacement cost approach based on MEERA techniques. Valuations are undertaken by Council staff based on the technical knowledge and experience of asset management staff. Significant unobservable inputs considered in the valuation of these assets are remaining useful life, pattern of consumption and asset condition. Asset conditions are determined by field inspections using ratings of 1 (Excellent) to 5 (Very Poor).

This asset class is categorised a Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable. There has been no change to the valuation process during the reporting period.

#### Heritage collections

This asset class is comprised of artwork and sculptures which are recognised and valued at cost.

A stocktake, assessment and valuation of all artwork and sculptures throughout the former Wyong Shire Local Government Area was undertaken by Brenda Colahan Fine Art in 2016. The art collection was valued using the fair market resale value of the assets.

Significant unobservable inputs considered in the valuation of these assets are useful life and pattern of consumption. This asset class is categorised a Level 3 as the inputs used in the valuation of these assets require significant professional judgement. There has been no change in the valuation process during the reporting period.

#### Library books

Assets included in this asset class consist of library books, journals, magazines, CDs and DVDs which are recognised and valued at cost. Council assumes that the carrying amount reflects the fair value of the assets due to the nature of the items. There are no major variances between the fair value and carrying amount of these assets and these assets are disclosed at fair value in the notes.

Whilst these assets are recognised at cost with supporting supplier invoices (observable input) the remaining significant inputs (useful life, pattern of consumption and asset condition) are unobservable and therefore categorised as Level 3. There has been no change to the valuation process during the reporting period.

#### Other assets

Other assets include miscellaneous assets which are recognised and valued at cost. Council assumes that the carrying amount reflects the fair value of the assets due to the nature of the item.

The replacement cost approach has been utilised to value Other assets. Significant unobservable inputs considered in the valuation of these assets are useful life, pattern of consumption and asset condition and therefore categorised as Level 3. There has been no change to the valuation process during the reporting period.

#### Tip asset

This asset class includes the tip cells at the Buttonderry Waste Facility which is recognised and valued at cost. Council assumes that the carrying amount reflects the fair value of the assets due to the nature of the item. Significant unobservable inputs considered in the valuation of these assets are useful life and pattern of consumption and therefore categorised as Level 3. There has been no change to the valuation process during the reporting period.

## The former Wyong Shire Council

## Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 27. Fair value measurement (continued)

\$ '000

## (4). Fair value measurements using significant unobservable inputs (level 3)

## a. The following tables present the changes in level 3 fair value asset classes.

	Plant and equipment	Office equipment	Furniture and fittings	Operational land	Total
	equipment	equipment	and nungs	iana	Total
Opening balance – 1/7/14	20,816	2,588	1,291	311,913	336,608
Transfers from/(to) another asset class	(6)	_	_	870	864
Purchases (GBV)	3,777	979	771	_	5,527
Disposals (WDV)	(834)	(4.405)	(054)	(2,543)	(3,377)
Depreciation and impairment	(3,969)	(1,105)	(254)	_	(5,328)
Closing balance – 30/6/15	19,784	2,462	1,808	310,240	334,294
Purchases (GBV)	7,057	1,031	1,001	17,952	27,041
Disposals (WDV)	(2,597)	(13)	(17)	(441)	(3,068)
Depreciation and impairment	(3,369)	(1,109)	(366)	_	(4,844)
Transfers from/(to) another asset class	65	2	(3)	(7,094)	(7,030)
Closing balance – 12/5/16	20,940	2,373	2,423	320,657	346,393
		Land		Buildings	
	Community	under	Land	non	
	land	roads	improvement	specialised	Total
Opening balance – 1/7/14	124,750	511	19,564	475	145,300
Transfers from/(to) another asset class	(820)	_	(6,549)	-	(7,369)
Purchases (GBV)	-	-	3,056	-	3,056
Disposals (WDV)	(436)	_	-	(42)	(478)
Depreciation and impairment	_	_	(1,184)	(69)	(1,253)
Closing balance – 30/6/15	123,494	511	14,887	364	139,256
Purchases (GBV)	200	21	1,400	55	1,676
Disposals (WDV)	_	_	(1)	_	(1)
Depreciation and impairment	_	_	(874)	(52)	(926)
Transfers from/(to) another asset class	7,048	-	2,037	-	9,085
Revaluation increments/(decrements) to equity (ARR)	30,207	-	-	-	30,207
Closing balance – 12/5/16	160,949	532	17,449	367	179,297
-					

## The former Wyong Shire Council

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 27. Fair value measurement (continued)

\$ '000

## (4). Fair value measurements using significant unobservable inputs (level 3) (continued)

## a. The following tables present the changes in level 3 fair value asset classes. (continued)

	Buildings	Other			
	specialised	structures	Roads	Bridges	Total
Opening balance – 1/7/14	149,000	13,547	327,262	6,635	496,444
Transfers from/(to) another asset class	(224)	(2,177)	8,867	706	7,172
Purchases (GBV)	7,936	2,630	19,489	1,516	31,572
Disposals (WDV)	(223)	(229)	· _	_	(452)
Depreciation and impairment	(3,930)	(622)	(15,554)	(289)	(20,395)
Revaluation increments/(decrements) to					
equity (ARR)	_	_	148,786	(693)	148,093
Other movements (newly recognised assets)	_	_	9,759	4,050	13,808
(,g			-,	.,	,
Closing balance – 30/6/15	152,559	13,149	498,610	11,925	676,242
Transfers from/(to) another asset class	(47)	544	(461)	(1)	35
Purchases (GBV)	13,401	3,066	16,182	1,255	33,904
Disposals (WDV) Depreciation and impairment	(835)	(E 49)	(268)	(48)	(1,151)
Depreciation and impairment	(4,515)	(548)	(12,713)	(193)	(17,969)
Closing balance – 12/5/16	160,563	16,211	501,350	12,938	691,061
•					
				Water	
		Bulk	Stormwater	supply	
	Footpaths	earthworks	drainage	network	Total
Opening balance – 1/7/14	32,305	3,219	237,154	558,139	830,817
Transfers from/(to) another asset class	(1,566)	_	4,004	_	2,438
Purchases (GBV)	1,180	163	10,902	1,415	13,660
Depreciation and impairment	(655)	-	(3,077)	(14,097)	(17,829)
Revaluation increments/(decrements) to	(333)		(0,011)	(1.,001)	(11,020)
equity (ARR)	(1,727)	(1,777)	97,263	8,161	101,920
Other movements (newly recognised assets)	1,079	168,459	97,203	0,101	169,538
Strict movements (newly recognised deserte)	1,070	100,400			100,000
Closing balance – 30/6/15	30,616	170,064	346,246	553,618	1,100,545
Closing balance – 30/6/15	30,616	170,064	346,246	553,618	1,100,545
Purchases (GBV)	30,616 2,295	170,064 297	346,246 8,411	553,618 16,133	1,100,545 27,136
Purchases (GBV) Disposals (WDV)	2,295 (18)		8,411 (175)	16,133 (9)	27,136 (202)
Purchases (GBV)	2,295		8,411	16,133	27,136
Purchases (GBV) Disposals (WDV)	2,295 (18)		8,411 (175)	16,133 (9)	27,136 (202)
Purchases (GBV) Disposals (WDV) Depreciation and impairment	2,295 (18)		8,411 (175)	16,133 (9)	27,136 (202)
Purchases (GBV) Disposals (WDV) Depreciation and impairment Revaluation increments/(decrements) to equity (ARR)	2,295 (18) (814)	297	8,411 (175) (3,646)	16,133 (9) (12,394) 5,363	27,136 (202) (16,854) 5,363
Purchases (GBV) Disposals (WDV) Depreciation and impairment Revaluation increments/(decrements) to	2,295 (18)		8,411 (175)	16,133 (9) (12,394)	27,136 (202) (16,854)

## The former Wyong Shire Council

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 27. Fair value measurement (continued)

\$ '000

## (4). Fair value measurements using significant unobservable inputs (level 3) (continued)

## a. The following tables present the changes in level 3 fair value asset classes. (continued)

			Open space/		
	Sewerage	Swimming	recreational	Heritage	
	network	pools	assets	collections	Total
Opening balance – 1/7/14	669,335	2,290	41,868	169	713,662
Transfers from/(to) another asset class	_	14	(3,162)	_	(3,148)
Purchases (GBV)	5,707	_	2,260	-	7,967
Disposals (WDV)	(307)	_	_	_	(307)
Depreciation and impairment	(12,857)	(31)	(1,817)	(1)	(14,706)
Revaluation increments/(decrements) to					
equity (ARR)	9,945	-	-	-	9,945
Closing balance – 30/6/15	671,823	2,273	39,149	168	713,413
Transfers from/(to) another asset class	_	(5)	(5,850)	_	(5,855)
Purchases (GBV)	6,587	_	243	20	6,850
Disposals (WDV)	(228)	_	_	_	(228)
Depreciation and impairment	(11,670)	(27)	(1,339)	(5)	(13,041)
Revaluation increments/(decrements) to					
equity (ARR)	(60,591)	-	-	479	(60,112)
Closing balance – 12/5/16	605,921	2,241	32,203	662	641,027
	Other	Library	Other	Tip	
	Infrastructure	books	assets	assets	Total
Opening balance – 1/7/14	-	1,122	37	177	1,336
Purchases (GBV)	_	297	_	7.963	8,260
Depreciation and impairment	-	(412)	(1)	(693)	(1,106)
Closing balance – 30/6/15	_	1,007	36	7,447	8,490
Transfers from/(to) another asset class	3.651	_	_	_	3,651
Purchases (GBV)	_	230	1	_	231
Disposals (WDV)	_	(2)	_	(766)	(768)
Depreciation and impairment	(84)	(179)	(1)	-	(264)
Closing balance – 12/5/16	3,567	1,056	36	6,681	11,340

## The former Wyong Shire Council

## Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 27. Fair value measurement (continued)

\$ '000

#### (4). Fair value measurements using significant unobservable inputs (level 3) (continued)

#### b. The valuation process for level 3 fair value measurements

The revaluation of assets is carried out based on the appropriate methodology for each asset class. The fair value of Water Supply and Sewerage Network assets has been evaluated using a cost approach based on MEERA techniques that would result in recognising an asset to serve the same function as the existing asset, rather than replicate the existing asset. The asset classes Operational Land, Community Land and Buildings Non-Specialised use a market value approach where applicable and Land under Roads encapsulates the Englobo valuation basis.

The significant inputs considered in the valuation of assets to fair value are the asset components, materials used in the construction of the asset, residual values, pattern of consumption, dimensions, condition ratings and remaining useful life. Asset conditions are based on field inspections using ratings aligned with technical asset condition standards for each asset class which aligns to the condition ratings set out in Special Schedule 7. For assets with long lives there is some uncertainty on the specifications and dimensions of some assets however data validation processes have been undertaken to reduce this risk.

Revaluation of assets is undertaken by experienced Council staff or independent valuation consultants depending on the asset class and available information for valuation purposes. Council's asset managers will determine if external valuation consultants are required to be engaged.

Council's asset managers and finance team work together to analyse fair value movements post valuation. In the 2016 reporting period the asset classes Water Supply network, Sewerage network, Community Land and Heritage Collections were revalued.

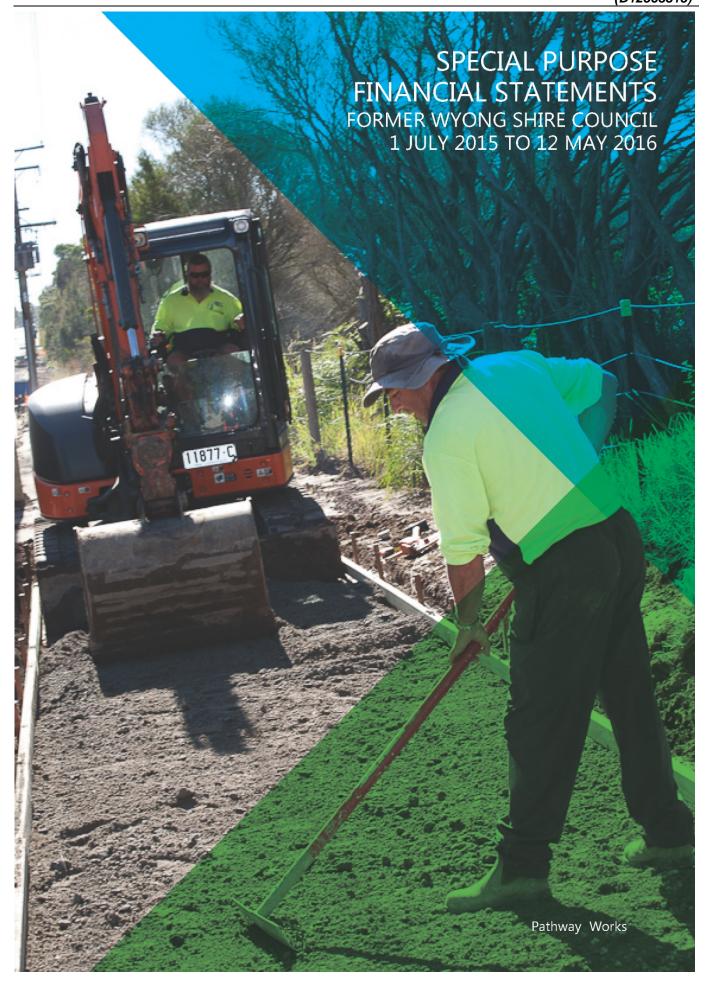
## (5). Highest and best use

The following non-financial assets of Council are being utilised for purposes that do not generate commercial revenues:

### Community based assets

Council undertakes a number of services with a strong focus of providing community benefits to its constituents. These services are based meeting essential community needs and are not of a nature that would be provided in a commercially competitive environment.

Land under the asset class Community Land comprises Crown land under Council's care and control as well as Council-owned land that has been classified as community land under the provisions of the Local Government Act 1993. Furthermore, Council has a number of buildings that are applied in delivering community services. The restrictions on the land and the community use of the buildings in delivering community based services is considered to be the 'highest and best use' of those assets to Councils.



## The former Wyong Shire Council

## Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

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### **Background**

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- (II) On 12 May 2016, the Local Government (Council Amalgamations) Proclamation 2016 announced that the former Wyong Shire Council's operations would be amalgamated with the former Gosford City Council into a new Central Coast Council.
  - These financial statements have been prepared to reflect the financial position as at 12 May 2016 and the financial performance for the reporting period 1 July 2015 to 12 May 2016 of Wyong Shire Council.
- (iii) The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.
  - Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.
- (iv) For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.
  - These include (a) those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and (b) those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
- (v) In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must (a) adopt a corporatisation model and (b) apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

## The former Wyong Shire Council

## Special Purpose Financial Statements for the period 1 July 2015 to 12 May 2016

## Statement by Management

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

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

- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

#### To the best of our knowledge and belief, these financial statements:

- present fairly the operating result and financial position for each of Council's declared business activities for the period, and
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Central Coast Council made on 14 December 2016.

Mr Ian Reynolds

Administrator

Mr Rob Noble

Chief Executive Officer

Mr Stephen Naven

Responsible Accounting Officer

## The former Wyong Shire Council

# Income Statement of Council's Water Supply Business Activity for the period 1 July 2015 to 12 May 2016

	Actual	Actual
\$ '000	1 July 2015 - 12 May 2016	1 July 2014 - 30 June 2015
Income from continuing operations		
Access charges	15,852	17,493
User charges	25,284	27,722
Fees	123	147
Interest	1,047	1,044
Grants and contributions provided for non-capital purposes	785	898
Other income	561	697
Total income from continuing operations	43,652	48,001
Expenses from continuing operations		
Employee benefits and on-costs	5,510	7,959
Borrowing costs	10,742	12,206
Materials and contracts	2,964	3,907
Depreciation and impairment	16,221	17,471
Water purchase charges	158	120
Loss on sale of assets	146	488
Calculated taxation equivalents	260	374
Other expenses	9,210	11,380
Total expenses from continuing operations	45,211	53,905
Surplus (deficit) from continuing operations before capital amounts	(1,559)	(5,904)
Grants and contributions provided for capital purposes	11,683	5,507
Surplus (deficit) from continuing operations after capital amounts	10,124	(397)
Surplus (deficit) from discontinued operations		
Surplus (deficit) from all operations before tax	10,124	(397)
Less: corporate taxation equivalent (30%) [based on result before capital]	-	_
SURPLUS (DEFICIT) AFTER TAX	10,124	(397)
Plus opening retained profits	352,890	352,913
Plus/less: prior period adjustments	_	_
Plus adjustments for amounts unpaid:	222	074
– Taxation equivalent payments Less:	260	374
- Tax equivalent dividend paid	_	_
- Surplus dividend paid	363,274	352,890
Closing retained profits	363,214	352,890
Return on capital %	0.96%	0.66%
Subsidy from Council	12,996	22,184
Calculation of dividend payable: Surplus (deficit) after tax	10,124	(397)
Less: capital grants and contributions (excluding developer contributions)	(7,393)	(2,787)
Surplus for dividend calculation purposes	2,731	_
Potential dividend calculated from surplus	1,366	-

## The former Wyong Shire Council

## Income Statement of Council's Sewerage Business Activity for the period 1 July 2015 to 12 May 2016

Actual Actual 1 July 2015 - 12 1 July 2014 - 30 \$ '000 May 2016 June 2015 Income from continuing operations 25,591 28,353 Access charges 825 1,029 User charges Liquid trade waste charges 887 959 Fees 124 148 Interest 1,492 1,851 Grants and contributions provided for non-capital purposes 677 717 213 238 Other income 29,809 33,295 Total income from continuing operations **Expenses from continuing operations** 6.767 Employee benefits and on-costs 4.742 1,515 1,686 Borrowing costs Materials and contracts 2,705 4,190 Depreciation and impairment 11,943 13,175 Loss on sale of assets 248 306 Calculated taxation equivalents 170 253 7,183 9,858 Other expenses Total expenses from continuing operations 28,506 36,235 Surplus (deficit) from continuing operations before capital amounts 1,303 (2,940)Grants and contributions provided for capital purposes 3,563 3.947 Surplus (deficit) from continuing operations after capital amounts 4.866 1,007 Surplus (deficit) from discontinued operations Surplus (deficit) from all operations before tax 4,866 1,007 Less: corporate taxation equivalent (30%) [based on result before capital] (391)**SURPLUS (DEFICIT) AFTER TAX** 4,475 1,007 Plus opening retained profits 242,622 247,836 Plus/(less): prior period adjustments (6,474)Plus adjustments for amounts unpaid: 170 - Taxation equivalent payments 253 - Corporate taxation equivalent 391 Less: - Tax equivalent dividend paid - Surplus dividend paid Closing retained profits 247,658 242,622 Return on capital % 0.43% -0.18% Subsidy from Council 12,217 22,484 Calculation of dividend payable: Surplus (deficit) after tax 4,475 1,007

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(1,544)

(851)

3.624

1,812

Less: capital grants and contributions (excluding developer contributions)

Surplus for dividend calculation purposes

Potential dividend calculated from surplus

## The former Wyong Shire Council

## Income Statement of Council's Other Business Activities

for the period 1 July 2015 to 12 May 2016

	Waste Ma	nagement	Care and Education	
	Categ	jory 1	Categ	jory 1
	Actual	Actual	Actual	Actual
\$ '000	1 July 2015 - 12 May 2016	1 July 2014 - 30 June 2015	1 July 2015 - 12 May 2016	1 July 2014 - 30 June 2015
In a sure for an authority of a sure state of				
Income from continuing operations	22 024	24 460		
Access charges	32,824	31,460	2.612	2 072
User charges	16,281	15,796	2,612	3,072
Interest	88	125	240	420
Grants and contributions provided for non-capital purposes	1,054	1,039	318	436
Other income	600	673	2	1
Total income from continuing operations	<b>50</b> ,84 <b>7</b>	49,093	2,932	3,534
Expenses from continuing operations				
Employee benefits and on-costs	1,877	2,059	2,394	2,484
Borrowing costs	1,552	1,943	2,004	2,404
Materials and contracts	21,570	23,519	720	787
Depreciation and impairment	1,079	1,009	78	83
Loss on sale of assets	1,075	1,000	1	_
Calculated taxation equivalents	104	109	122	139
Other expenses	13,280	11,910	53	73
Total expenses from continuing operations	39,462	40,549	3,368	3,566
Surplus (deficit) from continuing operations before capital amounts	11,385	8,544	(436)	(32)
outplus (deficit) from continuing operations before capital amounts	11,000	0,044	(400)	(02)
Grants and contributions provided for capital purposes		269		
Surplus (deficit) from continuing operations after capital amounts	11,385	8,813	(436)	(32)
Surplus (deficit) from discontinued operations	_	_	_	_
Surplus (deficit) from all operations before tax	11,385	8,813	(436)	(32)
Less: corporate taxation equivalent (30%) [based on result before capital]	(3,416)	(2,563)	(100)	()
2000. 00 porato taxation oquiraioni (00 %) [pubba di 100ali porato dupitarj	(0, 110)	(2,000)		
SURPLUS (DEFICIT) AFTER TAX	7,969	6,250	(436)	(32)
Plus opening retained profits	63,819	54,897	(8,429)	(8,536)
Plus/less: prior period adjustments Plus adjustments for amounts unpaid:	-	-	-	-
- Taxation equivalent payments	104	109	122	139
- Corporate taxation equivalent	3,416	2,563	-	-
Less:				
<ul><li>TER dividend paid</li><li>Dividend paid</li></ul>	_	_	_	_
Closing retained profits	75,308	63,819	(8,743)	(8,429)
		•		
Return on capital %	55.48%	43.60%	-8.29%	-0.59%
Subsidy from Council			558	193

## The former Wyong Shire Council

## Income Statement of Council's Other Business Activities

for the period 1 July 2015 to 12 May 2016

Holiday Parks

	Categ	jory 1
	Actual	Actual
		1 July
	1 July	2014 - 30
	2015 - 12	June
\$ '000	May 2016	2015
Income from continuing operations		
User charges	8,795	9,320
Total income from continuing operations	8,795	9,320
Expenses from continuing operations		
Employee benefits and on-costs	187	218
Borrowing costs	_	13
Materials and contracts	2,715	3,420
Depreciation and impairment	551	732
Calculated taxation equivalents	420	454
Other expenses	3,043	3,290
Total expenses from continuing operations	6,916	8,127
Surplus (deficit) from continuing operations before capital amounts	1,879	1,193
Grants and contributions provided for capital purposes	_	_
Surplus (deficit) from continuing operations after capital amounts	1,879	1,193
Surplus (deficit) from discontinued operations		
Surplus (deficit) from all operations before tax	1,879	1,193
Less: corporate taxation equivalent (30%) [based on result before capital]	(564)	(358)
SURPLUS (DEFICIT) AFTER TAX	1,315	835
Plus opening retained profits	15,100	13,453
Plus/less: prior period adjustments	_	_
Plus adjustments for amounts unpaid:		
- Taxation equivalent payments	420	454
Corporate taxation equivalent  Add:	564	358
- Subsidy paid/contribution to operations Less:	-	-
- TER dividend paid	_	_
- Dividend paid	_	_
Closing retained profits	17,399	15,100
Return on capital %	6.80%	4.40%
Subsidy from Council		

## The former Wyong Shire Council

# Statement of Financial Position – Council's Water Supply Business Activity as at 12 May 2016

	Actual	Actual
\$'000	12 May 2016	30 June 2015
ASSETS		
Current assets		
Cash and cash equivalents	1,542	1,780
Investments	13,971	4,431
Receivables	12,306	15,839
Total current assets	27,819	22,050
Non-current assets		
Investments	19,000	25,000
Receivables	373	407
Infrastructure, property, plant and equipment	960,147	955,913
Intangible assets	14_	34
Total non-current assets	979,534	981,354
TOTAL ASSETS	1,007,353	1,003,404
LIABILITIES		
Current liabilities		
Payables	5,288	8,819
Borrowings	11,276	10,825
Provisions	1,581_	1,950
Total current liabilities	18,145	21,594
Non-current liabilities		
Payables	1,237	585
Borrowings	162,515	171,119
Provisions	440_	200
Total non-current liabilities	164,192	171,904
TOTAL LIABILITIES	182,337	193,498
NET ASSETS	825,016	809,906
EQUITY		
Retained earnings	363,276	352,890
Revaluation reserves	461,740	457,016
Council equity interest	825,016	809,906
Non-controlling equity interest	=	-
TOTAL EQUITY	825,016	809,906
		,

## The former Wyong Shire Council

# Statement of Financial Position – Council's Sewerage Business Activity as at 12 May 2016

Investments	\$ '000	Actual 12 May 2016	Actual 30 June 2015
Current assets         Cash and cash equivalents       3,138       1         Investments       28,460       2         Receivables       7,929       7,929         Other       —       —         Total Current Assets       39,527       4         Non-current assets       —       —         Investments       —       —         Receivables       9,461       —         Infrastructure, property, plant and equipment       650,878       70         Intangible assets       9       —         Total non-current assets       660,348       71         TOTAL ASSETS       699,875       75         LIABILITIES       3,722       —         Borrowings       1,744       —         Provisions       1,849       —         Total current liabilities       7,315       —         Non-current liabilities       —       —         Payables       —       —         Borrowings       25,749       2         Provisions       244       —         Total non-current liabilities       33,308       3         TOTAL LIABILITIES       33,308       3		-	
Cash and cash equivalents         3,138         1           Investments         28,460         2           Receivables         7,929           Other         —         —           Total Current Assets         39,527         4           Non-current assets         —         —           Investments         —         —           Receivables         9,461         —           Infrastructure, property, plant and equipment         650,878         70           Intangible assets         9         —           TOTAL ASSETS         660,348         71           TOTAL ASSETS         699,875         75           LIABILITIES         Sayables         3,722           Borrowings         1,744         —           Provisions         1,849         —           Total current liabilities         7,315           Non-current liabilities         25,749         2           Provisions         244         —           Total non-current liabilities         25,983         —           TOTAL LIABILITIES         33,308         3           NET ASSETS         666,567         722           EQUITY           Retained			
Investments         28,460         2           Receivables         7,929         7,929           Other         —         —           Total Current Assets         39,527         4           Non-current assets         —         —           Investments         —         —           Receivables         9,461         —           Infrastructure, property, plant and equipment         650,878         70           Intangible assets         660,348         71           TOTAL ASSETS         689,875         75           LIABILITIES         —         —           Current liabilities         3,722         —           Payables         3,722         —           Borrowings         1,849         —           Total current liabilities         7,315           Non-current liabilities         —         —           Payables         —         —           Borrowings         25,749         2           Provisions         244         —           Total non-current liabilities         25,993         2           TOTAL LIABILITIES         33,308         3           NET ASSETS         666,567         722 <td></td> <td></td> <td></td>			
Receivables       7,929         Other       —         Total Current Assets       39,527         Non-current assets       —         Investments       —         Receivables       9,461         Infrastructure, property, plant and equipment       650,878       70         Intangible assets       9       9         Total non-current assets       660,348       71         TOTAL ASSETS       699,875       75         LIABILITIES       3,722       2         Borrowings       1,744       1         Provisions       1,849       1         Total current liabilities       7,315       1         Non-current liabilities       —       5         Payables       —       —         Borrowings       25,749       2         Provisions       244       1         Total non-current liabilities       25,993       2         TOTAL LIABILITIES       33,308       3         NET ASSETS       666,567       722         EQUITY         Retained earnings       247,658       24	·	•	11,119
Other         —           Total Current Assets         39,527         4           Non-current assets         —         —           Investments         —         —           Receivables         9,461         —           Infrastructure, property, plant and equipment         650,878         70           Intangible assets         9         —           Total non-current assets         660,348         71           TOTAL ASSETS         699,875         75           LIABILITIES         Suppose the company of the company		•	26,404
Total Current Assets           Non-current assets           Investments         —           Receivables         9,461           Infrastructure, property, plant and equipment         650,878         70           Intangible assets         9           Total non-current assets         660,348         71           TOTAL ASSETS         699,876         75           LIABILITIES         Current liabilities           Payables         3,722         80           Borrowings         1,744         9           Provisions         1,849         1           Total current liabilities         7,315         7,315           Non-current liabilities         —         8           Payables         —         9           Provisions         244         9           Total non-current liabilities         25,749         2           Provisions         244         1           Total non-current liabilities         25,993         2           TOTAL LIABILITIES         33,308         3           NET ASSETS         666,567         722           EQUITY           Retained earnings         247,658         24 <td></td> <td>7,929</td> <td>3,486</td>		7,929	3,486
Non-current assets   Receivables   9,461   Infrastructure, property, plant and equipment   650,878   70   Intangible assets   9   Total non-current assets   660,348   71   TOTAL ASSETS   699,875   75   TOTAL Intaliabilities   Flags   Fl			57
Investments	Total Current Assets	39,527	41,066
Receivables       9,461         Infrastructure, property, plant and equipment       650,878       70         Intangible assets       9       70         Total non-current assets       660,348       71         TOTAL ASSETS       699,875       75         LIABILITIES       Current liabilities         Payables       3,722       8         Borrowings       1,744       9         Provisions       1,849       9         Total current liabilities       7,315       9         Non-current liabilities       25,749       2         Provisions       244       1         Total non-current liabilities       25,993       2         TOTAL LIABILITIES       33,308       3         NET ASSETS       666,567       722         EQUITY       Retained earnings       247,658       24	Non-current assets		
Infrastructure, property, plant and equipment       650,878       70         Intangible assets       9       70         Total non-current assets       660,348       71         TOTAL ASSETS       699,875       75         LIABILITIES       Current liabilities         Payables       3,722       80         Borrowings       1,744       90       90         Total current liabilities       7,315       90       90         Non-current liabilities       25,749       20       90       90         Provisions       244       90	Investments	_	_
Intangible assets       9         Total non-current assets       660,348       71         TOTAL ASSETS       699,875       75         LIABILITIES       Current liabilities         Payables       3,722         Borrowings       1,744         Provisions       1,849         Total current liabilities       7,315         Non-current liabilities       -         Payables       -         Borrowings       25,749       2         Provisions       244       -         Total non-current liabilities       25,993       2         TOTAL LIABILITIES       33,308       3         NET ASSETS       666,567       722         EQUITY         Retained earnings       247,658       24	Receivables	9,461	9,692
Total non-current assets         660,348         71           TOTAL ASSETS         699,875         75           LIABILITIES         Current liabilities           Payables         3,722           Borrowings         1,744           Provisions         1,849           Total current liabilities         7,315           Non-current liabilities         -           Payables         -           Borrowings         25,749         2           Provisions         244           Total non-current liabilities         25,993         2           TOTAL LIABILITIES         33,308         3           NET ASSETS         666,567         722           EQUITY           Retained earnings         247,658         24	Infrastructure, property, plant and equipment	650,878	705,942
TOTAL ASSETS         699,875         75           LIABILITIES           Current liabilities         3,722           Payables         1,744           Provisions         1,849           Total current liabilities           Payables         -           Borrowings         25,749         2           Provisions         244           Total non-current liabilities         25,993         2           TOTAL LIABILITIES         33,308         3           NET ASSETS         666,567         722           EQUITY           Retained earnings         247,658         24	Intangible assets	9_	20
LIABILITIES         Current liabilities       3,722         Payables       1,744         Provisions       1,849         Total current liabilities       7,315         Non-current liabilities       -         Payables       -         Borrowings       25,749       2         Provisions       244         Total non-current liabilities       25,993       2         TOTAL LIABILITIES       33,308       3         NET ASSETS       666,567       722         EQUITY         Retained earnings       247,658       24	Total non-current assets	660,348	715,654
Current liabilities       3,722         Borrowings       1,744         Provisions       1,849         Total current liabilities       7,315         Non-current liabilities       -         Payables       -         Borrowings       25,749       2         Provisions       244         Total non-current liabilities       25,993       2         TOTAL LIABILITIES       33,308       3         NET ASSETS       666,567       722         EQUITY         Retained earnings       247,658       24	TOTAL ASSETS	699,875	756,720
Payables       3,722         Borrowings       1,744         Provisions       1,849         Total current liabilities       7,315         Non-current liabilities       -         Payables       -         Borrowings       25,749       2         Provisions       244         Total non-current liabilities       25,993       2         TOTAL LIABILITIES       33,308       3         NET ASSETS       666,567       722         EQUITY         Retained earnings       247,658       24	LIABILITIES		
Borrowings	Current liabilities		
Borrowings	Pavables	3,722	3,210
Provisions         1,849           Total current liabilities         7,315           Non-current liabilities         -           Payables         -           Borrowings         25,749         2           Provisions         244           Total non-current liabilities         25,993         2           TOTAL LIABILITIES         33,308         3           NET ASSETS         666,567         722           EQUITY           Retained earnings         247,658         24	•	•	1,687
Non-current liabilities         7,315           Payables         -           Borrowings         25,749         2           Provisions         244           Total non-current liabilities         25,993         2           TOTAL LIABILITIES         33,308         3           NET ASSETS         666,567         722           EQUITY           Retained earnings         247,658         24	_		1,411
Payables         –           Borrowings         25,749         2           Provisions         244           Total non-current liabilities         25,993         2           TOTAL LIABILITIES         33,308         3           NET ASSETS         666,567         722           EQUITY           Retained earnings         247,658         24			6,308
Payables         –           Borrowings         25,749         2           Provisions         244           Total non-current liabilities         25,993         2           TOTAL LIABILITIES         33,308         3           NET ASSETS         666,567         722           EQUITY           Retained earnings         247,658         24	Non-current liabilities		
Borrowings         25,749         2           Provisions         244         2           Total non-current liabilities         25,993         2           TOTAL LIABILITIES         33,308         3           NET ASSETS         666,567         722           EQUITY           Retained earnings         247,658         24		_	1,063
Provisions         244           Total non-current liabilities         25,993         2           TOTAL LIABILITIES         33,308         3           NET ASSETS         666,567         722           EQUITY         Retained earnings         247,658         24	•	25.749	27,070
Total non-current liabilities         25,993         2           TOTAL LIABILITIES         33,308         3           NET ASSETS         666,567         722           EQUITY           Retained earnings         247,658         24	•	•	156
TOTAL LIABILITIES         33,308         3           NET ASSETS         666,567         722           EQUITY         Retained earnings         247,658         24			28,289
NET ASSETS       666,567       722         EQUITY       Retained earnings       247,658       24			34,597
Retained earnings 247,658 24			722,123
Retained earnings 247,658 24			
		247 650	242,622
Revaluation reserves 410,909 47	<u> </u>	•	479,501
Council equity interest 666,567 72  Non-controlling equity interest	• •	766,666	722,123
TOTAL EQUITY 666,567 722	TOTAL EQUITY	666,567	722,123

## The former Wyong Shire Council

# Statement of Financial Position – Council's Other Business Activities as at 12 May 2016

	Waste M	Waste Management		Care and Education	
	Cate	egory 1	Cate	gory 1	
	Actual	Actual	Actual	Actual	
\$ '000	12 May 2016	30 June 2015	12 May 2016	30 June 2015	
ASSETS					
Current assets					
Investments	108,165	103,039	_	_	
Receivables	8,735	2,776	860	162	
Total Current Assets	116,900	105,815	860	162	
Non-current assets					
Receivables	_	3	_	_	
Infrastructure, property, plant and equipment	23,319	24,055	5,260	5,395	
Total non-current assets	23,319	24,058	5,260	5,395	
TOTAL ASSETS	140,219	129,873	6,120	5,557	
LIABILITIES					
Payables	4,168	5,278		206	
•	4, 100	5,276	10 412		
Borrowings Provisions	4,022	- 1,534	10,412 700	9,168 804	
Total current liabilities	8,190	6,812	11,112	10,178	
Non-current liabilities					
Provisions	48,629	51,150	161	218_	
Total non-current liabilities	48,629	51,150	161	218	
TOTAL LIABILITIES	56,819	57,962	11,273	10,396	
NET ASSETS	83,400	71,911	(5,153)	(4,839)	
FOURTY					
EQUITY	75.000	00.010	(0.7.40)	(0.400)	
Retained earnings	75,308	63,819	(8,743)	(8,429)	
Revaluation reserves	8,092	8,092	3,590	3,590	
Council equity interest	83,400	71,911	(5,153)	(4,839)	
Non-controlling equity interest	02 400	71.014	(F. 4 FO)	(4.020)	
TOTAL EQUITY	83,400	71,911	(5,153)	(4,839)	

## The former Wyong Shire Council

# Statement of Financial Position – Council's Other Business Activities as at 12 May 2016

Holiday Parks

	Category 1		
	Actual	Actual	
\$ '000	12 May 2016	30 June 2015	
ASSETS			
Current assets			
Investments	5,535	9,231	
Receivables	1,913	277	
Total Current Assets	<b>7,448</b>	9,508	
Total Current Assets	7,446	9,508	
Non-current assets			
Infrastructure, property, plant and equipment	27,634	27,426	
Total non-current assets	27,634	27,426	
TOTAL ASSETS	35,082	36,934	
LIABILITIES			
Current liabilities			
	456	860	
Payables Payables	400		
Borrowings	_	3,740	
Provisions	44	48	
Total current liabilities	500	4,648	
Non-current liabilities			
Provisions	10	13	
Total non-current liabilities	10	13	
TOTAL LIABILITIES	510	4,661	
NET ASSETS	34,572	32,273	
EQUITY			
Retained earnings	17,399	15,100	
Revaluation reserves	17,173	17,173	
Council equity interest	34,572	32,273	
Non-controlling equity interest	-		
TOTAL EQUITY	34,572	32,273	

## The former Wyong Shire Council

# Special Purpose Financial Statements for the period 1 July 2015 to 12 May 2016

## Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	12
2	Water Supply Business Best-Practice Management disclosure requirements	15
3	Sewerage Business Best-Practice Management disclosure requirements	17

## The former Wyong Shire Council

## Notes to the Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 1. Significant accounting policies

These financial statements are Special Purpose Financial Statements (SPFS) prepared for use by the former Wyong Shire Council and the Office of Local Government.

For the purposes of these statements, Council is a non-reporting not-for-profit entity. These financial statements have been prepared for the period 1 July 2015 – 12 May 2016, comparatives are for the year ended 30 June 2015.

The figures presented in the SPFS, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards.
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and
- Australian Accounting Interpretations.

The disclosures in the SPFS have been prepared in accordance with:

- the Local Government Act (1993) NSW,
- the Local Government (General) Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

## **National Competition Policy**

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

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

The Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality, issued by the Office

of Local Government in July 1997, has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide standards for disclosure. These disclosures are reflected in the Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

#### **Declared business activities**

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

#### Category 1

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

#### a. Water supplies

Water catchment, treatment and supply; stormwater drainage

#### b. Sewerage services

Sewerage collection, treatment and disposal

#### c. Waste management

Collection and disposal of household and commercial waste

#### d. Care and education

Provision of child care centres

#### e. Holiday parks

Provision of holiday parks

#### Category 2

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

None

#### Monetary amounts

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

## The former Wyong Shire Council

## Notes to the Special Purpose Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 1. Significant accounting policies (continued)

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.

#### (i) Taxation-equivalent charges

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

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

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

## Notional rate applied (%)

## Corporate income tax rate - 30%

<u>Land tax</u> – the first **\$482,000** of combined land values attracts **0%**. For that valued from \$482,001 to \$2,947,000 the rate is **1.6%** + **\$100**. For the remaining combined land value that exceeds \$2,947,000, a premium marginal rate of **2.0%** applies.

<u>Payroll tax</u> – **5.45%** on the value of taxable salaries and wages in excess of \$750,000.

In accordance with the NSW Office of Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the NSW Office of Water guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act*, 1993.

Achievement of substantial compliance to the NSW Office of Water guidelines is not a prerequisite for the

payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

#### Income tax

An income tax equivalent has been applied on the profits of each reported business activity. While income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor — that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since this taxation equivalent is notional – that is, it is payable to the Council as the 'owner' of business operations, it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the Council's Special Purpose Financial Statements.

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

### Local government rates and charges

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

### Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that the Council business activities face 'true' commercial borrowing costs in line with private sector competitors.

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

## The former Wyong Shire Council

## Notes to the Special Purpose Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 1. Significant accounting policies (continued)

### (ii) Subsidies

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

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

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

## (iii) Return on investments (rate of return)

The National Competition Policy statement requires that Councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'. Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return on capital is disclosed for each of the Council's business activities on the Income Statement and is calculated as follows:

Operating result before capital income + interest expense

#### Written down value of IPPE as at 12 May

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.31% at 12 May 2016.

#### (iv) Dividends

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

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus. The dividend, calculated and approved in accordance with the NSW Office of Water guidelines, must not exceed either:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 12 May 2016 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

## The former Wyong Shire Council

# Notes to the Special Purpose Financial Statements for the period 1 July 2015 to 12 May 2016

# Note 2. Water supply business best-practice management disclosure requirements

Dolla	rs amounts shown below are in whole dollars (unless otherwise indicated)	12 May 2016
	Iculation and payment of tax-equivalents al government local water utilities must pay this dividend for tax equivalents]	
(i)	Calculated tax equivalents	260,000
(ii)	Number of assessments multiplied by \$3/assessment	192,069
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	192,069
(iv)	Amounts actually paid for tax equivalents	_
2. Div (i)	vidend from surplus 50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	1,365,727
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	1,728,621
(iii)	Cumulative surplus before dividends for the 3 years to 12 May 2016, less the cumulative dividends paid for the 2 years to 30 June 2015 and 30 June 2014	(4,447,614)
	2016 Surplus         2,731,453         2015 Surplus (3,184,107)         2014 Surplus (3,994,960)         (3,994,960)           2015 Dividend         -         2014 Dividend         -	
(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	_
(vi)	Are the overhead reallocation charges to the water business fair and reasonable? <sup>a</sup>	YES
	quired outcomes for 6 criteria eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']	
(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	– DSP with commercial developer charges [item 2 (e) in table 1]	YES
	<ul> <li>If dual water supplies, complying charges [item 2 (g) in table 1]</li> </ul>	YES
(iii)	Sound water conservation and demand management implemented	YES
(iv)	Sound drought management implemented	YES
(v)	Complete performance reporting form (by 15 September each year)	YES
(vi)	a. Integrated water cycle management evaluation	YES
	b. Complete and implement integrated water cycle management strategy	YES

## The former Wyong Shire Council

## Notes to the Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 2. Water supply business best-practice management disclosure requirements (continued)

Dollars am	ounts shown below are in whole dollars (unless otherwise indicated)		12 May 2016
National \	Nater Initiative (NWI) financial performance indicators		
NWI F1	Total revenue (water)  Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9)  – Aboriginal Communities W&S Program income (w10a)	\$'000	54,288
NWI F4	Revenue from residential usage charges (water) Income from residential usage charges (w6b) x 100 divided by the sum of [income from residential usage charges (w6a) + income from residential access charges (w6b)]	%	61.46%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	959,960
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	15,085
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	16,536
NWI F17	Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	2.39%
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	

Notes:

- References to w (e.g. w12) refer to item numbers within Special Schedules 3 and 4 of Council's Annual Financial Statements.
- The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
- a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007

## The former Wyong Shire Council

# Notes to the Special Purpose Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 3. Sewerage business best-practice management disclosure requirements

Dolla	rs amounts shown below are in whole dollars (unless otherwise indicated)	12 May 2016
	Iculation and payment of tax-equivalents al government local water utilities must pay this dividend for tax equivalents]	
(i)	Calculated tax equivalents	170,000
(ii)	Number of assessments multiplied by \$3/assessment	186,387
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	170,000
(iv)	Amounts actually paid for tax equivalents	_
2. Div	vidend from surplus	
(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	1,812,242
(ii)	Number of assessments x (\$30 less tax equivalent charges per assessment)	1,693,870
(iii)	Cumulative surplus before dividends for the 3 years to 12 May 2016, less the cumulative dividends paid for the 2 years to 30 June 2015 and 30 June 2014	(1,986)
	2016 Surplus         3,624,484         2015 Surplus         (537,049)         2014 Surplus         (3,089,421)           2015 Dividend         -         2014 Dividend         -	
(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	_
(vi)	Are the overhead reallocation charges to the sewer business fair and reasonable? <sup>a</sup>	YES
	quired outcomes for 4 criteria eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']	
(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	(b) Non-residential [item 2 (c) in table 1]	YES
	(c) Trade waste [item 2 (d) in table 1]	YES
	DSP with commercial developer charges [item 2 (e) in table 1]	YES
	Liquid trade waste approvals and policy [item 2 (f) in table 1]	YES
(iii)	Complete performance reporting form (by 15 September each year)	YES
(iv)	a. Integrated water cycle management evaluation	YES
	b. Complete and implement integrated water cycle management strategy	YES

## The former Wyong Shire Council

# Notes to the Special Purpose Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 3. Sewerage business best-practice management disclosure requirements (continued)

Dollars am	ounts shown below are in whole dollars (unless otherwise indicated)		12 May 2016
National \	Nater Initiative (NWI) financial performance indicators		
NWI F2	Total revenue (sewerage)  Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10)  – Aboriginal Communities W&S Program income (w10a)	\$'000	31,880
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	650,516
NWI F12	Operating cost (sewerage)  Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	14,630
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	17,423
NWI F18	Economic real rate of return (sewerage) [total income (s14) – interest income (s10) – grants for acquisition of assets (s12a) – operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by [written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	0.82%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	_
	Water Initiative (NWI) financial performance indicators d sewer (combined)		
NWI F3	Total income (water and sewerage)  Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15)  minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10)	\$'000	85,774
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	1.29%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	33,959
NWI F19	Economic real rate of return (water and sewerage) [total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NW F11 + NWI F12) – current cost depreciation (w3 + s3)] x 1 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)]	% 00	1.76%
NWI F20	Dividend (water and sewerage)  Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	
NWI F21	Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24)	%	0.00%

## The former Wyong Shire Council

## Notes to the Special Purpose Financial Statements

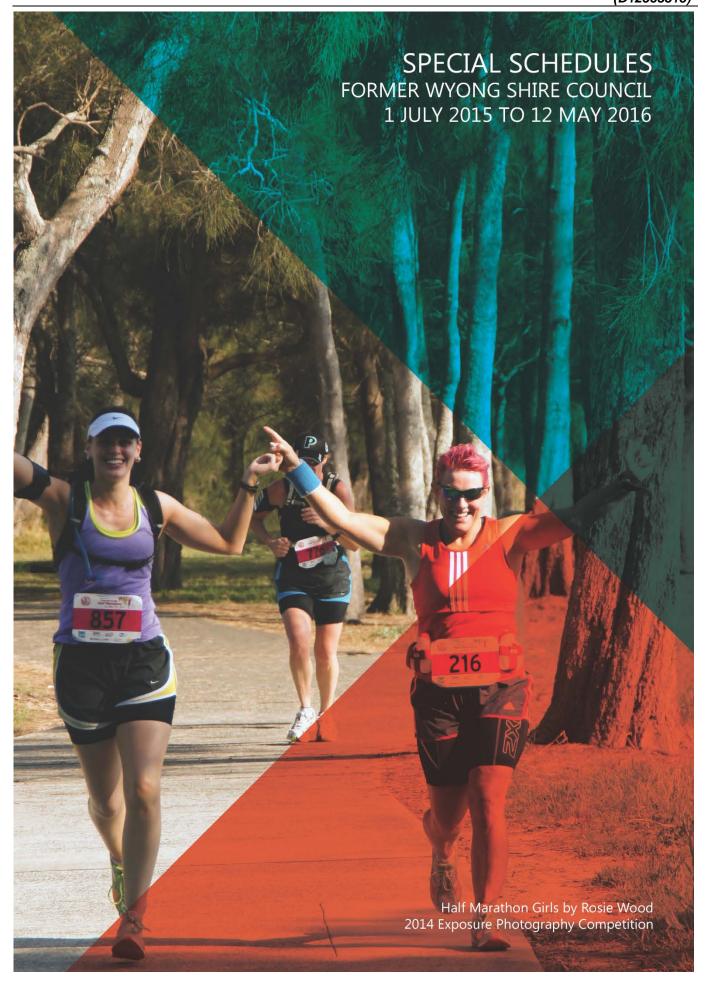
for the period 1 July 2015 to 12 May 2016

# Note 3. Sewerage business best-practice management disclosure requirements (continued)

Dollars am		12 May 2016	
	Vater Initiative (NWI) financial performance indicators I sewer (combined)		
NWI F22	Net debt to equity (water and sewerage)  Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31)  x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)]	%	9.06%
NWI F23	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest		2.91
	Earnings before interest and tax (EBIT): 28,289  Operating result (w15a + s16a) + interest expense (w4a + s4a) – interest income (w9 + s10)  – gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s	4c)	
	Net interest: 9,718 Interest expense (w4a + s4a) – interest income (w9 + s10)		
NWI F24	Net profit after tax (water and sewerage) Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))	\$'000	15,420
NWI F25	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	1,106

Notes:

- References to w (eg. s12) refer to item numbers within Special Schedules 5 and 6 of Council's Annual Financial Statements.
- The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
- a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007



## The former Wyong Shire Council

## Special Schedules

for the period 1 July 2015 to 12 May 2016

Contents		Page
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### **Background**

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

<sup>&</sup>lt;sup>1</sup> Special Schedules are not audited.

## The former Wyong Shire Council

# Special Schedule 1 – Net Cost of Services for the period 1 July 2015 to 12 May 2016

4	^	^	^
\$	u	u	u

Function or activity	Expenses from continuing	Incom- continuing	Net cost of services	
	operations	Non-capital	Capital	or services
Governance	1,149	_	_	(1,149)
Administration	6,813	5,449	12,240	10,876
Public order and safety				
Fire service levy, fire protection, emergency				
services	4,209	544	575	(3,090)
Beach control	1,182	4	-	(1,178)
Enforcement of local government regulations	3,017	934	-	(2,083)
Animal control	436	200	-	(236)
Total public order and safety	8,844	1,682	575	(6,587)
Health	(33)	477	_	510
Environment				
Noxious plants and insect/vermin control	155	45	-	(110)
Other environmental protection	2,014	432	47	(1,535)
Solid waste management	34,344	41,322	-	6,978
Drainage	6,755	7,277	7,023	7,545
Total environment	43,268	49,076	7,070	12,878
Community services and education				
Administration and education	1,807	62	-	(1,745)
Aged persons and disabled	110	35	-	(75)
Children's services	3,298	2,967	-	(331)
Total community services and education	5,215	3,064		(2,151)
Housing and community amenities				
Public cemeteries	159	211	-	52
Public conveniences	1,111	-	_	(1,111)
Street lighting	2,888	412	-	(2,476)
Town planning	7,659	3,152	-	(4,507)
Total housing and community amenities	11,817	3,775		(8,042)
Water supplies	37,666	35,663	4,759	2,756
Sewerage services	27,728	29,214	3,562	5,048

## The former Wyong Shire Council

## Special Schedule 1 — Net Cost of Services (continued) for the period 1 July 2015 to 12 May 2016

\$'000

Function or activity	Expenses from continuing	Income continuing	Net cost	
ŕ	operations	Non-capital	Capital	of services
Recreation and culture				
Public libraries	4,331	447	35	(3,849)
Art galleries	12	_	_	(12)
Community centres and halls	5,404	3,155	160	(2,089)
Performing arts venues	957	-	326	(631)
Other cultural services	640	-1	-	(640)
Sporting grounds and venues	5,094	189	125	(4,780)
Swimming pools	835	-	-	(835)
Parks and gardens (lakes)	10,494	1,986	1,199	(7,309)
Other sport and recreation	1,436	-	642	(794)
Total recreation and culture	29,203	5,777	2,487	(20,939)
Mining, manufacturing and construction				
Building control	(1)	1,353	_	1,354
Total mining, manufacturing and const.	(1)	1,353	_	1,354
Transport and communication	, ,			
Urban roads (UR) – local	19,838	1,326	1,895	(16,617)
Urban roads – regional	498	498	3,113	3,113
Unsealed rural roads (URR) – local	753		0,110	(753)
Bridges on SRR – local	293	_	4	(289)
Parking areas	40	_		(40)
Footpaths	1,541	_	45	(1,496)
Aerodromes	548	(87)	-	(635)
Other transport and communication	5,464	737	87	(4,640)
Total transport and communication	28,975	2,474	5,144	(21,357)
Economic affairs		,		, ,
Camping areas and caravan parks	6,495	8,795		2,300
Other economic affairs	4,708	199		(4,509)
Total economic affairs	11,203	8,994	_[	(2,209)
Totals – functions	211,847	146,998	35,837	
	211,047		35,637	(29,012)
General purpose revenues (1)		91,533		91,533
Share of interests – joint ventures and		I		
associates using the equity method	21	_		(21)
accession and the equity method				(21)
NET OPERATING DEGUL T (2)				
NET OPERATING RESULT (2)	211,868	238,531	35,837	62,500

<sup>(1)</sup> Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose

<sup>(2)</sup> As per the Income Statement grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges

## The former Wyong Shire Council

Special Schedule 2(a) – Statement of Long Term Debt (all purpose) for the period 1 July 2015 to 12 May 2016

### \$'000

	Principal outstanding at beginning of the period		New loans raised	during the period		Transfers		Principal outstanding at the end of the period			
Classification of debt	Current	Non- current	Total	during the period	From revenue	Sinking funds	to sinking funds	applicable for period	Current	Non- current	Total
Loans (by source)											
Financial institutions	12,084	166,014	178,098	-	9,144	_	_	10,479	12,502	156,452	168,954
Total loans	12,084	166,014	178,098	-	9,144	_	-	10,479	12,502	156,452	168,954
Total long term debt	_	-	-	-	_	_	-	_	_	_	_
Total debt	12,084	166,014	178, <b>09</b> 8	-	9,144	-	-	10,479	12,502	156,452	168,954

Notes: excludes (i) internal loans and (ii) principal inflows/outflows relating to loan re-financing.

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

### The former Wyong Shire Council

Special Schedule 2(b) — Statement of Internal Loans [Section 410(3) of the Local Government Act 1993] for the period 1 July 2015 to 12 May 2016

#### \$'000

#### **Summary of internal loans**

Borrower (by purpose)	Amount originally raised	Total repaid during the period (principal and interest)	Principal outstanding at end of period
Water	40,000	2,992	37,940
Totals	40,000	2,992	37,940

Note: the summary of internal loans (above) represents the total of Council's internal loans categorised according to the borrower. The rate of interest is set at the WACC for Council borrowing and is reset each year

#### Details of individual internal loans

		Date of					Amount	Total repaid	Principal
Borrower	Lender	minister's	Date raised	Term	Dates of	Rate of	originally	during period	outstanding at
(by purpose)	(by purpose)	approval		(years)	maturity	interest	raised	(princ. and int.)	end of period
Water	General	Not required	30/06/13	20	30/06/33	6.15%	20,000	1,434	18,395
Water	Sewer	26/02/15	26/02/15	20	21/02/35	6.15%	10,000	778	9,741
Water	General	Not required	31/05/15	20	26/05/35	6.15%	10,000	780	9,804
Totals							40,000	2,992	37,940

# The former Wyong Shire Council

Special Schedule 3 – Water Supply Income Statement Includes all internal transactions, i.e. prepared on a gross basis for the period 1 July 2015 to 12 May 2016

		Actuals	Actuals
\$'000		1 July 2015 - 12 May 2016	1 July 2014 - 30 June 2015
	Expenses and income Expenses		
1. N	/lanagement expenses		
	. Administration	3,573	4,189
b	. Engineering and supervision	2,063	2,381
	Operation and maintenance expenses		
	Dams and Weirs	6.45	500
	. Operation expenses	645 59	509
D	o. Maintenance expenses	59	60
	Mains	4.500	0.045
	Operation expenses	1,528	2,045
a	l. Maintenance expenses	2,011	3,558
	Reservoirs	200	400
	. Operation expenses	299	196
T.	Maintenance expenses	617	385
	Pumping stations		
_	. Operation expenses (excluding energy costs)	244	473
	. Energy costs	864	894
I.	Maintenance expenses	391	426
	Treatment		
-	Operation expenses (excluding chemical costs)	1,474	2,409
	. Chemical costs	777	820
I.	Maintenance expenses	345	442
	Other		
	n. Operation expenses	23	1,251
	Maintenance expenses	14	100
0	. Purchase of water	158	120
	Depreciation expenses	45.040	17.150
	. System assets	15,948	17,150
b	p. Plant and equipment	273	321
	/liscellaneous expenses		
	. Interest expenses	10,742	12,206
	. Revaluation decrements	0.757	- 2.400
	Other expenses	2,757	3,108
	l. Impairment – system assets	_	_
	. Impairment – plant and equipment Aboriginal Communities Water and Sewerage Program	_ _	_
5. T	otal expenses	44,805	53,043

# The former Wyong Shire Council

Special Schedule 3 — Water Supply Income Statement (continued) Includes all internal transactions, i.e. prepared on a gross basis for the period 1 July 2015 to 12 May 2016

	Actuals 1 July 2015 - 12	Actuals 1 July 2014 - 30
\$'000	May 2016	June 2015
Income		
6. Residential charges		
a. Access (including rates)	15,852	17,493
b. Usage charges	25,284	27,722
7. Non-residential charges		
a. Access (including rates)	_	_
b. Usage charges	_	-
8. Extra charges	-	-
9. Interest income	1,047	1,044
10. Other income	684	844
10a. Aboriginal Communities Water and Sewerage Program	_	_
11. Grants		
a. Grants for acquisition of assets	_	61
b. Grants for pensioner rebates	557	702
c. Other grants	228	196
12. Contributions		
a. Developer charges	3,895	2,572
b. Developer provided assets	7,788	2,874
c. Other contributions	_	_
13. Total income	55,335	53,508
14. Gain (or loss) on disposal of assets	(146)	(488
15. Operating result	10,384	(23
15a. Operating result (less grants for acquisition of assets)	10,384	(84

# The former Wyong Shire Council

Special Schedule 3 — Water Supply Income Statement (continued) Includes all internal transactions, i.e. prepared on a gross basis for the period 1 July 2015 to 12 May 2016

			Actuals		Actuals
\$'00	0	1 J	July 2015 - 12 May 2016	1、	July 2014 - 30 June 2015
В	Capital transactions				
	Non-operating expenditures				
16.	Acquisition of fixed assets				
	a. New assets for improved standards		_		_
	b. New assets for growth		8,450		3,471
	c. Renewals		8,086		12,368
	d. Plant and equipment		_		7
17.	Repayment of debt		8,153		10,234
18.	Totals		24,689		26,080
	Non-operating funds employed				
19.	Proceeds from disposal of assets		_		_
20.	Borrowing utilised		_		20,000
21.	Totals		_		20,000
С	Rates and charges				
	rates and charges				
22.	Number of assessments				
	a. Residential (occupied)		59,965		59,381
	b. Residential (unoccupied, ie. vacant lot)		1,005		904
	c. Non-residential (occupied)		2,586		2,381
	d. Non-residential (unoccupied, ie. vacant lot)		467		739
23.	Number of ETs for which developer charges were received		– ET		– ET
24.	Total amount of pensioner rebates (actual dollars)	\$	1,087,209	\$	1,261,673

# The former Wyong Shire Council

# Special Schedule 4 – Water Supply Statement of Financial Position Includes internal transactions, i.e. prepared on a gross basis

as at 12 May 2016

		Actuals	Actuals	Actuals
\$'000		Current	Non-current	Tota
	ASSETS			
25.	Cash and investments			
	a. Developer charges	14,834	17,645	32,479
	b. Special purpose grants	3	1,355	1,3 <b>5</b> 8
	c. Accrued leave	284	_	<b>2</b> 84
	d. Unexpended loans	_	_	-
	e. Sinking fund	_	_	-
	f. Other	392	_	392
26.	Receivables			
	a. Specific purpose grants	554	_	554
	b. Rates and availability charges	2,570	_	2,570
	c. User charges	8,377	_	8,377
	d. Other	805	373	1,178
27.	Inventories	_	_	-
28.	Property, plant and equipment			
	a. System assets	_	959,959	959,959
	b. Plant and equipment	_	188	188
29.	Other assets	_	14	14
30.	Total assets	27,819	979,534	1,007,353
	LIABILITIES			
31.	Bank overdraft	_	_	-
32.	Creditors	5,288	1,237	6,525
33.	Borrowings	11,276	162,515	173,791
34.	Provisions			
	a. Tax equivalents	_	_	-
	b. Dividend	_	_	-
	c. Other	1,581	440	2,021
35.	Total liabilities	18,145	164,192	182,337
36.	NET ASSETS COMMITTED	9,674	815,342	825,016
	EQUITY			
37.	Accumulated surplus			363,276
38	Asset revaluation reserve		_	461,740
39.	TOTAL EQUITY		=	825,016
	Note to system assets:			
	Current replacement cost of system assets			1,428,25
41.	Accumulated current cost depreciation of system assets			(468,296

# The former Wyong Shire Council

Special Schedule 5 – Sewerage Service Income Statement Includes all internal transactions, i.e. prepared on a gross basis for the period 1 July 2015 to 12 May 2016

\$'000	Actuals 1 July 2015 - 12 May 2016	Actuals 1 July 2014 - 30 June 2015
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	2,281	3,062
b. Engineering and supervision	_	-
2. Operation and maintenance expenses  – Mains		
a. Operation expenses	969	1,669
b. Maintenance expenses	1,145	1,686
– Pumping stations		
c. Operation expenses (excluding energy costs)	1,336	2,686
d. Energy costs	868	1,010
e. Maintenance expenses	1,965	2,234
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	3,932	5,286
g. Chemical costs	124	112
h. Energy costs	883	1,262
i. Effluent management	_	_
j. Biosolids management	_	_
k. Maintenance expenses	1,015	1,543
- Other		
Operation expenses	112	197
m. Maintenance expenses	_	68
3. Depreciation expenses		
a. System assets	11,671	12,857
b. Plant and equipment	272	318
4. Miscellaneous expenses		
a. Interest expenses	1,515	1,686
b. Revaluation decrements	_	_
c. Other expenses	_	_
d. Impairment – system assets	_	_
e. Impairment – plant and equipment	_	_
f. Aboriginal Communities Water and Sewerage Program	_	_
g. Tax equivalents dividends (actually paid)		
5. Total expenses	28,088	35,676

# The former Wyong Shire Council

Special Schedule 5 — Sewerage Service Income Statement (continued) Includes all internal transactions, i.e. prepared on a gross basis for the period 1 July 2015 to 12 May 2016

\$'00	10	Actuals 1 July 2015 - 12 May 2016	Actuals 1 July 2014 - 30 June 2015
	Income		
6.	Residential charges (including rates)	23,918	26,376
7.	Non-residential charges		
	a. Access (including rates)	1,673	1,977
	b. Usage charges	825	1,029
8.	Trade waste charges		
	a. Annual fees	173	246
	b. Usage charges	714	713
	c. Excess mass charges	_	_
	d. Re-inspection fees	_	_
9.	Extra charges	_	-
10.	Interest income	1,492	1,851
11.	Other income	337	384
11a	. Aboriginal Communities Water and Sewerage Program	_	-
12.	Grants		
	a. Grants for acquisition of assets	_	_
	b. Grants for pensioner rebates	549	672
	c. Other grants	128	45
13.	Contributions		
	a. Developer charges	2,644	2,403
	b. Developer provided assets	919	1,544
	c. Other contributions	_	_
14.	Total income	33,372	37,240
15.	Gain (or loss) on disposal of assets	(248)	(306)
16.	Operating result	5,036	1,258
1 <b>6</b> a	. Operating result (less grants for acquisition of assets)	5,036	1,258

# The former Wyong Shire Council

Special Schedule 5 — Sewerage Service Income Statement (continued) Includes all internal transactions, i.e. prepared on a gross basis for the period 1 July 2015 to 12 May 2016

			Actuals		Actuals
\$'00	0	1 J	luly 2015 - 12 May 2016	1 .	July 2014 - 30 June 2015
В	Capital transactions Non-operating expenditures				
17.	Acquisition of fixed assets				
	a. New assets for improved standards		_		_
	b. New assets for growth		850		1,794
	c. Renewals		16,573		9,717
	d. Plant and equipment		_		_
18.	Repayment of debt		1,264		1,169
19.	Totals		18,687		12,680
	Non-operating funds employed				
20.	Proceeds from disposal of assets		-		-
21.	Borrowing utilised		_		5,900
22.	Totals		_	_	5,900
С	Rates and charges				
23.	Number of assessments		50.550		50.045
	a. Residential (occupied)		58,558 924		58,045 914
	b. Residential (unoccupied, ie. vacant lot)     c. Non-residential (occupied)		924 2,502		2,354
	d. Non-residential (unoccupied, ie. vacant lot)		2,502 145		2,354 156
24.	Number of ETs for which developer charges were received		– ET		– ET
25.	Total amount of pensioner rebates (actual dollars)	\$	1,050,514	\$	1,220,980

# The former Wyong Shire Council

# Special Schedule 6 – Sewerage Service Statement of Financial Position Includes internal transactions, i.e. prepared on a gross basis

as at 12 May 2016

\$'000		Actuals Current	Actuals Non-current	Actuals Total
	ASSETS			
	Cash and investments			
	a. Developer charges	8,155	_	8,155
	b. Special purpose grants	, _	_	,
	c. Accrued leave	345	_	345
	d. Unexpended loans	2,306	_	2,306
	e. Sinking fund	_	_	_
	f. Other	20,792	_	20,792
27.	Receivables			
	a. Specific purpose grants	_	_	_
	b. Rates and availability charges	3,735	_	3,735
	c. User charges	120	_	120
	d. Other	4,074	9,461	13,535
28.	Inventories	_	-	-
29.	Property, plant and equipment			
	a. System assets	_	650,516	650,516
	b. Plant and equipment	_	358	<b>35</b> 8
30.	Other assets	_	9	9
31.	Total assets	39,527	660,344	699,871
	LIABILITIES			
	Bank overdraft	_	_	_
33.	Creditors	3,722	_	3,722
34.	Borrowings	1,744	25,749	27,493
35.	Provisions			
	a. Tax equivalents	_	_	_
	b. Dividend	_	_	_
	c. Other	1,849	244	2,093
36.	Total liabilities	7,315	25,993	33,308
37.	NET ASSETS COMMITTED	32,212	634,351	666,563
	EQUITY			
	Accumulated surplus			247,654
39.	Asset revaluation reserve		-	418,909
40.	TOTAL EQUITY		=	666,563
	Note to system assets:			4 000 077
	Current replacement cost of system assets  Accumulated current cost depreciation of system assets			1,008,977
	Written down <b>current cost</b> depreciation of system assets		-	(358,461) <b>650,516</b>

#### The former Wyong Shire Council

#### Notes to Special Schedules 3 and 5

for the period 1 July 2015 to 12 May 2016

#### Administration (1)

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

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

#### Engineering and supervision (1)

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

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

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

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

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

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

**Impairment losses** (item 4d and 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount.

Aboriginal Communities Water and Sewerage Program (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 10a of Special Schedule 3 and item 11a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

Residential charges<sup>(2)</sup> (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a access charges (including rates if applicable) and 6b usage charges.

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

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a annual fees, 8b usage charges and 8c excess mass charges and 8d re-inspection fees.

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

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

#### Notes:

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

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

# The former Wyong Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 12 May 2016

#### \$'000

		Estimated cost to bring assets to satisfactory	Estimated cost to bring to the agreed level of	2015/16 Required	2015/16 Actual	Carrying	Gross replacement	Assets		on as a pe acement		of gross
Asset class	Asset category	standard	service set	maintenance <sup>a</sup>	maintenance	value	cost (GRC)	1	2	3	4	5
			by Council		to 12/5/16							
Buildings	Buildings – non-specialised	60		75	80	788	4,130	21.3%	40.3%	34.5%	2.0%	1.9%
	Buildings – specialised	169		3,454	2,655	160,142	189,880	64.3%	30.2%	5.1%	0.3%	0.1%
	Sub-total	229	_	3,529	2,735	160,930	194,010	63.4%	30.4%	5.7%	0.3%	0.1%
Other	Other structures	82	_	289	380	16,211	22,273	27.3%	32.2%	38.4%	2.1%	0.0%
structures	Sub-total	82	_	289	380	16,211	22,273	27.3%	32.2%	38.4%	2.1%	0.0%
Roads	Roads	22,347	_	5,325	8,396	501,350	802,021	14.0%	39.0%	41.5%	5.3%	0.2%
	Bridges	193	_	308	230	12,938	17,797	54.2%	37.0%	5.3%	2.4%	1.1%
	Footpaths	47	-	816	546	32,079	47,120	13.9%	78.2%	7.3%	0.6%	0.0%
	Sub-total	22,587	_	6,449	9,172	546,367	866,938	14.8%	41.1%	38.9%	5.0%	0.2%
Water supply	Water supply network	5,392	_	6,803	3,378	562,711	908,460	48.7%	18.5%	30.3%	2.1%	0.4%
network	Sub-total	5,392	_	6,803	3,378	562,711	908,460	48.7%	18.5%	30.3%	2.1%	0.4%
Coursess	Sawaraga patwark	9,061		5,414	4 96 4	605.001	062 000	15.1%	20.00	44.00/	2.40/	1.00/
Sewerage	Sewerage network				4,864	605,921	962,909		39.9%	41.9%	2.1%	1.0%
network	Sub-total	9,061	_	5,414	4,864	605,921	962,909	15.1%	39.9%	41.9%	2.1%	1.0%

### The former Wyong Shire Council

Special Schedule 7 - Report on Infrastructure Assets as at 12 May 2016 (continued)

#### \$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set		2015/16 Actual maintenance	Carrying value	Gross replacement cost (GRC)			on as a per acement o		of gross
			by Council		to 12/5/16							
Stormwater	Stormwater drainage	6,027	_	2,052	2,627	350,836	473,854	17.1%	62.3%	18.9%	0.2%	1.5%
drainage	Sub-total	6,027	_	2,052	2,627	350,836	473,854	17.1%	62.3%	18.9%	0.2%	1.5%
Open space/	Swimming pools	_	_	155	77	2,241	5,952	0.0%	67.7%	32.3%	0.0%	0.0%
recreational	Other Open Space											
assets	/Recreational Assets	62		603	3,945	32,203	46,370	44.5%	50.6%	4.3%	0.6%	0.0%
	Sub-total	62	_	758	4,022	34,444	52,322	39.4%	52.5%	7.5%	0.5%	0.0%
Other												
infrastructure	Other Infrastructure	37	_	59	65	3,567	4,554	61.8%	31.4%	2.2%	4.6%	0.0%
assets	Sub-total	37	_	59	65	3,567	4,554	61.8%	31.4%	2.2%	4.6%	0.0%
	TOTAL – ALL ASSETS	43,477	_	25,353	27,243	2,280,987	3,485,320	27.3%	37.3%	32.4%	2.4%	0.6%

#### Notes:

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

Infrastructure asset condition assessment 'key'

1 Excellent No work required (normal maintenance)

2 Good Only minor maintenance work required

3 Average Maintenance work required

4 Poor Renewal required

Very poor Urgent renewal/upgrading required

# The former Wyong Shire Council

# Special Schedule 7 – Report on Infrastructure Assets (continued) for the period 1 July 2015 to 12 May 2016

	Amounts	Indicator	Prior	periods
\$ '000	12/5/16	12/5/16	30/6/15	30/6/14
Infrastructure asset performance indicator consolidated	's *			
1. Infrastructure renewals ratio Asset renewals (1) Depreciation, amortisation and impairment	58,566 47,995	122.03%	100.34%	112.74%
2. Infrastructure backlog ratio (a) Based on written down value of infrastructure a Estimated cost to bring assets to a satisfactory condition Total written down value of infrastructure, building, other structures and depreciable land improvement assets	43,477 2,280,987	1.91%	1.94%	3.09%
(b) Based on gross replacement cost of infrastruction Estimated cost to bring assets to a satisfactory condition  Total gross replacement cost of infrastructure, building, other structures and depreciable land improvement assets	43,477 3,485,320	1.25%	1.27%	2.00%
3. Asset maintenance ratio Actual asset maintenance Required asset maintenance	27,243 25,353	1.07	1.07	1.00
4. Capital expenditure ratio Annual capital expenditure Annual depreciation	91,391 54,837	1.67	1.52	1.43

#### Notes

<sup>\*</sup> All asset performance indicators are calculated using the asset classes identified in the previous table.

<sup>(1)</sup> Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

### The former Wyong Shire Council

# Special Schedule 7 – Report on Infrastructure Assets (continued)

for the period 1 July 2015 to 12 May 2016



#### Purpose of asset renewals ratio

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

#### Commentary on 12/5/16 result

12/5/16 ratio 122.03%

A ratio of 1:1 indicates that the amount spent on asset renewals equals the amount of depreciation. Council's performance has improved in recent years due to the allocation of revenue from Council's Special Rate Variation to infrastructure renewal works. Council remains committed to maintaining financial sustainability and decreasing the infrastructure backlog.



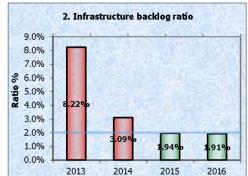
Source for benchmark: Code of Accounting Practice and Financial Reporting #24



Ratio achieves benchmark



Ratio is outside benchmark



#### Purpose of infrastructure backlog ratio

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

#### Commentary on 12/5/16 result

12/5/16 ratio 1.91%

In June 2013, Council was successful in gaining approval for a Special Rate Variation for a period of 4 years. In accordance with the IPART approval, the additional rate income must be used to reduce the funding shortfall required to return Council's General Fund assets to a satisfactory condition. Council has allocated this funding to addressing the backlog, beginning to reverse a long-term decline in asset conditions and has led to an improvement to this ratio.



#### Purpose of asset maintenance ratio

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



Ratio achieves benchmark Ratio is outside benchmark

## Commentary on 12/5/16 result

12/5/16 ratio 1.07 x

Council's asset maintenance ratio has exceeded the benchmark of 1. Council will continue to work to maintain and improve this benchmark



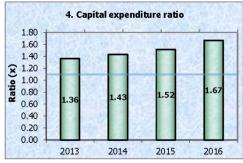
Benchmark:

Benchmark:

Minimum >1.00

Maximum <2.00%

Source for benchmark: Code of Accounting Practice and Financial Reporting #24



#### Purpose of capital expenditure ratio

To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets



Ratio achieves benchmark Ratio is outside benchmark

## Commentary on 12/5/16 result

12/5/16 ratio 1.67 x

Council's capital expenditure ratio continues to be above benchmark reflecting its significant capital expenditure program, and ongoing commitment to addressing the infrastructure backlog



Ratio achieves benchmark Ratio is outside benchmark

Benchmark: Minimum >1.10

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

# The former Wyong Shire Council

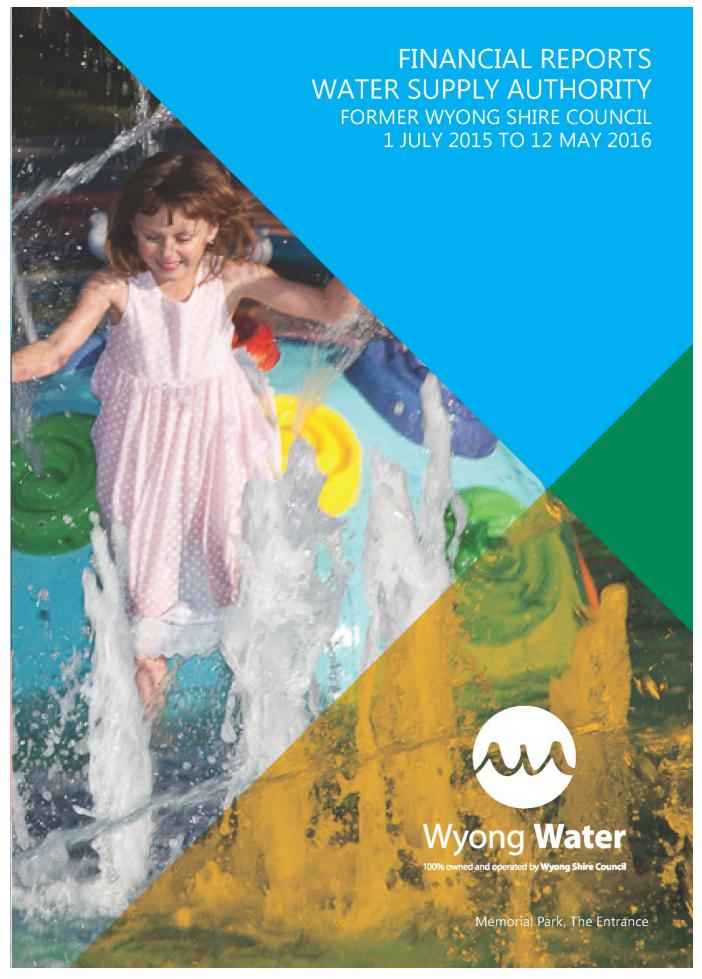
# Special Schedule 7 – Report on Infrastructure Assets (continued) for the period 1 July 2015 to 12 May 2016

		Water	Sewer	General (1)
\$ '000		12/5/16	12/5/16	12/5/16
Infrastructure asset performance indicators by fund				
Infrastructure renewals ratio     Asset renewals (2)				
Depreciation, amortisation and impairment		44.96%	139.11%	173.87%
	prior period:	67.59%	74.72%	143.36%
2. Infrastructure backlog ratio				
(a) Based on Written Down Value of Infrastructure Assets				
Estimated cost to bring assets to a		1.26%	1.49%	3.03%
satisfactory condition  Total written down value of infrastructure, building, other structures and depreciable land improvement assets	prior period:	0.88%	1.12%	3.91%
(b) Based on Gross Replacement Cost of Infrastructure Ass Estimated cost to bring assets to a satisfactory condition  Total gross replacement cost of infrastructure, building, other structures and depreciable land improvement assets	prior period:	<b>0.83%</b> 0.56%	<b>0.94%</b> 0.75%	<b>2.02%</b> 2.68%
3. Asset maintenance ratio Actual asset maintenance		0.53	0.88	1.62
Required asset maintenance				
	prior period:	0.67	0.99	1.47
4. Capital expenditure ratio				
Annual capital expenditure		1.02	1.46	2.15
Annual depreciation	prior period:	0.91	0.87	2.15

#### Notes

<sup>(1)</sup> General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

<sup>(2)</sup> Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.



### The former Wyong Shire Council Water Supply Authority

#### General Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

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3. Primary Financial Statements:	
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#### **Overview**

- (i) These financial statements are General Purpose Financial Statements and cover the operations for the former Wyong Shire Council Water Supply Authority.
- (ii) The former Wyong Shire Council Water Supply Authority is a water supply authority by proclamation of the Water Management Act 2000 and carries out the following functions:
  - maintain and operate water management works and other associated works including sewerage and drainage services, and
  - to conduct research, collect information and develop technology in relation to water management.
- (iii) All figures presented in these financial statements are presented in Australian currency.
- (Iv) These financial statements were authorised for issue by Central Coast Council on 14 December 2016. Council has the power to amend and reissue these financial statements.

#### The former Wyong Shire Council Water Supply Authority

## General Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Understanding the reporting entity's financial statements

#### Reporting Entity

The former Wyong Shire Council, within its overall statutory responsibilities, is a statutory authority for water supply and related purposes. Wyong Shire Council Water Supply Authority (Wyong Water) is a water supply authority by proclamation of the Water Management Act 2000.

#### What you will find in the statements

On 12 May 2016, the Local Government (Council Amalgamations) Proclamation 2016 announced that the former Wyong Shire Council's operations would be amalgamated with the former Gosford City Council into a new Central Coast Council.

Any reference to Wyong Shire Council or Wyong Water refers to the former Wyong Shire Council or former Wyong Water.

These financial statements have been prepared to reflect the financial position as at 12 May 2016 and the financial performance for the reporting period 1 July 2015 to 12 May 2016 of Wyong Water.

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

#### About the Management Statement

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

#### About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

#### 1. The Income Statement

This statement summarises Wyong Water's financial performance for the period 1 July 2015 to 12 May 2016, listing all income and expenses.

The accounting treatment for revenue in the Income Statement for the reporting period to 12 May 2016 complies with the Code of Accounting Practice and

Financial Reporting (Code) update 24(b) supplement which was issued on 28 September 2016. All income and expenditure reflects the statutory reporting period.

#### 2. The Statement of Comprehensive Income

This statement primarily records changes in the fair values of Wyong Water's infrastructure, property, plant and equipment.

#### 3. The Statement of Financial Position

This statement is an end of period snapshot of Wyong Water's financial position indicating its assets, liabilities and equity ('net wealth').

#### 4. The Statement of Changes in Equity

The overall change for the reporting period (in dollars) of Wyong Water's 'net wealth'.

#### 5. The Statement of Cash Flows

This statement indicates where Wyong Water's cash came from and where it was spent.

#### About the Notes to the Financial Statements

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

Annual charges are levied quarterly with ratepayers having the option to make payments based on quarterly due dates in August, November, February and May. As the proclamation was made on 12 May 2016 the fourth instalment due on 31 May was not due for payment. This has resulted in a higher than normal outstanding balance as at the reporting date.

This has negatively impacted Wyong Water's Rates and Annual Charges Outstanding benchmark ratio contained within Note 13(a) and Note 13(b).

#### Who uses the financial statements?

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

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

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

## The former Wyong Shire Council Water Supply Authority

#### General Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Statement by Management

made pursuant to Section 41c(1b) and 1(c) of the Public Finance and Audit Act 1983

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

- The Public Finance and Audit Act 1983 and The Public Finance and Audit Regulation 2015.
- The Australian Accounting Standards (which include Australian Accounting Interpretations).
- The Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these financial statements exhibit the true and fair financial position and financial performance of Wyong Water.

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

Signed in accordance with a resolution of Central Coast Council made on 14 December 2016.

Mr Ian Reynolds Administrator

Mr Rob Noble

**Chief Executive Officer** 

Mr Stephen Naven

Responsible Accounting Officer

# The former Wyong Shire Council Water Supply Authority

#### Income Statement

for the period 1 July 2015 to 12 May 2016

Budget	1		Actual	Actual
1/7/15 - 30/6/16	\$ '000	Notes	1 July 2015 - 12 May 2016	1 July 2014 - 30 June 2015
	luceure from continuing energtions			
	Income from continuing operations Revenue:			
n/a	Rates and annual charges	За	41,618	46,092
n/a	User charges and fees	3b	27,662	30,390
n/a	Interest and investment revenue	3c	2,016	2,671
n/a	Other revenues	3d	185	304
n/a	Grants and contributions provided for operating purposes		1,462	1,615
n/a	Grants and contributions provided for capital purposes	3e,f	15,241	9,454
n/a	Total income from continuing operations		88,184	90,526
	Expenses from continuing operations			
n/a	Employee benefits and on-costs	4a	10,251	14,726
n/a	Borrowing costs	4b	11,734	13,668
n/a	Materials and contracts	4c	5,826	8,217
n/a	Depreciation, amortisation and impairment	4d	28,164	30,646
n/a	Other expenses	4e	16,394	21,238
n/a	Net losses from the disposal of assets	5	395	794
n/a	Total expenses from continuing operations		72,764	89,289
n/a	Operating result from continuing operations		15,420	1,237
	Discontinued operations			
n/a	Operating result from discontinued operations	24		
n/a	Net operating result for the period		15,420	1,237
	-			
-/-	Attributable to:		45 465	
n/a n/a	Wyong Water		15,420	1,237
I I/a	Non-controlling interests			
	Net operating result for the period before			
n/a	grants and contributions provided for capital purposes		179_	(8,217)

Original budget as approved by Council is not required for these financial statements as the former Wyong Shire Council has been amalgamated with the former Gosford City Council and has a statutory reporting period from 1 July 2015 to 12 May 2016 as per the Local Government (Council Amalgamations) Proclamation 2016.

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

# The former Wyong Shire Council Water Supply Authority

# Statement of Comprehensive Income for the period 1 July 2015 to 12 May 2016

	Actual	Actual
\$ '000 Notes	1 July 2015 - 12 May 2016	1 July 2014 - 30 June 2015
Net operating result for the period (as per Income Statement)	15,420	1,237
Other comprehensive income:		
Amounts which will not be reclassified subsequently to the operating result		
Gain (loss) on revaluation of Infrastructure, Property, Plant and Equipment 20b (ii)	(55,868)	115,367
Amounts which will not be reclassified subsequently to the operating result	(55,868)	115,367
Amounts which will be reclassified subsequently to the operating result when specific conditions are met Nil		
Total other comprehensive income for the period	(55,868)	115,367
Total comprehensive income for the period	(40,448)	116,604
Total comprehensive income attributable to Wyong Water Total comprehensive income attributable to non-controlling interests	(40,448) –	116,604

# The former Wyong Shire Council Water Supply Authority

### Statement of Financial Position

as at 12 May 2016

0.1000	NI-1-	Actual	Restated* Actual	Restated*
\$ '000	Notes	12 May 2016	30 June 2015	1 July 2014
ASSETS				
Current assets				
Cash and cash equivalents	6a	4,680	12,899	15,269
Investments	6b	42,431	30,834	21,492
Receivables	7	19,956	19,075	18,538
Inventories	8	<i>'</i> –		503
Other	8	_	57	_
Non-current assets classified as 'held for sale'	22	_	_	_
Total current assets	_ :	67,067	62,865	55,802
Non-current assets				
Investments	6b	19,000	25,000	25,000
Receivables	7	373	409	433
Inventories	8	_	_	_
Infrastructure, property, plant and equipment	9	1,611,021	1,661,855	1,550,515
Investments accounted for using the equity method	19	_	_	_
Investment property	14	_	_	_
Intangible assets	25	23	54	89
Total non-current assets		1,630,417	1,687,318	1,576,037
TOTAL ASSETS		1,697,484	1,750,183	1,631,839
LIABILITIES				
Current liabilities				
Payables	10	9,010	12,031	13,497
Borrowings	10	12,740	12,261	10,819
Provisions	10	3,430	3,361_	3,720
Total current liabilities		25,180	27,653	28,036
Non-current liabilities				
Payables	10	1,237	1,648	2,821
Borrowings	10	178,803	188,499	185,386
Provisions	10	685	356	173
Total non-current liabilities		180,725	190,503	188,380
TOTAL LIABILITIES		205,905	218,156	216,416
Net assets	:	1,491,579	1,532,027	1,415,423
EQUITY				
Retained earnings	20	610,930	595,510	594,273
Revaluation reserves	20	880,649	936,517	821,150
Council equity interest	20	1,491,579	1,532,027	1,415,423
Non-controlling equity interests		- 1,751,579	1,002,027	1,410,425
		4 404 570	4 520 007	4 445 400
Total equity		1,491,579	1,532,027	1,415,423

\*See Note 20(c) for details regarding prior period errors and restated balances.

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

# The former Wyong Shire Council Water Supply Authority

# Statement of Changes in Equity for the period 1 July 2015 to 12 May 2016

					Non-	
		Retained	Reserves	WSA d	controlling	Total
\$ '000	Notes	earnings	(Refer 20b)	interest	interest	equity
1 July 2015 to 12 May 2016						
Opening balance		595,510	936,517	1,532,027	_	1,532,027
a. Correction of prior period errors	20 (c)	-	-	-	-	-
b. Changes in accounting policies (prior year effects)	20 (d)	_	_	_	_	-
Restated opening balance		595,510	936,517	1,532,027	-	1,532,027
c. Net operating result for the period		15,420	_	15,420	_	15,420
d. Other comprehensive income						
- Revaluations: IPP&E asset revaluation reserve	20b (ii)	_	(55,868)	(55,868)	_	(55,868)
Other comprehensive income		-	(55,868)	(55,868)	_	(55,868)
Total comprehensive income		15,420	(55,868)	(40,448)	_	(40,448)
Closing balance		610,930	880,649	1,491,579	_	1,491,579

					Non-	
		Retained	Reserves	WSA o	controlling	Total
\$ '000	Notes	earnings	(Refer 20b)	interest	interest	equity
1 July 2014 to 30 June 2015						
Opening balance		600,747	821,150	1,421,897	_	1,421,897
a. Correction of prior period errors	20 (c)	(6,474)	_	(6,474)	_	(6,474)
b. Changes in accounting policies (prior year effects)	20 (d)	_	_	_	_	_
Restated opening balance		594,273	821,150	1,415,423	-	1,415,423
c. Net operating result for the year		1,237	_	1,237	_	1,237
d. Other comprehensive income						
- Revaluations: IPP&E asset revaluation reserve	20b (ii)	_	115,367	115,367	_	115,367
Other comprehensive income		-	115,367	115,367	_	115,367
Total comprehensive income		1,237	115,367	116,604	_	116,604
Closing balance		595,510	936,517	1,532,027	_	1,532,027

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

# The former Wyong Shire Council Water Supply Authority

#### Statement of Cash Flows

for the period 1 July 2015 to 12 May 2016

Budget	1	Actual	Actual
1/7/15 - 30/6/16	\$ '000 Notes	1 July 2015 - 12 May 2016	1 July 2014 - 30 June 2015
	Cash flows from operating activities		
	Receipts:		
n/a	Rates and annual charges	41,618	46,092
n/a	User charges and fees	31,165	27,580
n/a	Investment and interest revenue received	2,025	2,688
n/a	Grants and contributions	7,040	7,574
n/a	Bonds, deposits and retention amounts received	8	5
n/a	Other	_	559
	Payments:		
n/a	Employee benefits and on-costs	(10,144)	(15,232)
n/a	Materials and contracts	(7,457)	(6,434)
n/a	Borrowing costs	(10,312)	(13,668)
n/a	Other	(22,491)	(23,788)
n/a	Net cash provided (or used) in operating activities	31,452	25,376
	Cash flows from investing activities		
	Receipts:		
n/a	Sale of investments	42,638	24,917
n/a	Sale of infrestructure, property, plant and equipment	225	59
1170	Payments:	220	00
n/a	Purchase of investments	(48,235)	(34,259)
n/a	Purchase of infrastructure, property, plant and equipment	(25,082)	(23,018)
n/a		(30,454)	
п/а	Net cash provided (or used) in investing activities	(30,454)	(32,301)
	Cash flows from financing activities		
	Receipts:		
n/a	Borrowings and advances	_	15,900
	Payments:		
n/a	Borrowings and advances	(9,217)	(11,345)
n/a	Net cash flow provided (or used) in financing activities	(9,217)	4,555
n/a	Net increase/(decrease) in cash and cash equivalents	(8,219)	(2,370)
	One hand and antique to the design of		
n/a	Cash and cash equivalents – beginning of reporting period	12,899	15,269
11/4			
	Cash and cash equivalents – end of		
n/a	reporting period	4,680	12,899
	_		

<sup>&</sup>lt;sup>1</sup> The original budget as approved by Council is not required for these financial statements

Please refer to Note 11 for additional cash flow information

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

# The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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#### The former Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The former Wyong Shire Council, within its overall statutory responsibilities, is a statutory authority for water supply and related purposes, under the Water Management Act 2000. The principal business office of the former Wyong Shire Council Water Supply Authority (now known as Wyong Water) is at 2 Hely St, Wyong NSW 2259. Wyong Water controls resources to carry out water supply, sewerage, stormwater drainage and ancillary activities within the former Wyong Shire local government area and these functions have been consolidated in these financial statements.

The financial statements have been authorised for use in accordance with the resolution of Council on 14 December 2016.

#### (a) Basis of preparation

These financial statements have been prepared in accordance with:

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

Wyong Water is a not-for-profit entity for the purpose of preparing these financial statements.

# New and amended standards adopted by Wyong Water

There have been no new accounting standards adopted in this period's financial statements which have had any material impact on reported financial position, performance or cash flows.

#### Early adoption of accounting standards

Wyong Water has not elected to apply any pronouncements before their operative date in the

annual reporting period beginning 1 July 2015, except for AASB2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities, which has reduced the fair value disclosures for Level 3 assets.

For summary information relating to the effects of standards with future operative dates refer further to paragraph (t).

#### **Basis of accounting**

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

#### Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

#### Critical accounting estimates and assumptions

Wyong Water makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

 Estimated fair values of infrastructure, property, plant and equipment.

# Preparation of the financial statements on a going concern basis

AASB 101 states that an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

#### The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 1. Summary of significant accounting policies (continued)

Whilst the former Wyong Shire Council has been amalgamated into Central Coast Council from 13 May 2016, Council believes that the going concern basis for preparation of the Wyong Water financial statements for the period 1 July 2015 to 12 May 2016 is appropriate for the following reasons:

- The business of Wyong Water is continuing through the Central Coast Council
- The Local Government (Council Amalgamations) Proclamation 2016 ensures:
  - all relevant staff, assets, rights, liabilities and responsibilities of former councils are transferred to new councils
  - new councils can commence operations on day one with minimal disruption to the delivery of services, council operations and staff duties
  - any reference in any document to a former council is to be read as a reference to the new council, and that anything done by a former council before the amalgamation is taken to have been done by the new council.
- The former Wyong Shire Council and Wyong Water have not been liquidated nor have ceased trading.

# Significant judgements in applying the entity's accounting policies

- Impairment of receivables Wyong Water has made a significant judgement about the impairment of a number of its receivables in Note 7.
- (ii) Revaluation of Water and Sewer assets The significant inputs considered in the valuation of assets to fair value are the asset components, materials used in the construction of the asset, residual values, pattern of consumption, dimensions, condition ratings and remaining useful life.

#### (b) Revenue recognition

Wyong Water 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 Wyong Water's activities as described below. Wyong Water bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

#### **Annual Charges, Grants and Contributions**

Annual charges, grants and contributions (including developer contributions) are recognised as revenues when Wyong Water obtains control over the assets comprising these receipts. Developer contributions may only be expended for the purposes for which the contributions were required but Wyong Water may apply contributions according to the priorities established in work schedules.

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

Annual charges are recognised as revenue for the period 1 July 2015 to 12 May 2016.

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

Revenue is recognised when Wyong Water obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to Wyong Water and the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial period 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

#### The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 1. Summary of significant accounting policies (continued)

(g). The note also discloses the amount of unused grant or contribution from prior years that was expended on Wyong Water operations during the current period.

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

#### User charges and fees

User charges and fees are recognised as revenue when the service has been provided or the payment is received, whichever first occurs.

# Sale of plant, property, infrastructure 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

Rental income is accounted for in accordance with the terms of the lease.

Interest income from cash and investments is accounted for using the effective interest rate at the date that interest is earned.

#### Other Income

Other income is recorded when the payment is due, the value of the payment is notified or the payment is received, whichever occurs first.

#### **Dedications**

Dedicated assets contributed to Wyong Water are recognised at the fair value of the consideration received for each asset.

#### (c) Principles of consolidation

These financial statements represent the consolidation of the Water and Sewer Funds.

The notional cash and investment assets of Wyong Water are represented in practice by an equity interest in the general cash and investment assets of Wyong Shire Council as a whole, and all investment

assets and bank accounts are held in the name of Wyong Shire Council.

#### Interests in other entities

#### Joint arrangements

Wyong Water has determined that it has joint operations.

Joint operations (controlled assets and operations)

In relation to its joint operations, where the venturer has the rights to the individual assets and obligations arising from the arrangement, Wyong Water has recognised:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

These figures are incorporated into the relevant line item in the primary statements as well as Note 19.

#### (d) Leases

Leases for property, plant and equipment where Wyong Water, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Wyong Water currently has no finance lease obligations.

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 where Wyong Water is a lessor is recognised as income in accordance with the terms of the lease.

#### The former Wyong Shire Council Water Supply Authority

# Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

#### Note 1. Summary of significant accounting policies (continued)

#### (e) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Nonfinancial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

#### (f) Cash and Cash Equivalents

For Statement of Cash Flows presentation purposes, cash and cash equivalents include 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 that are subject to an insignificant risk of changes in value.

#### (g) Receivables

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

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

will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired.

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

#### (h) 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. Cost includes the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw material. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (i) Investments and other financial assets

#### Classification

Wyong Water classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-

#### The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 1. Summary of significant accounting policies (continued)

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

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

Financial assets at fair value through profit or loss are financial assets that are 'held for trading'. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

#### (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 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 Wyong Water's management has the positive intention and ability to hold to maturity. If Wyong Water were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, 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. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are 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.

#### Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which Wyong Water commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council, on behalf of Wyong Water, has transferred substantially all the risks and rewards of ownership.

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

#### Subsequent measurement

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

#### Impairment

Wyong Water assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

#### (i) Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that

#### The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 1. Summary of significant accounting policies (continued)

have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the entity may measure impairment on the basis of an instrument's fair value using an observable market price.

#### Investment policy

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

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

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. As at the reporting date, Council does not hold any investments that are not prescribed.

# (j) Fair value estimation – financial instruments

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 reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council, on behalf of Wyong Water, uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Other techniques, such as estimated discounted cash flows, are used

to determine fair value for the remaining financial instruments.

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 Wyong Water for similar financial instruments.

# (k) Infrastructure, property, plant and equipment (IPPE)

Wyong Water's IPPE assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Office of Local Government.

Due to the proclamation date of 12 May 2016, Wyong Water had not completed revaluations for the 2015 / 2016 reporting period and therefore the following assets have not been revalued for these financial statements:

#### Other Structures

Wyong Water has assessed the current carrying values of the above Asset Class and do not believe that (at balance date) it is materially different from their fair value.

At reporting date, the following classes of IPPE were stated at their fair value:

- Operational land (external valuation)
- Buildings specialised/non-specialised (external valuation)
- Water/Sewerage networks (external and internal valuation)
- Plant and equipment (as approximated by depreciated historical cost)
- Road assets roads including other road related assets, bridges and footpaths (internal valuation)
- Drainage assets (internal valuation)

#### The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 1. Summary of significant accounting policies (continued)

- Bulk earthworks (internal valuation)
- Land Improvements (as approximated by depreciated historical cost)
- Other structures (as approximated by depreciated historical cost)
- Other assets (as approximated by depreciated historical cost)

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided by Department of Primary Industries Office of Water. For all other assets, Wyong Water 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, Wyong Water determines the asset's fair value and revalues the asset to that amount. Full revaluations are undertaken for all assets on a maximum five year cycle.

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

Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

#### 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 Wyong Water 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.

Land, bulk earthworks, detention basins and wetlands (part of the Stormwater Drainage asset class) are not depreciated. Depreciation on other assets is calculated using the straight line method to

allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Plant and equipment	2 to 35 years
Office equipment	2 to 10 years
Furniture and fittings	5 to 20 years
Buildings - specialised	8 to 150 years
Other structures	5 to 100 years
Roads - car parks	15 to 63 years
Stormwater drainage	25 to 182 years
Water supply network	15 to 250 years
Sewerage network	15 to 250 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

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

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

#### (I) Payables

These amounts represent liabilities and include goods and services provided to Wyong Water prior to the end of reporting period that are unpaid. The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

#### (m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in

#### The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 1. Summary of significant accounting policies (continued)

the income statement over the period of the borrowings using the effective interest method.

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

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

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

#### (n) Borrowing costs

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

#### (o) Provisions

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

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

any one item included in the same class of obligations may be small.

Provisions are measured at the present value of managements 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.

#### (p) Employee benefits

#### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

#### (ii) Long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date,

#### The former Wyong Shire Council Water Supply Authority

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 1. Summary of significant accounting policies (continued)

regardless of when the actual settlement is expected to occur.

#### (iii) Retirement benefit obligations

All employees of Wyong Water are entitled to benefits on retirement, disability or death. Wyong Water contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

#### Defined benefit plans

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

The present value of the defined benefit obligation is based on expected future payments 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 measurable, Wyong Water accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans ie. as an expense when it becomes payable.

Also refer to Note 18 for further information.

#### (q) Self insurance

Council, on behalf of Wyong Water, has decided to self-insure for workers' compensation risks. A provision for self-insurance has been made to recognise outstanding claims the amount of which is detailed in Note 10. Wyong Water also maintains cash and investments to meet expected future claims and these are detailed in Note 6(c).

#### (r) Intangible assets

#### IT development and software

Council, on behalf of Wyong Water, has acquired, under a managed service arrangement, a licence to access information technology services. In conjunction with this contract, Wyong Water has incurred a number of costs including system build costs, software and hardware licences, as well as direct costs of materials and labour. Wyong Water's contribution to these costs have been capitalised as an intangible asset and amortised on a straight line basis over the period of the contract.

#### (s) Taxes

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

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

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

#### (t) New accounting standards and Interpretations issued not yet effective

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for the reporting period ended 12 May 2016.

Wyong Water has not adopted any of these standards early.

Apart from the AASB disclosures below, there are no other standards that are 'not yet effective' that are expected to have a material impact on Wyong Water

### The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 1. Summary of significant accounting policies (continued)

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

These include the following standards that are anticipated will impact Wyong Water:

AASB 9 - Financial Instruments

**AASB 15** – Revenue from Contracts with Customers and associated amending standards

AASB ED 260 - Income of Not-for-Profit Entities

AASB16 - Leases

**AASB 2014** – 10 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture

**AASB 2014** – 3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11]

AASB2015-6 – Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Wyong Water will be required to disclose information about related parties and Wyong Water transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties (and fall under the related party reporting requirements).

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

#### (u) Rounding of amounts

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

#### (v) Comparative figures

As the reporting period for the current year is different to prior year, the amounts are not comparable.

# The former Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 2(a). Wyong Water functions/activities – financial information

\$'000	l .		Inco	me, expens					,	g functions/a	ctivities.		
		Details of these functions/activities are provided in Note 2(b).											
	l .									Grants in	cluded in		
		e from con	_		es from co			ating result		incom		Total assets held (current	
	operations			·	operations		contir	uing opera	ations	conti	-	& non-c	current)
										opera	tions		
Functions/activities	Original			Original			Original						
	budget 1	Actual	Actual	budget 1	Actual	Actual	budget 1	Actual	Actual	Actual	Actual	Actual	Actual
	1 July	1 July	1 July	1 July	1 July	1 July	1 July	1 July	1 July	1 July	1 July	1 July	1 July 2014
	2015 - 30	2015 - 12	2014	2015 - 30	2015 - 12	2014 -	2015 - 30	2015 - 12	2014 -	2015 - 12	2014 -	2015 - 12	
	June	May 2016	30 June	June	May 2016	30 June		May 2016			30 June	May 2016	30 Junel
	2016	Iviay 2016	2015	2016	Way 2016	2015	2016	Way 2016	2015	May 2016	2015	Way 2016	2015
Water supply	n/a	55,513	53,508	n/a	44,428	53,307	n/a	11,085	201	785	958	1,007,353	1,003,404
Sewerage services	n/a	32,671	37,018	n/a	28,336	35,982	n/a	4,335	1,036	677	718	690,131	746,779
Severage services	11/4	02,071	07,010	11/4	20,000	00,002	11/4	4,000	1,000	077	710	550,101	740,770
Total functions and activities	n/a	88,184	90,526	n/a	72,764	89,289	n/a	15,420	1,237	1,462	1,676	1,697,484	1,750,183
Share of gains/(losses) in associates													
and joint ventures (using the equity method)	n/a	_	_	n/a	_	_	n/a	_	_	_	_		_
General purpose income <sup>2</sup>	n/a	_	_	n/a	_	_	n/a	_	_	_	-	_	_
Operating result from													
continuing operations	n/a	88,184	90,526	n/a	72,764	89,289	n/a	15,420	1,237	1,462	1,676	1,697,484	1,750,183

<sup>1.</sup> Original Budget disclsoures are not required for these financial statements.

<sup>2.</sup> Includes: annual charges (incl. ex-gratia) and unrestricted interest and investment income.

## The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 2(b). Wyong Water functions/activities – component descriptions

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

#### Sewerage services

Sewerage services provides safe and reliable storage collection, treatment and disposal facilities for sewage in a cost-effective and sustainable manner.

#### Water supply

Water supply provides safe and reliable water services including the collection, storage, transportation, treatment, and distribution of water to standards appropriate to its use in a cost-effective and sustainable manner.

## The former Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 3. Income from continuing operations

		Actual	Actual
		1 July 2015 -	1 July 2014 -
\$ '000	Notes	12 May 2016	30 June 2015
(a) Rates and annual charges			
Ordinary rates Nil			
Special rates Nil			
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Water supply services		9,056	10,334
Sewerage services		25,602	28,366
Drainage		6,787	7,146
Liquid trade waste	_	173	246
Total annual charges		41,618	46,092
TOTAL RATES AND ANNUAL CHARGES		41,618	46,092
(b) User charges and fees  Specific user charges (per s.502 – specific 'actual use' charges)  Water supply services  Sewerage services  Light to do use to		25,286 825	27,722 1,029
Liquid trade waste  Total user charges	_	714 26,825	713 29,464
		20,025	29,404
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)		40	40
Inspection services		13 71	12 96
Regulatory/statutory certificates Regulatory/ statutory fees		1	2
Total fees and charges – statutory/regulatory	_	85	110
/ii\ Food and charges - other/incl general year charges (not a 600)\			
(ii) Fees and charges – other (incl. general user charges (per s.608)) Sewer application fees		178	182
Sewer diagrams		107	114
Special water meter reading fees		14	17
Water carters licence fees		38	34
Water connection fees		412	448
Other		3_	21
Total fees and charges – other		752	816
TOTAL USER CHARGES AND FEES		27,662	30,390
TO THE GOLD OF MIND I LEG		21,002	30,030

## The former Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 3. Income from continuing operations (continued)

Co   Interest and investment revenue (including losses)   Interest   Intere	\$ '000 Notes	Actual 1 July 2015 - 12 May 2016	Actual 1 July 2014 - 30 June 2015
- Interest on overdue rates and annual charges (incl. special purpose rates)       289       408         - Interest earned on investments (interest and coupon payment income)       1,714       2,245         - Interest (other)       13       18         TOTAL INTEREST AND INVESTMENT REVENUE       2,016       2,671         Interest revenue is attributable to:         Restricted investments/funds – external:         Development contributions       246       297         - Section 94 – Drainage       246       297         - Section 93F – Drainage       15       15         - Section 93F – Water       12       16         - Section 93F – Sewer       5       6         - Section 64 – Water       338       402         - Section 64 – Sewer       249       299         Water Fund operations       436       314         Sewerage Fund operations       715       1,322         Total interest and investment revenue recognised       2,016       2,671         (d) Other revenues       8       240         External works       8       240         Property rents       1       47         Sales – general       103       -         Oth	(c) Interest and investment revenue (including losses)		
- Interest earned on investments (interest and coupon payment income)       1,714       2,245         - Interest (other)       13       18         TOTAL INTEREST AND INVESTMENT REVENUE       2,016       2,671         Interest revenue is attributable to:         Restricted investments/funds – external:         Development contributions         - Section 94 – Drainage       246       297         - Section 93F – Drainage       15       15         - Section 93F – Water       12       16         - Section 93F – Sewer       5       6         - Section 64 – Water       338       402         - Section 64 – Sewer       249       299         Water Fund operations       436       314         Sewerage Fund operations       715       1,322         Total interest and investment revenue recognised       2,016       2,671         (d) Other revenues         External works       8       240         Property rents       1       47         Sales – general       103       –         Other       73       17	Interest		
Interest (other)	<ul> <li>Interest on overdue rates and annual charges (incl. special purpose rates)</li> </ul>	289	408
Interest revenue is attributable to:         Restricted investments/funds – external:           Development contributions         246         297           - Section 94 – Drainage         246         297           - Section 93F – Drainage         15         15           - Section 93F – Water         12         16           - Section 93F – Sewer         5         6           - Section 64 – Water         338         402           - Section 64 – Sewer         249         299           Water Fund operations         436         314           Sewerage Fund operations         715         1,322           Total interest and investment revenue recognised         2,016         2,671           (d) Other revenues           External works         8         240           Property rents         1         47           Sales – general         103         –           Other         73         17	<ul> <li>Interest earned on investments (interest and coupon payment income)</li> </ul>	1,714	2,245
Interest revenue is attributable to:         Restricted investments/funds – external:         Development contributions       246       297         — Section 94 – Drainage       15       15         — Section 93F – Drainage       12       16         — Section 93F – Sewer       5       6         — Section 64 – Water       338       402         — Section 64 – Sewer       249       299         Water Fund operations       436       314         Sewerage Fund operations       715       1,322         Total interest and investment revenue recognised       2,016       2,671         (d) Other revenues         External works       8       240         Property rents       1       47         Sales – general       103       –         Other       73       17	- Interest (other)		18_
Restricted investments/funds – external:         Development contributions       246       297         - Section 94 – Drainage       15       15         - Section 93F – Drainage       15       15         - Section 93F – Water       12       16         - Section 93F – Sewer       5       6         - Section 64 – Water       338       402         - Section 64 – Sewer       249       299         Water Fund operations       436       314         Sewerage Fund operations       715       1,322         Total interest and investment revenue recognised       2,016       2,671         (d) Other revenues         External works       8       240         Property rents       1       47         Sales – general       103       –         Other       73       17	TOTAL INTEREST AND INVESTMENT REVENUE	2,016	2,671
Development contributions       246       297         - Section 94 - Drainage       15       15         - Section 93F - Drainage       15       15         - Section 93F - Water       12       16         - Section 93F - Sewer       5       6         - Section 64 - Water       338       402         - Section 64 - Sewer       249       299         Water Fund operations       436       314         Sewerage Fund operations       715       1,322         Total interest and investment revenue recognised       2,016       2,671         (d) Other revenues         External works       8       240         Property rents       1       47         Sales - general       103       -         Other       73       17	Interest revenue is attributable to:		
— Section 94 – Drainage       246       297         — Section 93F – Drainage       15       15         — Section 93F – Water       12       16         — Section 93F – Sewer       5       6         — Section 64 – Water       338       402         — Section 64 – Sewer       249       299         Water Fund operations       436       314         Sewerage Fund operations       715       1,322         Total interest and investment revenue recognised       2,016       2,671         (d) Other revenues         External works       8       240         Property rents       1       47         Sales – general       103       –         Other       73       17	Restricted investments/funds – external:		
- Section 93F - Drainage       15       15         - Section 93F - Water       12       16         - Section 93F - Sewer       5       6         - Section 64 - Water       338       402         - Section 64 - Sewer       249       299         Water Fund operations       436       314         Sewerage Fund operations       715       1,322         Total interest and investment revenue recognised       2,016       2,671         (d) Other revenues         External works       8       240         Property rents       1       47         Sales - general       103       -         Other       73       17	Development contributions		
- Section 93F - Water       12       16         - Section 93F - Sewer       5       6         - Section 64 - Water       338       402         - Section 64 - Sewer       249       299         Water Fund operations       436       314         Sewerage Fund operations       715       1,322         Total interest and investment revenue recognised       2,016       2,671         (d) Other revenues       8       240         Property rents       1       47         Sales - general       103       -         Other       73       17	– Section 94 – Drainage	246	297
- Section 93F - Sewer       5       6         - Section 64 - Water       338       402         - Section 64 - Sewer       249       299         Water Fund operations       436       314         Sewerage Fund operations       715       1,322         Total interest and investment revenue recognised       2,016       2,671         (d) Other revenues         External works       8       240         Property rents       1       47         Sales - general       103       -         Other       73       17	<ul><li>Section 93F – Drainage</li></ul>	15	15
- Section 64 – Water       338       402         - Section 64 – Sewer       249       299         Water Fund operations       436       314         Sewerage Fund operations       715       1,322         Total interest and investment revenue recognised       2,016       2,671         (d) Other revenues       8       240         Property rents       1       47         Sales – general       103       –         Other       73       17	– Section 93F – Water	12	16
- Section 64 - Sewer       249       299         Water Fund operations       436       314         Sewerage Fund operations       715       1,322         Total interest and investment revenue recognised       2,016       2,671         (d) Other revenues         External works       8       240         Property rents       1       47         Sales - general       103       -         Other       73       17	– Section 93F – Sewer	5	6
Water Fund operations       436       314         Sewerage Fund operations       715       1,322         Total interest and investment revenue recognised       2,016       2,671         (d) Other revenues       8       240         External works       8       240         Property rents       1       47         Sales – general       103       -         Other       73       17	– Section 64 – Water	338	402
Sewerage Fund operations         715         1,322           Total interest and investment revenue recognised         2,016         2,671           (d) Other revenues         8         240           External works         8         240           Property rents         1         47           Sales – general         103         -           Other         73         17	<ul><li>Section 64 – Sewer</li></ul>	249	299
Total interest and investment revenue recognised         2,016         2,671           (d) Other revenues         8         240           External works         8         240           Property rents         1         47           Sales – general         103         -           Other         73         17	Water Fund operations	436	314
(d) Other revenues         External works       8       240         Property rents       1       47         Sales – general       103       –         Other       73       17	Sewerage Fund operations	715	1,322
External works         8         240           Property rents         1         47           Sales – general         103         –           Other         73         17	Total interest and investment revenue recognised	2,016	2,671
Property rents         1         47           Sales – general         103         –           Other         73         17	(d) Other revenues		
Sales – general         103         –           Other         73         17	External works	8	240
Sales – general         103         –           Other         73         17	Property rents	1	47
	Sales – general	103	_
TOTAL OTHER REVENUE 185 304	Other		17
	TOTAL OTHER REVENUE	185	304

## The former Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 3. Income from continuing operations (continued)

	1 July 2015 - 12 May 2016	1 July 2014 - 30 June 2015	1 July 2015 - 12 May 2016	1 July 2014 - 30 June 2015
\$ '000	Operating	Operating	Capital	Capital
(e) Grants				
General purpose (untied)				
Nil				
Specific purpose				
Pensioners' rates subsidies:				
– Water	557	702	_	_
– Sewerage	549	672	_	_
Employment and training programs	3	_	_	_
Environmental protection	129	87	_	_
Fire protection	_	_	_	61
LIRS subsidy	224	154	_	_
Total specific purpose	1,462	1,615	_	61
Total grants	1,462	1,615	_	61
Grant revenue is attributable to:				
- State funding	1,368	1,615	_	61
- Other funding	94			
	1,462	1,615		61
(f) Contributions				
Developer contributions:				
(s93 & s94 – EP&A Act, s64 of the LGA):				
S 93F – Contributions using planning agreements	_	_	292	49
S 64 – Water supply contributions	_	_	2,562	1,918
S 64 – Sewerage service contributions	_	_	2,711	2,403
S 94 – Stormwater contributions			1,434_	752_
Total developer contributions 17			6,999	5,122
Other contributions:				
Dedications (other than by S94)	_	_	8,242	4,271
Total other contributions		_	8,242	4,271
Total contributions			15,241	9,393
TOTAL GRANTS AND CONTRIBUTIONS	1,462	1,615	15,241	9,454

## The former Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 3. Income from continuing operations (continued)

	Actual	Actual
	1 July 2015 -	1 July 2014 -
\$ '000	12 May 2016	30 June 2015
(g) Restrictions relating to grants and contributions		
Certain grants and contributions are obtained by Wyong Water on condition that they be spent in a specified manner:		
Unexpended at the close of the previous reporting period	44,020	34,162
Add: grants and contributions recognised in the current period but not yet spent	7,866	11,751
Less: grants and contributions recognised in a previous reporting period now spent	(10,923)	(1,893)
Net increase (decrease) in restricted assets during the period	(3,057)	9,858
Unexpended and held as restricted assets	40,963	44,020
Comprising:		
- Specific purpose unexpended grants	1,358	1,535
- Developer contributions	39,505	42,356
- Other contributions	100	129
	40,963	44,020

## Note 4. Expenses from continuing operations

(a) Employee benefits and on-costs		
Salaries and wages	7,741	11,573
Employee leave entitlements (ELE)	3,103	2,734
Superannuation	1,569	1,605
Workers' compensation insurance	312	466
Payroll tax	831	998
Training costs (other than salaries and wages)	9	7
Other	132	1,013
Total employee costs	13,697	18,396
Less: capitalised costs	(3,446)	(3,670)
TOTAL EMPLOYEE COSTS EXPENSED	10,251	14,726
Number of 'full-time equivalent' employees as at 12 May 2016	126	_
Number of 'full-time equivalent' employees at 30 June 2015	-	119

## The former Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 4. Expenses from continuing operations (continued)

\$ '000 Notes	Actual 1 July 2015 - 12 May 2016	Actual 1 July 2014 - 30 June 2015
(b) Borrowing costs		
(i) Interest bearing liability costs Interest on loans Other debts Total interest bearing liability costs expensed	11,694 40 11,734	13,607 61 <b>13,668</b>
(ii) Other borrowing costs Nil		
TOTAL BORROWING COSTS EXPENSED	11,734	13,668
(c) Materials and contracts		
Raw materials and consumables Contractor and consultancy costs Auditors remuneration (1)	3,210 2,493 84	4,671 3,426 88
Operating leases:  - Operating lease rentals: minimum lease payments  TOTAL MATERIALS AND CONTRACTS	39 5,826	8,217
Auditor remuneration  During the period, the following fees were incurred for services provided by the Wyong Water's Auditor:		
Audit and other assurance services  Audit and review of financial statements: Wyong Water's Auditor	84	88
Remuneration for audit and other assurance services	84	88
Total Auditor remuneration	84	88
2. Operating lease payments are attributable to:		
Computers	29	19
Other	10	13
	39_	32

Impairment costs

Financial Statements 2016

Depreciation/amortisation

## The former Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 4. Expenses from continuing operations (continued)

		Actual	Actual	Actual	Actual
		1 July 2015 -	1 July 2014 -	1 July 2015 -	1 July 2014 -
\$ '000	Notes	12 May 2016	30 June 2015	12 May 2016	30 June 2015
(d) Depreciation, amortisation a	and impairr	ment			
Plant and equipment		_	_	146	169
Office equipment		_	_	61	72
Furniture and fittings		_	_	13	11
Infrastructure:					
<ul><li>Buildings – specialised</li></ul>		_	_	253	303
<ul><li>Other structures</li></ul>		_	_	42	48
- Roads		_	_	1	1
- Stormwater drainage		_	_	3,554	3,053
- Water supply network		_	_	12,394	14,096
- Sewerage network	0.5	_	_	11,669	12,858
Intangible assets TOTAL DEPRECIATION AND	25			31	35_
IMPAIRMENT COSTS		_	_	28,164	30,646
IMI AIRMENT COCTO				20,104	
				Actual	Actual
				1 July 2015 -	1 July 2014 -
\$ '000			Notes	12 May 2016	30 June 2015
(e) Other expenses					
Administration cupport				8,722	11 260
Administration support Advertising				0,722	11,260 26
Bad and doubtful debts				(82)	(2)
Computer software charges				46	14
Donations, contributions and assistan	ce to other o	rganisations (Sec	etion 356)	-10	
Other contributions and donations		. ga o	,	_	3
Electricity and heating				3,196	4,194
Gas charges				29	66
Insurance				3	2
Licences				96	182
Plant hire				2,275	3,279
Printing and stationery				84	42
Road opening permits				250	174
Subscriptions and publications				1	2
Telephone and communications					
•				78	97
Tipping fees				1,651	1,841
Tipping fees Other			-	1,651 43	1,841 58
Tipping fees			-	1,651	1,841

## The former Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 5. Gains or losses from the disposal of assets

\$ '000 No	otes	Actual 1 July 2015 - 12 May 2016	Actual 1 July 2014 - 30 June 2015
Property (excl. investment property)			
Proceeds from disposal – property		220	59
Less: carrying amount of property assets sold/written off		(240)	(43)
Net gain/(loss) on disposal		(20)	16
Plant and equipment			
Proceeds from disposal – plant and equipment		5	_
Less: carrying amount of plant and equipment assets sold/written off		(6)	
Net gain/(loss) on disposal	_	(1)	
Infrastructure			
Proceeds from disposal – infrastructure		_	_
Less: carrying amount of infrastructure assets sold/written off		(374)	(307)
Net gain/(loss) on disposal	-	(374)	(307)
Financial assets			
Proceeds from disposal/redemptions/maturities – financial assets		42,638	24,917
Less: carrying amount of financial assets sold/redeemed/matured		(42,638)	(24,917)
Net gain/(loss) on disposal	-		
Water stock			
Less: carrying amount of water stock assets sold/written off		_	(503)
Net gain/(loss) on disposal		_	(503)
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS	-	(395)	(794)

## The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 6a. - Cash assets and Note 6b. - investments

	12 May 2016 Actual	12 May 2016 Actual	30 June 2015 Actual	30 June 2015 Actual
\$ '000 Notes	Current	Non-current	Current	Non-current
Cash and cash equivalents (Note 6a)				
Cash on hand and at bank	284	_	1,069	_
Cash equivalent assets 1			,,,,,,	
– Deposits at call	4,396	_	11,830	_
Total cash and cash equivalents	4,680	_	12,899	_
Investments (Note 6b)				
- Long term deposits	42,431	15,000	30,834	15,000
- Bank bonds		4,000		10,000
Total investments	42,431	19,000	30,834	25,000
TOTAL CASH ASSETS, CASH				
EQUIVALENTS AND INVESTMENTS	47,111_	19,000	43,733	25,000
<sup>1</sup> Those investments where time to maturity (from date of purch	ase) is < 3 mths.			

# Cash, cash equivalents and investments were classified at end of period in accordance with AASB 139 as follows:

Cash and cash equivalents a. 'At fair value through the profit and loss'		4,680		12,899	_
Investments a. 'Held to maturity' Investments	6(b-i)	42,431 42,431	19,000 19,000	30,834 30,834	25,000 <b>25,000</b>
Note 6(b-i) Reconciliation of investments classified as 'held to maturity'					
Balance at beginning of period		30,834	25,000	21,492	25,000
Additions		43,235	5,000	24,259	10,000
Disposals (sales and redemptions)		(42,638)	_	(24,917)	_
Transfers between current/non-current		11,000	(11,000)	10,000	(10,000)
Balance at end of period		42,431	19,000	30,834	25,000
Comprising:					
<ul> <li>Long term deposits</li> </ul>		42,431	15,000	30,834	15,000
– Bank bonds			4,000		10,000
Total		42,431	19,000	30,834	25,000

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

## The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 6c. Restricted cash, cash equivalents and investments - details

	12	May 2016	12 May 2016	30 June 2015	30 June 2015
		Actual	Actual	Actual	Actual
\$ '000		Current	Non-current	Current	Non-current
Total each each aguivalente	_				
Total cash, cash equivalents		17 111	40.000	40.700	05.000
and investments	_	47,111	19,000	43,733	25,000
attributable to:					
External restrictions (refer below)		24,666	19,000	24,826	25,000
Internal restrictions (refer below)		1,772		1,604	_
Unrestricted		20,672	_	17,303	_
		47,111	19,000	43,733	25,000
1 July 2015 - 12 May 2016		Opening	Transfers to	Transfers from	Closing
\$ '000		balance	restrictions	restrictions	balance
Details of restrictions					
Details of restrictions					
External restrictions – included in liabilities					
Specific purpose unexpended loans – Sewer (A	A)	5,472		(3,166)	2,306
External restrictions – included in liabilities	_	5,472		(3,166)	2,306
External restrictions – other					
Developer contributions – Water Fund (I	D)	11,536	2,900	(56)	14,380
Developer contributions – Sewer Fund ([	D)	14,067	2,960	(10,320)	6,707
Developer contributions – Drainage (I	D)	14,460	1,680	(339)	15,801
,	D)	1,923	318	_	2,241
	D)	370	5	_	375
Specific purpose unexpended grants-water fund (F	F)	1,535	_	(177)	1,358
Contributions to works – Water (F	H)	129	_	(29)	100
Self insurance – Water		181	35	_	216
Self insurance – Sewer		153	29_		182
External restrictions – other		44,354	7,927	(10,921)	41,360
Total external restrictions	_	49,826	7,927	(14,087)	43,666
Internal restrictions					
Employees leave entitlement - Water		339	_	(55)	284
Employees leave entitlement – Sewer		248	97	_	345
Prepaid contributions - Water		1,008	_	(952)	56
Prepaid contributions – sewer		_	1,072	_	1,072
Public liability insurance – Water		9	6		15
Total internal restrictions		1,604	1,175	(1,007)	1,772
TOTAL RESTRICTIONS		51,430	9,102	(15,094)	45,438

A Loan moneys which must be applied for the purposes for which the loans were raised.

D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1 (b))

H External contributions not yet expended for the provision of specific services and amenities.

## The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 7. Receivables

\$ '000 Notes	12 May 2016 Current	12 May 2016 Non-current	30 June 2015 Current	30 June 2015 Non-current
Purpose				
Drainage annual charges	1,111	1 _	428	_
Water annual charges	1,459	1 _	454	1
Sewerage annual charges	3,735	1 _	1,036	2
Interest and extra charges	237	_	259	_
User charges and fees	10,934	_	14,727	_
Accrued revenues				
<ul> <li>Interest on investments</li> </ul>	1,105	_	1,092	_
Government grants and subsidies	1,061	_	103	_
Net GST receivable	111	_	381	_
Liquid trade waste	164	_	419	_
Toukley Golf Club Limited	37	373	36	406
Other debtors	2		222	
Total	19,956	373	19,157	409
Less: provision for impairment				
Other debtors	_	_	(82)	_
Total provision for impairment – receivables	_	_	(82)	_
TOTAL NET RECEIVABLES	19,956	373	19,075	409

There are no restrictions applicable to the above assets.

#### Notes on debtors above:

- (i) Annual charges outstanding are secured against the property.
- (ii) Doubtful 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 charges at 8.50% (2015 8.50%). Generally all other receivables are non-interest bearing.
- (iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

<sup>&</sup>lt;sup>1</sup> The final payment instalment for annual charges income is 31/5/16. As at 12/5/16 there is a large outstanding debtor that reflects this timing difference between the financial reporting date and the instalment payment date.

## The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 8. Inventories and other assets

	12 May 2016	12 May 2016	30 June 2015	30 June 2015
\$ '000 Notes	Current	Non-current	Current	Non-current
Inventories Nil				
Other assets Prepayments Total other assets			57 57	
Total unrestricted assets TOTAL INVENTORIES AND OTHER ASSETS			57 <b>57</b>	

#### Other disclosures

#### **Inventory write downs**

There were no amounts recognised as an expense relating to the write down of inventory balances held during the period.

#### The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 9a. Infrastructure, property, plant and equipment

	Asset movements during the reporting period																
		as	at 30 June 2	015			Revaluation			as at 12 May 2016							
	At	At	Accun	nulated	Carrying	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	increments / (decrements) to equity	At	At	Accum	nulated	Carrying
\$ '000	cost	fair value	depreciation	impairment	value							(ARR)	cost	fair value	depreciation	impairment	value
Capital work in progress	28,642	_	_	_	28,642	23,650	1,146	(220)	_	(21,622)	_	_	31,596	_	_	_	31,596
Plant and equipment		1,236	922	_	314			(6)	(146)	32	66	-		1,324	1,064	_	260
Office equipment	_	603	425	_	178	_	_	_	(61)	_	1	-	_	603	485	-	118
Furniture and fittings	_	170	143	_	27	_	_	_	(13)	155	(1)	-	_	324	156	-	168
Land:																	
Operational land	_	51,143	_	-	51,143	_	322	-	-	_	51	-	_	51,516	-	-	51,516
<ul> <li>Community land</li> </ul>	_	1,105	-	-	1,105	-	_	-	-	_	(51)	(640)	_	414	-	-	414
Infrastructure:																	
Buildings – specialised	_	13,961	2,176	-	11,785	-	-	(20)	(253)	-	-	-	_	13,935	2,423	-	11,512
- Other structures	-	1,582	161	-	1,421	-	-	-	(42)	7	(132)	-	-	1,448	194	-	1,254
- Roads	_	41	16	-	25	-	-	-	(1)	-	1	-	_	42	17	-	25
Bulk earthworks (non-depreciable)	-	16	-	-	16	-	-	-	-	-	-	-	-	16	-	-	16
Stormwater drainage	-	459,624	117,865	-	341,759	-	7,259	(137)	(3,554)		2	-	-	466,896	121,386	-	345,510
Water supply network	_	949,955	396,338	-	553,617	-	563	(9)	(12,394)	15,293	278	5,363	-	908,460	345,749	-	562,711
Sewerage network	_	1,016,443	344,620	_	671,823	_	850	(228)	(11,669)	5,954	(218)	(60,591)	_	962,909	356,988	_	605,921
TOTAL INFRASTRUCTURE,																	
PROPERTY, PLANT AND EQUIP.	28,642	2,495,879	862,666	_	1,661,855	23,650	10,140	(620)	(28,133)	_	(3)	(55,868)	31,596	2,407,887	828,462	_	1,611,021

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

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

## The former Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 9b. Externally restricted infrastructure, property, plant and equipment

\$ '000			tual		Actual			
		12 Ma	y 2016			30 Jun	e 2015	
Class of asset	At	At	A/Dep &	Carrying	At	At	A/Dep &	Carrying
	cost	fair value	impairm't	value	cost	fair value	impairm't	value
Water supply								
Work in Progress	10,200	_	_	10,200	17,948	_	_	17,948
Plant and equipment	-	413	335	78	_	411	312	99
Office equipment	_	359	281	78	_	360	246	114
Furniture and fittings	_	150	119	31	_	137	115	22
Land								
- Operational land	-	34,960	_	34,960	_	34,631	_	34,631
- Community land	_	414	_	414	_	1,105	_	1,105
Buildings	_	6,405	1,037	5,368	_	6,405	892	5,513
Other structures	-	921	124	797	-	1,222	117	1,105
Infrastructure – water supply	-	908,460	345,749	562,711	_	949,955	396,338	553,617
Infrastructure – stormwater	_	466,896	121,386	345,510	_	459,624	117,865	341,759
Total water supply	10,200	1,418,978	469,031	960,147	17,948	1,453,850	515,885	955,913
Sewerage services								
Work in Progress	21,397	_	_	21,397	10,695	_	_	10,695
Plant and equipment	-	911	729	182	_	824	610	214
Office equipment	_	244	204	40	_	244	179	65
Furniture and fittings	_	174	37	137	_	32	28	4
Land								
- Operational land	-	16,557	_	16,557	_	22,986	_	22,986
Buildings	_	7,531	1,387	6,144	_	7,556	1,284	6,272
Other structures	-	526	70	456	-	360	44	316
Infrastructure	_	962,908	356,988	605,920	_	1,016,442	344,620	671,822
Other assets	_	58	17	41	_	58	16	42
Total sewerage services	21,397	988,909	359,432	650,874	10,695	1,048,502	346,781	712,416
TOTAL RESTRICTED I,PP&E	31,597	2,407,887	828,463	1,611,021	28,643	2,502,352	862,666	1,668,329

## Note 9c. Infrastructure, property, plant and equipment – current period impairments

Wyong Water has recognised no impairment losses during the reporting period nor reversed any prior period losses.

## The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 10a. Payables, borrowings and provisions

\$ '000 Notes	12 May 2016 Current	12 May 2016 Non-current	30 June 2015 Current	30 June 2015 Non-current
Payables				
Goods and services – operating expenditure	788	_	2,419	_
Payments received in advance	1,129	1,237	1,008	1,648
Accrued expenses:				
– Borrowings	2,660	_	1,238	_
<ul> <li>Salaries and wages</li> </ul>	372	_	275	_
<ul> <li>Other expenditure accruals</li> </ul>	3,811	_	6,849	_
Security bonds, deposits and retentions	250		242	
Total payables	9,010	1,237	12,031	1,648
Borrowings				
Loans – secured 1	11,844	151,500	11,457	160,467
Loans – unsecured	896	27,303	804	28,032
Total borrowings	12,740	178,803	12,261	188,499
Provisions				
Employee benefits:				
Annual leave	938	_	897	_
Sick leave	580	_	568	_
Long service leave	1,474	122	1,344	91
Gratuities	_	_	201	_
Other leave	45_		48	
Sub-total – aggregate employee benefits	3,037	122	3,058	91
Self insurance – workers compensation	213	556	138	260
Self insurance – public liability	8	_	3	_
Self insurance – other	7	_	7	_
Payroll tax	165_	7	155_	5
Total provisions	3,430	685	3,361	356
TOTAL PAYABLES, BORROWINGS				
AND PROVISIONS	25,180	180,725	27,653	190,503

<sup>1.</sup> Loans are secured over the general income of Wyong Water Refer next page for break up of liabilities relating to external restrictions

## The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

	12 May 2016	12 May 2016	30 June 2015	30 June 2015
\$ '000 Notes	Current	Non-current	Current	Non-current
(i) Liabilities relating to restricted assets				
Externally restricted assets				
Other insurance	_	_	7	_
Developer contributions in advance water	56	1,237	1,008	1,648
Developer contributions in advance sewer	1,073	_	_	_
Unexpended loans sewer	2,306		5,472	
Liabilities relating to externally restricted assets	3,435	1,237_	6,487	1,648_
Internally restricted assets				
Self insurance	213_	556_	138_	260
Liabilities relating to internally restricted assets	213	556	138	260
Total liabilities relating to restricted assets	3,648	1,793	6,625	1,908
Total liabilities relating to unrestricted assets	21,532	178,932	21,028	188,595
TOTAL PAYABLES, BORROWINGS AND PROVISIONS	25,180	180,725	27,653	190,503

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

	Actual	Actual
\$ '000	12 May 2016	30 June 2015

#### (ii) Current liabilities not anticipated to be settled within the next twelve months

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

Provisions – employees benefits	1,691	1,663
Payables – security bonds, deposits and retentions <sup>1</sup>	228	216
	1,919	1,879

<sup>1.</sup> Payables not expected to be settled represent average balances held in security bonds, deposits, and overpayments

## The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 10b. Description of (and movements in) provisions

\$ '000						
				1/7/15 to 12/5/16		
Class of provision	Opening balance as at 1/7/15	Additional provisions	Decrease due to payments	effects due to	Unused amounts reversed	Closing balance as at 12/5/16
Annual leave	897	891	(850)	_	_	938
Sick leave	568	472	(460)	_	_	580
Long service leave	1,435	552	(391)	_	_	1,596
Other leave	48	61	(64)	_	_	45
Gratuities	201	_	(201)	_	_	_
Self insurance	408	684	(308)	_	_	784
Other	160	797	(785)	_	_	172
TOTAL	3,717	3,457	(3,059)	_	_	4,115

a. Employees leave entitlements and on-costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

b. Self insurance provisions represent both (i) claims incurred but not reported and (ii) claims reported and estimated as per the actuarial assessment.

## The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 11. Statement of cash flows – additional information

(a) Reconciliation of cash assets  Total cash and cash equivalent assets Less bank overdraft 10 Balance as per the Statement of Cash Flows 4,680 12,899  (b) Reconciliation of net operating result to cash provided from operating activities  Net operating result from Income Statement Adjust for non-cash items: Depreciation and amortisation 28,164 30,646 Net losses/(gains) on disposal of assets 395 794 Non-cash capital grants and contributions (8,705) 4-i Movement in operating assets and liabilities and other cash items: Decrease/(increase) in receivables Increases/(increase) in provision for doubtful debts (82) (2) Decrease/(increase) in inventories 57 (57) Increases/(increase) in inventories 57 (57) Increases/(increase) in accrued cyberses payable Increases/(decrease) in provision for doubtful debts (1,631) Increases/(decrease) in accrued expenses payable Increases/(decrease) in ther liabilities Increases/(decrease) in other labilities Increases/(decrease) in other labilities Increases/(decrease) in other liabilities Increases/(decrease) in employee leave entitlements Increases/(decrease) in other provisions 388 255 Net cash provided from operating activities from the Statement of Cash Flows  S94 contributions 'in kind' 463 148 Cyber dedications 8,242 4,271 Total non-cash investing and financing activities 8,705 4,419	\$ '000	Notes	Actual 12 May 2016	Actual 30 June 2015
Less bank overdraft	(a) Reconciliation of cash assets			
Balance as per the Statement of Cash Flows		6a	4,680	12,899
(b) Reconciliation of net operating result to cash provided from operating activities  Net operating result from Income Statement  Adjust for non-cash items:  Depreciation and amortisation  Alter losses/(gains) on disposal of assets  Non-cash capital grants and contributions  **Incompare to the provision for doubtful debts  Decrease/(increase) in receivables  Increase/(decrease) in inventories  Decrease/(increase) in inventories  Decrease/(increase) in inventories  Decrease/(increase) in inventories  Decrease/(decrease) in payables  Increase/(decrease) in payables  Increase/(decrease) in payables  Increase/(decrease) in other accrued expenses payable  Increase/(decrease) in other accrued expenses payable  Increase/(decrease) in other liabilities  (282) (1,096)  Increase/(decrease) in other provisions  388 255  Net cash provided from operating activities from the  Statement of Cash Flows  S94 contributions 'in kind'  463 148  Other dedications  8,242 4,271		10		
Net operating result from Income Statement Adjust for non-cash items: Depreciation and amortisation Net losses/(gains) on disposal of assets Non-cash capital grants and contributions  ***/- Movement in operating assets and liabilities and other cash items: Decrease/(increase) in receivables Decrease/(increase) in inventories Decrease/(increase) in inventories Decrease/(increase) in payables Increase/(decrease) in payables Increase/(decrease) in accrued interest payable Increase/(decrease) in other accrued expenses payable Increase/(decrease) in other accrued expenses payable Increase/(decrease) in other accrued expenses payable Increase/(decrease) in other liabilities Increase/(decrease) in other Inabilities Increase/(decrease) in other provisions Increase	Balance as per the Statement of Cash Flows		4,680	12,899
Adjust for non-cash items:       28,164       30,646         Depreciation and amortisation       28,164       30,646         Net losses/(gains) on disposal of assets       395       794         Non-cash capital grants and contributions       (8,705)       (4,419)         +/- Movement in operating assets and liabilities and other cash items:       Decrease/(increase) in receivables         Increase/(decrease) in provision for doubtful debts       (82)       (2)         Decrease/(increase) in inventories       -       503         Decrease/(increase) in other assets       57       (57)         Increase/(decrease) in other assets       57       (57)         Increase/(decrease) in other accrued interest payable       (1,631)       1,280         Increase/(decrease) in other accrued expenses payable       (2,941)       (2,779)         Increase/(decrease) in other liabilities       (282)       (1,096)         Increase/(decrease) in other provisions       388       255         Net cash provided from operating activities from the       31,452       25,376         (c) Non-cash investing and financing activities       463       148         Other dedications       8,242       4,271				
Depreciation and amortisation         28,164         30,646           Net losses/(gains) on disposal of assets         395         794           Non-cash capital grants and contributions         (8,705)         (4,419)           +/- Movement in operating assets and liabilities and other cash items:           Decrease/(increase) in receivables         (763)         (511)           Increase/(decrease) in provision for doubtful debts         (82)         (2)           Decrease/(increase) in inventories         -         503           Decrease/(increase) in other assets         57         (57)           Increase/(decrease) in payables         (1,631)         1,280           Increase/(decrease) in other accrued expenses payable         (2,941)         (2,779)           Increase/(decrease) in other liabilities         (282)         (1,096)           Increase/(decrease) in other liabilities         (282)         (1,096)           Increase/(decrease) in other provisions         388         255           Net cash provided from operating activities from the         31,452         25,376           (c) Non-cash investing and financing activities         463         148           Other dedications         8,242         4,271			15,420	1,237
Net losses/(gains) on disposal of assets         395         794           Non-cash capital grants and contributions         (8,705)         (4,419)           +/- Movement in operating assets and liabilities and other cash items:			00.404	20.040
Non-cash capital grants and contributions (8,705) (4,419)  +/- Movement in operating assets and liabilities and other cash items:  Decrease/(increase) in receivables (763) (511) Increase/(decrease) in provision for doubtful debts (82) (2) Decrease/(increase) in inventories - 503 Decrease/(increase) in other assets (57 (57) Increase/(decrease) in payables (1,631) 1,280 Increase/(decrease) in payables (1,631) 1,280 Increase/(decrease) in accrued interest payable (2,941) (2,779) Increase/(decrease) in other accrued expenses payable (2,941) (2,779) Increase/(decrease) in other liabilities (282) (1,096) Increase/(decrease) in employee leave entitlements 10 (431) Increase/(decrease) in other provisions 388 255  Net cash provided from operating activities from the  Statement of Cash Flows 31,452 25,376  (c) Non-cash investing and financing activities  S94 contributions 'in kind' 463 148 Other dedications 8,242 4,271	•			,
+/- Movement in operating assets and liabilities and other cash items:  Decrease/(increase) in receivables (763) (511) Increase/(decrease) in provision for doubtful debts (82) (2) Decrease/(increase) in inventories - 503 Decrease/(increase) in other assets 57 (57) Increase/(decrease) in payables (1,631) 1,280 Increase/(decrease) in accrued interest payable 1,422 (44) Increase/(decrease) in other accrued expenses payable (2,941) (2,779) Increase/(decrease) in other liabilities (282) (1,096) Increase/(decrease) in employee leave entitlements 10 (431) Increase/(decrease) in other provisions 388 255  Net cash provided from operating activities from the Statement of Cash Flows 31,452 25,376  (c) Non-cash investing and financing activities  S94 contributions 'in kind' 463 148 Other dedications 8,242 4,271				
Decrease/(increase) in receivables	Non-cash capital grants and contributions		(8,705)	(4,419)
Increase/(decrease) in provision for doubtful debts	+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in inventories         –         503           Decrease/(increase) in other assets         57         (57)           Increase/(decrease) in payables         (1,631)         1,280           Increase/(decrease) in accrued interest payable         1,422         (44)           Increase/(decrease) in other accrued expenses payable         (2,941)         (2,779)           Increase/(decrease) in other liabilities         (282)         (1,096)           Increase/(decrease) in employee leave entitlements         10         (431)           Increase/(decrease) in other provisions         388         255           Net cash provided from operating activities from the         Statement of Cash Flows         31,452         25,376           (c) Non-cash investing and financing activities         463         148           Other dedications         8,242         4,271	Decrease/(increase) in receivables		(763)	(511)
Decrease/(increase) in other assets   57 (57)     Increase/(decrease) in payables   (1,631)   1,280     Increase/(decrease) in accrued interest payable   1,422 (44)     Increase/(decrease) in other accrued expenses payable   (2,941) (2,779)     Increase/(decrease) in other liabilities   (282) (1,096)     Increase/(decrease) in employee leave entitlements   10 (431)     Increase/(decrease) in other provisions   388 255     Net cash provided from operating activities from the     Statement of Cash Flows   31,452   25,376     Co   Non-cash investing and financing activities     S94 contributions 'in kind'   463   148     Other dedications   8,242   4,271     Other dedications   8,242   4,271	Increase/(decrease) in provision for doubtful debts		(82)	(2)
Increase/(decrease) in payables Increase/(decrease) in accrued interest payable Increase/(decrease) in accrued interest payable Increase/(decrease) in other accrued expenses payable Increase/(decrease) in other liabilities Increase/(decrease) in employee leave entitlements Increase/(decrease) in other provisions Increase/(de	Decrease/(increase) in inventories		_	503
Increase/(decrease) in accrued interest payable Increase/(decrease) in other accrued expenses payable Increase/(decrease) in other liabilities Increase/(decrease) in other liabilities Increase/(decrease) in employee leave entitlements Increase/(decrease) in other provisions Increase/(decrease) in other liabilities Increase/(decrease)	Decrease/(increase) in other assets			(57)
Increase/(decrease) in other accrued expenses payable Increase/(decrease) in other liabilities Increase/(decrease) in other liabilities Increase/(decrease) in employee leave entitlements Increase/(decrease) in other provisions Increase/(decrease) in other liabilities Increase/(decrease) in o	Increase/(decrease) in payables		(1,631)	1,280
Increase/(decrease) in other liabilities (282) (1,096) Increase/(decrease) in employee leave entitlements 10 (431) Increase/(decrease) in other provisions 388 255  Net cash provided from operating activities from the Statement of Cash Flows 31,452 25,376  (c) Non-cash investing and financing activities  S94 contributions 'in kind' 463 148 Other dedications 8,242 4,271	Increase/(decrease) in accrued interest payable		1,422	(44)
Increase/(decrease) in employee leave entitlements Increase/(decrease) in other provisions  Net cash provided from operating activities from the Statement of Cash Flows  (c) Non-cash investing and financing activities  S94 contributions 'in kind'  Other dedications  10 (431) 125 138 255 148 25,376	Increase/(decrease) in other accrued expenses payable		(2,941)	(2,779)
Increase/(decrease) in other provisions 388 255  Net cash provided from operating activities from the Statement of Cash Flows 31,452 25,376  (c) Non-cash investing and financing activities  S94 contributions 'in kind' 463 148 Other dedications 8,242 4,271	· · · · · · · · · · · · · · · · · · ·			
Net cash provided from operating activities from the Statement of Cash Flows  (c) Non-cash investing and financing activities  S94 contributions 'in kind'  Other dedications  31,452  25,376	Increase/(decrease) in employee leave entitlements			
Statement of Cash Flows  (c) Non-cash investing and financing activities  S94 contributions 'in kind' Other dedications  31,452 25,376  463 148 463 4,271	Increase/(decrease) in other provisions		388_	255
(c) Non-cash investing and financing activities  S94 contributions 'in kind' Other dedications  463 8,242 4,271	Net cash provided from operating activities from the			
S94 contributions 'in kind'         463         148           Other dedications         8,242         4,271	Statement of Cash Flows		31,452	25,376
Other dedications         8,242         4,271	(c) Non-cash investing and financing activities			
	S94 contributions 'in kind'		463	148
Total non-cash investing and financing activities 8,705 4,419	Other dedications		8,242	4,271
	Total non-cash investing and financing activities		8,705	4,419

## (d) Financing arrangements

Nil

## The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 12. Commitments for expenditure

		Actual	Actual
\$ '000	Notes	12 May 2016	30 June 2015
(a) Capital commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, plant and equipment		7 440	16.060
Infrastructure	_	7,419	16,060
Total commitments		7,419	16,060
These expenditures are payable as follows:			
Within the next year		7,419	16,060
Total payable		7,419	16,060
Sources for funding of capital commitments:			
Unrestricted general funds		4,000	9,135
Future grants and contributions		772	, <u> </u>
Sect 64 and 94 funds/reserves		58	6,925
Internally restricted reserves		2,589	· –
Total sources of funding		7,419	16,060

#### **Details of capital commitments**

Major project commitments include the design and documentation of the augmented sewer pump station at Wyong \$1.68M, the sewer treatment plant augmentation at Wyong South \$1.22M and the replacement of vacuum stations for sewer pump stations for \$1.14M.

The remaining commitments are for various capital works across council including \$2.9M in wyong water - water and wastewater and \$0.48M in Roads and Drainge.

#### (b) Finance lease commitments

Nil

#### (c) Operating lease commitments (non-cancellable)

#### a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:

Within the next year	14	33
Later than one year and not later than 5 years	53_	40
Total non-cancellable operating lease commitments	67	73

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

Computer equipment - PC's, monitors and laptops: lease terms were all originally for 60 months. The most recent leases have 45 months remaining.

Printers: Lease terms were originally for 60 months. The most recent lease has 57 months remaining.

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

#### Conditions relating to operating leases:

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

## The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

Amounts	Indicator	Prior	periods
12 May 2016	12 May 2016	30 June 2015	1 July 2014
onsolidated	ı		
574 72,943	0.79%	-9.16%	-12.24%
71,481 88,184	81.06%	87.77%	91.18%
42,401 19,826	2.14x	1.97x	1.86x
40,472 20,951	1.93x	1.47x	1.38x
6,542 44,087	14.84%	4.43%	5.75%
62,111 4,968	12.50 mths	10.0 mths	9.5 mths
	12 May 2016 consolidated  574 72,943  71,481 88,184  42,401 19,826  40,472 20,951  6,542 44,087	12 May 2016 12 May 2016  consolidated  71,481 81.06%  42,401 19,826 2.14x  40,472 20,951 1.93x  6,542 44,087 14.84%	2000 12 May 2016 30 June 2015 3

#### Notes

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

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

<sup>(2)</sup> Refer Notes 6-8 inclusive.

<sup>(3)</sup> Refer to Note 10(a).

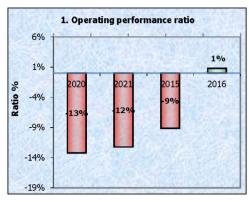
<sup>(4)</sup> Refer to Note 10(a)(ii) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

## The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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



Purpose of operating performance ratio

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

Commentary on 12 May 2016 result

12 May 2016 ratio 0.79%

The operating performance of Wyong Water has improved following the implementation of outcomes from the business optimisation review completed in 2014 -15.

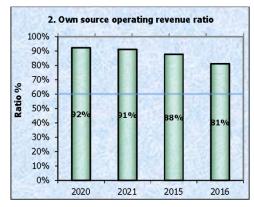
Benchmark:

Minimum >=0.00%

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

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Ratio achieves benchmark
Ratio is outside benchmark



Purpose of own source operating revenue ratio

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

Commentary on 12 May 2016 result

12 May 2016 ratio 81.06%

Wyong Water's own source operating revenue ratio remains strong, well above the benchmark of 60% and demonstrates fiscal flexibility if faced with unforseen events. The decline on prior year relates to higher grants and developer contribution receipts in 2016 as a result of increased development within the Shire.

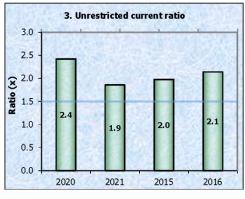
Benchma

Minimum >=60.00%

Source for benchmark: Code of Accounting Practice and Financial Reporting #24



Ratio achieves benchmark Ratio is outside benchmark



Purpose of unrestricted current ratio

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

Commentary on 12 May 2016 result

12 May 2016 ratio 2.14x

Wyong Water's unrestricted current ratio remains above benchmark and demonstrates that debts are able to be paid as they fall due.

Benchmark: ——— Minimum >=1

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

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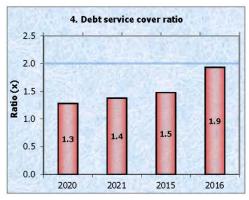
Ratio achieves benchmark
Ratio is outside benchmark

## The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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



Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments Commentary on 12 May 2016 result

12 May 2016 ratio 1.93x

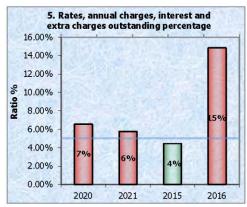
Wyong Water's debt service cover ratio continues to strengthen as debt is repaid and the operating result improves.

Benchmark:

Minimum >=2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark Ratio is outside benchmark



Purpose of rates and annual charges outstanding ratio

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

Commentary on 12 May 2016 result

12 May 2016 ratio 14.84%

For the current reporting period, water and sewer annual charges are levied on a rolling quarterly billing cycle. Payment is due within one month from the invoice issue date. Due to the changes to the billing cycle combined with the proclamation made on 12 May 2016, this has resulted in a higher than normal outstanding balance as at the reporting date

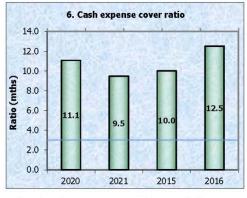
Benchma

Maximum <5.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting #24



Ratio is within Benchmark Ratio is outside Benchmark



Purpose of cash expense cover ratio

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

Commentary on 12 May 2016 result

12 May 2016 ratio 12.50 mths

Wyong Water's cash expense ratio remains strong and reflects sound cash management.

Benchmark: ——— Minimum >=3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

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Ratio achieves benchmark
Ratio is outside benchmark

#### The former Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 14. Investment properties

\$ '000

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

## Note 15. Financial risk management

#### Risk management

Wyong Water's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk.

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

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

Financial risk management is carried out on behalf of Wyong Water by the Council's Finance Section under policies approved by the former Council.

A comparison by category of the carrying amounts and fair values of Wyong Water's financial assets and financial liabilities recognised in the financial statements is presented below.

	Car	rying value	Fair	r value
	12 May 2016	30 June 2015	12 May 2016	30 June 2015
Financial assets				
Cash and cash equivalents	4,680	12,899	4,680	12,899
Investments				
<ul><li>- 'Held to maturity'</li></ul>	61,431	55,834	61,431	55,834
Receivables	20,329	19,484	20,329	19,484
Total financial assets	86,440	88,217	86,440	88,217
Financial liabilities				
Payables	7,881	11,023	7,881	11,023
Loans/advances	191,543	200,760	203,004	239,786
Total financial liabilities	199,424	211,783	210,885	250,809

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables are estimated to be the carrying value that approximates market value.
- Borrowings and held-to-maturity investments are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) 'at fair value through profit and 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.

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

## The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 15. Financial risk management (continued)

#### \$ '000

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

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

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

The risks associated with the investments held are:

- Price risk the risk that the capital value of investments may fluctuate due to changes in market prices, whether the changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- Interest rate risk the risk that movements in interest rates could affect returns and income.
- Credit risk the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to the entity – be it of a capital or income nature.

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

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

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

The following represents a summary of the sensitivity of Wyong Water'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 val	ues/rates	Decrease of values/rates		
1/7/15 to 12/5/16	Profit	Equity	Profit	Equity	
Possible impact of a 1% movement in interest rates	661	661	(661)	(661)	
1/7/14 to 30/6/15					
Possible impact of a 1% movement in interest rates	687	687	(687)	(687)	

#### The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 15. Financial risk management (continued)

\$ '000

#### (b) Credit risk

Wyong Water's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

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

The former Council manages this risk on behalf of Wyong Water by monitoring outstanding debt and employing stringent debt recovery precedures. 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 the former Council to secure a charge over the land relating to the debts – that is, the land can be sold to recover the debt. The former Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages the payment of debt.

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

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

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

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

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

	12 May 2016	12 May 2016	30 June 2015	30 June 2015
	Rates and		Rates and	
	annual	Other	annual	Other
(i) Ageing of receivables – %	charges	receivables	charges	receivables
Current (not yet overdue)	0%	85%	0%	81%
Overdue	100%	15%	100%	19%
	100%	100%	100%	100%
	Rates and		Rates and	
(ii) Ageing of receivables – value	annual	Other	annual	Other
Rates and annual charges Other receivables	charges	receivables	charges	receivables
Current Current	_	12,655	_	14,336
< 1 year overdue 0 – 30 days overdue	6,018	371	1,536	898
1 – 2 years overdue 30 – 60 days overdue	262	136	314	211
2 – 5 years overdue 60 – 90 days overdue	196	110	243	1,467
> 5 years overdue > 90 days overdue	66_	515	87	474_
	6,542	13,787	2,180	17,386
(iii) Movement in provision for impairment of receivables			12 May 2016	30 June 2015
Balance at the beginning of the period			82	84
+ new provisions recognised during the period			_	(2)
- amounts already provided for and written off this	period		(82)	
Balance at the end of the period			_	82
•				page 45
				page 45

## The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 15. Financial risk management (continued)

\$ '000

#### (c) Liquidity risk

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

The former Council manages this risk on behalf of Wyong Water by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

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

The contractual undiscounted cash outflows (ie. principal and interest) of Wyong Water's payables and borrowings are set out in the maturity table below:

\$ '000	Subject							Total	Actual
	to no			payal	ole in:			cash	carrying
	maturity	≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs	outflows	values
1/7/15 to 12/5/16									
Trade/other payables	250	7,631	_	_	_	_	_	7,881	7,881
Loans and advances		23,012	22,730	22,201	19,890	40,191	94,335	222,359	191,543
Total financial liabilities	250	30,643	22,730	22,201	19,890	40,191	94,335	230,240	199,424
1/7/14 to 30/6/15									
Trade/other payables	242	10,781	-	-	-	-	-	11,023	11,023
Loans and advances		25,959	25,688	25,417	24,885	46,127	142,594	290,670	200,760
Total financial liabilities	242	36,740	25,688	25,417	24,885	46,127	142,594	301,693	211,783

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

The following interest rates were applicable	12 May 2016	12 May 2016	30 June 2015	30 June 2015
to Wyong Water's borrowings at balance date:	Carrying	Average	Carrying	Average
	value	interest rate	value	interest rate
Commercial banks	163,344	7.00%	171,924	7.0%
Wyong Shire Council	28,199	6.15%	28,836	6.8%
	191,543		200,760	

## Note 16. Material budget variations

In accordance with the Supplementary Code 24(a), this note is not applicable for "former Councils".

## The former Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 17. Statement of developer contributions

\$ '000

Wyong Water recovers contributions, raises levies and enters into planning agreements on development works that are subject to a development consent.

All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

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

#### SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance		outions ng the period Non-cash	Interest earned during period	Expenditure during period	Internal borrowing (lent)/borrowed	Held as restricted asset	Cumulative internal borrowings due/(payable)
Drainage	14,460	1,095	339	246	(339)	_	15,801	_
S94 contributions – under a plan	14,460	1,095	339	246	(339)	_	15,801	-
Total S94 revenue under plans	14,460	1,095	339	246	(339)	_	15,801	_
S93F planning agreements	2,292	292	_	32	_	_	2,616	_
S64 contributions	25,604	5,149	124	587	(10,376)	_	21,088	_
Total contributions	42,356	6,536	463	865	(10,715)	_	39,505	-

## The former Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 17. Statement of developer contributions (continued)

\$ '000

#### Developer contributions - under a plan

Contribution plan number 1 - Wyong

PURPOSE	Opening		outions ng the period	Interest earned	Expenditure during	Internal borrowing	Held as restricted	Cumulative internal borrowings
	balance	Cash	Non-cash	during period	period	(lent)/borrowed	asset	due/(payable)
Drainage	1,873	39	_	25	_	_	1,937	_
S94 Total	1,873	39	_	25	_	_	1,937	_
s64 – Water	2,491	167	_	57	(2,715)	_	_	_
s64 – Sewer	2,960	276	_	50	(8,535)	5,249	_	_
S64 Total	5,451	443	_	107	(11,250)	5,249	_	_
Total	7,324	482	_	132	(11,250)	5,249	1,937	_

#### Contribution plan number 2 - Southern Lakes

PURPOSE	Opening	Contributions received during the period		Interest earned	Expenditure during	Internal borrowing	Held as restricted	Cumulative internal
	balance	Cash	Non-cash	during period	period	(lent)/borrowed	asset	borrowings due/(payable)
Drainage	1,143	12	_	15	_	_	1,170	_
S94 Total	1,143	12	_	15	_	_	1,170	_
s64 – Water	1,789	108	_	50	(1,947)	_	_	_
s64 – Sewer	2,816	118	_	37	(598)	(2,373)	_	_
S64 Total	4,605	226	_	87	(2,545)	(2,373)	_	_
Total	5,748	238	_	102	(2,545)	(2,373)	1,170	_

## The former Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 17. Statement of developer contributions (continued)

\$ '000

#### Developer contributions - under a plan

Contribution plan number 3 - The Entrance

PURPOSE	Opening balance		outions ing the period Non-cash	Interest earned during period	Expenditure during period	Internal borrowing (lent)/borrowed	Held as restricted asset	Cumulative internal borrowings due/(payable)
Drainage	4	_	_	_	_	_	4	_
S94 Total	4	_	_	_	_	_	4	_
s93F – Water	409	_	_	5	_	_	414	_
S93F Total	409	_	_	5	_	_	414	_
s64 – Water	644	5	_	40	(689)	_	_	_
s64 – Sewer	806	4	_	12	(822)	_	_	_
S64 Total	1,450	9	_	52	(1,511)	_	_	_
Total	1,863	9	_	57	(1,511)	_	418	_

Contribution plan number 5 - Ourimbah

PURPOSE	Opening		butions ing the period	Interest earned	Expenditure during	Internal borrowing	Held as restricted	Cumulative internal
	balance	Cash	Non-cash	during period	period	(lent)/borrowed	asset	borrowings due/(payable)
s64 – Water	700	_	-	13	(713)	_	_	-
s64 – Sewer	353	_	_	10	(363)	_	_	_
S64 Total	1,053	_	_	23	(1,076)	_	_	_
Total	1,053	_	_	23	(1,076)	_	_	_

## The former Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 17. Statement of developer contributions (continued)

\$ '000

#### Developer contributions – under a plan

Contribution plan number 6 - Toukley

PURPOSE	Opening	received duri	outions ng the period	Interest earned	Expenditure during	Internal borrowing	Held as restricted	Cumulative internal borrowings
	balance	Cash	Non-cash	during period	period	(lent)/borrowed	asset	due/(payable)
Drainage	4	_	_	_	_	_	4	_
S94 Total	4	_	_	_	_	_	4	_
s64 – Water	527	1	_	13	(541)	_	_	_
s64 – Sewer	17	1	_	5	(840)	817	_	_
S64 Total	544	2	_	18	(1,381)	817	_	_
Total	548	2	_	18	(1,381)	817	4	_

Contribution plan number 7 – Gorokan

PURPOSE	Opening balance		outions ng the period Non-cash	Interest earned during period	Expenditure during period	Internal borrowing (lent)/borrowed	Held as restricted asset	Cumulative internal borrowings due/(payable)
s93F – Water	22	_	_	_	_	_	22	_
s93F – Sewer	15	_	_	_	_	_	15	_
S93F Total	37	_	_	_	_	_	37	_
s64 – Water	283	15	_	30	(328)	_	_	_
s64 – Sewer	1,362	11	_	18	(574)	(817)	_	_
S64 Total	1,645	26	_	48	(902)	(817)	_	_
Total	1,682	26	_	48	(902)	(817)	37	_

## The former Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 17. Statement of developer contributions (continued)

\$ '000

#### Developer contributions - under a plan

Contribution plan number 8 - San Remo

PURPOSE	Opening	Contributions received during the period		Interest earned	Expenditure during	Internal borrowing	Held as restricted	Cumulative internal borrowings
	balance	Cash	Non-cash	during period	period	(lent)/borrowed	asset	due/(payable)
Drainage	309	(67)	_	2	_	_	244	_
S94 Total	309	(67)	_	2	_	_	244	_
s64 – Water	1,241	119	_	32	(1,392)	_	_	_
s64 – Sewer	245	(47)	_	18	(216)	_	_	_
S64 Total	1,486	72	_	50	(1,608)	_	_	_
Total	1,795	5	_	52	(1,608)	_	244	_

Contribution plan number 9 - Budgewoi

_	Contribution plan number of Badgerron								
Г			Contri	butions	Interest	Expenditure	Internal	Held as	Cumulative internal
н	PURPOSE	Opening	received duri	ng the period	earned	during	borrowing	restricted	borrowings
L		balance	Cash	Non-cash	during period	period	(lent)/borrowed	asset	due/(payable)
Г	s64 – Water	527	_	_	7	(534)	_	_	_
L	s64 – Sewer	5	_	_	2	(7)	_	_	_
S	664 Total	532	_	_	9	(541)	_	_	_
T	otal	532	_	_	9	(541)	_	_	_

Contribution plan number 15 - Northern Districts

		Contril	outions	Interest	Expenditure	Internal	Held as	Cumulative internal
PURPOSE	Opening	received duri	ng the period	earned	during	borrowing	restricted	borrowings
	balance	Cash	Non-cash	during period	period	(lent)/borrowed	asset	due/(payable)
s64 – Water	1,208	12	_	24	(1,244)	_	_	_
s64 – Sewer	1,623	11	_	24	(1,658)	_	_	_
S64 Total	2,831	23	_	48	(2,902)	_	-	-
Total	2,831	23	_	48	(2,902)	_	_	_

## The former Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

## Note 17. Statement of developer contributions (continued)

\$ '000

#### Developer contributions - under a plan

CONTRIBUTION PLAN NUMBER 17 Warnervale District

		Contributions		Interest	Expenditure	Internal	Held as	Cumulative internal
PURPOSE	Opening	received duri	ng the period	earned	during	borrowing	restricted	borrowings
	balance	Cash	Non-cash	during period	period	(lent)/borrowed	asset	due/(payable)
Drainage	11,128	1,111	339	204	(339)	_	12,443	_
S94 Total	11,128	1,111	339	204	(339)	_	12,443	_
s93F – Drainage	960	292	_	15	_	_	1,267	_
s93F – Water	531	_	_	7	_	_	538	_
s93F – Sewer	355	_	_	5	_	_	360	_
S93F Total	1,846	292	_	27	_	_	2,165	_
s64 – Water	1,690	809	19	57	(2,575)	_	_	_
s64 – Sewer	3,368	532	16	57	(1,097)	(2,876)	_	_
S64 Total	5,058	1,341	35	114	(3,672)	(2,876)	_	_
Total	18,032	2,744	374	345	(4,011)	(2,876)	14,608	_

#### Developer contributions - under a plan

CONTRIBUTION PLAN NUMBER 18 Development Service Plans water and sewerage

PURPOSE	Opening	Contributions received during the period		Interest earned	Expenditure during	Internal borrowing	Held as restricted	Cumulative internal borrowings
	balance	Cash	Non-cash	during period	period	(lent)/borrowed	asset	due/(payable)
s64 – Water	436	1,270	37	15	12,622	_	14,380	_
s64 – Sewer	513	1,737	52	16	4,390	_	6,708	_
S64 Total	949	3,007	89	31	17,012	_	21,088	_
Total	949	3,007	89	31	17,012	_	21,088	_

## The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 18. Contingencies and other assets/liabilities not recognised

The following assets and liabilities do not qualify for recognition on the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of Wyong Water's financial report.

#### Liabilities not recognised

#### 1. Defined benefit superannuation

Council, on behalf of Wyong Water, is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB 119 Employee Benefits. 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.

Employer contributions paid to the defined benefit section of the Local Government Superannuation Scheme during 2015-16 were recognised as an expense.

The last valuation of the Scheme was performed by Mr Richard Boyfield of Mercer Consulting (Australia) Pty Ltd on 24 February 2016.

The position is monitored annually and the Actuary estimates that a deficiency still exists as at 12 May 2016. Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit.

Council and subsequently Wyong Water'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 members. For this reason, no liability for the deficiency has been recognised in the accounts.

Further contributions made to the scheme to rectify the net deficit position will be recognised as an expense when they become payable.

The defined benefit element of the scheme is now closed to new members.

#### 2. Developer contributions

Wyong Water levies Section 64 contributions upon various developments across the local government area through the required contributions plans.

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

As well, these plans indicate proposed future expenditure to be undertaken by Wyong Water, which will be funded by making levies and receipting funds in future years.

These future expenses do not yet qualify as liabilities as of the reporting date, but represent the intention to spend funds in the manner and timing set out in those plans.

#### The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 19. Interests in other entities

#### \$ '000

Wyong Water's objectives can and in some cases are best met through the use of separate entities and operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other councils, bodies and other outside organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of Wyong Water's (i) interest and (ii) control and the type (form) of entity/operation, as follows:

Joint operations Note 19(a)

Operational arrangements where the parties that have joint control have rights to specific assets and obligations for specific liabilities relating to the arrangement rather than a right to the net assets of the arrangement.

#### (a) Joint operations

(a) Wyong Water is involved i	Interest in ownership		
Name of joint operation	Principal activity	2016 2015	
Joint water supply authority	Water supply headworks	49% 47%	
(b) Wyong Water assets empl	oyed in the joint operations	12 May 2016	30 June 2015
Wyong Water's own assets en	mployed in the operations		
Non-current assets			
Property, plant and equipment	t .	291,429	326,821
Total assets – Wyong Water o	owned	291,429	326,821
Total net assets employed – \	Nyong Water and jointly owned	291,429	326,821

## The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

\$ '000	Notes	Actual 12 May 2016	Actual 30 June 2015
(a) Retained earnings			
Movements in retained earnings were as follows:			
Balance at beginning of period (from previous year's audited accounts)		595,510	600,747
a. Correction of prior period errors	20 (c)	_	(6,474)
b. Net operating result for the period		15,420	1,237
Balance at end of the reporting period		610,930	595,510
(b) Revaluation reserves			
(i) Reserves are represented by:			
- Infrastructure, property, plant and equipment revaluation reserve		880,649	936,517
Total		880,649	936,517
(ii) Reconciliation of movements in reserves:			
Infrastructure, property, plant and equipment revaluation reserv	e		
- Opening balance		936,517	821,149
- Revaluations for the period	9(a)	(55,868)	115,367
- Balance at end of period		880,649	936,517
TOTAL VALUE OF RESERVES		880,649	936,517

#### (iii) Nature and purpose of reserves

#### Infrastructure, property, plant and equipment revaluation reserve

The infrastructure, property, plant and equipment revaluation reserve is used to record increments/decrements in the revaluation of non-current assets.

## The former Wyong Shire Council Water Supply Authority

#### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

## Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

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

Wyong Water had incorrectly recognised land assets at a value of \$6.474M from 1994. During the review of land valuation process, it was identified that the land should have been recognised by Wyong Shire Council. This error was corrected in the prior period in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors through adjusting retained earnings and de-recognition of land.

The restated balances for each financial statement line affected in each period presented are shown below.

(i) Restatement of Statement of Financial Position and Statement of Changes in Equity as at 30 June 2015.

Statement of Financial Position								
\$'000	2015 Previous							
	Reported	Errors	Restated					
Land	1,668,329	(6,474)	1,661,855					
Total non-current assets	1,693,792	(6,474)	1,687,318					
Total assets	1,756,657	(6,474)	1,750,183					
Net assets	1,538,501	(6,474)	1,532,027					
Retained earnings	601,984	(6,474)	595,510					
Total equity	1,538,501	(6,474)	1,532,027					

Statement of Changes in Equity								
\$'000	2015 Previous	Prior Period	2015					
	Reported	Errors	Restated					
Retained earnings - Opening balance	600,747	(6,474)	594,273					
Retained earnings - Closing balance	601,984	(6,474)	595,510					

(ii) Restatement of Statement of Financial Position and Statement of Changes in Equity as at 1 July 2014.

Statement of Financial Position								
\$'000	2014 Previous Prior Period							
	Reported	Errors	Restated					
Land	1,556,989	(6,474)	1,550,515					
Total non-current assets	1,582,511	(6,474)	1,576,037					
Total assets	1,638,313	(6,474)	1,631,839					
Net assets	1,421,897	(6,474)	1,415,423					
Retained earnings	600,747	(6,474)	594,273					
Total equity	1,421,897	(6,474)	1,415,423					

Statement of Changes in Equity								
\$'000	2014 Previous	Prior Period	2014					
	Reported	Errors	Restated					
Retained earnings - Opening balance	605,016	(6,474)	598,542					
Retained earnings - Closing balance	600,747	(6,474)	594,273					

#### (d) Voluntary changes in accounting policies

Wyong Water made no voluntary changes in any accounting policies during the reporting period.

#### (e) Changes in accounting estimates

Wyong Water made no changes in accounting estimates during the reporting period.

# The former Wyong Shire Council Water Supply Authority

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 21. Financial result and financial position by fund

Income Statement by fund	Actual	Actual
	1 July 2015 -	1 July 2015 -
\$ '000	12 May 2016	12 May 2016
Continuing operations	Water	Sewer
Income from continuing operations	vvater	Sewei
Rates and annual charges	15,852	25,591
User charges and fees	25,407	1,836
Interest and investment revenue	1,047	1,492
Other revenues	561	213
Grants and contributions provided for operating purposes	785	677
Grants and contributions provided for capital purposes	11,683	3,563
Total income from continuing operations	55,335	33,372
Expenses from continuing operations		
Employee benefits and on-costs	5,510	4,742
Borrowing costs	10,742	1,515
Materials and contracts	2,964	2,705
Depreciation and amortisation	16,221	11,943
Other expenses	9,368	7,183
Net losses from the disposal of assets	146	248
Share of interests in joint ventures and associates		
using the equity method	_	_
Total expenses from continuing operations	44,951	28,336
Operating result from continuing operations	10,384	5,036
Discontinued operations		
Net profit/(loss) from discontinued operations	_	_
Net operating result for the period	10,384	5,036
Net operating result attributable to each fund	10,384	5,036
Net operating result attributable to non-controlling interests	-	-
Net operating result for the period before grants and contributions provided for capital purposes	(1,299)	1,473

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds.

# The former Wyong Shire Council Water Supply Authority

# Notes to the Financial Statements

as at 12 May 2016

# Note 21. Financial result and financial position by fund (continued)

Statement of Financial Position by fund	Actual	Actual
\$ '000	12 May 2016	12 May 2016
ASSETS	Water	Sewer
Current assets		
Cash and cash equivalents	1,542	3,138
Investments	13,971	28,460
Receivables	12,306_	7,929
Total current assets	27,819	39,527
Non-current assets		
Investments	19,000	_
Receivables	373	9,461
Infrastructure, property, plant and equipment	960,147	650,874
Intangible assets	14	9
Total non-current assets	979,534	660,344
TOTAL ASSETS	1,007,353	699,871
LIABILITIES		
Current liabilities		
Payables	5,288	3,722
Borrowings	11,276	1,744
Provisions	1,581	1,849
Total current liabilities	18,145	7,315
Non-current liabilities		
Payables	1,237	_
Borrowings	162,515	25,749
Provisions	440	244
Total non-current liabilities	164,192	25,993
TOTAL LIABILITIES	182,337	33,308
Net assets	825,016	666,563
EQUITY		
Retained earnings	363,276	247,654
Revaluation reserves	461,740	418,909
Wyong Water equity interest	825,016	666,563
Non-controlling interests	_	_
Total equity	825,016	666,563
1 /		,

NB. All amounts disclosed above are gross – that is, they include internal receivables and payables between the funds.

# The former Wyong Shire Council Water Supply Authority

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

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

# Note 23. Events occurring after the reporting date

Events that occur between the end of the reporting period (12 May 2016) and the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

Wyong Water has adopted the date of receipt of the Auditor's Report as the applicable 'authorised for issue' date relating to these General Purpose Financial Statements.

#### Accordingly, the 'authorised for issue' date is 14 December 2016.

Events that occur after the reporting period represent one of two types:

#### (i) Events that provide evidence of conditions that existed at the reporting period

These financial statements (and the figures therein) incorporate all 'adjusting events' that provided evidence of conditions that existed at 12 May 2016.

# (ii) Events that provide evidence of conditions that arose after the reporting period

These financial statements (and figures therein) do not incorporate any 'non-adjusting events' that have occurred after 12 May 2016 and which are only indicative of conditions that arose after 12 May 2016.

Wyong Water is aware of the following 'non-adjusting events' that merit disclosure:

### Amalgamation of operations for the former Wyong Shire Council to form Central Coast Council

On 12 May 2016, the Local Government (Council Amalgamations) Proclamation 2016 announced that the operations of the former Wyong Shire Council including the operations of Wyong Water would be amalgamated with Gosford City Council to form the new Central Coast Council.

The proclamation automatically transferred the assets, rights and liabilities of the former Wyong Shire Council to Central Coast Council on 13 May 2016.

The proclamation ensures that any reference in any document to the former Wyong Shire Council or Wyong Water is to be read as a reference to Central Coast Council, and that anything done by the former Wyong Shire Council or Wyong Water before the amalgamation is taken to have been done by Central Coast Council.

These proclamation clauses provide for the transfer of physical assets (such as cars, buildings, plant and equipment) along with intangible assets and liabilities (such as service contracts and outstanding debts).

This ensures the general business and operations of former councils are preserved, including contracts and services.

These financial statements have been drawn up to reflect the closing financial position as at 12 May 2016 of the former Wyong Water and its financial performance for the period 1 July 2015 to 12 May 2016.

# The former Wyong Shire Council Water Supply Authority

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 24. Discontinued operations

Wyong Water has not classified any of its operations as 'discontinued'.

# Note 25. Intangible assets

	Actual	Actual
\$ '000	12 May 2016	30 June 2015
Intangible assets represent identifiable non-monetary assets without physical substa	ance.	
Intangible assets are as follows:		
Opening values:		
Gross book value (1/7)	2,469	2,469
Accumulated amortisation (1/7)	(2,415)	(2,380)

Net book value – opening balance	54	89
Movements for the period  – Amortisation charges	(31)	(35)
Closing values:	( )	,
Gross book value (12/5/16)	2,469	2,469
Accumulated amortisation (12/5/16) TOTAL INTANGIBLE ASSETS – NET BOOK VALUE <sup>1</sup>	(2,446)	(2,415)

<sup>1.</sup> The net book value of intangible assets represent:		
- Software	23	54
	23	54

# Note 26. Reinstatement, rehabilitation and restoration liabilities

Wyong Water has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.

# The former Wyong Shire Council Water Supply Authority

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 27. Fair value measurement

#### \$ '000

Wyong Water measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, property, plant and equipment

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

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

- **Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- **Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

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

		Fair value measurement hierarchy				
1/7/15 to 12/5/16		Level 1	Level 2	Level 3	Total	
	Date	Quoted	Significant	Significant		
Recurring fair value measurements	of latest	prices in	observable	unobservable		
	valuation	active mkts	inputs	inputs		
Infrastructure, property, plant and equipment						
Plant and equipment	30/06/13	_	_	260	260	
Office equipment	30/06/13	-	_	118	118	
Furniture and fittings	30/06/13	_	_	168	168	
Operational land	30/06/13	_	_	51,516	51,516	
Community land	12/05/16	-	_	414	414	
Buildings – specialised	30/06/13	_	_	11,512	11,512	
Other structures	30/06/13	_	_	1,254	1,254	
Roads	30/06/15	_	_	25	25	
Bulk earthworks (non depreciable)	30/06/15	_	_	16	16	
Stormwater drainage	30/06/15	_	_	345,510	345,510	
Water supply network	12/05/16	_	_	562,711	562,711	
Sewerage network	12/05/16			605,921	605,921	
Total infrastructure, property, plant and equip	ment		_	1,579,425	1,579,425	

(continued on next page...)

# The former Wyong Shire Council Water Supply Authority

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 27. Fair value measurement (continued)

\$ '000

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

		Fair value measurement hierarchy				
1/7/14 to 30/6/15		Level 1	Level 2	Level 3	Total	
	Date	Quoted	Significant	Significant		
Recurring fair value measurements	of latest	prices in	observable	unobservable		
	valuation	active mkts	inputs	inputs		
Infrastructure, property, plant and equipment						
Plant and equipment	30/06/13	_	_	314	314	
Office equipment	30/06/13	_	_	178	178	
Furniture and fittings	30/06/13	_	_	27	27	
Operational land	30/06/13	_	_	51,143	51,143	
Community land	30/06/11	_	_	1,105	1,105	
Buildings – specialised	30/06/13	_	_	11,785	11,785	
Other structures	30/06/11	_	_	1,421	1,421	
Roads	30/06/15	_	_	25	25	
Bulk earthworks (non depreciable)	30/06/15	_	_	16	16	
Stormwater drainage	30/06/15	_	_	341,759	341,759	
Water supply network	30/06/12	_	_	553,617	553,617	
Sewerage network	30/06/12			671,823	671,823	
Total infrastructure, property, plant and equip	ment	_	_	1,633,213	1,633,213	

### (2) Transfers between level 1 and level 2 fair value hierarchies

During the period, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

# The former Wyong Shire Council Water Supply Authority

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

### Note 27. Fair value measurement (continued)

#### (3) Valuation techniques used to derive Level 3 fair values

Where Wyong Water is unable to derive Fair Valuations using quoted market prices of identical assets (ie. Level 1 inputs), or observable inputs (Level 2 inputs) Wyong Water instead utilises unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Wyong Water has employed while utilising Level 3 inputs are as follows:

#### Infrastructure, property, plant and equipment

#### Plant and equipment, office equipment and furniture and fittings

Plant and equipment, office equipment and furniture and fittings assets are recognised and valued at cost. Wyong Water assumes that the carrying amount reflects the fair value of the assets due to the nature of the items. Therefore these assets are disclosed at fair value in the notes.

These asset categories include:

- Plant and equipment pumps, compressors and power hand tools
- Office equipment computer hardware, digital cameras, photocopiers
- Furniture and fittings work stations, storage cabinets and air conditioning units.

The unobservable level 3 inputs used include:

- · pattern of consumption
- useful life

Wyong Water reviews the value of these assets based on the gross replacement cost of similar assets.

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

#### Operational land

This asset class is comprised of all Wyong Water's land classified as operational land under the Local Government Act 1993. The last valuation was undertaken in 2013 by APV Valuers and Asset Management.

The valuation of the freehold land has been carried out on a market value basis. It has been assessed on the basis of the estimated amount, which the interest in each property being valued might reasonably be expected to realise on the date of valuation in an exchange between a willing vendor and a willing purchaser in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Where a depth in market was identified, the fair value was assessed as a best estimate of the price reasonably obtainable in the market at the date of valuation. This is based on available market evidence of sales of similar or reference assets.

This asset class is categorised as Level 3 as some of the inputs used in the valuation of these assets require significant professional judgement and are unobservable.

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

### **Community land**

Community Land assets are comprised of Wyong Water owned land classified as Community Land under the Local Government Act 1993 and land under the care and management of Wyong Water on behalf of the Crown.

# The former Wyong Shire Council Water Supply Authority

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

### Note 27. Fair value measurement (continued)

Wyong Water values Community Land based on the unimproved land values provided by the Valuer General or an average unit rate based on the land values for similar properties (land use, land size, shape and location) where the Valuer General has not provided a land value based on the highest and best use for the land.

This asset class is valued using unimproved land values provided by the Valuer General which is not considered to be an observable input based on market evidence and therefore contains Level 3 unobservable inputs. As per Office of Local Government Circular 12-09, the asset class was revalued in 2016 with the Valuer General rates as at 1 July 2014.

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

#### **Buildings** – specialised

Council on behalf of Wyong Water engaged APV Valuers and Asset Management to value Buildings in 2013. The valuation methodology applied is dependent on whether a market exists to substantiate the value of the asset.

Where a depth in market is identified, the fair value is assessed as a best estimate of the price reasonably obtainable in the market at the date of valuation. This is based on available market evidence of sales of similar assets. The net value of the building and site services is the difference between the market value of the asset (as a whole) less the market value of the land component.

Where there is no depth in market the fair value is determined on depreciated current replacement basis. This is calculated by determining the gross current replacement cost and determining the amount of accumulated depreciation to reflect the level of service potential remaining in the asset.

The valuation of buildings, structural improvements and site services includes those items that form part of the building services installation (e.g. heating, cooling and climate control equipment, lifts, escalators, fire alarms, sprinklers and firefighting equipment, and general lighting). The buildings and site improvements were physically inspected and measured. The building valuations incorporate a gross current value, net current value and residual value for each asset.

This asset class is categorised as Level 3 as some of the inputs used in the valuation of these assets require significant professional judgement and are unobservable.

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

#### Other structures

This asset class is comprised of fencing and structures which did not meet the definition of a building.

The cost approach has been utilised to value other structures. Valuations are undertaken by Wyong Water staff based on the technical knowledge and experience of engineers and asset management staff. Unobservable Level 3 inputs used include useful life, asset condition and pattern of consumption.

Stormwater drainage assets contained within Holiday Parks and classified in this asset class have been reclassified to roads and drainage asset classes and revalued during the prior year reporting period as part of the roads and drainage asset revaluation.

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

# The former Wyong Shire Council Water Supply Authority

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

### Note 27. Fair value measurement (continued)

#### Stormwater drainage

The Stormwater drainage asset class consists of Wyong Water's pits, pipes, detention basins, open drains, culverts, floodgates, wetlands, headwalls and gross pollutant traps. The valuation of the asset class, which was undertaken in the prior financial year, was performed by Wyong Water's experienced asset management staff using the cost assets approach. Replacement cost is assessed using the Modern Engineering Equivalent Replacement Asset (MEERA) approach.

Stormwater drainage assets contained within Holiday Parks and classified in Other Structures have been reclassified to this asset class and revalued during the prior year reporting period.

Replacement costs (unit rates) and useful lives for stormwater drainage assets were determined through a combination of historic data and technical knowledge during both the current and prior valuation, which incorporated standard unit rates applied to the dimensions of the asset and considered environmental factors based on asset location. Other significant inputs considered in the valuation of these assets are asset condition, remaining useful life and pattern of consumption.

The asset condition of 1 (Excellent) to 5 (Very Poor) was determined by CCTV investigation undertaken across a representative selection of the Wyong Water's drainage network and assumptions based on age. Due to the availability of historical information for assets with long lives there is some uncertainty on the specifications and dimensions of some assets however data validation processes have been undertaken to reduce this risk. The methodology applied by external valuers, GHD, in 2010 was based on asset condition ratings from 0 (New Asset) to 10 (Failed Asset or No Longer in Service) and applied to a random sample of the drainage network.

This asset class is categorised a Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

### Water supply network

This asset class is comprised of water treatment plants, water pump stations, reservoirs, water mains, tunnels, dams, weirs and water meters.

The gross replacement cost approach has been utilised to value the water supply network. This approach estimates the gross replacement cost based on MEERA techniques and equipment that would result in recognising an asset to serve the same function as the existing asset, rather than replicate the existing asset. Assets have been componentised as per AASB 116 Property, Plant and Equipment.

Valuations for dams and weirs, groundwater and treatment plants were undertaken by NSW Public Works. The remaining joint water assets, pump stations, telemetry and valve assets were valued by APV Valuers and Asset Management. The valuation of all other assets was undertaken by Wyong Water's staff based on the technical knowledge and experience of engineers and asset management staff taking into consideration NSW Reference Rates issued by the Department of Primary Industries Office of Water and the valuations performed by NSW Public Works and APV.

Unobservable Level 3 inputs used include materials used in the construction of the asset, useful life, asset condition, unit rates and pattern of consumption. As some of the assets have very long lives there is some uncertainty on the specifications and dimensions of some assets however the Water and Sewer Planning section undertook data validation processes to reduce this risk.

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

# The former Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

### Note 27. Fair value measurement (continued)

#### Sewerage network

This asset class is comprised of sewer treatment plants, sewer pump stations, sewer vacuum systems and

The gross replacement cost approach has been utilised to value the sewerage network. This approach estimates the gross replacement cost based on MEERA techniques and equipment that would yield an asset to serve the same function as the existing asset, rather than replicate the existing asset. Assets have been componentised as per AASB 116 Property, Plant and Equipment.

Sewer Treatment Works plants were valued by NSW Public Works, while vacuum systems and a selection of pump stations were valued by APV Valuers and Asset Management. The remaining asset valuations were undertaken by Wyong Water's staff based on the technical knowledge and experience of engineers and asset management staff taking into consideration NSW Reference Rates issued by the Department of Primary Industries Office of Water.

Unobservable Level 3 inputs used include materials used in the construction of the asset, residual value, useful life, asset condition, unit rates and pattern of consumption. As some of the assets have very long lives there is some uncertainty on the specifications and dimensions of some assets however the Water and Sewer Planning section undertook data validation processes to reduce this risk.

Major sewer rising mains and effluent disposal mains were valued in 2011 by Evans and Peck, who utilised a resource cost approach. This change in methodology has resulted in a reduction in the fair value of sewer mains.

There have been no other changes to the valuation process during the reporting period.

# The former Wyong Shire Council Water Supply Authority

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 27. Fair value measurement (continued)

\$ '000

### (4). Fair value measurements using significant unobservable inputs (level 3)

### a. The following tables present the changes in level 3 fair value asset classes.

	Plant and equipment	Office equipment	Furniture and fittings	Operational land	Total
Opening balance – 1/7/14	478	158	18	57,652	58,306
Purchases (GBV) Disposals (WDV) Depreciation and impairment Other movement - equity transfer	5 - (169) -	92 - (72) -	20 - (11) -	(35) - (6,474)	117 (35) (252) (6,474)
Closing balance – 30/6/15	314	178	27	51,143	51,662
Transfers from/(to) another asset class Purchases (GBV) Disposals (WDV) Depreciation and impairment	66 32 (6) (146)	- 1 - (61)	- 154 - (13)	51 322 - -	117 509 (6) (220)
Closing balance – 12/5/16	260	118	168	51,516	52,062
	Community land	Buildings specialised	Other structures	Stormwater drainage	Total
Opening balance – 1/7/14	1,113	12,088	1,413	237,154	251,768
Transfers from/(to) another asset class Purchases (GBV) Disposals (WDV) Depreciation and impairment Revaluation increments to equity (ARR)	- (8) - -	- - (303) -	- 56 - (48) -	650 9,746 - (3,053) 97,262	650 9,803 (8) (3,404) 97,262
Closing balance – 30/6/15	1,105	11,785	1,421	341,759	356,070
Transfers from/(to) another asset class Purchases (GBV) Disposals (WDV) Depreciation and impairment Revaluation increments to equity (ARR)	(51) - - - (640)	(20) (253)	(132) 7 - (42) -	7,442 (137) (3,554)	(183) 7,449 (157) (3,849) (640)
Closing balance – 12/5/16	414	11,512	1,254	345,510	358,690

# The former Wyong Shire Council Water Supply Authority

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

# Note 27. Fair value measurement (continued)

\$ '000

### (4). Fair value measurements using significant unobservable inputs (level 3) (continued)

### a. The following tables present the changes in level 3 fair value asset classes. (continued)

	Roads	Bulk earthworks	Water supply network	Sewerage network	Total
Opening balance – 1/7/14	-	-	558,140	669,335	1,227,475
Transfers from/(to) another asset class Purchases (GBV) Disposals (WDV) Depreciation and impairment Revaluation increments to equity (ARR)	26 - - (1)	16 - - - -	(493) 1,906 — (14,096) 8,160	5,708 (307) (12,858) 9,945	(451) 7,614 (307) (26,955) 18,105
Closing balance – 30/6/15	25	16	553,617	671,823	1,225,481
Purchases (GBV) Disposals (WDV) Depreciation and impairment Revaluation increments to equity (ARR)	1 - (1) -	- - - -	16,134 (9) (12,394) 5,363	6,585 (228) (11,669) (60,591)	22,720 (237) (24,064) (55,228)
Closing balance – 12/5/16	25	16	562,711	605,920	1,168,672

# The former Wyong Shire Council Water Supply Authority

# Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

#### Note 27. Fair value measurement (continued)

\$ '000

#### (4). Fair value measurements using significant unobservable inputs (level 3) (continued)

#### b. The valuation process for level 3 fair value measurements

The revaluation of assets is carried out based on the appropriate methodology for each asset class. The fair value of Water Supply and Sewerage Network assets has been evaluated using a cost approach based on MEERA techniques that would result in recognising an asset to serve the same function as the existing asset, rather than replicate the existing asset. The asset classes Operational Land and Buildings Non-Specialised use a market value approach where applicable and Land under Roads encapsulates the Englobo valuation basis.

The significant inputs considered in the valuation of assets to fair value are the asset components, materials used in the construction of the asset, residual values, pattern of consumption, dimensions, condition ratings and remaining useful life. Asset conditions are based on field inspections using ratings aligned with technical asset condition standards for each asset class which aligns to the condition ratings set out in Special Schedule 7. For assets with long lives there is some uncertainty on the specifications and dimensions of some assets however data validation processes have been undertaken to reduce this risk.

Revaluation of assets is undertaken by experienced Wyong Water staff or independent valuation consultants depending on the asset class and available information for valuation purposes. Wyong Water's asset managers will determine if external valuation consultants are required to be engaged.

Wyong Water's asset managers and finance team work together to analyse fair value movements post valuation. In the 2016 reporting period the asset classes Water Supply network, Sewerage network and Community Land were revalued.

### (5). Highest and best use

All of Wyong Water's other non-financial assets are considered as being utilised for their highest and best use to serve Community needs.

**Item No:** 3.2

**Title:** Air-Conditioning Replacement Wyong Office

**Department:** Assets, Infrastructure and Business

21 December 2016 Extraordinary Council Meeting

D12557709



# **Report Purpose:**

The purpose of this report is to seek approval to engage Noppen Air for the urgent replacement of the air conditioning units servicing Building B, at the Central Coast Council building in Wyong.

### **Summary:**

The air conditioning units for Building B Level one (1) to four (4) at the Wyong Office are approximately 25 years old. The units have been regularly maintained and serviced; however they have now reached a point beyond economical repair, and require urgent replacement.

### **Recommendation:**

- 1 That Council <u>note</u> confidential attachment 1 to this report.
- That Council <u>resolve</u> to enter into contract for service with Noppen Air to replace the air conditioning units and associated parts servicing Building B Level one (1) to four (4) of the Wyong Office of the Council.
- That Council <u>resolve</u>, for the purpose of s. 55(3)(k) of the Local Government Act 1993, that the replacement of these air conditioning units and parts is an emergency due to the imminent risk of the failure of the air conditioning units servicing Building B to the Wyong Office of the Council.
- 4 That Council <u>note</u> its Chief Executive Officer holds delegation from the Council to enter into a contract with Noppen Air.
- That Council <u>resolves</u> that Attachment 1 to this report is to be treated and remain confidential in accordance with s. 11(3) of the Local Government Act 1993, because that attachment contains commercial information of a confidential nature that would if disclosed prejudice the commercial position of the person who supplied it.

#### **Context:**

The air conditioning units for Building B Level one (1) to four (4) at the Wyong Office had been earmarked for replacement in 2015/16, and the first stage of the project commenced by engagement of an external consultant to redesign a new air conditioning system and cooling tower platform, to be relocated to the roof of Building B. Following further review of the design and cost estimates, a decision was made to keep the proposed new cooling tower on the existing roof of Building C of the Wyong office.

The immediate issue at hand results from the regular breakdown of each air conditioning unit and the cost of repair or replacement of parts. The units are breaking down almost weekly and the average cost of each call out and repair is \$2,000. In addition, the units are old and using R22 refrigerant gas, which is no longer manufactured in Australia. As a result, Council is paying in excess of \$250 per kg for refill of the air conditioning pipes. Council has spent over \$30,000 in the last 12 months on reactive repairs for these units alone.

Further to the direct financial impact on Council, the air conditioning units servicing level 1-4 at Building B are regularly failing resulting in staff working in hot conditions without air flow during breakdowns. There is a real and imminent threat that the system may fail completely, causing major issues around WHS and productivity with staff. It is anticipated that there will be further breakdowns of the units throughout the summer months and staff will need to be relocated to other parts of the building which will result in distress for staff, high loss of productivity and potential adverse health impacts.

Due to the urgent nature of this request, further specification options and quotes were obtained from Noppen Air to undertake urgent replacement of the subject air conditioning units. Noppen Air is fully licensed and has extensive experience in this field of work.

### **Financial Impact:**

Capex project 15258 Air conditioner units' replacements \$577,500.00 confirmed.

#### **Critical Timeframes:**

- Ordering a new cooling tower and package units 6-8 weeks
- Construction 4-6 weeks (March 2017)

### **Attachments**

**1** Noppen Air HVAC Proposal - Aug 2016(2) - D12557063