

AMENDED ITEM

14 October 2015
To the Ordinary Council Meeting

Chief Executive Officer's Report
Chief Executive Officer's Unit

5.2 2014-15 Annual Financial Statements

TRIM REFERENCE: F2014/00992 - D12062427

MANAGER: Stephen Naven, Chief Financial Officer

AUTHOR: Kim Futcher, Financial Controller

SUMMARY

Council is required to prepare, submit to audit, adopt and present to the community (and Office of Local Government) a set of financial statements in accordance with relevant legislation.

The process by which this occurs is dictated by the legislation and the next steps are detailed below. Council is required to formally resolve the necessary actions.

RECOMMENDATION

- 1 ***That Council adopt the draft Wyong Shire Council Financial Statements for 2014-15 as presented.***
- 2 ***That Council refer the draft Wyong Shire Council Financial Statements for 2014-15 (as presented) to external audit.***
- 3 ***That Council authorise the Mayor, Deputy Mayor, Acting Chief Executive Officer and Responsible Accounting Officer to execute all documents related to the draft 2014-15 Financial Statements as required by legislation.***
- 4 ***That Council fix 28 October 2015 as the date for the presentation of the audited 2014-15 Financial Statements and external audit reports in accordance with section 419(1) of the Local Government Act 1993.***

BACKGROUND

In accordance with Section 413(1) of the Local Government Act 1993 (LGA) Council must prepare financial reports for each year, and must refer them for audit as soon as practicable after the end of that year.

THE PROPOSAL

It is proposed that Council consider and accept the recommendations of the Audit and Risk Committee to formally adopt the draft accounts for final audit opinion.

The Audit and Risk Committee met on 30 September 2015 to review the 2014-15 Financial Statements. The Audit and Risk Committee recommended that Council make the above resolutions in respect of the draft Financial Statements that include the General Purpose Financial Statements, Special Purpose Financial Statements, Special Schedules and Wyong Water Financial Statements.

Completion of Audit

The 2014-15 Financial Statements are presented to Council in draft form at this stage and are required to be audited in accordance with Sections 416 and 417 of the Local Government Act 1993.

Once the Financial Statements have been referred to audit and the formal audit reports received, the Audited Statements will subsequently be presented to the Council at its meeting on 28 October 2015, in accordance with Section 419 of the LGA 1993.

General Purpose Financial Reports

Section 413(2) (c) of the Local Government Act (LGA) requires Council to prepare a statement in the approved form as to its opinion on those financial statements.

Council's Acting Chief Executive Officer and Responsible Accounting Officer certify that the 2014-15 General Purpose Financial Reports have been prepared in accordance with the LGA 1993, the Local Government (General) Regulation 2005, Australian Accounting Standards and professional pronouncements and the Local Government Code of Accounting Practice and Financial Reporting.

Special Purpose Financial Reports

The Local Government Code of Accounting Practice and Financial Reporting requires Council to make a statement as to its opinion on Council's Special Purpose Financial Reports.

Council's Acting Chief Executive Officer and Responsible Accounting Officer certify that the 2014-15 Special Purpose Financial Reports 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 and the NSW Office of Water.

Wyong Water Financial Statements

In addition to the General Purpose and the Special Purpose Reports a separate set of financial statements as required by the Public Finance and Audit Act 1983 has been prepared for Wyong Water. The Public Finance and Audit Act requires Council to make a statement as to their opinion on the financial statements.

Council's Acting Chief Executive Officer and Responsible Accounting Officer certify that the financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, applicable Australian Accounting Standards, the requirements of the Water Management Act 2000 and other mandatory professional reporting requirements.

Statements in the approved form are included as an attachment for execution.

CONCLUSION

The accounts represent Council's formal financial performance and position for 2014-15, including a consolidated surplus of \$10.2 million (before adding capital grants and contributions revenue).

Presentation of final full year financial statements is a statutory requirement.

Council must adopt the draft accounts before the External Auditor will provide their formal opinion for inclusion in Council's Annual Report.

ATTACHMENTS

- | | | |
|---|--|-----------|
| 1 | Statements by Councillors and Management 2014-15 (unsigned):
General Purpose Financial Statements, Special Purpose Financial
Statements and Wyong Water Financial Statements | D12105298 |
| 2 | Wyong Shire Council Financial Statements 2014-15 | D12105284 |
| 3 | Wyong Water Financial Statements 2014-15 | D12105287 |

Wyong Shire Council

General purpose financial statements
for the financial year ended 30 June 2015

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

The attached general purpose financial statements have been prepared in accordance with:

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

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

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

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

Signed in accordance with a resolution of Council made on 14 October 2015.

Doug Eaton
MAYOR

Lynne Webster
COUNCILLOR

Rob Noble
ACTING CHIEF EXECUTIVE OFFICER

Stephen Naven
RESPONSIBLE ACCOUNTING OFFICER

Wyong Shire Council

Special purpose financial statements

for the financial year ended 30 June 2015

Statement by Councillors and Management

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

The attached special purpose financial statements have been prepared in accordance with:

- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing 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 Guidelines - "Best Practice Management of Water and Sewerage".

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

- Present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- Accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 14 October 2015.

Doug Eaton
MAYOR

Lynne Webster
COUNCILLOR

Rob Noble
ACTING CHIEF EXECUTIVE OFFICER

Stephen Naven
RESPONSIBLE ACCOUNTING OFFICER

Wyong Water

Financial statements

for the financial year ended 30 June 2015

Statement by Councillors

made pursuant to Section 41c(1b) and (1c) of the Public Finance and Audit Act 1983

The attached 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 any particulars included in the financial statements to be misleading or inaccurate.

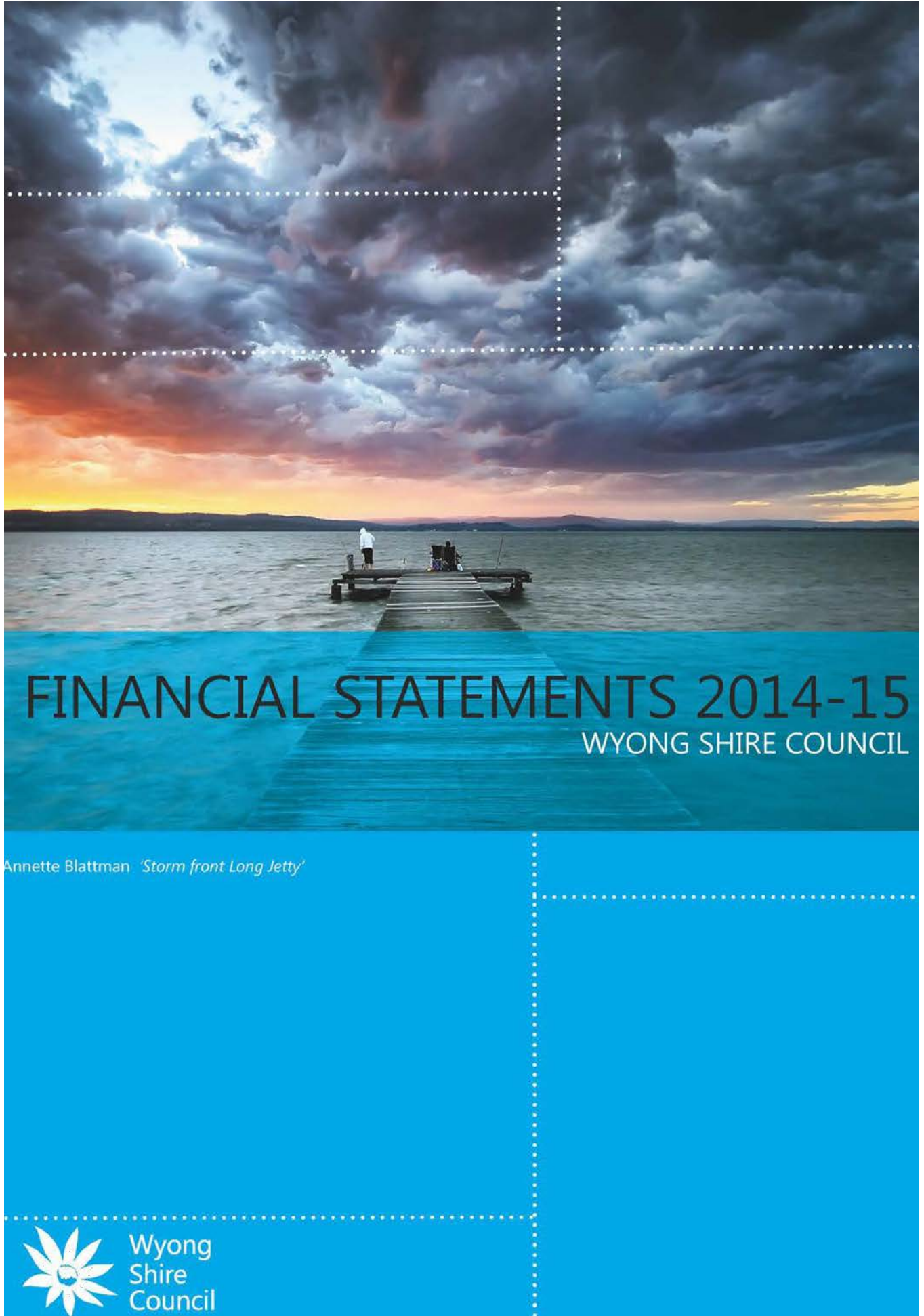
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Doug Eaton
MAYOR

Lynne Webster
COUNCILLOR

Rob Noble
ACTING CHIEF EXECUTIVE OFFICER

Stephen Naven
RESPONSIBLE ACCOUNTING OFFICER



Annette Blattman 'Storm front Long Jetty'

WYONG SHIRE COUNCIL



General Purpose Financial Statements

Wyong Shire Council

General purpose financial statements for the financial year ended 30 June 2015

Contents	Page
1. Executive reports	2
2. Understanding Council's financial statements	7
3. Statement by Councillors and Management	8
4. Primary financial statements:	
- Income statement	9
- Statement of comprehensive income	10
- Statement of financial position	11
- Statement of changes in equity	12
- Statement of cash flows	13
5. Notes to the financial statements	14
6. Independent Auditor's reports:	
- On the financial statements (Sect 417 [2])	
- On the conduct of the audit (Sect 417 [3])	

Overview

(i) These financial statements are general purpose financial statements and cover the consolidated operations for Wyong Shire Council.

(ii) 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 (LGA) 1993 of NSW.

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 the Council on 28 October 2015. Council has the power to amend and reissue these financial statements.

Wyong Shire Council

Financial statements

for the financial year ended 30 June 2015

Chief Executive Officer's Report



Rob Noble
Acting Chief Executive
Officer

It is with great pleasure that I present the 2015 financial statements for Wyong Shire Council.

FINANCIAL PERFORMANCE

Over the past six years staff have worked hard to move from an operating deficit of \$30.0 million to a surplus this year of \$10.2 million. This is an outstanding effort and reflects our commitment to enhance delivery on the big six essential services (roads, drainage, water, sewerage, parks and waste management).

During the year we continued our focus on ensuring best value delivery of services, with a review of our water business. The business faces a number of challenges including regulated pricing, reduced water usage, interest rates and the dissolution of the Central Coast Water Corporation. A new business unit, Wyong Water, will focus on transforming operations through a focus on deliverables, improved accountability and performance.

FINANCIAL POSITION/ASSETS

Council is responsible for managing \$4.3 billion in infrastructure and other assets that belong to the community, who have requested that we get back to basics by addressing asset maintenance and the asset backlog.

In 2014-15 we spent \$86.3 million on capital expenditure, of which \$10.4 million was

specifically allocated to address the asset backlog. To assist funding the increased investment in community assets an extra \$2.7 million was collected in rates receipts via the Special Rate Variation (SRV) during 2014-15.

We spent \$25.1 million on roads, footpaths, kerb and gutter, car parks and drainage. Other significant projects included the Metro Cinema and Commercial Complex at Lake Haven (\$6.8 million), continued works at Wyong South Sewage Treatment Plant (\$2.4 million), Norah Head Boat Ramp (\$2.0 million), Warnervale Town Centre Entry Road (\$1.3 million), Alison Homestead rebuild (\$1.1 million), and the Saltwater Creek Pedestrian Bridge at Long Jetty (\$0.7 million).

In 2015-16, Council will invest \$104.9 million in capital works and spend a total of \$360.7 million to deliver best value essential services to our Community.

Wyong Shire Council

Financial statements

for the financial year ended 30 June 2015

Chief Financial Officer's Report



Steve Naven
Chief Financial Officer

I am pleased to present the 2014-15 audited financial statements.

OVERALL PERFORMANCE

This year we have delivered a surplus of \$10.2 million¹. This is our third successive year in surplus, improving \$4.7 million over last year's result and being favourable by \$9.6 million against our original 2014-15 budget.

These results demonstrate our commitment to positive operating performance, strong liquidity, focus on assets, reduced levels of debt, leveraging off our assets and maintaining or enhancing service levels.



¹ excluding Capital Grants and Contributions

PATH TO RECOVERY

We have worked hard over the past five years to review and improve the way we do business and to ensure we are identifying and meeting our community needs.

The success of our financial turnaround has been the result of major reforms that have seen:

- an increased commercial focus for user pay services, such as commercial waste
- introduction of a special rate variation to address our asset infrastructure backlog
- the majority of capital spending focused on upgrade and renewal works
- focus on attracting development and investment
- operational reviews to ensure our structure is aligned to meet customer needs
- internally resourced projects, rather than using external contractors and consultants
- the benchmarking and testing of alternate delivery methods
- focus on the Community Strategic Plan
- increased rigour around budgeting and expenditure
- improved data capture and analysis to identify and drive business improvements
- improved procurement processes.

Wyong Shire Council

Financial statements

for the financial year ended 30 June 2015

Chief Financial Officer's Report

FINANCIAL SUSTAINABILITY

During the year we responded to the Independent Local Review Panel's Fit for the Future (FFTF) review of NSW Local Governments, clearly demonstrating that we are fit now and into the future against all financial sustainability targets.

Fit for the Future targets

Operating Performance ratio - we are able to contain operating expenditure within operating revenue.

FFTF Target: Higher than 0
Our result: 4.46%

✓

Own source revenue - we do not have to rely on grants and have strong financial flexibility.

FFTF Target: Over 60%
Our result: 82.30%

✓

Building and infrastructure asset renewal - we are renewing our assets at the same, or higher, rate they are depreciating.

FFTF Target: Over 100%
Our result: 100.34%

✓

Infrastructure backlog ratio - the value of our backlog works against the total value of our assets is improving.

FFTF Target: less than 2%
Our result: 1.94% (based on written down value)

✓

Asset maintenance ratio - we are investing enough funds on maintenance to stop the infrastructure asset backlog from growing.

FFTF Target: Over 1.00
Our result: 1.07

✓

Real operating expenditure per capita - expenditure is decreasing per head of population.

FFTF Target: Decreasing over time
Our result: Moved from \$1,510 in 2011-12 to \$1,290 in 2014-15

✓

Other targets

We are also strong against other targets set by the Office of Local Government (OLG) to assess financial sustainability.

Unrestricted current ratio - For every dollar of current liabilities we have \$1.55 of working capital.

OLG Target: Over 1.5
Our result: 1.56

✓

Rates, annual charges, interest and extra charges outstanding percentage - we have worked with debtors to reduce the amount of debt owed to us in a socially responsible manner.

OLG Target: Less than 5%
Our result: 4.56%

✓

Cash expense cover ratio - we are able to operate for a period of 8.57 months without additional income from grants or other sources outside of Council.

OLG Target: Over 3 months
Our result: 9.01 months

✓

Capital expenditure ratio - we are spending more on assets than the amount they are deteriorating, which reflects special rate variation expenditure on the replacement and renewal of assets, in line with our Asset Management Strategy.

OLG Target: Higher than 1
Our result: 1.52

✓

Debt service cover ratio - our ability to cover our debts is strengthening as our operating result improves and debt is repaid.

OLG Target: Between 0 and 20%
Our result: 3.51

✓

Wyong Shire Council

Financial statements
for the financial year ended 30 June 2015

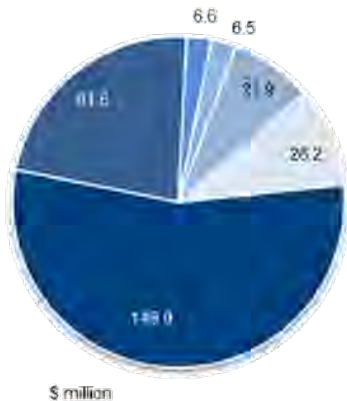
Chief Financial Officer's Report

INCOME

2014-15 income was \$271.7 million, funded from property rates, the provision of services (such as waste, water and sewer), user charges and fees, interest and operating and capital grants and contributions.

As with previous years, the major source of income was rates and annual charges. Income excluding capital grants and contributions was \$245.5 million. Total grants and contributions income was \$48.1 million (\$21.9 million from operating grants and contributions and \$26.2 million from capital grants and contributions).

- 55% Rates and annual charges
- 23% User charges and fees
- 2% Interest and investment revenue
- 2% Other revenues
- 8% Grants and contributions - operating
- 10% Grants and contributions - capital

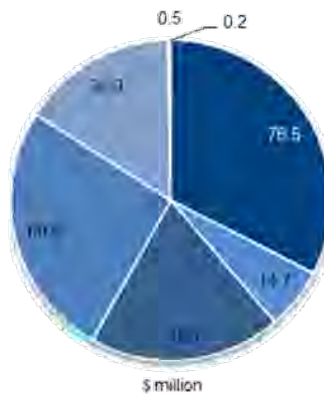


EXPENDITURE

Operational

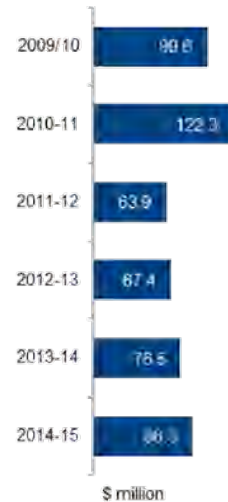
Over the year we spent \$235.3 million on operating expenses.

- 33% Employee benefits and on-costs
- 6% Borrowing costs
- 19% Materials and contracts
- 26% Depreciation and amortisation
- 16% Other expenses
- 0% Net losses from disposal of assets
- 0% Net share of interest in joint ventures



Capital

We invested \$86.3 million on capital expenditure (86% of the original budget), of which \$10.4 million was specifically allocated to address the infrastructure asset backlog, funded by an additional \$4.9 million (cumulative over 2013-14 and 2014-15) raised via the Special Rate Variation (SRV).



Roads received \$25.2 million on upgrades and renewals, reaching our target of delivering 53.9 kilometres of pavement renewals and reseals works. The two biggest upgrades were The Ridgeway Tumbi Umbi and Berkeley Road, Berkeley Vale, costing almost \$2.9 million combined.

We have also continued to invest in our water and sewer infrastructure with further improvements in sewage treatment at the Wyong South facility.

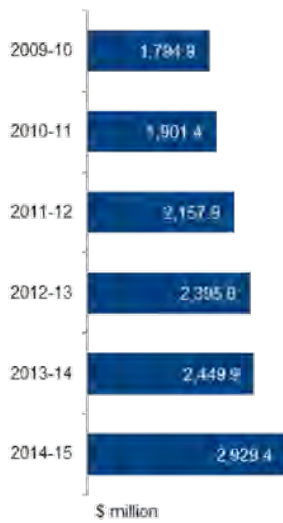
Wyong Shire Council

Financial statements
for the financial year ended 30 June 2015

Chief Financial Officer's Report

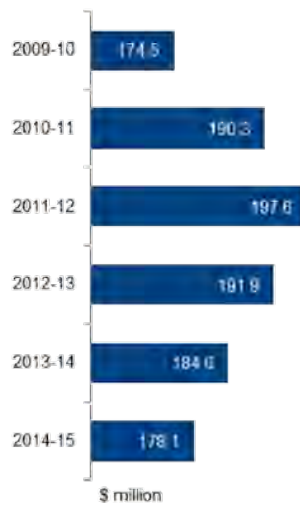
NET WORTH

Our net worth continues to strengthen with a closing equity of \$2.9 billion, increasing \$1.1 billion over the past six years.



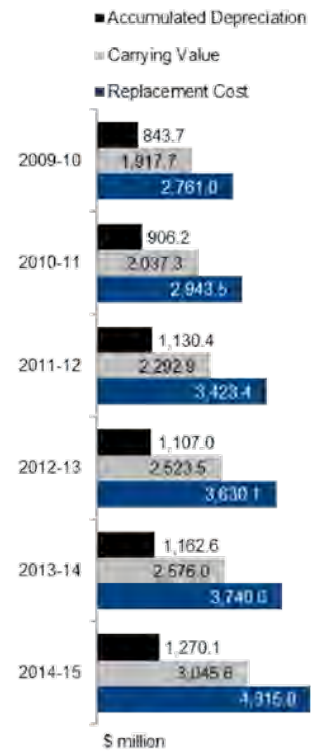
DEBT POSITION

Our loan liability continues to reduce, with \$178.1 million in external debt. Of this, 96.5% is secured loans in our Water Supply Authority.



ASSET MANAGEMENT

Our public assets have a replacement cost of \$4.3 billion including roads, community buildings, land, pools, water and sewerage network, stormwater drainage, footpaths, bridges, parks, ovals, cash and investments, receivables, inventories and intangible assets.



Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Understanding Council's financial statements

Introduction

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

What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2015.

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

About the Councillor/Management statement

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

About the primary financial statements

The financial statements incorporate five "primary" financial statements:

1. The income statement

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

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

2. The statement of comprehensive income

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

3. The statement of financial position

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

4. The statement of changes in equity

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

5. The statement of cash flows

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

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

About the notes to the financial statements

The notes to the financial statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's reports

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

In NSW, the Auditor provides two audit reports:

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

Who uses the financial statements?

The financial statements are publicly available documents and must be presented at a Council meeting between 7 days and 5 weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to 7 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.

Wyong Shire Council

General purpose financial statements

for the financial year ended 30 June 2015

Statement by Councillors and Management

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

The attached general purpose financial statements have been prepared in accordance with:

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

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

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

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

Signed in accordance with a resolution of Council made on 14 October 2015.

Doug Eaton
MAYOR

Lynne Webster
COUNCILLOR

Rob Noble
ACTING CHIEF EXECUTIVE OFFICER

Stephen Naven
RESPONSIBLE ACCOUNTING OFFICER

Wyong Shire Council

Income statement

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
Income from continuing operations				
Revenue:				
149,580	Rates and annual charges	3a	148,856	142,129
59,020	User charges and fees	3b	61,582	56,743
7,520	Interest and investment revenue	3c	6,599	7,479
4,179	Other revenues	3d	6,589	5,483
20,594	Grants and contributions provided for operating purposes	3e,f	21,916	15,616 ²
14,725	Grants and contributions provided for capital purposes	3e,f	26,169	15,765
Other income:				
1,812	Net gains from the disposal of assets	5	-	-
<u>257,429</u>	Total income from continuing operations		<u>271,711</u>	<u>243,215</u>
Expenses from continuing operations				
83,045	Employee benefits and on-costs	4a	76,515	74,076
14,577	Borrowing costs	4b	14,716	15,084
53,284	Materials and contracts	4c	45,742	41,598
56,052	Depreciation and amortisation	4d	60,751	55,511
-	Impairment	4d	-	-
35,150	Other expenses	4e	36,862	34,727
-	Net losses from the disposal of assets	5	478	981
-	Net share of interests in joint ventures and associates using the equity method	19	229	-
<u>242,109</u>	Total expenses from continuing operations		<u>235,293</u>	<u>221,977</u>
<u>15,320</u>	Operating result from continuing operations		<u>36,418</u>	<u>21,238</u>
Discontinued operations				
-	Operating result from discontinued operations	24	-	-
<u>15,320</u>	Net operating result for the year		<u>36,418</u>	<u>21,238</u>
15,320	Net operating result attributable to Council		36,418	21,238
-	Net operating result attributable to non-controlling interests		-	-
<u>596</u>	Net operating result for the year before grants and contributions provided for capital purposes		<u>10,249</u>	<u>5,473</u>

¹ Original budget as approved by Council - refer Note 16

² Financial Assistance Grants for 2014 were lower reflecting one off timing differences due to a change in how the grant was paid in prior years - refer Note 3 (a)

Wyong Shire Council

Statement of comprehensive income
for the financial year ended 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
Net operating result for the year (as per Income Statement)		36,418	21,238
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)	259,957	34,359
Impairment (loss) reversal relating to infrastructure, property, plant and equipment		-	(1,324)
Other movements - correction of error	20b (ii)	183,134	-
Total items which will not be reclassified subsequently to the operating result		443,091	33,035
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
Total other comprehensive income for the year		443,091	33,035
Total comprehensive income for the year		479,509	54,273
Total comprehensive income attributable to Council		479,509	54,273
Total comprehensive income attributable to non-controlling Interests		-	-

Wyong Shire Council

Statement of financial position

as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
Assets			
Current assets			
Cash and cash equivalents	6a	38,212	19,357
Investments	6b	93,167	102,913
Receivables	7	32,129	31,738
Inventories	8	712	1,442
Other	8	972	720
Non-current assets classified as "held for sale"	22	-	-
Total current assets		165,192	156,170
Non-current assets			
Investments	6b	25,000	25,000
Receivables	7	438	480
Inventories	8	-	-
Infrastructure, property, plant and equipment	9	3,045,665	2,576,048
Investments accounted for using the equity method	19	21	250
Investment property	14	-	-
Intangible assets	25	206	340
Total non-current assets		3,071,330	2,602,118
Total assets		3,236,522	2,758,288
Liabilities			
Current liabilities			
Payables	10	39,715	34,103
Borrowings	10	12,084	11,368
Provisions	10	22,601	23,424
Total current liabilities		74,400	68,895
Non-current liabilities			
Payables	10	11,621	12,290
Borrowings	10	166,014	172,672
Provisions	10	55,079	54,532
Total non-current liabilities		232,714	239,494
Total liabilities		307,114	308,389
Net assets		2,929,408	2,449,899
Equity			
Retained earnings	20	1,584,254	1,364,702
Revaluation reserves	20	1,345,154	1,085,197
Council equity interest		2,929,408	2,449,899
Non-controlling equity interests		-	-
Total equity		2,929,408	2,449,899

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

page 11

Wyong Shire Council

Statement of changes in equity
for the financial year ended 30 June 2015

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
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
- Revaluations: other reserves	20b (ii)	-	-	-	-	-
- Transfers to income statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- 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 interests		-	-	-	-	-
f. Transfers between equity		-	-	-	-	-
Equity - balance at end of the reporting period		1,584,254	1,345,154	2,929,408	-	2,929,408

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2014						
Opening balance (as per last year's audited accounts)		1,343,464	1,052,162	2,395,626	-	2,395,626
a. Correction of prior period errors	20 (c)	-	-	-	-	-
b. Changes in accounting policies (prior year effects)	20 (d)	-	-	-	-	-
Revised opening balance (as at 1/7/13)		1,343,464	1,052,162	2,395,626	-	2,395,626
c. Net operating result for the year		21,238	-	21,238	-	21,238
d. Other comprehensive income						
- Revaluations : IPP&E asset revaluation reserve	20b (ii)	-	34,359	34,359	-	34,359
- Revaluations: other reserves	20b (ii)	-	-	-	-	-
- Transfers to income statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(1,324)	(1,324)	-	(1,324)
Other comprehensive income		-	33,035	33,035	-	33,035
Total comprehensive income (c and d)		21,238	33,035	54,273	-	54,273
e. Distributions to/(contributions from) non-controlling interests		-	-	-	-	-
f. Transfers between equity		-	-	-	-	-
Equity - balance at end of the reporting period		1,364,702	1,085,197	2,449,899	-	2,449,899

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

page 12

Wyong Shire Council

Statement of cash flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
Cash flows from operating activities				
Receipts:				
149,264	Rates and annual charges		148,898	142,570
59,086	User charges and fees		58,177	57,699
7,649	Investment and interest revenue received		6,826	7,307
33,727	Grants and contributions		43,119	23,862
-	Bonds, deposits and retention amounts received		1,001	474
4,513	Other		21,566	11,811
Payments:				
(83,327)	Employee benefits and on-costs		(77,411)	(75,378)
(52,182)	Materials and contracts		(44,744)	(52,160)
(12,916)	Borrowing costs		(11,035)	(14,834)
-	Bonds, deposits and retention amounts refunded		(527)	(435)
(47,348)	Other		(49,382)	(36,728)
<u>58,466</u>	Net cash provided (or used in) operating activities	11b	<u>96,488</u>	<u>64,188</u>
Cash flows from investing activities				
Receipts:				
641	Sale of investment securities		110,913	94,827
14,900	Sale of infrastructure, property, plant and equipment		4,639	1,695
Payments:				
-	Purchase of investment securities		(101,167)	(90,364)
(100,093)	Purchase of infrastructure, property, plant and equipment		(86,076)	(71,809)
<u>(84,552)</u>	Net cash provided (or used in) investing activities		<u>(71,691)</u>	<u>(65,651)</u>
Cash flows from financing activities				
Receipts:				
20,000	Proceeds from borrowings and advances		5,900	3,000
Payments:				
(11,365)	Repayment of borrowings and advances		(11,842)	(10,847)
<u>8,635</u>	Net cash flow provided (used in) financing activities		<u>(5,942)</u>	<u>(7,847)</u>
(17,451)	Net increase/(decrease) in cash and cash equivalents		18,855	(9,310)
19,357	plus: Cash and cash equivalents - beginning of year	11a	19,357	28,667
<u>1,906</u>	Cash and cash equivalents - end of the year	11a	<u>38,212</u>	<u>19,357</u>
Additional Information:				
	plus: Investments on hand - end of year	6b	118,167	127,913
	Total cash, cash equivalents and investments		<u>156,379</u>	<u>147,270</u>

Please refer to Note 11 for information on the following:

- non-cash financing and investing activities.
- financing arrangements.
- net cash flow disclosures relating to any discontinued operations.

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	15
2(a)	Council functions / activities - financial information	27
2(b)	Council functions / activities - component descriptions	28
3	Income from continuing operations	30
4	Expenses from continuing operations	35
5	Gains or losses from the disposal of assets	39
6(a)	Cash and cash equivalent assets	40
6(b)	Investments	40
6(c)	Restricted cash, cash equivalents and investments - details	42
7	Receivables	44
8	Inventories and other assets	45
9(a)	Infrastructure, property, plant and equipment	46
9(b)	Externally restricted infrastructure, property, plant and equipment	47
9(c)	Infrastructure, property, plant and equipment - current year impairments	47
10(a)	Payables, borrowings and provisions	48
10(b)	Description of (and movements in) provisions	50
11	Statement of cash flows - additional information	51
12	Commitments for expenditure	53
13	Statement of performance measures:	
	13a (i) Local Government industry indicators (Consolidated)	55
	13a (ii) Local Government industry graphs (Consolidated)	56
	13b Local Government industry indicators (by Fund)	58
14	Investment properties	59
15	Financial risk management	59
16	Material budget variations	63
17	Statement of developer contributions	65
18	Contingencies and other liabilities/assets not recognised	73
19	Interests in other entities	74
20	Equity - retained earnings and revaluation reserves	78
21	Financial result and financial position by fund	79
22	Non-current assets classified as held for sale	81
23	Events occurring after the reporting date	81
24	Discontinued operations	82
25	Intangible assets	82
26	Reinstatement, rehabilitation and restoration Liabilities	83
27	Fair value measurement	84

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

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 years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the Local Government Act (1993) and Regulation, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity for the purpose of preparing the financial statements.

New and amended standards adopted by Council

During the current year, the following relevant standards became mandatory for Council and have been adopted:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosures of Interests in Other Entities

AASB 10 introduced a new definition of control based on the substance of the relationship and required Councils to consider their involvement with other entities regardless of whether there was a financial interest.

AASB 11 classified joint arrangements into either joint ventures (equity accounting) or joint operations (accounting for share of assets and liabilities).

AASB 12 has increased the level of disclosures required where Council has any interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

Early adoption of standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and

liabilities and certain classes of property, plant and equipment and investment property.

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

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

Significant judgements in applying the Council's accounting policies

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

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 1. Summary of significant accounting policies

Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

Rates, annual charges, grants and contributions

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

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

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

Revenue is recognised when the Council 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 the Council and the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at reporting date, the unused grant or contribution is disclosed in Note 3(g). The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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 (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

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

Rent

Rental income is accounted for in accordance with the terms of the lease.

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

The Consolidated Fund

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

The 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

The Trust Fund

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

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 1. Summary of significant accounting policies

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 reports.

Trust monies and property held by Council but not subject to the control of Council, have been excluded from these reports. A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

Interests in other entities

Joint Arrangements

AASB 11 Joint Arrangements defines a joint arrangement as an arrangement of which two or more parties have joint control and classifies these arrangements as either joint ventures or joint operations. Council has determined that it has both joint ventures and joint operations.

Details related to Council's joint arrangements are contained within Note 19.

Joint operations

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.

These figures are incorporated into the relevant line item in the primary statements.

Joint ventures

Joint ventures are those joint arrangements which provide Council with rights to the net assets of the arrangements. Interests in joint ventures are accounted for using the equity method in

accordance with AASB 128 Associates and Joint Ventures. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If the Council's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Council discontinues recognising its share of further losses.

Council's share in the joint ventures gains or losses arising from transactions between itself and its joint venture are eliminated.

Adjustments are made to the joint ventures accounting policies where they are different from those of the Council for the purpose of the consolidated financial statements.

(d) Leases

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Council currently has no finance lease obligations.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement over the period of the lease.

Lease income from operating leases where Council is a lessor is recognised in the income statement in accordance with the terms of the lease.

(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

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 1. Summary of significant accounting policies

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

Where an asset is not held principally for cash generating purposes and would be replaced if the Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

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). Non-financial 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, 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

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. 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 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

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 1. Summary of significant accounting policies

is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are 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 reporting 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 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 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.

Impairment

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

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 1. Summary of significant accounting policies

Investment Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act 1993 and Section 212 of the Local Government (General) Regulation 2005. Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it or its representatives exercise 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

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 uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. 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 the 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. 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 (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)
- 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 in the NSW Office of Water – Rates Reference Manual. For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount. Full revaluations are undertaken for all assets on a 5 year cycle.

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 1. Summary of significant accounting policies

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.

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 150 years
Sewerage network	15 to 100 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).

(l) Payables

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

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 1. Summary of significant accounting policies

(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 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

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.

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

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 1. Summary of significant accounting policies

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.

Retirement benefit obligations

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

Defined benefit plans

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

The present value of the defined benefit obligation is based on expected future payments 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 ie. 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 "multi-employer fund" for the purposes of AASB 119.

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

The last valuation of the Scheme was performed by Mr Martin Stevenson of Mercer Consulting (Australia) on 20 February 2013.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2015 the prior period deficit still exists.

Effective from 1 July 2009, employers are required to provide 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 year ending 30 June 2015 was \$ 2,349,263.

The expected contributions to the Fund by Council for the next annual reporting period are \$2,237,137. Additional contributions of \$1,054,547 are estimated to remain in place until 30 June 2016. Information about any deficit or surplus in the plan may affect the amount of future contributions, including the basis used.

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

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051. Any land under roads that was recognised before 1 July 2008 was derecognised at 1 July 2008 against the opening balance of retained earnings.

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 1. Summary of significant accounting policies

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

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

(r) Self insurance

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

Improvements on Crown Reserves are also recorded as assets, while maintenance costs

incurred by Council and revenues relating the reserves are recognised within Council's income statement.

Representations 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 Fire Services Act 1997, "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) 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) New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. Council's assessment of the impact of the new standards and interpretations relevant to them is set out below.

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 1. Summary of significant accounting policies

AASB 9 – Financial Instruments and associated amending standards

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

- Fair value, and
- Amortised cost (where financial assets will only be able to be measured at amortised cost where very specific conditions are met).

AASB 124 – Related Party Disclosures

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).

AASB 2014 – 10 Sale or contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not).

A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The effective date of this standard is for annual reporting periods beginning on after 1 January 2016.

This standard will only impact Council where there has been a sale or contribution of assets between the entity and the joint venture.

AASB 2014 – 3 Amendments to Australian Accounting Standards – Accounting for acquisitions of interests in joint operations [AASB 1 and AASB 11]

This standard amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business.

The amendments require:

- a) The acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and
- b) The acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

This standard also makes an editorial correction to AASB 11.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2016.

If a joint operation is acquired during the reporting period, then this standard clarifies the accounting for the acquisition to be in accordance with AASB 3, i.e. assets and liabilities acquired to be measured at fair value.

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 1. Summary of significant accounting policies

AASB 15 - Revenue from Contracts with customers and associated amending standards

AASB 15 introduces a five step process for revenue recognition with the core principle requiring Council to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

Accounting policy changes will arise in timing of revenue recognition, treatment of contract costs and contracts which contain a financing element.

AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The effective date of this standard is for annual reporting periods beginning on after 1 January 2017.

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.

(x) Rounding of amounts

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

(y) Comparative Figures

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

(z) Disclaimer

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

Wyong Shire Council

Notes to the financial statements
for the financial year ended 30 June 2015

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

Functions/Activities	Income, expenses and assets have been directly attributed to the following functions / activities. Details of these functions/activities are provided in Note 2(b).												
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current and non-current)	
	Original budget 2015	Actual 2015	Actual 2014	Original budget 2015	Actual 2015	Actual 2014	Original budget 2015	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Governance	2	-	2	1,838	1,360	1,577	(1,836)	(1,360)	(1,576)	-	-	-	-
Communities	226	176	199	3,622	3,137	2,518	(3,397)	(2,961)	(2,319)	148	164	11,585	200
Travel	12,527	19,981	14,482	43,508	46,602	42,653	(30,981)	(26,621)	(28,171)	5,112	3,004	1,090,124	630,054
Facilities and services	119,329	127,554	116,680	138,643	140,349	132,145	(19,314)	(12,794)	(15,465)	5,597	5,992	767,631	1,516,458
Education	5,727	4,107	4,838	11,674	8,978	10,277	(5,947)	(4,871)	(5,439)	899	932	14,165	10,540
Natural areas	368	514	135	2,906	2,510	2,557	(2,538)	(1,996)	(2,422)	477	48	529	12
Environmental programs	2,257	3,302	2,568	8,823	5,908	5,135	(6,566)	(2,606)	(2,568)	1,556	774	674,246	12,553
Business sector and employment	11,068	11,873	10,364	20,748	15,656	16,424	(9,680)	(3,783)	(6,060)	1,007	18	440,362	31,867
Civic leadership	10,692	9,550	8,303	12,336	12,011	10,595	(1,644)	(2,461)	(2,292)	148	148	237,858	556,263
Corporate income and expense	10,566	7,886	6,004	(1,989)	(1,447)	(1,905)	12,555	9,332	7,910	135	148	-	92
Total functions and activities	172,762	184,943	163,575	242,109	235,064	221,976	(69,348)	(50,121)	(58,402)	15,079	11,228	3,236,500	2,758,039
Share of gains/(losses) in associates and joint ventures (using the equity method)	-	-	-	-	229	-	-	(229)	-	-	-	21	250
General purpose income ¹	84,667	86,768	79,640	-	-	-	84,667	86,768	79,640	14,104	7,719	-	-
Operating result from continuing operations	257,429	271,711	243,215	242,109	235,293	221,976	15,319	36,418	21,238	29,183	18,947	3,236,521	2,758,289

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

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

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.

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

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:

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.

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 3. Income from continuing operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Rates and annual charges			
Ordinary rates			
Residential		59,366	54,749
Farmland		331	318
Mining		762	878
Business		8,976	8,498
Total ordinary rates		69,435	64,443
Special rates			
Town improvement		728	1,072
Stormwater		1,729	1,720
Total special rates		2,457	2,792
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 and s.611)			
Domestic waste management services		28,865	28,555
Drainage		7,146	6,426
Liquid trade waste		235	228
Section 611 charges		47	48
Sewerage services		28,230	27,435
Water supply services		10,312	10,029
Waste management services (non-domestic)		2,129	2,173
Total annual charges		76,964	74,894
Total rates and annual charges		148,856	142,129

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

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(b) User charges and fees			
Specific user charges (per s.502 - specific "actual use" charges)			
Domestic waste additional services		-	6
Water supply services		27,190	26,940
Sewerage services		1,029	467
Waste management services (non-domestic)		61	44
Liquid trade waste		713	611
Total user charges		28,993	28,068
Other user charges and fees			
(i) Fees and charges - statutory and regulatory functions (per s.608)			
Building certification		582	446
Building inspection		542	490
Development applications		1,522	1,394
Inspection services		139	135
Regulatory/statutory certificates		266	191
Regulatory/statutory fees		165	81
Registration fees		53	39
Rezoning fees		366	148
Section 149 certificates (EPA Act)		407	423
Section 355 committees		309	424
Section 603 certificates		356	396
Shop inspection fees		304	303
Other		114	103
Total fees and charges - statutory and regulatory		5,125	4,573
(ii) Fees and charges - other (incl. general user charges (per s.608)			
Child care		3,072	3,770
Community centres		589	728
Companion animals		223	253
Engineering design fees		1,013	486
Holiday parks		9,320	9,179
On Site Sewer Management (OSSM)		176	178
RMS (formerly RTA) charges (State Roads not controlled by Council)		1,590	1,959
Tipping fees		10,644	6,974
Other		837	575
Total fees and charges - other		27,464	24,102
Total user charges and fees		61,582	56,743

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Interest and investment revenue (incl. losses)			
Interest and dividends			
- Interest on overdue rates and annual charges (incl. special purpose rates)		801	868
- Interest earned on investments (interest and coupon payment income)		5,723	6,722
- Interest and dividend income (other)		18	22
Fair value adjustments			
- Fair valuation movements in investments (at fair value or held for trading)		-	(197)
Amortisation of premiums and discounts			
- Interest free (and interest reduced) loans provided		2	(10)
Other		55	74
Total interest and investment revenue		<u>6,599</u>	<u>7,479</u>
Interest revenue is attributable to:			
Unrestricted investments/financial assets:			
Overdue rates and annual charges (General Fund)		801	868
General Council cash and investments		2,428	2,710
Restricted investments/funds - external:			
Development contributions			
- Section 94 - General		634	648
- Section 94 - Drainage		297	301
- Section 94A		25	19
- Section 93F - General		43	42
- Section 93F - Drainage		15	16
- Section 93F - Water		15	18
- Section 93F - Sewer		6	6
- Section 64 - Water		402	415
- Section 64 - Sewer		299	292
Water Fund operations		315	630
Sewer Fund operations		1,320	1,514
Total interest and investment revenue recognised		<u>6,599</u>	<u>7,479</u>
(d) Other revenues			
Fines - parking		528	280
Fines - other		294	166
Legal fees recovery - other		247	171
Commissions and agency fees		12	10
Diesel rebate		88	67
Insurance claim recoveries		128	80
Sales - general		67	106
Cemetery income		238	203
External works		307	245
Landfill gas royalty payment		507	437
Property rents		2,424	1,971
Restoration from utility providers		461	806
Sale of scrap metal		162	116
Sewerage connections		182	198
Water connections		448	263
Other		496	364
Total other revenue		<u>6,589</u>	<u>5,483</u>

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 3. Income from continuing operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(e) Grants				
General purpose (untied)				
Financial assistance - general component	10,714	5,465	-	-
Financial assistance - local roads component	2,164	1,009	-	-
Pensioners' rates subsidies - general component	1,226	1,245	-	-
Total general purpose	14,104	7,719	-	-

¹ The Financial Assistance Grant for the comparative 2014 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 2014 year by up to 50% as had occurred in previous years.

Specific purpose

Pensioners' rates subsidies:

- Water	702	703	-	-
- Sewerage	672	672	-	-
- Domestic waste management	760	747	-	-
Water supplies	-	-	-	950
Aged and disabled	40	34	-	-
Bushfire and emergency services	920	787	485	491
Child care	401	379	-	-
Community care	37	-	110	-
Employment and training programs	39	100	-	-
Environmental protection	781	833	1,196	80
Health services	37	41	-	-
Heritage and cultural	31	-	199	-
Library	361	356	30	46
LIRS subsidy	353	305	-	-
Recreational facilities	-	-	1,810	308
Roads and bridges	60	68	4,860	1,499
Storm damage	-	40	-	32
Street lighting	404	235	-	-
Transport	10	13	-	-
Transport (Roads to Recovery)	-	-	732	1,150
Youth services	49	54	-	1,000
Other	-	305	-	-
Total specific purpose	5,657	5,672	9,422	5,556
Total grants	19,761	13,391	9,422	5,556

Grant revenue is attributable to:

- Commonwealth funding	221	-	2,222	2,230
- State funding	19,438	13,343	7,200	3,326
- Other funding	102	48	-	-
	19,761	13,391	9,422	5,556

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 3. Income from continuing operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(f) Contributions				
Developer contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 93F - contributions using planning agreements	-	-	273	298
S 94A - fixed development consent levies	-	-	783	534
S 64 - water supply contributions	-	-	1,918	1,330
S 64 - sewerage service contributions	-	-	2,403	1,247
S 94 - stormwater contributions	-	-	752	763
S 94 - roadworks	-	-	1,398	968
S 94 - open space	-	-	1,795	1,459
S 94 - community facilities	-	-	1,658	1,276
Other developer contributions	-	-	110	40
Total developer contributions	17	-	11,090	7,915
Other contributions:				
Community facilities	-	-	8	-
Dedications (other than by S94)	-	-	5,306	2,048
Kerb and gutter	-	-	105	97
Other environmental protection	-	60	-	-
Paving	-	-	59	-
RMS Contributions (Regional Roads, Block Grant)	807	794	-	-
Town planning	-	150	-	-
Vehicle contributions by employees	1,041	1,001	-	-
Other Councils - Long Service Leave Contribution	131	49	-	-
SES Contributions	71	-	-	-
Other	105	171	179	149
Total other contributions	2,155	2,225	5,657	2,294
Total contributions	2,155	2,225	16,747	10,209
Total grants and contributions	21,916	15,616	26,169	15,765

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 3. Income from continuing operations (continued)

\$ '000	Actual 2015	Actual 2014
(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	45,373	42,614
add: grants and contributions recognised in the current period but not yet spent:	15,711	15,374
less: grants and contributions recognised in a previous reporting period now spent:	(9,441)	(12,614)
Net increase (decrease) in restricted assets during the period	6,270	2,760
Unexpended and held as restricted assets	51,643	45,373
Comprising:		
- Specific purpose unexpended grants	3,816	3,727
- Developer contributions	47,242	40,814
- Other contributions	585	832
	51,643	45,373

Note 4. Expenses from continuing operations

(a) Employee benefits and on-costs

Salaries and wages	57,529	56,596
Travelling	28	19
Employee Leave Entitlements (ELE)	13,097	12,870
Superannuation	7,588	7,669
Workers' compensation insurance	2,150	968
Fringe Benefit Tax (FBT)	166	163
Payroll tax	998	1,010
Training costs (other than salaries and wages)	817	868
Other	1,937	1,387
Total employee costs	84,310	81,550
less: capitalised costs	(7,795)	(7,474)
Total employee costs expensed	76,515	74,076
Number of "Equivalent Full Time" employees at year end	906	927

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		12,641	13,270
Other debts		132	237
Total interest bearing liability costs expensed		12,773	13,507
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
- Remediation liabilities	26	1,943	1,576
- Financial instruments		-	1
Total other borrowing costs		1,943	1,577
Total borrowing costs expensed		14,716	15,084
(c) Materials and contracts			
Raw materials and consumables		10,215	10,229
Contractor and consultancy costs		19,262	15,417
- Contractor and consultancy costs garbage collection		10,944	10,556
- Contractor and consultancy costs corporate systems		2,043	1,844
- Contractor and consultancy costs green waste processing		2,003	1,854
Auditors remuneration ⁽¹⁾		210	189
Legal expenses:			
- Legal expenses: planning and development		8	4
- Legal expenses: debt recovery		167	225
- Legal expenses: other		382	599
Operating leases:			
- Operating lease rentals: minimum lease payments ⁽²⁾		508	681
Total materials and contracts		45,742	41,598
1. Auditor remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor (and the Auditors of other consolidated entities):			
(i) Audit and other assurance services			
- Audit and review of financial statements: Council's auditor		198	189
Remuneration for audit and other assurance services		198	189
(ii) Taxation services			
- Other taxation advice		12	-
Remuneration for taxation services		12	-
Total auditor remuneration		210	189
2. Operating lease payments are attributable to:			
Buildings		49	65
Computers		421	568
Other		38	48
		508	681

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Impairment costs		Depreciation/amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
(d) Depreciation, amortisation and impairment					
Plant and equipment		-	-	3,969	4,547
Office equipment		-	-	1,105	709
Furniture and fittings		-	-	254	207
Land improvements (depreciable)		-	-	1,184	1,544
Buildings - non-specialised		-	-	69	73
Buildings - specialised		-	1,324	3,930	3,285
Other structures		-	-	622	817
Infrastructure:					
- Roads		-	-	15,554	12,402
- Bridges		-	-	289	187
- Footpaths		-	-	655	407
- Stormwater drainage		-	-	3,077	2,619
- Water supply network		-	-	14,097	13,618
- Sewerage network		-	-	12,857	12,508
- Swimming pools		-	-	31	30
- Other open space/recreational assets		-	-	1,817	1,116
Other assets					
- Heritage collections		-	-	1	1
- Library books		-	-	412	489
- Other		-	-	1	1
Tip asset	9 & 26	-	-	693	565
Intangible assets	25	-	-	134	386
Total depreciation and impairment costs		-	1,324	60,751	55,511
less: impairments (to)/from ARR [Equity]	9a	-	(1,324)	-	-
Total depreciation and impairment costs		-	-	60,751	55,511

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(e) Other expenses			
Advertising		837	651
Bad and doubtful debts		3	85
Bank charges		440	456
Computer software charges		1,045	1,639
Commissions		2,199	1,996
Contributions/levies to other levels of Government			
- Caravan park levy		404	404
- Department of Planning levy		159	156
- NSW Fire Brigade levy		1,189	1,192
- NSW Rural Fire Service levy		577	581
- State Emergency Services		221	199
- Waste minimisation levy		13,165	9,067
- Other contributions/levies		10	54
Councillor expenses - Mayoral fee		56	58
Councillor expenses - Councillors' fees		236	233
Councillors' expenses (incl. Mayor) - other (excluding fees above)		65	62
Donations, contributions and assistance to other organisations (Section 356)			
- Central Coast Business Mentors Services Inc		49	28
- Central Coast Tourism Inc		150	150
- Community groups tipping fees		201	148
- The Entrance Town Centre		1,499	1,528
- Toukley Town Centre		170	152
- Wyong Town Centre		67	73
- Other contributions and donations		888	894
Electricity and heating		5,664	6,389
Gas charges		164	164
Insurance		1,799	1,710
Licences		202	227
Planning NSW Development Application fees		263	222
Postage		387	370
Printing and stationery		509	450
Street lighting		2,752	3,308
Subscriptions and publications		345	387
Telephone and communications		807	705
Tip rehabilitation provision adjustment		(1,343)	(1,115)
Valuation fees		8	9
Valuer General fees		357	348
Vehicle registrations		319	341
Other		999	1,406
Total other expenses		36,862	34,727

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	Actual 2015	Actual 2014
Property (excl. investment property)			
Proceeds from disposal - property		3,837	58
less: carrying amount of property assets sold / written off		<u>(3,472)</u>	<u>(139)</u>
Net gain/(loss) on disposal		<u>365</u>	<u>(81)</u>
Plant and equipment			
Proceeds from disposal - plant and equipment		802	1,637
less: carrying amount of plant and equipment assets sold / written off		<u>(835)</u>	<u>(2,285)</u>
Net gain/(loss) on disposal		<u>(33)</u>	<u>(648)</u>
Infrastructure			
Proceeds from disposal - infrastructure		-	-
less: carrying amount of infrastructure assets sold / written off		<u>(307)</u>	<u>(252)</u>
Net gain/(loss) on disposal		<u>(307)</u>	<u>(252)</u>
Financial assets			
Proceeds from disposal / redemptions / maturities - financial assets		110,913	94,827
less: carrying amount of financial assets sold / redeemed / matured		<u>(110,913)</u>	<u>(94,827)</u>
Net gain/(loss) on disposal		<u>-</u>	<u>-</u>
Water stock			
Proceeds from disposal - water stock		-	-
less: carrying amount of water stock assets sold / written off		<u>(503)</u>	<u>-</u>
Net gain/(loss) on disposal		<u>(503)</u>	<u>-</u>
Net gain/(loss) from disposal of assets		<u>(478)</u>	<u>(981)</u>

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 6a. - Cash assets and Note 6b. - Investments

\$ '000	Notes	2015	2015	2014	2014
		Actual Current	Actual Non-current	Actual Current	Actual Non-current
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		3,838	-	1,876	-
Cash equivalent assets ¹					
- Deposits at call		34,374	-	17,481	-
Total cash and cash equivalents		38,212	-	19,357	-
Investments (Note 6b)					
- Long term deposits		93,167	15,000	102,913	15,000
- Bank bonds		-	10,000	-	10,000
Total investments		93,167	25,000	102,913	25,000
Total cash assets, cash equivalents and investments		131,379	25,000	122,270	25,000

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

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

Cash and cash equivalents					
a. "At fair value through profit or loss"		38,212	-	19,357	-
Investments					
a. "At fair value through profit or loss"					
- "Held for trading"	6(b-i)	-	-	-	-
- "Designated at fair value on initial recognition"	6(b-i)	-	-	-	-
b. "Held to maturity"	6(b-ii)	93,167	25,000	102,913	25,000
Total investments		93,167	25,000	102,913	25,000

Wyong Shire Council

Notes to the financial statements
for the financial year ended 30 June 2015

Note 6b. Investments (continued)

\$ '000	2015 Actual Current	2015 Actual Non-current	2014 Actual Current	2014 Actual Non-current
Note 6(b-i)				
Reconciliation of investments classified as "At fair value through profit or loss"				
Balance at the beginning of the year	-	-	-	4,703
Revaluations (through the income statement)	-	-	(197)	-
Additions	-	-	321	-
Disposals (sales and redemptions)	-	-	(4,827)	-
Transfers between current/non-current	-	-	4,703	(4,703)
Balance at end of year	-	-	-	-
Note 6(b-ii)				
Reconciliation of investments classified as "Held to maturity"				
Balance at the beginning of the year	102,913	25,000	116,000	11,870
Additions	91,167	10,000	75,043	15,000
Disposals (sales and redemptions)	(110,913)	-	(90,000)	-
Transfers between current/non-current	10,000	(10,000)	1,870	(1,870)
Balance at end of year	93,167	25,000	102,913	25,000
Comprising:				
- Long term deposits	93,167	15,000	71,043	15,000
- Bank bonds	-	10,000	-	10,000
- Other long term financial assets	-	-	31,870	-
Total	93,167	25,000	102,913	25,000

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

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

\$ '000	2015	2015	2014	2014
	Actual Current	Actual Non-current	Actual Current	Actual Non-current
Total cash, cash equivalents and investments	131,379	25,000	122,270	25,000
attributable to:				
External restrictions (refer below)	97,488	25,000	91,180	25,000
Internal restrictions (refer below)	27,175	-	28,688	-
Unrestricted	6,716	-	2,402	-
	131,379	25,000	122,270	25,000

2015	Opening	Transfers to	Transfers from	Closing
\$ '000	balance	restrictions	restrictions	balance

Details of restrictions

External restrictions - included in liabilities

Specific purpose unexpended loans-General (A)	998	-	(855)	143
Specific purpose unexpended loans-Sewer (A)	-	5,900	(428)	5,472
RMS (formerly RTA) advances (B)	80	1,590	(1,610)	60
External restrictions - included in liabilities	1,078	7,490	(2,893)	5,675

External restrictions - other

Developer contributions - General (D)	4,846	5,594	(8,116)	2,324
Developer contributions - Water Fund (D)	9,983	2,320	(768)	11,535
Developer contributions - Sewer Fund (D)	13,000	2,706	(1,639)	14,067
Developer contributions - Drainage (D)	7,308	7,152	-	14,460
Developer contributions - VPA -General (D)	2,410	264	(140)	2,534
Developer contributions - S94a (D)	1,060	808	(1,840)	28
Developer contributions - VPA - Water (D)	1,842	81	-	1,923
Developer contributions - VPA - Sewer (D)	364	6	-	370
Specific purpose unexpended grants (F)	2,192	27,568	(27,479)	2,282
Specific purpose unexpended grants-Water Fund (F)	1,535	898	(899)	1,535
Specific purpose unexpended grants-Sewer Fund (F)	-	717	(717)	-
Water supplies (G)	373	-	(280)	93
Prepaid contributions - Water supplies (G)	1,008	-	-	1,008
Self insurance - Water (G)	-	181	-	181
Sewerage services (G)	25,487	-	(8,275)	17,212
Self insurance - Sewer (G)	-	153	-	153
Domestic waste management (G)	28,593	3,306	-	31,899
Stormwater management (G)	5,154	1,729	(1,826)	5,057
Contributions to works - General (H)	703	658	(905)	456
Contributions to works - Water Holiday parks (H)	129	-	-	129
	8,011	9,320	(12,524)	4,807
Cemeteries	372	235	(274)	333
RMS contributions to works	-	807	(807)	-
Public liability insurance - Water	15	-	(6)	9
Employees leave entitlement - Water	342	-	(3)	339
Employees leave entitlement - Sewer	375	-	(127)	248
Self insurance - General	-	3,833	-	3,833
External restrictions - other	115,102	68,335	(66,624)	116,813
Total external restrictions	116,180	75,826	(69,518)	122,488

page 42

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

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

2015 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
Internal restrictions				
Employees leave entitlement - General	3,643	76	-	3,719
Contributions - bonus provisions	4,526	177	-	4,703
Expenditure carried forward	451	150	(167)	434
Land development	3,624	-	(3,624)	-
Lifeguard contract savings	64	743	-	807
Prepaid contributions - General	1,361	-	-	1,361
Public liability insurance - General	274	59	-	333
Section 355/advances/deposits	689	-	(21)	668
Tip replacement/rehabilitation	14,056	1,094	-	15,150
Total internal restrictions	28,688	2,299	(3,812)	27,175
Total restrictions	144,868	78,124	(73,330)	149,663

- 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)
- 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.
- H External contributions not yet expended for the provision of specific services and amenities

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non-current	Current	Non-current
Purpose					
Rates and annual charges		3,025	2	3,057	12
Domestic waste mgt annual charges		1,551	3	1,621	9
Drainage annual charges		428	-	302	-
Water annual charges		454	1	522	3
Sewerage annual charges		1,036	2	1,615	10
Interest and extra charges		680	-	779	-
User charges and fees		15,656	-	13,721	-
Accrued revenues					
- Interest on investments		2,425	-	2,553	-
- Other income accruals		1,013	-	640	-
Government grants and subsidies		1,977	-	3,195	-
Net GST receivable		2,153	-	1,707	-
Liquid trade waste		419	-	260	-
Toukley Golf Club Limited		36	407	56	420
Wyong Community Recreation Assoc. loan		-	794	-	794
Other debtors		1,882	23	2,318	26
Total		32,735	1,232	32,346	1,274
less: Provision for impairment					
User charges and fees		(310)	-	(300)	-
Wyong Community Recreation Assoc. loan		-	(794)	-	(794)
Other debtors		(296)	-	(308)	-
Total provision for impairment - receivables		(606)	(794)	(608)	(794)
Total net receivables		32,129	438	31,738	480
Externally restricted receivables					
Water supply					
- Specific purpose grants		59	-	1,027	-
- Rates and availability charges		882	1	823	3
- Other		14,898	406	13,412	420
Sewerage services					
- Specific purpose grants		45	-	-	-
- Rates and availability charges		1,037	2	1,615	10
- Other		2,154	-	1,661	-
Domestic waste management		1,551	3	1,621	9
Total external restrictions		20,626	412	20,159	442
Internally restricted receivables		-	-	-	-
Unrestricted receivables		11,503	26	11,579	38
Total net receivables		32,129	438	31,738	480

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% (2014 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 8. Inventories and other assets

\$ '000	Notes	2015		2014	
		Current	Non-current	Current	Non-current
Inventories					
Stores and materials		702	-	926	-
Water treatment supplies		-	-	503	-
Other		10	-	13	-
Total inventories		712	-	1,442	-
Other assets					
Prepayments		972	-	720	-
Total other assets		972	-	720	-
Total inventories and other assets		1,684	-	2,162	-
Externally restricted assets					
Water					
Water treatment supplies		-	-	503	-
Total water		-	-	503	-
Sewerage					
Prepayments		57	-	-	-
Total sewerage		57	-	-	-
Total externally restricted assets		57	-	503	-
Total internally restricted assets		-	-	-	-
Total unrestricted assets		1,627	-	1,659	-
Total inventories and other assets		1,684	-	2,162	-

Other disclosures

(a) Details for real estate development

Movements:

Real estate assets at beginning of the year	-	-	469	-
- Transfers in from (out to) Note 9	-	-	(469)	-
Total real estate for resale	-	-	-	-

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

Stores and materials	4,084	5,519
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(c) Inventory write downs

There were no amounts recognised as an expense relating to the write down of inventory balances held during the year.

Wyong Shire Council

Notes to the financial statements
for the financial year ended 30 June 2015

Note 9a. Infrastructure, property, plant and equipment

\$ '000	as at 30/6/2014				Asset movements during the reporting period							as at 30/6/2015					
	At cost	At fair value	Accumulated dep'n	Carrying value	Asset additions	WDV of asset disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Newly Recognised Assets	Revaluation increments to equity (A/R)	Revaluation increments to equity (A/R)	AI cost	AI fair value	Accumulated dep'n	Impairment	Carrying value
Capital work in progress	51,881	-	-	51,881	86,330	(834)	-	(64,290)	(496)	-	-	-	73,425	-	-	-	73,425
Plant and equipment	-	41,200	20,384	20,816	-	(3,969)	(3,969)	3,777	(6)	-	-	-	-	42,296	22,512	-	19,784
Office equipment	-	6,000	3,412	2,588	-	(1,105)	(1,105)	979	-	-	-	-	-	6,889	4,407	-	2,462
Furniture and fittings	-	2,839	1,548	1,291	-	-	(254)	771	-	-	-	-	-	3,597	1,789	-	1,808
Land:	-	-	-	-	-	(2,543)	-	-	870	-	-	-	-	310,240	-	-	310,240
- Operational land	-	311,913	-	124,750	-	(436)	-	-	(820)	-	-	-	-	123,494	-	-	123,494
- Community land	-	124,750	-	511	-	-	-	-	-	-	-	-	-	511	-	-	511
- Land under roads (post 2009)	-	511	-	19,564	-	-	(1,184)	3,056	(6,549)	-	-	-	-	22,799	7,912	-	14,887
Land improvements - depreciable	-	32,894	13,330	19,564	-	(42)	(69)	3,056	(6,549)	-	-	-	-	4,132	3,788	-	364
Buildings - non-specialised	-	4,506	4,031	475	-	(223)	(3,930)	7,936	(224)	-	-	-	-	177,560	25,001	-	152,559
Buildings - specialised	-	172,108	21,758	149,000	-	(229)	(622)	2,630	(2,177)	-	-	-	-	17,269	4,120	-	13,149
Other structures	-	20,159	6,612	13,547	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure:	-	601,614	274,352	327,262	1,423	-	(15,554)	18,066	8,867	9,759	148,787	-	787,418	288,809	-	-	496,609
- Roads	-	13,192	6,557	6,635	-	(289)	(289)	1,516	706	4,050	(693)	-	16,752	4,827	-	-	11,925
- Bridges	-	38,469	6,164	32,305	-	(655)	(655)	1,180	(1,566)	1,079	(1,727)	-	44,853	14,242	-	-	30,616
- Footpaths	-	3,219	-	3,219	-	-	-	163	-	168,459	(1,777)	-	170,084	-	-	-	170,084
- Bulk earthworks (non-depreciable)	-	310,951	73,797	237,154	2,098	-	(3,077)	8,804	4,005	-	97,262	-	465,684	119,438	-	-	346,246
- Stormwater drainage	-	934,711	376,572	558,139	569	-	(14,097)	746	-	-	-	-	949,955	396,337	-	-	553,618
- Water supply network	-	996,537	327,202	669,335	1,544	(307)	(12,857)	4,164	-	-	9,944	-	1,016,442	344,619	-	-	671,823
- Sewerage network	-	5,943	3,653	2,290	-	-	(31)	-	14	-	-	-	5,959	3,686	-	-	2,273
- Swimming pools	-	57,384	15,516	41,868	-	-	(1,817)	2,260	(3,162)	-	-	-	56,047	16,898	-	-	39,149
Other assets:	-	205	36	169	-	-	(1)	-	-	-	-	-	-	205	37	-	168
- Heritage collections	-	4,188	3,066	1,122	18	-	(412)	279	-	-	-	-	4,036	3,029	-	-	1,007
- Library books	-	38	1	37	-	-	(1)	-	-	-	-	-	38	2	-	-	36
- Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reinstatement, rehabilitation and restoration assets (refer Note 26):	-	4,765	4,588	177	-	-	(693)	7,963	-	-	-	-	16,127	8,650	-	-	7,447
- Tip assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total infrastructure, property, plant and equipment	51,881	3,898,096	1,162,279	2,576,048	92,083	(4,614)	(60,617)	0	(538)	183,307	(4,107)	264,154	73,425	4,242,549	1,270,113	-	3,045,665

Additions to buildings and infrastructure assets are made up of asset renewals (\$53,180) and new assets (\$10,447). 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.

Wyong Shire Council

Notes to the financial statements
for the financial year ended 30 June 2015

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

\$ '000	Actual 2015				Actual 2014			
	At cost	At fair value	A/Dep and impairm't	Carrying value	At cost	At fair value	A/Dep & impairm't	Carrying value
Water supply								
Work in progress	17,948	-	-	17,948	14,720	-	-	14,720
Plant and equipment	-	411	312	99	-	411	270	141
Office equipment	-	360	246	114	-	290	204	86
Furniture and fittings	-	137	115	22	-	117	104	13
Land								
- Operational land	-	34,631	-	34,631	-	34,631	-	34,631
- Community land	-	1,105	-	1,105	-	1,113	-	1,113
Buildings	-	6,405	892	5,513	-	6,405	724	5,681
Other structures	-	1,222	117	1,105	-	1,176	81	1,095
Infrastructure - water supply	-	949,955	396,338	553,617	-	934,711	376,572	558,139
Infrastructure - stormwater	-	459,624	117,865	341,759	-	310,951	73,797	237,154
Total Water Supply	17,948	1,453,850	515,885	955,913	14,720	1,289,805	451,752	852,773
Sewerage services								
Work in progress	10,695	-	-	10,695	4,719	-	-	4,719
Plant and equipment	-	824	610	214	-	819	482	337
Office equipment	-	244	179	65	-	222	150	72
Furniture and fittings	-	32	28	4	-	32	27	5
Land								
- Operational land	-	22,986	-	22,986	-	23,021	-	23,021
Buildings	-	7,556	1,284	6,272	-	7,556	1,149	6,407
Other structures	-	360	44	316	-	350	32	318
Infrastructure	-	1,016,442	344,620	671,822	-	996,537	327,202	669,335
Other assets	-	58	16	42	-	-	-	-
Total sewerage services	10,695	1,048,502	346,781	712,416	4,719	1,028,537	329,042	704,214
property, plant and equipment	28,643	2,502,352	862,666	1,668,329	19,439	2,318,342	780,794	1,556,987

Note 9c. Infrastructure, property, plant and equipment - current year impairments

\$ '000	Notes	Actual 2015	Actual 2014
Impairment losses recognised direct to equity (ARR):			
Impairment - Wyong Memorial Hall		-	(1,324)
Total impairment losses		-	(1,324)
<u>Impairment of assets - direct to equity (ARR)</u>	20 (ii)	-	<u>(1,324)</u>

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2015		2014	
		Current	Non-current	Current	Non-current
Payables					
Goods and services		8,207	-	7,939	-
Payments received in advance		3,155	11,621	3,966	12,290
Accrued expenses:					
- Borrowings		1,270	-	1,323	-
- Salaries and wages		2,144	-	2,481	-
- Other expenditure accruals		18,207	-	13,584	-
Security bonds, deposits and retentions		1,247	-	773	-
Developer bonds		1,105	-	930	-
Overpayments		4,079	-	2,952	-
Other		301	-	155	-
Total payables		39,715	11,621	34,103	12,290
Borrowings					
Loans - secured ¹		12,084	166,014	11,368	172,672
Total borrowings		12,084	166,014	11,368	172,672
Provisions					
Employee benefits;					
Annual leave		6,088	-	6,180	-
Sick leave		3,897	-	4,374	-
Long service leave		8,842	858	9,095	861
Gratuities		267	-	-	-
Other leave		261	-	262	-
Sub total - aggregate employee benefits		19,355	858	19,911	861
Self insurance - workers compensation		811	4,155	719	3,459
Self insurance - public liability		225	-	220	-
Self insurance - other		118	-	69	-
Asset remediation/restoration (future works) ²⁶		1,937	50,061	2,315	50,207
Payroll tax		155	5	190	5
Total provisions		22,601	55,079	23,424	54,532
Total payables, borrowings and provisions		74,400	232,714	68,895	239,494

Refer next page for liabilities relating to restricted assets

¹ Loans are secured over the general rating income of Council

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

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	2015		2014	
		Current	Non-current	Current	Non-current
(i) Liabilities relating to restricted assets					
Externally restricted assets					
Water		19,432	133,123	22,081	162,431
Sewer		6,250	27,101	5,268	23,055
Domestic waste management		3,102	-	1,737	-
Self insurance Water Fund		80	136	29	64
Self insurance Sewer Fund		58	124	1	9
Other insurance Water Fund		9	-	15	-
Developer contributions in advance General		1,361	9,973	2,395	9,397
Developer contributions in advance Water		1,008	584	485	1,941
Developer contributions in advance Sewer		-	1,064	156	881
Self insurance General Fund		673	3,895	-	-
Liabilities relating to externally restricted assets		<u>31,973</u>	<u>176,000</u>	<u>32,167</u>	<u>197,778</u>
Internally restricted assets					
Self insurance General Fund		-	-	689	3,386
Other insurance General Fund		333	-	274	-
Liabilities relating to internally restricted assets		<u>333</u>	<u>-</u>	<u>963</u>	<u>3,386</u>
Total liabilities relating to restricted assets		32,307	176,000	33,130	201,164
Total liabilities relating to unrestricted assets		42,093	56,714	35,765	38,330
Total payables, borrowings and provisions		<u>74,400</u>	<u>232,714</u>	<u>68,895</u>	<u>239,494</u>

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

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

\$ '000	Actual 2015	Actual 2014
(ii) Current liabilities not anticipated to be settled within the next 12 months		
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - employees benefits	11,199	10,294
Payables - security bonds, deposits and retentions ¹	2,793	-
Total	13,992	10,294

Note 10b. Description of and movements in provisions

Class of provision	2014		2015			
	Opening balance as at 1/7/14	Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	Closing balance as at 30/6/15
Annual leave	6,180	5,101	(5,193)	-	-	6,088
Sick leave	4,374	2,800	(3,277)	-	-	3,897
Long service leave	9,956	2,324	(2,580)	-	-	9,700
Other leave	262	496	(497)	-	-	261
Gratuities	-	267	-	-	-	267
Self insurance	4,467	2,025	(1,183)	-	-	5,309
Asset remediation	52,522	-	(1,124)	3,734	(3,134)	51,998
Other	195	998	(1,033)	-	-	160
Total	77,956	14,011	(14,887)	3,734	(3,134)	77,680

- 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.
- Self insurance provisions represent both (i) claims incurred but not reported and (ii) claims reported and estimated as per the actuarial assessment.
- 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.
- Other provisions represent payroll tax.

¹ Payables not expected to be settled represent average balances held in security bonds, deposits, and overpayments

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 11. Statement of cash flows - additional information

\$ '000	Notes	Actual 2015	Actual 2014
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	38,212	19,357
Less bank overdraft	10	-	-
Balance as per the statement of cash flows		38,212	19,357
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from income statement		36,418	21,238
Adjust for non-cash items:			
Depreciation and amortisation		60,751	55,511
Net losses/(gains) on disposal of assets		478	981
Non-cash capital grants and contributions		(6,184)	(5,079)
Losses/(gains) recognised on fair value re-measurements through the income statement			
- Investments classified as "At fair value" or "Held for trading"		-	197
- Other		-	(10)
Amortisation of premiums, discounts and prior period fair valuations			
- Interest on all fair value adjusted interest free advances made by Council		(2)	10
- Discount adjustment relating to remediation provision		1,943	1,576
Unwinding of discount rates on reinstatement provisions		1,791	(1,253)
Share of net (profits) or losses of associates/joint ventures		229	-
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(345)	(5,942)
Increase/(decrease) in provision for doubtful debts		(2)	55
Decrease/(increase) in inventories		730	36
Decrease/(increase) in other assets		(252)	(183)
Increase/(decrease) in payables		268	(6,438)
Increase/(decrease) in accrued interest payable		(53)	(73)
Increase/(decrease) in other accrued expenses payable		4,286	8,594
Increase/(decrease) in other liabilities		442	(1,081)
Increase/(decrease) in employee leave entitlements		(559)	(2,173)
Increase/(decrease) in other provisions		(3,451)	(1,778)
Net cash provided from/(used in) operating activities from the statement of cash flows		96,488	64,188

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
(c) Non-cash investing and financing activities			
S94 contributions "in kind"		878	3,031
Other dedications		5,306	2,048
Total non-cash investing and financing activities		6,184	5,079
(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	5,043
Total financing arrangements		8,250	8,293
Amounts utilised as at balance date:			
- Credit cards / purchase cards		138	80
- Lease facilities		762	570
- Standby credit facilities		-	5,043
Total financing arrangements utilised		900	5,693

1. The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Interest rates on overdrafts are interest rates on loans and other payables are disclosed in Note 15.

(ii) Secured loan liabilities

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

(e) Bank guarantees

Council does not have any current bank guarantees provided to third parties.

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 12. Commitments for expenditure

\$ '000	Notes	Actual 2015	Actual 2014
(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		336	222
Land and buildings		8,440	143
Infrastructure - including roads, water and sewerage network, open space		22,137	11,094
Other		225	170
Tip assets		670	3,271
Total commitments		31,808	14,900
These expenditures are payable as follows:			
Within the next year		31,808	14,900
Total payable		31,808	14,900
Sources for funding of capital commitments:			
Unrestricted General Funds		11,424	3,221
Future grants and contributions		-	1
Section 64 and 94 funds/reserves		9,738	1,740
Externally restricted reserves		9,752	6,668
Internally restricted reserves		670	3,270
Insurance claim		224	-
Total sources of funding		31,808	14,900

Details of capital commitments

Major works being undertaken include upgrades to the sewerage infrastructure for \$15.7m, the design and construction of the Wyong Performing Arts Centre for \$8.1m, construction of a regional skate park for \$1.7m and an upgrade to Kanangra Drive for \$1.1m. The remaining commitments are for various capital works across all areas of Council.

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 12. Commitments for expenditure (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(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		416	403
Later than one year and not later than 5 years		641	474
Later than 5 years		1,622	1,149
Total non-cancellable operating lease commitments		2,679	2,026

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 leases have 57 months remaining.

Northlakes child care centre premises: Expiry date of the lease is 31 December 2051.

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)

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014 2013	
Local Government industry indicators - consolidated				
1. Operating performance ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. Capital Grants and Contributions) - operating expenses</u>	<u>10,956</u>	4.46%	2.92%	3.66%
Total continuing operating revenue ⁽¹⁾ (excl. capital grants and contributions)	245,542			
2. Own source operating revenue ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. all grants and contributions)</u>	<u>223,626</u>	82.30%	87.11%	83.37%
Total continuing operating revenue ⁽¹⁾	271,711			
3. Unrestricted current ratio				
<u>Current assets less all external restrictions ⁽²⁾</u>	<u>47,020</u>	1.56x	1.56	1.98
Current liabilities less specific purpose liabilities ^(3, 4)	30,098			
4. Debt service cover ratio				
Operating result ⁽¹⁾ before capital excluding interest <u>and depreciation / impairment / amortisation</u>	<u>86,423</u>	3.51x	3.17	2.89
Principal repayments (from the statement of cash flows) + borrowing costs (from the income statement)	24,615			
5. Rates, annual charges, interest and extra charges outstanding percentage				
<u>Rates, annual and extra charges outstanding</u>	<u>7,182</u>	4.56%	5.22%	6.10%
Rates, annual and extra charges collectible	157,587			
6. Cash expense cover ratio				
Current year's cash and cash equivalents + all term deposits	x12 <u>146,379</u>	9.01	8.65	9.23
Payments from cash flow of operating and financing activities	16,245	months	months	months

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

⁽³⁾ Refer to Note 10(a).

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

Wyong Shire Council

Notes to the financial statements
for the financial year ended 30 June 2015

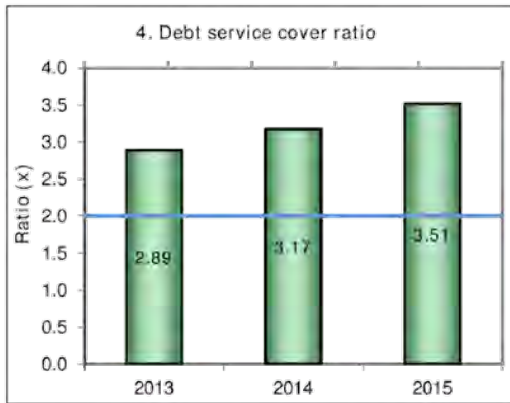
Note 13a(ii). Local Government industry indicators - graphs (consolidated)

<p>1. Operating performance ratio</p> <p>Benchmark: — Minimum $\geq 0.00\%$ Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p>Purpose of operating performance ratio</p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p>Commentary on 2014-15 Result</p> <p>2014-15 Ratio 4.46%</p> <p>The improved operating performance demonstrates Council's continued path of sound fiscal management and commitment to achieving financial sustainability. The favourable movement on prior year also includes a change in timing of payments for the Financial Assistance Grant.</p>
<p>2. Own source operating revenue ratio</p> <p>Benchmark: — Minimum $\geq 60.00\%$ Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p>Purpose of own source operating revenue ratio</p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.</p>	<p>Commentary on 2014-15 Result</p> <p>2014-15 Ratio 82.30%</p> <p>Council's own source operating revenue ratio remains strong, well above the benchmark of 60%, and demonstrates fiscal flexibility if faced with unforeseen events. The decline on prior year relates to higher grants and contributions receipts in 2015 including the resumption of standard Financial Assistance Grant payments and increased developer contributions.</p>
<p>3. Unrestricted current ratio</p> <p>Benchmark: — Minimum ≥ 1.50 Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p>Purpose of unrestricted current ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 2014-15 Result</p> <p>2014-15 Ratio 1.56x</p> <p>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.</p>

Wyong Shire Council

Notes to the financial statements
for the financial year ended 30 June 2015

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

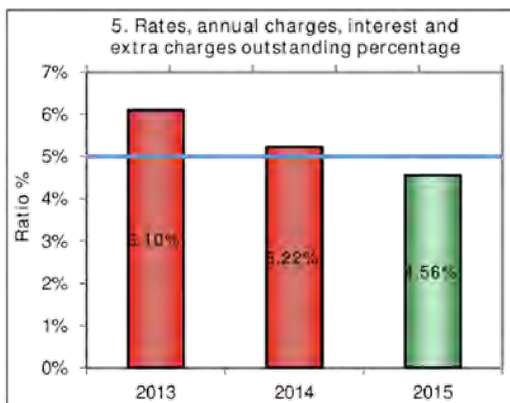
Commentary on 2014-15 Result

2014-15 Ratio 3.51x

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

Benchmark: — Minimum ≥ 2.00
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within 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.

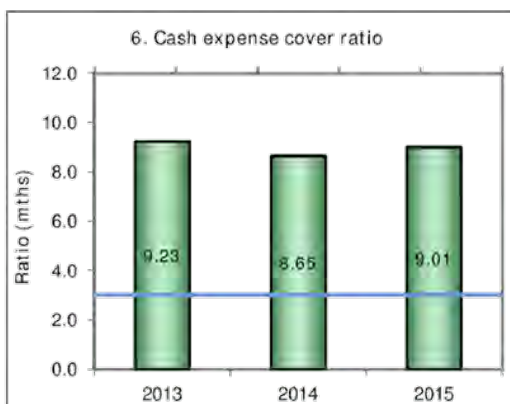
Commentary on 2014-15 Result

2014-15 Ratio 4.56%

Council's benchmark achievement of the rates and annual charges outstanding percentage for the first time in 2015 demonstrates perseverance in recovery efforts and success in implementation of socially responsible debt management strategies.

Benchmark: — Maximum $< 5.00\%$
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

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 2014-15 Result

2014-15 Ratio 9.01

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 #23

Ratio is within Benchmark
 Ratio is outside Benchmark

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 13b. Statement of performance measurement - indicators (by Fund)

\$ '000	Water 2015	Sewer 2015	General ⁵ 2015
Local Government industry indicators - by Fund			
1. Operating performance ratio			
Total continuing operating revenue ⁽¹⁾			
<u>(excl. capital grants and contributions) - operating expenses</u>	-10.51%	-7.17%	10.91%
Total continuing operating revenue ⁽¹⁾			
(excl. capital grants and contributions)	prior period: -11.78%	-12.93%	10.63%
2. Own source operating revenue ratio			
Total continuing operating revenue ⁽¹⁾			
<u>(excl. all grants and contributions)</u>	88.03%	87.47%	80.01%
Total continuing operating revenue ⁽¹⁾			
	prior period: 90.21%	92.64%	85.93%
3. Unrestricted current ratio			
<u>Current assets less all external restrictions ⁽²⁾</u>	0.94x	3.84x	1.56x
Current liabilities less specific purpose liabilities ^(3, 4)			
	prior period: 0.80	6.91	1.53
4. Debt service cover ratio			
<u>Operating result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation</u>	1.10x	4.37x	57.61x
Principal repayments (from the statement of cash flows)			
+ Borrowing costs (from the income statement)	prior period: 1.06	3.95	45.92
5. Rates, annual charges, interest and extra charges outstanding percentage			
<u>Rates, annual and extra charges outstanding</u>	5.49%	3.78%	4.61%
Rates, annual and extra charges collectible			
	prior period: 5.59%	5.25%	4.97%
6. Cash expense cover ratio			
Current year's cash and cash equivalents			
+ all term deposits	5.50	19.02	8.40
Payments from cash flow of operating and financing activities	mths	mths	mths
	prior period: 6.46	15.60	8.46

Notes

^{(1) - (4)} Refer to Notes at Note 13a(i) above.⁽⁵⁾ General Fund refers to all of Council's activities except for its Water and Sewer activities which are listed separately.

Wyong Shire Council

Notes to the financial statements
for the financial year ended 30 June 2015

Note 14. Investment properties

 \$ '000

Council has not classified any land or buildings as "Investment properties"

Note 15. Financial risk management

Risk management

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

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

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

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

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

	Carrying Value		Fair Value	
	2015	2014	2015	2014
Financial assets				
Cash and cash equivalents	38,212	19,357	38,212	19,357
Investments				
- "Held to maturity"	118,167	127,913	118,167	127,913
Receivables	32,567	32,218	32,567	32,218
Total financial assets	188,946	179,488	188,946	179,488
Financial liabilities				
Payables	36,560	30,137	36,560	30,137
Loans / advances	178,098	184,040	217,916	221,235
Total financial liabilities	214,658	214,177	254,476	251,372

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** - are estimated to be the carrying value which 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 or 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.

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 15. Financial risk management (continued)

\$ '000

(a) Cash and cash equivalents, financial assets 'at fair value through the profit or loss' "available for sale" financial assets and "held to maturity" investments

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 section manages the cash and investments portfolio.

Council has an investment policy which complies with the Local Government Act and Minister's Investment Order. This policy is regularly reviewed by 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 there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** - the risk that movements in interest rates could affect returns and income.
- **Credit risk** - the risk that the investment counterparty) will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

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

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2015				
Possible impact of a 1% movement in interest rates	1,564	1,564	(1,564)	(1,564)
2014				
Possible impact of a 1% movement in interest rates	1,473	1,473	(1,473)	(1,473)

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 15. Financial risk management (continued)

\$ '000

(b) Receivables

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

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

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

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

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

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

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

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

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

		2015	2015	2014	2014
		Rates and annual charges	Other receivables	Rates and annual charges	Other receivables
(i) Ageing of receivables - %					
Current (not yet overdue)		0%	80%	0%	82%
Overdue		100%	20%	100%	18%
		<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
(ii) Ageing of receivables - value					
		Rates and annual charges	Other receivables	Rates and annual charges	Other receivables
Current	Current	-	21,900	-	20,636
< 1 year overdue	0 - 30 days overdue	5,059	1,253	3,173	2,413
1 - 2 years overdue	30 - 60 days overdue	1,036	279	1,456	638
2 - 5 years overdue	60 - 90 days overdue	800	1,422	976	70
> 5 years overdue	> 90 days overdue	287	1,931	2,325	1,933
		<u>7,182</u>	<u>26,785</u>	<u>7,930</u>	<u>25,690</u>
(iii) Movement in provision for impairment of receivables				2015	2014
Balance at the beginning of the year				1,402	1,347
+ new provisions recognised during the year				3	55
- amounts already provided for and written off this year				(5)	-
Balance at the end of the year				<u>1,400</u>	<u>1,402</u>

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 15. Financial risk management (continued)

\$ '000

(c) Payables and borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2015									
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
2014									
Trade/other payables	773	29,364	-	-	-	-	-	30,137	30,137
Loans and advances	-	23,079	23,559	23,256	22,873	22,639	149,627	265,033	184,040
Total financial liabilities	773	52,443	23,559	23,256	22,873	22,639	149,627	295,170	214,177

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

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

	2015		2014	
	Carrying value	Average interest rate	Carrying value	Average interest rate
Commercial banks	178,098	6.9%	183,331	7.0%
NSW Government agencies	-	0.0%	709	4.4%
	178,098		184,040	

Loan agreement breaches

There were no loan agreement breaches during the year

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 16. Material budget variations

\$ '000

Council's original financial budget for 2014-15 was adopted by the Council on 28 May 2014.

While the income statement included in this general purpose financial report must disclose the original budget adopted by Council, the Local Government Act requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This Note sets out the details of material variations between Council's original budget and its actual results for the year as per the income statement - even though such variations may have been adjusted for during each quarterly budget review.

Note that for variations* of budget to actual :

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

F = Favourable budget variation, U = Unfavourable budget variation

\$ '000	2015 Budget	2015 Actual	2015 Variance*	-----	-----
Revenues					
Rates and annual charges	149,580	148,856	(724)	(0%)	U
User charges and fees	59,020	61,582	2,562	4%	F
Interest and investment revenue	7,520	6,599	(921)	(12%)	U
This variance is due to lower than anticipated interest rates, resulting in a reduction in the return on investment from 4.20% in 2013-14 to 3.78% in 2014-15.					
Other revenues	4,179	6,589	2,410	58%	F
This variance is due to higher than expected recovery on the National Broadband Network (NBN) reinstatement works as well as favourable royalty payments (as a result of positive spot rates) for gas extraction at the Buttonderry Waste Management Facility.					
Operating grants and contributions	20,594	21,916	1,322	6%	F
Capital grants and contributions	14,725	26,169	11,444	78%	F
This variance is a result of additional grant funding for roads, increased assets dedicated to Council and increased developer contributions in line with increased development within the Shire.					
Net gains from disposal of assets	1,812	-	(1,812)	(100%)	U
The net gains and losses on disposal of assets have been combined as a net loss in operating expenses. The net gain was not achieved due to lower than budgeted gains on overall property sales and increased losses on disposal of assets associated with write-offs (including the demolition of Wyong Memorial Hall).					

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 16. Material budget variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----		
Expenses					
Employee benefits and on-costs	83,045	76,515	6,530	8%	F
Borrowing costs	14,577	14,716	(139)	(1%)	U
Materials and contracts	53,284	45,742	7,542	14%	F
This variance resulted from reduced costs of strategic projects in progress including investigations into the regional airport and Local Government initiatives/reforms such as Fit for the Future. Savings in fuel prices also contributed to this favourable variance.					
Depreciation and amortisation	56,052	60,751	(4,699)	(8%)	U
Other expenses	35,150	36,862	(1,712)	(5%)	U
Net losses from disposal of assets	-	478	(478)	0%	U
The gains and losses on disposal of assets have been combined as a net loss in operating expenses. The net loss is due to lower than budgeted gains on overall property sales and increased losses on disposal of assets associated with write-offs (including demolition of Wyong Memorial Hall).					
Joint ventures and associates - net losses	-	229	(229)	0%	U
This variance is due to the reduced value of the investment in the Central Coast Water Corporation.					

Budget variations relating to Council's cash flow statement include:

Cash flows from operating activities	58,466	96,488	38,023	65.0%	F
This variance is a result of increased grant and developer contribution revenue received and reduced expenditure on employee costs and materials and contracts including strategic projects.					
Cash flows from investing activities	(84,552)	(71,691)	12,861	(15.2%)	F
This variance is due to lower than anticipated purchases of infrastructure, property, plant and equipment, offset by increased sales of investments.					
Cash flows from financing activities	8,635	(5,942)	(14,577)	(168.8%)	U
This variance is a result of expected new loans not being drawn due to sufficient cash levels being maintained during the reporting period.					

Wyong Shire Council

Notes to the financial statements
for the financial year ended 30 June 2015

Note 17. Statement of developer contributions

\$ '000

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

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

Summary of contributions and levies

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
Drainage	7,308	646	107	297	514	5,588	14,460	38,451	(60,344)	(7,433)	-
Roads	1,010	1,076	322	151	(513)	(1,656)	390	148,033	(145,943)	2,479	(2,372)
Parking	12	-	-	6	-	-	18	-	(3,139)	(3,121)	341
Open space	957	1,554	240	155	(240)	(1,986)	680	81,637	(64,681)	17,636	(9,985)
Community facilities	2,713	1,493	166	320	(1,668)	(1,818)	1,206	64,862	(80,216)	(14,148)	11,975
Other	155	107	2	2	(107)	(129)	30	10,050	(5,494)	4,586	41
S94 Contributions - under a Plan	12,155	4,876	837	931	(2,014)	(1)	16,784	343,033	(359,818)	-	-
S94A Levies - under a Plan	1,060	783	-	25	(1,840)	-	28				
Total S94 Revenue under Plans	13,215	5,659	837	956	(3,854)	(1)	16,812				
S93F Planning Agreements	4,615	273	-	79	(140)	-	4,827				
S64 Contributions	22,984	4,280	41	701	(2,404)	1	25,603				
Total contributions	40,814	10,212	878	1,736	(6,398)	0	47,242				

Wyong Shire Council

Notes to the financial statements
for the financial year ended 30 June 2015

Note 17. Statement of developer contributions (continued)

\$ '000

Developer contributions - under a plan
Contribution plan number 1 - Wyong

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
Drainage	1,001	-	-	32	-	840	1,873	704	(4,258)	(1,681)	-
Roads	138	18	-	45	-	(156)	45	2,915	(4,976)	(2,016)	988
Parking	9	-	-	4	-	-	13	-	(3,060)	(3,047)	258
Open space	158	37	-	41	-	(118)	118	2,555	(500)	2,173	2,093
Community facilities	358	58	-	38	-	(434)	20	3,468	(4,500)	(1,012)	2,191
Other	3	-	-	-	-	-	3	7	-	10	43
S94 Total	1,667	113	-	160	-	132	2,072	9,649	(17,294)	(5,573)	5,573
s64 - Water	2,138	281	-	72	-	-	2,491	-	-	-	-
s64 - Sewer	3,482	579	-	65	(16)	(1,150)	2,960	-	-	-	-
S64 Total	5,620	860	-	137	(16)	(1,150)	5,451	-	-	-	-
Total	7,287	973	-	297	(16)	(1,018)	7,523	-	-	-	-

Contribution plan number 2 - Southern Lakes

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
Drainage	1,090	34	-	19	-	-	1,143	240	(906)	476	-
Roads	32	6	-	15	-	-	53	142	(828)	(633)	788
Open space	102	244	-	23	-	(318)	51	1,785	(3,412)	(1,576)	1,412
Community facilities	187	154	-	19	-	(349)	11	1,492	(2,574)	(1,071)	1,146
Other	8	23	-	-	(22)	(6)	3	220	(764)	(542)	-
S94 Total	1,419	461	-	76	(22)	(673)	1,261	3,879	(8,484)	(3,346)	3,346
s64 - Water	1,500	227	-	62	-	-	1,789	-	-	-	-
s64 - Sewer	2,424	349	-	46	(3)	-	2,816	-	-	-	-
S64 Total	3,924	576	-	108	(3)	-	4,605	-	-	-	-
Total	5,343	1,037	-	184	(25)	(673)	5,866	-	-	-	-

Wyong Shire Council

Notes to the financial statements
for the financial year ended 30 June 2015

Note 17. Statement of developer contributions (continued)

\$ '000

Developer contributions - under a plan
Contribution plan number 3 - The Entrance

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
Drainage	2	-	-	-	-	2	4	-	(110)	(106)	-
Roads	377	462	-	42	-	(841)	40	3,840	(6,494)	(2,614)	2,619
Parking	3	-	-	2	-	-	5	-	(78)	(73)	77
Open space	25	110	-	14	-	(105)	44	924	(226)	742	852
Community facilities	18	167	-	15	-	(131)	69	1,420	(1,173)	316	(1,813)
S94 Total	425	739	-	73	-	(1,075)	162	6,184	(8,081)	(1,735)	1,735
s93F - General	349	-	-	6	-	-	355	-	-	-	-
s93F - Water	402	-	-	7	-	-	409	-	-	-	-
S93F Total	751	-	-	13	-	-	764	-	-	-	-
sb4 - Water	553	39	-	52	-	-	644	-	-	-	-
sb4 - Sewer	898	10	-	15	(119)	2	806	-	-	-	-
S64 Total	1,451	49	-	67	(119)	2	1,450	-	-	-	-
Total	2,627	788	-	153	(119)	(1,073)	2,376	-	-	-	-

Contribution plan number 5 - Ourimbah

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
Roads	9	-	-	4	-	-	13	42	(226)	(171)	221
Open space	2	15	-	3	-	(19)	1	26	(166)	(139)	102
Community facilities	160	12	-	31	-	(135)	68	21	(1,821)	(1,732)	1,765
Other	-	2	-	1	(2)	-	1	3	(50)	(46)	-
S94 Total	171	29	-	39	(2)	(154)	83	92	(2,263)	(2,088)	2,088
sb4 - Water	666	18	-	16	-	-	700	-	-	-	-
sb4 - Sewer	327	14	-	12	-	-	353	-	-	-	-
S64 Total	993	32	-	28	-	-	1,053	-	-	-	-
Total	1,164	61	-	67	(2)	(154)	1,136	-	-	-	-

Wyong Shire Council

Notes to the financial statements
for the financial year ended 30 June 2015

Note 17. Statement of developer contributions (continued)

\$ '000

Developer contributions - under a plan
Contribution plan number 6 - Toukley

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
Drainage	-	-	-	-	-	4	-	1,622	-	1,626	-
Roads	-	-	-	1	-	-	-	-	(148)	(147)	14
Parking	-	-	-	-	-	-	-	-	-	-	6
Open space	76	67	71	10	(71)	(105)	48	6,003	(8,000)	(1,949)	561
Community facilities	156	70	110	22	(110)	(205)	43	6,232	(7,583)	(1,308)	1,273
Other	-	-	-	-	-	-	-	-	(76)	(76)	-
S94 Total	232	137	181	33	(181)	(306)	96	13,857	(15,807)	(1,854)	1,854
s64 - Water	468	41	-	18	-	-	527	-	-	-	-
s64 - Sewer	2	13	-	8	(1,156)	1,150	17	-	-	-	-
S64 Total	470	54	-	26	(1,156)	1,150	544	-	-	-	-
Total	702	191	181	59	(1,337)	844	640	-	-	-	-

Contribution plan number 7 - Gorokan

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
Roads	28	-	-	12	-	-	40	-	(1,259)	(1,219)	(24)
Open space	160	115	-	12	-	(183)	104	2,162	(1,610)	557	682
Community facilities	49	106	-	2	-	-	157	1,806	(2,400)	(437)	50
Other	5	8	-	-	(8)	(1)	4	293	297	297	(6)
S94 Total	242	229	-	26	(8)	(184)	305	4,261	(5,269)	(702)	702
s93F - Water	22	-	-	-	-	-	22	-	-	-	-
s93F - Sewer	15	-	-	-	-	-	15	-	-	-	-
S93F Total	37	-	-	-	-	-	37	-	-	-	-
s64 - Water	148	98	-	37	-	-	283	-	-	-	-
s64 - Sewer	1,274	65	-	23	-	-	1,362	-	-	-	-
S64 Total	1,422	163	-	60	-	-	1,645	-	-	-	-
Total	1,701	392	-	86	(8)	(184)	1,987	-	-	-	-

Wyong Shire Council

Notes to the financial statements
for the financial year ended 30 June 2015

Note 17. Statement of developer contributions (continued)

\$ '000

Developer contributions - under a plan
Contribution plan number 8 - San Remo

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
Drainage	64	243	-	1	-	1	309	116	-	425	-
FRoads	49	17	-	11	-	(26)	51	264	(510)	(195)	(98)
COpen space	188	33	-	18	-	(173)	66	723	(1,684)	(895)	657
CCommunity facilities	19	31	-	1	-	1	52	604	-	656	(597)
COther	11	3	-	-	(3)	(11)	-	93	(50)	47	-
S94 Total	331	327	-	31	(3)	(208)	478	1,800	(2,244)	38	(38)
s s64 - Water	1,101	101	-	40	-	(1)	1,241				
s s64 - Sewer	167	153	-	24	-	(99)	245				
S64 Total	1,268	254	-	64	-	(100)	1,486				
Total	1,599	581	-	95	(3)	(308)	1,964				

Contribution plan number 9 - Budgewoi

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
FRoads	4	3	-	2	(190)	183	2	876	(2,148)	(1,270)	(102)
COpen space	24	27	-	3	-	-	54	941	(48)	947	116
CCommunity facilities	163	23	-	28	-	(190)	24	787	(2,050)	(1,249)	1,702
COther	10	4	-	(10)	(4)	(10)	1	121	(265)	(143)	-
S94 Total	201	57	-	34	(194)	(17)	81	2,725	(4,521)	(1,715)	1,716
s s64 - Water	507	11	-	9	-	-	527				
s s64 - Sewer	2	9	-	-	(106)	100	5				
S64 Total	509	20	-	9	(106)	100	532				
Total	710	77	-	43	(300)	83	613				

Wyong Shire Council

Notes to the financial statements
for the financial year ended 30 June 2015

Note 17. Statement of developer contributions (continued)

\$ '000

Developer contributions - under a plan
Contribution plan number 13 - Shire Wide

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
Open space	69	102	8	3	(8)	(172)	2	9,178	(7,735)	1,444	(689)
Community facilities	5	118	6	1	(1,508)	1,379	1	6,962	(5,958)	1,004	(2,661)
Other	113	23	1	1	(24)	(100)	14	1,337	(436)	914	(12)
S94 Total	187	243	15	5	(1,540)	1,107	17	17,477	(14,129)	3,362	(3,362)
s93F - General	8	4	-	1	-	-	13	-	-	-	-
S93F Total	8	4	-	1	-	-	13	-	-	-	-
Total	195	247	15	6	(1,540)	1,107	30	-	-	-	-

Contribution plan number 15 - Northern Districts

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
Roads	149	230	-	13	-	(248)	144	12,844	(18,333)	(5,345)	726
Open space	151	232	-	11	-	(205)	189	14,623	(13,056)	1,756	209
Community facilities	230	196	-	25	-	(300)	151	12,369	(13,001)	(480)	1,460
Other	-	32	-	-	(31)	-	1	1,723	(50)	1,674	-
S94 Total	530	690	-	49	(31)	(753)	485	41,559	(44,440)	(2,395)	2,395
s93F - General	412	-	-	7	(140)	-	279	-	-	-	-
S93F Total	412	-	-	7	(140)	-	279	-	-	-	-
s64 - Water	1,096	84	-	30	-	(2)	1,208	-	-	-	-
s64 - Sewer	1,371	218	-	33	-	1	1,623	-	-	-	-
S64 Total	2,467	302	-	63	-	(1)	2,831	-	-	-	-
Total	3,409	992	-	119	(171)	(754)	3,595	-	-	-	-

Wyong Shire Council

Notes to the financial statements
for the financial year ended 30 June 2015

Note 17. Statement of developer contributions (continued)

\$ '000

Developer contributions - under a plan
Contribution plan number 17 Warnervale District

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
Drainage	5,151	369	107	245	514	4,742	11,128	35,769	(55,070)	(8,173)	-
Roads	224	341	322	7	(322)	(568)	4	127,110	(111,022)	16,091	(7,506)
Open space	-	573	161	18	(161)	(589)	2	42,716	(28,243)	14,475	(15,981)
Community facilities	1,367	557	50	139	(50)	(1,455)	608	29,702	(39,146)	(8,837)	7,460
Other	6	15	1	-	(14)	(1)	7	6,253	(3,802)	2,457	14
S94 Total	6,748	1,855	641	409	(33)	2,129	11,749	241,550	(237,283)	16,013	(16,013)
s93F - General	1,639	220	-	29	-	-	1,888	-	-	-	-
s93F - Drainage	896	49	-	15	-	-	960	-	-	-	-
s93F - Water	523	-	-	8	-	-	531	-	-	-	-
s93F - Sewer	349	-	-	6	-	-	355	-	-	-	-
S93F Total	3,407	269	41	58	-	-	3,734	-	-	-	-
s64 - Water	1,805	546	41	63	(765)	-	1,690	-	-	-	-
s64 - Sewer	3,054	484	-	69	(239)	-	3,368	-	-	-	-
S64 Total	4,859	1,030	41	132	(1,004)	-	5,058	-	-	-	-
Total	15,014	3,154	682	599	(1,037)	2,129	20,541	-	-	-	-

Contribution plan number 18 Development Service Plans Water and Sewerage

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
s64 - Water	-	432	-	4	-	-	436	-	-	-	-
s64 - Sewer	-	509	-	4	-	-	513	-	-	-	-
S64 Total	-	941	-	8	-	-	949	-	-	-	-
Total	-	941	-	8	-	-	949	-	-	-	-

Wyong Shire Council

Notes to the financial statements
for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions (continued)

\$ '000

Developer contributions - under a plan
Contribution plan

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
Other	1,060	783	-	25	(1,840)	-	28				
Total	1,060	783	-	25	(1,840)	-	28				

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

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 Martin Stevenson of Mercer Consulting (Australia) Pty Ltd on 20 February 2013. This position is monitored annually and the Scheme's most recent actuarial review, performed by Richard Boyfield of Mercer Consulting (Australia) Pty Ltd, estimates that a deficiency still exists as at 30 June 2015.

Council is unable to obtain 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 Council is estimated to be \$1,054,547 and expected to remain in place until 30 June 2016.

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 Council's accounts.

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 Councils 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 \$1.9 million until 2030. This estimate is based on the former landfill budget of \$48k as at 30 June 2015 multiplied by the remaining 15 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 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 30 June 2015 this value is estimated at \$351,367.

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

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 Councils (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*Note 19(b)*

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).

Joint operations*Note 19(c)*

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.

Unconsolidated structured entities*Note 19(d)*

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.

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 Notes 19(b)(i) and (ii) 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 share of net income		Council's share of net assets	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Joint ventures	(229)	-	21	250
Total	(229)	-	21	250

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 19. Interests in other entities (continued)

\$ '000

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

Council has no interest in any controlled entities (subsidiaries).

(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

Name of entity	Nature of Relationship	Measurement Method	2015	2014
Central Coast Water Corporation	Joint venture	Equity	21	250
Total carrying amounts - material joint ventures and associates			21	250

(b) Details

Name of Entity	Principal Activity
Central Coast Water Corporation	Strategic decisions about Central Coast water supply

(c) Relevant interests and fair values

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting power	
	2015	2014	2015	2014	2015	2014
Central Coast Water Corporation	50%	50%	50%	50%	50%	50%

(d) Summarised financial information for joint ventures and associates

	Central Coast Water Corporation	
Statement of financial position	2015	2014
Current assets		
Other current assets	42	500
Total current assets	42	500
Non-current liabilities	-	-
Net assets	42	500
Reconciliation of the carrying amount		
Opening net assets (1 July)	500	500
Profit/(loss) for the period	(458)	-
Closing net assets	42	500
Council's share of net assets (%)	50.0%	50.0%
Council's share of net assets (\$)	21	250

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 19. Interests in other entities (continued)

\$ '000

(b) Joint ventures and associates (continued)

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

	Central Coast Water Corporation	
	2015	2014
Statement of comprehensive income		
Interest income	10	-
Other expenses	(468)	-
Profit/(loss) from continuing operations	<u>(458)</u>	-
Profit/(loss) for period	<u>(458)</u>	-
Total comprehensive income	<u>(458)</u>	-
Council's share of income (%)	50.0%	50.0%
Council's share of profit/(loss) (\$)	(229)	-
Council's share of comprehensive income (\$)	(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.

(c) Joint operations

(a) Council is involved in the following joint operations

Name of joint operation	Principal activity
Joint water supply authority	Water supply headworks

(b) Council assets employed in the joint operations	2015	2014
Council's own assets employed in the operations		
Non-current assets		
Property, plant and equipment	326,821	315,412
Total assets - Council owned	<u>326,821</u>	<u>315,412</u>
Council's share of assets jointly owned with other partners		
Nil		
Total net assets employed - Council and jointly owned	<u>326,821</u>	<u>315,412</u>

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 19. Interests in other entities (continued)

(d) Unconsolidated structured entities

Council did not consolidate the certain structured entities as disclosed below.

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) are reliant upon funding from Council. The Board are 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 is defined in a funding agreement established in 2013 which will expire on 30 June 2017.

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 entities

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 intentions to provide financial support

Council will continue to provide financial support (in return for the delivery of specific functions) under the terms of the existing funding agreements with these entities

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 20. Equity - retained earnings and revaluation reserves

\$ '000	Notes	Actual 2015	Actual 2014
(a) Retained earnings			
Movements in retained earnings were as follows:			
Balance at beginning of year (from previous years audited accounts)		1,364,702	1,343,464
a. Net operating result for the year		36,418	21,238
b. Other changes (correction of error)		183,134	-
Balance at end of the reporting period		<u>1,584,254</u>	<u>1,364,702</u>
(b) Reserves			
(i) Reserves are represented by:			
- Infrastructure, property, plant and equipment revaluation reserve		1,345,154	1,085,197
Total		<u>1,345,154</u>	<u>1,085,197</u>
(ii) Reconciliation of movements in reserves:			
Infrastructure, property, plant and equipment revaluation reserve			
- Opening balance		1,085,197	1,052,162
- Revaluations for the year	9(a)	259,957	34,359
- (Impairment of revalued assets) / impairment reversals	9(a),(c)	-	(1,324)
- Balance at end of year		<u>1,345,154</u>	<u>1,085,197</u>
Total value of reserves		<u>1,345,154</u>	<u>1,085,197</u>
(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 disclosed in this 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	-
		<u>183,134</u>	<u>-</u>
(d) Voluntary changes in accounting policies			
Council made no voluntary changes in any accounting policies during the year.			

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 21. Financial result and financial position by Fund

Income statement by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015
	Water	Sewer	General¹
Continuing operations			
Income from continuing operations			
Rates and annual charges	17,493	28,353	103,167
User charges and fees	27,869	2,136	35,645
Interest and investment revenue	1,044	1,851	3,707
Other revenues	697	238	5,654
Grants and contributions provided for operating purposes	898	717	20,301
Grants and contributions provided for capital purposes	5,507	3,947	16,715
Other income			
Net gains from disposal of assets	-	-	316
Total income from continuing operations	53,508	37,242	185,505
Expenses from continuing operations			
Employee benefits and on-costs	7,959	6,767	61,789
Borrowing costs	12,206	1,686	2,387
Materials and contracts	3,907	4,190	23,756
Depreciation and amortisation	17,471	13,175	30,105
Impairment	-	-	-
Other expenses	11,500	9,858	32,058
Net losses from the disposal of assets	488	306	-
Share of interests in joint ventures and associates using the equity method	-	-	229
Total expenses from continuing operations	53,531	35,982	150,324
Operating result from continuing operations	(23)	1,260	35,181
Discontinued operations			
Net profit/(loss) from discontinued operations	-	-	-
Net operating result for the year	(23)	1,260	35,181
Net operating result attributable to each Council Fund	(23)	1,260	35,181
Net operating result attributable to non-controlling interests	-	-	-
Net operating result for the year before grants and contributions provided for capital purposes	(5,530)	(2,687)	18,466

¹ 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.

Wyong Shire Council

Notes to the financial statements

as at 30 June 2015

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

Statement of financial position by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015
Assets	Water	Sewer	General¹
Current assets			
Cash and cash equivalents	1,780	11,119	25,313
Investments	4,431	26,404	62,332
Receivables	15,839	3,486	16,048
Inventories	-	-	712
Other	-	57	915
Non-current assets classified as 'held for sale'	-	-	-
Total current assets	22,050	41,066	105,320
Non-current assets			
Investments	25,000	-	-
Receivables	407	9,692	28,061
Inventories	-	-	-
Infrastructure, property, plant and equipment	955,913	712,416	1,377,335
Investments accounted for using the equity method	-	-	21
Investment property	-	-	-
Intangible assets	34	20	152
Total non-current assets	981,354	722,128	1,405,569
Total Assets	1,003,404	763,194	1,510,889
Liabilities			
Current liabilities			
Payables	8,819	3,210	29,876
Borrowings	10,825	1,687	626
Provisions	1,950	1,411	19,240
Total current liabilities	21,594	6,308	49,742
Non-current liabilities			
Payables	585	1,063	9,973
Borrowings	171,119	27,070	5,546
Provisions	200	156	54,723
Total non-current liabilities	171,904	28,289	70,242
Total liabilities	193,498	34,597	119,984
Net assets	809,906	728,597	1,390,905
Equity			
Retained earnings	352,890	249,096	982,268
Revaluation reserves	457,016	479,501	408,637
Total equity	809,906	728,597	1,390,905

¹ 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.

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

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

\$ '000

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

Note 23. Events occurring after the reporting date

Events that occur between the end of the reporting period (ending 30 June 2015) 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 28 October 2015.

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 30 June 2015.

(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 30 June 2015 and which are only indicative of conditions that arose after 30 June 2015.

Council is aware of the following "non-adjusting events" that merit disclosure;

Fit for the Future

Following the release of the final recommendations of the Independent Local Government Review Panel (ILGRP), the NSW State Government introduced the "Fit for the Future" reform program and mandated that Councils submit a proposal to an independent expert panel by 30 June 2015 on how Councils would become "Fit for the Future". The ILGRP recommended that Wyong Shire Council investigate a merger with Gosford City Council (GCC).

Wyong Shire Council submitted a Fit for the Future proposal to the Independent Pricing and Regulatory Tribunal (IPART) - the nominated expert panel, prior to the 30 June 2015 deadline. Wyong's submission proposed that Council remain as a stand-alone entity whilst continuing to implement planned business improvement initiatives. The submission was based on an independent Cost Benefit Analysis of reform options, as well as extensive self-assessment. Council's proposal noted that Wyong Shire Council already met all Fit for the Future benchmarks, and that ongoing business improvement would further improve Council's performance against these benchmarks into the future.

IPART are scheduled to complete their assessment of the "fitness" of each Council by the end of October 2015, and the State Government is due to make decisions in relation to NSW Councils in December 2015.

Wyong Shire Council

Notes to the financial statements
for the financial year ended 30 June 2015

Note 24. Discontinued operations

 \$ '000

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

Note 25. Intangible assets

\$ '000	Actual 2015	Actual 2014
Intangible assets represent identifiable non-monetary asset without physical substance.		
Intangible assets are as follows;		
Opening values:		
Gross book value (1/7)	9,026	9,011
Accumulated amortisation (1/7)	(8,686)	(8,300)
Accumulated impairment (1/7)	-	-
Net book value - opening balance	340	711
Movements for the year		
- Purchases	-	15
- Amortisation charges	(134)	(386)
Closing values:		
Gross book value (30/6)	9,026	9,026
Accumulated amortisation (30/6)	(8,820)	(8,686)
Accumulated impairment (30/6)	-	-
Total intangible assets - net book value ¹	206	340

¹ The net book value of intangible assets represent:

- Software	206	340
	206	340

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

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. Council also has an obligation to remediate its two bulk fuel delivery sites. The projected cost of all rehabilitation is \$52 million based on engineering estimates and has been discounted to its present value using the 10 year government bond rate.

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2015	2014
Contaminated lands	Various	51,998	52,522
Balance at end of the reporting period		<u>10(a) 51,998</u>	<u>52,522</u>

According to 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 10 year Government bond rate.

Reconciliation of movement in provision for year:

Balance at beginning of year	52,522	52,900
Effect of a change in discount rates used in PV calculations	1,791	(1,253)
Effect of a change in other calculation estimates used	(3,134)	138
Amortisation of discount (expensed to borrowing costs)	1,943	1,576
Expenditure incurred attributable to provisions	(1,124)	(839)
Total - reinstatement, rehabilitation and restoration provision	<u>51,998</u>	<u>52,522</u>

Wyong Shire Council

Notes to the financial statements
for the financial year ended 30 June 2015

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:

2015	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
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 - non depreciable	30/06/11	-	-	-	-
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)	30/06/16	-	-	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 equipment		-	-	2,972,240	2,972,240

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

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):

2014	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/13	-	-	20,816	20,816
Office equipment	30/06/13	-	-	2,588	2,588
Furniture and fittings	30/06/13	-	-	1,291	1,291
Operational land	30/06/13	-	-	311,913	311,913
Community land	30/06/11	-	-	124,750	124,750
Land under roads (post 30/06/2008)	30/06/14	-	-	511	511
Land improvements - non depreciable	30/06/11	-	-	-	-
Land improvements - depreciable	30/06/11	-	-	19,564	19,564
Buildings - non specialised	30/06/13	-	-	475	475
Buildings - specialised	30/06/13	-	-	149,000	149,000
Other structures	30/06/11	-	-	13,547	13,547
Roads	30/06/10	-	-	327,262	327,262
Bridges	30/06/10	-	-	6,635	6,635
Footpaths	30/06/10	-	-	32,305	32,305
Bulk earthworks (non depreciable)	30/06/10	-	-	3,219	3,219
Stormwater drainage	30/06/10	-	-	237,154	237,154
Water supply network	30/06/12	-	-	558,139	558,139
Sewerage network	30/06/12	-	-	669,335	669,335
Swimming pools	30/06/11	-	-	2,290	2,290
Other open space/recreational assets	30/06/11	-	-	41,868	41,868
Heritage collections	30/06/11	-	-	169	169
Library books	30/06/11	-	-	1,122	1,122
Other assets	30/06/11	-	-	37	37
Tip assets	30/06/11	-	-	177	177
Total infrastructure, property, plant and equipment		-	-	2,524,167	2,524,167

(2) Transfers between Level 1 and Level 2 fair value hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

(3) Valuation techniques used to derive Level 2 and Level 3 fair values

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

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

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, back hoes, 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 at 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.

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

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 will be 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.

Cycle ways (shared paths) assets were transferred to the Roads asset class and revalued during the reporting period. Furthermore, a tip cell asset valued at approximately \$4m was reclassified and transferred to the asset class Tip Assets.

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.

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

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.

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 of 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 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, sub-base, 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 this 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

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

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.

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 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 this financial year was performed by Council's experience 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 current 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

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

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.

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 current 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 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

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

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 are 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 Evans and Peck and NSW Public Works in 2011 for the Joint Water Assets.

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.

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.

Valuations are undertaken by the 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.

There has been no change 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.

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

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.

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.

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)**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.

A tip cell asset valued at approximately \$4 million was reclassified from land improvements to tip assets during the reporting period.

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

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

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
Adoption of AASB 13	23,400	1,360	1,176	310,172	336,108
Transfers from/(to) another asset class	(32)	-	32	729	729
Purchases (GBV)	4,254	1,950	303	1,061	7,568
Disposals (WDV)	(2,259)	(14)	(12)	(49)	(2,334)
Depreciation and impairment	(4,547)	(709)	(207)	-	(5,463)
Other movements	-	1	(1)	-	-
Closing balance - 30/6/14	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)	-	-	(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

	Community land	Land under roads	Land improvement	Buildings non specialised	Total
Adoption of AASB 13	125,410	471	18,443	550	144,874
Transfers from/(to) another asset class	(747)	-	(404)	-	(1,151)
Purchases (GBV)	87	24	3,072	-	3,183
Depreciation and impairment	-	-	(1,544)	(73)	(1,617)
Revaluation increments/(decrements) to equity (ARR)	-	16	-	-	16
Other movements	-	-	(3)	(2)	(5)
Closing balance - 30/6/14	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

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

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 specialised	Other structures	Roads	Bridges	Total
Adoption of AASB 13	149,670	13,709	312,225	6,514	482,118
Transfers from/(to) another asset class	-	(1,049)	(559)	282	(1,326)
Purchases (GBV)	3,935	1,793	27,998	26	33,752
Disposals (WDV)	-	(90)	-	-	(90)
Depreciation and impairment	(4,609)	(816)	(12,402)	(187)	(18,014)
Other movements	4	-	-	-	4
Closing balance - 30/6/14	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
Closing balance - 30/6/15	152,559	13,149	498,610	11,925	676,242

	Footpaths	Bulk earthworks	Stormwater drainage	Water supply network	Total
Adoption of AASB 13	31,390	2,815	231,531	551,764	817,500
Transfers from/(to) another asset class	269	-	-	-	269
Purchases (GBV)	1,053	404	7,779	4,632	13,868
Disposals (WDV)	-	-	-	(252)	(252)
Depreciation and impairment	(407)	-	(2,619)	(13,618)	(16,644)
Revaluation increments/(decrements) to equity (ARR)	-	-	459	15,624	16,083
Other movements	-	-	4	(11)	(6)
Closing balance - 30/6/14	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 equity (ARR)	(1,727)	(1,777)	97,263	8,161	101,920
Other movements (newly recognised assets)	1,079	168,459	-	-	169,538
Closing balance - 30/6/15	30,616	170,064	346,246	553,618	1,100,545

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

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)

	Sewerage network	Swimming pools	Open space/ recreational assets	Heritage collections	Total
Adoption of AASB 13	656,265	2,327	41,498	170	700,260
Transfers from/(to) another asset class	-	(7)	1,486	-	1,479
Purchases (GBV)	7,317	-	-	-	7,317
Depreciation and impairment	(12,508)	(30)	(1,116)	(1)	(13,655)
Revaluation increments/(decrements) to equity (ARR)	18,262	-	-	-	18,262
Other movements (newly recognised assets)	(1)	-	-	-	(1)
Closing balance - 30/6/14	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

	Library books	Other assets	Tip assets	Total
Adoption of AASB 13	1,115	38	742	1,895
Purchases (GBV)	497	-	-	497
Depreciation and impairment	(489)	(1)	(565)	(1,055)
Other movements (newly recognised assets)	(1)	-	-	(1)
Closing balance - 30/6/14	-	1,122	37	1,336
Purchases (GBV)	297	-	7,963	8,260
Depreciation and impairment	(412)	(1)	(693)	(1,106)
Closing balance - 30/6/15	-	1,007	7,447	8,490

Wyong Shire Council

Notes to the financial statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

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

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 prepared by the Wyong Water's experienced asset management staff. The fair value of 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 also 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 air value movements post valuation. In the 2015 reporting period the asset classes Roads and Stormwater Drainage assets were revalued by Council staff. This is the second valuation of Road and Drainage assets, the first of which was undertaken by external consultants.

(5). Highest and best use

As part of Council's ongoing review of the highest and best use of its assets in terms of service to the Community, Council has a number of operational land parcels which Council has assessed as being surplus to requirements and having limited service to the Community. Papers have been presented to Council during the beginning of this financial year outlining the properties recommended for sale in the open market. Council has resolved to sell these surplus parcels which will assist Council in funding strategic projects as outlined in our strategic plan.

All of Council's other non-financial assets are considered to being utilised for their highest and best use to serve Community needs.

WYONG SHIRE COUNCIL



Special Purpose Financial Statements

Wyong Shire Council

Special purpose financial statements

for the financial year ended 30 June 2015

Contents	Page
1. Statement by Councillors and Management	99
2. Special purpose financial statements:	
Income statement - water supply business activity	100
Income statement - sewerage business activity	101
Income statement - other business activities	102
Statement of financial position - water supply business activity	104
Statement of financial position - sewerage business activity	105
Statement of financial position - other business activities	106
3. Notes to the special purpose financial statements	108
4. Auditor's report	

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

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.
 - (iii) For Council, the principle of competitive neutrality 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 over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).
 - (iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments and debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).
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Wyong Shire Council

Special purpose financial statements

for the financial year ended 30 June 2015

Statement by Councillors and Management

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

The attached special purpose financial statements have been prepared in accordance with:

- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing 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 Guidelines - "Best Practice Management of Water and Sewerage".

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

- Present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- Accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 14 October 2015.

Doug Eaton
MAYOR

Lynne Webster
COUNCILLOR

Rob Noble
ACTING CHIEF EXECUTIVE OFFICER

Stephen Naven
RESPONSIBLE ACCOUNTING OFFICER

Wyong Shire Council

Income statement of Council's water supply business activity
for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	17,493	16,470
User charges	27,722	27,525
Fees	147	57
Interest	1,044	1,380
Grants and contributions provided for non capital purposes	898	1,036
Profit from the sale of assets	-	-
Other income	697	338
Total income from continuing operations	48,001	46,806
Expenses from continuing operations		
Employee benefits and on-costs	7,959	6,697
Borrowing costs	12,206	13,184
Materials and contracts	3,907	3,908
Depreciation and impairment	17,471	16,593
Water purchase charges	120	95
Loss on sale of assets	488	291
Calculated taxation equivalents	374	367
Debt guarantee fee (if applicable)	-	-
Other expenses	11,380	11,884
Total expenses from continuing operations	53,905	53,019
Surplus (deficit) from continuing operations before capital amounts	(5,904)	(6,213)
Grants and contributions provided for capital purposes	5,507	3,935
Surplus (deficit) from continuing operations after capital amounts	(397)	(2,278)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from all operations before tax	(397)	(2,278)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
Surplus (Deficit) after tax	(397)	(2,278)
plus opening retained profits	352,913	354,824
plus/less: prior period adjustments	-	-
plus adjustments for amounts unpaid:		
- Taxation equivalent payments	374	367
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
less:		
- Tax equivalent dividend paid	-	-
- Surplus dividend paid	-	-
Closing retained profits	352,890	352,913
Return on Capital %	0.7%	0.8%
Subsidy from Council	22,184	24,582
Calculation of dividend payable:		
Surplus (deficit) after tax	(397)	(2,278)
less: Capital grants and contributions (excluding developer contributions)	(2,787)	(1,717)
Surplus for dividend calculation purposes	-	-
Potential dividend calculated from surplus	-	-

Wyong Shire Council

Income statement of Council's sewerage business activity
for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	28,353	27,521
User charges	1,029	466
Liquid Trade Waste charges	959	841
Fees	148	140
Interest	1,851	1,812
Grants and contributions provided for non capital purposes	717	677
Profit from the sale of assets	-	-
Other income	238	299
Total income from continuing operations	33,295	31,756
Expenses from continuing operations		
Employee benefits and on-costs	6,767	7,240
Borrowing costs	1,686	1,679
Materials and contracts	4,190	3,744
Depreciation and impairment	13,175	12,848
Loss on sale of assets	306	-
Calculated taxation equivalents	253	252
Debt guarantee fee (if applicable)	-	-
Other expenses	9,858	10,398
Total expenses from continuing operations	36,235	36,161
Surplus (deficit) from continuing operations before capital amounts	(2,940)	(4,405)
Grants and contributions provided for capital purposes	3,947	1,795
Surplus (deficit) from continuing operations after capital amounts	1,007	(2,610)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from all operations before tax	1,007	(2,610)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
Surplus (Deficit) after tax	1,007	(2,610)
plus opening retained profits	247,836	250,194
plus/less: prior period adjustments	-	-
plus adjustments for amounts unpaid:		
- Taxation equivalent payments	253	252
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
less:		
- Tax equivalent dividend paid	-	-
- Surplus dividend paid	-	-
Closing retained profits	249,096	247,836
Return on capital %	-0.2%	-0.4%
Subsidy from Council	22,484	28,782
Calculation of dividend payable:		
Surplus (deficit) after tax	1,007	(2,610)
less: capital grants and contributions (excluding developer contributions)	(1,544)	(479)
Surplus for dividend calculation purposes	-	-
Potential dividend calculated from surplus	-	-

Wyong Shire Council

Income statement of Council's other business activities

for the financial year ended 30 June 2015

\$ '000	Waste Management		Care and Education	
	Category 1		Category 1	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Income from continuing operations				
Access charges	31,460	31,192	-	-
User charges	15,796	12,081	3,072	3,794
Fees	-	-	-	-
Interest	125	146	-	-
Grants and contributions provided for non capital purposes	1,039	1,342	436	431
Profit from the sale of assets	-	-	25	-
Other income	673	553	1	3
Total income from continuing operations	49,093	45,314	3,534	4,228
Expenses from continuing operations				
Employee benefits and on-costs	2,059	1,878	2,484	3,529
Borrowing costs	1,943	1,576	-	-
Materials and contracts	23,519	20,643	787	1,189
Depreciation and impairment	1,009	854	83	106
Loss on sale of assets	-	-	-	1
Calculated taxation equivalents	109	122	139	194
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	11,910	7,368	73	131
Total expenses from continuing operations	40,549	32,441	3,566	5,150
Surplus (deficit) from continuing operations before capital amounts	8,544	12,873	(32)	(922)
Grants and contributions provided for capital purposes	269	-	-	-
Surplus (deficit) from continuing operations after capital amounts	8,813	12,873	(32)	(922)
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from all operations before tax	8,813	12,873	(32)	(922)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(2,563)	(3,862)	-	-
Surplus (Deficit) after tax	6,250	9,011	(32)	(922)
plus opening retained profits	54,897	41,902	(8,536)	(7,808)
plus/less: prior period adjustments	-	-	-	-
plus adjustments for amounts unpaid:				
- Taxation equivalent payments	109	122	139	194
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	2,563	3,862	-	-
add:				
- Subsidy paid/contribution to operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
Closing retained profits	63,819	54,897	(8,429)	(8,536)
Return on Capital %	43.6%	68.0%	-0.6%	-17.4%
Subsidy from Council	-	-	193	1,118

Wyong Shire Council

Income statement of Council's other business activities
for the financial year ended 30 June 2015

	Holiday Parks	
	Category 1	
\$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	-	-
User charges	9,320	9,179
Fees	-	-
Interest	-	-
Grants and contributions provided for non capital purposes	-	-
Profit from the sale of assets	-	-
Other income	-	-
Total income from continuing operations	9,320	9,179
Expenses from continuing operations		
Employee benefits and on-costs	218	200
Borrowing costs	13	44
Materials and contracts	3,420	3,795
Depreciation and impairment	732	718
Loss on sale of assets	-	-
Calculated taxation equivalents	454	442
Debt guarantee fee (if applicable)	-	-
Other expenses	3,290	3,153
Total expenses from continuing operations	8,127	8,352
Surplus (deficit) from continuing operations before capital amounts	1,193	827
Grants and contributions provided for capital purposes	-	40
Surplus (deficit) from continuing operations after capital amounts	1,193	867
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from all operations before tax	1,193	867
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(358)	(248)
Surplus (Deficit) after tax	835	619
plus opening retained profits	13,453	12,144
plus/less: prior period adjustments	-	-
plus adjustments for amounts unpaid:		
- Taxation equivalent payments	454	442
- Debt guarantee fees	-	-
- Corporate taxation equivalent	358	248
add:		
- Subsidy paid/contribution to operations	-	-
less:		
- TER dividend paid	-	-
- Dividend paid	-	-
Closing retained profits	15,100	13,453
Return on Capital %	4.4%	3.1%
Subsidy from Council	-	182

Wyong Shire Council

Statement of financial position - Council's water supply business activity

as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
Assets		
Current assets		
Cash and cash equivalents	1,780	2,299
Investments	4,431	3,236
Receivables	15,839	15,262
Inventories	-	503
Other	-	-
Non-current assets classified as held for sale	-	-
Total current assets	22,050	21,300
Non-current assets		
Investments	25,000	17,000
Receivables	407	423
Inventories	-	-
Infrastructure, property, plant and equipment	955,913	852,774
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible assets	34	56
Other	-	-
Total non-current assets	981,354	870,253
Total assets	1,003,404	891,553
Liabilities		
Current liabilities		
Bank overdraft	-	-
Payables	8,819	11,018
Interest bearing liabilities	10,825	9,801
Provisions	1,950	1,791
Total current liabilities	21,594	22,610
Non-current liabilities		
Payables	585	1,941
Interest bearing liabilities	171,119	162,377
Provisions	200	118
Total non-current liabilities	171,904	164,436
Total liabilities	193,498	187,046
Net assets	809,906	704,507
Equity		
Retained earnings	352,890	352,913
Revaluation reserves	457,016	351,594
Council equity interest	809,906	704,507
Non-controlling equity interest	-	-
Total equity	809,906	704,507

Wyong Shire Council

Statement of financial position - Council's sewerage business activity

as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
Assets		
Current assets		
Cash and cash equivalents	11,119	12,970
Investments	26,404	18,256
Receivables	3,486	3,276
Inventories	-	-
Other	57	-
Non-current assets classified as held for sale	-	-
Total current assets	41,066	34,502
Non-current assets		
Investments	-	8,000
Receivables	9,692	10
Inventories	-	-
Infrastructure, property, plant and equipment	712,416	704,215
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible assets	20	33
Other	-	-
Total non-current assets	722,128	712,258
Total assets	763,194	746,760
Liabilities		
Current liabilities		
Bank overdraft	-	-
Payables	3,210	2,477
Interest bearing liabilities	1,687	1,017
Provisions	1,411	1,930
Total current liabilities	6,308	5,424
Non-current liabilities		
Payables	1,063	882
Interest bearing liabilities	27,070	23,009
Provisions	156	55
Total non-current liabilities	28,289	23,946
Total liabilities	34,597	29,370
Net assets	728,597	717,390
Equity		
Retained earnings	249,096	247,834
Revaluation reserves	479,501	469,556
Council equity interest	728,597	717,390
Non-controlling equity interest	-	-
Total equity	728,597	717,390

Wyong Shire Council

Statement of financial position - Council's other business activities

as at 30 June 2015

\$ '000	Waste Management		Care and Education	
	Category 1		Category 1	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Assets				
Current assets				
Cash and cash equivalents	-	-	-	-
Investments	103,039	96,904	-	-
Receivables	2,776	2,302	162	68
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total current assets	105,815	99,206	162	68
Non-current assets				
Investments	-	-	-	-
Receivables	3	9	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	24,055	21,238	5,395	5,301
Investment property	-	-	-	-
Intangible assets	-	-	-	-
Other	-	-	-	-
Total non-current assets	24,058	21,247	5,395	5,301
Total assets	129,873	120,453	5,557	5,369
Liabilities				
Current liabilities				
Bank overdraft	-	-	-	-
Payables	5,278	5,086	206	280
Interest bearing liabilities	-	-	9,168	8,873
Provisions	1,534	3,407	804	938
Total current liabilities	6,812	8,493	10,178	10,091
Non-current liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	51,150	49,911	218	224
Other Liabilities	-	-	-	-
Total non-current liabilities	51,150	49,911	218	224
Total liabilities	57,962	58,404	10,396	10,315
Net assets	71,911	62,049	(4,839)	(4,946)
Equity				
Retained earnings	63,819	54,897	(8,429)	(8,536)
Revaluation reserves	8,092	7,152	3,590	3,590
Council equity interest	71,911	62,049	(4,839)	(4,946)
Non-controlling equity interest	-	-	-	-
Total equity	71,911	62,049	(4,839)	(4,946)

Wyong Shire Council

Statement of financial position - Council's other business activities

as at 30 June 2015

\$ '000	Holiday Parks	
	Category 1	
	Actual 2015	Actual 2014
Assets		
Current assets		
Cash and cash equivalents	-	-
Investments	9,231	8,011
Receivables	277	221
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total current assets	9,508	8,232
Non-current assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	27,426	28,457
Investment property	-	-
Intangible assets	-	-
Other	-	-
Total non-current assets	27,426	28,457
Total assets	36,934	36,689
Liabilities		
Current liabilities		
Bank overdraft	-	-
Payables	860	900
Interest bearing liabilities	3,740	5,104
Provisions	48	48
Total current liabilities	4,648	6,052
Non-current liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	13	11
Other liabilities	-	-
Total non-current liabilities	13	11
Total liabilities	4,661	6,063
Net assets	32,273	30,626
Equity		
Retained earnings	15,100	13,453
Revaluation reserves	17,173	17,173
Council equity interest	32,273	30,626
Non-controlling equity interest	-	-
Total equity	32,273	30,626

Wyong Shire Council

Special purpose financial statements
for the financial year ended 30 June 2015

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	109
2	Water supply business best practice management disclosure requirements	112
3	Sewerage business best practice management disclosure requirements	114

Wyong Shire Council

Notes to the special purpose financial statements

for the financial year ended 30 June 2015

Note 1. Significant accounting policies

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

For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these special purpose financial statements, 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 these special purpose financial statements have been prepared in accordance with:

- the Local Government Act and 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 on the "Application of National Competition Policy to Local Government".

The "Pricing and Costing for Council Businesses A Guide to Competitive Neutrality" issued by the 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 a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; Council subsidies; return on investments (rate of return); and dividends paid.

Declared business activities

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

Category 1

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

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 one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

Wyong Shire Council

Notes to the special purpose financial statements

for the financial year ended 30 June 2015

Note 1. Significant accounting policies

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Notes 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 Council is exempt from paying taxes which are generally paid by private sector businesses, such as income tax, equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first \$432,000 of combined land values attracts 0%. From \$432,001 to \$2,641,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$2,641,000, a premium marginal rate of 2.0% applies.

Payroll Tax – 5.45% on the value of taxable salaries and wages in excess of \$750,000.

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

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

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the

payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income tax

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

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

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

Income tax is only applied where a 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 these special purpose financial statements.

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

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 Council business activities face "true" commercial borrowing costs in line with private sector competitors.

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

Wyong Shire Council

Notes to the special purpose financial statements

for the financial year ended 30 June 2015

Note 1. Significant accounting policies

(ii) Subsidies

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

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

The overall effect of subsidies is contained within the income statement of each reported business activity.

(iii) Return on Investments (rate of return)

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

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

The rate of return on capital is calculated as follows:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.98% at 30 June 2015.

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

(iv) Dividends

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

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

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either:

(i) 50% of this surplus in any one year, or

(ii) the number of water supply or sewerage assessments at 30 June 2015 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Wyong Shire Council

Notes to the special purpose financial statements
for the financial year ended 30 June 2015Note 2. Water supply business
best practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2015

1. Calculation and payment of tax-equivalents

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

(i)	Calculated tax equivalents	374,000
(ii)	No of assessments multiplied by \$3/assessment	190,215
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	190,215
(iv)	Amounts actually paid for tax equivalents	-

2. Dividend from surplus

(i)	50% of surplus before dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	1,711,935
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 and 30 June 2013	(14,706,683)

2015 Surplus	(3,184,107)	2014 Surplus	(3,994,960)	2013 Surplus	(7,527,616)
		2014 Dividend	-	2013 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]	-

3. Required outcomes for 6 criteria

[To be eligible for the payment of a "dividend from surplus", all the criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	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
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with commercial developer charges [Item 2(e) in Table 1]	YES
	- If dual water supplies, complying charges [Item 2(g) in Table 1]	YES
(iii)	Sound water conservation and demand management implemented	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

Wyong Shire Council

Notes to the special purpose financial statements
for the financial year ended 30 June 2015Note 2. Water supply business
best practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)		2015
National Water Initiative (NWI) financial performance indicators		
NWI F1	Total revenue (water) Total income (w13) - grants for the acquisition of assets (w11a) - interest income (w9) - Aboriginal communities water and sewerage program income (w10a)	\$'000 52,403
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)]	% 61.31%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000 955,677
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000 20,258
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000 15,846
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)]	% 1.54%
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000 61

- Notes:
- References to w (eg. w12) refer to item numbers within Special Schedules No. 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.

Wyong Shire Council

Notes to the special purpose financial statements
for the financial year ended 30 June 2015Note 3. Sewerage business
best practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2015

1. Calculation and payment of tax-equivalents

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

(i)	Calculated tax equivalents	253,000
(ii)	No of assessments multiplied by \$3/assessment	184,407
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	184,407
(iv)	Amounts actually paid for tax equivalents	-

2. Dividend from surplus

(i)	50% of surplus before dividends [Calculated in accordance with Best Practice Management for water supply and sewerage Guidelines]	-												
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	1,659,663												
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 and 30 June 2013	(6,602,475)												
<table> <tr> <td>2015 Surplus</td> <td>(537,049)</td> <td>2014 Surplus</td> <td>(3,089,421)</td> <td>2013 Surplus</td> <td>(2,976,005)</td> </tr> <tr> <td></td> <td></td> <td>2014 Dividend</td> <td>-</td> <td>2013 Dividend</td> <td>-</td> </tr> </table>			2015 Surplus	(537,049)	2014 Surplus	(3,089,421)	2013 Surplus	(2,976,005)			2014 Dividend	-	2013 Dividend	-
2015 Surplus	(537,049)	2014 Surplus	(3,089,421)	2013 Surplus	(2,976,005)									
		2014 Dividend	-	2013 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]	-												

3. Required outcomes for 4 criteria

[To be eligible for the payment of a "dividend from surplus", all the criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	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
	Complying charges	
	(a) Residential [Item 2(c) in Table 1]	YES
	(b) Non-residential [Item 2(c) in Table 1]	YES
	(c) Trade waste [Item 2(d) in Table 1]	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

Wyong Shire Council

Notes to the special purpose financial statements
for the financial year ended 30 June 2015Note 3. Sewerage business
best practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2015

National Water Initiative (NWI) financial performance indicators

NWI F2	Total revenue (sewerage) Total income (s14) - grants for acquisition of assets (s12a) - interest income (s10) - Aboriginal communities Water and Sewerage program income (w10a)	\$'000	35,389
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	712,134
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	20,815
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	11,511
NWI F18	Economic real rate of return (sewerage) [Total income (s14) - interest income (s10) - grants for acquisition of assets (s12a) - operating cost (NWI F12) - current cost depreciation (s3)] x 100 divided by [written down current cost (ie. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	0.20%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	-

**National Water Initiative (NWI) financial performance indicators
Water and 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	86,998
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	1.58%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	27,357
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 (NWI F11 + NWI F12) - current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)]	%	0.96%
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%

Wyong Shire Council

Notes to the special purpose financial statements
for the financial year ended 30 June 2015Note 3. Sewerage business
best practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2015

National Water Initiative (NWI) financial performance indicators
Water and 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)]	%	9.23%
NWI F23	Interest cover (water and sewerage) Earnings Before Interest and Tax (EBIT) divided by net interest		1
	EBIT		16,073
	Operating result (w15a + s16a) + interest expense (w4a + s4a) - interest income (w9 + s10) - gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s4c)		
	Net interest:		10,997
	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	1,174
NWI F25	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	1,374

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules No. 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.

WYONG SHIRE COUNCIL



Special Schedules

Wyong Shire Council

Special schedules

for the financial year ended 30 June 2015

Contents	Page
Special schedules¹	
- Special schedule No. 1	Net cost of services 118
- Special schedule No. 2(a)	Statement of long term debt (all purposes) 120
- Special schedule No. 2(b)	Statement of internal loans (Sect. 410(3) LGA 1993) 121
- Special schedule No. 3	Water supply operations - incl. income statement 122
- Special schedule No. 4	Water supply - statement of financial position 126
- Special schedule No. 5	Sewerage service operations - incl. income statement 127
- Special schedule No. 6	Sewerage service - statement of financial position 131
- Notes to Special schedules No. 3 and 5	132
- Special schedule No. 7	Report on infrastructure assets (as at 30 June 2015) 133
- Special schedule No. 8	Financial projections n/a
- Special schedule No. 9	Permissible income calculation 142

¹ Special schedules are not audited (with the exception of Special schedule 9).

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.

Wyong Shire Council

Special schedule No. 1 - Net cost of services

for the financial year ended 30 June 2015

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	1,360	-	-	(1,360)
Administration	1,912	4,652	7,155	9,895
Public order and safety				
Fire service levy, fire protection, emergency services	4,659	1,049	424	(3,186)
Beach control	1,204	-	3	(1,201)
Enforcement of Local Govt. regulations	2,316	839	-	(1,477)
Animal control	418	224	-	(194)
Other	-	-	-	-
Total public order and safety	8,597	2,112	427	(6,058)
Health	91	562	-	471
Environment				
Noxious plants and insect/vermin control	164	48	-	(116)
Other environmental protection	2,245	77	-	(2,168)
Solid waste management	35,075	43,412	270	8,607
Street cleaning	-	-	-	-
Drainage	6,903	7,661	2,620	3,378
Stormwater management	1,508	1,781	460	733
Total environment	45,895	52,979	3,350	10,434
Community services and education				
Administration and education	1,929	135	-	(1,794)
Social protection (welfare)	-	-	-	-
Aged persons and disabled	152	34	-	(118)
Children's services	3,474	3,561	-	87
Total community services and education	5,555	3,730	-	(1,825)
Housing and community amenities				
Public cemeteries	192	238	-	46
Public conveniences	1,360	-	-	(1,360)
Street lighting	3,354	404	-	(2,950)
Town planning	8,448	2,989	-	(5,459)
Other community amenities	-	-	-	-
Total housing and community amenities	13,354	3,631	-	(9,723)
Water supplies	46,563	39,714	2,887	(3,962)
Sewerage services	35,625	32,947	3,947	1,269

Wyong Shire Council

Special schedule No. 1 - Net cost of services (continued)

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	5,139	474	30	(4,635)
Museums	-	-	-	-
Art galleries	14	-	-	(14)
Community centres and halls	4,200	816	118	(3,266)
Performing arts venues	79	-	199	120
Other performing arts	-	-	-	-
Other cultural services	1,052	43	-	(1,009)
Sporting grounds and venues	4,544	322	48	(4,174)
Swimming pools	1,086	(4)	-	(1,090)
Parks and gardens (lakes)	9,581	346	1,932	(7,303)
Other sport and recreation	1,571	-	275	(1,296)
Total recreation and culture	27,266	1,997	2,602	(22,667)
Mining, manufacturing and construction				
Building control	415	1,303	-	888
Other mining, manufacturing and construction	-	-	-	-
Total mining, manufacturing and const.	415	1,303	-	888
Transport and communication				
Urban Roads (UR) - local	23,028	1,644	4,397	(16,987)
Urban Roads - regional	814	490	1,230	906
Sealed Rural Roads (SRR) - local	-	-	-	-
Sealed Rural Roads (SRR) - regional	-	-	-	-
Unsealed Rural Roads (URR) - local	1,056	-	-	(1,056)
Unsealed Rural Roads (URR) - regional	-	-	-	-
Bridges on UR - local	376	-	-	(376)
Bridges on SRR - local	-	-	-	-
Bridges on URR - local	-	-	-	-
Bridges on regional roads	-	-	-	-
Parking areas	269	-	-	(269)
Footpaths	1,321	-	59	(1,262)
Aerodromes	483	218	-	(265)
Other transport and communication	8,017	963	115	(6,939)
Total transport and communication	35,364	3,315	5,801	(26,248)
Economic affairs				
Camping areas and caravan parks	7,680	9,320	-	1,640
Other economic affairs	5,387	2,513	-	(2,874)
Total economic affairs	13,067	11,833	-	(1,234)
Totals – functions	235,064	158,774	26,169	(50,121)
General purpose revenues ⁽²⁾		86,768		86,768
Share of interests - joint ventures and associates using the equity method	229	-		(229)
Net operating result ⁽¹⁾	235,293	245,542	26,169	36,418

(1) As reported in the income statement

(2) Includes: rates and annual charges (incl. ex gratia, excl. water and sewer), non-capital general purpose grants, interest on investments (excl. ext. restricted assets) and interest on overdue rates and annual charges

Wyong Shire Council

Special schedule No. 2(a) - Statement of long term debt (all purpose)
for the financial year ended 30 June 2015

Classification of debt	Principal outstanding at beginning of the year		New loans raised during the year	Debt redemption during the year		Transfers to sinking funds	Interest applicable for year	Principal outstanding at the end of the year	
	Current	Non-current		From revenue	Sinking funds			Current	Non-current
Loans (by source)									
Commonwealth Government	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-
Other State Government	370	339	709	-	-	13	-	-	-
Public subscription	-	-	-	-	-	-	-	-	-
Financial institutions	10,998	172,333	5,900	11,133	-	-	12,628	12,084	166,014
Other	-	-	-	-	-	-	-	-	-
Total loans	11,368	172,672	5,900	11,842	-	-	12,641	12,084	166,014
Other long term debt									
Ratepayers advances	-	-	-	-	-	-	-	-	-
Government advances	-	-	-	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-	-	-	-
Deferred payments	-	-	-	-	-	-	-	-	-
Total long term debt	-	-	-	-	-	-	-	-	-
Total debt	11,368	172,672	5,900	11,842	-	-	12,641	12,084	166,014
									178,098

Notes: excludes (i) internal loans and (ii) principal inflows/outflows relating to loan re-financing.
This schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

Wyong Shire Council

Special schedule No. 2(b) - Statement of internal loans [Section 410(3) LGA 1993]
for the financial year ended 30 June 2015

\$'000

Summary of internal loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (principal and interest)	Principal outstanding at end of year
Water	40,000	2,320	38,777
Totals	40,000	2,320	38,777

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

Details of individual internal loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's approval	Date raised	Term (years)	Dates of maturity	Rate of interest	Amount originally raised	Total repaid during year (Princ. and Int.)	Principal outstanding at end of year
Water	General	Not required	30/06/13	20	30/06/33	6.75%	20,000	2,091	18,837
Water	Sewer	26/02/15	26/02/15	20	21/02/35	6.75%	10,000	229	9,940
Water	General	Not required	31/05/15	20	26/05/35	6.75%	10,000	-	10,000
Totals							40,000	2,320	38,777

Wyong Shire Council

Special schedule No. 3 - Water supply income statement

Includes all internal transactions, ie. prepared on a gross basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	4,189	3,524
b. Engineering and supervision	2,381	2,310
2. Operation and maintenance expenses		
- Dams & Weirs		
a. Operation expenses	509	422
b. Maintenance expenses	60	78
- Mains		
c. Operation expenses	2,045	2,468
d. Maintenance expenses	3,558	4,224
- Reservoirs		
e. Operation expenses	196	202
f. Maintenance expenses	385	336
- Pumping stations		
g. Operation expenses (excluding energy costs)	473	578
h. Energy costs	894	946
i. Maintenance expenses	426	504
- Treatment		
j. Operation expenses (excluding chemical costs)	2,409	2,562
k. Chemical costs	820	638
l. Maintenance expenses	442	333
- Other		
m. Operation expenses	1,251	223
n. Maintenance expenses	100	149
o. Purchase of water	120	95
3. Depreciation expenses		
a. System assets	17,150	16,233
b. Plant and equipment	321	360
4. Miscellaneous expenses		
a. Interest expenses	12,206	13,184
b. Revaluation decrements	-	-
c. Other expenses	3,108	2,992
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	53,043	52,361

Wyong Shire Council

Special schedule No. 3 - Water supply income statement (continued)

Includes all internal transactions, ie. prepared on a gross basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
Income		
6. Residential charges		
a. Access (including rates)	17,493	16,470
b. Usage charges	27,722	27,525
7. Non-residential charges		
a. Access (including rates)	-	-
b. Usage charges	-	-
8. Extra charges	-	-
9. Interest income	1,044	1,380
10. Other income	844	395
10a. Aboriginal communities water and sewerage program	-	-
11. Grants		
a. Grants for acquisition of assets	61	950
b. Grants for pensioner rebates	702	703
c. Other grants	196	231
12. Contributions		
a. Developer charges	2,572	1,513
b. Developer provided assets	2,874	1,472
c. Other contributions	-	102
13. Total income	<u>53,508</u>	<u>50,741</u>
14. Gain (or loss) on disposal of assets	(488)	(291)
15. Operating result	<u>(23)</u>	<u>(1,911)</u>
15a. Operating result (less grants for acquisition of assets)	(84)	(2,861)

Wyong Shire Council

Special schedule No. 3 - Water supply income statement (continued)

Includes all internal transactions, ie. prepared on a gross basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
B Capital transactions		
Non-operating expenditures		
16. Acquisition of fixed assets		
a. New Assets for improved standards	-	-
b. New assets for growth	3,471	2,339
c. Renewals	12,368	17,211
d. Plant and equipment	7	277
17. Repayment of debt		
a. Loans	10,234	9,358
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	<u>26,080</u>	<u>29,185</u>
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised		
a. Loans	20,000	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	<u>20,000</u>	<u>-</u>
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	59,381	59,068
b. Residential (unoccupied, ie. vacant lot)	904	763
c. Non-residential (occupied)	2,381	2,483
d. Non-residential (unoccupied, ie. vacant lot)	739	189
25. Number of ETs for which developer charges were received	- ET	- ET
26. Total amount of pensioner rebates (actual dollars)	-\$ 11,138,226	\$ 1,250,754

Wyong Shire Council

Special schedule No. 3 - Water supply cross subsidies

for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges**?	<input type="checkbox"/> yes	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed land value from access charges (ie rates)?			
	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/> yes	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2012-13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			<input type="text" value="-"/>

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

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

Wyong Shire Council

Special schedule No. 4 - Water supply statement of financial position

Includes internal transactions, ie. prepared on a gross basis.
as at 30 June 2015

\$'000	Actuals Current	Actuals Non-current	Actuals Total
Assets			
30. Cash and investments			
a. Developer charges	5,423	23,503	28,926
b. Special purpose grants	38	1,497	1,535
c. Accrued leave	339	-	339
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	411	-	411
31. Receivables			
a. Specific purpose grants	59	-	59
b. Rates and availability charges	882	-	882
c. User charges	14,044	1	14,045
d. Other	854	406	1,260
32. Inventories	-	-	-
33. Property, plant and equipment			
a. System assets	-	955,677	955,677
b. Plant and equipment	-	236	236
34. Other assets	-	34	34
35. Total assets	<u>22,050</u>	<u>981,354</u>	<u>1,003,404</u>
Liabilities			
36. Bank overdraft	-	-	-
37. Creditors	8,819	585	9,404
38. Borrowings			
a. Loans	10,825	171,119	181,944
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	1,950	200	2,150
40. Total liabilities	<u>21,594</u>	<u>171,904</u>	<u>193,498</u>
41. Net assets committed	<u>456</u>	<u>809,450</u>	<u>809,906</u>
Equity			
42. Accumulated surplus			352,890
43. Asset revaluation reserve			457,016
44. Total equity			<u>809,906</u>
Note to system assets:			
45. Current replacement cost of system assets			1,470,889
46. Accumulated current cost depreciation of system assets			(515,212)
47. Written down current cost of system assets			<u>955,677</u>

Wyong Shire Council

Special schedule No. 5 - Sewerage service income statement

Includes all internal transactions, ie. prepared on a gross basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	3,062	3,250
b. Engineering and supervision	-	-
2. Operation and maintenance expenses		
- Mains		
a. Operation expenses	1,669	1,703
b. Maintenance expenses	1,686	1,720
- Pumping Stations		
c. Operation expenses (excluding energy costs)	2,686	2,995
d. Energy costs	1,010	970
e. Maintenance expenses	2,234	2,511
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	5,286	4,552
g. Chemical costs	112	145
h. Energy costs	1,262	1,550
i. Effluent management	-	-
j. Biosolids management	-	-
k. Maintenance expenses	1,543	1,629
- Other		
l. Operation expenses	197	241
m. Maintenance expenses	68	116
3. Depreciation expenses		
a. System assets	12,857	12,510
b. Plant and equipment	318	338
4. Miscellaneous expenses		
a. Interest expenses	1,686	1,679
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	35,676	35,909

Wyong Shire Council

Special schedule No. 5 - Sewerage service income statement (continued)

Includes all internal transactions, ie. prepared on a gross basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
Income		
6. Residential charges (including rates)	26,376	25,260
7. Non-residential charges		
a. Access (including rates)	1,977	2,261
b. Usage charges	1,029	466
8. Trade waste charges		
a. Annual fees	246	230
b. Usage charges	713	611
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	-	-
10. Interest income	1,851	1,812
11. Other income	384	439
11a. Aboriginal communities water and sewerage program	-	-
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	672	672
c. Other grants	45	5
13. Contributions		
a. Developer charges	2,403	1,239
b. Developer provided assets	1,544	556
c. Other contributions	-	-
14. Total income	<u>37,240</u>	<u>33,551</u>
15. Gain (or loss) on disposal of assets	(306)	-
16. Operating result	<u>1,258</u>	<u>(2,358)</u>
16a. Operating result (less grants for acquisition of assets)	1,258	(2,358)

Wyong Shire Council

Special schedule No. 5 - Sewerage service income statement (continued)

Includes all internal transactions, ie. prepared on a gross basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
a. New assets for improved standards	-	-
b. New assets for growth	1,794	776
c. Renewals	9,717	5,210
d. Plant and equipment	-	546
18. Repayment of debt		
a. Loans	1,169	955
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	12,680	7,487
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	5,900	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	5,900	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	58,045	57,633
b. Residential (unoccupied, ie. vacant lot)	914	826
c. Non-residential (occupied)	2,354	2,304
d. Non-residential (unoccupied, ie. vacant lot)	156	161
26. Number of ETs for which developer charges were received	- ET	- ET
27. Total amount of pensioner rebates (actual dollars)	\$ 1,220,980	\$ 1,221,615

Wyong Shire Council

Special schedule No. 5 - Sewerage service cross subsidies

for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees and charges*?	<input type="checkbox"/> yes	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 and 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/> yes	<input type="checkbox"/>	
b. Total cross-subsidy in sewerage developer charges for 2012-13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text"/> -

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

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

Wyong Shire Council

Special schedule No. 6 - Sewerage service statement of financial position

Includes internal transactions, ie. prepared on a gross basis.
as at 30 June 2015

\$'000	Actuals Current	Actuals Non-current	Actuals Total
Assets			
31. Cash and investments			
a. Developer charges	14,437	-	14,437
b. Special purpose grants	-	-	-
c. Accrued leave	248	-	248
d. Unexpended loans	5,472	-	5,472
e. Sinking fund	-	-	-
f. Other	17,365	-	17,365
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and availability charges	1,037	2	1,039
c. User Charges	435	-	435
d. Other	2,014	9,690	11,704
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	712,134	712,134
b. Plant and equipment	-	282	282
35. Other assets	57	20	77
36. Total Assets	<u>41,065</u>	<u>722,128</u>	<u>763,193</u>
Liabilities			
37. Bank overdraft	-	-	-
38. Creditors	3,210	1,063	4,273
39. Borrowings			
a. Loans	1,687	27,070	28,757
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	1,411	156	1,567
41. Total Liabilities	<u>6,308</u>	<u>28,289</u>	<u>34,597</u>
42. Net assets committed	<u>34,757</u>	<u>693,839</u>	<u>728,596</u>
Equity			
42. Accumulated surplus			249,096
44. Asset revaluation reserve			479,501
45. Total equity			<u>728,597</u>
Note to system assets:			
46. Current replacement cost of system assets			1,058,097
47. Accumulated current cost depreciation of system assets			(345,963)
48. Written down current cost of system assets			<u>712,134</u>

Wyong Shire Council

Notes to special schedule No.'s 3 and 5

for the financial year ended 30 June 2015

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,PPE 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 (refer to page D-31).

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 11a of special schedule 3 and item 12a 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 (2) (items 6a, 6b and item 6 of special schedules 3 and 5 respectively) include all income from residential charges. Item 6 of schedule 3 should be separated into 6a access charges (including rates if applicable) and 6b usage charges.

Non-residential charges (2) (items 7a, 7b of special schedules 3 and 5) include all income from non-residential charges separated into 7a access charges (including rates if applicable) and 7b usage charges.

Trade waste charges (item 8 of special schedule 5) include all income from trade waste charges separated into 8a annual fees, 8b usage charges and 8c excess mass charges and 8d re-inspection fees.

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

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

Notes:

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

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

Wyong Shire Council

Special schedule No. 7 - Report on infrastructure assets
as at 30 June 2015

Asset class	Asset category	Estimated cost to bring up to a satisfactory standard refer (1)	Required annual maintenance refer (2)	Actual maintenance 2014-15 refer (3)	Written Down Value (WDV) refer (4)	Assets in condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Buildings	Council offices / administration centres	-	574	633	23,532	54.1%	45.9%	0.0%	0.0%	0.0%
	Council works depot	6	180	177	7,295	37.6%	52.5%	9.5%	0.4%	0.0%
	Council public halls	-	212	613	8,580	56.9%	34.8%	8.3%	0.0%	0.0%
	Libraries	-	111	52	4,511	86.4%	13.6%	0.0%	0.0%	0.0%
	Cultural facilities	4	25	-	522	37.8%	48.2%	11.3%	2.7%	0.0%
	Specialised buildings	105	2,310	1,353	95,601	67.2%	28.4%	4.2%	0.1%	0.1%
	Non-specialised	305	111	153	1,098	20.2%	26.9%	50.6%	2.3%	0.0%
	sub total	420	3,523	2,981	141,139	63.0%	32.5%	4.3%	0.1%	0.1%
Other structures	Other structures	60	259	387	13,149	13.9%	39.5%	44.3%	2.3%	0.0%
	sub total	60	259	387	13,149	13.9%	39.5%	44.3%	2.3%	0.0%
Roads	Sealed roads surface	7,530	2,117	3,917	94,534	59.8%	29.2%	6.3%	4.5%	0.2%
	Sealed roads structure	15,478	2,364	2,797	304,033	0.1%	46.4%	49.4%	4.1%	0.0%
	Unsealed roads	-	165	904	4,850	0.0%	0.0%	100.0%	0.0%	0.0%
	Bridges	574	335	148	11,925	63.6%	32.9%	2.8%	0.6%	0.1%
	Footpaths	159	897	741	30,616	13.1%	80.7%	6.0%	0.2%	0.0%
	Cycle ways	613	512	7	15,556	44.2%	41.0%	13.9%	0.9%	0.0%
	Kerb and gutter	2,357	437	654	50,942	6.7%	31.7%	59.7%	1.8%	0.1%
	Other	760	440	602	28,694	24.1%	58.3%	15.8%	1.6%	0.2%
	sub total	27,471	7,267	9,770	541,150	15.8%	43.7%	37.0%	3.4%	0.1%

\$'000

Wyong Shire Council

Special schedule No. 7 - Report on infrastructure assets (continued)
as at 30 June 2015

Asset class	Asset category	Estimated cost to bring up to a satisfactory standard refer (1)	Required annual maintenance refer (2)	Actual maintenance 2014-15 refer (3)	Written Down Value (WDV) refer (4)	Assets in condition as a % of WDV				
						1	2	3	4	5
	Total - all assets	45,081	28,971	31,075	2,320,331	17.1%	58.3%	22.7%	1.7%	0.1%
By fund:										
	General Fund	29,493	12,100	17,793	741,481	25.2%	43.2%	28.7%	2.8%	0.1%
	Wyong Water	15,588	16,871	13,282	1,578,850	13.3%	65.4%	19.9%	1.2%	0.1%

Notes:

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate". The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard. This estimated cost should not include any planned enhancements (i.e. to heighten, intensify or improve the facilities).
- (2). Required annual maintenance is "what should be spent to maintain assets in a satisfactory standard."
- (3). Actual maintenance is what has been spent in the current year to maintain the assets. Actual maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Written Down Value is in accordance with Note 9 of Council's general purpose financial statements
- (5). **Infrastructure asset condition assessment "key"**

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

Wyong Shire Council

Special schedule No. 7 - Report on infrastructure assets (voluntary)
as at 30 June 2015

Asset class	Asset category	Estimated cost to bring up to a satisfactory standard refer (1)	Required annual maintenance refer (2)	Actual maintenance 2014/15 refer (3)	Gross Replacement Cost (GRC) refer (4)	Assets in Condition as a % of GRC								
						1	2	3	4	5				
Buildings														
	Council offices / administration centres	-	574	633	27,330	52.3%	47.7%	0.0%	0.0%	0.0%				
	Council works depot	6	180	177	8,556	35.1%	51.3%	13.2%	0.4%	0.0%				
	Council public halls	-	212	613	10,087	55.3%	36.6%	8.1%	0.0%	0.0%				
	Libraries	-	111	52	5,294	86.3%	13.7%	0.0%	0.0%	0.0%				
	Cultural facilities	4	25	-	1,206	18.9%	72.1%	7.2%	1.8%	0.0%				
	Specialised buildings	105	2,310	1,353	110,004	64.8%	29.8%	5.1%	0.2%	0.1%				
	Non-specialised	305	111	153	5,273	9.7%	31.1%	38.8%	14.9%	5.5%				
	sub total	420	3,523	2,981	167,750	59.3%	34.1%	5.8%	0.6%	0.2%				
Other structures														
	Other structures	60	259	387	17,269	12.0%	39.6%	46.4%	2.0%	0.0%				
	sub total	60	259	387	17,269	12.0%	39.6%	46.4%	2.0%	0.0%				
Roads														
	Sealed roads surface	7,530	2,117	3,917	141,104	50.9%	32.4%	8.0%	8.1%	0.6%				
	Sealed roads structure	15,478	2,364	2,797	472,803	0.0%	41.2%	53.3%	5.4%	0.1%				
	Unsealed roads	-	165	904	16,534	0.0%	0.0%	100.0%	0.0%	0.0%				
	Bridges	574	335	148	16,752	50.4%	39.1%	5.6%	2.7%	2.2%				
	Footpaths	159	897	741	44,858	9.5%	82.2%	7.7%	0.6%	0.0%				
	Cycle ways	613	512	7	25,644	30.1%	41.8%	24.2%	3.8%	0.1%				
	Kerb and gutter	2,357	437	654	87,369	4.2%	25.5%	65.9%	3.9%	0.5%				
	Other	760	440	602	43,964	18.4%	59.4%	19.4%	2.4%	0.4%				
	sub total	27,471	7,267	9,770	849,028	12.2%	40.4%	42.0%	5.1%	0.3%				

Wyong Shire Council

Special schedule No. 7 - Report on infrastructure assets (voluntary) (continued)
as at 30 June 2015

Asset class	Asset category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Replacement Cost (GRC) refer (4)	Assets in Condition as a % of GRC						
						1	2	3	4	5		
								refer (4) & (5)				
Water supply network												
	Mains	-	4,065	3,490	406,465	2.8%	95.5%	1.7%	0.0%	0.0%		
	Reservoirs	8	769	369	38,444	0.6%	89.5%	9.8%	0.1%	0.0%		
	Pumping station/s	-	91	207	4,553	10.0%	58.4%	31.6%	0.0%	0.0%		
	Treatment	-	6	-	145	100.0%	0.0%	0.0%	0.0%	0.0%		
	Buildings	3	134	11	6,397	45.9%	45.7%	8.1%	0.3%	0.0%		
	Water meters	1,818	177	85	8,860	21.6%	57.9%	0.0%	20.5%	0.0%		
	Joint water supply assets	22	2,848	802	491,488	19.9%	77.5%	2.5%	0.1%	0.0%		
	sub total	1,851	8,090	4,964	956,352	12.0%	85.1%	2.6%	0.2%	0.0%		
Sewerage network												
	Mains	-	1,849	1,686	739,553	9.4%	75.6%	15.0%	0.0%	0.0%		
	Pumping station/s	3,639	2,811	2,815	140,565	3.7%	70.2%	11.3%	14.8%	0.0%		
	Treatment	3,934	1,363	1,528	136,324	1.3%	10.1%	72.1%	16.5%	0.0%		
	Buildings	57	159	111	7,546	13.6%	38.1%	44.0%	4.3%	0.0%		
	sub total	7,630	6,182	6,140	1,023,988	7.6%	65.9%	22.3%	4.3%	0.0%		
Stormwater drainage												
	Retarding basins	-	351	728	70,178	0.0%	0.0%	100.0%	0.0%	0.0%		
	Stormwater conduits	6,107	1,598	805	319,533	13.4%	39.6%	44.5%	0.3%	2.2%		
	Inlet and junction pits	-	603	645	60,249	0.2%	57.1%	42.7%	0.0%	0.0%		
	Head walls	-	47	-	9,502	0.1%	67.4%	32.5%	0.0%	0.0%		
	Other (GPTs)	1,190	31	524	6,222	4.7%	63.4%	0.0%	31.9%	0.0%		
	sub total	7,297	2,630	2,702	465,684	9.3%	36.8%	51.8%	0.6%	1.5%		
Open space/recreational assets												
	Swimming pools	110	179	193	5,960	0.0%	85.5%	4.0%	10.5%	0.0%		
	Other	242	841	3,938	56,047	27.5%	67.6%	2.9%	1.8%	0.2%		
	sub total	352	1,020	4,131	62,007	24.9%	69.3%	3.0%	2.6%	0.2%		

Wyong Shire Council

Special schedule No. 7 - Report on infrastructure assets voluntary (continued)
as at 30 June 2015

Asset class	Asset category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Replacement Cost (GRC) refer (4)	Assets in Condition as a % of GRC				
						1	2	3	4	5
	Total - all assets	45,081	28,971	31,075	3,542,078	12.9%	59.6%	24.6%	2.7%	0.3%
By fund:										
	General Fund	29,493	12,100	17,793	1,102,276	20.1%	41.2%	34.1%	4.4%	0.3%
	Wyong Water	15,588	16,871	13,282	2,439,802	9.6%	67.9%	20.3%	1.9%	0.3%

Notes:

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.
- (2). This estimated cost should not include any planned enhancements (ie. to heighten, intensify or improve the facilities).
Required annual maintenance is "what should be spent to maintain assets in a satisfactory standard."
- (3). Actual maintenance is what has been spent in the current year to maintain the assets.
Actual maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Gross Replacement Cost is in accordance with Note 9 of Council's general purpose financial statements
- (5). **Infrastructure Asset Condition Assessment "Key"**

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

Wyong Shire Council

Special schedule No. 7 - Report on infrastructure assets (continued)
for the financial year ended 30 June 2015

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014 2013	
Infrastructure asset performance indicators consolidated				
1. Building, infrastructure and other structures renewals ratio				
Asset renewals				
(building, infrastructure and other structures) ⁽¹⁾	53,180	100.34%	112.74%	72.81%
Depreciation, amortisation and impairment	52,998			
<i>Note: 2014 comparatives have been updated to include other structures</i>				
2. Infrastructure backlog ratio				
(a) Based on Written Down Value of infrastructure assets				
Estimated cost to bring assets to a satisfactory condition				
	45,081	1.94%	3.09%	8.22%
Total written down value of infrastructure, building, other structures and depreciable land improvement assets	2,320,331			
(b) Based on Gross Replacement Cost of infrastructure assets				
Estimated cost to bring assets to a satisfactory condition				
	45,081	1.27%	2.00%	5.38%
Total gross replacement cost of infrastructure, building, other structures and depreciable land improvement assets	3,542,078			
3. Asset maintenance ratio				
Actual asset maintenance	31,075	1.07	1.00	0.91
Required asset maintenance	28,971			
4. Capital expenditure ratio				
Annual capital expenditure	92,083	1.52	1.43	1.36
Annual depreciation	60,751			

Notes

⁽¹⁾ Asset renewals represent the replacement and/or refurbishment of existing assets. Asset renewals include building, infrastructure and other structure assets only.

Wyong Shire Council

Special schedule No. 7 - Report on infrastructure assets (continued)
for the financial year ended 30 June 2015

1. Building, infrastructure and other structures renewals ratio		Purpose of asset renewals ratio	Commentary on 2014-15 Result
		<p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>2014-15 Ratio 100.34%</p>
<p>Benchmark: — Minimum $\geq 100.00\%$ Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>			<p>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.</p>

Benchmark: — Minimum $\geq 100.00\%$
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark

2a. Infrastructure backlog ratio (written down value)		Purpose of infrastructure backlog ratio	Commentary on 2014-15 Result
		<p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p>2014-15 Ratio 1.94%</p>
<p>Benchmark: — Maximum < 0.02 Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>			<p>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.</p>

Benchmark: — Maximum < 0.02
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark

3. Asset maintenance ratio		Purpose of asset maintenance ratio	Commentary on 2014-15 Result
		<p>Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.</p>	<p>2014-15 Ratio 1.07 x</p>
<p>Benchmark: — Minimum > 1.00 Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>			<p>Council's asset maintenance ratio has exceeded the benchmark of 1. Council will continue to work to maintain and improve this benchmark.</p>

Benchmark: — Minimum > 1.00
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark

4. Capital expenditure ratio		Purpose of capital expenditure ratio	Commentary on 2014-15 Result
		<p>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.</p>	<p>2014-15 Ratio 1.52 x</p>
<p>Benchmark: — Minimum > 1.10 Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>			<p>Council's capital expenditure ratio continues to be above benchmark reflecting its significant capital expenditure program, and ongoing commitment to addressing the infrastructure backlog.</p>

Benchmark: — Minimum > 1.10
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark

Wyong Shire Council

Special schedule No. 7 - Report on infrastructure assets (continued)
for the financial year ended 30 June 2015

\$ '000	Water 2015	Sewer 2015	General ⁽¹⁾ 2015
Infrastructure asset performance indicators			
By Fund			
1. Building, infrastructure and other structures			
renewals ratio			
Asset renewals			
<u>(Building, infrastructure and other structures)⁽²⁾</u>	67.59%	74.72%	143.36%
Depreciation, amortisation and impairment			
	prior period: 106.37%	45.48%	165.94%
2. Infrastructure backlog ratio			
(a) Based on Written Down Value of Infrastructure Assets			
Estimated cost to bring assets to a satisfactory condition			
<u>Total written down value of infrastructure, building, other structures and depreciable land improvement assets</u>	0.88%	1.12%	3.91%
	prior period: 1.30%	0.84%	8.23%
(b) Based on Gross Replacement Cost of Infrastructure Assets			
Estimated cost to bring assets to a satisfactory condition			
<u>Total gross replacement cost of infrastructure, building, other structures and depreciable land improvement assets</u>	0.56%	0.75%	2.68%
	prior period: 1.18%	0.57%	4.64%
3. Asset maintenance ratio			
Actual asset maintenance			
<u>Required asset maintenance</u>	0.67	0.99	1.47
	prior period: 0.92	1.23	0.93
4. Capital expenditure ratio			
Annual capital expenditure			
<u>Annual depreciation</u>	0.91	0.87	2.15
	prior period: 1.19	0.51	2.04

Notes

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

⁽²⁾ Asset renewals represent the replacement and/or refurbishment of existing assets.
Asset renewals include building, infrastructure and other structure assets only.

Wyong Shire Council

Special schedule No. 9 - Permissible income calculation

for the financial year ended 30 June 2016

\$'000		Calculation 2014-15	Calculation 2015-16
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	67,907	72,629
Plus or minus adjustments ⁽²⁾	b	29	184
Notional general income	c = (a + b)	67,936	72,813
Permissible income calculation			
Special variation percentage ⁽³⁾	d	6.90%	6.90%
or Rate peg percentage	e		
or Crown land adjustment (incl. rate peg percentage)	f		
less expiring special variation amount	g	-	-
plus special variation amount	h = d x (c-g)	4,688	5,024
or plus rate peg amount	i = c x e	-	-
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
sub-total	k = (c+g+h+i+j)	72,624	77,838
plus (or minus) last year's carry forward total	l	15	1
less valuation objections claimed in the previous year	m	(20)	(11)
sub-total	n = (l + m)	(5)	(10)
Total permissible income	o = k + n	72,619	77,828
less notional general income yield	p	72,629	77,834
Catch-up or (excess) result	q = o - p	(10)	(6)
plus Income lost due to valuation objections claimed ⁽⁴⁾	r	11	9
less Unused catch-up ⁽⁵⁾	s	-	-
Carry forward to next year	t = q + r - s	1	3

Notes

- The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- The special variation percentage is inclusive of the rate peg percentage and where applicable crown land adjustment.
- Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from councils' special schedule 9 in the Financial Data Return (FDR) to administer this process.



FINANCIAL STATEMENTS WYONG WATER 2014-15

Annette Blattman *'Storm front Long Jetty'*

WYONG SHIRE COUNCIL



Wyong Water

100% owned and operated by Wyong Shire Council

Wyong Water

Financial statements

for the financial year ended 30 June 2015

Contents

Page

1. Statement by Councillors	3
2. Primary financial statements:	
- Income statement	4
- Statement of comprehensive income	5
- Statement of financial position	6
- Statement of changes in equity	7
- Statement of cash flows	7
3. Notes to the financial statements	8
4. Independent Auditor's report	

Overview

- (i) These financial statements cover the consolidated operations for Wyong Water.
- (ii) Wyong Water 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 Wyong Water on 28 October 2015. Wyong Water has the power to amend and reissue these financial statements.
-

Wyong Water

Financial statements

for the financial year ended 30 June 2015

Statement by Councillors

made pursuant to Section 41c(1b) and (1c) of the Public Finance and Audit Act 1983

The attached 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 any particulars included in the financial statements to be misleading or inaccurate.

Signed in accordance with a resolution of Council made on 14 October 2015.

Doug Eaton
MAYOR

Lynne Webster
COUNCILLOR

Rob Noble
ACTING CHIEF EXECUTIVE OFFICER

Stephen Naven
RESPONSIBLE ACCOUNTING OFFICER

Wyong Water

Income statement

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
Income from continuing operations				
Revenue:				
45,670	Rates and annual charges	3a	46,092	44,220
32,455	User charges and fees	3b	30,390	29,260
3,263	Interest and investment revenue	3c	2,671	3,192
43	Other revenues	3d	304	177
1,833	Grants and contributions provided for operating purposes	3e, f	1,615	1,713
3,939	Grants and contributions provided for capital purposes	3e, f	9,454	5,730
<u>87,203</u>	Total income from continuing operations		<u>90,526</u>	<u>84,292</u>
Expenses from continuing operations				
13,007	Employee benefits and on-costs	4a	14,726	13,937
14,200	Borrowing costs	4b	13,668	14,863
7,765	Materials and contracts	4c	8,217	7,747
30,375	Depreciation and amortisation	4d	30,646	29,441
-	Impairment	4d	-	-
24,218	Other expenses	4e	21,238	22,282
-	Net losses from the disposal of assets	5	794	291
<u>89,565</u>	Total expenses from continuing operations		<u>89,289</u>	<u>88,561</u>
<u>(2,362)</u>	Operating result from continuing operations		<u>1,237</u>	<u>(4,269)</u>
Discontinued operations				
-	Operating result from discontinued operations	24	-	-
<u>(2,362)</u>	Net operating result for the year		<u>1,237</u>	<u>(4,269)</u>
(2,362)	Net operating result attributable to Wyong Water		1,237	(4,269)
-	Net operating result attributable to non-controlling interests		-	-
<u>(6,301)</u>	Net operating result for the year before grants and contributions provided for capital purposes		<u>(8,217)</u>	<u>(9,999)</u>

Original budget as approved by Council - refer Note 19

Wyong Water

Statement of comprehensive income
for the financial year ended 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
Net operating result for the year (as per Income Statement)		1,237	(4,269)
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)	115,367	34,344
Total items which will not be reclassified subsequently to the operating result		115,367	34,344
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
Total other comprehensive income for the year		115,367	34,344
Total comprehensive income for the year		116,604	30,075
Total comprehensive income attributable to Wyong Water		116,604	30,075
Total comprehensive income attributable to non-controlling interests		-	-

Wyong Water

Statement of financial position

as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
Assets			
Current assets			
Cash and cash equivalents	6a	12,899	15,269
Investments	6b	30,834	21,492
Receivables	7	19,075	18,538
Inventories	8	-	503
Other	8	57	-
Non-current assets classified as "held for sale"	22	-	-
Total current assets		62,865	55,802
Non-current assets			
Investments	6b	25,000	25,000
Receivables	7	409	433
Inventories	8	-	-
Infrastructure, property, plant and equipment	9	1,668,329	1,556,989
Investments accounted for using the equity method	19	-	-
Investment property	14	-	-
Intangible assets	25	54	89
Total non-current assets		1,693,792	1,582,511
Total assets		1,756,657	1,638,313
Liabilities			
Current liabilities			
Payables	10	12,031	13,497
Borrowings	10	12,261	10,819
Provisions	10	3,361	3,720
Total current liabilities		27,653	28,036
Non-current liabilities			
Payables	10	1,648	2,821
Borrowings	10	188,499	185,386
Provisions	10	356	173
Total non-current liabilities		190,503	188,380
Total liabilities		218,156	216,416
Net assets		1,538,501	1,421,897
Equity			
Retained earnings	20	601,984	600,747
Revaluation reserves	20	936,516	821,150
Council equity interest		1,538,501	1,421,897
Non-controlling equity interests		-	-
Total equity		1,538,501	1,421,897

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

page 6

Wyong Water

Statement of changes in equity
for the financial year ended 30 June 2015

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	WSA controlling Interest	Non- controlling Interest	Total Equity
2015						
Opening balance (as per last year's audited accounts)		600,747	821,150	1,421,897	-	1,421,897
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)		600,747	821,150	1,421,897	-	1,421,897
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
- Revaluations: other reserves	20b (ii)	-	-	-	-	-
- Transfers to income statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
Other comprehensive income		-	115,367	115,367	-	115,367
Total comprehensive income (c&d)		1,237	115,367	116,604	-	116,604
e. Distributions to/(contributions from) non-controlling interests		-	-	-	-	-
f. Transfers between equity		-	-	-	-	-
Equity - balance at end of the reporting period		601,984	936,516	1,538,501	-	1,538,501

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	WSA controlling Interest	Non- controlling Interest	Total Equity
2014						
Opening balance (as per last year's audited accounts)		605,016	786,806	1,391,822	-	1,391,822
a. Correction of prior period errors	20 (c)	-	-	-	-	-
b. Changes in accounting policies (prior year effects)	20 (d)	-	-	-	-	-
Revised opening balance (as at 1/7/13)		605,016	786,806	1,391,822	-	1,391,822
c. Net operating result for the year		(4,269)	-	(4,269)	-	(4,269)
d. Other comprehensive income						
- Revaluations : IPP&E asset revaluation reserve	20b (ii)	-	34,344	34,344	-	34,344
- Revaluations: other reserves	20b (ii)	-	-	-	-	-
- Transfers to income statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
Other comprehensive income		-	34,344	34,344	-	34,344
Total comprehensive income (c and d)		(4,269)	34,344	30,075	-	30,075
e. Distributions to/(contributions from) non-controlling interests		-	-	-	-	-
f. Transfers between equity		-	-	-	-	-
Equity - balance at end of the reporting period		600,747	821,150	1,421,897	-	1,421,897

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

page 7

Wyong Water

Statement of cash flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
Cash flows from operating activities				
Receipts:				
45,558	Rates and annual charges		46,092	44,220
31,977	User charges and fees		27,580	27,905
3,248	Investment and interest revenue received		2,688	3,207
4,189	Grants and contributions		7,574	4,388
-	Bonds, deposits and retention amounts received		5	19
125	Other		559	1,720
Payments:				
(13,017)	Employee benefits and on-costs		(15,232)	(14,555)
(7,203)	Materials and contracts		(6,434)	(9,173)
(14,214)	Borrowing costs		(13,668)	(14,863)
(24,218)	Other		(23,788)	(16,653)
26,445	Net cash provided (or used in) operating activities	11b	25,376	26,215
Cash flows from investing activities				
Receipts:				
-	Sale of investment securities		24,917	49,422
-	Sale of infrastructure, property, plant and equipment		59	10
Payments:				
(33,151)	Purchase of investment securities		(34,259)	(54,539)
-	Purchase of infrastructure, property, plant and equipment		(23,018)	(21,931)
(33,151)	Net cash provided (or used in) investing activities		(32,301)	(27,038)
Cash flows from financing activities				
Receipts:				
9,000	Proceeds from borrowings and advances		15,900	-
Payments:				
(10,819)	Repayment of borrowings and advances		(11,345)	(10,313)
(1,819)	Net cash flow provided (used in) financing activities		4,555	(10,313)
(8,525)	Net increase/(decrease) in cash and cash equivalents		(2,370)	(11,136)
15,269	plus: Cash and cash equivalents - beginning of year	11a	15,269	26,405
6,744	Cash and cash equivalents - end of the year	11a	12,899	15,269
Additional Information:				
	plus: Investments on hand - end of year	6b	55,834	46,492
Total cash, cash equivalents and investments			68,733	61,761

Please refer to Note 11 for information on the following:

- Non-cash financing and investing activities.
- Financing arrangements.
- Net cash flow disclosures relating to any discontinued operations.

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

page 8

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	10
2(a)	Council functions / activities - financial information	20
2(b)	Council functions / activities - component descriptions	21
3	Income from continuing operations	22
4	Expenses from continuing operations	25
5	Gains or losses from the disposal of assets	27
6(a)	Cash and cash equivalent assets	28
6(b)	Investments	28
6(c)	Restricted cash, cash equivalents and investments - details	30
7	Receivables	31
8	Inventories and other assets	32
9(a)	Infrastructure, property, plant and equipment	33
9(b)	Externally restricted infrastructure, property, plant and equipment	34
9(c)	Infrastructure, property, plant and equipment - current year impairments	34
10(a)	Payables, borrowings and provisions	35
10(b)	Description of (and movements in) provisions	36
11	Statement of cash flows - additional information	37
12	Commitments for expenditure	38
13	Statement of performance measures:	
	13a (i) Local Government Industry Indicators (Consolidated)	39
	13a (ii) Local Government Industry Graphs (Consolidated)	40
14	Investment properties	42
15	Financial risk management	42
16	Material budget variations	46
17	Statement of developer contributions	48
18	Contingencies and other liabilities/assets not recognised	55
19	Interests in other entities	56
20	Equity - retained earnings and revaluation reserves	57
21	Financial result and financial position by fund	58
22	Non-current assets classified as held for sale	60
23	Events occurring after the reporting date	60
24	Discontinued operations	61
25	Intangible assets	61
26	Reinstatement, rehabilitation and restoration Liabilities	61
27	Fair value measurement	62

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 1. Summary of significant accounting policies

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

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 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 Wyong 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 October 2015.

(a) Basis of preparation

These financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, 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 the financial statements.

New and amended standards adopted by Wyong Water

During the current year, the following relevant standards became mandatory for Wyong Water and have been adopted:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosures of Interests in Other Entities

AASB 10 introduced a new definition of control based on the substance of the relationship and required Wyong Water to consider its involvement with other entities regardless of whether there was a financial interest.

AASB 11 classified joint arrangements into either joint ventures (equity accounting) or joint operations (accounting for share of assets and liabilities).

AASB 12 has increased the level of disclosures required where Wyong Water has any interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

Early adoption of standards

Wyong Water has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

Historical cost convention

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

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:

- (i) Estimated fair values of infrastructure, property, plant and equipment.

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 1. Summary of significant accounting policies

Significant judgements in applying the entity's accounting policies

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

(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.

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

Revenue 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 year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at reporting date, the unused grant or contribution is disclosed in Note 3(g). The note also discloses the amount of unused grant or contribution from prior years that was expended on Wyong Water operations during the current year.

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 balance 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

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

Rent

Rental income is accounted for in accordance with the terms of the lease.

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.

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 1. Summary of significant accounting policies

(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

AASB 11 Joint Arrangements defines a joint arrangement as an arrangement of which two or more parties have joint control and classifies these arrangements as either joint ventures or joint operations. Wyong Water has determined that it has joint operations.

Joint 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 of 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 not transferred to Wyong Water as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases where Wyong Water is a lessor is recognised in the income statement in accordance with the terms of the lease.

(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.

Where an asset is not held principally for cash generating purposes and would be replaced if Wyong Water was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

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). Non-financial 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, 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.

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 1. Summary of significant accounting policies

(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 are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. 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-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 held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are 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 reporting 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

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 1. Summary of significant accounting policies

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.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the

income statement as part of revenue from continuing operations when Wyong Water's right to receive payments is established.

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 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 and Section 212 of the Local Government (General) Regulation 2005. Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council also maintains an investment policy that complies with the Act and ensures that it or its representatives exercise

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 1. Summary of significant accounting policies

care, diligence and skill that a prudent person would exercise in investing Wyong Water's 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

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 balance 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 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. 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 (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)
- 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 in the NSW Office of Water – Rates Reference Manual. 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 5 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.

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

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 1. Summary of significant accounting policies

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 150 years
Sewerage network	15 to 100 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). This classification is made in Note 9(a).

(l) Payables

These amounts represent liabilities for goods and services provided to Wyong Water prior to the end of financial year 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 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 balance sheet 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

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 1. Summary of significant accounting policies

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

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.

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 the entity 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.

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 the expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, 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) Rounding of amounts

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

(r) 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

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 1. Summary of significant accounting policies

cash and investments to meet expected future claims and these are detailed in Note 6(c).

(s) 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.

(t) 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.

(u) 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 reporting periods ending 30 June 2015.

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" which are expected to have a material impact on Wyong Water

Authority in the current or future reporting periods and on foreseeable future transactions

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

AASB 9 - Financial Instruments and associated amending standards

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

- Fair value, and
- Amortised cost (where financial assets will only be able to be measured at amortised cost where very specific conditions are met).

AASB 15 - Revenue from contracts with customers and associated amending standards

AASB 15 will introduce a five step process for revenue recognition with the core principle of the new Standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

The full impact of AASB 15 has not yet been ascertained or quantified.

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 1. Summary of significant accounting policies

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2017.

AASB 124 - Related Party Disclosures

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

This means that Wyong Water will be required to disclose information about related parties and Wyong Water's transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Wyong Water 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).

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

This Standard amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business.

The amendments require:

- (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and
- (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

This Standard also makes an editorial correction to AASB 11.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2016.

If a joint operation is acquired during the reporting period, then this standard clarifies the accounting for the acquisition to be in accordance with AASB 3, i.e. assets and liabilities acquired to be measured at fair value.

(v) Rounding of amounts

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

(w) Comparative Figures

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

(x) Disclaimer

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

Wyong Water

Notes to the financial statements
for the financial year ended 30 June 2015

Note 2(a). Functions / activities - financial information

Functions/activities	Income, expenses and assets have been directly attributed to the following functions / activities. Details of these functions/activities are provided in Note 2(b).												
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current and non-current)	
	Original budget 2015	Actual 2015	Actual 2014	Original budget 2015	Actual 2015	Actual 2014	Original budget 2015	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Water supply	53,379	53,508	50,741	52,890	53,307	52,652	489	201	(1,911)	958	1,884	1,003,404	891,553
Sewerage services	33,824	37,018	33,551	36,675	35,982	35,909	(2,851)	1,036	(2,358)	718	677	763,193	746,760
Total functions and activities	87,203	90,526	84,292	89,565	89,289	88,561	(2,362)	1,237	(4,269)	1,676	2,561	1,756,657	1,638,313
Share of gains/(losses) in associates and joint ventures (using the equity method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General purpose income ¹	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating result from continuing operations	87,203	90,526	84,292	89,565	89,289	88,561	(2,362)	1,237	(4,269)	1,676	2,561	1,756,657	1,638,313

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

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

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:

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.

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 3. Income from continuing operations

\$ '000	Notes	Actual 2015	Actual 2014
(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		10,334	10,044
Sewerage services		28,366	27,521
Drainage		7,146	6,426
Liquid trade waste		246	229
Total annual charges		46,092	44,220
Total rates and annual charges		46,092	44,220
(b) User charges and fees			
Specific user charges (per s.502 - specific "actual use" charges)			
Water supply services		27,722	27,525
Sewerage services		1,029	466
Liquid trade waste		713	611
Total user charges		29,464	28,602
Other user charges and fees			
(i) Fees and charges - statutory and regulatory functions (per s.608)			
Inspection services		12	13
Regulatory/statutory certificates		96	22
Regulatory/statutory fees		2	4
Total fees and charges - statutory and regulatory		110	39
(ii) Fees and charges - other (incl. general user charges) (per s.608)			
Sewer application fees		182	198
Sewer diagrams		114	103
Special water meter reading fees		17	17
Water carters licence fees		34	18
Water connection fees		448	263
Other		21	20
Total fees and charges - other		816	619
Total user charges and fees		30,390	29,260

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Interest and investment revenue (incl. losses)			
Interest and dividends			
- Interest on overdue rates and annual charges (incl. special purpose rates)		408	411
- Interest earned on investments (interest and coupon payment income)		2,245	2,839
- Interest and dividend income (other)		18	22
Fair value adjustments			
- Fair valuation movements in investments (at fair value or held for trading)		-	(80)
Total interest and investment revenue		<u>2,671</u>	<u>3,192</u>
Interest revenue is attributable to:			
Restricted investments/funds - external:			
Development contributions			
- Section 94 - Drainage		297	301
- Section 93F - Drainage		15	16
- Section 93F - Water		16	18
- Section 93F - Sewer		6	6
- Section 64 - Water		402	415
- Section 64 - Sewer		299	292
Water Fund operations		314	630
Sewer Fund operations		1,322	1,514
Total interest and investment revenue recognised		<u>2,671</u>	<u>3,192</u>
(d) Other revenues			
External works		240	150
Property rents		47	22
Other		17	5
Total other revenue		<u>304</u>	<u>177</u>

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 3. Income from continuing operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(e) Grants				
General purpose (untied)				
Nil				
Specific purpose				
Pensioners' rates subsidies:				
- Water	702	703	-	-
- Sewerage	672	672	-	-
Water supplies	-	-	-	950
Employment and training programs	-	5	-	-
Environmental protection	87	110	-	-
Fire Protection	-	-	61	-
LIRS subsidy	154	121	-	-
Total specific purpose	1,615	1,611	61	950
Total grants	1,615	1,611	61	950
Grant revenue is attributable to:				
- State funding	1,615	1,611	61	950
	1,615	1,611	61	950
(f) Contributions				
Developer contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 93F - Contributions using planning agreements	-	-	49	193
S 64 - Water supply contributions	-	-	1,918	1,330
S 64 - Sewerage service contributions	-	-	2,403	1,247
S 94 - Stormwater contributions	-	-	752	763
Total developer contributions	17	-	5,122	3,533
Other contributions:				
Dedications (other than by S94)	-	-	4,271	1,247
Drainage	-	92	-	-
Other	-	10	-	-
Total other contributions	-	102	4,271	1,247
Total contributions	-	102	9,393	4,780
Total grants and contributions	1,615	1,713	9,454	5,730

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 3. Income from continuing operations (continued)

\$ '000	Actual 2015	Actual 2014
(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	34,162	34,985
add: grants and contributions recognised in the current period but not yet spent:	11,751	5,531
less: grants and contributions recognised in a previous reporting period now spent:	(1,893)	(6,354)
Net increase (decrease) in restricted assets during the period	9,858	(823)
Unexpended and held as restricted assets	44,020	34,162
Comprising:		
- Specific purpose unexpended grants	1,535	1,535
- Developer contributions	42,356	32,498
- Other contributions	129	129
	44,020	34,162

Note 4. Expenses from continuing operations

(a) Employee benefits and on-costs

Salaries and wages	11,573	11,822
Employee Leave Entitlements (ELE)	2,734	3,002
Superannuation	1,605	1,711
Workers' compensation insurance	466	89
Payroll tax	998	1,010
Training costs (other than salaries and wages)	7	1
Other	1,013	49
Total employee costs	18,396	17,684
less: capitalised costs	(3,670)	(3,747)
Total employee costs expensed	14,726	13,937
Number of "Equivalent Full Time" Employees at year end	119	144

(b) Borrowing costs**(i) Interest bearing liability costs**

Interest on loans	13,607	14,710
Other debts	61	153
Total interest bearing liability costs expensed	13,668	14,863

(ii) Other borrowing costs

Nil

Total borrowing costs expensed	13,668	14,863
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page 25

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Materials and contracts			
Raw materials and consumables		4,671	4,836
Contractor and consultancy costs		3,426	2,776
Auditors remuneration ⁽¹⁾		88	83
Operating leases:			
- Operating lease rentals: minimum lease payments ⁽²⁾		32	52
Total materials and contracts		8,217	7,747
1. Auditor remuneration			
During the year, the following fees were incurred for services provided by the Wyong Water's Auditor (Audit Office of NSW):			
Audit and other assurance services			
Audit and review of financial statements: Wyong Water's Auditor		88	83
Remuneration for audit and other assurance services		88	83
Total auditor remuneration		88	83
2. Operating Lease Payments are attributable to:			
Computers		19	52
Other		13	-
		32	52

\$ '000	Notes	Impairment costs		Depreciation/amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
(d) Depreciation, amortisation and impairment					
Plant and equipment		-	-	169	168
Office equipment		-	-	72	58
Furniture and fittings		-	-	11	12
Buildings - specialised		-	-	303	307
Other structures		-	-	48	47
Infrastructure:					
- Roads		-	-	1	-
- Stormwater drainage		-	-	3,053	2,616
- Water supply network		-	-	14,096	13,617
- Sewerage network		-	-	12,858	12,510
Intangible assets	25	-	-	35	106
Total depreciation and impairment costs		-	-	30,646	29,441

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(e) Other expenses			
Administration support		11,260	11,717
Advertising		26	29
Bad and doubtful debts		(2)	84
Computer software charges		14	132
Donations, contributions and assistance to other organisations (Section 356)			
- Other contributions and donations		3	-
Electricity and heating		4,194	4,778
Gas charges		66	43
Insurance		2	-
Licences		182	263
Plant hire		3,279	3,414
Printing and stationery		42	53
Road opening permits		174	193
Subscriptions and publications		2	1
Telephone and communications		97	77
Tipping fees		1,841	1,477
Other		58	21
Total other expenses		21,238	22,282

Note 5. Gains or losses from the disposal of assets

Property (excl. investment property)			
Proceeds from disposal - property		59	10
less: carrying amount of property assets sold / written off		(43)	(49)
Net gain/(loss) on disposal		16	(39)
Infrastructure			
less: carrying amount of infrastructure assets sold / written off		(307)	(252)
Net gain/(loss) on disposal		(307)	(252)
Financial assets			
Proceeds from disposal / redemptions / maturities - financial assets		24,917	49,422
less: carrying amount of financial assets sold / redeemed / matured		(24,917)	(49,422)
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) from disposal of assets		(794)	(291)

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 6a. - Cash assets and Note 6b. - Investments

\$ '000	Notes	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		1,069	-	339	-
Cash equivalent assets ¹					
- Deposits at call		11,830	-	14,930	-
Total cash and cash equivalents		12,899	-	15,269	-
Investments (Note 6b)					
- Long term deposits		30,834	15,000	21,492	15,000
- Bank bonds		-	10,000	-	10,000
Total investments		30,834	25,000	21,492	25,000
Total cash assets, cash equivalents and investments		43,733	25,000	36,761	25,000

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

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

Cash and cash equivalents

a. "At fair value through profit or loss"

12,899	-	15,269	-
--------	---	--------	---

Investments

a. "At fair value through profit or loss"

-	-	-	-
---	---	---	---

b. "Held to maturity"

30,834	25,000	21,492	25,000
--------	--------	--------	--------

Total investments

30,834	25,000	21,492	25,000
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Wyong Water

Notes to the financial statements
for the financial year ended 30 June 2015

Note 6b. Investments (continued)

\$ '000	2015 Actual Current	2015 Actual Non-current	2014 Actual Current	2014 Actual Non-current
Note 6(b-i)				
Reconciliation of investments classified as "At fair value through profit or loss"				
Balance at the beginning of the year	-	-	-	1,998
Revaluations (through the income statement)	-	-	(80)	-
Additions	-	-	130	-
Disposals (sales and redemptions)	-	-	(2,048)	-
Transfers between current/non-current	-	-	1,998	(1,998)
Balance at end of year	-	-	-	-
Note 6(b-ii)				
Reconciliation of investments classified as "Held to maturity"				
Balance at the beginning of the year	21,492	25,000	34,414	5,043
Additions	24,259	10,000	39,409	15,000
Disposals (sales and redemptions)	(24,917)	-	(47,374)	-
Transfers between current/non-current	10,000	(10,000)	(4,957)	4,957
Balance at end of year	30,834	25,000	21,492	25,000
Comprising:				
- Long term deposits	30,834	15,000	21,492	15,000
- Bank bonds	-	10,000	-	10,000
Total	30,834	25,000	21,492	25,000

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

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

\$ '000	2015		2014	
	Actual Current	Actual Non-current	Actual Current	Actual Non-current
Total cash, cash equivalents and investments	43,733	25,000	36,761	25,000
attributable to:				
External restrictions (refer below)	24,826	25,000	9,162	25,000
Internal restrictions (refer below)	1,605	-	1,740	-
Unrestricted	17,303	-	25,860	-
	<u>43,733</u>	<u>25,000</u>	<u>36,761</u>	<u>25,000</u>
2015	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
\$ '000				
Details of restrictions				
External restrictions - included in liabilities				
Specific purpose unexpended loans-Sewer (A)	-	5,472	-	5,472
External restrictions - included in liabilities	<u>-</u>	<u>5,472</u>	<u>-</u>	<u>5,472</u>
External restrictions - other				
Developer contributions - Water Fund (D)	9,984	2,320	(768)	11,536
Developer contributions - Sewer Fund (D)	13,000	2,706	(1,639)	14,067
Developer contributions - Drainage (D)	7,308	7,152	-	14,460
Developer contributions - VPA - Water (D)	1,842	81	-	1,923
Developer contributions - VPA - Sewer (D)	364	6	-	370
Specific purpose unexpended grants-Water Fund (F)	1,535	0	-	1,535
Contributions to works - Water (H)	129	-	(0)	129
Self insurance - Water	-	181	-	181
Self insurance - Sewer	-	153	-	153
External restrictions - other	<u>34,162</u>	<u>12,599</u>	<u>(2,407)</u>	<u>44,354</u>
Total external restrictions	<u>34,162</u>	<u>18,071</u>	<u>(2,407)</u>	<u>49,826</u>
Internal restrictions				
Employees leave entitlement- Water	342	-	(3)	339
Employees leave entitlement- Sewer	375	-	(126)	248
Prepaid contributions - Water	1,008	-	-	1,008
Public liability insurance - Water	15	-	(6)	9
Total internal restrictions	<u>1,740</u>	<u>-</u>	<u>(135)</u>	<u>1,605</u>
Total restrictions	<u>35,901</u>	<u>18,071</u>	<u>(2,542)</u>	<u>51,430</u>

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)

H External contributions not yet expended for the provision of specific services and amenities

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non-current	Current	Non-current
Purpose					
Drainage annual charges		428	-	302	-
Water annual charges		454	1	522	3
Sewerage annual charges		1,036	2	1,615	10
Interest and extra charges		259	-	297	-
User charges and fees		14,727	-	13,018	-
Accrued revenues					
- Interest on investments		1,092	-	1,071	-
Government grants and subsidies		103	-	1,027	-
Net GST receivable		381	-	310	-
Liquid trade waste		419	-	260	-
Toukley Golf Club Limited		36	406	56	420
Other Debtors		222	-	144	-
Total		19,157	409	18,622	433
less: Provision for impairment					
Other debtors		(82)	-	(84)	-
Total provision for impairment - receivables		(82)	-	(84)	-
Total net receivables		19,075	409	18,538	433
Externally restricted receivables		-	-	-	-
Internally restricted receivables		-	-	-	-
Unrestricted receivables		19,075	409	18,538	433
Total net receivables		19,075	409	18,538	433

Notes on debtors above:

- (i) 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% (2014 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 8. Inventories and other assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Inventories					
Water treatment supplies		-	-	503	-
Total inventories		-	-	503	-
Other assets					
Prepayments		57	-	-	-
Total other assets		57	-	-	-
Total inventories and other assets		57	-	503	-
Externally restricted assets					
Water					
Water treatment supplies		-	-	-	-
Total water		-	-	-	-
Sewerage					
Prepayments		-	-	-	-
Total sewerage		-	-	-	-
Total externally restricted assets		-	-	-	-
Total internally restricted assets		-	-	-	-
Total unrestricted assets		57	-	503	-
Total inventories and other assets		57	-	503	-

Other disclosures

(a) Inventory Write Downs

There were no amounts recognised as an expense relating to the write down of Inventory balances held during the year.

Wyong Water

Notes to the financial statements
for the financial year ended 30 June 2015

Note 9a. Infrastructure, property, plant and equipment

\$ '000	as at 30/6/2014						Asset movements during the reporting period						as at 30/6/2015			
	At cost	At fair value	Accumulated dep'n	Impairment	Carrying value	Asset additions	WDV of asset disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	At cost	At fair value	Accumulated dep'n	Impairment	Carrying value
Capital work in progress	19,440	-	-	-	19,440	22,912	-	-	(13,221)	(489)	-	28,642	-	-	-	28,642
Plant and equipment	-	1,230	752	-	478	-	-	(169)	5	-	-	-	1,236	922	-	314
Office equipment	-	511	353	-	158	-	-	(72)	92	-	-	-	603	425	-	178
Furniture and fittings	-	149	131	-	18	-	-	(11)	20	-	-	-	170	143	-	27
Land:																
- Operational land	-	57,652	-	-	57,652	-	(35)	-	-	-	-	-	57,617	-	-	57,617
- Community land	-	1,113	-	-	1,113	-	(8)	-	-	-	-	-	1,105	-	-	1,105
Buildings - specialised	-	13,961	1,873	-	12,088	-	-	(303)	-	-	-	-	13,961	2,176	-	11,785
Other structures	-	1,526	113	-	1,413	-	-	(48)	56	-	-	-	1,582	161	-	1,421
Infrastructure:																
- Roads	-	-	-	-	-	-	-	(1)	-	26	-	-	41	16	-	25
- Bulk earthworks (non-depreciable)	-	-	-	-	-	-	-	-	-	16	-	-	16	-	-	16
- Stormwater drainage	-	310,951	73,797	-	237,154	2,098	-	(3,053)	7,648	650	-	-	459,624	117,865	-	341,759
- Water supply network	-	934,712	376,572	-	558,140	669	-	(14,096)	1,236	(493)	-	-	949,955	396,338	-	553,617
- Sewerage network	-	996,537	327,202	-	669,335	1,544	(307)	(12,858)	4,164	9,945	-	-	1,016,443	344,620	-	671,823
Total infrastructure, property, plant and equipment	19,440	2,318,042	780,793	-	1,556,989	27,224	(350)	(30,611)	-	(290)	115,367	28,642	2,502,353	662,666	-	1,666,329

Additions to buildings and infrastructure assets are made up of asset renewals (\$22,050) and new assets (\$681). 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.

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

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

\$ '000	Actual				Actual			
	2015				2014			
Class of asset	At cost	At fair value	A/Dep & Impairm't	Carrying value	At cost	At fair value	A/Dep & impairm't	Carrying value
Water supply								
Work in progress	17,948	-	-	17,948	14,721	-	-	14,721
Plant and equipment	-	411	312	99	-	411	270	141
Office equipment	-	360	246	114	-	290	204	86
Furniture and fittings	-	137	115	22	-	117	104	13
Land								
- Operational land	-	34,631	-	34,631	-	34,631	-	34,631
- Community land	-	1,105	-	1,105	-	1,113	-	1,113
Buildings	-	6,405	892	5,513	-	6,405	724	5,681
Other structures	-	1,222	117	1,105	-	1,176	81	1,095
Infrastructure - Water supply	-	949,955	396,338	553,617	-	934,711	376,572	558,139
Infrastructure - stormwater	-	459,624	117,865	341,759	-	310,951	73,797	237,154
Total water supply	17,948	1,453,850	515,885	955,913	14,721	1,289,805	451,752	852,774
Sewerage services								
Work in progress	10,695	-	-	10,695	4,719	-	-	4,719
Plant and equipment	-	824	610	214	-	819	482	337
Office equipment	-	244	179	65	-	222	150	72
Furniture and fittings	-	32	28	4	-	32	27	5
Land								
- Operational land	-	22,986	-	22,986	-	23,021	-	23,021
Buildings	-	7,556	1,284	6,272	-	7,556	1,149	6,407
Other structures	-	360	44	316	-	350	32	318
Infrastructure	-	1,016,442	344,620	671,822	-	996,537	327,201	669,336
Other assets	-	58	16	42	-	-	-	-
Total sewerage services	10,695	1,048,502	346,781	712,416	4,719	1,028,537	329,041	704,215
property, plant and equipment	28,643	2,502,352	862,666	1,668,329	19,440	2,318,342	780,793	1,556,989

Note 9c. Infrastructure, property, plant and equipment - current year impairments

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

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2015		2014	
		Current	Non-current	Current	Non-current
Payables					
Goods and services - operating expenditure		2,419	-	1,139	-
Payments received in advance		1,008	1,648	936	2,821
Accrued expenses:					
- Interest on bonds and deposits		1,238	-	1,282	-
- Salaries and wages		275	-	350	-
- Other expenditure accruals		6,849	-	9,553	-
Security bonds, deposits and retentions		242	-	237	-
Total payables		12,031	1,648	13,497	2,821
Borrowings					
Loans - secured ¹		11,457	160,467	10,406	166,176
Loans - unsecured		804	28,032	413	19,210
Total borrowings		12,261	188,499	10,819	185,386
Provisions					
Employee benefits;					
Annual leave		897	-	969	-
Sick leave		568	-	747	-
Long service leave		1,344	91	1,726	95
Gratuities		201	-	-	-
Other leave		48	-	43	-
Sub total - aggregate employee benefits		3,058	91	3,485	95
Self insurance - workers compensation		138	260	30	73
Self insurance - public liability		3	-	2	-
Self insurance - other		7	-	13	-
Payroll tax		155	5	190	5
Total provisions		3,361	356	3,720	173
Total payables, borrowings and provisions		27,653	190,503	28,036	188,380
(i) Liabilities relating to restricted assets					
		2015		2014	
		Current	Non-current	Current	Non-current
Externally restricted assets					
Other insurance		7	-	15	-
Developer contributions in advance		1,008	1,648	642	2,821
Sewer charges in advance		-	-	294	-
Unexpended Loans Sewer		5,472	-	-	-
Liabilities relating to externally restricted assets		6,487	1,648	951	2,821
Internally restricted assets					
Self insurance		138	260	30	73
Liabilities relating to internally restricted assets		138	260	30	73
Total liabilities relating to restricted assets		6,625	1,908	981	2,894
Total liabilities relating to unrestricted assets		21,028	188,595	27,055	185,486
Total payables, borrowings and provisions		27,653	190,503	28,036	188,380

¹ Loans are secured over the general income of Wyong Water

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

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

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

\$ '000	Actual 2015	Actual 2014
(ii) Current liabilities not anticipated to be settled within the next 12 months		
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - employees benefits	1,663	1,948
Payables - security bonds, deposits and retentions ¹	216	-
Total	1,880	1,948

Note 10b. Description of and movements in provisions

Class of provision	2014		2015			Closing balance as at 30/6/15
	Opening balance as at 1/7/14	Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	
Annual leave	969	1,017	(1,089)	-	-	897
Sick leave	747	508	(687)	-	-	568
Long service leave	1,821	155	(541)	-	-	1,435
Other leave	43	109	(104)	-	-	48
Gratuities	-	201	-	-	-	201
Self insurance	118	538	(248)	-	-	408
Other	195	998	(1,033)	-	-	160
Total	3,893	3,526	(3,702)	-	-	3,717

- 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.
- Self insurance provisions represent both (i) claims incurred but not reported and (ii) claims reported and estimated as per the actuarial assessment.
- Other Provisions represent payroll tax

¹ Payables not expected to be settled represent average balances held in security bonds, deposits, and overpayments

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 11. Statement of cash flows - additional information

\$ '000	Notes	Actual 2015	Actual 2014
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	12,899	15,269
Less bank overdraft	10	-	-
Balance as per the statement of cash flows		12,899	15,269
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from income statement		1,237	(4,269)
Adjust for non cash items:			
Depreciation and amortisation		30,646	29,441
Net losses/(gains) on disposal of assets		794	291
Non-cash capital grants and contributions		(4,419)	(2,028)
Losses/(gains) recognised on fair value re-measurements through the income statement			
- Investments classified as "At fair value" or "Held for trading"		-	80
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(511)	436
Increase/(decrease) in provision for doubtful debts		(2)	79
Decrease/(increase) in inventories		503	(13)
Decrease/(increase) in other assets		(57)	-
Increase/(decrease) in payables		1,280	(1,413)
Increase/(decrease) in other accrued expenses payable		(2,779)	6,212
Increase/(decrease) in other liabilities		(1,140)	(1,470)
Increase/(decrease) in employee leave entitlements		(431)	(739)
Increase/(decrease) in other provisions		255	(392)
Net cash provided from/(used in) operating activities from the statement of cash flows		25,376	26,215
(c) Non-cash investing and financing activities			
S94 contributions "in kind"		148	781
Other dedications		4,271	1,247
Total non-cash investing and financing activities		4,419	2,028
(d) Financing arrangements			
Nil			

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 12. Commitments for expenditure

\$ '000	Notes	Actual 2015	Actual 2014
(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			
Infrastructure		16,060	8,259
Total commitments		16,060	8,259
These expenditures are payable as follows:			
Within the next year		16,060	8,259
Total payable		16,060	8,259
Sources for funding of capital commitments:			
Unrestricted general funds		9,135	6,519
Section 64 and 94 Funds/Reserves		6,925	1,740
Total sources of funding		16,060	8,259

Details of capital commitments

Commitments relate to an upgrade of the south Wyong sewage treatment plant for \$9m, upgrades to certain sewer pump stations for \$4.7m and works being undertaken on sewer mains for \$1.7m. The remaining commitments are for various works across Wyong Water's infrastructure

(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	33	34
Later than one year and not later than 5 years	40	36
Total non-cancellable operating lease commitments	73	70

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.

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.

Wyong Water

Notes to the financial statements
for the financial year ended 30 June 2015

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014 2013	
Local Government industry indicators - consolidated				
1. Operating performance ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. Capital Grants and Contributions) - operating expenses</u>	<u>(7,423)</u>			
Total continuing operating revenue ⁽¹⁾ (excl. capital grants and contributions)	81,072	-9.16%	-12.24%	-13.23%
2. Own source operating revenue ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. all grants and contributions)</u>	<u>79,457</u>			
Total continuing operating revenue ⁽¹⁾	90,526	87.77%	91.18%	92.19%
3. Unrestricted current ratio				
<u>Current assets less all external restrictions ⁽²⁾</u>	<u>38,039</u>			
Current liabilities less specific purpose liabilities ^(3, 4)	19,286	1.97x	1.86	2.42
4. Debt service cover ratio				
<u>Operating result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation</u>	<u>36,891</u>			
Principal repayments (from the statement of cash flows) + borrowing costs (from the income statement)	25,013	1.47x	1.38	1.28
5. Rates, annual charges, interest and extra charges outstanding percentage				
<u>Rates, annual and extra charges outstanding</u>	<u>2,180</u>			
Rates, annual and extra charges collectible	49,249	4.43%	5.75%	6.54%
6. Cash expense cover ratio				
Current year's cash and cash equivalents + all term deposits	58,733	10.00		
Payments from cash flow of operating and financing activities	5,872	mths	9.47	11.07

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

⁽³⁾ Refer to Note 10(a).

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

Wyong Water

Notes to the financial statements
for the financial year ended 30 June 2015

Note 13a(ii). Local Government industry indicators - graphs (consolidated)

<p>1. Operating performance ratio</p> <p>Benchmark: — Minimum $\geq 0.00\%$ Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p>Purpose of operating performance ratio</p> <p>This ratio measures Wyong Water's achievement of containing operating expenditure within operating revenue.</p>	<p>Commentary on 2014-15 Result</p> <p>2014-15 Ratio -9.16%</p> <p>The operating performance of Wyong Water continues to be inhibited by regulated fees and charges set by IPART within the current price determination (2013-14 to 2016-17). Outcomes from a recent business optimisation review completed in 2014-15 are expected to improve this performance.</p>
<p>2. Own source operating revenue ratio</p> <p>Benchmark: — Minimum $\geq 60.00\%$ Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p>Purpose of own source operating revenue ratio</p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.</p>	<p>Commentary on 2014-15 Result</p> <p>2014-15 Ratio 87.77%</p> <p>Wyong Water's own source operating revenue ratio remains strong, well above the benchmark of 60%, and demonstrates fiscal flexibility if faced with unforeseen events. The decline on prior year relates to higher grants and developer contributions receipts in 2015 as a result of increased development within the Shire.</p>
<p>3. Unrestricted current ratio</p> <p>Benchmark: — Minimum ≥ 1.50 Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p>Purpose of unrestricted current ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Wyong Water.</p>	<p>Commentary on 2014-15 Result</p> <p>2014-15 Ratio 1.97x</p> <p>Wyong Water's unrestricted current ratio remains above benchmark and demonstrates that debts are able to be paid as they fall due. The decline in the ratio since 2013 is the result of increased developer contributions being received but not yet spent.</p>

Wyong Water

Notes to the financial statements
for the financial year ended 30 June 2015

Note 13a(ii). Local Government industry indicators - graphs (consolidated)

<p>4. Debt service cover ratio</p> <p>Benchmark: — Minimum ≥ 2.00 Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p>Purpose of debt service cover ratio</p> <p>This ratio measures the availability of operating cash to service debt including interest, principal and lease payments</p>	<p>Commentary on 2014-15 Result</p> <p>2014-15 Ratio 1.47x</p> <p>Wyong Water's debt service cover ratio continues to strengthen as debt is repaid and the operating result improves.</p>
<p>5. Rates, annual charges, interest and extra charges outstanding percentage</p> <p>Benchmark: — Maximum $< 5.00\%$ Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p>Purpose of rates and annual charges outstanding ratio</p> <p>To assess the impact of uncollected rates and annual charges on Wyong Water's liquidity and the adequacy of recovery efforts.</p>	<p>Commentary on 2014-15 Result</p> <p>2014-15 Ratio 4.43%</p> <p>Wyong Water's benchmark achievement of the rates and annual charges outstanding percentage for the first time in 2015 demonstrates perseverance in recovery efforts and success in implementation of socially responsible debt management strategies.</p>
<p>6. Cash expense cover ratio</p> <p>Benchmark: — Minimum ≥ 3.00 Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p>Purpose of cash expense cover ratio</p> <p>This liquidity ratio indicates the number of months Wyong Water can continue paying for its immediate expenses without additional cash inflow.</p>	<p>Commentary on 2014-15 Result</p> <p>2014-15 Ratio 10.00 mths</p> <p>Wyong Water's cash expense ratio remains strong and reflects sound cash management.</p>

Wyong Water

Notes to the financial statements
for the financial year ended 30 June 2015

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 (1) price risk, (2) credit risk, (3) liquidity risk and (4) 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 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 Council's Finance Section under policies approved by the Council.

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

	Carrying value		Fair value	
	2015	2014	2015	2014
Financial assets				
Cash and cash equivalents	12,899	15,269	12,899	15,269
Investments				
- "Held to maturity"	55,834	46,492	55,834	46,492
Receivables	19,484	18,971	19,484	18,971
Total financial assets	88,217	80,732	88,217	80,732
Financial liabilities				
Payables	11,023	12,561	11,023	12,561
Loans / advances	200,760	196,205	239,786	232,637
Total financial liabilities	211,783	208,766	250,809	245,198

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** - estimated to be the carrying value which 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 or 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.

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 15. Financial risk management (continued)

\$ '000

(a) Cash and cash equivalents, financial assets 'at fair value through the profit or loss' "available for sale" financial assets and "held to maturity" investments

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 and Minister's Investment Order. This policy is regularly reviewed by 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 there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** - the risk that movements in interest rates could affect returns and income.
- **Credit risk** - the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

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

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

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 values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2015				
Possible impact of a 1% movement in interest rates	687	687	(687)	(687)
2014				
Possible impact of a 1% movement in interest rates	618	618	(618)	(618)

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 15. Financial risk management (continued)

\$ '000

(b) Receivables

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 may not be repaid in full.

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

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

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

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:

	2015 Rates and annual charges	2015 Other receivables	2014 Rates and annual charges	2014 Other receivables
(i) Ageing of receivables - %				
Current (not yet overdue)	0%	81%	0%	82%
Overdue	100%	19%	100%	18%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

	Rates and annual charges	Other receivables	Rates and annual charges	Other receivables
(ii) Ageing of receivables - value				
Rates and annual charges		Other receivables		
Current	-	14,336	-	13,614
< 1 year overdue	1,536	898	1,100	1,077
1 - 2 years overdue	314	211	506	495
2 - 5 years overdue	243	1,467	339	333
> 5 years overdue	87	474	804	787
	<u>2,180</u>	<u>17,386</u>	<u>2,749</u>	<u>16,306</u>

	2015	2014
(iii) Movement in provision for impairment of receivables		
Balance at the beginning of the year	84	5
+ new provisions recognised during the year	(2)	79
Balance at the end of the year	<u>82</u>	<u>84</u>

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 15. Financial risk management (continued)

\$ '000

(c) Payables and borrowings

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 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 to no maturity	payable in:						Total cash outflows	Actual carrying values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2015									
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
2014									
Trade/other payables	237	13,260	-	-	-	-	-	13,497	13,497
Loans and advances	-	21,634	22,418	22,170	21,922	21,674	145,745	255,563	196,205
Total financial liabilities	237	34,894	22,418	22,170	21,922	21,674	145,745	269,060	209,702

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

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

	2015		2014	
	Carrying value	Average interest rate	Carrying value	Average interest rate
Commercial banks	171,924	7.0%	176,583	7.0%
Wyong Shire Council	28,836	6.8%	19,622	9.0%
	<u>200,760</u>		<u>196,205</u>	

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 16. Material budget variations

\$ '000

Wyong Water's original financial budget for 2014-15 was adopted by the Council on 28 May 2014.

While the income statement included in this financial report must disclose the original budget adopted by Council, the Local Government Act requires Council to review its financial budget on a quarterly basis including Wyong Water so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of material variations between Wyong Water's original budget and its actual results for the year as per the income statement - even though such variations may have been adjusted for during each quarterly budget review.

Note that for variations* of budget to actual :

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

F = Favourable budget variation, U = Unfavourable budget variation

\$ '000	2015 Budget	2015 Actual	2015 Variance*		
Revenues					
Rates and annual charges	45,670	46,092	422	1%	F
User charges and fees	32,455	30,390	(2,065)	(6%)	U
Interest and investment revenue	3,263	2,671	(592)	(18%)	U
This variance is due to lower than anticipated interest rates. Investment returns have reduced from 4.20% in 2013-14 to 3.78% in 2014-15.					
Other revenues	43	304	261	609%	F
This variance is due to higher than expected recovery of repairs/damage to Infrastructure.					
Operating grants and contributions	1,833	1,615	(218)	(12%)	U
This variance is due to reduced grants relating to catchment flood studies.					
Capital grants and contributions	3,939	9,454	5,515	140%	F
This variance is a result of increased developer contributions in line with increased development within the Shire.					

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 16. Material budget variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 Variance*		
Expenses					
Employee benefits and on-costs	13,007	14,726	(1,719)	(13%)	U
This variance is due to business realignment/restructure costs.					
Borrowing costs	14,200	13,668	532	4%	F
Materials and contracts	7,765	8,217	(452)	(6%)	U
Depreciation and amortisation	30,375	30,646	(271)	(1%)	U
Other expenses	24,218	21,238	2,980	12%	F
This variance is a result of lower than expected electricity, tipping and administration costs.					
Net losses from disposal of assets	-	794	(794)	0%	U
The net gains and losses on disposal of assets have been combined as a net loss in operating expenses. This includes the write off of water stock and replaced infrastructure.					

Budget variations relating to Wyong Water's cash flow statement include:

Cash flows from operating activities	26,445	25,376	(1,069)	(4.0%)	U
Cash flows from investing activities	(33,151)	(32,301)	850	(2.6%)	F
Cash flows from financing activities	(1,819)	4,555	6,374	(350.4%)	F
Additional low interest loan drawn through the Local Infrastructure Renewal Scheme for \$5.9 million					

Wyong Water

Notes to the financial statements
for the financial year ended 30 June 2015

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	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowings repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future Income	Exp still outstanding	Over or (under) funding	
Drainage	7,308	646	107	297	514	5,588	14,459	38,451	(60,344)	(7,433)	-
S94 Contributions - under a Plan	7,308	646	107	297	514	5,588	14,459	38,451	(60,344)	(7,433)	-
Total S94 Revenue Under Plans	7,308	646	107	297	514	5,588	14,459				
S93F Planning Agreements	2,206	49	-	37	-	-	2,292				
S64 Contributions	22,984	4,280	41	701	(2,404)	1	25,604				
Total contributions	32,498	4,975	148	1,035	(1,890)	5,589	42,356				

Wyong Water

Notes to the financial statements
for the financial year ended 30 June 2015

Note 17. Statement of developer contributions (continued)

\$ '000

Developer contributions - under a plan

Contribution plan number 1 - Wyong

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
Drainage	1,001	-	-	32	-	840	1,872	704	(4,258)	(1,681)	-
S94 Total	1,001	-	-	32	-	840	1,872	704	(4,258)	(1,681)	-
s64 - Water	2,138	281	-	72	-	-	2,491				
s64 - Sewer	3,482	579	-	65	(16)	(1,150)	2,960				
S64 Total	5,620	860	-	137	(16)	(1,150)	5,451				
Total	6,621	860	-	169	(16)	(310)	7,323				

Contribution plan number 2 - Southern Lakes

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
Drainage	1,090	34	-	19	-	-	1,143	240	(906)	477	-
S94 Total	1,090	34	-	19	-	-	1,143	240	(906)	477	-
s64 - Water	1,501	227	-	61	-	-	1,789				
s64 - Sewer	2,424	349	-	46	(3)	-	2,816				
S64 Total	3,925	576	-	107	(3)	-	4,605				
Total	5,015	610	-	126	(3)	-	5,748				

Wyong Water

Notes to the financial statements
for the financial year ended 30 June 2015

Note 17. Statement of developer contributions (continued)

\$ '000

Developer contributions - under a plan

Contribution plan number 3 - The Entrance

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
Drainage	2	-	-	0	-	2	4	-	(110)	(106)	-
S94 Total	2	-	-	0	-	2	4	-	(110)	(106)	-
s93F - Water	401	-	-	7	-	-	408	-	-	-	-
S93F Total	401	-	-	7	-	-	408	-	-	-	-
s64 - Water	554	39	-	51	-	-	644	-	-	-	-
s64 - Sewer	898	10	-	15	(119)	2	806	-	-	-	-
S64 Total	1,452	49	-	66	(119)	2	1,450	-	-	-	-
Total	1,855	49	-	73	(119)	4	1,862	-	-	-	-

Contribution plan number 5 - Ourimbah

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
s64 - Water	666	18	-	16	-	-	700	-	-	-	-
s64 - Sewer	327	14	-	13	-	-	354	-	-	-	-
S64 Total	993	32	-	29	-	-	1,054	-	-	-	-
Total	993	32	-	29	-	-	1,054	-	-	-	-

Wyong Water

Notes to the financial statements
for the financial year ended 30 June 2015

Note 17. Statement of developer contributions (continued)

\$ '000

Developer contributions - under a plan

Contribution plan number 6 - Toukley

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
Drainage	-	-	-	-	-	4	4	1,622	-	1,626	-
S94 Total	-	-	-	-	-	4	4	1,622	-	1,626	-
s64 - Water	468	41	-	18	-	-	527	-	-	-	-
s64 - Sewer	2	13	-	8	(1,156)	1,150	17	-	-	-	-
S64 Total	470	54	-	26	(1,156)	1,150	544	-	-	-	-
Total	470	54	-	26	(1,156)	1,154	548	-	-	-	-

Contribution plan number 7 - Gorokan

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
s93F - Water	22	-	-	-	-	-	22	-	-	-	-
s93F - Sewer	15	-	-	-	-	-	15	-	-	-	-
S93F Total	37	-	-	-	-	-	37	-	-	-	-
s64 - Water	148	98	-	37	-	-	284	-	-	-	-
s64 - Sewer	1,274	65	-	23	-	-	1,362	-	-	-	-
S64 Total	1,422	163	-	60	-	-	1,646	-	-	-	-
Total	1,459	163	-	60	-	-	1,683	-	-	-	-

Wyong Water

Notes to the financial statements
for the financial year ended 30 June 2015

Note 17. Statement of developer contributions (continued)

\$ '000

Developer contributions - under a plan

Contribution plan number 8 - San Remo

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
Drainage	64	243	-	1	-	1	309	116	-	426	-
S94 Total	64	243	-	1	-	1	309	116	-	426	-
s s64 - Water	1,101	101	-	40	-	(1)	1,241				
s s64 - Sewer	167	153	-	24	-	(99)	245				
S64 Total	1,268	254	-	64	-	(100)	1,486				
Total	1,332	497	-	65	-	(99)	1,796				

Contribution plan number 9 - Budgewoi

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
s s64 - Water	507	11	-	9	-	-	527				
s s64 - Sewer	2	9	-	-	(106)	100	5				
S64 Total	509	20	-	9	(106)	100	532				
Total	509	20	-	9	(106)	100	532				

Wyong Water

Notes to the financial statements
for the financial year ended 30 June 2015

Note 17. Statement of developer contributions (continued)

\$ '000

Developer contributions - under a plan

Contribution plan number 15 - Northern Districts

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
s64 - Water	1,096	84	-	30	-	(2)	1,208				
s64 - Sewer	1,371	218	-	32	-	1	1,622				
S64 Total	2,467	302	-	62	-	(1)	2,830				
Total	2,467	302	-	62	-	(1)	2,830				

CONTRIBUTION PLAN NUMBER 17 Warnervale District

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
Drainage	5,151	369	107	245	514	4,742	11,126	35,769	(55,070)	(8,174)	-
S94 Total	5,151	369	107	245	514	4,742	11,126	35,769	(55,070)	(8,174)	-
s s93F - Drainage	896	49	-	15	-	-	960				
s s93F - Water	523	-	-	9	-	-	532				
s s93F - Sewer	349	-	-	6	-	-	355				
S93F Total	1,768	49	-	30	-	-	1,847				
s s64 - Water	1,805	546	41	63	(765)	-	1,690				
s s64 - Sewer	3,053	484	-	68	(239)	-	3,366				
S64 Total	4,858	1,030	41	131	(1,004)	-	5,056				
Total	11,777	1,448	148	406	(490)	4,742	18,029				

Wyong Water

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 17. Statement of developer contributions (continued)

\$ '000

Developer contributions - under a plan

CONTRIBUTION PLAN NUMBER 18 Development Service Plans Water & Sewerage

Purpose	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing repaid/(lent)	Held as restricted asset	Projections			Cumulative Internal borrowings due/(payable)
		Cash	Non-cash					Future income	Exp still outstanding	Over or (under) funding	
s s64 - Water	-	432	-	4	-	-	436				
s s64 - Sewer	-	509	-	4	-	-	513				
S64 Total	-	941	-	8	-	-	949				
Total	-	941	-	8	-	-	949				

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

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 2014-15 were recognised as an expense.

The last valuation of the Scheme was performed by Mr Martin Stevenson of Mercer Consulting (Australia) Pty Ltd on 20 February 2013.

However the position is monitored annually and the Scheme's most recent actuarial review, performed by Richard Boyfield of Mercer Consulting (Australia) Pty Ltd, estimates that a deficiency still exists as at 30 June 2015. 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.

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

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 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 in the following joint operations

Name of joint operation	Principal activity	Interest in ownership	
		2015	2014
Joint water supply authority	Water supply headworks	47%	47%

(b) Wyong Water assets employed in the joint operations

2015

2014

Wyong Water's own assets employed in the operations

Non-current assets

Property, plant and equipment	326,821	315,412
Total assets - Wyong Water owned	326,821	315,412
Wyong Water's share of assets jointly owned with other partners		
Nil		
Total net assets employed - Wyong Water and jointly owned	326,821	315,412

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 20. Equity - retained earnings and revaluation reserves

\$ '000	Notes	Actual 2015	Actual 2014
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(a) Retained earnings

Movements in retained earnings were as follows:

Balance at beginning of year (from previous years audited accounts)	600,747	605,016
a. Net operating result for the year	1,237	(4,269)
Balance at end of the reporting period	<u>601,984</u>	<u>600,747</u>

(b) Reserves

(i) Reserves are represented by:

- Infrastructure, property, plant and equipment revaluation reserve	936,516	821,149
Total	<u>936,516</u>	<u>821,149</u>

(ii) Reconciliation of movements in reserves:

Infrastructure, property, plant and equipment revaluation reserve		
- Opening balance	821,149	786,806
- Revaluations for the year	9(a) 115,367	34,344
- Balance at end of year	<u>936,516</u>	<u>821,149</u>
Total value of reserves	<u>936,516</u>	<u>821,149</u>

(iii) Nature and purpose of reserves**Infrastructure, Property, Plant & 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

Wyong Water made no correction of errors during the current reporting period.

(d) Voluntary changes in accounting policies

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

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 21. Financial result and financial position by Fund

Income statement by Fund \$ '000	Actual 2015	Actual 2015
	Water	Sewer
Continuing operations		
Income from continuing operations		
Rates and annual charges	17,493	28,353
User charges and fees	27,869	2,136
Interest and investment revenue	1,044	1,851
Other revenues	697	238
Grants and contributions provided for operating purposes	898	717
Grants and contributions provided for capital purposes	5,507	3,947
Total income from continuing operations	53,508	37,242
Expenses from continuing operations		
Employee benefits and on-costs	7,959	6,767
Borrowing costs	12,206	1,686
Materials and contracts	3,907	4,190
Depreciation and amortisation	17,471	13,175
Impairment	-	-
Other expenses	11,500	9,858
Net losses from the disposal of assets	488	306
Total expenses from continuing operations	53,531	35,982
Operating result from continuing operations	(23)	1,260
Discontinued operations		
Net profit/(loss) from discontinued operations	-	-
Net operating result for the year	(23)	1,260
Net operating result attributable to each Fund	(23)	1,260
Net operating result attributable to non-controlling interests	-	-
Net operating result for the year before grants and contributions provided for capital purposes	(5,530)	(2,687)

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

Wyong Water

Notes to the financial statements

as at 30 June 2015

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

Statement of financial position by Fund \$ '000	Actual 2015	Actual 2015
	Water	Sewer
Assets		
Current assets		
Cash and cash equivalents	1,780	11,119
Investments	4,431	26,404
Receivables	15,839	3,486
Inventories	-	-
Other	-	57
Non-current assets classified as 'held for sale'	-	-
Total current assets	22,050	41,066
Non-current assets		
Investments	25,000	-
Receivables	407	9,692
Inventories	-	-
Infrastructure, property, plant and equipment	955,913	712,416
Investments accounted for using the equity method	-	-
Investment property	-	-
Intangible assets	34	20
Total non-current assets	981,354	722,128
Total Assets	1,003,404	763,194
Liabilities		
Current liabilities		
Payables	8,819	3,210
Borrowings	10,825	1,687
Provisions	1,950	1,411
Total current liabilities	21,594	6,308
Non-current liabilities		
Payables	585	1,063
Borrowings	171,119	27,070
Provisions	200	156
Total non-current liabilities	171,904	28,289
Total liabilities	193,498	34,597
Net assets	809,906	728,597
Equity		
Retained earnings	352,890	249,096
Revaluation reserves	457,016	479,501
Total equity	809,906	728,597

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

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

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

\$ '000

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 (ending 30 June 2015) 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 Auditors' Report as the applicable "authorised for issue" date relating to these financial statements.

Accordingly, the "authorised for issue" date is 28 October 2015.

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 30 June 2015.

(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 30 June 2015 and which are only indicative of conditions that arose after 30 June 2015.

Wyong Water is aware of the following "non-adjusting events" that merit disclosure;

Fit for the Future

Following the release of the final recommendations of the Independent Local Government Review Panel (ILGRP), the NSW State Government introduced the "Fit for the Future" reform program and mandated that Councils submit a proposal to an independent expert panel by 30 June 2015 on how Councils would become "Fit for the Future". The ILGRP recommended that Wyong Shire Council investigate a merger with Gosford City Council (GCC).

Wyong Shire Council submitted a Fit for the Future proposal to the Independent Pricing and Regulatory Tribunal (IPART) - the nominated expert panel, prior to the 30 June 2015 deadline. Wyong's submission proposed that Council remain as a stand-alone entity whilst continuing to implement planned business improvement initiatives. The submission was based on an independent Cost Benefit Analysis of reform options, as well as extensive self-assessment. Council's proposal noted that Wyong Shire Council already met all Fit for the Future benchmarks, and that ongoing business improvement would further improve Council's performance against these benchmarks into the future.

IPART are scheduled to complete their assessment of the "fitness" of each Council by the end of October 2015, and the State Government is due to make decisions in relation to NSW Councils in December 2015.

As Wyong Water forms part of the consolidated entity of Wyong Shire Council, at this stage it is unknown whether there will be any impact to Wyong Water.

Wyong Water

Notes to the financial statements
for the financial year ended 30 June 2015

Note 24. Discontinued operations

\$ '000

Wyong Water has not classified any of its operations as "discontinued".

Note 25. Intangible assets

\$ '000	Actual 2015	Actual 2014
Intangible Assets represent identifiable non-monetary asset without physical substance.		
Intangible assets are as follows;		
Opening values:		
Gross book value (1/7)	2,469	2,469
Accumulated amortisation (1/7)	(2,380)	(2,274)
Accumulated impairment (1/7)	-	-
Net book value - opening balance	89	195
Movements for the year		
- Amortisation charges	(35)	(106)
Closing values:		
Gross book value (30/6)	2,469	2,469
Accumulated amortisation (30/6)	(2,415)	(2,380)
Accumulated impairment (30/6)	-	-
Total intangible assets - net book value ¹	54	89

¹ The net book value of intangible assets represent:

- Software	54	89
	54	89

Note 26. Reinstatement, rehabilitation and restoration liabilities

Wyong Water has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets or operations.

Wyong Water

Notes to the financial statements
for the financial year ended 30 June 2015

Note 27. Fair value measurement

\$ '000

Wyong Water 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:

2015	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable Inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements					
Infrastructure, property, plant and equipment					
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	-	-	57,617	57,617
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 equipment		-	-	1,639,687	1,639,687
2014					
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/13	-	-	478	478
Office equipment	30/06/13	-	-	158	158
Furniture and fittings	30/06/13	-	-	18	18
Operational land	30/06/13	-	-	57,652	57,652
Community land	30/06/11	-	-	1,113	1,113
Buildings - specialised	30/06/13	-	-	12,088	12,088
Other structures	30/06/11	-	-	1,413	1,413
Stormwater drainage	30/06/10	-	-	237,154	237,154
Water supply network	30/06/12	-	-	558,140	558,140
Sewerage network	30/06/12	-	-	669,335	669,335
Total infrastructure, property, plant and equipment		-	-	1,537,549	1,537,549

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

(2) Transfers between Level 1 and Level 2 fair value hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

(3) Valuation techniques used to derive Level 2 and Level 3 fair values

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

The Fair Valuation techniques Wyong Water has employed while utilising Level 2 and 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 – pumps, compressors and power hand tools
- Office Equipment – computer hardware, digital cameras and 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 of Wyong Water's land classified as Operational Land under the Local Government Act 1993. The last valuation was undertaken at 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.

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

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 Wyong Water's 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.

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 will be revalued in 2016 with the latest Valuer General values 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 of 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.

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

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 the Wyong Water's 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 previously classified in this asset class have been reclassified to stormwater drainage assets and revalued during the reporting period as part of the roads and drainage asset revaluation.

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

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 undertaken in this financial year was performed by the Wyong Water'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 previously classified in Other Structures have been reclassified to this asset class and revalued during the 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.

Asset conditions between 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 was based assessed asset conditions from 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 are 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 Evans and Peck and NSW Public Works in 2011 for the Joint Water Assets.

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

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.

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.

Valuations are undertaken by the 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.

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

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

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
Adoption of AASB 13	616	214	30	57,599	58,459
Transfers from/(to) another asset class	5	-	-	55	60
Purchases (GBV)	23	-	-	47	70
Disposals (WDV)	-	-	-	(49)	(49)
Depreciation and impairment	(168)	(58)	(12)	-	(238)
Other movements	2	2	-	-	4
Closing Balance - 30/6/14	478	158	18	57,652	58,306
Purchases (GBV)	5	92	20	-	117
Disposals (WDV)	-	-	-	(35)	(35)
Depreciation and impairment	(169)	(72)	(11)	-	(252)
Closing Balance - 30/6/15	314	178	27	57,617	58,136

	Community land	Buildings specialised	Other structures	Stormwater drainage	Total
Adoption of AASB 13	1,168	12,393	1,431	231,531	246,523
Transfers from/(to) another asset class	(55)	-	-	-	(55)
Purchases (GBV)	-	-	28	7,779	7,807
Depreciation and impairment	-	(307)	(47)	(2,616)	(2,970)
Revaluation increments to equity (ARR)	-	-	-	459	459
Other movements	-	2	1	1	4
Closing Balance - 30/6/14	1,113	12,088	1,413	237,154	251,768
Transfers from/(to) another asset class	-	-	-	650	650
Purchases (GBV)	-	-	56	9,746	9,803
Disposals (WDV)	(8)	-	-	-	(8)
Depreciation and impairment	-	(303)	(48)	(3,053)	(3,404)
Revaluation increments to equity (ARR)	-	-	-	97,262	97,262
Closing Balance - 30/6/15	1,105	11,785	1,421	341,759	356,070

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

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
Adoption of AASB 13	-	-	551,764	656,265	1,208,029
Purchases (GBV)	-	-	4,632	7,317	11,949
Disposals (WDV)	-	-	(252)	-	(252)
Depreciation and impairment	-	-	(13,618)	(12,509)	(26,127)
Revaluation increments to equity (ARR)	-	-	15,625	18,260	33,885
Other movements	-	-	(11)	2	(9)
Closing Balance - 30/6/14	-	-	558,140	669,335	1,227,475
Transfers from/(to) another asset class	26	16	(493)	-	(451)
Purchases (GBV)	-	-	1,906	5,708	7,614
Disposals (WDV)	-	-	-	(307)	(307)
Depreciation and impairment	(1)	-	(14,096)	(12,858)	(26,955)
Revaluation increments to equity (ARR)	-	-	8,160	9,945	18,105
Closing Balance - 30/6/15	25	16	553,617	671,823	1,225,481

Wyong Water

Notes to the financial statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

(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 prepared by the Wyong Water's experienced asset management staff. The fair value of 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 also 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 2015 reporting period the asset classes Roads and Stormwater Drainage assets were revalued by the Wyong Water's staff. This is the second valuation of Road and Drainage assets, the first of which was undertaken by external consultants in 2010.

(5). Highest and best use

As part of Wyong Water's ongoing review of the highest and best use of its assets in terms of service to the Community. Any operational land parcels which Wyong Water has assessed as being surplus to requirements and having limited service to the Community have been recommended for sale in the open market. Council on behalf of Wyong Water has resolved to sell surplus parcels which will assist Wyong Water in funding strategic projects as outlined in our strategic plan.

All of the Wyong Water's other non-financial assets are considered to being utilised for their highest and best use to serve Community needs.