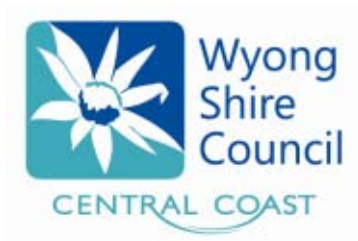




Wyong Shire Council  
**Financial Reports**  
2011/2012



Financial Reports 2011/2012

Version 2.0 Draft

Date: 25 September 2012

Approved by:

Date of Approval:

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Wyong Shire Council

2 Hely Street Wyong

PO Box 20 Wyong NSW 2259

**P** 02 4350 5555 **F** 02 4351 2098

**E** [wsc@wyong.nsw.gov.au](mailto:wsc@wyong.nsw.gov.au)

**W** [www.wyong.nsw.gov.au](http://www.wyong.nsw.gov.au)

Opening Hours 8.30am - 5.00pm



## Wyong Shire Council

# General purpose financial statements

### for the year ended 30 June 2012

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These financial statements are general purpose financial statements of Wyong Shire Council and its controlled entities and are presented in Australian currency.

Wyong Shire Council is constituted under the *Local Government Act 1993* and has its principal place of business at 2 Hely Street, Wyong, NSW 2259.

The financial statements are authorised for issue by the Council on 10 October 2012. Council has the power to amend and reissue the financial statements.

Through the use of the internet we have ensured that our reporting is timely, complete, and available at minimum cost. All media releases, financial reports and other information are available on our website [www.wyong.nsw.gov.au](http://www.wyong.nsw.gov.au).

Certificate

# Wyong Shire Council Income statement

for the year ended 30 June 2012

Budget 2012 <sup>(1)</sup> \$'000	Notes	Actual 2012 \$'000	Actual 2011 \$'000
<b>Income from continuing operations:</b>			
<b>Revenue:</b>			
129,238	Rates and annual charges	127,395	119,020
61,305	User charges and fees	53,742	52,283
6,911	Interest and investment revenue	9,272	8,980
2,445	Other revenues	3,893	4,072
27,162	Grants and contributions provided for operating purposes	29,062	23,546
18,021	Grants and contributions provided for capital purposes	14,679	43,406
<b>Other income:</b>			
-	Net gain from the disposal of assets	-	-
-	Net share of interests in joint ventures and associates using the equity method	-	-
<b>245,082</b>	<b>Total income from continuing operations</b>	<b>238,043</b>	251,307
<b>Expenses from continuing operations:</b>			
80,304	Employee benefits and on-costs	73,443	74,877
14,012	Borrowing costs	19,167	12,335
56,581	Materials and contracts	44,977	42,950
57,009	Depreciation and amortisation	55,629	53,594
34,070	Other Expenses	40,001	40,017
10	Net loss from the disposal of assets	2,584	1,493
-	Share of interests in joint ventures and associates using the equity method	-	-
<b>241,986</b>	<b>Total expenses from continuing operations</b>	<b>235,801</b>	225,266
<b>3,096</b>	<b>Net operating result for the year</b>	<b>2,242</b>	26,041
Attributable to:			
<b>3,096</b>	Wyong Shire Council	<b>2,242</b>	26,041
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>			
<b>(14,925)</b>		<b>(12,437)</b>	(17,365)

Note:

(1) Original budget as approved by Council - refer note 16

This statement is to be read in conjunction with the accompanying notes.

Wyong Shire Council **General Purpose** Financial Statements 2011-2012

# Wyong Shire Council

## Statement of comprehensive income

for the year ended 30 June 2012

	Notes	Actual 2012 \$'000	Actual 2011 \$'000
<b>Net operating result for the year - from income statement</b>		<b>2,242</b>	<b>26,041</b>
<b>Other comprehensive income</b>			
Gain / (Loss) on revaluation of infrastructure, property, plant & equipment	20(b)	<b>263,827</b>	80,406
Gain / (Loss) on revaluation of available for sale investments	20(b)	-	-
Realised available- for-sale investment gains recognised in revenue	20(b)	-	-
Adjustment to correct prior period errors	20(d)	<b>(9,590)</b>	-
<b>Total other comprehensive income for the year</b>		<b>254,237</b>	<b>80,406</b>
<b>Total comprehensive income for the year</b>		<b>256,479</b>	<b>106,447</b>
<b>Attributable to:</b>			
<b>Wyong Shire Council</b>		<b>256,479</b>	<b>106,447</b>

This statement is to be read in conjunction with the accompanying notes.

# Wyong Shire Council Balance Sheet

as at 30 June 2012

	Notes	2012 \$'000	2011 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6(a)	91,142	51,799
Investments	6(b)	44,000	69,447
Receivables	7	32,785	35,979
Inventories	8	2,054	2,088
Other	8	607	366
<b>Total current assets</b>		<b>170,588</b>	<b>159,679</b>
<b>Non-current assets</b>			
Investments	6(b)	19,955	16,992
Receivables	7	1,409	1,422
Infrastructure, property, plant and equipment	9	2,292,936	2,037,332
Investments accounted for using the equity method	19	125	-
Intangible assets	22	1,614	2,515
<b>Total non-current assets</b>		<b>2,316,039</b>	<b>2,058,261</b>
<b>Total assets</b>		<b>2,486,627</b>	<b>2,217,940</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	10	46,857	46,989
Borrowings	10	11,183	10,818
Provisions	10	28,452	28,742
<b>Total current liabilities</b>		<b>86,492</b>	<b>86,549</b>
<b>Non-current liabilities</b>			
Payables	10		52
Borrowings	10	186,392	179,444
Provisions	10	55,897	50,528
<b>Total non-current liabilities</b>		<b>242,289</b>	<b>230,024</b>
<b>Total liabilities</b>		<b>328,781</b>	<b>316,573</b>
<b>Net assets</b>		<b>2,157,846</b>	<b>1,901,367</b>
<b>Equity</b>			
Retained earnings	20	1,251,253	1,258,601
Revaluation reserves	20	906,593	642,766
<b>Total equity</b>		<b>2,157,846</b>	<b>1,901,367</b>

This statement is to be read in conjunction with the accompanying notes.

## Wyong Shire Council Statement of changes in equity

for the year ended 30 June 2012

		2012						2011					
Note	Retained earnings \$'000s	Asset Revaluation Reserve \$'000s	Other Reserves \$'000s	Council Equity Interests \$'000s	Minority Interests \$'000s	Total Equity \$'000s	Retained earnings \$'000s	Asset Revaluation Reserve \$'000s	Other Reserves \$'000s	Council Equity Interests \$'000s	Minority Interests \$'000s	Total Equity \$'000s	
<b>Opening balance</b>	20	1,258,601	642,766	-	1,901,367	-	1,901,367	1,232,560	562,360	-	1,794,920	-	1,794,920
Correction of errors		9,590	-	-	9,590	-	9,590	-	-	-	-	-	-
Changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-
<b>Restated opening balance</b>		<b>1,249,011</b>	<b>642,766</b>	<b>-</b>	<b>1,891,777</b>	<b>-</b>	<b>1,891,777</b>	1,232,560	562,360	-	1,794,920	-	1,794,920
Net operating result for the year	20	2,242	-	-	2,242	-	2,242	26,041	-	-	26,041	-	26,041
Other comprehensive income	20	-	263,827	-	263,827	-	263,827	-	80,406	-	80,406	-	80,406
<b>Total comprehensive income</b>	20	<b>2,242</b>	<b>263,827</b>	<b>-</b>	<b>266,069</b>	<b>-</b>	<b>266,069</b>	26,041	80,406	-	106,447	-	106,447
<b>Closing balance</b>		<b>1,251,253</b>	<b>906,593</b>	<b>-</b>	<b>2,157,846</b>	<b>-</b>	<b>2,157,846</b>	1,258,601	642,766	-	1,901,367	-	1,901,367

This statement is to be read in conjunction with the accompanying notes.



# Wyong Shire Council

## Statement of cash flows

### for the year ended 30 June 2012

Budget 2012 \$'000		Notes	Actual 2012 \$'000	Actual 2011 \$'000
	<b>Cash flows from operating activities</b>			
	<i>Receipts:</i>			
129,238	Rates and annual charges		127,690	118,276
61,305	User charges and fees		55,289	51,490
6,911	Investment revenue and interest		8,479	6,529
29,453	Grants		39,442	46,272
15,730	Contributions and donations		7,732	5,427
-	Deposits and retentions received		533	1,050
2,445	Other		17,773	16,514
	<i>Payments:</i>			
(80,304)	Employee benefits and oncosts		(74,549)	(75,724)
(59,581)	Materials and contracts		(43,651)	(34,848)
(14,012)	Borrowing Costs		(16,646)	(10,649)
(900)	Operating leases		(1,036)	(889)
-	Deposits and retentions refunded		(1,166)	(810)
(33,180)	Other		(50,315)	(41,930)
	<b>Net cash provided by (or used in) operating activities</b>	11(b)	<b>69,575</b>	<b>80,708</b>
	<b>Cash flows from investing activities</b>			
	<i>Receipts:</i>			
-	Sale of investments		140,947	63,152
-	Sale of real estate assets		-	-
6,000	Sale of infrastructure, property, plant and equipment		2,012	1,392
	<i>Payments:</i>			
-	Purchase of investments		(118,626)	(69,243)
(79,000)	Purchase of infrastructure, property, plant and equipment		(61,753)	(89,155)
-	Purchase of real estate assets		-	-
-	Purchase of interest in associates		(125)	-
	<b>Net cash provided by (or used in) investing activities</b>		<b>(37,545)</b>	<b>(93,854)</b>
	<b>Cash flows from financing activities</b>			
	<i>Receipts:</i>			
18,575	Borrowings and advances		18,125	26,450
	<i>Payments:</i>			
(10,806)	Borrowings and advances		(10,812)	(10,708)
-	Lease liabilities		-	-
7,769	<b>Net cash provided by (or used in) financing activities</b>		<b>7,313</b>	<b>15,742</b>
(8,126)	<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>39,343</b>	<b>2,596</b>
51,799	<b>Cash and cash equivalents at beginning of reporting period</b>	11(a)	<b>51,799</b>	<b>49,203</b>
43,673	<b>Cash and cash equivalents at end of reporting period</b>	11(a)	<b>91,142</b>	<b>51,799</b>

This statement is to be read in conjunction with the accompanying notes.

## Notes to the financial statements

### for the year ended 30 June 2012

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## Notes to the financial statements for the year ended 30 June 2012

### 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 Interpretations issued by the Australian Accounting Standards Board, the Local Government Act (1993) and Regulation, and the Local Government Code of Accounting Practice and Financial Reporting. Wyong Council is a not for-profit entity for the purpose of preparing the financial statements.

#### *New and amended standards adopted by Council*

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

#### *Early adoption of standards*

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

#### *Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment.

#### *Critical accounting estimates*

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 group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the

entity and that are believed to be reasonable under the circumstances.

#### *Critical accounting estimates and assumptions*

Wyong 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.

#### *Critical judgements in applying the entity's accounting policies*

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

#### (b) Revenue recognition

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

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

#### *Rates, annual charges, grants and contributions*

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

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

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

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 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 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 balance 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 balance 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 and rents*

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

### **(c) Principles of Consolidation**

#### *The Consolidated Fund*

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund. The consolidated fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report. The following entities have been included as part of the Consolidated fund:

- General purpose operations
- Wyong Shire Council Water Supply Authority, established under the Water Management Act 2000
- Committees established under the Local Government Act 1993 s 355
- 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 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.

#### *Associates*

Associates are all entities over which the Council has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

#### *Joint ventures - jointly controlled assets*

Wyong Shire Council Water Supply Authority is a joint venturer in the provision of core water supply infrastructure serving both Gosford and Wyong council areas. The proportionate interests in the

assets, liabilities and expenses of this joint venture activity have been incorporated in the financial statements under the appropriate headings. Details of the joint venture, including the Authority's share in assets and expenses, are set out in note 19 below.

#### Central Coast Water Corporation

Gosford and Wyong Councils have agreed to implement the Central Coast Water Corporation (CCWC) and a Joint Services Business (JSB) in a staged approach over the following five years to minimise service disruption to the community.

The project aims to:

- provide a co-ordinated regional management approach to water and sewerage services and decision-making
- reduce costs through the creation of common administrative systems, improve efficiency by aligning policies and procedures
- reinvest savings in community services and projects
- create greater organisational resilience through pooled resources and reduce IT costs which can be reinvested in other service areas

Critical dates over the next five years include:

- 1 July 2013 – commence trials of selected business processes
- 1 July 2014 – Asset Management and Regulatory staff to transfer to the CCWC
- 1 July 2014 ~ 1 July 2017 – remaining water and wastewater functions and staff to transfer over the following three years
  - 1 July 2017 – commence long term lease of water and wastewater assets; JSB to formally commence.

All permanent award staff affected by structural change will be protected from redundancy until 30 June 2020.

#### (d) Leases

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

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the 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 Council is a lessor is recognised in income on a straight-line basis over the lease term.

#### (e) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets. Cost is measured as the fair value of the assets given, plus costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in future are discounted back to their present value as at the date of exchange. The discount rate used is Council's incremental borrowing rate, or the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

#### (f) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment, or more often 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 might not be recoverable.

An impairment loss is for the amount by which the asset's carrying amount exceeds the higher of the *present value of future cash inflows* or *value in use*. For the purpose 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 other than impaired goodwill are reviewed for a possible reversal of the impairment at each reporting date.

### **(g) Cash and cash equivalents**

For cash flow statement 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, and bank overdrafts. Bank overdrafts (if any) are shown within borrowings in current liabilities on the balance sheet.

### **(h) 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.

Loans made to sporting and community groups at concessional interest rates are recognised at their nominal amounts; interest revenues foregone by Council effectively being a reduction of interest revenue in the period to which it relates.

### **(i) Inventories**

#### *Raw materials and stores, works 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. 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.

Council has three centralised store facilities. Inventories held in store have been valued by using the weighted average cost on a continual basis, after any necessary adjustment for loss of service potential. Discounts and premiums on purchase are included in the calculation of average cost.

#### *Land held for resale*

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

### **(j) Non current assets (or disposal groups) held for sale and discontinued operations**

As at the reporting dates 30 June 2011 and 30 June 2012 Council carried no amount on its balance sheet in respect of non current assets held for sale or in respect of discontinued operations, and has not recorded any income or expense transactions related to these categories in the financial years ending on those dates.

Non current assets are classified as held for resale if their carrying amount will be principally recovered through a sale transaction.

Discontinued operations are Council functions or projects which will be, or have been transferred, to another entity. Generally, Council would receive some amount of compensation for the value of assets transferred.

## (k) Investments and other financial assets

### *Classification*

Council classifies its investments and financial assets under 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. Council does not hold, and never has held, any derivative financial assets. 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.

### *Financial assets at fair value through profit and 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.

### *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 other receivables and receivables (note 7) in the balance sheet.

### *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.

### *Available-for-sale 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.

### *Financial assets – reclassification*

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, Council may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

### *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.

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 Council's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Details on how the fair value of financial instruments is determined are disclosed in note 1(l).

### *Financial assets – 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.

### *Investment policy*

Council has an approved investment policy complying with Section 625 of the Local Government Act and S212 of the LG (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. Certain investments the Council holds are no longer prescribed, however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

### **(l) Fair value estimation**

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

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. 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.

#### **(m) Infrastructure, property, plant & equipment (IPPE)**

Council's assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Division of Local Government. At balance date all classes of IPPE were stated at their fair value, including:

- 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, bridges and footpaths (external valuation).
- Drainage assets – (external valuation)
- Community land, land improvements and other structures (internal valuation)
- Library books (internal valuation).

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. Council does not at present have sufficient data to assess the valuation of earthworks under roads but will be progressively carrying out measurements of earthworks as part of its regular inspection program.

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, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the

remaining reserve attributable to the asset; 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 is 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 in the table below.

<b>Buildings</b>	20 to 100 years
<b>Vehicles</b>	6 to 10 years
<b>Heavy Plant</b>	6 to 10 years
<b>Office Equipment</b>	5 to 10 years
<b>Dams</b>	150 years
<b>Water Mains</b>	50 to 80 years
<b>Water Treatment Plants - Civil</b>	50 to 100 years
<b>Water Treatment Plants - Other</b>	20 to 40 years
<b>Sewerage Treatment Plants - Civil</b>	50 to 100 years
<b>Sewerage Treatment Plants - Other</b>	20 to 40 years
<b>Sewerage Pipelines and Mains</b>	50 to 80 years
<b>Drainage Assets</b>	80 to 120 years
<b>Concrete Bridges</b>	80 years
<b>Road Surface:</b>	
* <b>Asphalt surface</b>	25 years
* <b>Spray Seal surface</b>	12 years
* <b>Slurry Seal surface</b>	12 years
* <b>Open Graded AC</b>	12 years
* <b>Concrete surface</b>	50 years
* <b>Gravel</b>	5 years
* <b>Earth</b>	30 years
* <b>Other</b>	2–30 years
<b>Road Structure:</b>	
* <b>Gravel Base and Sub Base</b>	80 years
* <b>Other</b>	10 to 80 years

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

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

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).

#### **(n) Investment property**

In the period ended 30 June 2012 Council had no investment properties.

#### **(o) Payables**

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

#### **(p) 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 balance sheet 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.

#### **(q) 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.

#### **(r) Provisions**

Provisions are recognised when Council has a 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. Provisions are not recognised for future operating losses.

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

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

#### **(s) Employee benefits**

##### *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be 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 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 balance sheet 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 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.

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans (see below).

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities. As a result, they have asked for significant increases in contributions to recover that deficiency. 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 Council's accounts. 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.

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.

#### **(t) Rounding of amounts**

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

#### **(u) 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 were recognised before 1 July 2008 was derecognised at 1 July 2008 against the opening balance of retained earnings.

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.

#### **(v) Provision for tip remediation**

##### *(i) Restoration*

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down and restoration costs are a normal consequence of tip operations, and the majority of

close down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

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

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

#### (ii) Rehabilitation

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

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date. These costs are charged to the income statement. Movements in the environmental clean up provisions are presented as an operating cost, except for the unwind of the discount which is shown as a borrowing cost. Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations. The expected timing of expenditure can also change. As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

#### (w) Allocation between current and non-current assets and liabilities

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the ensuring 12 months, being Council's operational cycle. In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

#### (x) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. Council's assessment of the impact of these new standards and interpretations is set out below.

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

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013\* but is available for early adoption. When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

*\* In December 2011, the IASB delayed the application date of IFRS 9 to 1 January 2015. The AASB is*

*expected to make an equivalent amendment to AASB 9 shortly.*

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

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

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules. As Council already applies the equity method in accounting for this investment, AASB 11 will not

have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

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

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

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

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

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

In September 2011, the AASB released a revised standard on accounting for employee benefits. It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount

rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively. Council does not recognise defined benefit assets and liabilities for the reasons set out in note 1 (s) and so these changes will not have an impact on its reported results.

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

#### **(y) Self insurance**

Council has determined 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 disclosed in Note 6(c).

#### **(z) 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, Council has incurred a number of costs including system build cost and software and hardware licenses, as well as direct labour and material costs. These will give rise to future economic benefits. Council's contribution to these costs has been capitalised as an intangible asset to be amortised over the period of the contract.

#### **(aa) 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.

#### **(bb) Rural Fire Service assets**

Under section 119 of the Rural Fire Services Act 1997, "all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed".

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.

#### **(cc) Goods and Services Tax**

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 balance sheet.

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.



Notes to the financial statements for the  
year ended 30 June 2012

Note 2(a) – Functions or activities

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions are provided in Note 2(b).													
Functions/Activities	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 2012 \$'000	Actual 2012 \$'000	Actual 2011 \$'000	Original Budget 2012 \$'000	Actual 2012 \$'000	Actual 2011 \$'000	Original Budget 2012 \$'000	Actual 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000	Actual 2011 \$'000
Governance					9,129	7,926		(9,129)	(7,926)			-	-
Community & Education	1,006	2,344	2,272	13,264	12,943	12,228	(12,258)	(10,599)	(9,956)	1,259	1,095	29,491	37,474
Community & Recreation	224	2,115	3,866	15,447	13,092	12,216	(15,223)	(10,977)	(8,350)	1,717	3,516	36,440	67,141
Economic & Property Development	1,445	2,014	3,219	7,358	6,458	5,055	(5,913)	(4,444)	(1,836)	180	47	287,269	317,081
Council Enterprises	13,554	12,817	12,888	12,339	11,216	11,510	1,215	1,601	1,378	521	492	15,819	18,547
Regulatory	2,996	3,013	1,843	5,832	5,370	4,479	(2,836)	(2,357)	(2,636)	83	70	365	158
Environment & Land Use	12,232	9,499	8,300	18,277	14,881	14,319	(6,045)	(5,382)	(6,019)	6,382	3,855	339	5,851
Waste Management	40,631	37,208	32,953	34,432	40,742	41,554	6,199	(3,534)	(8,601)	778	652	7,524	9,043
Roads	6,080	9,161	8,959	25,935	23,992	22,775	(19,855)	(14,831)	(13,816)	4,594	3,836	366,497	336,469
Stormwater	7,202	7,264	7,417	4,034	5,119	4,558	3,168	2,145	2,859	-	-	361,808	228,613
Sewerage Services	34,110	31,852	31,219	33,650	31,757	32,286	460	95	(1,067)	663	702	747,646	443,380
Water Supply	44,262	34,328	60,434	46,470	46,611	41,745	(2,208)	(12,283)	18,689	922	28,491	492,333	639,006
Administration	4,591	5,603	4,163	24,948	14,491	14,615	(20,357)	(8,888)	(10,452)	1,072	51	141,096	115,176
<b>Total functions or activities</b>	168,333	157,218	177,533	241,986	235,801	225,266	(73,653)	(78,583)	(47,733)	18,171	42,807	2,486,627	2,217,940
General purpose income	76,749	80,825	73,774	-	-	-	76,749	80,825	73,774	13,184	12,154	-	-
<b>Totals</b>	245,082	238,043	251,307	241,986	235,801	225,266	3,096	2,242	26,041	31,355	54,961	2,486,627	2,217,940

## Notes to the financial statements for the year ended 30 June 2012

### Note 2(b) - Components of functions

Details of the functions or activities reported on in note 2(a) are as follows:

#### Governance

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

#### Community and Education

Community and Education provides information, places and spaces for people to participate learn and contribute to their local neighbourhood to improve their quality of life.

We do this by connecting residents through the delivery of programs and services including library services, community and cultural development, community education, learning partnerships and customer contact.

#### Community and Recreation

To support community recreation Council works to plan, promote and operate sporting and recreation facilities and services to encourage an active and healthy lifestyle. It also maintains natural areas and open spaces such as beaches, lake foreshores and parks for community use and environmental protection.

We do this by connecting residents through the delivery of programs and services in the following areas:

#### Economic and Property Development

Responsibilities for this activity include strengthening the economic base of the Shire by promoting economic development as well as the creation of employment opportunities. It identifies and develops sustainable income strategies for Council. In addition, it provides property related services for the organisation and is responsible for Council's property portfolio which varies over time, but at present includes a variety of landholdings and 25 houses.

#### Council Enterprises

Council Enterprises includes the operation of care and education services and the operation of holiday parks.

With large numbers of children in the Shire, these long day care centres provide quality education and care for 0-6 year olds.

Our holiday park facilities are a significant contributor to the local tourism industry and provide a funding stream for works on Crown Reserves in close proximity to the parks.

#### Regulatory

This activity works to ensure compliance with statutory requirements in a professional manner across a wide range of regulatory responsibilities including public health and safety, development assessment, building certification, compliance and regulation auditing, land use compliance, ranger services, animal care facility and noxious weeds.

#### Environment and Land Use

The Environment and Land Use activity enhances the natural and built environment on both private and public land. This is done through strategic planning and policies, as well as controls over land-use to maintain a high quality of life. Through this activity Council seeks to promote and plan for the sustainable use of natural resources on the Central Coast. Other responsibilities include the implementation of the Estuary Management Plan, sustainability within Council and natural resource management.

#### Waste Management

This activity includes domestic and commercial waste. It involves processing and disposal operations as well as landfill remediation. Waste management is about providing a safe, reliable and environmentally responsible waste collection and disposal services. It also aims to help reduce the Shire's environmental footprint.



### **Roads**

This activity includes roads (excluding RMS roads), bridges and traffic management in the Shire along with associated infrastructure to help ensure ease of travel and environmental responsibility, including footpaths and shared pathways and off-street car parks..

It aims to provide and maintain quality roads infrastructure to support a growing population in a cost effective and sustainable manner.

### **Stormwater**

Stormwater provides safe and reliable collection, transmission, treatment and discharge facilities for stormwater in a cost-effective and sustainable manner.

### **Sewerage Services**

Sewerage Services provides safe and reliable storage collection, treatment and disposal facilities for sewerage

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.

### **Administration**

Administration provides corporate-wide internal services. Administration is accountable for the governance and statutory compliance of the organisation's finance, human resources and corporate information. Administration also includes asset management, effective high level contract and project management to ensure fiscal responsibility and providing plant, fleet and depot services including emergency service responses.

**Notes to the financial statements** for the year  
ended 30 June 2012

### Note 3 – Income from continuing operations

	<b>Actual 2012 \$'000</b>	<b>Actual 2011 \$'000</b>
<b>(a) Rates and annual charges</b>		
<b>Ordinary rates</b>		
Residential	49,085	48,067
Farmland	272	288
Business	7,666	7,196
Mining	793	284
<b>Total ordinary rates</b>	<b>57,816</b>	<b>55,835</b>
<b>Special rates</b>		
Stormwater	1,755	1,689
Town improvement	972	960
<b>Total special rates</b>	<b>2,727</b>	<b>2,649</b>
<b>Annual charges</b> (Persuant to s.496,496A,496B,501 & 611)		
Domestic waste management services	24,255	19,896
Water supply	8,494	8,025
Sewerage services	26,662	25,704
Drainage	5,618	5,404
Waste management services (not domestic)	1,783	1,470
Section 611 charges	40	37
<b>Total annual charges</b>	<b>66,852</b>	<b>60,536</b>
<b>Total rates and annual charges</b>	<b>127,395</b>	<b>119,020</b>

Council has used 2008 valuations provided by the NSW Valuer General in calculating its rates.

**Notes to the financial statements** for the  
year ended 30 June 2012

**Note 3 – Income from continuing operations (continued)**

	<b>Actual 2012 \$'000</b>	<b>Actual 2011 \$'000</b>
<b>(b) User charges and fees</b>		
<b>User charges</b>		
Water supply services	21,608	20,289
Sewerage services	1,481	1,162
<b>Total user charges</b>	<b>23,089</b>	<b>21,451</b>
<b>Fees</b>		
Regulatory/Statutory certificates	868	872
Regulatory/Statutory other	36	104
Section 355 Committees	358	362
Development applications	1,056	1,012
s603 certificates	279	242
Building inspection	413	441
Engineering design fees	223	395
Holiday parks	8,419	8,448
Child care	3,792	3,776
Tipping fees	9,958	10,067
RMS works (State roads not controlled by Council)	2,779	2,794
Rezoning Fees	112	79
On Site Sewer Management (OSSM) Fees	165	139
Shop Inspection Fees	234	152
Companion Animals	213	202
Fees other	1,748	1,747
<b>Total fees</b>	<b>30,653</b>	<b>30,832</b>
<b>Total user charges and fees</b>	<b>53,742</b>	<b>52,283</b>

Notes to the financial statements for the  
year ended 30 June 2012

### Note 3 – Income from continuing operations (continued)

	<b>Actual 2012 \$'000</b>	<b>Actual 2011 \$'000</b>
<b>(c) Interest and Investment Revenue</b>		
Interest and Dividends		
- Overdue rates and charges	<b>1,037</b>	869
- Cash and investments	<b>8,320</b>	5,404
Fair value adjustments		
-Investments	<b>(88)</b>	2,283
Amortisation of discounts and premiums on financial instrument transactions		
- Interest free loan provided	<b>3</b>	4
Other	<b>-</b>	420
<b>Total interest and investment revenue</b>	<b>9,272</b>	8,980
<b>(d) Other revenues</b>		
Parking Fines	<b>324</b>	540
Other Fines	<b>156</b>	87
Legal fees recovery	<b>239</b>	433
Sewerage connections	<b>79</b>	165
Water connections	<b>196</b>	322
Insurance claims	<b>188</b>	65
Diesel fuel rebate	<b>100</b>	118
Sales general	<b>56</b>	21
Sale of scrap metal	<b>130</b>	200
Landfill Gas Royalty Payment	<b>115</b>	34
Cemetery income	<b>199</b>	142
External Works	<b>206</b>	129
Restoration from Utility Providers	<b>295</b>	200
Property rents	<b>1,397</b>	1,392
Other	<b>213</b>	224
<b>Total other operating revenue</b>	<b>3,893</b>	4,072

**Notes to the financial statements** for the  
year ended 30 June 2012

**Note 3 – Income from continuing operations (continued)**

	OPERATING		CAPITAL	
	Actual 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000	Actual 2011 \$'000
<b>(e) Grants</b>				
<b>General purpose (Untied)</b>				
Financial assistance	11,954	8,855	-	-
Pensioners' rate subsidies:				
- General	1,230	1,303	-	-
<b>Specific purpose</b>				
Pensioners' rate subsidies:				
- Water	674	681	-	-
- Sewer	663	663	-	-
- DWM	723	652	-	-
Water supplies	-	150	248	27,660
Sewerage services	-	-	-	39
Community centres	47	27	-	50
Fire protection	668	505	312	745
Health services	41	40	-	-
Child care	476	444	-	-
Youth services	3	17	-	-
Aged and disabled	33	31	-	-
Environmental protection	6,127	3,970	303	26
Libraries	359	351	29	28
Recreational facilities	3	2	2,043	3,670
Roads and bridges	2,806	2,379	1,650	1,841
Transport	3	3	-	-
Street Lighting	229	223	-	-
Storm damage	91	-	-	-
Other	586	581	54	25
<b>Total grants</b>	<b>26,716</b>	<b>20,877</b>	<b>4,639</b>	<b>34,084</b>
<b>Comprising</b>				
- Commonwealth funding	5,007	2,601	3,331	32,153
- State funding	21,667	18,226	1,308	1,930
- Other funding	42	50	-	-
	<b>26,716</b>	<b>20,877</b>	<b>4,639</b>	<b>34,083</b>

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 3 – Income from continuing operations (continued)**

	OPERATING		CAPITAL	
	Actual 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000	Actual 2011 \$'000
<b>(f) Contributions</b>				
Developer contributions (S94)				
- Roadworks	-	-	1,024	188
- Drainage	-	-	626	334
- Traffic facilities	-	-	-	-
- Parking	-	-	-	-
- Open space	-	-	898	759
- Community facilities	-	-	757	515
- Other	-	-	230	9
RMS contributions (Regional/local block grants)	925	1,001	-	-
Water (S64)	-	-	684	401
Sewerage (S64)	-	-	530	290
Other Councils joint works	-	-	-	-
Paving	-	-	116	25
Kerb and gutter	-	-	92	132
Contributed assets S.94 and S.64:				
-Community facilities	-	-	1,652	1,409
Other				
-Roads	-	-	665	426
-Drainage, water and sewer	-	-	569	719
Dedications	-	-	1,768	4,010
Vehicle contributions by employees	1,098	1,031	-	-
Town planning	39	350	-	-
Other	284	287	429	105
<b>Total contributions and donations</b>	<b>2,346</b>	<b>2,669</b>	<b>10,040</b>	<b>9,322</b>
<b>Total grants and contributions</b>	<b>29,062</b>	<b>23,546</b>	<b>14,679</b>	<b>43,406</b>

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 3 – Income from continuing operations (continued)**

	<b>Actual 2012 \$'000</b>	<b>Actual 2011 \$'000</b>
<b>(g) Restrictions relating to grants and contributions</b>		
Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner:		
Grants and contributions recognised in the current period which have not been spent		
Developer contributions	9,742	7,431
Government Grants	4,503	4,128
RMS Contributions	-	129
Contributions to Works	373	384
	<b>14,618</b>	<b>12,072</b>
Less:		
Grants and contributions recognised in previous reporting periods which have been spent in the current reporting		
Developer contributions	8,833	16,395
Government Grants	3,757	3,738
RMS Contributions	129	-
Contributions to Works	334	138
	<b>13,053</b>	<b>20,271</b>
<b>Net Increase/(decrease) in restricted grants and contributions</b>	<b>1,565</b>	<b>(8,199)</b>

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 4 – Expenses from continuing operations**

	<b>Actual 2012 \$'000</b>	Actual 2011 \$'000
<b>(a) Employee benefits and on costs</b>		
Salaries and wages	55,532	56,722
Travelling	8	11
Employee leave entitlements	13,257	12,524
Superannuation	7,716	7,516
Workers' Compensation Insurance	1,520	1,781
FBT	107	128
Payroll tax	1,189	1,651
Training costs (excluding salaries)	561	541
Other	583	912
Less: Capitalised costs	(7,030)	(6,909)
<b>Total employee costs expensed</b>	<b>73,443</b>	<b>74,877</b>
<b>Total number of FTE employees</b>	<b>988</b>	992
<i>Note - Calculated at last pay week in financial year</i>		
<b>(b) Borrowing costs</b>		
Interest on overdrafts	-	4
Interest on loans	16,536	10,449
Interest on advances	10	-
Interest on other debts	247	158
Amortisation of discounts and premiums		
- Remediation (tip)	2,299	1,649
- Financial Instruments	75	75
Less: Capitalised costs	-	-
<b>Total borrowing costs expensed</b>	<b>19,167</b>	<b>12,335</b>



**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 4 – Expenses from continuing operations (continued)**

	<b>Actual 2012 \$'000</b>	Actual 2011 \$'000
<b>(c) Materials and contracts</b>		
Raw materials and consumables	<b>10,890</b>	11,291
Contractor and consultancy costs	<b>31,961</b>	29,796
Remuneration of Auditors <sup>(1)</sup>	<b>585</b>	190
Legal fees		
- Planning and development	<b>175</b>	309
- Other	<b>330</b>	475
Operating leases:		
- Buildings	<b>65</b>	40
- Computers (including printers)	<b>888</b>	794
- Other	<b>83</b>	55
<b>Total materials and contracts</b>	<b>44,977</b>	42,950
 (1) During the year the following fees were paid or payable for services provided by the Council's auditor - PricewaterhouseCoopers		
<i>(i) Audit and other assurance services</i>		
Audit and review of financial statements	<b>168</b>	165
Other assurance services:		
- Audit of regulatory returns	-	-
- Due diligence services	-	25
Total remuneration for audit and other assurance services	<b>168</b>	190
<i>(ii) Taxation services</i>		
Tax compliance services	<b>1</b>	-
Total remuneration for taxation services	<b>1</b>	-
<i>(iii) Other services</i>		
Remuneration advice	-	-
Cost Benefit Analysis for Central Coast Water Corporation, managed on behalf of Gosford City and Wyong Shire Councils. This represents 100% of the sum paid to PwC for this contract.	<b>416</b>	-
Total remuneration for other services	<b>416</b>	-
<b>Total remuneration of PricewaterhouseCoopers</b>	<b>585</b>	190

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 4 – Expenses from continuing operations (continued)**

	<b>Actual 2012 \$'000</b>	Actual 2011 \$'000
<b>(d) Depreciation and amortisation</b>		
Intangibles - software	<b>901</b>	751
Plant and equipment	<b>4,286</b>	3,869
Office equipment	<b>322</b>	317
Furniture and fittings	<b>168</b>	121
Land improvements (depreciable)	<b>2,376</b>	2,429
Buildings	<b>3,593</b>	3,919
Other structures	<b>743</b>	1,263
Infrastructure		
- roads, bridges and footpaths	<b>12,515</b>	11,495
- stormwater drainage	<b>2,443</b>	2,303
- water supply network	<b>12,123</b>	11,584
- sewerage network	<b>12,998</b>	13,941
Other assets		
- library books	<b>1,569</b>	424
- other	<b>4</b>	(145)
Tip asset	<b>1,588</b>	1,323
<b>Total depreciation costs expensed</b>	<b>55,629</b>	53,594

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 4 – Expenses from continuing operations (continued)**

	<b>Actual 2012 \$'000</b>	Actual 2011 \$'000
<b>(e) Other expenses</b>		
Bad and doubtful debts	<b>893</b>	26
Department Environment and Planning Levy	<b>160</b>	147
Mayoral fee	<b>56</b>	54
Councillors' fees	<b>218</b>	195
Councillors' expenses	<b>42</b>	36
Insurance	<b>2,029</b>	1,686
Waste minimisation levy	<b>10,791</b>	9,766
NSW Fire Brigade	<b>1,184</b>	1,178
NSW Rural Fire Service	<b>542</b>	430
State Emergency Services	<b>137</b>	120
Contributions and donations:		
- The Entrance Town Centre	<b>1,414</b>	1,375
- Toukley Town Centre	<b>147</b>	143
- Wyong Town Centre	<b>66</b>	64
- Central Coast Tourism Inc	<b>150</b>	150
- Central Coast Mariners FC Pty Ltd	<b>125</b>	100
- Community Groups Tipping Fees	<b>167</b>	140
- Central Coast Business Mentors Services Inc	<b>112</b>	92
- Contributions and donations other	<b>1,093</b>	1,625
Street lighting	<b>2,822</b>	2,584
Electricity	<b>4,955</b>	4,774
Postage and telephone	<b>961</b>	996
Subscriptions and publications	<b>243</b>	231
Commissions	<b>2,002</b>	1,833
Gas charges	<b>121</b>	127
Planning NSW DA Fees	<b>128</b>	169
Bank fees and charges	<b>388</b>	406
Licences	<b>474</b>	688
Vehicle registrations	<b>318</b>	264
Valuer general fees	<b>312</b>	291
Tip rehabilitation provision adjustment	<b>4,349</b>	10,960
Tip rehabilitation expensed	<b>2,928</b>	-
Other expenses	<b>674</b>	(633)
<b>Total other operating expenses</b>	<b>40,001</b>	40,017

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 5 – Gain or loss from the disposal of assets**

	<b>Actual 2012 \$'000</b>	Actual 2011 \$'000
<b>Gain (or loss) on disposal of Infrastructure, Property, Plant and Equipment</b>		
Proceeds from disposal	2,012	1,392
Less: Carrying amount of assets sold	4,596	2,885
<b>Gain (or loss) on disposal</b>	<b>(2,584)</b>	<b>(1,493)</b>
<b>Gain (or loss) on disposal of real estate assets held for sale</b>		
Proceeds from sales	-	-
Less: Cost of sales	-	-
<b>Gain (or loss) on disposal</b>	<b>-</b>	<b>-</b>
<b>Gain (or loss) on disposal of Investment Property</b>		
Proceeds from disposal	-	-
Less: Carrying value of Investment Property	-	-
<b>Gain (or loss) on disposal</b>	<b>-</b>	<b>-</b>
<b>Gain (or loss) on disposal of Financial assets</b>		
Proceeds from disposal	140,947	63,152
Less: Carrying amount of Financial assets	140,947	63,152
<b>Gain (or loss) on disposal</b>	<b>-</b>	<b>-</b>
<b>Net gain (or loss) from disposal of assets</b>	<b>(2,584)</b>	<b>(1,493)</b>

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 6 (a)– Cash and cash equivalents**

	<b>Actual 2012 \$'000</b>	<b>Actual 2011 \$'000</b>
Cash at bank and on hand	<b>1,288</b>	1,384
Deposits at call	<b>89,854</b>	50,415
	<b><u>91,142</u></b>	<u>51,799</u>

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 6 (b)– Investments**

The following financial assets are held as investments:

Financial assets at fair value through Profit and Loss -

Held for trading <sup>(1)</sup>

Held to maturity investments

**Total**

**Financial assets at fair value through Profit and Loss - Held for trading**

At beginning of year

Revaluation to income statement

Additions

Disposals

Transfers to/ from current

At end of year

**Comprising:**

- Managed funds

**Held to maturity investments**

At beginning of year

Amortisation of discounts and premiums

Additions

Disposals

Transfers to/ from current

At end of year

**Comprising:**

- Term deposits

- Bank bond

	Actual 2012		Actual 2011	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Financial assets at fair value through Profit and Loss -				
Held for trading <sup>(1)</sup>	-	5,955	5,204	7,903
Held to maturity investments	44,000	14,000	64,243	9,089
<b>Total</b>	<b>44,000</b>	<b>19,955</b>	<b>69,447</b>	<b>16,992</b>
<b>Financial assets at fair value through Profit and Loss - Held for trading</b>				
At beginning of year	5,204	7,903	26,081	-
Revaluation to income statement	-	(88)	2,283	-
Additions	-	-	-	-
Disposals	(5,204)	(1,860)	(15,257)	-
Transfers to/ from current	-	-	(7,903)	7,903
At end of year	-	5,955	5,204	7,903
<b>Comprising:</b>				
- Managed funds	-	5,955	5,204	7,903
	-	5,955	5,204	7,903
<b>Held to maturity investments</b>				
At beginning of year	64,243	9,089	47,895	4,164
Amortisation of discounts and premiums	-	(75)	-	(75)
Additions	104,626	14,000	69,243	-
Disposals	(128,883)	(5,000)	(47,895)	-
Transfers to/ from current	4,014	(4,014)	(5,000)	5,000
At end of year	44,000	14,000	64,243	9,089
<b>Comprising:</b>				
- Term deposits	44,000	10,000	64,243	5,000
- Bank bond	-	4,000	-	4,089
	44,000	14,000	64,243	9,089

Note: (1) Fair values for all investments in this Category are determined by quoted prices in active markets for identical investments

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 6 (c) – Restricted cash, cash equivalents**

	2012		2011	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
<b>Total cash, cash equivalents and investments</b>	<b>135,142</b>	<b>19,955</b>	121,246	16,992
External restrictions	77,093	-	83,737	-
Internal restrictions	32,900	19,955	22,671	16,992
Unrestricted	25,149	-	14,838	-
	<b>135,142</b>	<b>19,955</b>	121,246	16,992

	Opening Balance 1 July 2011 \$'000	Transfers To restriction \$'000	Transfers From restriction \$'000	Closing Balance 30 June 2012 \$'000
<b>External restrictions</b>				
<i>Included in liabilities</i>				
Specific purpose unexpended loans (A)	15,221	-	8,339	6,882
RMS advances (B)	39	259	-	298
	<b>15,260</b>	<b>259</b>	<b>8,339</b>	<b>7,180</b>
<i>Other</i>				
Developer contributions - General fund (C)	5	-	-	5
Developer contributions - Water (C)	8,908	1,362	-	10,270
Developer contributions - Drainage (C)	13,154	84	-	13,238
Developer contributions - Sewerage (C)	16,359	-	537	15,822
Developer contributions - Bonus Provisions	-	767	-	767
RMS Contributions (D)	129	-	129	-
Specific purpose unexpended grants (E)	5,321	746	-	6,067
Contributions to works (D)	613	39	-	652
Domestic waste management (F)	8,817	6,814	-	15,631
Stormwater management charge	1,555	1,178	-	2,733
Climate Change Fund	-	950	-	950
Other	3,372	406	-	3,778
	<b>58,233</b>	<b>12,346</b>	<b>666</b>	<b>69,913</b>
<b>Total external restrictions</b>	<b>73,493</b>	<b>12,605</b>	<b>9,005</b>	<b>77,093</b>

<b>Internal restrictions</b>				
Employee leave entitlements	7,296	-	2,485	4,811
Self-insurance claims (G)	10,244	-	104	10,140
Tip replacement/rehabilitation	9,422	5,621	-	15,043
Land development	2,657	1,291	-	3,948
Developer Contributions - Prepaid	-	3,600	-	3,600
Information systems	160	-	160	-
Expenditure carried forward	2,127	-	1,346	781
Trading capital (General, Water & Sewer)	14,247	-	647	13,600
Town Centre refurbishment	164	-	164	-
Public liability insurance	196	172	-	368
Plant pool capital	2,282	-	2,282	-
EPA rebate	500	-	500	-
Section 355/advances/deposits	612	-	48	564
<b>Total internal restrictions</b>	<b>49,907</b>	<b>10,684</b>	<b>7,736</b>	<b>52,855</b>

<b>Total restrictions</b>	<b>123,400</b>	<b>23,289</b>	<b>16,741</b>	<b>129,948</b>
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- (A) Loan moneys which must be applied for the purposes for which the loans were raised.  
 (B) Advances by the Roads and Maritime Services for works on the State's classified roads.  
 (C) Developer contributions which are not yet expended for the provision of services and amenities in accordance with contribution plans.  
 (D) RMS Contributions and External contributions for works which are not yet expended for the provision of services and amenities in accordance with those contributions.  
 (E) Grants which are not yet expended for the purposes for which the grants were obtained (see Note 1).  
 (F) Domestic waste management funds are externally restricted assets which must be applied for the purposes for which they were raised.  
 (G) Self insurance liability resulting from reported claims or incurred claims not yet reported.

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 7 – Receivables**

Purpose	Actual 2012		Actual 2011	
	Current \$'000	Non- current \$'000	Current \$'000	Non-current \$'000
Rates	3,311	24	3,764	43
Interest and extra charges	846	-	1,042	-
Domestic waste management annual charges	1,618	14	1,477	17
Water annual charges	560	8	508	13
Drainage annual charge	394	-	367	-
Sewerage annual charges	1,869	26	1,889	41
Government grants and subsidies	1,413	-	9,500	-
Accrued revenues	2,138	-	1,205	-
Joint Water Equalisation	4,815	-	-	-
Accrued interest on investment	1,960	-	997	-
User charges and fees	10,691	-	12,122	-
Goods and services tax	1,757	-	1,925	-
Other	2,424	1,337	1,307	1,308
<b>Total</b>	<b>33,796</b>	<b>1,409</b>	<b>36,103</b>	<b>1,422</b>
Less: Provision for impairment				
- User charges and fees	116	-	-	-
- Other WYCRA Loan (Wyong Community Recreation Association)	794	-	-	-
- Other	101	-	124	-
<b>Total receivables</b>	<b>32,785</b>	<b>1,409</b>	<b>35,979</b>	<b>1,422</b>
<b>Restricted Receivables</b>				
<b>Externally restricted receivables</b>				
Water supply	16,125	517	19,039	553
Sewerage services	2,843	26	2,843	41
Domestic waste management	1,618	14	1,477	17
<b>Total externally restricted receivables</b>	<b>20,586</b>	<b>557</b>	<b>23,359</b>	<b>611</b>
<b>Unrestricted receivables</b>	<b>12,199</b>	<b>852</b>	<b>12,620</b>	<b>811</b>
<b>Total receivables</b>	<b>32,785</b>	<b>1,409</b>	<b>35,979</b>	<b>1,422</b>



**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 8 – Inventories and other assets**

	Actual 2012		Actual 2011	
	Current \$'000	Non- current \$'000	Current \$'000	Non-current \$'000
<b>Inventories</b>				
- Real estate assets - refer below *	469	-	469	-
- Stores and materials	1,137	-	1,227	-
- Trading stock	448	-	392	-
<b>Total inventories</b>	<b>2,054</b>	<b>-</b>	<b>2,088</b>	<b>-</b>
<b>Other</b>				
Prepayments	607	-	366	-
<b>Total other assets</b>	<b>607</b>	<b>-</b>	<b>366</b>	<b>-</b>
<b>* Real estate development</b>				
Residential	-	-	-	-
Industrial/Commercial	461	-	461	-
Other	8	-	8	-
<b>Total real estate held for sale</b>	<b>469</b>	<b>-</b>	<b>469</b>	<b>-</b>
<i>(Valued at the lower of cost and net realisable value)</i>				
<b>Represented by:</b>				
Acquisition costs	469	-	469	-
<b>Total real estate held for sale</b>	<b>469</b>	<b>-</b>	<b>469</b>	<b>-</b>

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 8 – Inventories and other assets (continued)**

**Externally restricted inventories and other assets**

	Actual 2012		Actual 2011	
	Current \$'000	Non- current \$'000	Current \$'000	Non-current \$'000
<b>Water</b>				
- Stores and materials	-	-	-	-
- Trading stock	448	-	392	-
- Prepayments	45	-	-	-
- Other	-	-	-	-
<b>Total water</b>	<b>493</b>	<b>-</b>	<b>392</b>	<b>-</b>
<b>Sewerage</b>				
- Stores and materials	-	-	-	-
- Trading stock	-	-	-	-
- Prepayments	-	-	-	-
- Other	-	-	-	-
<b>Total sewerage</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DWM</b>				
- Stores and materials	-	-	-	-
- Trading stock	-	-	-	-
- Prepayments	-	-	-	-
<b>Total DWM</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total externally restricted inventories and other assets</b>	<b>493</b>	<b>-</b>	<b>392</b>	<b>-</b>
<b>Unrestricted inventories and other assets</b>	<b>2,168</b>	<b>-</b>	<b>2,062</b>	<b>-</b>
<b>Total inventories and other assets</b>	<b>2,661</b>	<b>-</b>	<b>2,454</b>	<b>-</b>

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 9(a) – Infrastructure, property, plant and equipment**

By Asset type	At 30 June 2011				Movements during year							At 30 June 2012			
	Cost/ Deemed Cost	Fair Value	Accum depn and impairment	WDV	Asset Purchases			Adjustments	Asset disposals	Depn and impairment	Revaluation increments/ decrements	Cost/ Deemed Cost	Fair Value	Accum depn and impairment	WDV
	\$'000	\$'000	\$'000	\$'000	Renewals	New assets	Transfers					\$'000	\$'000	\$'000	\$'000
Capital WIP	117,130	-	-	117,130	37,823	19,981	(154,429)	(2,928)	-	-	-	17,577	-	-	17,577
Plant and equipment	-	40,964	25,551	15,413	-	-	8,738	-	1,396	4,286	-	-	45,777	27,308	18,469
Office equipment	-	7,117	6,023	1,094	-	-	305	-	-	322	-	-	7,421	6,344	1,077
Furniture and fittings	-	3,525	2,800	725	-	-	401	-	-	168	-	-	3,927	2,969	958
Property plant and equipment leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Operational land	-	197,106	-	197,106	-	-	709	-	640	-	-	-	197,175	-	197,175
-Community land	-	123,664	-	123,664	-	1,128	(140)	-	7	-	362	-	125,007	-	125,007
-Non depreciable land improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Land under roads	-	333	-	333	-	21	-	-	-	-	-	-	354	-	354
Depreciable land improvements	-	65,140	18,609	46,531	-	-	7,483	-	-	2,376	-	-	72,621	20,983	51,638
Buildings	-	182,732	102,839	79,893	-	-	10,536	(9,590)	-	3,593	-	-	169,122	91,876	77,246
Other structures	-	36,699	15,519	21,180	-	-	4,817	-	-	743	-	-	41,516	16,262	25,254
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Roads, bridges and footpaths	-	573,411	249,694	323,717	-	1,408	32,079	-	1,032	12,515	-	-	604,392	260,735	343,657
-Non-depreciable bulk earthworks	-	2,048	-	2,048	-	-	762	-	-	-	-	-	2,810	-	2,810
-Stormwater drainage	-	284,015	66,243	217,772	-	2,526	12,280	-	-	2,443	-	-	298,814	68,679	230,135
-Water supply network	-	712,823	220,660	492,163	-	235	66,337	-	1,522	12,123	6,143	-	885,802	334,569	551,233
-Sewerage network	-	583,673	190,681	392,992	-	498	9,543	-	-	12,998	257,322	-	937,285	289,928	647,357
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Heritage collections	-	177	86	91	-	-	-	-	-	3	-	-	177	89	88
-Library books	-	8,210	6,129	2,081	-	-	579	-	-	1,569	-	-	8,789	7,698	1,091
-Other	-	20	63	(43)	-	-	-	-	-	1	-	-	20	64	(44)
Tip asset	-	4,765	1,323	3,442	-	-	-	-	-	1,588	-	-	4,765	2,911	1,854
<b>Totals</b>	<b>117,130</b>	<b>2,826,422</b>	<b>906,220</b>	<b>2,037,332</b>	<b>37,823</b>	<b>25,797</b>	<b>-</b>	<b>(12,518)</b>	<b>4,597</b>	<b>54,728</b>	<b>263,827</b>	<b>17,577</b>	<b>3,405,774</b>	<b>1,130,415</b>	<b>2,292,936</b>

Notes:  
Renewals are made up of \$32.5m Buildings and Infrastructure and \$5.3m other assets. Renewals are defined as replacements of existing assets as opposed to the acquisition of new assets.  
The Water Supply Network and Sewerage Network asset classes do not include those fixed assets belonging to the water and sewer funds which form part of other asset classes eg land.  
See Note 9(b) for all the classes of fixed assets belonging to the water and sewer funds.

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 9(b) – Restricted Infrastructure, property, plant and equipment**

Asset type	2012 \$'000				2011 \$'000			
	Cost	Fair Value	Accum depn	WDV	Cost	Fair Value	Accum depn	WDV
<b>Water supply</b>								
Capital WIP	3,135	-	-	3,135	65,046	-	-	65,046
Plant - equipment	-	883	690	193	-	629	596	33
Office equipment	-	477	314	163	-	325	286	39
Furniture and fittings	-	155	121	34	-	155	110	45
Land								
- Operational land	-	13,847	-	13,847	-	13,485	-	13,485
- Community land	-	1,314	-	1,314	-	1,314	-	1,314
-non depreciable land improvements	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
Other structures	-	523	22	501	-	11	2	9
Infrastructure	-	-	-	-	-	-	-	-
- water supply	-	885,802	334,569	551,233	-	712,823	220,660	492,163
- storm water drainage	-	298,814	68,679	230,135	-	284,015	66,243	217,772
<b>Total water supply</b>	<b>3,135</b>	<b>1,201,815</b>	<b>404,395</b>	<b>800,555</b>	<b>65,046</b>	<b>1,012,757</b>	<b>287,897</b>	<b>789,906</b>
<b>Sewerage services</b>								
Capital WIP	1,954	-	-	1,954	7,455	-	-	7,455
Plant - equipment	-	1,360	813	547	-	586	579	7
Office equipment	-	451	440	11	-	451	434	17
Furniture and fittings	-	61	52	9	-	55	49	6
Land								
- Operational land	-	9,016	-	9,016	-	9,016	-	9,016
- Community land	-	-	-	-	-	-	-	-
-non depreciable land improvements	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
Other structures	-	230	13	217	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
- sewerage assets	-	937,285	289,928	647,357	-	583,673	190,681	392,992
<b>Total sewerage services</b>	<b>1,954</b>	<b>948,403</b>	<b>291,246</b>	<b>659,111</b>	<b>7,455</b>	<b>593,781</b>	<b>191,743</b>	<b>409,493</b>
<b>Domestic waste management</b>								
Capital WIP	-	-	-	-	-	-	-	-
Plant - equipment	-	-	-	-	-	-	-	-
Office equipment	-	-	-	-	-	-	-	-
-non depreciable land improvements	-	-	-	-	-	-	-	-
Land improvements	-	-	-	-	-	-	-	-
<b>Total DWM</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total restrictions</b>	<b>5,089</b>	<b>2,150,218</b>	<b>695,641</b>	<b>1,459,666</b>	<b>72,501</b>	<b>1,606,538</b>	<b>479,640</b>	<b>1,199,399</b>

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 10(a) – Payables, borrowings and provisions**

	Actual 2012		Actual 2011	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
<b>Payables</b>				
Goods and services	10,287	-	5,497	-
Accrued wages and salaries	1,437	-	1,406	-
Accrued expenses	13,209	-	20,467	-
Payments received in advance	15,756	-	14,488	-
Developer bonds	853	-	1,367	52
Other bonds & retentions	693	-	762	-
Accrued interest	1,432	-	1,210	-
Other	3,190	-	1,792	-
<b>Total payables</b>	<b>46,857</b>		46,989	52
<b>Current payables not expected to be settled within the next 12 months</b>	<b>15,199</b>	-	14,076	-
<b>Borrowings</b>				
Loans:				
- Secured <sup>(1)</sup>	11,183	186,392	10,818	179,444
<b>Total interest bearing liabilities</b>	<b>11,183</b>	<b>186,392</b>	10,818	179,444
<b>Provisions<sup>(2)</sup></b>				
Annual leave	6,771	-	6,775	-
Sick leave	5,336	-	6,368	-
Long service leave	10,763	313	10,465	428
Payroll tax	214	1	254	3
Self insurance - workers compensation	1,238	5,384	1,240	5,624
Other Insurance	368	-	213	-
Tip remediation (note 24)	3,762	50,199	3,427	44,473
<b>Total provisions</b>	<b>28,452</b>	<b>55,897</b>	28,742	50,528
<b>Current provisions not expected to be settled within the next 12 months</b>	<b>16,073</b>		15,262	
<b>Liabilities relating to restricted assets</b>				
Domestic waste management	1,273	-	1,429	-
Water	30,291	158,909	28,112	159,881
Sewerage	(1,736)	25,748	6,614	17,128
Self insurance	1,238	5,384	1,240	5,624
	<b>31,066</b>	<b>190,041</b>	37,395	182,633

Notes:

(1) Loans are secured over the income of Council.

(2) Vested ELE is all carried as a current provision.

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 10(b) – Description of and movements in provisions**

<b>Class of Provision</b>	<b>Opening balance \$'000</b>	<b>Increase in Provision \$'000</b>	<b>Payments \$'000</b>	<b>Re- measurement \$'000</b>	<b>Closing balance \$'000</b>
Annual Leave	6,775	-	4,841	4,837	<b>6,771</b>
Sick Leave	6,368	-	3,480	2,448	<b>5,336</b>
Long Service Leave	10,893	-	2,779	2,962	<b>11,076</b>
Self Insurance	6,864	-	1,868	1,626	<b>6,622</b>
Reinstatements	47,900	2,299	587	4,349	<b>53,961</b>
Other	470	-	1,389	1,502	<b>583</b>
<b>Total</b>	<b>79,270</b>	<b>2,299</b>	<b>14,944</b>	<b>17,724</b>	<b>84,349</b>

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 11 – Reconciliation of operating result to net cash movement from operating activities**

	Notes	Actual 2012 \$'000	Actual 2011 \$'000
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalents	6(a)	91,142	51,799
Less: Bank overdraft	10	-	-
<b>Balances as per cash flow statement</b>		<b>91,142</b>	<b>51,799</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		<b>2,242</b>	26,041
<i>Add:</i>			
Depreciation and impairment		55,629	53,594
Unwinding of present value discount - tip provisions		2,299	1,649
Increase in provision for doubtful debts		887	17
Increase in other provisions		3,633	11,038
Decrease in receivables		7,135	1,504
Decrease in inventories		34	81
Decrease in other current assets		660	724
Increase in payables		4,790	910
Increase in accrued interest payable		222	75
Increase in accrued salaries and wages		31	150
Increase in other current liabilities		-	-
Loss on sale of assets		2,584	1,493
Amortisation of discounts and premiums recognised		75	75
		<b>80,221</b>	97,351
<i>Less:</i>			
Decrease in employee leave entitlements		853	1,121
Non-cash donations		4,654	6,564
Increase in receivables		-	-
Decrease in accrued interest payable		-	38
Decrease in other current liabilities		5,227	6,636
Fair value adjustments to financial assets at fair value through profit and loss		(88)	2,283
<b>Net cash provided from (or used in) operating activities from cash flow statement</b>		<b>69,575</b>	80,708

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 11 – Reconciliation of operating result to net cash movement from operating activities (continued)**

	<b>Actual 2012 \$'000</b>	<b>Actual 2011 \$'000</b>
<b>(c) Non-cash financing and investing activities</b>		
Developer contributions received in kind	2,886	2,554
Dedications	1,768	4,010
	<b>4,654</b>	<b>6,564</b>
<b>(d) Financing arrangements</b>		
Unrestricted access was available at balance date to the following :		
Bank overdraft facility <sup>(1)</sup>	<b>500</b>	500

*Notes:*

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



**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 12 – Commitments**

	<b>Actual 2012 \$'000</b>	<b>Actual 2011 \$'000</b>
<b>(a) Capital commitments (exclusive of GST)</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
-Buildings	758	2,731
-Plant and Equipment	<b>1,045</b>	250
<b>Total</b>	<b>1,803</b>	2,981
<b>(b) Finance lease commitments</b>		
Commitments under finance leases at the reporting date are payable as follows:		
- Not later than one year	-	-
- Later than one year but not later than five years	-	-
- Later than five years	-	-
<b>Total</b>	-	-
Minimum lease payments	-	-
Less: Future finance charges	-	-
<b>Lease Liability</b>	-	-
Representing lease liabilities:		
- Current	-	-
- Non-current	-	-
<b>Total</b>	-	-
<b>(c) Non-cancellable operating lease commitments</b>		
Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows:		
- Not later than one year	431	705
- Later than one year but not later than 5 years	583	353
- Later than 5 years	<b>1,338</b>	1,358
<b>Total</b>	<b>2,352</b>	2,416
<b>(d) Repairs and maintenance: investment property</b>		
Contractual obligations for future repairs and maintenance		
<b>Total</b>	-	-

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 13(a) – Statement of performance measures – Consolidated results**

	Amounts	Current year indicators	2011	2010
<b>1. Unrestricted current ratio</b>				
Current assets less all external restrictions <sup>(1)</sup>	\$ 64,479	2.01	1.83	1.45
Current liabilities less specific purpose liabilities <sup>(2),(3),(4)</sup>	\$ 32,022			
<b>2. Debt service ratio</b>				
Debt service cost	\$ 27,605	0.13	0.11	0.10
Income from continuing operations excluding capital items and specific purpose grants/contributions	\$ 207,486			
<b>3. Rate coverage ratio</b>				
Rates and annual charges	\$ 127,395	0.54	0.47	0.49
Income from continuing operations	\$ 238,043			
<b>4. Rates and annual charges outstanding percentage</b>				
Rates and annual charges outstanding	\$ 8,670	6.29%	7.12%	6.78%
Rates and annual charges collectible	\$ 137,832			
<b>5. Building and infrastructure renewals ratio <sup>(5)</sup></b>				
Asset renewals (building and infrastructure)	\$ 32,471	0.74	0.52	0.61
Depreciation, amortisation, impairment (building and infrastructure)	\$ 43,672			

*Notes:*

(1) Refer to notes 6-8 inclusive.

(2) Refer to Note 10(a)

(3) \$16.1m provisions not expected to be settled deducted

(4) \$15.2m payables not expected to be settled

(5) Refer to Note 9(a)- Notes

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 13(b) – Statement of performance measures by Fund**

	Current Year Indicators		
	General <sup>(1)</sup>	Water	Sewer
<b>1. Unrestricted current ratio</b>			
Current assets less all external restrictions	<b>2.01</b>	<b>0.64</b>	<b>5.20</b>
Current liabilities less specific purpose liabilities			
<b>2. Debt service ratio</b>			
Debt service cost	<b>0.01</b>	<b>0.62</b>	<b>0.09</b>
Income from continuing operations excluding capital items and specific purpose grants/contributions			
<b>3. Rate coverage ratio</b>			
Rates and annual charges	<b>0.53</b>	<b>0.34</b>	<b>0.84</b>
Income from continuing operations			
<b>4. Rates and annual charges outstanding percentage</b>			
Rates and annual charges outstanding	<b>5.83%</b>	<b>7.60%</b>	<b>7.09%</b>
Rates and annual charges collectible			
<b>5. Building and infrastructure renewals ratio</b>			
Asset renewals (building and infrastructure)	<b>1.40</b>	<b>0.49</b>	<b>0.21</b>
Depreciation, amortisation, impairment (building and infrastructure)			

Notes:

(1) General fund refers to all Council activities except Water and Sewer.

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 14 – Investment properties**

Council had no investment properties during the period ended 30 June 2012.

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 15 – Financial risk management**

**Risk Management**

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. 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 the Finance Section under policies approved by the Council.

Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	<b>91,142</b>	51,799	<b>91,142</b>	51,799
Receivables	<b>34,194</b>	37,401	<b>34,194</b>	37,401
Financial assets at fair value through profit or loss - Held for trading	<b>5,955</b>	13,107	<b>5,955</b>	13,107
Available-for-sale financial assets				
Held-to-maturity investments	<b>58,000</b>	73,332	<b>58,000</b>	73,332
Total	<b>189,291</b>	175,639	<b>189,291</b>	175,639
<b>Total financial assets</b>				
<b>Financial liabilities</b>				
Payables	<b>46,857</b>	47,041	<b>46,857</b>	47,041
Borrowings	<b>197,575</b>	190,262	<b>200,623</b>	202,973
<b>Total financial liabilities</b>	<b>244,432</b>	237,303	<b>247,480</b>	250,014

Fair value is determined as follows:

*Cash and Cash equivalents, Receivable, Payables* – estimated to be the carrying value which approximates net market value.

*Borrowings, Held to Maturity Investments* – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

*Financial Assets at Fair Market Value through Profit and Loss* – based on quoted market prices in active markets for identical investments.

## Notes to the financial statements

for the year ended 30 June 2012

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

#### (a) Cash and cash equivalents

##### Financial assets at fair value through profit and loss

##### 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 has an investment policy which complies with the Local Government Act, Local Government Regulations and Minister's Order. The policy is regularly reviewed by Council and an Investment Report provided to Council monthly setting out the make-up and performance of the portfolio.

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

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns.

Another risk associated with cash and investments is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

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

	<b>30.06.2012</b>	<b>30.06.2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Impact of a 10% movement in the price of investments		
- Equity	<b>596</b>	1,311
- Income statement	<b>596<sup>(2)</sup></b>	1,311
Impact of a 1% movement in interest rates on cash and investments		
- Equity	<b>1,491</b>	1,251
- Income statement	<b>1,491</b>	1,251

Notes:

(1) Sensitivity percentages based on future possible market movements. (Price movements calculated on investments subject to fair value adjustments. Interest rate movements calculated on cash, cash equivalents and managed funds).

(2) Maximum impact.

**Notes to the financial statements** for the year ended 30 June 2012

**Note 15 – Financial risk management (continued)**

**(b) Receivables**

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing stringent debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which encourage payment.

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

Council has renegotiated the terms of one significant debt (of \$0.8 million) by deferring repayments due on one occasion. Outstanding sundry debts are monitored monthly and assessed for acceptable collection performance. Council makes suitable provision for doubtful receivables as required.

The profile of the Council's credit risk at balance date was:

	<b>30.06.2012</b>	<b>30.06.2011</b>
Percentage of Rates and Annual charges:		
- Current	-	-
- Overdue	<b>100%</b>	100%
Percentage of Other Receivables:		
- Current	<b>88%</b>	60%
- Overdue	<b>12%</b>	40%

Notes to the financial statements for the year ended 30 June 2012

**Note 15 – Financial risk management (continued)**

**(c) Payables  
Borrowings**

Payables and borrowings are both subject to liquidity risk – that is 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 be extended and overdraft facilities drawn upon in extenuating circumstances.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	<b>Due within 1 year \$'000</b>	<b>Due Between 1 and 5 years \$'000</b>	<b>Due after 5 years \$'000</b>	<b>Total contractual cash flows \$'000</b>	<b>Carrying values \$'000</b>
<b>2012</b>					
Payables	46,857		-	46,857	46,857
Borrowings	22,469	86,091	194,250	302,810	197,575
<b>Total</b>	<b>69,326</b>	<b>86,091</b>	<b>194,250</b>	<b>349,667</b>	<b>244,432</b>
<b>2011</b>					
Payables	46,989	52	-	47,041	47,041
Borrowings	24,096	108,056	166,204	298,356	190,262
<b>Total</b>	<b>71,085</b>	<b>108,108</b>	<b>166,204</b>	<b>345,397</b>	<b>237,303</b>

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate.

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

	<b>30 June 2012</b>		<b>30 June 2011</b>	
	<b>Weighted average interest rate</b>	<b>Balance \$'000</b>	<b>Weighted average interest rate</b>	<b>Balance \$'000</b>
Overdraft				
Bank Loans - Fixed				
ANZ	<b>6.7%</b>	<b>18,125</b>		-
Commonwealth Bank	<b>6.3%</b>	<b>61,945</b>	6.3%	66,249
National Australia Bank	<b>7.3%</b>	<b>31,740</b>	7.3%	32,806
Westpac Banking Corporation	<b>7.7%</b>	<b>83,687</b>	7.7%	88,546
Bank Loans - Variable	-	-		-
Other Loans				
State Superannuation	<b>5.9%</b>	<b>24</b>	5.9%	47
Treasury Corporation	<b>13.9%</b>	<b>300</b>	13.9%	300
Land and Property Management Authority	<b>4.6%</b>	<b>1,754</b>	4.5%	2,314
		<b>197,575</b>		<b>190,262</b>



**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 16 – Material budget variations**

Council's original budget was part of the Annual Plan adopted by Council on 22 June 2011. The original projections on which the budget was based have been affected by a number of factors. These include State and federal Government decisions including new grant programs, changing economic activity, the weather, and by decisions made by the Council. Material variations are explained below.

**(a) Income Statement**

Rates and Annual Charges were below budget by \$1.8m (1.4%). This impact relates to the Water & Sewer business, namely water, sewer and drainage availability charges.

User charges and fees were below budget by \$7.6m (12.3%). This was due to the lower than predicted residential waster usage (\$3.1m) and lower external tipping fees (\$3.2m).

Interest and investment revenue was above budget by \$2.4m (34.2%) due mainly to a conservative estimate being made in the budget. Planned capital expenditures were delayed resulting in the monies being available for investment.

Grants and Contributions Operating were above budget by \$1.9m (7.0%) due to the advance payment of the first quarter of the 2012/13 Financial Assistance Grant in June 2012.

Grants and Contributions Capital were below budget by \$3.3m (18.5%). Predominantly due to Water & Sewer Developer Contributions and contributed assets being lower than anticipated.

Borrowing costs were above budget by \$5.2m (36.8%). \$3.0m of this variation relates to an increase in loan equalisation costs with Gosford City Council for Joint Water Supply Authority capital works projects, that the Councils fund 50/50. A further \$1.0m variation relates to interest paid on deposits, bonds and other debts (\$0.3m) and borrowing costs on the \$18.1m loan that was drawn down in March 2012 (\$0.7m).

Materials and Contracts were below budget by \$11.6m (20.5%). The significant variations were due to delays in the expenditure of the Estuary Management Plan works (\$2.4m), Waste Management \$3.5m and Water & Sewer \$3.1m. Also having a significant impact is Council's continued cost control while continuing to review and improve service delivery standards.

Depreciation and Amortisation was under budget by \$1.4m (2.4%) primarily due to the revaluation of Water and Sewer assets undertaken in 2011/12.

Other expenses were over budget by (\$5.9m) or (17.4%) due to the remeasurement of the tip rehabilitation provision (\$3.1m) and movement in provision for doubtful debts (\$0.9m).

Loss from the Disposal of Assets were above budget by \$2.6m. The variation is a result of council's routine review of asset serviceability and condition and was made up of \$0.1m from loss on disposal of plant and equipment, \$0.2m from loss on disposal of land, \$1.0m from loss on disposal of roads, bridges and footpaths and \$1.5m from loss on disposal of water supply network assets.

**(b) Note 2a - Functions**

During the 2011/12 financial year, Council continued to refine the structure of its functions which has made comparison to the original budget difficult. Changes included the re-mapping of many areas of the business in the Financial Reporting Hierarchy.

**(c) Cash Flow Statement**

Operating cash flows for 2012 showed a positive variance of \$12.5m due to lower costs in employee benefits and on costs \$5.8m and materials and contracts/other of \$15.9m. These variances were largely offset by lower user fees and charges \$6.0m and contributions and donations \$8.0m. Grants showed a \$10m positive variance. Borrowings costs increased attributable to equalisations costs with Gosford City Council on Joint Water Supply activities.

Investing cash flows in Capital Expenditure was below budget by \$17.2m. Council's capital expenditure program is always subject to changes caused by reviews of priorities, weather, availability of support funding and the speed of many development projects. This year the program has been affected substantially by wet weather.

Financing cash inflows through borrowings were slightly below budget by \$0.4m due to the Holiday Parks not requiring additional borrowings as originally anticipated.

Overall final cash and cash equivalents balance of \$91.1m compares favourable to budgeted cash balance of \$43.7m by \$47.4m.

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 17 – Statement of developer contributions**

**(a) Summary of developer contributions**

Purpose	Opening Balance	Contributions received during the year		Interest & investment income earned during the year	Expended during year	Internal borrowings during year	Held as restricted asset	Projected future contributions	Projected cost of works still outstanding	Projected over/(under) funding	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash								
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Drainage	13,152	626	372	470	672	711	13,237	29,511	(34,608)	8,140	711
Roads	(3,262)	1,024	665	203	1,895	(3,266)	1	34,834	(44,622)	(9,787)	(3,260)
Traffic facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	1,071	-	-	32	-	1,103	-	-	-	-	1,869
Open space	(2,312)	898	1,091	119	3,574	(3,780)	2	42,097	(55,011)	(12,912)	1,530
Community Facilities	4,285	757	554	119	851	4,862	2	18,747	(6,384)	12,365	(1,337)
Other	226	230	6	13	104	370	1	-	-	1	487
<b>Total S94 under plans</b>	<b>13,160</b>	<b>3,535</b>	<b>2,688</b>	<b>956</b>	<b>7,096</b>	-	<b>13,243</b>	<b>125,189</b>	<b>(140,625)</b>	<b>(2,193)</b>	-
Total S94 not under plans	-	-	-	-	-	-	-	-	-	-	-
Section 64 contributions	25,266	1,214	198	1,151	1,737	-	26,092				-
<b>Total contributions</b>	<b>38,426</b>	<b>4,749</b>	<b>2,886</b>	<b>2,107</b>	<b>8,833</b>	-	<b>39,335</b>				-

Note: the above figures represent the total of Council's individual contribution plans.

The following pages list the individual plans.

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 17 – Statement of developer contributions (continued)**

**(b) Developer contributions under plans**

**Section 94 contribution plan No 1 - Wyong**

Purpose	Opening Balance	Contributions received during the year		Interest & investment income earned during the year	Expended during year	Internal borrowings during year	Held as restricted asset	Projected future contributions	Projected cost of works still outstanding	Projected over/(under) funding	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash								
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Drainage	1,699	18	-	52	-	708	1,061	301	(2,070)	(708)	708
Roads	676	86	-	73	-	835	-	1,734	(5,567)	(3,833)	835
Traffic facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	990	-	-	30	-	1,020	-	-	-	-	1,786
Open space	274	46	-	6	149	177	-	-	-	-	(2,764)
Community Facilities	1,687	68	-	11	10	1,756	-	-	-	-	1,756
Other	44	-	-	1	-	45	-	-	-	-	45
<b>Totals</b>	<b>5,370</b>	<b>218</b>	<b>-</b>	<b>173</b>	<b>159</b>	<b>4,541</b>	<b>1,061</b>	<b>2,035</b>	<b>(7,637)</b>	<b>(4,541)</b>	<b>2,366</b>

**Section 94 contribution plan No 2 - Southern Lakes**

Purpose	Opening Balance	Contributions received during the year		Interest & investment income earned during the year	Expended during year	Internal borrowings during year	Held as restricted asset	Projected future contributions	Projected cost of works still outstanding	Projected over/(under) funding	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash								
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Drainage	841	20	-	26	-	-	887	-	(567)	320	-
Roads	762	3	-	23	-	788	-	-	-	-	788
Traffic facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open space	241	29	-	8	-	278	-	-	-	-	(3,514)
Community Facilities	350	30	-	11	-	391	-	-	-	-	(109)
Other	-	4	-	-	10	(6)	-	-	-	-	(6)
<b>Totals</b>	<b>2,194</b>	<b>86</b>	<b>-</b>	<b>68</b>	<b>10</b>	<b>1,451</b>	<b>887</b>	<b>-</b>	<b>(567)</b>	<b>320</b>	<b>(2,841)</b>

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 17 – Statement of developer contributions (continued)**

**Section 94 contribution plan No 3 - The Entrance**

Purpose	Opening Balance	Contributions received during the year		Interest & investment income earned during the year	Expended during year	Internal borrowings during year	Held as restricted asset	Projected future contributions	Projected cost of works still outstanding	Projected over/(under) funding	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash								
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Drainage	3	-	-	-	-	-	3	256	(259)	-	-
Roads	1,745	29	-	53	10	1,817	-	12,600	(14,601)	(2,001)	1,817
Traffic facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	75	-	-	2	-	77	-	-	-	-	77
Open space	85	19	-	3	-	107	-	-	-	-	(491)
Community Facilities	-	29	-	4	-	33	-	201	(234)	(33)	2,015
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>1,908</b>	<b>77</b>	<b>-</b>	<b>62</b>	<b>10</b>	<b>2,034</b>	<b>3</b>	<b>13,057</b>	<b>(15,094)</b>	<b>(2,034)</b>	<b>3,418</b>

**Section 94 contribution plan No 5 - Ourimbah**

Purpose	Opening Balance	Contributions received during the year		Interest & investment income earned during the year	Expended during year	Internal borrowings during year	Held as restricted asset	Projected future contributions	Projected cost of works still outstanding	Projected over/(under) funding	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash								
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	197	19	-	6	-	222	-	-	-	-	222
Traffic facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open space	331	4	-	10	-	345	-	-	(1,537)	(1,537)	345
Community Facilities	1,579	3	-	48	-	1,630	-	-	-	-	1,630
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>2,107</b>	<b>26</b>	<b>-</b>	<b>64</b>	<b>-</b>	<b>2,197</b>	<b>-</b>	<b>-</b>	<b>(1,537)</b>	<b>(1,537)</b>	<b>2,197</b>

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 17 – Statement of developer contributions (continued)**

**Section 94 contribution plan No 6 - Toukley**

Purpose	Opening Balance	Contributions received during the year		Interest & investment income earned during the year	Expended during year	Internal borrowings during year	Held as restricted asset	Projected future contributions	Projected cost of works still outstanding	Projected over/(under) funding	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash								
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Drainage	3	-	-	-	-	3	-	-	-	-	3
Roads	14	-	-	-	-	14	-	-	(135)	(135)	14
Traffic facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	6	-	-	-	-	6	-	-	-	-	6
Open space	436	17	-	13	10	456	-	-	-	-	456
Community Facilities	735	17	-	23	-	775	-	-	(870)	(870)	482
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>1,194</b>	<b>34</b>	<b>-</b>	<b>36</b>	<b>10</b>	<b>1,254</b>	<b>-</b>	<b>-</b>	<b>(1,005)</b>	<b>(1,005)</b>	<b>961</b>

**Section 94 contribution plan No 7 - Gorokan / Warnervale**

Purpose	Opening Balance	Contributions received during the year		Interest & investment income earned during the year	Expended during year	Internal borrowings during year	Held as restricted asset	Projected future contributions	Projected cost of works still outstanding	Projected over/(under) funding	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash								
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Drainage	10,580	588	372	391	672	-	11,259	28,954	(31,712)	8,501	-
Roads	(6,821)	886	665	42	1,885	(7,113)	-	15,028	(18,410)	(3,382)	(6,853)
Traffic facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open space	(4,242)	632	1,075	37	2,859	(5,358)	1	16,891	(27,507)	(10,615)	6,850
Community Facilities	(433)	502	542	4	806	(192)	1	-	14,070	14,071	(6,439)
Other	182	26	4	6	13	204	1	-	-	1	205
<b>Totals</b>	<b>(734)</b>	<b>2,634</b>	<b>2,658</b>	<b>480</b>	<b>6,235</b>	<b>(12,459)</b>	<b>11,262</b>	<b>60,873</b>	<b>(63,559)</b>	<b>8,576</b>	<b>(6,237)</b>

Notes to the financial statements for the  
year ended 30 June 2012

## Note 17 – Statement of developer contributions (continued)

### Section 94 contribution plan No 8 - San Remo

Purpose	Opening Balance	Contributions received during the year		Interest & investment income earned during the year	Expended during year	Internal borrowings during year	Held as restricted asset	Projected future contributions	Projected cost of works still outstanding	Projected over/(under) funding	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash								
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Drainage	26	-	-	1	-	-	27	-	-	27	-
Roads	-	1	-	1	-	2	-	73	(510)	(437)	140
Traffic facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open space	453	4	-	26	-	483	-	-	(70)	(70)	483
Community Facilities	-	3	-	-	-	3	-	-	-	-	637
Other	-	-	-	-	10	(10)	-	-	-	-	(10)
<b>Totals</b>	<b>479</b>	<b>8</b>	<b>-</b>	<b>28</b>	<b>10</b>	<b>478</b>	<b>27</b>	<b>73</b>	<b>(580)</b>	<b>(480)</b>	<b>1,250</b>

### Section 94 contribution plan No 9 - Budgewoi

Purpose	Opening Balance	Contributions received during the year		Interest & investment income earned during the year	Expended during year	Internal borrowings during year	Held as restricted asset	Projected future contributions	Projected cost of works still outstanding	Projected over/(under) funding	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash								
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	79	-	-	2	-	81	-	-	-	-	81
Traffic facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open space	92	20	-	3	-	115	-	-	-	-	115
Community Facilities	338	17	-	11	-	366	-	705	(1,258)	(553)	(780)
Other	-	1	-	-	10	(9)	-	-	-	-	(9)
<b>Totals</b>	<b>509</b>	<b>38</b>	<b>-</b>	<b>16</b>	<b>10</b>	<b>553</b>	<b>-</b>	<b>705</b>	<b>(1,258)</b>	<b>(553)</b>	<b>(593)</b>

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 17 – Statement of developer contributions (continued)**

**Section 94 contribution plan No 13 - Shire wide**

Purpose	Opening Balance	Contributions received during the year		Interest & investment income earned during the year	Expended during year	Internal borrowings during year	Held as restricted asset	Projected future contributions	Projected cost of works still outstanding	Projected over/(under) funding	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash								
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open space	1	18	16	-	502	(468)	1	14,339	(15,030)	(690)	(35)
Community Facilities	2	24	12	2	15	24	1	7,092	(7,092)	1	393
Other	-	199	2	6	61	146	-	-	-	-	262
<b>Totals</b>	<b>3</b>	<b>241</b>	<b>30</b>	<b>8</b>	<b>578</b>	<b>(298)</b>	<b>2</b>	<b>21,431</b>	<b>(22,122)</b>	<b>(689)</b>	<b>620</b>

**Section 94 contribution plan No 15 - Northern Districts**

Purpose	Opening Balance	Contributions received during the year		Interest & investment income earned during the year	Expended during year	Internal borrowings during year	Held as restricted asset	Projected future contributions	Projected cost of works still outstanding	Projected over/(under) funding	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash								
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	86	-	-	3	-	88	1	5,399	(5,399)	1	(304)
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	17	109	-	13	54	85	-	10,867	(10,867)	-	85
Community Facilities	27	64	-	5	20	76	-	10,749	(11,000)	(251)	(922)
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>130</b>	<b>173</b>	<b>-</b>	<b>21</b>	<b>74</b>	<b>249</b>	<b>1</b>	<b>27,015</b>	<b>(27,266)</b>	<b>(250)</b>	<b>(1,141)</b>



**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 17 – Statement of developer contributions (continued)**

**Summary of contribution plans under S64 Local Government Act 1993**

Plan Number	Purpose	Opening Balance	Contributions Received in year		Interest earned in year	Expended during year	Internal borrowing (to)/from	Held as restricted asset
			Cash	Non-cash				
			\$ '000	\$ '000				
1	Water	1,872	153	-	117	12	-	2,130
	Sewerage	3,294	102	-	102	-	-	3,498
2	Water	949	103	-	90	-	-	1,142
	Sewerage	2,106	63	-	65	-	-	2,234
3	Water	534	27	-	90	-	-	651
	Sewerage	2,104	23	-	27	1,227	-	927
5	Water	455	-	-	22	-	-	477
	Sewerage	570	-	-	17	10	-	577
6	Water	338	34	-	25	-	-	397
	Sewerage	453	26	-	14	-	-	493
7	Water	2,760	241	114	222	114	-	3,223
	Sewerage	4,404	201	84	133	324	-	4,498
8	Water	857	9	-	63	-	-	929
	Sewerage	1,749	8	-	51	50	-	1,758
9	Water	443	16	-	14	-	-	473
	Sewerage	256	14	-	11	-	-	281
10	Water	264	97	-	20	-	-	381
	Sewerage	550	91	-	19	-	-	660
11	Water	53	-	-	2	-	-	55
	Sewerage	49	-	-	1	-	-	50
12	Water	386	4	-	21	-	-	411
	Sewerage	820	2	-	25	-	-	847
	All Water	8,911	684	114	686	126	-	10,269
	All Sewerage	16,355	530	84	465	1,611	-	15,823
	<b>All S64</b>	<b>25,266</b>	<b>1,214</b>	<b>198</b>	<b>1,151</b>	<b>1,737</b>	<b>-</b>	<b>26,092</b>

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 18 – Contingencies**

**Contingent Liabilities**

**Central Coast Water Corporation**

The Central Coast Water Corporation (CCWC) was created under legislation by the NSW Government and came into existence in February 2011, replacing the former Gosford/Wyong Councils' Water Authority.

Under the legislation Gosford and Wyong Councils are equal (50%) shareholders in the CCWC and shares cannot be sold or transferred. The CCWC is governed by an independent Board of Directors according to a set of principal objectives outlined in the CCWC legislation.

The operating model chosen for the CCWC includes the following key features:

- **Staff and functions:** all water and sewerage staff and functions will be transferred to the CCWC in phases beginning on 1 July 2014 and completed by 1 July 2017.
- **Shared services:** a Joint Services Business (JSB, see below) will be established by 1 July 2017 to provide support services to the CCWC and both Councils. The JSB will provide IT, HR, finance and plant & fleet services.
- **Assets:** Councils will maintain ownership of the water and sewerage assets and the CCWC will lease the assets via a long-term commercial arrangement. The CCWC is legally responsible for managing those assets and employees in the most cost-effective manner.

There is the possibility that following transfer that some financial or legal liabilities may remain with Council. At the time of preparing the financial statements the likelihood of this impact being realised cannot be determined.

**Joint Services Business**

Gosford and Wyong Councils have agreed to the establishment of a Joint Services Business (JSB) in conjunction with the CCWC, as a cost-effective opportunity to streamline operations. The JSB will provide IT, HR, finance and plant & fleet services and will benefit the community in the following ways:

- reduced costs, through the creation of common administrative systems
- opportunities to improve efficiency by aligning policies and procedures
- greater organisational resilience (through pooled resources)
- a large reduction in IT costs, from moving to a single set of IT systems with better functionality.
- savings can be reinvested in the community.

At the time of preparing the financial statements more work is required to determine the details of the JSB services, and any possible impact this may have on Council.

**Developer Contributions**

Council has significant obligations to provide Section 94 infrastructure in new release areas. 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. (refer Note 17).

**Waste Collection Contract**

Council's waste collection contractor (Thiess Services) has issued a claim associated with the payment calculation method under the current contract. An initial response from General Counsel to defend Council's position has been provided to the contractor.

### **Local Government Superannuation Scheme**

Wyong Shire Council contributes to the Local Government Superannuation Scheme which has a closed section where a portion of member entitlements are defined as a multiple of salary. Member councils bear the responsibility of ensuring there are sufficient monies available to pay out benefits as these members cease employment. The Scheme has a deficit of assets over liabilities and its administrators require Wyong Shire Council to make significantly higher contributions to help alleviate this deficit.

The Scheme's most recent actuarial review indicated that the Net Assets of the scheme were still not sufficient to meet the accrued benefits of the Schemes Defined member category. The Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils and the amount of such a payment for an individual council is not able to be reliably quantified. The share of the deficit that can be broadly attributed to Wyong Shire Council was estimated to be in the order of \$7.5m at 30 June 2012.

### **Closed Landfill Sites**

Council is required by law to remediate its closed landfill sites. The projected costs of this remediation are provided for within the financial statements at Note 24. However 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 \$4m until 2030.

### **Holiday Park Improvement Works**

Legal proceedings are currently in progress concerning a contractual dispute with a construction contractor engaged to undertake new works and improvements at a number of Council's holiday parks. Council is defending a claim from the contractor and pursuing rectification of unsatisfactory works.

### **Bank Guarantee**

Council provides a bank guarantee to the value of \$10.1m to secure its self-insurance license for Workers Compensation. The guarantee is provided to WorkCover NSW.

### **Contingent Assets**

#### **Gwandalan closed landfill**

Legal proceedings are currently in progress before the District Court of NSW concerning a contractual dispute with an asbestos removal contractor engaged to undertake waste removal at the Gwandalan closed landfill site. The contractor previously made a successful claim in accordance with the *Building and Construction Industry Security of Payment Act 1999*, however legal advice provided to Council deemed the decision to be unjust and therefore commenced legal proceedings. There is a high likelihood that Council will recover a significant portion of the claim which was originally \$602,000.

## Notes to the financial statements

for the year ended 30 June 2012

### Note 19 – Interests in joint ventures and associates

#### Joint Water Supply Authority

The Wyong Shire Council Water Supply Authority is a joint venturer in the provision of water supply headworks servicing both Wyong and Gosford Council areas. Under an agreement between the two water supply authorities, the councils jointly own, maintain, and operate headworks infrastructure which typically includes weirs, dams, treatment plants and bulk water distribution reservoirs. The Wyong Shire Council Water Supply Authority had a 49.61% interest in the output of the joint venture for the period ending 30 June 2012.

Contingent liabilities of the joint venture at 30 June 2012 were nil (30 June 2011 nil).

Council's share of assets of the joint venture are included in the Balance Sheet in accordance with the accounting policy described in note 1, under the following classifications:

	<b>Actual 2012 \$'000</b>	<b>Actual 2011 \$'000</b>
<b>Current assets</b>		
Receivables	-	-
Investments	-	-
Inventories	-	-
<b>Non-current assets</b>		
Receivables	-	-
Investments	-	-
Property, plant and equipment	<b>321,228</b>	228,071
<b>Share of assets employed in Joint Venture:</b>	<b>321,228</b>	228,071

#### Central Coast Water Corporation

In 2011 Wyong Shire Council obtained a new shareholding interest in the Central Coast Water Corporation which was formed in November 2011 by the NSW Parliament under the Central Coast Water Corporation Act. Under the Constitution Wyong Shire Council will hold a 50% shareholding in the new Corporation, with Gosford City Council the only other Shareholder.

Council's investment in associate is included in the Balance Sheet in accordance with the accounting policy described in note 1, under the following classifications:

	<b>Actual 2012 \$'000</b>	<b>Actual 2011 \$'000</b>
<b>Current assets</b>		
Receivables	-	-
Investments	-	-
Inventories	-	-
<b>Non-current assets</b>		
Receivables	-	-
Investments	<b>125</b>	-
Property, plant and equipment	-	-
<b>Share of assets employed in Associate</b>	<b>125</b>	-

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 20 – Revaluation reserves and retained earnings**

	<b>Actual 2012 \$'000</b>	<b>Actual 2011 \$'000</b>
<b>(a) Retained earnings</b>		
<b>Movements in retained earning were as follows:</b>		
At beginning of year	1,258,601	1,232,560
Adjustment to correct prior period errors (Note 20 (d))	( 9,590)	-
Net operating result for the year	2,242	26,041
At end of year	<b>1,251,253</b>	<b>1,258,601</b>
<b>(b) Revaluation Reserve</b>		
<b>- Infrastructure, property, plant and equipment</b>		
At beginning of year	642,766	562,360
<b>Add:</b> Revaluation increments transferred to reserve relating to:		
Water infrastructure assets	6,143	14,793
Sewerage infrastructure assets	257,322	12,223
Roads Bridges Footpaths	-	(27)
Community land	362	53,417
	<b>263,827</b>	<b>80,406</b>
<b>Less:</b> Revaluation decrements	-	-
<b>At end of year</b>	<b>906,593</b>	<b>642,766</b>
<b>(c) Nature and purposes of reserves</b>		
The infrastructure, property, plant and equipment reserve is used to record increments and decrements on the revaluation of non-current assets.		
<b>(d) Correction of errors in previous years</b>		
Adjustment to write off of buildings included in previous years (07/08) revaluation that do not belong to Wyong Shire Council.	( 9,590)	-
<b>Total - corrections to errors</b>	<b>(9,590)</b>	<b>-</b>

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 21 – Results by Fund**

<b>Income Statement by Fund</b>	<b>Actual 2012 \$'000 General<sup>(1)</sup></b>	<b>Actual 2012 \$'000 Water</b>	<b>Actual 2012 \$'000 Sewer</b>
<b>Income from continuing operations:</b>			
<b>Revenue:</b>			
Rates and annual charges	86,658	14,113	26,663
User charges and fees	28,999	21,692	1,614
Interest and investment revenue	5,444	1,801	2,027
Other revenues	4,989	215	86
Grants and contributions provided for operating purposes	27,658	742	663
Grants and contributions provided for capital purposes	10,775	3,104	800
<b>Other income:</b>			
Net gain from the disposal of assets	-	-	-
<b>Total income from continuing operations</b>	<b>164,523</b>	<b>41,667</b>	<b>31,853</b>
<b>Expenses from continuing operations:</b>			
Employee benefits and on-costs	59,426	6,679	7,338
Borrowing costs	2,654	15,087	1,426
Materials and contracts	44,068	5,081	4,106
Depreciation and amortisation	27,412	14,872	13,346
Other expenses	36,968	1,978	1,651
Net loss from the disposal of assets	1,062	1,522	-
Corporate overheads, Other internal costs/recoveries	(23,846)	8,709	6,262
<b>Total expenses from continuing operations</b>	<b>147,744</b>	<b>53,928</b>	<b>34,129</b>
<b>Net operating result for the year</b>	<b>16,779</b>	<b>(12,261)</b>	<b>(2,276)</b>
Attributable to:			
Wyong Shire Council	16,779	(12,261)	(2,276)
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>6,004</b>	<b>(15,365)</b>	<b>(3,076)</b>

Notes:

(1) General Fund refers to all Council activities except Water and Sewer.

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 21 – Results by Fund (continued)**

<b>Balance Sheet by Fund</b>	<b>2012</b>	<b>2012</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>General<sup>(1)</sup></b>	<b>Water</b>	<b>Sewer</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	63,257	6,586	21,299
Investments	14,591	18,270	11,139
Receivables	13,817	16,125	2,843
Inventories	1,606	448	-
Other	562	45	-
<b>Total current assets</b>	<b>93,833</b>	<b>41,474</b>	<b>35,281</b>
<b>Non-current assets</b>			
Investments	17,668	1,916	371
Receivables	866	517	26
Inventories	-	-	-
Infrastructure, property, plant and equipment	833,271	800,556	659,109
Investments in associates	125	-	-
Intangible assets	1,171	278	165
<b>Total non-current assets</b>	<b>853,101</b>	<b>803,267</b>	<b>659,671</b>
<b>Total assets</b>	<b>946,934</b>	<b>844,741</b>	<b>694,952</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	32,905	19,414	(5,462)
Borrowings	731	9,093	1,359
Provisions	24,063	1,878	2,511
<b>Total current liabilities</b>	<b>57,699</b>	<b>30,385</b>	<b>(1,592)</b>
<b>Non-current liabilities</b>			
Payables	-	-	-
Borrowings	1,764	158,893	25,735
Provisions	54,823	427	647
<b>Total non-current liabilities</b>	<b>56,587</b>	<b>159,320</b>	<b>26,382</b>
<b>Total liabilities</b>	<b>114,286</b>	<b>189,705</b>	<b>24,790</b>
<b>Net assets</b>	<b>832,648</b>	<b>655,036</b>	<b>670,162</b>
<b>EQUITY</b>			
Retained earnings	639,023	360,563	252,029
Revaluation reserves	193,625	294,473	418,133
<b>Total equity</b>	<b>832,648</b>	<b>655,036</b>	<b>670,162</b>

Notes:

(1) General Fund refers to all Council activities except Water and Sewer.

**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 22 – Intangible assets**

Wyong Shire Council is contracted to acquire, under a management service arrangement, a licence to access information technology services. The system solution was designed, developed and built by the contractor with assistance and input of Council employees. A number of costs including system build costs, software and hardware licenses incurred under the contract as well as Council's own costs will give rise to future economic benefits. These costs have been capitalised as an intangible asset to be amortised over the period of the contract.

	<b>\$'000</b>
<b>Year ended 30 June 2011</b>	
Opening net book amount	3,266
Amortisation charge	(751)
<b>Closing net book amount</b>	<b>2,515</b>
<b>At 30 June 2011</b>	
Cost	9,011
Accumulated amortisation and impairment	(6,496)
<b>Net book amount</b>	<b>2,515</b>
<b>Year ended 30 June 2012</b>	
Opening net book amount	<b>2,515</b>
Amortisation charge	<b>(901)</b>
<b>Closing net book amount</b>	<b>1,614</b>
<b>At 30 June 2012</b>	
Cost	<b>9,011</b>
Accumulated amortisation and impairment	<b>(7,397)</b>
<b>Net book amount</b>	<b>1,614</b>



**Notes to the financial statements**  
for the year ended 30 June 2012

**Note 23 – Events occurring after balance sheet date**

The passage of the Clean Air Legislation (Clean Energy Act 2011 and supporting legislation) will have an impact on Council's operating results going forward. Council expects to pay more for its energy usage including electricity, gas and fuel but will be compensated to some extent through additional rate revenue and domestic waste management charges that it proposes to raise. The operation of Council's landfill site may result in Council being liable for a carbon price liability on gas emissions but increased tipping fees will cover this additional cost. Council also expects construction materials such as concrete and asphalt to increase in price but is unable to quantify the effect of these increases at the present time. The financial effects of the Clean Air Legislation have not been brought to account at 30 June 2012.

## Notes to the financial statements

for the year ended 30 June 2012

### Note 24 – Reinstatement, rehabilitation and restoration liabilities

Council is required by law to remediate Council's tip sites at Bateau Bay, Mardi, Gwandalan, Tumbi Umbi, Shelly Beach, Warnervale, Toukley, Halekulani and Buttonderry Waste Management Facility at Jilliby at the end of their useful lives. The projected cost of this rehabilitation is \$53.96 million based on engineering estimates and has been discounted to its present value at the risk free cost of borrowing to Council.

	<b>2012</b> <b>\$'000</b>	2011 \$'000
<b>At beginning of year</b>	<b>47,900</b>	35,291
Remediation works completed in current year	<b>(587)</b>	
Remeasurement adjustment	<b>4,349</b>	10,960
Amortisation of discount - expensed to borrowing costs	<b>2,299</b>	1,649
<b>At end of year</b>	<b>53,961</b>	47,900

---End of audited general purpose financial statements---

Auditor's Report



**Wyong Shire Council**  
**Special purpose financial statements**  
 for the year ended 30 June 2012

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Certificate

## Wyong Shire Council

### Income statement of the Water Supply business activity\* for the year ended 30 June 2012

	Actual 2012 \$'000	Actual 2011 \$'000	Actual 2010 \$'000
<b>Income from continuing operations</b>			
Access charges	14,113	13,605	12,332
User charges	21,634	20,317	20,671
Fees	58	57	101
Interest	1,801	2,190	1,409
Grants and contributions provided for non capital purposes	742	961	802
Profit from the sale of assets	-	(3)	-
Other income	634	3,591	5,497
<b>Total income from continuing operations</b>	<b>38,982</b>	<b>40,718</b>	<b>40,812</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	6,679	6,979	7,990
Borrowing costs	15,087	9,161	6,454
Materials and contracts	4,944	5,954	4,408
Depreciation and impairment	14,872	14,072	14,577
Water Purchase Charges	149	439	1,190
Loss on sale of assets	1,522	1,641	-
Calculated taxation equivalents	401	384	331
Other expenses	11,094	12,040	12,127
<b>Total expenses from continuing operations</b>	<b>54,748</b>	<b>50,670</b>	<b>47,077</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(15,766)</b>	<b>(9,952)</b>	<b>(6,265)</b>
Grants and contributions provided for capital purposes	3,104	30,525	17,826
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(12,662)</b>	<b>20,573</b>	<b>11,561</b>
Surplus (deficit) from discontinued operations	-	-	-
<b>Surplus (deficit) from all operations before tax</b>	<b>(12,662)</b>	<b>20,573</b>	<b>11,561</b>
Less Corporate taxation equivalent (30%) [Based on result before capital]	-	-	-
<b>Surplus (deficit) after tax</b>	<b>(12,662)</b>	<b>20,573</b>	<b>11,561</b>
<b>Opening retained profits</b>	<b>372,649</b>	<b>351,877</b>	<b>340,169</b>
Prior year correction - Community Land	362	-	-
<b>Adjustments for amounts unpaid:</b>			
- Taxation equivalent payments	401	384	331
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	-
- Dividend payment	-	-	-
Less:			
Tax equivalent dividend payment	187	185	184
<b>Closing retained profits</b>	<b>360,563</b>	<b>372,649</b>	<b>351,877</b>
<b>Return on capital %</b>	<b>-0.08%</b>	<b>-0.10%</b>	<b>0.03%</b>
<b>TARGET RETURN ON CAPITAL</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
<b>Subsidy from Council</b>	<b>16,690</b>	<b>16,589</b>	<b>14,568</b>

\* Water supply business activity includes stormwater drainage assets and maintenance. Operational drainage expenses in the year ended 30 June 2012 were \$3.6 million (\$3.1 million 30 June 2011).

## Wyong Shire Council

### Income statement for the Sewerage business activity for the year ended 30 June 2012

	Actual 2012 \$'000	Actual 2011 \$'000	Actual 2010 \$'000
<b>Income from continuing operations</b>			
Access charges	26,663	25,803	25,156
User charges	872	603	758
Liquid trade waste charges	610	565	417
Fees	132	118	111
Interest	2,027	2,488	1,909
Grants and contributions provided for non capital purposes	663	663	662
Profit from the sale of assets	-	-	-
Other income	210	174	154
<b>Total income from continuing operations</b>	<b>31,177</b>	<b>30,414</b>	<b>29,167</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	7,338	7,045	6,498
Borrowing costs	1,426	1,354	1,469
Materials and contracts	4,106	3,857	3,118
Depreciation and impairment	13,346	14,043	13,647
Other expenses	8,037	9,952	9,719
Loss on sale of assets	-	-	-
Calculated taxation equivalents	262	250	221
<b>Total expenses from continuing operations</b>	<b>34,515</b>	<b>36,501</b>	<b>34,672</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(3,338)</b>	<b>(6,087)</b>	<b>(5,505)</b>
Grants and contributions provided for capital purposes	800	806	1,314
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(2,538)</b>	<b>(5,281)</b>	<b>(4,191)</b>
Surplus (deficit) from discontinued operations	-	-	-
<b>Surplus (deficit) from all operations before tax</b>	<b>(2,538)</b>	<b>(5,281)</b>	<b>(4,191)</b>
Less Corporate taxation equivalent (30%) [Based on result before capital]	-	-	-
<b>Surplus (deficit) after tax</b>	<b>(2,538)</b>	<b>(5,281)</b>	<b>(4,191)</b>
<b>Opening retained profits</b>	<b>254,487</b>	<b>259,699</b>	<b>263,827</b>
<b>Adjustments for amounts unpaid:</b>			
- Taxation equivalent payments	262	250	221
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	-
- Dividend payment	-	-	-
Less:			
Tax equivalent dividend payment	182	181	158
<b>Closing retained profits</b>	<b>252,029</b>	<b>254,487</b>	<b>259,699</b>
<b>Return on capital %</b>	<b>-0.29%</b>	<b>-1.16%</b>	<b>-1.00%</b>
<b>TARGET RETURN ON CAPITAL</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
<b>Subsidy from Council</b>	<b>15,094</b>	<b>12,923</b>	<b>12,141</b>

## Wyong Shire Council

### Income statement for other business activities for the year ended 30 June 2012

	Waste Management		Care and Education		Holiday Parks	
	Actual 2012 (Cat. 1) \$'000	Actual 2011 (Cat. 1) \$'000	Actual 2012 (Cat. 1) \$'000	Actual 2011 (Cat. 1) \$'000	Actual 2012 (Cat. 1) \$'000	Actual 2011 (Cat. 1) \$'000
<b>Income from continuing operations</b>						
Rates and annual charges	26,037	21,649	-	-	-	-
User charges and fees	9,970	10,269	3,875	3,947	8,419	8,448
Interest	166	123	-	-	-	-
Grants and contributions provided for non capital purposes	789	652	521	492	-	-
Profit from the sale of assets	-	-	-	-	-	-
Other income	247	259	2	1	-	-
<b>Total income from continuing operations</b>	<b>37,209</b>	<b>32,952</b>	<b>4,398</b>	<b>4,440</b>	<b>8,419</b>	<b>8,448</b>
<b>Expenses from continuing operations</b>						
Employee benefits and on-costs	1,708	1,318	3,626	3,734	206	226
Borrowing costs	2,299	-	-	-	90	111
Materials and contracts	10,416	11,211	1,093	1,078	3,947	3,363
Depreciation and impairment	1,878	1,909	131	164	1,074	930
Loss on sale of assets	-	-	-	-	-	-
Taxation equivalent payments	210	63	213	218	232	321
Other expenses	18,118	10,962	75	122	2,665	2,739
<b>Total expenses from continuing operations</b>	<b>34,629</b>	<b>25,463</b>	<b>5,138</b>	<b>5,316</b>	<b>8,214</b>	<b>7,690</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>2,580</b>	<b>7,489</b>	<b>(740)</b>	<b>(876)</b>	<b>205</b>	<b>758</b>
Grants and contributions provided for capital purposes	-	-	-	-	-	-
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>2,580</b>	<b>7,489</b>	<b>(740)</b>	<b>(876)</b>	<b>205</b>	<b>758</b>
Surplus (deficit) from discontinued operations	-	-	-	-	-	-
<b>Surplus (deficit) from all operations before tax</b>	<b>2,580</b>	<b>7,489</b>	<b>(740)</b>	<b>(876)</b>	<b>205</b>	<b>758</b>
Less Corporate taxation equivalent (30%) [Based on result before capital]	774	2,247	-	-	62	227
<b>Surplus (deficit) after tax</b>	<b>1,806</b>	<b>5,242</b>	<b>(740)</b>	<b>(876)</b>	<b>143</b>	<b>531</b>
Dividend payment	-	-	-	-	-	-
<b>Surplus (deficit) after dividend payment</b>	<b>1,806</b>	<b>5,242</b>	<b>(740)</b>	<b>(876)</b>	<b>143</b>	<b>531</b>
<b>Opening retained profits</b>	<b>26,610</b>	<b>19,058</b>	<b>(6,813)</b>	<b>(6,155)</b>	<b>11,125</b>	<b>10,046</b>
<b>Adjustments for amounts unpaid:</b>						
- Taxation equivalent payments	210	63	213	218	232	321
- Debt guarantee fees	-	-	-	-	-	-
- Corporate taxation equivalent	774	2,247	-	-	62	227
- Dividend payment	-	-	-	-	-	-
<b>Closing retained profits</b>	<b>29,400</b>	<b>26,610</b>	<b>(7,340)</b>	<b>(6,813)</b>	<b>11,562</b>	<b>11,125</b>
<b>Return on capital %</b>	<b>50.81%</b>	<b>63.54%</b>	<b>-12.99%</b>	<b>-14.10%</b>	<b>1.58%</b>	<b>4.60%</b>
<b>Target return on capital</b>	<b>8.00%</b>	<b>8.00%</b>	<b>7.00%</b>	<b>7.00%</b>	<b>8.00%</b>	<b>8.00%</b>
<b>Subsidy from Council</b>	<b>-</b>	<b>-</b>	<b>1,139</b>	<b>1,311</b>	<b>1,196</b>	<b>642</b>



## Wyong Shire Council

### Balance Sheet for the Water Supply business activity

as at 30 June 2012

	Actual 2012 \$'000	Actual 2011 \$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	6,586	-
Investments	18,270	39,152
Receivables	16,125	19,039
Inventories	448	392
Other	45	-
<b>Total current assets</b>	<b>41,474</b>	<b>58,583</b>
<b>Non current assets</b>		
Investments securities	1,916	-
Receivables	517	553
Property, plant and equipment	800,556	789,906
Investments in associates	-	-
Intangible assets	278	433
<b>Total non current assets</b>	<b>803,267</b>	<b>790,892</b>
<b>Total assets</b>	<b>844,741</b>	<b>849,475</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	19,414	17,406
Interest bearing liabilities	9,093	8,725
Provisions	1,878	2,070
<b>Total current liabilities</b>	<b>30,385</b>	<b>28,201</b>
<b>Non current liabilities</b>		
Payables	-	-
Interest bearing liabilities	158,893	159,854
Provisions	427	441
<b>Total non current liabilities</b>	<b>159,320</b>	<b>160,295</b>
<b>Net assets</b>	<b>655,036</b>	<b>660,979</b>
<b>EQUITY</b>		
Retained earnings	360,201	372,649
Revaluation reserves	294,835	288,330
<b>Total equity</b>	<b>655,036</b>	<b>660,979</b>

## Wyong Shire Council

### Balance Sheet for the Sewerage business activity

as at 30 June 2012

	<b>Actual 2012 \$'000</b>	<b>Actual 2011 \$'000</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	21,299	-
Investments	11,139	26,909
Receivables	2,843	2,843
<b>Total current assets</b>	<b>35,281</b>	<b>29,752</b>
<b>Non current assets</b>		
Investments securities	371	-
Receivables	26	41
Property, plant and equipment	659,109	409,491
Intangible assets	165	257
<b>Total non current assets</b>	<b>659,671</b>	<b>409,789</b>
<b>Total assets</b>	<b>694,952</b>	<b>439,541</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	(5,462)	2,874
Interest bearing liabilities	1,359	1,239
Provisions	2,511	2,590
<b>Total current liabilities</b>	<b>(1,592)</b>	<b>6,703</b>
<b>Non current liabilities</b>		
Interest bearing liabilities	25,735	17,094
Provisions	647	446
<b>Total non current liabilities</b>	<b>26,382</b>	<b>17,540</b>
<b>Net assets</b>	<b>670,162</b>	<b>415,298</b>
<b>EQUITY</b>		
Retained earnings	252,029	254,487
Revaluation reserves	418,133	160,811
<b>Total equity</b>	<b>670,162</b>	<b>415,298</b>

## Wyong Shire Council

## Balance Sheet for other business activities

as at 30 June 2012

	Waste Management		Care and Education		Holiday Parks	
	Actual 2012 (Cat. 1) \$'000	Actual 2011 (Cat. 1) \$'000	Actual 2012 (Cat. 1) \$'000	Actual 2011 (Cat. 1) \$'000	Actual 2012 (Cat. 1) \$'000	Actual 2011 (Cat. 1) \$'000
<b>ASSETS</b>						
<b>Current assets</b>						
Investments	26,563	22,899	-	-	3,584	3,253
Receivables	1,618	1,477	-	-	240	102
<b>Total current assets</b>	<b>28,181</b>	<b>24,376</b>	<b>-</b>	<b>-</b>	<b>3,824</b>	<b>3,355</b>
<b>Non current assets</b>						
Receivables	14	17	-	-	-	-
Property, plant and equipment	9,603	11,787	5,696	6,211	18,640	18,882
<b>Total non current assets</b>	<b>9,617</b>	<b>11,804</b>	<b>5,696</b>	<b>6,211</b>	<b>18,640</b>	<b>18,882</b>
<b>Total assets</b>	<b>37,798</b>	<b>36,180</b>	<b>5,696</b>	<b>6,211</b>	<b>22,464</b>	<b>22,237</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Payables	2,633	3,893	116	72	576	362
Interest bearing liabilities	-	-	12,520	12,598	10,312	10,732
Provisions	40	-	400	354	14	18
<b>Total current liabilities</b>	<b>2,673</b>	<b>3,893</b>	<b>13,036</b>	<b>13,024</b>	<b>10,902</b>	<b>11,112</b>
<b>Non current liabilities</b>						
Provisions	5,725	5,677	-	-	-	-
<b>Total non current liabilities</b>	<b>5,725</b>	<b>5,677</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>29,400</b>	<b>26,610</b>	<b>(7,340)</b>	<b>(6,813)</b>	<b>11,562</b>	<b>11,125</b>
<b>EQUITY</b>						
Retained earnings	29,400	26,610	(7,340)	(6,813)	11,562	11,125
<b>Total equity</b>	<b>29,400</b>	<b>26,610</b>	<b>(7,340)</b>	<b>(6,813)</b>	<b>11,562</b>	<b>11,125</b>

## Notes to the Special Purpose Financial Statements for the year ended 30 June 2012 Note 1 – Summary of significant accounting policies

A statement summarising the supplemental accounting policies adopted in the preparation of the SPFS for National Competition Policy reporting purposes follows.

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and Division of Local Government. For the purposes of these statements, the Council is not a reporting entity. The figures presented in these special purpose financial statements have been prepared in accordance with the recognition criteria of applicable Australian Accounting Standards, other authoritative pronouncements of the AASB and Australian Accounting Interpretation. 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 also prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

### 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 & Costing for Council Businesses A Guide to Competitive Neutrality' issued by the Division of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; Council subsidies; return on investments (rate of return); and dividends paid.

### Declared business activities

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

#### Category 1

Name	Brief description of activity
<b>Water Supplies</b>	Water catchment, treatment and supply; stormwater drainage
<b>Sewerage Services</b>	Sewerage collection, treatment and disposal
<b>Waste Management</b>	Collection and disposal of household and commercial waste
<b>Care and Education</b>	Provision of six child care centres
<b>Holiday Parks</b>	Provision of four holiday parks

### Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of Note 2 (Water Supply Best Practice Management Disclosures A513) and Note 3 (Sewerage Best Practice Management Disclosures A514). As required by the NSW Office of Water, Department of Environment, Climate Change and Water, the amounts shown in Notes 2 and Note 3 are shown in whole dollars.

### Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations (General Purpose Financial Statements) just like all other costs. However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council nominated business activities and are reflected in the SPFS.

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities. The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a "Dividend for Taxation equivalent", may be applied

for any purpose allowed under the Local Government Act, 1993. Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

### Income tax

An income tax equivalent has been applied on the profits of the business. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional, that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the Council.

Accordingly, there is no need for disclosure of internal charges in the GPFR. The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

### Local Government rates and charges

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

### Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face "true" commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

### 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 Business Activities.

### Return on investments (rate of return)

The Policy statement requires that Councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field". Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income statement.

### 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 50% of this surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2012 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are submitted to the NSW Office of Water.

**Notes to the Special Purpose Financial Statements**  
for the year ended 30 June 2012 (continued)

**Note 2 – Best practice management disclosures – Water Supply business**

	<b>2012</b>	
<b>Calculation and payment of tax-equivalents</b>		
(i) Calculated tax equivalents	401,000	
(ii) No. of assessments multiplied by \$3/assessment	187,000	
(iii) Amounts payable for tax equivalents (lesser of (i) and (ii))	187,000	
(iv) Tax equivalents paid	-	
<b>Dividend from surplus</b>		
(i) 50% of surplus before dividends		
(ii) No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment		<b>n/a</b>
(iii) Cumulative surplus before dividends for 3 years to 30 June 2011, less cumulative dividends for 2 years to 30 June 2010		<b>n/a</b>
(iv) Maximum dividend from surplus		
(v) Dividend paid from surplus		
	<u>Yes</u>	<u>No</u>
<b>Required outcomes for 6 criteria</b>		
(1) Complete current Strategic Business Plan (including Financial Plan)	Yes	<input type="checkbox"/>
(2) Full cost-recovery, without significant cross subsidies	Yes	<input type="checkbox"/>
Complying charges (a) Residential	Yes	<input type="checkbox"/>
Complying charges (b) Non-residential	Yes	<input type="checkbox"/>
DSP with Commercial Developer Charges	Yes	<input type="checkbox"/>
(3) Sound water conservation and demand management implemented	Yes	<input type="checkbox"/>
(4) Sound drought management implemented	Yes	<input type="checkbox"/>
(5) Complete performance reporting	Yes	<input type="checkbox"/>
(6) Complete Integrated Water Cycle Management Evaluation	Yes	<input type="checkbox"/>
Complete and implemented Integrated Water Cycle Management Strategy	Yes	<input type="checkbox"/>

**National Water Initiative (NWI) Financial Performance Indicators:**

F1	Total revenue (water)	\$'000	<b>40,034</b>
F4	Revenue from residential usage charges (water)	%	<b>60.31%</b>
F9	Written down replacement cost of fixed assets (water)	\$'000	<b>554,368</b>
F11	Operating cost (OMA) (water)	\$'000	<b>19,312</b>
F14	Capital expenditure (water)	\$'000	<b>31,657</b>
F17	Economic real rate of return (water)	%	<b>1%</b>
F26	Capital works grants (water)	\$'000	<b>248</b>

**Notes to the Special Purpose Financial Statements**  
for the year ended 30 June 2012 (continued)

**Note 3 – Best practice management disclosures – Sewerage business**

	<b>2012</b>	
<b>Calculation and payment of tax-equivalents</b>		
(i) Calculated tax equivalents	262,000	
(ii) No. of assessments multiplied by \$3/assessment	181,000	
(iii) Amounts payable for tax equivalents (lesser of (i) and (ii))	181,000	
(iv) Tax equivalents paid	-	
<b>Dividend from surplus</b>		
(i) 50% of surplus before dividends		
(ii) No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	<b>n/a</b>	
(iii) Cumulative surplus before dividends for 3 years to 30 June 2012, less cumulative dividends for 2 years to 30 June 2011	<b>n/a</b>	
(iv) Maximum dividend from surplus		
(v) Dividend paid from surplus		
	<u>Yes</u>	<u>No</u>
<b>Required outcomes for 4 criteria</b>		
(1) Complete current Strategic Business Plan (including Financial Plan)	Yes	
(2) Pricing with full cost-recovery, without significant cross subsidies	Yes	
Complying charges (a) Residential	Yes	
Complying charges (b) Non-residential	Yes	
Complying charges (c) Trade waste	Yes	
DSP with commercial developer charges	Yes	
Liquid trade waste approvals and policy	Yes	
(3) Complete performance reporting form	Yes	
(4) Complete Integrated Water Cycle Management Evaluation	Yes	
Complete and implemented Integrated Water Cycle Management Strategy	Yes	

**Notes to the Special Purpose Financial Statements**  
for the year ended 30 June 2012 (continued)

**Note 3 – Best practice management disclosures – Sewerage business (continued)**

***National Water Initiative (NWI) Financial Performance Indicators:***

F2	Total revenue (sewerage)	\$'000	<b>29,950</b>
F10	Written down replacement cost of fixed assets (sewerage)	\$'000	<b>649,311</b>
F12	Operating cost (sewerage)	\$'000	<b>19,481</b>
F15	Capital expenditure (sewerage)	\$'000	<b>10,070</b>
F18	Economic real rate of return (sewerage)	%	<b>-(0.44%)</b>
F27	Capital works grants (sewerage)	\$'000	-
F3	Total income (water and sewerage)	\$'000	<b>69,984</b>
F8	Revenue from community service obligations (water and sewerage)	%	<b>1.91%</b>
F16	Capital expenditure (water and sewerage)	\$'000	<b>41,727</b>
F19	Economic real rate of return (water and sewerage)	%	<b>0.25%</b>
F20	Dividend (water and sewerage)	\$'000	-
F21	Dividend payout ratio (water and sewerage)	\$'000	<b>n/a</b>
F22	Net debt to equity (water and sewerage)	%	<b>10.40%</b>
F23	Interest cover (water and sewerage)	times	
F24	Net profit after tax (water and sewerage)	\$'000	<b>(14,785)</b>
F25	Community service obligations (water and sewerage)	\$'000	<b>1,337</b>

---End of audited special purpose financial reports---



Auditor's Report



**Wyong Shire Council**  
**Special Schedules** for the  
 year ended 30 June 2012

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## Wyong Shire Council

### Special Schedule No. 1

Net Cost of Services for the year  
ended 30 June 2012

Function or activity	Expenses	Revenues - non capital	Revenues - capital	Net cost of services
	\$000	\$000	\$000	\$000
<b>Governance</b>	<b>9,129</b>	-	-	<b>(9,129)</b>
<b>Administration</b>	<b>12,587</b>	<b>17,275</b>	<b>5,362</b>	<b>10,050</b>
<b>Public order and safety</b>				
Fire Service Levy, Fire Protection, Emergency services	3,804	758	312	(2,734)
Beach Control	2,481	63	1,837	(581)
Enforcement of Local Gov't. Regs	1,598	709	-	(889)
Animal control	624	314	-	(310)
Other	-	-	-	-
<b>Total Public order and safety</b>	<b>8,507</b>	<b>1,844</b>	<b>2,149</b>	<b>(4,514)</b>
<b>Health</b>	<b>630</b>	<b>476</b>	-	<b>(154)</b>
<b>Environment</b>				
Noxious plants & Insect/Vermin Control	282	42	-	(240)
Other Environmental protection	6,075	6,329	-	254
Solid waste management	46,998	47,838	-	840
Street cleaning	-	-	-	-
Drainage	5,947	5,745	1,611	1,409
Somwater Management	15	1,755	-	1,740
<b>Total Environment</b>	<b>59,317</b>	<b>61,709</b>	<b>1,611</b>	<b>4,003</b>
<b>Community services and education</b>				
Administration & Education	1,934	405	55	(1,474)
Social protection (welfare)	-	-	-	-
Aged Persons & Disabled	271	33	-	(238)
Childrens Services	5,299	4,458	-	(841)
<b>Total Community Services and Education</b>	<b>7,504</b>	<b>4,896</b>	<b>55</b>	<b>(2,553)</b>

## Wyong Shire Council

### Special Schedule No. 1

Net Cost of Services for the year  
ended 30 June 2012 (continued)

Function or activity	Expenses	Revenues - non capital	Revenues - capital	Net cost of services
	\$000	\$000	\$000	\$000
<b>Housing and community amenities</b>				
Public cemeteries	254	199	-	(55)
Public conveniences	1,409	3	-	(1,406)
Street lighting	2,848	229	-	(2,619)
Town planning	8,609	1,826	-	(6,783)
Other community amenities	-	-	-	-
<b>Total Housing and community amenities</b>	<b>13,120</b>	<b>2,257</b>	<b>-</b>	<b>(10,863)</b>
<b>Water supplies</b>	<b>48,363</b>	<b>33,169</b>	<b>1,484</b>	<b>(13,710)</b>
<b>Sewerage services</b>	<b>34,252</b>	<b>31,176</b>	<b>800</b>	<b>(2,276)</b>
<b>Recreation and culture</b>				
Public libraries	5,683	421	29	(5,233)
Museums	-	-	-	-
Art galleries	49	-	26	(23)
Community Centres & Halls	3,460	781	304	(2,375)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	61	6	-	(55)
Sporting grounds and venues	3,763	199	93	(3,471)
Swimming Pools	1,016	-	-	(1,016)
Parks & Gardens (lakes)	7,749	1,153	35	(6,561)
Other Sport & Recreation	1,809	110	153	(1,546)
<b>Total Recreation and Culture</b>	<b>23,590</b>	<b>2,670</b>	<b>640</b>	<b>(20,280)</b>
<b>Fuel and energy</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Agriculture</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Mining, manufacturing and Construction</b>				
Building control	1,154	1,261	-	107
Other Mining, manufacturing and construction	-	-	-	-
<b>Total Mining, Manufacturing and Construction</b>	<b>1,154</b>	<b>1,261</b>	<b>-</b>	<b>107</b>

## Wyong Shire Council

### Special Schedule No. 1

Net Cost of Services for the year  
ended 30 June 2012 (continued)

Function or activity	Expenses	Revenues - non capital	Revenues - capital	Net cost of services
	\$000	\$000	\$000	\$000
<b>Transport and communication</b>				
Urban roads: Local	25,630	5,067	1,607	(18,956)
Urban roads: Regional	743	513	64	(166)
Sealed rural roads: Local	-	-	-	-
Sealed rural roads: Regional	-	-	-	-
Unsealed rural roads: Local	1,335	-	-	(1,335)
Unsealed rural roads: Regional	-	-	-	-
Bridges on urban roads: Local	612	93	-	(519)
Bridges on sealed rural roads: Local	-	-	-	-
Bridges on unsealed rural roads: Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	759	-	-	(759)
Footpaths	945	8	286	(651)
Aerodromes	-	141	-	141
Other Transport & Communication	4,619	1,769	601	(2,249)
<b>Total Transport and Communication</b>	<b>34,643</b>	<b>7,591</b>	<b>2,558</b>	<b>(24,494)</b>
<b>Economic affairs</b>				
Camping Areas & Caravan parks	7,982	8,419	-	437
Other Economic Affairs	6,901	1,672	21	(5,208)
<b>Total Economic Affairs</b>	<b>14,883</b>	<b>10,091</b>	<b>21</b>	<b>(4,771)</b>
<b>Totals - functions</b>	<b>267,679</b>	<b>174,415</b>	<b>14,680</b>	<b>(78,584)</b>
<b>General purpose revenues <sup>(2)</sup></b>				<b>80,825</b>
<b>Net Operating Result for the Year <sup>(1)</sup></b>	<b>267,679</b>	<b>174,415</b>	<b>14,680</b>	<b>2,241</b>

**Notes:**

(1) As reported on Income Statement

(2) Includes rates and annual charges (excluding water and sewer), non-capital general purpose grants and interest on investments

## Wyong Shire Council

### Special Schedule No. 2 (a)

Statement of long-term debt (all purpose)  
for the year ended 30 June 2012

\$ '000

Classification of debt	Principal outstanding at beginning of year			New loans raised during the year	Debt redemption during the year		Interest applicable for year	Principal outstanding at end of year		
	Current	Non-current	Total		From revenue	Sinking funds		Current	Non-current	Total
<b>Loans (by source)</b>										
Commonwealth Government Treasury Corporation		300	300				42		300	300
Other State Government	560	1,754	2,314		561		89	560	1,193	1,753
Public subscription	23	24	47		23		2	18	6	24
Financial institutions	10,235	177,366	187,601	18,125	10,228		16,403	10,605	184,893	195,498
Other										
<b>Total loans</b>	<b>10,818</b>	<b>179,444</b>	<b>190,262</b>	<b>18,125</b>	<b>10,812</b>		<b>16,536</b>	<b>11,183</b>	<b>186,392</b>	<b>197,575</b>
<b>Add: other long term debt</b>										
Ratepayers' advances							10			
Government advances							247			
Non Cash Developer Contributions										
Deferred payment										
<b>Total long term debt</b>	<b>10,818</b>	<b>179,444</b>	<b>190,262</b>	<b>18,125</b>	<b>10,812</b>		<b>16,793</b>	<b>11,183</b>	<b>186,392</b>	<b>197,575</b>

## Wyong Shire Council

### Special Schedule No 2. (b) – Statement of internal loans

(Section 410(3) LGA 1993) for the year ended 30 June 2012

#### Summary of internal loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year Principal and interest	Principal outstanding at end of year
General	711	-	711
<b>Total</b>	711	-	711

The summary of internal loans above, represents the total of Council's internal loans categorised according to the purpose of 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 the year principal and interest	Principal outstanding at end of year
General Fund Sec 94 (Warnervale Plan)	Water Fund Sec 94		30/06/2012				711	-	711
<b>Total</b>							711	-	711

**Wyong Shire Council**  
**Special Schedule No. 3**  
**Water Supply Income Statement**  
*(gross including internal transactions)*  
**for the year ended 30 June 2012**

<b>A. Expenses and income</b>	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Expenses</b>		
Management expenses		
Administration	<b>4,623</b>	6,352
Engineering and Supervision	<b>4,230</b>	3,490
Operations and maintenance expenses		
Dams and weirs		
Operation expenses	<b>533</b>	486
Maintenance expenses	<b>137</b>	585
Mains		
Operation expenses	<b>1,245</b>	2,869
Maintenance expenses	<b>3,908</b>	4,248
Reservoirs		
Operation expenses	<b>61</b>	43
Maintenance expenses	<b>227</b>	247
Pumping stations		
Operation expenses - excluding energy costs	<b>933</b>	861
Maintenance expenses	<b>488</b>	571
Treatment		
Operation expenses - excluding chemical costs	<b>2,034</b>	1,715
Maintenance expenses	<b>376</b>	480
Other		
Operation expenses	<b>165</b>	27
Maintenance expenses	<b>346</b>	145
Purchase of water	<b>6</b>	248
Depreciation		
System assets	<b>14,564</b>	13,887
Plant and equipment	<b>308</b>	185
Miscellaneous		
Interest expenses	<b>15,087</b>	9,161
Drainage maintenance	<b>3,551</b>	3,054
<b>Total expenses</b>	<b>52,822</b>	<b>48,654</b>
<b>Income</b>		
Residential charges		
Access	<b>14,218</b>	13,605
Usage charges	<b>21,608</b>	20,289
Interest income	<b>1,801</b>	2,190
Other income	<b>299</b>	419
Grants		
Acquisition of assets	<b>248</b>	27,668
Pensioner rebates	<b>674</b>	681
Other grants	<b>67</b>	280
Contributions		
Developer charges	<b>1,310</b>	735
Developer provided assets	<b>1,513</b>	2,121
Other contributions	<b>345</b>	3,260
<b>Total income</b>	<b>42,083</b>	<b>71,248</b>
Gain or loss on disposal of assets	<b>(1,522)</b>	<b>(1,641)</b>
<b>Operating result</b>	<b>(12,261)</b>	<b>20,953</b>
<b>Operating result</b> (less grants for acquisition of assets)	<b>(12,509)</b>	<b>(6,715)</b>



**Wyong Shire Council**  
**Special Schedule No. 3**  
**Water Supply Income Statement**  
*(gross including internal transactions)*  
**for the year ended 30 June 2012**  
 (continued)

**B. Capital transactions**

**Non-operating expenditures**

	<b>2012 \$'000</b>	<b>2011 \$'000</b>
Acquisition of fixed assets		
New Assets- improved standards	-	-
New Assets- growth	57,214	-
Renewals	7,210	-
Plant and equipment	14,388	31,657
Repayment of debt		
Loans	8,718	8,162
Advances	-	-
Finance leases	-	-
Transfer to sinking funds	-	-
<b>Total non-operating expenditures</b>	<b>87,530</b>	<b>39,819</b>

**Non-operating funds employed**

Proceeds from disposal of assets	-	-
Borrowings utilised		
Loans	8,125	26,000
Advances	-	-
Finance leases	-	-
Transfer from sinking funds	-	-
<b>Total non-operating funds employed</b>	<b>8,125</b>	<b>26,000</b>

**C. Rates and charges**

Number of assessments:	
- Residential (occupied)	58,101
- Residential (unoccupied)	1,345
- Non-residential (occupied)	2,904
- Non-residential (unoccupied)	183
Number of ETs for which developer charges were received	
Total amount of pensioner rebates	\$1,241,653

**D. Best practice annual charges and developer charges**

**Annual charges**

Does Council have best practice water supply annual charges and usage charges?  
 If Yes go to developer charges

Yes

**Developer charges**

Has Council completed a Water Supply Development Servicing Plan?

Yes

**Total cross subsidy in water supply developer charges for 2011/12**

Nil

## Wyong Shire Council

### Special Schedule No. 4

Water Supply Balance sheet (gross including internal transactions) as at 30 June 2012

	Current (\$'000)	Non-current (\$'000)	Total (\$'000)
<b>Assets</b>			
Cash and investments			
Developer contributions	23,508	-	23,508
Specific purpose grants	184	-	184
Accrued leave	341	-	341
Unexpended loans	-	-	-
Other	823	1,916	2,739
Receivables			
Specific purpose grants	37	-	37
Rates and charges	16,076	517	16,593
Other	12	-	12
Inventories	493	-	493
Property, plant and equipment			
System assets	-	800,165	800,165
Plant and equipment	-	391	391
Other assets	-	278	278
<b>Total assets</b>	<b>41,474</b>	<b>803,267</b>	<b>844,741</b>
<b>Liabilities</b>			
Creditors			
Goods and services	507	-	507
Unearned revenue	4,912	-	4,912
Accrued expenses	13,780	-	13,780
Other	215	-	215
Borrowings			
Loans	9,093	158,893	167,986
Provisions			
Accrued leave	1,783	16	1,799
Self insurance	95	411	506
<b>Total liabilities</b>	<b>30,385</b>	<b>159,320</b>	<b>189,705</b>
<b>Net assets committed</b>	<b>11,089</b>	<b>643,947</b>	<b>655,036</b>
<b>Equity</b>			
Accumulated surplus/deficit			360,201
Asset revaluation reserve			294,835
<b>Total equity</b>			<b>655,036</b>
<b>Current replacement cost of system assets</b>			<b>888,937</b>
<b>Accumulated current cost depreciation of system assets</b>			<b>334,569</b>
<b>Written down current cost of system assets</b>			<b>554,368</b>

## Wyong Shire Council

### Special Schedule No. 5

Sewerage Income Statement (*gross including internal transactions*) for the year ended 30 June 2012

<b>A. Expenses and income</b>	<b>2012</b>	<b>2011</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
<b>Expenses</b>		
Management expenses		
Administration	<b>2,635</b>	4,249
Engineering and supervision	-	-
Operations and maintenance expenses		
Mains		
Operation expenses	<b>731</b>	872
Maintenance expenses	<b>1,738</b>	1,624
Pumping Stations		
Operation expenses (excluding energy costs)	<b>2,313</b>	3,164
Energy costs	-	-
Maintenance expenses	<b>2,434</b>	2,334
Treatment		
Operation expenses	<b>5,394</b>	4,906
Maintenance expenses	<b>2,224</b>	2,066
Other		
Operation expenses	<b>2,010</b>	1,517
Maintenance expenses	<b>2</b>	124
Depreciation		
System assets	<b>12,998</b>	13,941
Plant and equipment	<b>348</b>	103
Miscellaneous		
Interest expenses	<b>1,426</b>	1,354
<b>Total expenses</b>	<b>34,253</b>	<b>36,254</b>
<b>Income</b>		
Residential charges (including rates)	<b>24,082</b>	23,163
Non-residential charges		
Access (including rates)	<b>2,459</b>	2,433
Usage charges	<b>872</b>	597
Trade Waste Charges		
Annual fees	<b>245</b>	207
Usage charges	<b>610</b>	565
Interest income	<b>2,027</b>	2,488
Other income	<b>219</b>	298
Grants		
Acquisition of assets	-	39
Pensioner rebates	<b>663</b>	663
Contributions		
Developer charges	<b>530</b>	290
Developer provided assets	<b>270</b>	476
<b>Total Income</b>	<b>31,977</b>	<b>31,219</b>
Gain or loss on disposal of assets	-	-
<b>Operating result</b>	<b>(2,276)</b>	<b>(5,035)</b>
<b>Operating result</b>	<b>(2,276)</b>	<b>(5,074)</b>
(less grants for acquisition of assets)		

## Wyong Shire Council

### Special Schedule No. 5

Sewerage Income Statement (*gross including internal transactions*) for the year ended 30 June 2012 (continued)

	2012 (\$'000)	2011 (\$'000)
<b>B. Capital transactions</b>		
<b>Non-operating expenditure</b>		
Acquisition of fixed assets		
New Assets- improved standards	-	-
New Assets- growth	2,503	4,386
Renewals	2,711	-
Plant and equipment	4,856	-
Repayment of debt		
Loans	1,239	1,647
Transfer to sinking funds	-	-
<b>Total non-operating expenditure</b>	<b>11,309</b>	<b>6,033</b>
<b>Non-operating funds employed</b>		
Proceeds from disposal of assets	-	-
Borrowings utilised		
Loans	10,000	-
Transfer from sinking funds	-	-
<b>Total non-operating funds employed</b>	<b>10,000</b>	<b>-</b>
<b>C. Rates and charges</b>		
Number of assessments:		
- Residential (occupied)		57,417
- Residential (unoccupied)		1,048
- Non-residential (occupied)		2,538
- Non-residential (unoccupied)		166
Number of ETs for which developer charges were received		
Total amount of pensioner rebates		\$1,205,638
<b>D. Best practice annual charges and developer charges</b>		
<b>Annual charges</b>		
Does Council have best practice sewerage annual charges, usage charges and trade waste fees and charges?		Yes
<b>Developer charges</b>		
Has Council completed a Sewerage Development Servicing Plan?		Yes
<b>Total cross subsidy in sewerage developer charges for 2011/12</b>		Nil

## Wyong Shire Council

### Special Schedule No. 6

Sewerage Balance sheet (gross including internal transactions) as at 30 June 2012

	Current (\$'000)	Non-current (\$'000)	Total (\$'000)
<b>Assets</b>			
Cash and Investments			
Developer contributions	15,822	-	15,822
Specific purpose grants	-	-	-
Accrued leave	451	-	451
Unexpended loans	6,861	-	6,861
Other	9,304	371	9,675
Receivables			
Specific purpose grants	-	-	-
Rates and charges	-	-	-
User charges	2,802	26	2,828
Other	41	-	41
Inventories	-	-	-
Property, plant and equipment			
System assets	-	658,543	658,543
Plant and equipment	-	566	566
Other assets	-	165	165
<b>Total Assets</b>	<b>35,281</b>	<b>659,671</b>	<b>694,952</b>
<b>Liabilities</b>			
Creditors			
Goods and services	577	-	577
Unearned revenue	1,066	-	1,066
Accrued expenses	(7,105)	-	(7,105)
Borrowings			
Loans	1,359	25,735	27,094
Provisions			
Accrued leave	2,367	13	2,380
Self insurance	144	634	778
<b>Total liabilities</b>	<b>(1,592)</b>	<b>26,382</b>	<b>24,790</b>
<b>Net assets committed</b>	<b>36,873</b>	<b>633,289</b>	<b>670,162</b>
<b>Equity</b>			
Accumulated surplus/deficit			252,029
Asset revaluation reserve			418,133
<b>Total Equity</b>			<b>670,162</b>
<b>Current replacement cost of system assets</b>			<b>939,239</b>
<b>Accumulated current cost depreciation of system assets</b>			<b>289,928</b>
<b>Written down current cost of system assets</b>			<b>649,311</b>

## Wyong Shire Council

### Notes to Special Schedules 3 and 5

**Administration** (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** (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

**Operation 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) include all expenses not recorded elsewhere.

**Revaluation decrements** (item 4b of Special Schedules 3 and 5) is to be used when infrastructure assets have decreased in fair value.

**Residential charges** (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 applicable) and 6b User Charges. Exclude non-residential charges.

**Non-residential charges** (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b User Charges. Exclude residential 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, 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) include capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

## Wyong Shire Council

## Special Schedule No. 7

## Condition of public works as at 30 June 2012

Asset class	Asset category	Depreciation rate %	Depreciation expense \$000	Cost \$000	Valuation \$000	Accumulated depreciation \$000	WDV \$000	Asset Condition	Estimated cost to bring to satisfactory \$000	Reqd. annual maintenance expense \$000	Current annual maintenance expense \$000
<b>Public Buildings</b>	Administration	1.99%	558		27,958	16,183	11,776	1.8	740	520	429
	Art/Tourist/Cultural	3.31%	578		17,444	10,175	7,269	2.0	8	17	-
	Bush Fire	2.76%	196		7,099	2,965	4,134	2.2	202	99	55
	Child Care	2.00%	137		6,865	3,216	3,649	2.1	240	249	123
	Community Centres	1.88%	406		21,552	9,961	11,590	2.0	270	340	241
	Cottages	1.58%	73		4,636	3,675	961	3.0	530	86	50
	Depot Buildings	1.63%	168		10,349	6,946	3,403	2.1	-	177	143
	Heritage	0.05%	1		1,565	1,565	1	2.9	589	25	60
	Library	1.92%	65		3,400	1,455	1,945	2.0	60	59	67
	Life Guard Towers	0.00%			27	27		2.0	-	3	-
	Miscellaneous	1.39%	15		1,095	879	216	2.3	-	18	-
	Pools	2.03%	68		3,335	2,509	826	2.9	95	57	39
	Public Halls	2.02%	227		11,247	7,440	3,807	2.2	357	204	148
	Public Toilets	1.94%	119		6,155	4,198	1,957	3.1	281	450	442
	Recreation Centres	2.08%	225		10,849	6,089	4,760	2.0	112	63	28
	Retirement Village	1.92%	50		2,583	1,833	750	3.0	6	18	-
	Road Safety Education	2.98%	20		686	99	586	1.0	3	10	-
	Scout & Guides	2.27%	20		890	669	220	2.3	60	34	-
	Senior Citizens	1.63%	11		651	355	296	2.0	74	114	-
	Sporting Clubhouses & Amenities	2.27%	309		13,607	5,654	7,953	2.3	476	377	159
	Surf Clubs	2.39%	275		11,509	3,245	8,263	1.9	215	192	15
	Youth	2.01%	85		4,244	2,759	1,486	2.0	51	91	58
	<b>Total</b>		<b>3,606</b>		<b>167,747</b>	<b>91,898</b>	<b>75,849</b>		<b>4,368</b>	<b>3,203</b>	<b>2,057</b>

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

## Wyong Shire Council

## Special Schedule No. 7

## Condition of public works as at 30 June 2012 (continued)

Asset class	Asset category	Depreciation rate %	Depreciation expense \$000	Cost \$000	Valuation \$000	Accumulated depreciation \$000	WDV \$000	Asset Condition	Estimated cost to bring to satisfactory \$000	Reqd. annual maintenance expense \$000	Current annual maintenance expense \$000
<b>Public Roads</b>	Sealed Road Surface	4.56%	4,073		89,288	58,629	30,659	3.2	22,557	3,005	1,584
	Sealed Road Structure	1.51%	4,980		329,357	151,749	177,608	3.2	61,500	5,562	5,841
	Unsealed Roads	0.00%			2,634	2,634		2.5	1,738	132	1,139
	Kerb and Gutter	1.40%	938		67,000	17,630	49,369	3.5	4,388	1,225	77
	Bridges	1.40%	165		11,775	6,194	5,582	3.9	825	176	63
	Footpaths	1.03%	338		32,889	5,384	27,505	3.4	3,246	559	362
	<b>Total</b>			<b>10,494</b>		<b>532,943</b>	<b>242,220</b>	<b>290,723</b>		<b>94,254</b>	<b>10,659</b>
<b>Other Structures</b>	<b>Total</b>		<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Water</b>	Treatment Plants	13.65%	1,057		7,747	315	7,433	2.0	0	516	551
	Reservoirs	2.72%	976		35,906	16,066	19,841	2.0	0	316	253
	Mains	1.05%	6,094		582,454	208,842	373,612	2.5	6,910	3,122	3,009
	Pump Stations	10.63%	1,315		12,374	2,605	9,769	2.0	0	752	631
	<b>Total</b>		<b>9,443</b>		<b>638,482</b>	<b>227,827</b>	<b>410,655</b>		<b>6,910</b>	<b>4,706</b>	<b>4,444</b>
<b>Sewerage</b>	Pump Stations	2.48%	3,099		125,160	66,609	58,551	3.0	12,460	2,188	2,046
	Mains	0.87%	5,882		675,799	163,199	512,600	3.2	12,690	1,607	1,578
	Treatment Works	1.91%	2,361		123,637	55,145	68,491	2.8	5,000	1,734	1,810
	<b>Total</b>		<b>11,343</b>		<b>924,596</b>	<b>284,953</b>	<b>639,643</b>		<b>30,150</b>	<b>5,529</b>	<b>5,434</b>
<b>Drainage Works</b>	Pipes-all sizes	0.81%	852		105,631	26,160	79,471	3.0	7,708	1,341	671
	Culverts and Channels	1.03%	694		67,506	20,998	46,508	3.0	6,328	883	429
	GPTs / wetlands	0.54%	55		10,040	446	9,594	3.0	1,204	131	425
	Pits	1.02%	600		58,557	17,877	40,680	3.0	6,972	761	372
	Headwalls	1.25%	20		1,590	580	1,010	3.0	190	21	10
	<b>Total</b>		<b>2,220</b>		<b>243,325</b>	<b>66,060</b>	<b>177,264</b>		<b>22,403</b>	<b>3,136</b>	<b>1,906</b>
<b>All Assets</b>	<b>Total</b>		<b>37,105</b>		<b>2,507,092</b>	<b>912,959</b>	<b>1,594,133</b>		<b>158,085</b>	<b>27,233</b>	<b>22,906</b>
* The Asset Condition categories are as follows:			1	Excellent – no work required, normal maintenance							
			2	Good – only minor additional maintenance work required above normal maintenance							
			3	Average – significant maintenance work required							
			4	Poor – renewal required							
			5	Very Poor – urgent renewal and/or upgrading required							

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



## Wyong Shire Council Notes to Special Schedule No. 7

### What are “public works”?

Special schedule 7 contains information on those assets conforming to a traditional description of public works – roads, drainage, public buildings, and water and sewerage infrastructure. Council is responsible for a wide range of other assets – plant, equipment, library books, recreational assets (including open space assets) and natural assets.

It is intended for future years to include data for natural assets used by council to provide services to its community, recreational assets *and waste assets* within the body of this schedule. The new data will be the product of an extended effort to record and value these assets and to assess future maintenance requirements.

### Asset condition assessment

The following *asset condition* assessment codes have been used in this Schedule. They are adapted from the Division of Local Government’s (DLG) *Local Government Code of Accounting Practice and Financial Reporting (Guidelines) - Update No 20 - June 2012* and the *Planning and Reporting Manual for local government in NSW 2010*.

Code	Description of Asset Condition
1	<b>Excellent</b> – no work required, normal maintenance
2	<b>Good</b> – only minor additional maintenance work required above normal maintenance
3	<b>Average</b> – significant maintenance work required
4	<b>Poor</b> – renewal required
5	<b>Very Poor</b> – urgent renewal and/or upgrading required

The asset condition codes in this schedule represent a simplification as compared to Council's rating system, to facilitate comparisons between different asset types. For additional information on Council's rating system which includes our Asset Serviceability Index (ASI) please refer to our Asset Management Policy and the Asset Management Strategy contained in the Wyong Shire Council Strategic Plan which are available on our website [www.wyong.nsw.gov.au](http://www.wyong.nsw.gov.au).

The asset condition shown in the schedule is an average for the asset category.

For example in the Buildings asset class, for the asset category Council Offices, the average is calculated as total asset condition for the asset category divided by the number of assets in the asset category.

Total for the Council Offices asset category below is (2 + 3 + 4 + 4 + 1) = 14

Number of assets in the asset category below is 5

Asset condition is  $14 \div 5 = 2.8$

Asset Class	Asset Category	Asset Name	Asset Condition
Buildings	Council Offices	Building 1	2.0
Buildings	Council Offices	Building 2	3.0
Buildings	Council Offices	Building 3	4.0
Buildings	Council Offices	Building 4	4.0
Buildings	Council Offices	Building 5	1.0
	<b>Council Offices Average</b>		<b>2.8</b>

### Definition of “satisfactory”

Satisfactory is defined chapter 6 (page 111) in the Planning and Reporting Manual for local government in NSW 2010 as “satisfying expectations of needs, leaving no room for complaint, causing satisfaction, adequate”. Council has determined that a satisfactory standard for our assets (with the exception of buildings) is asset condition 3 – Average (where significant maintenance work is required). For buildings we have assessed the satisfactory standard to be asset condition 2 - Good (only minor additional maintenance work required above normal maintenance) as our buildings are yet to be assessed using the new asset conditions. Buildings will be assessed in the 2013 financial year as part of the property, plant and equipment, operational land and buildings revaluation.

### Estimated cost to bring assets to a satisfactory standard

The “estimated (capital) cost to bring assets to a satisfactory standard” for all asset classes with the exception of buildings is the funding required to bring the assets up to the asset condition assessment of 3, which will keep the assets in a functional condition. This amount does not include any planned enhancements or renewals. The buildings class of assets has previously used a rating description that described “satisfactory” as condition 2. Therefore, for buildings, the “estimated (capital) cost to bring assets to a satisfactory standard” is the funding required to bring the asset up to the asset condition assessment of 2.

The “estimated cost to bring assets to a satisfactory standard” is considered to be a capital investment in our assets. It is a measure of the funding gap. Subject to the comments made above concerning building assets, what we are measuring is, for any assets with an asset condition assessment which is greater than or equal to average, the currently unplanned funding requirements for these assets. Included in the estimated cost to bring assets to a satisfactory standard are any assets with an asset condition greater (worse) than 3. The cost estimates involve bringing these assets to a condition level of 3. For assets with a condition level less (better) than 3 we have not included any funding requirements for these assets.

Continuing our example using the Council Offices asset category the estimated cost to bring the assets to a satisfactory standard has been calculated as follows (asset condition 2 is the level considered satisfactory for buildings):

- Buildings 1 and 5 have not been included in estimated cost to bring the assets to a satisfactory standard as they have been assessed by Council as being at a satisfactory standard.
- Buildings 2, 3 and 4 have been included in estimated costs totalling \$175,000 as the asset condition is greater (worse) than 2.

<b>Asset Class</b>	<b>Asset Category</b>	<b>Asset Name</b>	<b>Asset Condition</b>	<b>Estimated Costs</b>
Buildings	Council Offices	Building 1	2.0	-
Buildings	Council Offices	Building 2	3.0	\$50,000
Buildings	Council Offices	Building 3	4.0	\$50,000
Buildings	Council Offices	Building 4	4.0	\$75,000
Buildings	Council Offices	Building 5	1.0	-
<b>Council Offices Average</b>			<b>2.8</b>	
<b>Council Offices Total Estimated Costs</b>				<b>\$175,000</b>

If the satisfactory asset condition for buildings was set as 3 as per all other assets then the estimated costs to “estimated (capital) cost to bring assets to a satisfactory standard” would be \$125,000 (which is represented by buildings 3 and 4)

The estimated (capital) cost to bring assets to a satisfactory standard has reduced from \$193m in 2010/11 to \$158m in 2011/12 (a reduction of \$35m). The target for the 2012/13 financial year is \$115m which is a further reduction of \$43m. For further details on reducing the capital backlog please refer to our Asset Management Policy and the Asset Management Strategy contained in the Wyong Shire Council Strategic Plan.

#### **Required annual maintenance expense**

The estimated funding required each year to maintain all assets within a category in a satisfactory condition. The expenditure is to ensure that the asset reaches its estimated useful life. This expenditure is considered an operating expense.

#### **Current annual maintenance expense**

The amount reflects actual expenditure in the current year (from 1 July 2011 to 30 June 2012) to maintain the assets with the asset category. It excludes asset operation costs associated with the process of utilising an asset, as this expenditure does not contribute to retaining the asset in a satisfactory condition.

## Wyong Shire Council Special Schedule No 8 – Financial projections

	2012 Actual \$m	2013 Budget <sup>(3)</sup> \$m	2014 Budget <sup>(3)</sup> \$m	2015 Budget <sup>(3)</sup> \$m	2016 Budget <sup>(3)</sup> \$m
<b>Operating budget</b>					
Income from continuing operations <sup>(1)</sup>	238	249	257	270	279
Expenses from continuing operations <sup>(1)</sup>	236	248	247	252	262
<b>Operating result from continuing operations</b>	<b>2</b>	<b>1</b>	<b>10</b>	<b>18</b>	<b>17</b>
<b>Capital budget</b>					
New works <sup>(2)</sup>	30	44	37	27	55
Replacement of existing assets <sup>(2)</sup>	31	45	41	45	38
<b>Total capital</b>	<b>61</b>	<b>89</b>	<b>78</b>	<b>72</b>	<b>93</b>
<b>Funded by:</b>					
Loans	13	-	-	-	-
Asset sales	-	1	1	1	1
Reserves	11	33	17	16	20
Grants/contributions	19	11	23	21	27
Recurrent revenue	16	44	36	33	43
Other	2	-	1	1	2
<b>Total funds</b>	<b>61</b>	<b>89</b>	<b>78</b>	<b>72</b>	<b>93</b>

Notes:

(1) From Income Statement.

(2) Capital Works are major non-recurrent projects.

(3) Financial projections are in accordance with Council's Intergrated Planning and Reporting framework.