

Wyong Shire Council

## **ORDINARY COUNCIL MEETING**

### **ENCLOSURES**

Wednesday, 8 October, 2014



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**WYONG SHIRE COUNCIL**  
ENCLOSURES TO THE  
**ORDINARY COUNCIL MEETING**  
TO BE HELD IN THE COUNCIL CHAMBER,  
WYONG CIVIC CENTRE, HELY STREET, WYONG  
ON WEDNESDAY, 8 OCTOBER 2014 ,  
COMMENCING AT 5.00PM

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***INDEX***

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**2013/14 Annual Financial Statements**

<b>Attachment 1:</b>	General Purpose Financial Statements, Special Purpose Financial Statements and Water Supply Authority Statements: Statements by Councillors and Management 2013/14 (unsigned).....	3
<b>Attachment 2:</b>	Wyong Shire Council Financial Statements 2013/14 .....	6
<b>Attachment 3:</b>	Wyong Shire Council Water Supply Authority Financial Statements 2013/14 .....	158

Wyong Shire Council

**General Purpose Financial Statements**

for the financial year ended 30 June 2014

**Statement by Councillors and Management**

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

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

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

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

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

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

**Signed in accordance with a resolution of Council made on 8 October 2014.**

\_\_\_\_\_  
Doug Eaton  
**MAYOR**

\_\_\_\_\_  
Lynne Webster  
**DEPUTY MAYOR**

\_\_\_\_\_  
Michael Whittaker  
**GENERAL MANAGER**

\_\_\_\_\_  
Stephen Naven  
**RESPONSIBLE ACCOUNTING OFFICER**

Wyong Shire Council

**Special Purpose Financial Statements**

for the financial year ended 30 June 2014

**Statement by Councillors and Management**

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

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

- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".

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

- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

**Signed in accordance with a resolution of Council made on 8 October 2014.**

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Doug Eaton  
**MAYOR**

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Lynne Webster  
**DEPUTY MAYOR**

---

Michael Whittaker  
**GENERAL MANAGER**

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Stephen Naven  
**RESPONSIBLE ACCOUNTING OFFICER**

Wyong Shire Council Water Supply Authority

Financial Statements

for the financial year ended 30 June 2014

Statement by Councillors

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

**The attached Financial Statements have been prepared in accordance with:**

- The Public Finance and Audit Act 1983 and The Public Finance and Audit Regulation 2010.
- The Australian Accounting Standards (which include Australian Accounting Interpretations).
- The Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these Financial Statements exhibit a true and fair financial position and financial performance of the Water Supply Authority.

**We are not aware of any matter that would render any particulars included in the financial statements to be misleading or inaccurate**

Signed in accordance with a resolution of Council made on 8 October 2014.

\_\_\_\_\_  
Doug Eaton  
MAYOR

\_\_\_\_\_  
Lynne Webster  
DEPUTY MAYOR

\_\_\_\_\_  
Michael Whittaker  
GENERAL MANAGER

\_\_\_\_\_  
Stephen Naven  
RESPONSIBLE ACCOUNTING OFFICER



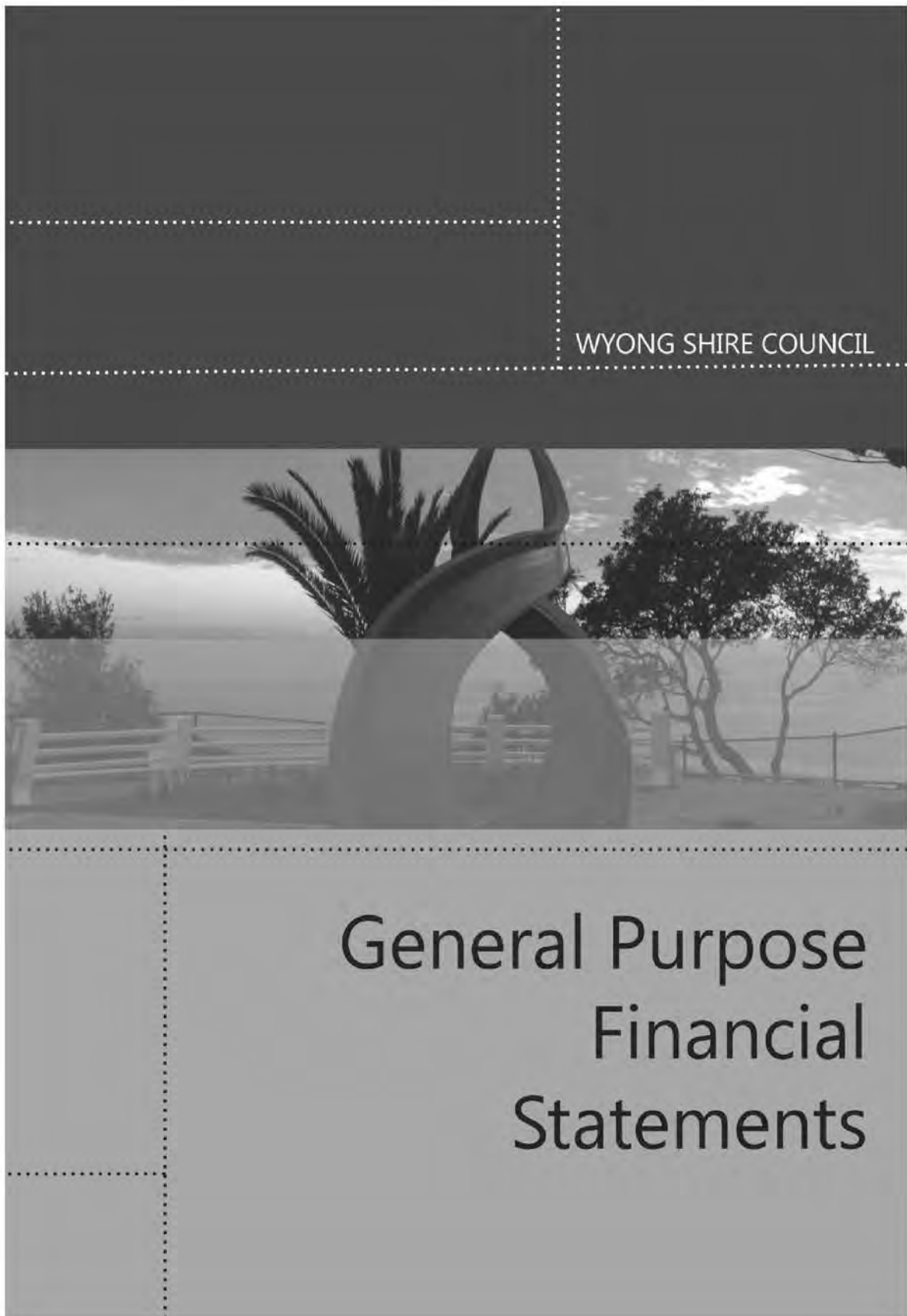
# FINANCIAL REPORTS 2013/14

WYONG SHIRE COUNCIL

*Edith Ring Rest is a significant landmark on the Coast to Lake Walk*



Wyong  
Shire  
Council  
CENTRAL COAST



## Wyong Shire Council

General Purpose Financial Statements  
for the financial year ended 30 June 2014

Contents	Page
<b>1. General Manager's Report</b>	2
<b>2. Understanding Council's Financial Statements</b>	4
<b>3. Statement by Councillors &amp; Management</b>	5
<b>4. Primary Financial Statements:</b>	
- Income Statement	6
- Statement of Comprehensive Income	7
- Statement of Financial Position	8
- Statement of Changes in Equity	9
- Statement of Cash Flows	10
<b>5. Notes to the Financial Statements</b>	11
<b>6. Independent Auditor's Reports:</b>	
- On the Financial Statements (Sect 417 [2])	103
- On the Conduct of the Audit (Sect 417 [3])	105

Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Wyong Shire Council.

(ii) Wyong Shire Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

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

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

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

(iii) All figures presented in these financial statements are presented in Australian Currency.

(iv) These financial statements were authorised for issue by the Council on 8 October 2014. Council has the power to amend and reissue these financial statements.



## Wyong Shire Council

## Financial Statements

for the financial year ended 30 June 2014

General Manager's Report

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It is with great pleasure that I present the 2014 financial statements for Wyong Shire Council.

**Financial Performance**

The 2014 financial year has seen our operations again in the black and our history of multi-million dollar operational deficits are well and truly behind us. The modest surplus of \$5 million in 2014, our second surplus in a row after ten years of deficits, signifies our commitment to fiscal responsibility, reducing costs and working smarter. Compared to 2010, our costs have fallen by approximately 13% in real terms. This is a fantastic feat given a large portion of our cost base is subject to annual cost increases. It is credit to the hard work and dedication of Councillors and Staff that we have been able to achieve this result.

Other challenges to our operations that make this result more pleasing is the pricing determination set by the Independent Pricing and Regulatory Tribunal (IPaRT) which see our Water and Sewer operations remain in deficit and offset by the surplus from General fund operations. During 2014 we invested in the replacement of over 12,000 water meters. This project not only ensures our meters remain within standards, it also allows us to more accurately measure, charge and predict water usage and maintain charging equity between our customers. This and other business reviews will improve the financial performance of the water and sewer operations and we believe we will continue to deliver consolidated operational surpluses through continued financial prudence and improved yields from our assets and operating units.

The past two years of operating surpluses is entrenching a culture for continual operational improvement which will allow us to deliver on the key projects and other job creating initiatives that the community need and deserve.

**Financial Position/Assets**

Council is responsible for managing \$3 billion in infrastructure and other assets that belong to the community. It was the clear request of our community that we focus on getting back to basics by addressing asset maintenance and the asset backlog. In 2014 we spent \$76.5 million on capital expenditure, of which \$10 million was specifically allocated to address the asset backlog. To assist funding the increased investment in community assets an extra \$2 million in rates receipts was collected via the Special Rate Variation (SRV).

In 2014 we spent \$58.5 million on roads including \$33.9 million on upgrades and renewals, delivering our target of 13.8km. The two biggest upgrades were Minnesota Road and Warnervale Road, costing almost \$5 million combined in 2013/14 alone, these works have made a huge impact for the residents who live in these areas. The \$1 million Tumbi Creek Bridge is now operational and is a vital link in our shared pathway network now spanning over 100km of our Shire.

We have also continued to invest in our water and sewer infrastructure with further improvements in water quality at Mardi Water Treatment Plant, installation of a new inlet screen at Gwandalan Sewage Treatment Plant and continued relining and rehabilitation of our sewerage network. Over the next few years we will continue to invest in renewing aging sewage pumping stations and improving water quality.

Our 2014/15 strategic plan outlines one of the State's largest capital works programs of \$100m to help create jobs in our local area, bring our \$3 billion of assets to a satisfactory condition and to invest in our infrastructure to deliver essential services for the forecasted population increase within our Shire. This will be funded from operational revenue, prudent fiscal management and the sale of surplus assets to invest in strategic assets for the community with a key focus on job creation.

## Wyong Shire Council

## Financial Statements

for the financial year ended 30 June 2014

## General Manager's Report (continued)

It is a huge challenge for an essential service organisation to deliver a wide range of best value services with a 2014/15 budget of \$340 million to everyone in our community but I do believe Wyong Shire Council has the ideas, plans and people to deliver the services and infrastructure that our current and future residents need and deserve. Our operating results over the past two years after years of operational deficits are evidence of this ability.

I want to thank the Mayor, Councillors, 1200 Staff and many community volunteers for their efforts over the last year to achieve this result and look forward to working with them into the future to make Wyong Shire a better place to live and work.

**Michael Whittaker**  
General Manager



## Wyong Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

### Understanding Council's Financial Statements

#### Introduction

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

#### What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2014.

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

#### About the Councillor/Management Statement

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

#### About the Primary Financial Statements

The financial statements incorporate five primary financial statements:

##### 1. The Income Statement

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

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

##### 2. The Statement of Comprehensive Income

Primarily records changes in the fair values of Council's Infrastructure, Property, Plant and Equipment.

##### 3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its Assets, Liabilities and Net Wealth.

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

The overall change for the year (in dollars) of Council's Net Wealth.

##### 5. The Statement of Cash Flows

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

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

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

In NSW, the Auditor provides two audit reports:

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

#### Who uses the Financial Statements?

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

Submissions from the public can be made to Council up to 7 days subsequent to the public presentation of the financial statements.

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

## Wyong Shire Council

## General Purpose Financial Statements

for the financial year ended 30 June 2014

## Statement by Councillors and Management

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

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

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

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

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

**We are not aware of any matter that would render the Reports false or misleading in any way.****Signed in accordance with a resolution of Council made on 8 October 2014.**

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Doug Eaton  
**MAYOR**

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Lynne Webster  
**DEPUTY MAYOR**

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Michael Whittaker  
**GENERAL MANAGER**

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Stephen Naven  
**RESPONSIBLE ACCOUNTING OFFICER**

Financial Statements 2014

## Wyong Shire Council

## Income Statement

for the financial year ended 30 June 2014

Budget 2014	\$ '000		Actual 2014	Actual 2013
<b>Income from Continuing Operations</b>				
<i>Revenue:</i>				
142,171	Rates & Annual Charges	11	142,129	135,676
60,569	User Charges & Fees	96	56,743	57,503
8,677	Interest & Investment Revenue	30	7,479	9,272
4,124	Other Revenues	31	5,483	4,084
14,431	Grants & Contributions provided for Operating Purposes	28,1	15,616	25,953
14,644	Grants & Contributions provided for Capital Purposes	28,1	15,765	15,114
<i>Other Income:</i>				
490	Net gains from the disposal of assets	51	-	-
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
245,106	<b>Total Income from Continuing Operations</b>		<b>243,215</b>	<b>247,602</b>
<b>Expenses from Continuing Operations</b>				
79,473	Employee Benefits & On-Costs	48	74,076	75,224
16,071	Borrowing Costs	10	15,084	16,742
43,382	Materials & Contracts	40	41,598	44,674
55,078	Depreciation & Amortisation	44	55,511	52,651
-	Impairment	41	-	26
38,802	Other Expenses	40	34,727	34,010
-	Net Losses from the Disposal of Assets	5	981	1,855
232,806	<b>Total Expenses from Continuing Operations</b>		<b>221,977</b>	<b>225,182</b>
12,300	<b>Operating Result from Continuing Operations</b>		<b>21,238</b>	<b>22,420</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
12,300	<b>Net Operating Result for the Year</b>		<b>21,238</b>	<b>22,420</b>
12,300	<b>Net Operating Result attributable to Council</b>		<b>21,238</b>	<b>22,420</b>
-	<b>Net Operating Result attributable to Non-controlling Interests</b>		<b>-</b>	<b>-</b>
(2,344)	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>5,473</b>	<b>7,306</b>

Original financial statements approved by Council on 19th June 2014

Financial Statements for the year ended 30 June 2014 are based on the information provided by the Council and its staff.

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

page 6

Financial Statements 2014

## Wyong Shire Council

## Statement of Comprehensive Income

for the financial year ended 30 June 2014

\$ '000	2014	Actual 2014	Actual 2013
<b>Net Operating Result for the year</b> (as per Income statement)		<b>21,238</b>	<b>22,420</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (i)	34,359	145,569
Adjustment to correct prior period errors		-	69,791
Impairment (loss) reversal relating to I,PP&E	20b (i)	(1,324)	-
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>33,035</b>	<b>215,360</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
<b>Total Other Comprehensive Income for the year</b>		<b>33,035</b>	<b>215,360</b>
<b>Total Comprehensive Income for the Year</b>		<b>54,273</b>	<b>237,780</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>54,273</b>	<b>237,780</b>
<b>Total Comprehensive Income attributable to Non-controlling Interests</b>		<b>-</b>	<b>-</b>

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

page 7

Financial Statements 2014

## Wyong Shire Council

## Statement of Financial Position

as at 30 June 2014

\$ '000	2014	Actual 2014	Actual 2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	00	19,357	28,667
Investments	00	102,913	116,000
Receivables	7	31,738	31,569
Inventories	8	1,442	1,947
Other	8	720	537
Non-current assets classified as "held for sale"	22	-	-
<b>Total Current Assets</b>		<b>156,170</b>	<b>178,720</b>
<b>Non-Current Assets</b>			
Investments	00	25,000	16,573
Receivables	7	480	512
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	8	2,576,048	2,523,472
Investments accounted for using the equity method	19	250	250
Investment Property	19	-	-
Intangible Assets	35	340	711
<b>Total Non-Current Assets</b>		<b>2,602,118</b>	<b>2,541,518</b>
<b>TOTAL ASSETS</b>		<b>2,758,288</b>	<b>2,720,238</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	00	34,103	36,931
Borrowings	00	11,368	10,755
Provisions	00	23,424	27,530
<b>Total Current Liabilities</b>		<b>68,895</b>	<b>75,216</b>
<b>Non-Current Liabilities</b>			
Payables	10	12,290	14,210
Borrowings	10	172,672	181,132
Provisions	10	54,532	54,054
<b>Total Non-Current Liabilities</b>		<b>239,494</b>	<b>249,396</b>
<b>TOTAL LIABILITIES</b>		<b>308,389</b>	<b>324,612</b>
<b>Net Assets</b>		<b>2,449,899</b>	<b>2,395,626</b>
<b>EQUITY</b>			
Retained Earnings	20	1,364,702	1,343,464
Revaluation Reserves	20	1,085,197	1,052,162
Council Equity Interest		2,449,899	2,395,626
Non-controlling Interests		-	-
<b>Total Equity</b>		<b>2,449,899</b>	<b>2,395,626</b>

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

page 8

## Wyong Shire Council

Statement of Changes in Equity  
for the financial year ended 30 June 2014

\$ '000	Notes	Retained Earnings	Reserves (Refer 20(b))	Council Interest	Non-controlling Interest	Total Equity
<b>2014</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		1,343,464	1,052,162	<b>2,395,626</b>	-	<b>2,395,626</b>
a. Correction of Prior Period Errors	20(c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20(d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/13)		<b>1,343,464</b>	<b>1,052,162</b>	<b>2,395,626</b>	-	<b>2,395,626</b>
c. Net Operating Result for the Year		<b>21,238</b>	-	<b>21,238</b>	-	<b>21,238</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsv	20(b)(ii)	-	34,359	<b>34,359</b>	-	<b>34,359</b>
- Impairment (loss) reversal relating to I,PP&E	20(b)(ii)	-	(1,324)	<b>(1,324)</b>	-	<b>(1,324)</b>
<b>Other Comprehensive Income</b>		-	<b>33,035</b>	<b>33,035</b>	-	<b>33,035</b>
<b>Total Comprehensive Income</b> (c&d)		<b>21,238</b>	<b>33,035</b>	<b>54,273</b>	-	<b>54,273</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>1,364,702</b>	<b>1,085,197</b>	<b>2,449,899</b>	-	<b>2,449,899</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20(b))	Council Interest	Non-controlling Interest	Total Equity
<b>2013</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		1,251,253	906,593	<b>2,157,846</b>	-	<b>2,157,846</b>
a. Correction of Prior Period Errors	20(c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20(d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/12)		<b>1,251,253</b>	<b>906,593</b>	<b>2,157,846</b>	-	<b>2,157,846</b>
c. Net Operating Result for the Year		<b>22,420</b>	-	<b>22,420</b>	-	<b>22,420</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsv	20(b)(ii)	-	145,569	<b>145,569</b>	-	<b>145,569</b>
- Other Movements	20(b)	69,791	-	<b>69,791</b>	-	<b>69,791</b>
<b>Other Comprehensive Income</b>		<b>69,791</b>	<b>145,569</b>	<b>215,360</b>	-	<b>215,360</b>
<b>Total Comprehensive Income</b> (c&d)		<b>92,211</b>	<b>145,569</b>	<b>237,780</b>	-	<b>237,780</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>1,343,464</b>	<b>1,052,162</b>	<b>2,395,626</b>	-	<b>2,395,626</b>



Financial Statements 2014

## Wyong Shire Council

## Statement of Cash Flows

for the financial year ended 30 June 2014

Budget 2014	\$ '000		Actual 2014	Actual 2013
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
141,814		Rates & Annual Charges	142,570	135,469
60,233		User Charges & Fees	57,699	58,551
9,028		Investment & Interest Revenue Received	7,307	8,436
29,010		Grants & Contributions	23,862	38,242
-		Bonds, Deposits & Retention amounts received	474	622
3,953		Other	11,811	13,043
<b>Payments:</b>				
(79,056)		Employee Benefits & On-Costs	(75,378)	(75,447)
(50,719)		Materials & Contracts	(52,160)	(45,009)
(13,566)		Borrowing Costs	(14,834)	(10,727)
-		Bonds, Deposits & Retention amounts refunded	(435)	(581)
(39,464)		Other	(36,728)	(46,000)
61,233		<b>Net Cash provided (or used in) Operating Activities</b>	<b>64,188</b>	<b>76,599</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
16,006		Sale of Investment Securities	94,827	136,931
1,937		Sale of Infrastructure, Property, Plant & Equipment	1,695	2,689
<b>Payments:</b>				
-		Purchase of Investment Securities	(90,364)	(145,856)
(83,827)		Purchase of Infrastructure, Property, Plant & Equipment	(71,809)	(68,011)
-		Contributions Paid to Joint Ventures & Associates	-	(125)
(65,884)		<b>Net Cash provided (or used in) Investing Activities</b>	<b>(65,651)</b>	<b>(74,372)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
-		Proceeds from Borrowings & Advances	3,000	7,130
<b>Payments:</b>				
(11,691)		Repayment of Borrowings & Advances	(10,847)	(12,818)
(11,691)		<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>(7,847)</b>	<b>(5,688)</b>
(16,342)		<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(9,310)</b>	<b>(3,461)</b>
28,667		plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	28,667	32,128
12,325		<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>19,357</b>	<b>28,667</b>
<b>Additional Information:</b>				
		plus: <b>Investments on hand - end of year</b>	127,913	132,573
		<b>Total Cash, Cash Equivalents &amp; Investments</b>	<b>147,270</b>	<b>161,240</b>

Please refer to Note 11 for additional cash flow information

## Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	12
2(a)	Council Functions / Activities - Financial Information	25
2(b)	Council Functions / Activities - Component Descriptions	26
3	Income from Continuing Operations	28
4	Expenses from Continuing Operations	34
5	Gains or Losses from the Disposal of Assets	38
6(a)	Cash & Cash Equivalent Assets	39
6(b)	Investments	39
6(c)	Restricted Cash, Cash Equivalents & Investments - Details	41
7	Receivables	43
8	Inventories & Other Assets	44
9(a)	Infrastructure, Property, Plant & Equipment	46
9(b)	Externally Restricted Infrastructure, Property, Plant & Equipment	47
9(c)	Infrastructure, Property, Plant & Equipment - Current Year Impairments	47
10(a)	Payables, Borrowings & Provisions	48
10(b)	Description of (and movements in) Provisions	50
11	Statement of Cash Flows - Additional Information	51
12	Commitments for Expenditure	53
13	Statement of Performance Measures:	
	13a (i) Local Government Industry Indicators (Consolidated)	54
	13a (ii) Local Government Industry Graphs (Consolidated)	55
	13b Local Government Industry Indicators (by Fund)	57
14	Investment Properties	58
15	Financial Risk Management	58
16	Material Budget Variations	62
17	Statement of Developer Contributions	64
18	Contingencies and Other Liabilities/Assets not recognised	72
19	Controlled Entities, Associated Entities & Interests in Joint Ventures	74
20	Equity - Retained Earnings and Revaluation Reserves	77
21	Financial Result & Financial Position by Fund	78
22	"Held for Sale" Non Current Assets & Disposal Groups	80
23	Events occurring after the Reporting Date	80
24	Discontinued Operations	80
25	Intangible Assets	81
26	Reinstatement, Rehabilitation & Restoration Liabilities	82
27	Fair Value Measurement	83

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

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

**(a) Basis of preparation**

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

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

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

- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

AASB 13 Fair Value Measurement has not affected the assets or liabilities which are to be measured at fair value; however it provides detailed guidance on how to measure fair value in accordance with the accounting standards.

It introduces the concept of highest and best use for non-financial assets and has caused the Council to review their valuation methodology.

The level of disclosures regarding fair value has increased significantly and has been included in the financial statements at Note 27.

AASB 119 Employee Benefits has changed the basis for determining the income or expense related to defined benefit plans and introduces revised definitions for short-term employee benefits.

Whilst Council has reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period, there has been no effect on the amounts disclosed as leave liabilities since Council's existing valuation policy was to discount annual leave payable more than 12 months after the end of the reporting period to present values.

***Early adoption of standards***

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

***Historical cost convention***

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

***Critical accounting estimates and judgements***

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

**Critical accounting estimates and assumptions**

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

- (i) Estimated fair values of investment properties.
- (ii) Estimated fair values of infrastructure, property, plant and equipment.
- (iii) 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.

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

**(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 the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

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

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

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

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

Revenue is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably.

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

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

***User charges and fees***

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

***Sale of plant, property, infrastructure and equipment***

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

***Interest***

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

***Rent***

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

***Other income***

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

**(c) Principles of consolidation*****The Consolidated Fund***

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

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

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 S355
- Central Coast Water Corporation

**The Trust Fund**

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

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings. Details of the activity are set out in Note 19.

**Joint venture entities**

The interest in a joint venture partnership is accounted for using the equity method after initially

being recognised at cost. Under the equity method, the share of the profits or losses of the partnership is recognised in profit or loss, and the share of post-acquisition movements in reserves is recognised in other comprehensive income. Details relating to the partnership are set out in note 19.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the Council's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

**Central Coast Water Corporation**

The project by Gosford and Wyong Councils to implement the Central Coast Water Corporation (CCWC) and Joint Services Business was aimed at achieving a co-ordinated regional management approach to water and sewerage services and decision-making, and reducing costs through the development of common administrative systems and pooled resources.

The project is currently suspended.

**(d) Leases**

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

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

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

**(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 the future are discounted to their present value as at the date of exchange. The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

**(f) Impairment of assets**

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

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

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

**(g) Cash and cash equivalents**

For Statement of cashflow 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 are shown within borrowings in current liabilities on the statement of financial position.

**(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.

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

**(i) Inventories*****Raw materials and stores, work in progress and finished goods***

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw material. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

***Land held for resale/capitalisation of borrowing costs***

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.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

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

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property

that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the Income statement.

**(k) Investments and other financial assets*****Classification***

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

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

**(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in other receivables (note 8) and receivables (note 7) in the statement of financial position.

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

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

**(iv) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

**Recognition and de-recognition**

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

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

**Subsequent measurement**

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

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 (note Council's obligations under Section 625 of the Local Government Act and Section 212 of the Local Government (General) Regulation 2005). 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



## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

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).

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

skill that a prudent person would exercise in investing Council funds.

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

**(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 statement of financial position 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 and equipment (IPPE)****Initial Recognition**

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

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

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

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

**Asset Revaluations (including indexation)**

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

- Operational land (External Valuation)
- Buildings – Specialised/Non Specialised (External Valuation)
- Water/Sewerage Networks (Internal Valuation)
- Plant and equipment (as approximated by depreciated historical cost)
- Road assets – roads, bridges and footpaths (External Valuation)
- Drainage assets – (External Valuation)
- Bulk earthworks – (as approximated by depreciated historical cost)
- Community land – (Internal Valuation)
- Land Improvements (as approximated by depreciated historical cost)
- Other structures (as approximated by depreciated historical cost)
- Other assets (as approximated by depreciated historical cost)

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water – Rates Reference Manual. For all other assets, 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.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised in profit or loss.

Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income statement.

**Subsequent Costs**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future 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 follows (on the next page):

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

Buildings	8 to 100 years
Vehicles	3 to 10 years
Heavy Plant	6 to 28 years
Other plant and equipment	4 to 35 years
Office Equipment	2 to 10 years
Office Furniture	1 to 20 years
Computer Equipment	2 to 10 years
Playground Equipment	20 years
Benches, seats etc	25 years
Dams	5 to 150 years
Water Mains	50 to 100 years
Water & Sewerage Treatment Plants - Civil	15 to 100 years
Water & Sewerage Treatment Plants - Other	15 to 100 years
Sewerage Pipelines and Mains	25 to 100 years
Drainage Assets	30 to 120 years
Concrete Bridges	80 to 100 years
Road Surface:	
* Asphalt surface	25 to 33 years
* Spray Seal surface	12 to 32 years
* Slurry Seal surface	12 years
* Open Graded AC	12 years
* Concrete surface	50 years
* Gravel	5 years
* Earth	30 years
* Other	2 to 33 years
Road Structure:	
* Gravel Base and Sub Base	63 to 80 years
* Other	10 to 80 years
Kerb, Gutter and Paths	20 to 100 years

Items of IPPE, except for land and construction of buildings, are capitalised in accordance with thresholds set in Council's *Manual on Infrastructure Capitalisation*.

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

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

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

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

**(n) Investment property**

In the period ended 30 June 2014, Council had no investment properties.

**(o) Payables**

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

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

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

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

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

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

**(s) Employee benefits****Short-term obligations**

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

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

**Other long term employee benefit obligations**

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

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

**Retirement benefit obligations**

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

**Defined Benefit Plans**

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the statement of financial position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels,

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

experience of employee departures and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans ie. as an expense it becomes payable (see below).

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB119 Employee Benefits.

Sufficient information is not available to account for the Scheme as a defined benefit plan in accordance with AASB119, because the assets to the Scheme are pooled together for all Councils.

As such 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.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense at Note 4(a) for the year ending 30 June 2014 was \$2,634,256. The Scheme's most recent full actuarial review was performed by Richard Boyfield of Mercer Consulting (Australia) Pty Ltd and covers the period ended 30 June 2014.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2014 a deficit still exists. Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit. The share of this deficit that is broadly attributed to Wyong Shire Council is estimated to be in the order of \$4,218,188 as at 30 June 2014.

**Defined Contribution Plans**

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

**(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 was 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) Self insurance**

Council has decided to self-insure for workers' compensation risks. A provision for self-insurance has been made to recognise outstanding claims the amount of which is detailed in Note 10. Council also maintains cash and investments to meet expected future claims and these are detailed in Note 6(c).

**(w) 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 costs, software and hardware licences, as well as direct costs of materials and labour. Council's contribution to these costs have been capitalised as an intangible asset and amortised on a straight line basis over the period of the contract.

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

**(x) 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.

**(y) 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.

**(z) Goods and Services Tax (GST)**

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from

investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

**(aa) New accounting standards and Interpretations issued not yet effective**

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2014.

Council has not adopted any of these standards early.

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, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)**

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities. 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.

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 de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

**(ii) AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets** (effective for Council's 30 June 2015 Financial Statements)

There are no changes to reported financial position or performance from AASB 2013-3, however additional disclosures may be required.

**(iii) 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 for 1 January 2014 for not-for-profit entities)

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.

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.

**(ab) Comparative Figures**

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

**(ac) Disclaimer**

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

## Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).														
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations			Total Assets held (Current & Non-current)		
	Original Budget 2014	Actual 2014	Actual 2013	Original Budget 2014	Actual 2014	Actual 2013	Original Budget 2014	Actual 2014	Actual 2013	Actual 2014	Actual 2013	Actual 2014	Actual 2013	Actual 2014	Actual 2013
Governance	6	2	1	1,586	1,577	393	(1,581)	(1,576)	(991)	0	0	-	-	(0)	
Community and Education	6,318	7,115	6,179	16,612	17,058	14,992	(10,294)	(9,942)	(8,812)	2,100	1,186	53,703	50,230		
Community and Recreation	1,302	845	1,185	19,663	17,457	16,534	(18,362)	(16,613)	(15,349)	313	679	76,988	79,501		
Economic & Property Development	3,431	2,958	2,232	11,705	10,884	10,166	(8,274)	(7,926)	(7,935)	371	309	418,454	381,014		
Council Enterprises	10,175	10,591	10,318	9,542	9,224	9,686	633	1,367	632	2	3	53,705	30,891		
Regulatory	4,452	4,671	4,968	11,069	10,095	11,986	(6,617)	(5,424)	(7,017)	46	293	537	583		
Environment and Land Use	3,471	3,287	7,055	12,742	8,827	13,969	(9,271)	(5,540)	(6,915)	1,425	5,151	16,876	10,100		
Waste Management	42,281	39,647	40,929	35,949	26,962	28,029	6,332	12,685	12,900	1,342	1,751	13,055	7,368		
Roads	5,372	7,069	6,215	32,916	35,238	31,137	(27,545)	(28,169)	(24,923)	3,004	1,546	380,676	367,403		
Stormwater	7,776	7,413	7,012	5,118	4,802	5,183	2,658	2,611	1,829	-	-	249,378	242,121		
Sewerage Services	31,247	31,652	31,337	29,773	35,822	35,416	1,475	(4,169)	(4,079)	677	666	746,792	732,571		
Water Supply	40,921	41,100	38,570	46,661	44,505	46,391	(5,740)	(3,404)	(7,821)	1,774	1,372	641,912	641,412		
Administration	929	1,220	588	(354)	(354)	596	1,283	1,574	(8)	28	27	105,976	176,565		
Corporate Income and Expense	6,807	6,004	8,341	(176)	(120)	704	6,985	6,124	7,637	146	1,765	6	229		
<b>Total Functions &amp; Activities</b>	<b>164,488</b>	<b>163,574</b>	<b>164,930</b>	<b>232,806</b>	<b>221,977</b>	<b>225,182</b>	<b>(68,316)</b>	<b>(58,403)</b>	<b>(60,253)</b>	<b>11,228</b>	<b>14,748</b>	<b>2,758,038</b>	<b>2,719,988</b>		
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-	250	
General Purpose Income	80,618	79,641	82,672	-	-	-	80,618	79,641	82,672	7,719	13,069	-	-		
<b>Operating Result from Continuing Operations</b>	<b>245,106</b>	<b>243,215</b>	<b>247,602</b>	<b>232,806</b>	<b>221,977</b>	<b>225,182</b>	<b>12,300</b>	<b>21,238</b>	<b>22,420</b>	<b>18,947</b>	<b>27,817</b>	<b>2,758,288</b>	<b>2,720,238</b>		

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



## Wyong Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

##### **GOVERNANCE**

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

##### **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.

##### **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 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.

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

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

**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.

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 3. Income from Continuing Operations

\$ '000	Actual 2014	Actual 2013
<b>(a) Rates &amp; Annual Charges</b>		
<b>Ordinary Rates</b>		
Residential	54,749	51,112
Farmland	318	304
Mining	878	823
Business	8,498	7,942
<b>Total Ordinary Rates</b>	<b>64,443</b>	<b>60,181</b>
<b>Special Rates</b>		
Stormwater	1,720	1,706
Town Improvement	1,072	1,013
<b>Total Special Rates</b>	<b>2,792</b>	<b>2,719</b>
<b>Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</b>		
Domestic Waste Management Services	28,555	26,985
Water Supply Services	10,029	10,278
Sewerage Services	27,435	27,404
Drainage	6,426	5,763
Waste Management Services (non-domestic)	2,173	2,080
Liquid Trade Waste	228	222
Section 611 Charges	48	44
<b>Total Annual Charges</b>	<b>74,894</b>	<b>72,776</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>	<b>142,129</b>	<b>135,676</b>

Council has used 2011 year valuations provided by the NSW Valuer General in calculating its rates.

Financial Statements 2014

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2014	Actual 2013
<b>(b) User Charges &amp; Fees</b>		
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)		
Domestic Waste Additional Services	6	6
Water Supply Services	26,940	25,394
Sewerage Services	467	760
Waste Management Services (non-domestic)	44	36
Liquid Trade Waste	611	546
<b>Total User Charges</b>	<b>28,068</b>	<b>26,742</b>
<b>Other User Charges &amp; Fees</b>		
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)		
Development Applications	1,394	1,161
Building Certification	446	409
Regulatory/ Statutory Fees	81	56
Building Inspection	490	386
Inspection Services	135	103
Regulatory/Statutory Certificates	191	153
Registration Fees	39	37
Rezoning Fees	148	209
Section 149 Certificates (EPA Act)	423	344
Section 355 Committees	424	398
Section 603 Certificates	396	305
Shop Inspection Fees	303	300
Other	103	69
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>	<b>4,573</b>	<b>3,930</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)		
Child Care	3,770	3,934
Community Centres	728	589
Companion Animals	253	201
Engineering Design Fees	486	243
Holiday Parks	9,179	8,921
On Site Sewer Management (OSSM) Fees	178	185
RMS (formerly RTA) Charges (State Roads not controlled by Council)	1,959	2,349
Tipping Fees	6,974	9,731
Other	575	678
<b>Total Fees &amp; Charges - Other</b>	<b>24,102</b>	<b>26,831</b>
<b>TOTAL USER CHARGES &amp; FEES</b>	<b>56,743</b>	<b>57,503</b>

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2014	Actual 2013
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>		
<b>Interest &amp; Dividends</b>		
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)	868	931
- Interest earned on Investments (interest & coupon payment income)	6,722	7,568
- Interest & Dividend Income (Other)	22	19
<b>Fair Value Adjustments</b>		
- Fair Valuation movements in Investments (at FV or Held for Trading)	(197)	679
<b>Amortisation of Premiums &amp; Discounts</b>		
- Interest Free (& Interest Reduced) Loans provided	(10)	3
<b>Other</b>	74	72
<b>TOTAL INTEREST &amp; INVESTMENT REVENUE</b>	<b>7,479</b>	<b>9,272</b>
<b>Interest Revenue is attributable to:</b>		
<b>Unrestricted Investments/Financial Assets:</b>		
Overdue Rates & Annual Charges (General Fund)	868	931
General Council Cash & Investments	2,710	4,192
<b>Restricted Investments/Funds - External:</b>		
<b>Development Contributions</b>		
- Section 64	707	835
- Section 93F - General	42	20
- Section 93F: Drainage	16	2
- Section 93F: Water	18	1
- Section 93F: Sewer	6	1
- Section 94 - General	648	725
- Section 94 - Drainage	301	360
- Section 94A	19	11
Water Fund Operations	630	289
Sewerage Fund Operations	1,514	1,905
<b>Total Interest &amp; Investment Revenue Recognised</b>	<b>7,479</b>	<b>9,272</b>
<b>(d) Other Revenues</b>		
Fines - Parking	280	420
Fines - Other	166	214
Legal Fees Recovery - Other	171	31
Cemetery Income	203	175
Commissions & Agency Fees	10	10
Diesel Rebate	67	81
External Works	245	353
Insurance Claim Recoveries	80	111
Landfill Gas Royalty Payment	437	249
Property Rents	1,971	1,612
Restoration from Utility Providers	806	76
Sale of Scrap Metal	116	90
Sales - General	106	99
Sewerage Connections	198	92
Water Connections	263	198
Other	364	273
<b>TOTAL OTHER REVENUE</b>	<b>5,483</b>	<b>4,084</b>

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 3. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	5,465	9,814	-	-
Financial Assistance - Local Roads Component	1,009	2,033	-	-
Pensioners' Rates Subsidies - General Component	1,245	1,222	-	-
<b>Total General Purpose</b>	<b>7,719</b>	<b>13,069</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
<b>Pensioners' Rates Subsidies:</b>				
- Water	703	719	-	-
- Sewerage	672	666	-	-
- Domestic Waste Management	747	745	-	-
Water Supplies	-	-	950	600
Aged and Disabled	34	81	-	-
Bushfire & Emergency Services	787	918	491	320
Child Care	379	400	-	-
Employment & Training Programs	100	91	-	-
Environmental Protection	833	5,462	80	26
Fire Protection	-	132	-	-
Health Services	41	42	-	-
Library	356	351	46	29
Local Infrastructure Renewal Scheme (LIRS)	305	118	-	-
Recreational Facilities	-	-	308	856
Roads and Bridges	68	52	1,499	30
Storm Damage	40	171	32	-
Street Lighting	235	235	-	-
Transport	13	11	-	-
Transport (Roads to Recovery)	-	-	1,150	875
Youth Services	54	-	1,000	1,705
Other	305	113	-	-
<b>Total Specific Purpose</b>	<b>5,672</b>	<b>10,307</b>	<b>5,556</b>	<b>4,441</b>
<b>Total Grants</b>	<b>13,391</b>	<b>23,376</b>	<b>5,556</b>	<b>4,441</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	-	3,890	2,230	2,575
- State Funding	13,343	19,439	3,326	1,866
- Other Funding	48	47	-	-
	<b>13,391</b>	<b>23,376</b>	<b>5,556</b>	<b>4,441</b>

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 3. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
(f) Contributions				
<b>Developer Contributions:</b>				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 93F - Contributions using Planning Agreements	-	-	298	1,213
S 94A - Fixed Development Consent Levies	-	-	534	295
S 64 - Water Supply Contributions	-	-	1,330	799
S 64 - Sewerage Service Contributions	-	-	1,247	632
S 94 - Stormwater Contributions	-	-	763	784
S 94 - Roadworks	-	-	968	809
S 94 - Open Space	-	-	1,459	1,770
S 94 - Community Facilities	-	-	1,276	1,324
Other Developer Contributions	-	-	40	43
<b>Total Developer Contributions</b>	<b>-</b>	<b>-</b>	<b>7,915</b>	<b>7,669</b>
<b>Other Contributions:</b>				
Bushfire Services	-	-	-	33
Dedications (other than by S94)	-	-	2,048	2,679
Kerb & Gutter	-	-	97	86
Paving	-	-	-	102
Roads	-	-	-	3
RMS Contributions (Regional Roads, Block Grant)	794	881	-	-
Town Planning	150	261	-	-
Vehicle Contributions by Employees	1,001	1,037	-	-
Other Environmental Protection	60	147	-	45
Other	220	251	149	56
<b>Total Other Contributions</b>	<b>2,225</b>	<b>2,577</b>	<b>2,294</b>	<b>3,004</b>
<b>Total Contributions</b>	<b>2,225</b>	<b>2,577</b>	<b>10,209</b>	<b>10,673</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>15,616</b>	<b>25,953</b>	<b>15,765</b>	<b>15,114</b>

## Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2014	Actual 2013
<b>(g) Restrictions relating to Grants and Contributions</b>		
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the Close of the Previous Reporting Period	42,614	46,058
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	15,374	6,762
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	(12,614)	(10,206)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>2,760</b>	<b>(3,444)</b>
<b>Unexpended and held as Restricted Assets</b>	<b>45,374</b>	<b>42,614</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	3,727	4,770
- Developer Contributions	40,814	37,148
- Other Contributions	832	696
	<b>45,374</b>	<b>42,614</b>



## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 4. Expenses from Continuing Operations

\$ '000	Actual 2014	Actual 2013
<b>(a) Employee Benefits &amp; On-Costs</b>		
Salaries and Wages	56,596	57,745
Travelling	19	22
Employee Leave Entitlements (ELE)	12,870	13,261
Superannuation	7,669	7,482
Workers' Compensation Insurance	968	558
Fringe Benefit Tax (FBT)	163	171
Payroll Tax	1,010	1,201
Training Costs (other than Salaries & Wages)	868	762
Other	1,387	1,098
<b>Total Employee Costs</b>	<b>81,550</b>	<b>82,300</b>
less: Capitalised Costs	(7,474)	(7,076)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>	<b>74,076</b>	<b>75,224</b>
Number of "Equivalent Full Time" Employees at year end	927	972
<b>(b) Borrowing Costs</b>		
<b>(i) Interest Bearing Liability Costs</b>		
Interest on Overdraft	-	6
Interest on Loans	13,270	13,946
Other Debts	237	186
<b>Total Interest Bearing Liability Costs Expensed</b>	<b>13,507</b>	<b>14,138</b>
<b>(ii) Other Borrowing Costs</b>		
Discount adjustments relating to movements in Provisions (other than ELE)		
- Remediation Liabilities	1,576	2,590
- Financial Instruments	1	14
<b>Total Other Borrowing Costs</b>	<b>1,577</b>	<b>2,604</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>	<b>15,084</b>	<b>16,742</b>

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Actual 2014	Actual 2013
<b>(c) Materials &amp; Contracts</b>		
Raw Materials & Consumables	10,229	9,765
Contractor & Consultancy Costs	15,417	19,739
- Contractor & Consultancy Costs Garbage Collection	10,556	10,156
- Contractor & Consultancy Costs Capping	1,844	1,837
- Contractor & Consultancy Costs Green Waste Processing	1,854	1,710
Auditors Remuneration <sup>(1)</sup>	189	182
Legal Expenses:		
- Legal Expenses: Planning & Development	4	2
- Legal Expenses: Debt Recovery	225	10
- Legal Expenses: Other	599	300
Operating Leases:		
- Operating Lease Rentals: Minimum Lease Payments <sup>(2)</sup>	681	973
<b>TOTAL MATERIALS &amp; CONTRACTS</b>	<b>41,598</b>	<b>44,674</b>

**1. Auditor Remuneration**

During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):

**(i) Audit and Other Assurance Services**

- Audit & review of financial statements: Council's Auditor	189	182
<b>Remuneration for audit and other assurance services</b>	<b>189</b>	<b>182</b>
<b>Total Auditor Remuneration</b>	<b>189</b>	<b>182</b>
<b>2. Operating Lease Payments are attributable to:</b>		
Buildings	65	122
Computers	568	776
Other	48	75
	<b>681</b>	<b>973</b>

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Impairment Costs		Depreciation/Amortisation	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013
<b>(d) Depreciation, Amortisation &amp; Impairment</b>				
Plant and Equipment	-	-	4,547	1,736
Office Equipment	-	-	709	442
Furniture & Fittings	-	-	207	184
Land Improvements (depreciable)	-	-	1,544	2,144
Buildings - Non Specialised	-	-	73	85
Buildings - Specialised	1,324	26	3,285	4,436
Other Structures	-	-	817	1,178
Infrastructure:				
- Roads	-	-	12,402	11,520
- Bridges	-	-	187	-
- Footpaths	-	-	407	-
- Stormwater Drainage	-	-	2,619	2,504
- Water Supply Network	-	-	13,618	13,831
- Sewerage Network	-	-	12,508	12,087
- Swimming Pools	-	-	30	-
- Other Open Space/Recreational Assets	-	-	1,116	-
Other Assets				
- Heritage Collections	-	-	1	1
- Library Books	-	-	489	488
- Other	-	-	1	-
Tip Asset	-	-	565	1,112
Intangible Assets	-	-	386	903
<b>Total Depreciation &amp; Impairment Costs</b>	<b>1,324</b>	<b>26</b>	<b>55,511</b>	<b>52,651</b>
less: Impairments (to)/from ARR [Equity]	(1,324)	-	-	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>	<b>-</b>	<b>26</b>	<b>55,511</b>	<b>52,651</b>

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Actual 2014	Actual 2013
<b>(e) Other Expenses</b>		
Other Expenses for the year include the following:		
Advertising	651	812
Bad & Doubtful Debts	85	337
Bank Charges	456	442
Commissions	1,996	2,117
Computer Software Charges	1,639	1,475
Contributions/Levies to Other Levels of Government		
- Caravan Park Levy	404	396
- Department of Planning Levy	167	170
- NSW Fire Brigade Levy	1,192	1,167
- NSW Rural Fire Service Levy	581	540
- State Emergency Services	199	181
- Waste Minimisation Levy	9,067	9,227
- Other Contributions/Levies	107	258
Councillor Expenses - Mayoral Fee	58	57
Councillor Expenses - Councillors' Fees	233	226
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)	62	81
Donations, Contributions & Assistance to other organisations (Section 356)		
- Central Coast Business Mentors Services Inc	28	112
- Central Coast Mariners FC Pty Ltd	-	75
- Central Coast Tourism Inc	150	150
- Community Groups Tipping Fees	148	229
- The Entrance Town Centre	1,528	1,413
- Toukley Town Centre	152	147
- Wyong Town Centre	73	66
- Other Contributions and Donations	894	897
Election Expenses	-	574
Electricity & Heating	6,389	6,675
Gas Charges	164	146
Insurance	1,710	1,797
Licences	227	309
Planning NSW DA Fees	222	143
Postage	370	341
Printing & Stationery	450	400
Street Lighting	3,308	3,225
Subscriptions & Publications	387	238
Telephone & Communications	705	662
Tip Rehabilitation Provision Adjustment	(1,115)	(2,905)
Valuation Fees	9	35
Valuer General Fees	348	335
Vehicle Registrations	341	326
Other	1,342	1,134
<b>TOTAL OTHER EXPENSES</b>	<b>34,727</b>	<b>34,010</b>

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Actual 2014	Actual 2013
Property (excl. Investment Property)		
Proceeds from Disposal - Property	58	703
less: Carrying Amount of Property Assets Sold / Written Off	<u>(139)</u>	<u>(668)</u>
<b>Net Gain/(Loss) on Disposal</b>	<u>(81)</u>	<u>35</u>
Plant & Equipment		
Proceeds from Disposal - Plant & Equipment	1,637	1,986
less: Carrying Amount of P&E Assets Sold / Written Off	<u>(2,285)</u>	<u>(1,886)</u>
<b>Net Gain/(Loss) on Disposal</b>	<u>(648)</u>	<u>100</u>
Infrastructure		
Proceeds from Disposal - Infrastructure	-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off	<u>(252)</u>	<u>(1,990)</u>
<b>Net Gain/(Loss) on Disposal</b>	<u>(252)</u>	<u>(1,990)</u>
Financial Assets*		
Proceeds from Disposal / Redemptions / Maturities - Financial Assets	94,827	136,931
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured	<u>(94,827)</u>	<u>(136,931)</u>
<b>Net Gain/(Loss) on Disposal</b>	<u>-</u>	<u>-</u>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>	<u>(981)</u>	<u>(1,855)</u>

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 6a. - Cash Assets and Note 6b. - Investments

\$ '000	Notes	2014	2014	2013	2013
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		1,876	-	6,248	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		17,481	-	22,419	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>19,357</b>	<b>-</b>	<b>28,667</b>	<b>-</b>
Investments (Note 6b)					
- Managed Funds		-	-	-	4,703
- Long Term Deposits		102,913	15,000	116,000	1,870
- Bank Bonds		-	10,000	-	10,000
<b>Total Investments</b>		<b>102,913</b>	<b>25,000</b>	<b>116,000</b>	<b>16,573</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>122,270</b>	<b>25,000</b>	<b>144,667</b>	<b>16,573</b>

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

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

<b>Cash &amp; Cash Equivalents</b>					
a. "At Fair Value through the Profit & Loss"		19,357	-	28,667	-
<b>Investments</b>					
a. "At Fair Value through the Profit & Loss"					
- "Designated at Fair Value on Initial Recognition"	01/0-1	-	-	-	4,703
b. "Held to Maturity"	01/0-6	102,913	25,000	116,000	11,870
<b>Investments</b>		<b>102,913</b>	<b>25,000</b>	<b>116,000</b>	<b>16,573</b>

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

## Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 6b. Investments (continued)

\$ '000	2014	2014	2013	2013
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Note 6(b-i)</b>				
<b>Reconciliation of Investments classified as "At Fair Value through the Profit &amp; Loss"</b>				
Balance at the Beginning of the Year	-	4,703	-	5,955
Revaluations (through the Income Statement)	(197)	-	-	679
Additions	321	-	-	-
Disposals (sales & redemptions)	(4,827)	-	-	(1,931)
Transfers between Current/Non Current	4,703	(4,703)	-	-
<b>Balance at End of Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,703</b>
<b>Comprising:</b>				
- Managed Funds	-	-	-	4,703
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,703</b>

<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments classified as "Held to Maturity"</b>				
Balance at the Beginning of the Year	116,000	11,870	103,014	14,000
Additions	75,043	15,000	137,986	7,870
Disposals (sales & redemptions)	(90,000)	-	(135,000)	-
Transfers between Current/Non Current	1,870	(1,870)	10,000	(10,000)
<b>Balance at End of Year</b>	<b>102,913</b>	<b>25,000</b>	<b>116,000</b>	<b>11,870</b>
<b>Comprising:</b>				
- Long Term Deposits	71,043	15,000	116,000	1,870
- Bank Bonds	-	10,000	-	10,000
- Other Long Term Financial Assets	31,870	-	-	-
<b>Total</b>	<b>102,913</b>	<b>25,000</b>	<b>116,000</b>	<b>11,870</b>

**Note 6(b-iii)**  
**Reconciliation of Investments classified as "Loans & Receivables"**  
Nil

**Note 6(b-iv)**  
**Reconciliation of Investments classified as "Available for Sale"**  
Nil

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	2014	2014	2013	2013
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	122,270	25,000	144,667	16,573
attributable to:				
External Restrictions (refer below)	91,181	25,000	90,859	16,573
Internal Restrictions (refer below)	28,688	-	41,773	-
Unrestricted	2,400	-	12,036	-
	122,270	25,000	144,667	16,573

2014	Opening	Transfers to	Transfers from	Closing
\$ '000	Balance	Restrictions	Restrictions	Balance

## Details of Restrictions

## External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	21	976	-	998
Specific Purpose Unexpended Loans-Water (A)	3,037	-	(3,037)	-
RMS (formerly RTA) Advances (B)	190	-	(110)	80
<b>External Restrictions - Included in Liabilities</b>	<b>3,248</b>	<b>976</b>	<b>(3,147)</b>	<b>1,078</b>

## External Restrictions - Other

Developer Contributions - General (D)	1,518	6,436	(3,106)	4,847
Developer Contributions - Water Fund (D)	9,780	203	-	9,983
Developer Contributions - Sewer Fund (D)	13,587	-	(587)	13,000
Developer Contributions - Drainage (D)	10,660	-	(3,352)	7,308
Developer Contributions - VPA -General	906	1,504	-	2,410
Developer Contributions - S94a	504	556	-	1,060
Developer Contributions - VPA - Water	140	1,701	-	1,842
Developer Contributions - VPA - Sewer	49	315	-	364
Specific Purpose Unexpended Grants (E)	4,134	-	(1,943)	2,192
Specific Purpose Unexpended Grants-Water Fund (E)	639	896	-	1,535
Water Supplies (F)	6,305	-	(5,932)	373
Prepaid Contributions - Water Supplies (F)	-	1,008	-	1,008
Sewerage Services (F)	22,097	3,390	-	25,487
Domestic Waste Management (F)	22,560	6,033	-	28,593
Stormwater Management (F)	3,620	1,534	-	5,154
RMS Contributions to Works - General (G)	566	138	-	703
RMS Contributions to Works - Water (D)	129	0	-	129
Holiday parks	5,837	2,174	-	8,011
Cemeteries	280	92	-	372
Employees Leave Entitlement - Water	419	-	(78)	342
Employees Leave Entitlement - Sewer	444	-	(70)	375
Public Liability Insurance - Water	6	9	-	15
<b>External Restrictions - Other</b>	<b>104,184</b>	<b>25,988</b>	<b>(15,067)</b>	<b>115,104</b>
<b>Total External Restrictions</b>	<b>107,432</b>	<b>26,964</b>	<b>(18,214)</b>	<b>116,181</b>



## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 6c. Restricted Cash, Cash Equivalents &amp; Investments - Details (continued)

2014 \$ '000		Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>					
	Self Insurance Claims - General (C)	5,837	-	(5,837)	-
	Self Insurance Claims - Water (C)	271	-	(271)	-
	Self Insurance Claims - Sewer (C)	294	-	(294)	-
	Employees Leave Entitlement - General	3,784	-	(142)	3,643
	Contributions - Bonus Provisions	4,503	23	-	4,526
	Prepaid Contributions - General	-	1,361	-	1,361
	Tip Replacement/Rehabilitation	21,744	-	(7,688)	14,056
	Land Development	3,998	-	(374)	3,624
	Expenditure Carried Forward	441	10	-	451
	Public Liability Insurance - General	256	18	-	274
	Section 355/Advances/Deposits	645	44	-	689
	Lifeguard Contract	-	64	-	64
	<b>Total Internal Restrictions</b>	<b>41,773</b>	<b>1,521</b>	<b>(14,605)</b>	<b>28,688</b>
	<b>TOTAL RESTRICTIONS</b>	<b>149,204</b>	<b>28,485</b>	<b>(32,819)</b>	<b>144,870</b>

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

## Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 7. Receivables

\$ '000	2014		2013	
	Current	Non Current	Current	Non Current
<b>Purpose</b>				
Rates & Annual Charges	3,057	12	3,497	13
Domestic Waste Mgt Annual Charges	1,621	9	1,755	9
Drainage Annual Charges	302	-	324	-
Sewerage Annual Charges	1,615	10	1,867	13
Water Annual Charges	522	3	609	4
Interest & Extra Charges	779	-	775	-
User Charges & Fees	13,721	-	13,975	-
Accrued Revenues				
- Interest on Investments	2,553	-	2,188	-
- Other Income Accruals	640	-	1,847	-
Government Grants & Subsidies	3,195	-	755	-
Net GST Receivable	1,707	-	1,966	-
Liquid Trade Waste	260	-	257	-
Toukley Golf Club Limited	-	420	-	447
Wyong Community Recreation Assoc.	-	794	-	794
Other Debtors	2,374	26	2,307	26
<b>Total</b>	<b>32,346</b>	<b>1,274</b>	<b>32,122</b>	<b>1,306</b>
<b>less: Provision for Impairment</b>				
User Charges & Fees	(300)	-	(245)	-
WYCRA Loan (Wyong Community Recreation Association)	-	(794)	-	(794)
Other Debtors	(308)	-	(308)	-
<b>Total Provision for Impairment - Receivables</b>	<b>(608)</b>	<b>(794)</b>	<b>(553)</b>	<b>(794)</b>
<b>TOTAL NET RECEIVABLES</b>	<b>31,738</b>	<b>480</b>	<b>31,569</b>	<b>512</b>
<b>Externally Restricted Receivables</b>				
<b>Water Supply</b>				
- Specific Purpose Grants	1,027	-	-	-
- Rates & Availability Charges	823	3	640	4
- Other	13,412	420	14,590	447
<b>Sewerage Services</b>				
- Rates & Availability Charges	1,615	10	1,862	13
- Other	1,661	-	1,931	-
<b>Domestic Waste Management</b>	<b>1,621</b>	<b>9</b>	<b>1,755</b>	<b>9</b>
<b>Total External Restrictions</b>	<b>20,159</b>	<b>442</b>	<b>20,778</b>	<b>473</b>
<b>Internally Restricted Receivables - Nil</b>				
<b>Unrestricted Receivables</b>	<b>11,579</b>	<b>38</b>	<b>10,791</b>	<b>39</b>
<b>TOTAL NET RECEIVABLES</b>	<b>31,738</b>	<b>480</b>	<b>31,569</b>	<b>512</b>

**Notes on Debtors above:**

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 9.00% (2013 10.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 8. Inventories &amp; Other Assets

\$ '000	2014		2013	
	Current	Non Current	Current	Non Current
<b>Inventories</b>				
Real Estate for resale (refer below)	-	-	469	-
Stores & Materials	926	-	975	-
Water Treatment Supplies	503	-	490	-
Other	13	-	13	-
<b>Total Inventories</b>	<b>1,442</b>	<b>-</b>	<b>1,947</b>	<b>-</b>
<b>Other Assets</b>				
Prepayments	720	-	537	-
<b>Total Other Assets</b>	<b>720</b>	<b>-</b>	<b>537</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>	<b>2,162</b>	<b>-</b>	<b>2,484</b>	<b>-</b>
<b>Externally Restricted Assets</b>				
<b>Water</b>				
Water Treatment Supplies	503	-	490	-
<b>Total Water</b>	<b>503</b>	<b>-</b>	<b>490</b>	<b>-</b>
<b>Sewerage</b>				
Nil				
<b>Domestic Waste Management</b>				
Nil				
<b>Other</b>				
Nil				
Total Externally Restricted Assets	503	-	490	-
Total Internally Restricted Assets	-	-	-	-
Total Unrestricted Assets	1,659	-	1,994	-
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>	<b>2,162</b>	<b>-</b>	<b>2,484</b>	<b>-</b>

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 8. Inventories &amp; Other Assets (continued)

\$ '000	2014		2013	
	Current	Non Current	Current	Non Current
<b>Other Disclosures</b>				
<b>(a) Details for Real Estate Development</b>				
Industrial/Commercial	-	-	461	-
Other Properties	-	-	8	-
<b>Total Real Estate for Resale</b>	<b>-</b>	<b>-</b>	<b>469</b>	<b>-</b>
(Valued at the lower of cost and net realisable value)				
<b>Represented by:</b>				
Acquisition Costs	-	-	469	-
<b>Total Costs</b>	<b>-</b>	<b>-</b>	<b>469</b>	<b>-</b>
<b>Total Real Estate for Resale</b>	<b>-</b>	<b>-</b>	<b>469</b>	<b>-</b>
<b>Movements:</b>				
Real Estate assets at beginning of the year	469	-	469	-
- Transfers in from (out to) Note 9	(469)	-	-	-
<b>Total Real Estate for Resale</b>	<b>-</b>	<b>-</b>	<b>469</b>	<b>-</b>

**(b) Current Assets not anticipated to be settled within the next 12 months**

The following Inventories & Other Assets, even though classified as current are not expected to be recovered in the next 12 months;

	2014	2013
Real Estate for Resale	-	469
	-	469

**(c) Inventory Write Downs**

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

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other assets held.

Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

Note 9a. Infrastructure, Property, Plant & Equipment

	as at 30/6/2013				Asset Movements during the Reporting Period							as at 30/6/2014					
	AI	AI	Accumulated	Carrying	Asset	WDV	Depreciation	Impairment/	Wip	Adjustments	Other	The	Revaluation	AI	AI	Accumulated	Carrying
	Cost	Fair Value	Dep'n	Value	Additions	of Asset	Expense	Loss	Transfers	& Transfers	Movements	Item(s)/	Increases	Cost	Fair Value	Dep'n	Value
					Disposals	(m) (in \$'000)	(m) (in \$'000)					Real Estate	(A/R)				
<b>\$ '000</b>	40,717	42,525	19,125	40,717	76,511	(2,259)	(4,547)	(62,648)	(32)	(2,699)				51,881	41,200	20,384	51,881
Capital Work in Progress:																	
- Plant & Equipment		7,724	6,384	23,400		(14)	(709)	4,254	(32)						6,000	3,412	20,816
- Office Equipment		3,844	2,668	1,360		(12)	(207)	1,950	32	(1)					2,839	1,548	2,598
- Furniture & Fittings				1,176				303		(1)							1,231
Land:																	
- Operational Land		310,172		310,172	470	(49)		122	729			469			311,913		311,913
- Community Land		125,410		125,410	87				(747)						124,750		124,750
- Land under Roads (oper. liability)		471		471	24							16			511		511
Land Improvements - non depreciable		32,981	14,538	18,443		(0)											
Land Improvements - depreciable		4,505	3,955	550			(1,544)	3,072	(404)	(3)					32,894	13,330	19,564
Buildings - Non-Specialised		186,191	18,521	149,670			(73)			(2)					4,506	4,031	475
Buildings - Specialised		20,618	6,909	13,709			(3,285)	1,324	3,935	4					172,108	21,758	149,000
Other Structures							(817)		1,793	(1,049)					20,159	6,612	13,547
Infrastructure:																	
- Roads		572,354	280,129	312,225	259		(12,402)		27,739	(8)					601,614	274,352	327,262
- Bridges		12,884	6,370	6,514			(187)		26						13,192	6,557	6,635
- Footpaths		37,146	5,756	31,390	8		(407)		1,045						38,469	6,164	32,305
- Bulk Earthworks (non depreciable)		2,815		2,815											3,219		3,219
- Stormwater Drainage		302,714	71,183	231,531	1,232		(2,619)		404						310,951	79,797	237,154
- Water Supply Network		905,695	353,931	551,794	314		(13,618)		6,547			459			904,711	376,572	588,139
- Sewerage Network		962,232	305,967	656,265	675	(252)	(12,509)		4,318			15,624			966,537	327,202	665,334
- Swimming Pools		5,891	3,664	2,327			(30)		5,642			18,261			5,943	3,653	2,290
- Other Open Space/Recreational Assets		56,836	15,337	41,498			(1,116)		1,486						57,384	15,516	41,868
Other Assets:																	
- Heritage Collections		245	75	170			(1)								205	36	189
- Library Books		9,301	8,186	1,115			(489)		497						4,188	3,066	1,122
- Other		38		38			(1)								38	1	37
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)																	
- Tip Assets																	
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP</b>	<b>40,717</b>	<b>3,880,357</b>	<b>1,106,602</b>	<b>2,522,472</b>	<b>79,590</b>	<b>(2,676)</b>	<b>(55,125)</b>	<b>(1,324)</b>	<b>-</b>	<b>(2,708)</b>	<b>-</b>	<b>469</b>	<b>34,359</b>	<b>51,881</b>	<b>3,888,096</b>	<b>1,162,579</b>	<b>2,576,048</b>

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$47,346) and New Assets (\$8,156). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other infrastructure, Property, Plant & Equipment.

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 9b. Externally Restricted Infrastructure, Property, Plant &amp; Equipment

\$ '000	Actual 2014				Actual 2013			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
WIP	14,720	-	-	14,720	9,786	-	-	9,786
Plant & Equipment	-	411	270	141	-	408	230	178
Office Equipment	-	290	204	86	-	362	244	118
Furniture & Fittings	-	117	104	13	-	117	94	23
Land								
- Operational Land	-	34,631	-	34,631	-	34,578	-	34,578
- Community Land	-	1,113	-	1,113	-	1,168	-	1,168
Buildings	-	6,405	724	5,681	-	6,405	554	5,851
Other Structures	-	1,176	81	1,095	-	1,148	46	1,102
Infrastructure - Water Supply	-	934,711	376,572	558,139	-	905,695	353,931	551,764
Infrastructure - Stormwater	-	310,951	73,797	237,154	-	302,715	71,184	231,531
<b>Total Water Supply</b>	<b>14,720</b>	<b>1,289,005</b>	<b>451,752</b>	<b>852,773</b>	<b>9,786</b>	<b>1,252,596</b>	<b>426,283</b>	<b>836,099</b>
<b>Sewerage Services</b>								
WIP	4,719	-	-	4,719	5,525	-	-	5,525
Plant & Equipment	-	819	482	337	-	794	356	438
Office Equipment	-	222	150	72	-	366	270	96
Furniture & Fittings	-	32	27	5	-	45	38	7
Land								
- Operational Land	-	23,021	-	23,021	-	23,021	-	23,021
Buildings	-	7,556	1,149	6,407	-	7,556	1,014	6,542
Other Structures	-	350	32	318	-	350	21	329
Infrastructure	-	996,537	327,202	669,335	-	962,232	305,967	656,265
<b>Total Sewerage Services</b>	<b>4,719</b>	<b>1,028,537</b>	<b>329,042</b>	<b>704,214</b>	<b>5,525</b>	<b>994,364</b>	<b>307,666</b>	<b>692,223</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>19,439</b>	<b>2,318,342</b>	<b>780,794</b>	<b>1,558,987</b>	<b>15,311</b>	<b>2,246,960</b>	<b>733,949</b>	<b>1,528,322</b>

## Note 9c. Infrastructure, Property, Plant &amp; Equipment - Current Year Impairments

\$ '000	Notes	Actual 2014	Actual 2013
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## (i) Impairment Losses recognised in the Income Statement:

Impairment of public toilet block to be demolished		-	(26)
<b>Total Impairment Losses</b>		-	(26)
<b>IMPAIRMENT of ASSETS - GAINS/(LOSSES) in P/L</b>	(49)	-	(26)

## (ii) Impairment Losses recognised direct to Equity (ARR):

Impairment - Wyong Memorial Hall		(1,324)	-
<b>Total Impairment Losses</b>		(1,324)	-
<b>IMPAIRMENT of ASSETS - DIRECT to EQUITY (ARR)</b>	38	(1,324)	-

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 10a. Payables, Borrowings &amp; Provisions

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		7,939	-	14,377	-
Payments Received In Advance		3,966	12,290	3,432	14,210
Accrued Expenses:					
- Borrowings		1,323	-	1,396	-
- Salaries & Wages		2,481	-	1,513	-
- Other Expenditure Accruals		13,584	-	11,708	-
Security Bonds, Deposits & Retentions		773	-	734	-
Developer Bonds		930	-	1,054	-
Other		3,107	-	2,717	-
<b>Total Payables</b>		<b>34,103</b>	<b>12,290</b>	<b>36,931</b>	<b>14,210</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		11,368	172,672	10,755	181,132
<b>Total Borrowings</b>		<b>11,368</b>	<b>172,672</b>	<b>10,755</b>	<b>181,132</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		6,180	-	6,418	-
Sick Leave		4,374	-	5,551	-
Long Service Leave		9,095	861	10,367	334
Other Leave		262	-	275	-
Sub Total - Aggregate Employee Benefits		19,911	861	22,611	334
Self Insurance - Workers Compensation		719	3,459	1,357	3,884
Self Insurance - Public Liability		220	-	182	-
Self Insurance - Other		69	-	80	-
Asset Remediation/Restoration (Future Works)		2,315	50,207	3,066	49,834
Payroll Tax		190	5	234	2
<b>Total Provisions</b>		<b>23,424</b>	<b>54,532</b>	<b>27,530</b>	<b>54,054</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>68,895</b>	<b>239,494</b>	<b>75,216</b>	<b>249,396</b>

Refer to the next page for Liabilities relating to Restricted Assets.

<sup>1</sup> Loans are secured over the General Rating Income of Council

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

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>(i) Liabilities relating to Restricted Assets</b>					
<b>Externally Restricted Assets</b>					
Water		22,081	162,431	16,909	172,200
Sewer		5,268	23,055	6,619	23,158
Domestic Waste Management		1,737	-	1,946	-
Self Insurance Water Fund		29	64	65	176
Self Insurance Sewer Fund		1	9	59	162
Other Insurance Water Fund		15	-	6	-
Developer Contributions in advance General		2,395	9,397	2,402	9,397
Developer Contributions in advance Water		485	1,941	158	3,932
Developer Contributions in advance Sewer		156	881	205	881
Liabilities relating to externally restricted assets		<u>32,167</u>	<u>197,778</u>	<u>28,369</u>	<u>209,906</u>
<b>Internally Restricted Assets</b>					
Self Insurance General Fund		689	3,386	1,232	3,546
Other Insurance General Fund		274	-	256	-
Liabilities relating to internally restricted assets		<u>963</u>	<u>3,386</u>	<u>1,488</u>	<u>3,546</u>
<b>Total Liabilities relating to restricted assets</b>		<b>33,130</b>	<b>201,164</b>	<b>29,856</b>	<b>213,452</b>
<b>Total Liabilities relating to Unrestricted Assets</b>		<b>35,765</b>	<b>38,330</b>	<b>45,360</b>	<b>35,945</b>
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>		<b><u>68,895</u></b>	<b><u>239,494</u></b>	<b><u>75,216</u></b>	<b><u>249,396</u></b>



## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Actual 2014	Actual 2013
<b>(ii) Current Liabilities not anticipated to be settled within the next 12 months</b>		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	10,294	13,380
	<u>10,294</u>	<u>13,380</u>

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

Class of Provision	2013		2014			Closing Balance as at 30/6/14
	Opening Balance as at 1/7/13	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	6,418	5,026	(5,264)	-	-	6,180
Sick Leave	5,551	2,799	(3,976)	-	-	4,374
Long Service Leave	10,701	2,181	(2,926)	-	-	9,956
Other Leave	275	818	(831)	-	-	262
Self Insurance	5,503	1,145	(2,181)	-	-	4,467
Asset Remediation	52,900	(1)	(838)	323	138	52,522
Other	236	1,010	(1,051)	-	-	195
<b>TOTAL</b>	<b>81,584</b>	<b>12,977</b>	<b>(17,066)</b>	<b>323</b>	<b>138</b>	<b>77,956</b>

- Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- Self Insurance Provisions represent both (i) Claims incurred but Not reported and (ii) Claims Reported & Estimated as per the actuarial assessment.
- Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

Financial Statements 2014

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 11. Statement of Cash Flows - Additional Information

\$ '000	Actual 2014	Actual 2013
<b>(a) Reconciliation of Cash Assets</b>		
Total Cash & Cash Equivalent Assets	19,357	28,667
Less Bank Overdraft	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>	<b>19,357</b>	<b>28,667</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>		
<b>Net Operating Result from Income Statement</b>	<b>21,238</b>	<b>22,420</b>
Adjust for non cash items:		
Depreciation & Amortisation	55,511	52,651
Net Losses/(Gains) on Disposal of Assets	981	1,855
Non Cash Capital Grants and Contributions	(5,079)	(3,483)
Impairment Losses Recognition - I,PP&E	-	26
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:		
- Investments classified as "At Fair Value" or "Held for Trading"	197	(679)
- Other	(10)	3
Amortisation of Premiums, Discounts & Prior Period Fair Valuations		
- Interest on all fair value adjusted Interest Free Advances made by Council	10	(3)
Unwinding of Discount Rates on Reinstatement Provisions	323	6,051
+/- Movement in Operating Assets and Liabilities & Other Cash Items:		
Decrease/(Increase) in Receivables	(5,942)	(3,038)
Increase/(Decrease) in Provision for Doubtful Debts	55	336
Decrease/(Increase) in Inventories	36	107
Decrease/(Increase) in Other Assets	(183)	70
Increase/(Decrease) in Payables	(6,438)	4,090
Increase/(Decrease) in accrued Interest Payable	(73)	(36)
Increase/(Decrease) in other accrued Expenses Payable	8,594	3,385
Increase/(Decrease) in Other Liabilities	(1,081)	1,660
Increase/(Decrease) in Employee Leave Entitlements	(2,173)	(238)
Increase/(Decrease) in Other Provisions	(1,778)	(8,578)
<b>NET CASH PROVIDED FROM/(USED IN)</b>		
<b>OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>	<b>64,188</b>	<b>76,599</b>

Financial Statements 2014

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 11. Statement of Cash Flows - Additional Information (continued)

\$ '000	Actual 2014	Actual 2013
<b>(c) Non-Cash Investing &amp; Financing Activities</b>		
S94 Contributions "In kind"	3,031	804
Other Dedications	2,048	2,679
<b>Total Non-Cash Investing &amp; Financing Activities</b>	<b>5,079</b>	<b>3,483</b>
<b>(d) Financing Arrangements</b>		
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>		
Bank Overdraft Facilities <sup>(1)</sup>	500	500
Credit Cards / Purchase Cards	750	750
Master Lease Facilities	2,000	2,000
Standby Credit Facilities	5,043	8,272
<b>Total Financing Arrangements</b>	<b>8,293</b>	<b>11,522</b>
<b>Amounts utilised as at Balance Date:</b>		
- Credit Cards / Purchase Cards	80	96
- Lease Facilities	570	490
- Standby Credit Facilities	5,043	8,272
<b>Total Financing Arrangements Utilised</b>	<b>5,693</b>	<b>8,858</b>

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.  
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

**(ii) Secured Loan Liabilities**

Loans are secured by a mortgage over future years Rate Revenue only.

**(e) Bank Guarantees**

Bank Guarantee \$5,043k provided to WorkCover NSW for self insurance purposes

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 12. Commitments for Expenditure

\$ '000	Actual 2014	Actual 2013
<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:		
<b>Property, Plant &amp; Equipment</b>		
Buildings	596	908
Plant & Equipment	16	653
<b>Total Commitments</b>	<b>612</b>	<b>1,561</b>
These expenditures are payable as follows:		
Within the next year	612	1,561
<b>Total Payable</b>	<b>612</b>	<b>1,561</b>
Sources for Funding of Capital Commitments:		
Unrestricted General Funds	108	1,561
Future Grants & Contributions	1	-
Internally Restricted Reserves	503	-
<b>Total Sources of Funding</b>	<b>612</b>	<b>1,561</b>

**Details of Capital Commitments**

Construction of an administration building and an office extension at Buttonderry Waste Management Facility comprises the majority of the capital commitments at \$500k. The remaining building commitments include the design of an Arts Centre and general upgrades across various buildings.

Plant & Equipment commitments are for various workshop tools.

**(b) Operating Lease Commitments (Non Cancellable)****a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:**

Within the next year	403	437
Later than one year and not later than 5 years	474	556
Later than 5 years	1,149	1,123
<b>Total Non Cancellable Operating Lease Commitments</b>	<b>2,026</b>	<b>2,116</b>

**b. Non Cancellable Operating Leases include the following assets:**

Computer Equipment - PC's, monitors & laptops: Lease terms were all originally for 60 months. The most recent leases have 57 months remaining.

Printers: Lease terms were originally for 60 months. The most recent lease has 56 months remaining.

Northlakes Childcare Centre Premises: Expiry date of the lease is 31/12/2051.

Office Rental at 29 Hely St: This is a monthly lease. The lessor can end the monthly tenancy by giving, at any time, 3 months written notice.

**Conditions relating to Operating Leases:**

- All Operating Lease Agreements are secured only against the Leased Asset.
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

## Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 2013
<b>Local Government Industry Indicators - Consolidated</b>			
<b>1. Operating Performance Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<u>6,651</u>	2.92%	3.66%
Total continuing operating revenue <sup>(1)</sup>	227,647		
(excl. Capital Grants & Contributions)			
<b>2. Own Source Operating Revenue Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(less ALL Grants &amp; Contributions)</u>	<u>212,031</u>	87.11%	83.37%
Total continuing operating revenue <sup>(1)</sup>	243,412		
<b>3. Unrestricted Current Ratio</b>			
<u>Current Assets less all External Restrictions <sup>(2)</sup></u>	<u>44,327</u>	1.56 : 1	1.98
Current Liabilities less Specific Purpose Liabilities <sup>(3,4)</sup>	28,381		
<b>4. Debt Service Cover Ratio</b>			
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	<u>77,246</u>	3.17	2.89
Principal Repayments (from the Statement of Cash Flows)	24,355		
+ Borrowing Interest Costs (from the Income Statement)			
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
<u>Rates, Annual and Extra Charges Outstanding</u>	<u>7,930</u>	5.22%	6.10%
Rates, Annual and Extra Charges Collectible	151,863		
<b>6. Cash Expense Cover Ratio</b>			
Current Year's Cash and Cash Equivalents including All Term Deposits	<u>137,270</u>	8.65	9.23
Payments from cash flow of operating and financing activities	15,865		

## Notes

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

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

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

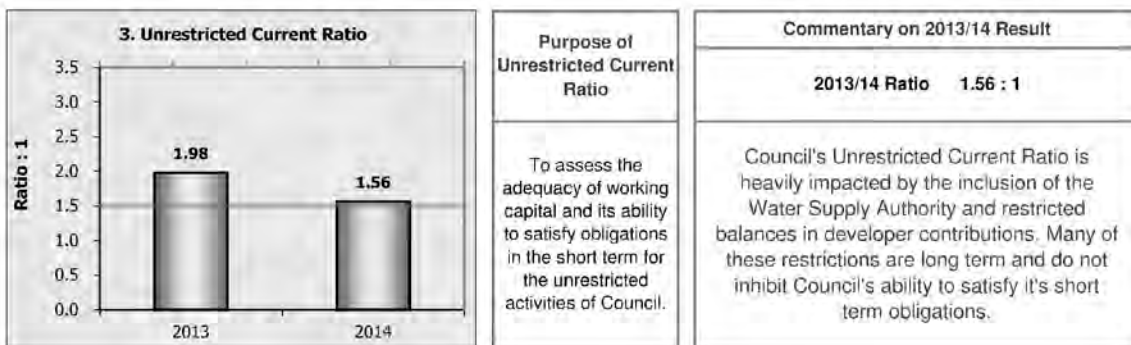
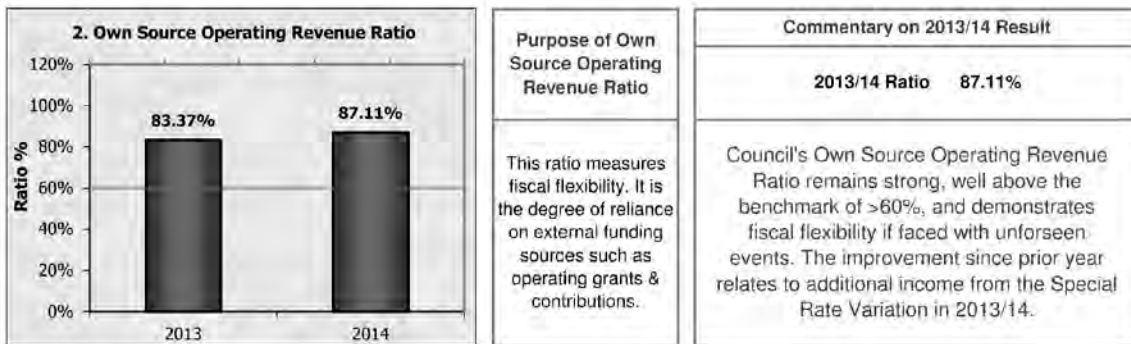
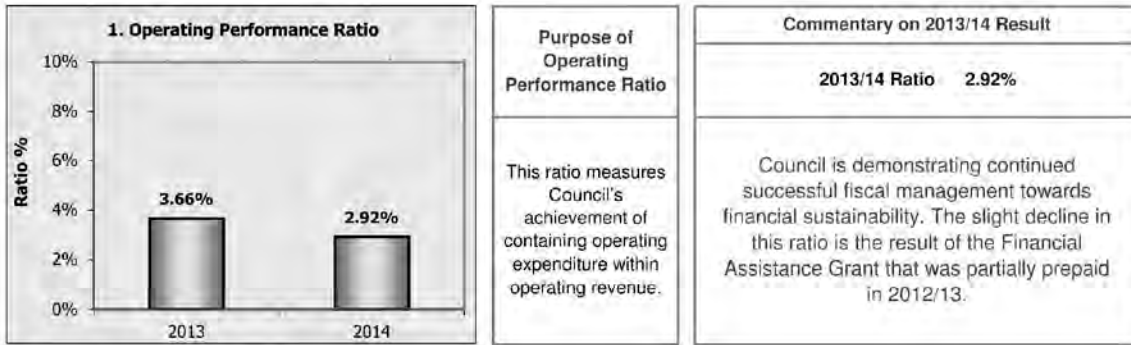
<sup>(3)</sup> Refer to Note 10(a).

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

Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

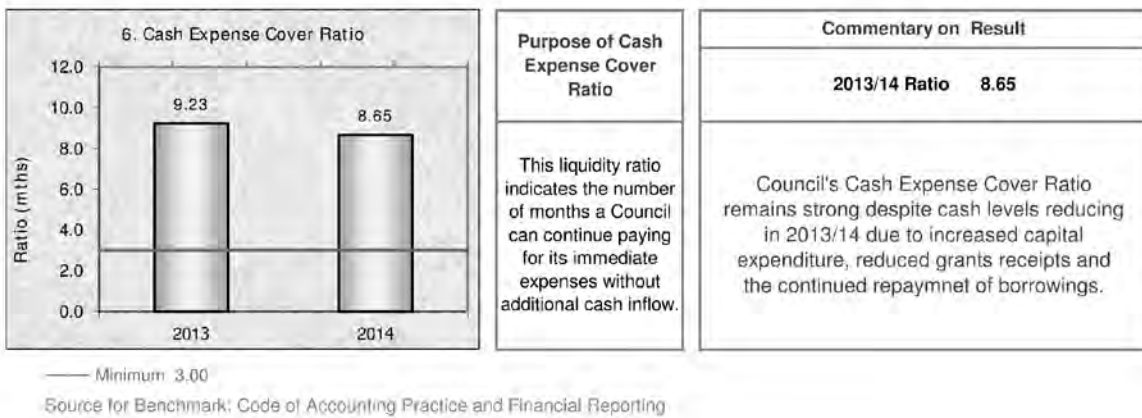
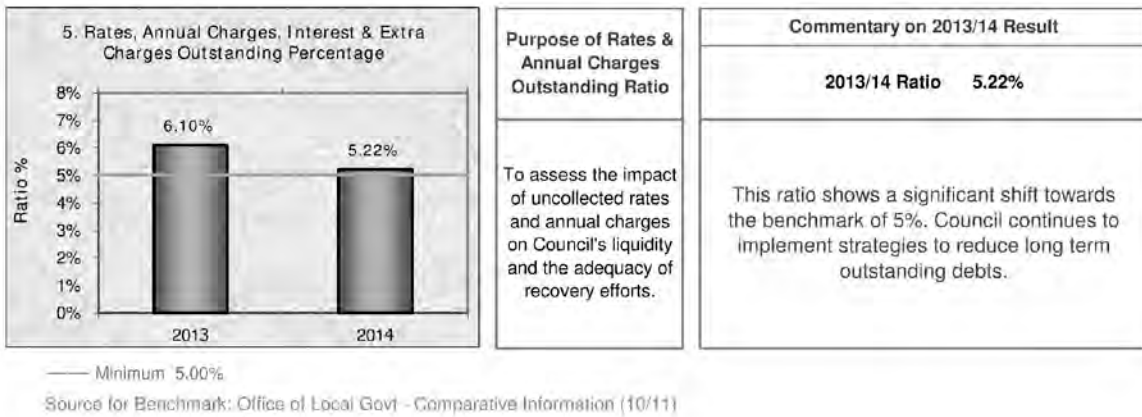
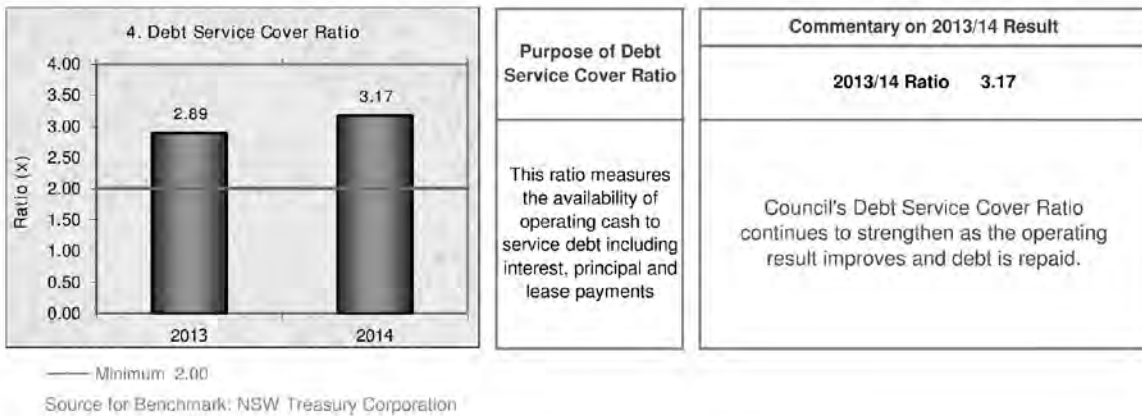
Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 13b. Statement of Performance Measurement - Indicators (by Fund)

\$ '000	Water 2014	Sewer 2014	General <sup>5</sup> 2014
<b>Local Government Industry Indicators - by Fund</b>			
<b>1. Operating Performance Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	-11.78%	-12.93%	10.63%
Total continuing operating revenue <sup>(1)</sup>			
(excl. Capital Grants & Contributions)			
<b>2. Own Source Operating Revenue Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(less ALL Grants &amp; Contributions)</u>	90.21%	92.64%	85.33%
Total continuing operating revenue <sup>(1)</sup>			
(excl. Capital Grants & Contributions)			
<b>3. Unrestricted Current Ratio</b>			
<u>Current Assets less all External Restrictions<sup>(2)</sup></u>	0.80 : 1	6.91 : 1	1.53 : 1
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>			
<b>4. Debt Service Cover Ratio</b>			
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	1.06	3.95	45.92
<u>Principal Repayments (from the Statement of Cash Flows)</u>			
+ Borrowing Interest Costs (from the Income Statement)			
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
<u>Rates, Annual and Extra Charges Outstanding</u>	5.59%	5.85%	4.98%
Rates, Annual and Extra Charges Collectible			
<b>6. Cash Expense Cover Ratio</b>			
Current Year's Cash and Cash Equivalents including All Term Deposits			
<u>Payments from cash flow of operating and financing activities</u> x12	5.46	15.60	8.46

## Notes

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

(5) General Fund refers to all of Council's activities except for its Water &amp; Sewer activities which are listed separately.



## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 14. Investment Properties

\$ '000

Council has not classified any Land or Buildings as "Investment Properties"

## Note 15. Financial Risk Management

## Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2014	2013	2014	2013
<b>Financial Assets</b>				
Cash and Cash Equivalents	19,357	28,667	19,357	28,667
Investments				
- "Designated At Fair Value on Initial Recognition"	-	4,703	-	4,703
- "Held to Maturity"	127,913	127,870	127,913	127,870
Receivables	32,218	32,081	32,218	32,081
<b>Total Financial Assets</b>	<b>179,488</b>	<b>193,321</b>	<b>179,488</b>	<b>193,321</b>
<b>Financial Liabilities</b>				
Payables	46,393	51,141	46,393	51,141
Loans / Advances	184,040	191,887	185,960	194,804
<b>Total Financial Liabilities</b>	<b>230,433</b>	<b>243,028</b>	<b>232,353</b>	<b>245,945</b>

Fair Value is determined as follows:

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

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of financial assets & liabilities

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 15. Financial Risk Management (continued)

\$ '000

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

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

Council's Finance area manages the Cash & Investments portfolio with the assistance of independent advisors.

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and its staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

- **Price Risk** - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest Rate Risk** - the risk that movements in interest rates could affect returns and income.
- **Credit Risk** - the risk that the investment counterparty) will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

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

Council also seeks advice from independent advisers before placing any funds in Cash Equivalents & Investments.

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2014</b>				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	1,473	1,473	(1,473)	(1,473)
<b>2013</b>				
Possible impact of a 10% movement in Market Values	470	470	(470)	(470)
Possible impact of a 1% movement in Interest Rates	1,565	1,565	(1,565)	(1,565)

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 15. Financial Risk Management (continued)

\$ '000

## (b) Receivables

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

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

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

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

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

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

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

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

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

	2014 Rates & Annual Charges	2014 Other Receivables	2013 Rates & Annual Charges	2013 Other Receivables
<b>(i) Ageing of Receivables - %</b>				
Current (not yet overdue)	0%	82%	0%	85%
Overdue	100%	18%	100%	15%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<b>(ii) Ageing of Receivables - value</b>				
Current (not yet overdue)	-	20,636		20,901
Past due by up to 30 days	3,173	2,413	3,553	1,381
Past due between 31 and 60 days	1,456	638	1,630	223
Past due between 61 and 90 days	976	70	1,092	230
Past due by more than 90 days	2,325	1,933	2,591	1,827
	<u>7,930</u>	<u>25,690</u>	<u>8,866</u>	<u>24,562</u>
<b>(iii) Movement in Provision for Impairment of Receivables</b>			2014	2013
Balance at the beginning of the year			1,347	1,011
+ new provisions recognised during the year			55	336
Balance at the end of the year			<u>1,402</u>	<u>1,347</u>

page 60

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 15. Financial Risk Management (continued)

\$ '000

## (c) Payables &amp; Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows:	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2014</b>									
Trade/Other Payables	773	33,330	12,290	-	-	-	-	46,393	46,393
Loans & Advances	-	23,079	23,559	23,256	22,873	22,639	149,627	265,033	184,040
<b>Total Financial Liabilities</b>	<b>773</b>	<b>56,409</b>	<b>35,849</b>	<b>23,256</b>	<b>22,873</b>	<b>22,639</b>	<b>149,627</b>	<b>311,426</b>	<b>230,433</b>
<b>2013</b>									
Trade/Other Payables	734	36,197	14,210	-	-	-	-	51,141	51,141
Loans & Advances	-	24,288	23,627	23,159	22,595	22,555	169,040	285,264	191,887
<b>Total Financial Liabilities</b>	<b>734</b>	<b>60,485</b>	<b>37,837</b>	<b>23,159</b>	<b>22,595</b>	<b>22,555</b>	<b>169,040</b>	<b>336,405</b>	<b>243,028</b>

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

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

	2014		2013	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Commercial Banks	183,331	7.0%	190,688	7.0%
NSW Government Agencies	709	4.4%	1,199	5.2%
	<u>184,040</u>		<u>191,887</u>	

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 13/14 was adopted by the Council on 10 April 2013.

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

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

Note that for Variations\* of Budget to Actual :

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

F = Favourable Budget Variation, U = Unfavourable Budget Variation

\$ '000	2014 Budget	2014 Actual	2014 ----- Variance* -----		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	142,171	142,129	(42)	(0%)	U
<b>User Charges &amp; Fees</b>	60,569	56,743	(3,826)	(6%)	U
<b>Interest &amp; Investment Revenue</b>	8,677	7,479	(1,198)	(14%)	U
This variance is due to lower than anticipated interest rates of \$1.0m as well as fair value adjustments on maturity of managed funds of \$0.2m. Investment returns have reduced from 5.2% in 2012/13 to 4.2% in 2013/14.					
<b>Other Revenues</b>	4,124	5,483	1,359	33%	F
This variance is due to road reinstatements for the National Broadband Network (NBN) as well as higher than expected royalty payments (as a result of positive spot rates) for gas extraction at Buttonderry Waste Management Facility.					
<b>Operating Grants &amp; Contributions</b>	14,431	15,616	1,185	8%	F
<b>Capital Grants &amp; Contributions</b>	14,644	15,765	1,121	8%	F
<b>Net Gains from Disposal of Assets</b>	490	-	(490)	(100%)	U
The net gains and losses on disposal of assets have been combined as a net loss in operating expenses.					

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 16. Material Budget Variations (continued)

\$ '000	2014 Budget	2014 Actual	2014 ----- Variance* -----		
<b>EXPENSES</b>					
Employee Benefits & On-Costs	79,473	74,076	5,397	7%	F
Borrowing Costs	16,071	15,084	987	6%	F
Materials & Contracts	43,382	41,598	1,784	4%	F
Depreciation & Amortisation	55,078	55,511	(433)	(1%)	U
Other Expenses	38,802	34,727	4,075	11%	F
This variation is primarily driven by lower than anticipated EPA Waste Levy payments of \$3.4m due to a significant drop in tonnages received at Bultonderry Waste Management Facility, as well as adjustments to the contaminated lands provision (refer Note 26).					
Net Losses from Disposal of Assets	-	981	(981)	100%	U
This variance is principally due to net loss on sale of commercial and passenger vehicles, trucks, and retirement of water meters.					
<b>Budget Variations relating to Council's Cash Flow Statement include:</b>					
Cash Flows from Operating Activities	61,233	64,188	2,955	5%	F
Cash Flows from Investing Activities	(65,884)	(65,651)	233	(0%)	F
Cash Flows from Financing Activities	(11,691)	(7,847)	3,844	(33%)	F
This variance is a result of new loans being drawn for infrastructure works whereby the interest payments are subsidised through the Local Infrastructure Renewal Scheme (LIRS).					

## Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 17. Statement of Developer Contributions

\$ '000

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

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

## SUMMARY OF CONTRIBUTIONS &amp; LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	10,659	221	542	301	(2,465)	(1,950)	7,308	18,454	(34,590)	(8,828)	5,590
Roads	296	436	532	150	(958)	554	1,010	45,924	(44,624)	2,310	(4,029)
Parking	8	-	-	6	-	(2)	12	-	(3,138)	(3,126)	341
Open Space	187	467	1,019	156	(1,303)	431	957	67,715	(51,652)	17,020	(11,971)
Community Facilities	1,002	558	696	335	(904)	1,026	2,713	47,805	(61,531)	(11,014)	10,157
Other	26	32	3	1	152	(59)	155	5,312	(1,830)	3,638	(88)
<b>S94 Contributions - under a Plan</b>	<b>12,178</b>	<b>1,714</b>	<b>2,792</b>	<b>949</b>	<b>(5,478)</b>	<b>0</b>	<b>12,155</b>	<b>185,210</b>	<b>(197,365)</b>	<b>(0)</b>	<b>0</b>
<b>S94A Levies - under a Plan</b>	<b>504</b>	<b>534</b>	<b>-</b>	<b>19</b>	<b>3</b>	<b>-</b>	<b>1,060</b>				<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>12,682</b>	<b>2,248</b>	<b>2,792</b>	<b>968</b>	<b>(5,475)</b>	<b>0</b>	<b>13,215</b>				<b>0</b>
S93F Planning Agreements	1,096	298	-	82	3,139	-	4,615				
S64 Contributions	23,370	2,338	239	704	(3,667)	-	22,984				
<b>Total Contributions</b>	<b>37,148</b>	<b>4,884</b>	<b>3,031</b>	<b>1,754</b>	<b>(6,003)</b>	<b>0</b>	<b>40,814</b>	<b>185,210</b>	<b>(197,365)</b>	<b>(0)</b>	<b>0</b>

Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 1 - WYONG

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	968	-	-	33	-	-	1,001	713	(5,442)	(3,729)	841
Roads	71	19	-	47	-	1	138	2,949	(4,976)	(1,889)	832
Parking	6	-	-	5	-	(2)	9	-	(3,060)	(3,051)	258
Open Space	-	95	-	43	3	17	158	2,585	-	2,742	1,975
Community Facilities	70	156	-	39	93	-	358	3,508	(3,657)	209	1,757
Other	0	-	-	2	-	1	3	7	-	10	45
<b>s94 Total</b>	<b>1,115</b>	<b>270</b>	<b>-</b>	<b>168</b>	<b>96</b>	<b>17</b>	<b>1,666</b>	<b>9,751</b>	<b>(17,135)</b>	<b>(5,708)</b>	<b>5,708</b>
s64 - Water	2,031	85	-	73	(51)	-	2,138	-	-	-	-
s64 - Sewer	3,526	279	-	61	(384)	-	3,482	-	-	-	-
<b>s64 Total</b>	<b>5,558</b>	<b>364</b>	<b>-</b>	<b>133</b>	<b>(435)</b>	<b>-</b>	<b>5,620</b>	<b>9,761</b>	<b>(17,135)</b>	<b>(5,708)</b>	<b>5,708</b>
<b>Total</b>	<b>6,673</b>	<b>634</b>	<b>-</b>	<b>301</b>	<b>(339)</b>	<b>17</b>	<b>7,286</b>	<b>9,761</b>	<b>(17,135)</b>	<b>(5,708)</b>	<b>5,708</b>

CONTRIBUTION PLAN NUMBER 2 - SOUTHERN LAKES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	907	81	-	19	73	-	1,090	288	(906)	452	-
Roads	17	1	-	14	-	-	32	159	(1,395)	(1,203)	788
Open Space	39	41	-	22	-	-	102	1,998	(2,534)	(434)	1,094
Community Facilities	32	34	-	18	10	93	187	1,669	(2,834)	(978)	797
Other	1	5	-	-	2	-	8	246	(764)	(511)	(6)
<b>s94 Total</b>	<b>996</b>	<b>172</b>	<b>-</b>	<b>73</b>	<b>85</b>	<b>93</b>	<b>1,419</b>	<b>4,340</b>	<b>(8,432)</b>	<b>(2,674)</b>	<b>2,674</b>
s64 - Water	1,242	196	-	63	-	-	1,500	-	-	-	-
s64 - Sewer	2,213	169	-	42	-	-	2,424	-	-	-	-
<b>s64 Total</b>	<b>3,455</b>	<b>365</b>	<b>-</b>	<b>105</b>	<b>-</b>	<b>-</b>	<b>3,925</b>	<b>4,340</b>	<b>(8,432)</b>	<b>(2,674)</b>	<b>2,674</b>
<b>Total</b>	<b>4,451</b>	<b>537</b>	<b>-</b>	<b>177</b>	<b>85</b>	<b>93</b>	<b>5,343</b>	<b>4,340</b>	<b>(8,432)</b>	<b>(2,674)</b>	<b>2,674</b>



Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 3 - THE ENTRANCE

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	3	-	-	0	-	(1)	2	-	(110)	(108)	2
Roads	(0)	245	-	39	93	-	377	4,299	(6,591)	(1,915)	1,778
Parking	2	-	-	1	-	-	3	-	(78)	(76)	77
Open Space	4	117	-	15	(110)	-	25	1,035	-	1,060	747
Community Facilities	61	179	-	15	(233)	(4)	18	1,590	(1,229)	379	(1,945)
<b>s94 Total</b>	<b>70</b>	<b>541</b>	<b>-</b>	<b>70</b>	<b>(250)</b>	<b>(5)</b>	<b>426</b>	<b>6,924</b>	<b>(8,008)</b>	<b>(659)</b>	<b>659</b>
s93F - General	-	-	-	6	343	-	349	-	-	-	-
s93F - Water	-	-	-	7	395	-	402	-	-	-	-
<b>s93F Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>738</b>	<b>-</b>	<b>751</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
s64 - Water	757	134	-	54	(392)	-	553	-	-	-	-
s64 - Sewer	899	81	-	16	(98)	-	898	-	-	-	2
<b>s64 Total</b>	<b>1,656</b>	<b>215</b>	<b>-</b>	<b>70</b>	<b>(490)</b>	<b>-</b>	<b>1,451</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>
<b>Total</b>	<b>1,727</b>	<b>756</b>	<b>-</b>	<b>152</b>	<b>(2)</b>	<b>(5)</b>	<b>2,627</b>	<b>6,924</b>	<b>(8,008)</b>	<b>(659)</b>	<b>661</b>

CONTRIBUTION PLAN NUMBER 5 - OURIMBAH

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	5	-	-	4	-	-	9	55	-	64	221
Open Space	(1)	-	-	3	-	-	2	34	(166)	(130)	83
Community Facilities	45	-	-	32	83	-	160	28	(2,011)	(1,823)	1,630
Other	0	-	-	0	-	-	0	4	(50)	(46)	-
<b>s94 Total</b>	<b>49</b>	<b>-</b>	<b>-</b>	<b>39</b>	<b>83</b>	<b>-</b>	<b>171</b>	<b>121</b>	<b>(2,227)</b>	<b>(1,935)</b>	<b>1,935</b>
s64 - Water	543	106	-	17	-	-	666	-	-	-	-
s64 - Sewer	530	171	-	15	-	(389)	327	-	-	-	389
<b>s64 Total</b>	<b>1,073</b>	<b>277</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>(389)</b>	<b>993</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>389</b>
<b>Total</b>	<b>1,122</b>	<b>277</b>	<b>-</b>	<b>71</b>	<b>83</b>	<b>(389)</b>	<b>1,164</b>	<b>121</b>	<b>(2,227)</b>	<b>(1,935)</b>	<b>2,324</b>

Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 6 - TOUKLEY

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	(0)	-	-	0	-	-	(0)	1,638	-	1,638	4
Roads	-	-	-	-	-	-	-	-	(135)	(135)	14
Parking	0	-	-	0	-	-	0	-	-	-	6
Open Space	24	22	4	10	17	(1)	76	6,052	(4,400)	1,738	456
Community Facilities	35	23	5	24	69	-	156	6,293	(11,163)	(4,714)	1,068
Other	-	-	-	-	-	-	-	-	(76)	(76)	-
<b>s94 Total</b>	<b>59</b>	<b>45</b>	<b>9</b>	<b>34</b>	<b>86</b>	<b>(1)</b>	<b>233</b>	<b>13,993</b>	<b>(15,774)</b>	<b>(1,548)</b>	<b>1,548</b>
s64 - Water	431	21	2	17	(3)	-	468	-	-	-	-
s64 - Sewer	498	14	1	8	(909)	390	2	-	-	-	(389)
<b>s64 Total</b>	<b>930</b>	<b>35</b>	<b>3</b>	<b>25</b>	<b>(912)</b>	<b>390</b>	<b>470</b>	<b>13,993</b>	<b>(15,774)</b>	<b>(1,548)</b>	<b>(389)</b>
<b>Total</b>	<b>989</b>	<b>80</b>	<b>12</b>	<b>59</b>	<b>(826)</b>	<b>389</b>	<b>703</b>	<b>13,993</b>	<b>(15,774)</b>	<b>(1,548)</b>	<b>1,159</b>

CONTRIBUTION PLAN NUMBER 7 - GOROKAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	18	-	-	13	(137)	134	27,933	-	(1,259)	(1,231)	(24)
Open Space	33	32	-	12	83	-	160	2,279	(591)	1,848	499
Community Facilities	20	28	-	2	-	-	49	1,903	(3,400)	(1,448)	50
Other	-	4	-	-	(6)	7	5	309	-	314	(7)
<b>s94 Total</b>	<b>71</b>	<b>64</b>	<b>-</b>	<b>27</b>	<b>(60)</b>	<b>141</b>	<b>242</b>	<b>4,490</b>	<b>(5,250)</b>	<b>(518)</b>	<b>518</b>
s93F - Water	-	21	-	1	-	-	22	-	-	-	-
s93F - Sewer	-	15	-	-	-	-	15	-	-	-	-
<b>s93F Total</b>	<b>-</b>	<b>36</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
s64 - Water	2	109	-	37	-	-	148	-	-	-	-
s64 - Sewer	1,175	77	-	23	-	(1)	1,274	-	-	-	-
<b>s64 Total</b>	<b>1,178</b>	<b>186</b>	<b>-</b>	<b>60</b>	<b>-</b>	<b>(1)</b>	<b>1,422</b>	<b>4,490</b>	<b>(5,250)</b>	<b>(518)</b>	<b>(2,323)</b>
<b>Total</b>	<b>1,248</b>	<b>286</b>	<b>-</b>	<b>87</b>	<b>(60)</b>	<b>140</b>	<b>1,701</b>	<b>4,490</b>	<b>(5,250)</b>	<b>(518)</b>	<b>(1,805)</b>

## Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 17. Statement of Developer Contributions (continued)

\$ '000

## S94 CONTRIBUTIONS - UNDER A PLAN

## CONTRIBUTION PLAN NUMBER 7a - WADALBA, WOONGARRAH &amp; HAMLIN TERRACE

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	8,718	130	542	248	(2,538)	(1,949)	5,151	9,244	(17,004)	(2,610)	4,742
Roads	(2)	167	532	11	(948)	463	223	13,950	(3,665)	10,508	(8,106)
Open Space	(0)	46	1,006	18	(1,484)	414	(0)	11,625	(9,156)	2,469	(16,569)
Community Facilities	618	38	684	144	(116)	(7)	1,367	6,913	(5,710)	2,570	6,005
Other	10	6	2	0	(6)	(7)	6	1,111	(138)	979	13
<b>s94 Total</b>	<b>9,344</b>	<b>387</b>	<b>2,766</b>	<b>421</b>	<b>(5,092)</b>	<b>(1,079)</b>	<b>6,747</b>	<b>42,843</b>	<b>(35,674)</b>	<b>13,916</b>	<b>(13,916)</b>
s93F - General	373	103	-	29	1,134	-	1,639	-	-	-	-
s93F - Drainage	78	41	-	16	761	-	896	-	-	-	-
s93F - Water	63	62	-	10	388	-	523	-	-	-	-
s93F - Sewer	49	55	-	6	239	-	349	-	-	-	-
<b>s93F Total</b>	<b>563</b>	<b>261</b>	<b>-</b>	<b>61</b>	<b>2,522</b>	<b>-</b>	<b>3,407</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
s64 - Water	2,283	384	118	72	(1,052)	-	1,805	-	-	-	2,323
s64 - Sewer	2,946	289	67	68	(316)	-	3,054	-	-	-	766
<b>s64 Total</b>	<b>5,230</b>	<b>673</b>	<b>185</b>	<b>140</b>	<b>(1,368)</b>	<b>-</b>	<b>4,859</b>	<b>42,843</b>	<b>(35,674)</b>	<b>13,916</b>	<b>3,089</b>
<b>Total</b>	<b>15,136</b>	<b>1,321</b>	<b>2,951</b>	<b>621</b>	<b>(3,938)</b>	<b>(1,079)</b>	<b>15,013</b>	<b>42,843</b>	<b>(35,674)</b>	<b>13,916</b>	<b>(10,827)</b>

Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 8 - SAN REMO

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	63	-	-	1	-	-	64	137	-	202	1
Roads	48	4	-	11	-	(13)	49	312	(510)	(149)	(124)
Open Space	83	2	-	20	83	-	188	854	(1,655)	(612)	484
Community Facilities	52	0	-	1	-	(34)	19	714	-	734	(596)
Other	0	0	-	0	11	-	11	110	(50)	72	(11)
<b>s94 Total</b>	<b>246</b>	<b>6</b>	<b>-</b>	<b>34</b>	<b>94</b>	<b>(46)</b>	<b>333</b>	<b>2,128</b>	<b>(2,215)</b>	<b>246</b>	<b>(246)</b>
s64 - Water	997	63	43	41	(43)	-	1,101				(1)
s64 - Sewer	97	44	8	26	(8)	-	167				1
<b>s64 Total</b>	<b>1,094</b>	<b>107</b>	<b>51</b>	<b>67</b>	<b>(51)</b>	<b>-</b>	<b>1,268</b>				-
<b>Total</b>	<b>1,340</b>	<b>113</b>	<b>51</b>	<b>101</b>	<b>43</b>	<b>(46)</b>	<b>1,601</b>	<b>2,128</b>	<b>(2,215)</b>	<b>246</b>	<b>(246)</b>

CONTRIBUTION PLAN NUMBER 9 - BUDGEWOI

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	2	-	-	1	-	1	4	894	(1,869)	(971)	81
Open Space	5	18	-	3	-	(1)	24	961	(48)	937	116
Community Facilities	33	15	-	32	83	-	163	803	(2,500)	(1,534)	1,512
Other	(0)	2	-	0	8	-	10	124	(265)	(131)	(10)
<b>s94 Total</b>	<b>40</b>	<b>35</b>	<b>-</b>	<b>36</b>	<b>91</b>	<b>0</b>	<b>202</b>	<b>2,781</b>	<b>(4,682)</b>	<b>(1,699)</b>	<b>1,699</b>
s64 - Water	486	12	-	10	-	(1)	507				-
s64 - Sewer	1	10	-	1	(411)	401	2				(1,166)
<b>s64 Total</b>	<b>487</b>	<b>22</b>	<b>-</b>	<b>11</b>	<b>(411)</b>	<b>400</b>	<b>509</b>				<b>(1,166)</b>
<b>Total</b>	<b>527</b>	<b>57</b>	<b>-</b>	<b>47</b>	<b>(320)</b>	<b>400</b>	<b>710</b>	<b>2,781</b>	<b>(4,682)</b>	<b>(1,699)</b>	<b>533</b>

Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 13 - SHIRE WIDE

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	-	47	9	1	(9)	21	69	9,305	(9,694)	(320)	(861)
Community Facilities	3	45	7	2	(1,024)	971	5	7,058	(5,520)	1,543	(1,282)
Other	12	9	1	(1)	152	(60)	113	1,355	(436)	1,031	(111)
<b>s94 Total</b>	<b>15</b>	<b>101</b>	<b>17</b>	<b>2</b>	<b>(881)</b>	<b>932</b>	<b>186</b>	<b>17,719</b>	<b>(15,650)</b>	<b>2,255</b>	<b>(2,255)</b>
s93F - General	7	1	-	-	-	-	8	-	-	-	-
s93F Total	7	1	-	-	-	-	8	-	-	-	-
<b>Total</b>	<b>22</b>	<b>102</b>	<b>17</b>	<b>2</b>	<b>(881)</b>	<b>932</b>	<b>194</b>	<b>17,719</b>	<b>(15,650)</b>	<b>2,255</b>	<b>(2,255)</b>

CONTRIBUTION PLAN NUMBER 15 - NORTHERN DISTRICTS

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	137	-	-	10	1	1	149	13,057	(18,332)	(5,126)	478
Open Space	(0)	47	-	11	114	(20)	151	14,865	(14,543)	474	4
Community Facilities	33	40	-	26	131	-	230	12,574	(11,497)	1,307	1,161
Other	3	6	-	-	(9)	-	0	1,751	(50)	1,702	-
<b>s94 Total</b>	<b>173</b>	<b>93</b>	<b>-</b>	<b>47</b>	<b>237</b>	<b>(19)</b>	<b>531</b>	<b>42,249</b>	<b>(44,422)</b>	<b>(1,643)</b>	<b>1,643</b>
s93F - General	526	-	-	7	(121)	-	412	-	-	-	-
s93F Total	526	-	-	7	(121)	-	412	-	-	-	-
s64 - Water	1,007	58	-	31	-	-	1,096	-	-	-	(2)
s64 - Sewer	1,703	36	-	32	-	(400)	1,371	-	-	-	401
<b>s64 Total</b>	<b>2,710</b>	<b>94</b>	<b>-</b>	<b>63</b>	<b>-</b>	<b>(400)</b>	<b>2,467</b>	<b>42,249</b>	<b>(44,422)</b>	<b>(1,643)</b>	<b>399</b>
<b>Total</b>	<b>3,409</b>	<b>187</b>	<b>-</b>	<b>117</b>	<b>116</b>	<b>(419)</b>	<b>3,410</b>	<b>42,249</b>	<b>(44,422)</b>	<b>(1,643)</b>	<b>2,042</b>

Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 16 WTC - WARNERVALE TOWN CENTRE

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	6,455	(11,127)	(4,673)	-
Roads	-	-	-	1	33	(33)	1	10,250	(5,892)	4,358	33
Open Space	-	-	-	-	-	-	-	16,112	(8,865)	7,247	-
Community Facilities	-	-	-	-	-	-	-	4,752	(12,011)	(7,259)	-
Other	-	-	-	-	-	-	-	294	-	294	-
<b>s94 Total</b>	-	-	-	1	33	(33)	1	37,862	(37,896)	(33)	33
<b>Total</b>	-	-	-	1	33	(33)	1	37,862	(37,896)	(33)	33

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN NUMBER

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other	504	534	-	19	3	-	1,060	-	-	-	-
<b>Total</b>	504	534	-	19	3	-	1,060	-	-	-	-

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 18. Contingencies &amp; Other Assets/Liabilities Not Recognised

**LIABILITIES NOT RECOGNISED****1. Defined Benefit Superannuation**

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

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

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

The Scheme's most recent full actuarial review was performed by Richard Boyfield of Mercer Consulting (Australia) Pty Ltd and covers the period ended 30 June 2014. This review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Scheme's Defined Benefit member category with member Councils required to make significantly higher contributions in future years.

The Scheme is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its Defined Benefits Scheme obligations. The annual amount of additional contributions attributed to Wyong Shire Council is estimated to be \$1,054,547 until 30 June 2018 (or \$4,218,188).

Further contributions made to the Scheme to rectify the net deficit position will be recognised as an expense when they become payable. The amount of the employer contributions made to the Scheme and recognised as an expense for the year ending 30 June 2014 was \$2,634,256.

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

**2. Bank Guarantee**

Council provides a bank guarantee to the value of \$5,043,000 to secure its self-insurance license for

Workers Compensation. The guarantee is provided to WorkCover NSW.

**3. Developer Contributions**

Council has significant obligations to provide Section 94 infrastructure across the Local Government Area, and levies fees accordingly.

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

These future expenses do not yet qualify as liabilities as of the reporting date, but represent Councils intention to spend funds in the manner and timing set out in those Plans (Refer Note 17).

**4. 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 26. 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 \$1.9m until 2030. This estimate is based on the Closed Landfill budget of \$118k for 2014-15 multiplied by the remaining 16 years.

**5. 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.

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.

There is a possibility that following the transfer of staff and functions, shared services and assets, that some financial or legal liabilities may remain with Council. At the time of preparing the financial statements the timing and likelihood of this impact being realised cannot be determined.

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 18. Contingencies &amp; Other Assets/Liabilities Not Recognised

**6. United Services Union**

There are two separate proceedings involving the United Services Union. One before the Industrial Relations Commission and the other before the Industrial Court of NSW. Both involve the same employee. Information involving estimates on contingent liabilities usually required by AASB137 Provisions, Contingent Liabilities and Contingent Assets is not disclosed on the grounds that it may prejudice the outcome of the litigation.

**7. Strathavon Resort**

There is a Class 4 proceeding before the Land and Environment Court in which Council seeks declaratory and injunctive orders in respect to a certain structure on the premises at 31 Boyce Avenue, Wyong. Information involving estimates on contingent liabilities usually required by AASB137 Provisions, Contingent Liabilities and Contingent Assets is not disclosed on the grounds that it may prejudice the outcome of the litigation.

**8. Warnervale Airport**

Council is party to three proceedings before the Land and Environment Court of NSW concerning the use of Councils Airport at Warnervale and the Reserve Trust for Pioneer Dairy. The four parties involved are Wyong Shire Council, Central Coast Aero Club, Australia Skydive Pty Ltd and the Reserve Trust for the Pioneer Dairy. Information involving estimates on contingent liabilities usually required by AASB137 Provisions, Contingent Liabilities and Contingent Assets is not disclosed on the grounds that it may prejudice the outcome of the litigation.

**ASSETS NOT RECOGNISED****1. Land Under Roads**

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



## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 19. Controlled Entities, Associated Entities &amp; Interests in Joint Ventures

\$ '000

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

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils, Bodies and other Outside Organisations.

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

**Associated Entities & Joint Venture Entities***Note 19(a) (i)&(ii)*

Arrangements in the form of a Separate Entity that deploys the resources of the operation itself. Under Associated Entities, Council significantly influences the operations (but does not control them, whilst for JV Entities, Council Jointly Controls the Operations with other parties.

**Joint Venture Operations***Note 19(b)*

Arrangements that do not comprise an actual individual entity which can deploy the resources of the individual participants. Under JV Operations, Council Jointly Controls the operations with the Other Parties involved.

**Accounting Recognition:**

(i) **Subsidiaries disclosed under Note 19(a), and Joint Venture Operations disclosed at Note 19(c), are accounted for on a Line by Line Consolidation basis within the Income Statement and Statement of Financial Position.**

(ii) **Associated Entities and Joint Venture Entities as per Notes 19(b)(i) & (ii) are accounted for using the Equity Accounting Method - and are disclosed as a 1 line entry in both the Income Statement and Statement of Financial Position.**

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013
Associated Entities	-	-	-	-
Joint Venture Entities	-	-	250	250
<b>Total</b>	<b>-</b>	<b>-</b>	<b>250</b>	<b>250</b>

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 19. Controlled Entities, Associated Entities &amp; Interests in Joint Ventures

\$ '000

## (a) Associated Entities &amp; Joint Venture Entities

## (i) ASSOCIATED ENTITIES

Council has no interest in any Associated Entities.

## (ii) JOINT VENTURE ENTITIES

## (a) Carrying Amounts

Name of Entity	Principal Activity	2014	2013
Central Coast Water Corporation	Strategic decisions about the Central Coast water supply	250	250
<b>Total Carrying Amounts - Joint Venture Entities</b>		<b>250</b>	<b>250</b>

## (b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2014	2013	2014	2013	2014	2013
Central Coast Water Corporation	50%	50%	50%	50%	50%	50%

## (c) Movement in Carrying Amounts

	Central Coast Water Corporation	
	2014	2013
Opening Balance	250	125
New Capital Contributions	-	125
<b>Council's Equity Share in the Joint Venture Entity</b>	<b>250</b>	<b>250</b>

## (d) Share of Joint Ventures Assets &amp; Liabilities

	Assets		Liabilities		Net Assets
	Current	Non Current	Current	Non Current	
<b>2014</b>					
Central Coast Water Corporation	-	250	-	-	250
<b>Totals</b>	<b>-</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>250</b>
<b>2013</b>					
Central Coast Water Corporation	-	250	-	-	250
<b>Totals</b>	<b>-</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>250</b>

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 19. Controlled Entities, Associated Entities &amp; Interests in Joint Ventures

\$ '000

## (b) Joint Venture Operations

## (a) The Council is involved in the following Joint Venture Operations (JVO)

Name of Operation	Principal Activity	Councils Interests in Outputs of JVO's
Joint Water Supply Authority	Water Supply Headworks	48.87%

## (b) Council Assets employed in the Joint Venture Operations

## Council's own assets employed in the Operations

## Current Assets:

	2014	2013
Property, Plant & Equipment	315,412	311,246
<b>Total Assets - Council Owned</b>	<b>315,412</b>	<b>311,246</b>
<b>Total Net Assets Employed - Council &amp; Jointly Owned</b>	<b>315,412</b>	<b>311,246</b>

Financial Statements 2014

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		1,343,464	1,251,253
a. Other Comprehensive Income (excl. direct to Reserves transactions)		-	69,791
b. Net Operating Result for the Year		21,238	22,420
Balance at End of the Reporting Period		<u>1,364,702</u>	<u>1,343,464</u>
<b>(b) Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		1,085,197	1,052,162
<b>Total</b>		<u>1,085,197</u>	<u>1,052,162</u>
<b>(ii) Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		1,052,162	906,593
- Revaluations for the year	(a)	34,359	145,569
- (Impairment of revalued assets) / Impairment reversals	(b)(c)	(1,324)	-
- Balance at End of Year		<u>1,085,197</u>	<u>1,052,162</u>
<b>TOTAL VALUE OF RESERVES</b>		<u>1,085,197</u>	<u>1,052,162</u>
<b>(iii) Nature &amp; Purpose of Reserves</b>			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.			
<b>(c) Correction of Error/s relating to a Previous Reporting Period</b>			
<b>Correction of errors as disclosed in last year's financial statements:</b>			
Adjustment for prior year depreciation on recognition of residual values for plant and equipment			1,758
Correction of prior period land depreciation			45
Adjustment for prior year depreciation on recognition of residual values for buildings			67,988
			<u>69,791</u>
<b>(d) Voluntary Changes in Accounting Policies</b>			
Council made no voluntary changes in any accounting policies during the year.			

page 77

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 21. Financial Result &amp; Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2014	Actual 2014	Actual 2014
	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Continuing Operations</b>			
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	16,470	27,521	98,238
User Charges & Fees	27,582	1,447	28,336
Interest & Investment Revenue	1,380	1,812	4,287
Other Revenues	338	299	4,846
Grants & Contributions provided for Operating Purposes	1,036	677	13,995
Grants & Contributions provided for Capital Purposes	3,935	1,795	10,035
<b>Other Income</b>			
Net Gains from Disposal of Assets	-	-	-
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
<b>Total Income from Continuing Operations</b>	<b>50,741</b>	<b>33,551</b>	<b>159,737</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	6,697	7,240	60,139
Borrowing Costs	13,184	1,679	221
Materials & Contracts	3,908	3,744	17,959
Depreciation & Amortisation	16,593	12,848	26,070
Impairment	-	-	-
Other Expenses	11,979	10,398	29,151
Net Losses from the Disposal of Assets	291	-	690
<b>Total Expenses from Continuing Operations</b>	<b>52,652</b>	<b>35,909</b>	<b>134,230</b>
<b>Operating Result from Continuing Operations</b>	<b>(1,911)</b>	<b>(2,358)</b>	<b>25,507</b>
<b>Discontinued Operations</b>			
<b>Net Profit/(Loss) from Discontinued Operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the Year</b>	<b>(1,911)</b>	<b>(2,358)</b>	<b>25,507</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>(1,911)</b>	<b>(2,358)</b>	<b>25,507</b>
<b>Net Operating Result attributable to Non-controlling Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>(5,846)</b>	<b>(4,153)</b>	<b>15,472</b>

<sup>1</sup> General Fund refers to all Council's activities other than Water & Sewer.

NB: All amounts disclosed above are Gross - that is, they include internal charges &amp; recoveries made between the Funds.

## Wyong Shire Council

## Notes to the Financial Statements

as at 30 June 2014

## Note 21. Financial Result &amp; Financial Position by Fund (continued)

Statement of Financial Position by Fund \$ '000	Actual 2014	Actual 2014	Actual 2014
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>			
Cash & Cash Equivalents	2,299	12,970	4,088
Investments	3,236	18,256	81,421
Receivables	15,262	3,276	13,613
Inventories	503	-	939
Other	-	-	720
Non-current assets classified as 'held for sale'	-	-	-
<b>Total Current Assets</b>	<b>21,300</b>	<b>34,502</b>	<b>100,781</b>
<b>Non-Current Assets</b>			
Investments	17,000	8,000	-
Receivables	423	10	19,257
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	852,774	704,215	1,019,059
Investments Accounted for using the equity method	-	-	250
Investment Property	-	-	-
Intangible Assets	56	33	251
<b>Total Non-Current Assets</b>	<b>870,253</b>	<b>712,258</b>	<b>1,038,817</b>
<b>TOTAL ASSETS</b>	<b>891,553</b>	<b>746,760</b>	<b>1,139,598</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	11,018	2,477	20,608
Borrowings	9,801	1,017	963
Provisions	1,791	1,930	19,703
<b>Total Current Liabilities</b>	<b>22,610</b>	<b>5,424</b>	<b>41,274</b>
<b>Non-Current Liabilities</b>			
Payables	1,941	882	9,467
Borrowings	162,377	23,009	6,496
Provisions	118	55	54,359
<b>Total Non-Current Liabilities</b>	<b>164,436</b>	<b>23,946</b>	<b>70,322</b>
<b>TOTAL LIABILITIES</b>	<b>187,046</b>	<b>29,370</b>	<b>111,596</b>
<b>Net Assets</b>	<b>704,507</b>	<b>717,390</b>	<b>1,028,002</b>
<b>EQUITY</b>			
Retained Earnings	352,913	247,834	763,955
Revaluation Reserves	351,594	469,556	264,047
<b>Total Equity</b>	<b>704,507</b>	<b>717,390</b>	<b>1,028,002</b>

<sup>1</sup> General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal receivables &amp; payables between the Funds.

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 22. "Held for Sale" Non Current Assets &amp; Disposal Groups

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\$ '000

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Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

## Note 23. Events occurring after the Reporting Date

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Events that occur between the end of the reporting period (ending 30 June 2014) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 08/10/14.

Events that occur after the Reporting Period represent one of two types:

**(i) Events that provide evidence of conditions that existed at the Reporting Period**

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2014.

**(ii) Events that provide evidence of conditions that arose after the Reporting Period**

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2014 and which are only indicative of conditions that arose after 30 June 2014.

**Council is unaware of any material or significant "non-adjusting events" that should be disclosed.**

## Note 24. Discontinued Operations

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Council has not classified any of its Operations as "Discontinued"

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 25. Intangible Assets

\$ '000	Actual 2014	Actual 2013
Intangible Assets represent identifiable non-monetary assets without physical substance.		
Intangible Assets are as follows:		
<b>Opening Values:</b>		
Gross Book Value (1/7)	9,011	9,011
Accumulated Amortisation (1/7)	(8,300)	(7,397)
Accumulated Impairment (1/7)	-	-
<b>Net Book Value - Opening Balance</b>	<b>711</b>	<b>1,614</b>
<b>Movements for the year</b>		
- Purchases	15	-
- Amortisation charges	(386)	(903)
<b>Closing Values:</b>		
Gross Book Value (30/6)	9,026	9,011
Accumulated Amortisation (30/6)	(8,686)	(8,300)
Accumulated Impairment (30/6)	-	-
<b>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</b>	<b>340</b>	<b>711</b>
<b><sup>1</sup> The Net Book Value of Intangible Assets represent:</b>		
- Software	340	711
	<b>340</b>	<b>711</b>



## Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 26. Reinstatement, Rehabilitation &amp; Restoration Liabilities

\$ '000

Council is required by law to restore the present tip sites at Bateau Bay, Mardi, Gwandalan, Tumbi, Shelly Beach, Warnervale, Toukley, Halekulani and Buttoderry Waste Management Facility at Jilliby at the end of their useful lives. Council also has an obligation to remediate its two bulk fuel delivery sites. The projected cost of all rehabilitation is \$52.5 million based on engineering estimates and has been discounted to its present value at risk free cost of borrowing to Council.

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2014	2013
Contaminated lands	Various	52,522	52,900
Balance at End of the Reporting Period		<u>52,522</u>	<u>52,900</u>

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

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

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

Reconciliation of movement in Provision for year:	2014	2013
Balance at beginning of year	52,900	53,961
Amounts capitalised to new or existing assets:		
Effect of a change in discount rates used in PV calculations	(1,253)	3,461
Effect of a change in other calculation estimates used	138	(6,366)
Amortisation of discount (expensed to borrowing costs)	1,576	2,590
Expenditure incurred attributable to Provisions	(839)	(746)
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<u><b>52,522</b></u>	<u><b>52,900</b></u>

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement

\$ '000

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

- Infrastructure, Property, Plant and Equipment

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

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

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

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

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

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

2014	Date of issue of financial statements	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkt	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring Fair Value Measurements</b>					
<b>Infrastructure, Property, Plant &amp; Equipment</b>					
Plant & Equipment	30/6/13	-	-	20,816	20,816
Office Equipment	30/6/13	-	-	2,588	2,588
Furniture & Fittings	30/6/13	-	-	1,291	1,291
Operational Land	30/6/13	-	-	311,913	311,913
Community Land	30/6/11	-	-	124,750	124,750
Land under Roads (post 30/06/2008)	30/6/14	-	-	511	511
Land Improvements - non depreciable	30/6/11	-	-	-	-
Land Improvements - depreciable	30/6/11	-	-	19,564	19,564
Buildings - non specialised	30/6/11	-	-	475	475
Buildings - specialised	30/6/11	-	-	149,000	149,000
Other Structures	30/6/11	-	-	13,547	13,547
Roads	30/6/10	-	-	327,262	327,262
Bridges	30/6/10	-	-	6,635	6,635
Footpaths	30/6/10	-	-	32,305	32,305
Bulk Earthworks (non depreciable)	30/6/10	-	-	3,219	3,219
Stormwater Drainage	30/6/10	-	-	237,154	237,154
Water Supply Network	30/6/12	-	-	558,139	558,139
Sewerage Network	30/6/12	-	-	669,334	669,334
Swimming Pools	30/6/11	-	-	2,290	2,290
Other Open Space/Recreational Assets	30/6/11	-	-	41,868	41,868
Heritage Collections	30/6/11	-	-	169	169
Library Books	30/6/11	-	-	1,122	1,122
Other Assets	30/6/11	-	-	37	37
Tip Assets	30/6/11	-	-	177	177
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		-	-	<b>2,524,166</b>	<b>2,524,166</b>

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement

**(2) Transfers between Level 1 & Level 2 Fair Value Hierarchies**

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

**(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values**

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

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

**Infrastructure, Property, Plant & Equipment****Plant & Equipment, Office Equipment and Furniture & Fittings**

Plant & Equipment, Office Equipment and Furniture & Fittings assets are recognised and valued at cost. Council assumes that the carrying amount reflects the fair value of the assets due to the nature of the items. Therefore these assets are disclosed at fair value in the notes.

These asset categories include:

- Plant & Fleet
  - Major Plant Items – tractors, excavators, street sweepers, tippers, rollers, forklifts, back hoes, beach cleaners
  - Minor Plant Items – generators, mowers, weed harvester, trailers, chainsaws, wood chippers, power hand tools
  - Fleet Vehicles – trucks, commercial vehicles and passenger vehicles
- Office Equipment – computer hardware, communications equipment, digital cameras, photocopiers
- Furniture & Fittings – work stations, storage cabinets, CCTV, air conditioning units

The unobservable level 3 inputs used include:

- Pattern of consumption
- Useful life
- Residual value

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

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

**Operational Land**

This asset class is comprised of all Council's land classified as Operational Land under the Local Government Act 1993. The last valuation was undertaken at 30 June 2013 by APV Valuers & Asset Management.

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

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement

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

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

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

**Community Land**

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

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

As we have and are using unimproved land values provided by the Valuer General this is not considered to be an observable input based on market evidence and therefore contains Level 3 unobservable inputs.

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

**Land under Roads**

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

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

Values were determined using the Englobo methodology as outlined in the Local Government Code of Accounting Practice and Financial Reporting Guidelines Update No 22 - June 2014. This asset class is classified as level 3 as significant inputs used in the Englobo methodology are unobservable. There has been no change in the valuation process during the reporting period.

**Land Improvements**

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

This asset class is classified as level 3 as significant inputs used in the valuation are unobservable. There has been no change in the valuation process during the reporting period.

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement

**Buildings – Non Specialised and Specialised**

Council engaged APV Valuers & Asset Management to value all buildings. The valuation methodology applied is dependent on whether a market exists to substantiate the value of the asset.

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

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

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

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

**Other Structures**

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

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

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

**Roads**

This asset class is comprised of the Road Carriageway, Car Parks, Kerb & Gutter, Street Furniture, Signage and Traffic Facilities. The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter.

Council's roads are componentised into the pavement, surface and base and further separated into segments for inspection and valuation. The last valuation was completed by GHD a professional services organisation. The cost approach was adopted to value Council roads. The replacement cost (based on unit rates), useful lives and conditions were determined by extracting technical information contained in Council's pavement management system (SMEC). Replacement cost is assessed using the Modern Engineering Equivalent Replacement Asset (MEERA).

Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components, residual value and type of road. A pavement condition index (PCI) is used in SMEC and determined by field inspections. This PCI is converted into road technical ratings 1 (Excellent) to 5 (Very Poor).

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement

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

**Bridges**

This asset class is comprised of all pedestrian and vehicle access bridges. The bridges were inspected and valued using the cost approach by GHD a professional services organisation. The significant inputs used in valuing bridges useful life, residual value, pattern of consumption, asset condition and gross replacement cost.

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

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

**Footpaths**

This asset class is comprised of pedestrian walkways and cycle ways. Footpaths are valued using the cost approach by GHD a professional services organisation. Replacement costs (unit rates) and useful lives were determined using technical knowledge. Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components, asset condition and residual value.

Footpaths were segmented to match the adjacent road segment and no further componentisation was undertaken. Footpaths are assessed by physical inspection. Condition information is updated as changes in the network are observed through regular inspections.

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

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

**Bulk Earthworks (non-depreciable)**

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

Bulk earthworks are non-depreciable as it is not expected that the bulk earthworks will need to be renewed during the normal operational use of the assets.

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

**Stormwater Drainage**

The Stormwater Drainage asset class consists of Council's pits, pipes, open channels, culverts, wetlands, headwalls and gross pollutant traps. GHD a professional services organisation completed the valuation of these assets using the replacement cost approach. Replacement cost is assessed using the Modern Engineering Equivalent Replacement Asset (MEERA).

Replacement costs (unit rates) and useful lives for stormwater drainage assets were determined through a combination of historic data and technical knowledge, which incorporated standard unit rates applied to the dimensions of the asset and considered environmental factors based on asset location. Other significant inputs considered in the valuation of these assets are asset condition, remaining useful life, pattern of consumption and residual value. The asset condition of 1 (Excellent) to 5 (Very Poor) was determined by assumptions based on age and CCTV investigation undertaken across a representative selection of Council's

## Wyong Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement

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drainage network. Additionally due to the limitations in the historical records of very long lived assets there is some uncertainty on the specifications and dimensions of some assets.

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

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

##### **Water Supply Network**

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

The gross replacement cost approach has been utilised to value the water supply network. This approach estimates the gross replacement cost based on Modern Engineering Equivalent Replacement Asset (MEERA) techniques and equipment that would yield an asset to serve the same function as the existing asset, rather than replicate the existing asset. Valuations are undertaken by Council staff based on the technical knowledge and experience of engineers and asset management staff taking into consideration NSW Reference Rates issued by the Department of Primary Industries Office of Water and the valuations performed by Evans and Peck and NSW Public Works in 2011 for the Joint Water Assets. Assets have been componentised as per AASB 116. Unobservable level 3 inputs used include materials used in the construction of the asset, residual value, useful life, asset condition, unit rates and pattern of consumption. As some of the assets are very long lived assets there is some uncertainty on the specifications and dimensions of some assets however the Water & Sewer Planning section undertook data validation processes to reduce this risk.

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

##### **Sewerage Network**

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

The gross replacement cost approach has been utilised to value the sewerage network. This approach estimates the gross replacement cost based on Modern Engineering Equivalent Replacement Asset (MEERA) techniques and equipment that would yield an asset to serve the same function as the existing asset, rather than replicate the existing asset. Valuations are undertaken by Council staff based on the technical knowledge and experience of engineers and asset management staff taking into consideration NSW Reference Rates issued by the Department of Primary Industries Office of Water. Assets have been componentised as per AASB 116. Unobservable level 3 inputs used include materials used in the construction of the asset, residual value, useful life, asset condition, unit rates and pattern of consumption. As some of the assets are very long lived assets there is some uncertainty on the specifications and dimensions of some assets however the Water & Sewer Planning section undertook data validation processes to reduce this risk.

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

##### **Swimming Pools**

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

The gross replacement cost approach has been utilised to value this asset class. This approach estimates the gross replacement cost based on Modern Engineering Equivalent Replacement Asset (MEERA). Valuations are undertaken by Council staff based on the technical knowledge and experience of engineers and asset

## Wyong Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement

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management staff. Significant unobservable inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components, asset condition and residual value.

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

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

##### **Other Open Space/Recreational Assets**

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

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

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

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

##### **Heritage Collections**

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

Significant unobservable inputs considered in the valuation of these assets are useful life, pattern of consumption, asset condition and residual value. This asset class is categorised a Level 3 as the inputs used in the valuation of these assets require significant professional judgement.

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

##### **Library Books**

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

Whilst these assets are recognised at cost with supporting supplier invoices (observable input) the remaining significant inputs (useful life, pattern of consumption, asset condition and residual values) are unobservable and therefore categorised as level 3.

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

##### **Other Assets**

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

The replacement cost approach has been utilised to value other assets. Significant unobservable inputs considered in the valuation of these assets are useful life, pattern of consumption, asset condition and residual value and therefore categorised as level 3.



## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement

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

**Tip Asset**

This asset class includes the tip cells at the Buttoderry Waste Facility which is recognised and valued at cost. Council assumes that the carrying amount reflects the fair value of the assets due to the nature of the item.

Significant unobservable inputs considered in the valuation of these assets are useful life, pattern of consumption, asset condition and residual value and therefore categorised as level 3.

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

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement (continued)

\$ '000

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

## a. The following tables present the changes in Level 3 Fair Value Asset Classes.

	Plant & Equipment	Office Equipment	Furniture & Fittings	Operational Land	Total
Adoption of AASB 13	23,400	1,360	1,176	310,172	336,108
Transfers from/(to) another asset class	(32)	-	32	729	729
Purchases (GBV)	4,254	1,950	303	1,061	7,568
Disposals (WDV)	(2,259)	(14)	(12)	(49)	(2,334)
Depreciation & Impairment	(4,547)	(709)	(207)	-	(5,463)
Other Movements	-	1	(1)	-	-
<b>Closing Balance - 30/6/14</b>	<b>20,816</b>	<b>2,588</b>	<b>1,291</b>	<b>311,913</b>	<b>336,608</b>

	Community Land	Land under Roads	Land Improvements	Buildings - Non Specialised	Total
Adoption of AASB 13	125,410	471	18,443	550	144,874
Transfers from/(to) another asset class	(747)	-	(404)	-	(1,151)
Purchases (GBV)	87	24	3,072	-	3,183
Depreciation & Impairment	-	-	(1,544)	(73)	(1,617)
Revaluation Increments to Equity (ARR)	-	16	-	-	16
Other Movements	-	-	(3)	(2)	(5)
<b>Closing Balance - 30/6/14</b>	<b>124,750</b>	<b>511</b>	<b>19,564</b>	<b>475</b>	<b>145,300</b>

	Buildings - Specialised	Other Structures	Roads	Bridges	Total
Adoption of AASB 13	149,670	13,709	312,225	6,514	482,118
Transfers from/(to) another asset class	-	(1,049)	(559)	282	(1,326)
Purchases (GBV)	3,935	1,793	27,998	26	33,752
Disposals (WDV)	-	(90)	-	-	(90)
Depreciation & Impairment	(4,609)	(817)	(12,402)	(187)	(18,015)
Other Movements	4	-	-	-	4
<b>Closing Balance - 30/6/14</b>	<b>149,000</b>	<b>13,547</b>	<b>327,262</b>	<b>6,635</b>	<b>496,444</b>

	Footpaths	Bulk Earthworks	Stormwater Drainage	Water Supply Network	Total
Adoption of AASB 13	31,390	2,815	231,531	551,764	817,500
Transfers from/(to) another asset class	269	-	-	-	269
Purchases (GBV)	1,053	404	7,779	4,632	13,868
Disposals (WDV)	-	-	-	(252)	(252)
Depreciation & Impairment	(407)	-	(2,619)	(13,618)	(16,644)
Revaluation Increments to Equity (ARR)	-	-	459	15,624	16,083
Other Movements	-	-	5	(11)	(7)
<b>Closing Balance - 30/6/14</b>	<b>32,305</b>	<b>3,219</b>	<b>237,154</b>	<b>558,139</b>	<b>830,817</b>

## Wyong Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement (continued)

\$ '000

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

## a. The following tables present the changes in Level 3 Fair Value Asset Classes. (continued)

	Sewerage Network	Swimming Pools	Other Open Space / Recreational Assets	Heritage Collections	Total
Adoption of AASB 13	656,265	2,327	41,498	170	700,260
Transfers from/(to) another asset class	-	(7)	1,486	-	1,479
Purchases (GBV)	7,317	-	-	-	7,317
Depreciation & Impairment	(12,508)	(30)	(1,116)	(1)	(13,655)
Revaluation Increments to Equity (ARR)	18,261	-	-	-	18,261
Other Movements	(1)	-	-	-	(1)
<b>Closing Balance - 30/6/14</b>	<b>669,334</b>	<b>2,290</b>	<b>41,868</b>	<b>169</b>	<b>713,661</b>

	Library Books	Other Assets	Tip Assets	Total
Adoption of AASB 13	1,115	38	742	1,895
Purchases (GBV)	497	-	-	497
Depreciation & Impairment	(489)	(1)	(565)	(1,055)
Other Movements	(1)	-	-	(1)
<b>Closing Balance - 30/6/14</b>	<b>1,122</b>	<b>37</b>	<b>177</b>	<b>1,336</b>

## Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement

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

**b. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.**

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

## I,PP&amp;E

Class	Fair Value (30/6/14) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Plant & Equipment	20,816	Cost Approach	Replacement Cost	Cost varies from asset to asset	Movement in cost of the asset will result in the same movement in fair value Asset condition rating and pattern of consumption impact the remaining useful life of the asset Changes in the residual value impacts the depreciation and fair value of the asset
			Useful Life	Useful life: 1 – 42 years	
			Residual Value	Residual Value: 0% - 70%	
Office Equipment	2,588	Cost Approach	Replacement Cost	Cost varies from asset to asset	Movement in cost of the asset will result in the same movement in fair value Asset condition rating and pattern of consumption impact the remaining useful life of the asset Changes in the residual value impacts the depreciation and fair value of the asset
			Useful Life	Useful life: 2 – 10 years	
			Residual Value	Residual Value: 0%	

## Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement

Class	Fair Value (30/6/14) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Furniture & Fittings	1,291	Cost Approach	Replacement Cost  Useful Life  Residual Value	Cost varies from asset to asset  Useful life: 1 – 10 years  Residual Value: 0%	Movement in cost of the asset will result in the same movement in fair value Asset condition rating and pattern of consumption impact the remaining useful life of the asset Changes in the residual value impacts the depreciation and fair value of the asset
Operational Land	311,913	Market Value and Cost Approach	Rate per square metre	Unit Rates: \$1 - \$1,054 per sqm	Significant changes in the rate per square metre would result in a significant change to the fair value of the asset
Community Land	124,750	Cost Approach	Unimproved Capital Value by Valuer General  Rate per square metre	Unit Rates: \$1 - \$2,532 per sqm	Significant changes in the rate per square metre would result in a significant change to the fair value of the asset
Land under Roads (post 30/06/2008)	511	Cost Approach / Englobe Valuation basis	Total Area: 807,656,352 sqm  Total Land Value: \$19,968,970,951  Total Area LUR: 206,497 sqm	Unit Rates: \$2.47 per sqm	Significant changes in the rate per square metre would result in a significant change to the fair value of the asset

## Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement

Class	Fair Value (30/6/14) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Land Improvements - depreciable	19,564	Cost Approach	Replacement Cost  Useful Life  Residual Value	Cost varies from asset to asset  Useful life: 4 – 100 years  Residual Value: 0%	Movement in cost of the asset will result in the same movement in fair value Asset condition rating and pattern of consumption impact the remaining useful life of the asset Changes in the residual value impacts the depreciation and fair value of the asset
Buildings - non specialised	475	Market Value	Market Value  Useful Life  Residual Value	Cost varies from asset to asset  Useful Life: 8 – 100 yrs  Residual Value: 0%	Movement in cost of the asset will result in the same movement in fair value Asset condition rating and pattern of consumption impact the remaining useful life of the asset Changes in the residual value impacts the depreciation and fair value of the asset

## Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement

Class	Fair Value (30/6/14) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Buildings - specialised	149,000	Cost Approach	Replacement Cost  Asset Condition rating  Useful Life  Residual Value	Cost varies from asset to asset  Assessed as 1 – 5: Excellent to Very poor  Useful Life: 8 – 100 yrs  Residual Value: 0% - 70%	Movement in cost of the asset will result in the same movement in fair value Asset condition rating and pattern of consumption impact the remaining useful life of the asset Changes in the residual value impacts the depreciation and fair value of the asset
Other Structures	13,547	Cost Approach	Replacement Cost  Useful Life  Residual Value	Cost varies from asset to asset  Useful life: 5 – 100 years  Residual Value: 0%	Movement in cost of the asset will result in the same movement in fair value Asset condition rating and pattern of consumption impact the remaining useful life of the asset Changes in the residual value impacts the depreciation and fair value of the asset

## Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement

Class	Fair Value (30/6/14) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Roads	327,262	Cost Approach	Replacement Cost	Unit Rates Surface: \$10 - \$41 Pavement: \$21 - \$66 Formation: \$278  (Unit rates vary from asset to asset)	Movement in cost of the asset will result in the same movement in fair value
			Asset Condition rating	Asset Condition - Surface - Pavement - Formation  Assessed as 1 – 5: Excellent to Very poor	Asset condition rating and pattern of consumption impact the remaining useful life of the asset
			Useful Life	Useful Life - Surface: 22-32 yrs - Pavement: 63 yrs - Formation: 100 yrs	
			Residual Value	Residual Value: 0%	Changes in the residual value impacts the depreciation and fair value of the asset
Bridges	6,635	Cost Approach	Replacement Cost	Unit Rates – vary from asset to asset	Movement in cost of the asset will result in the same movement in fair value
			Asset Condition rating	Assessed as 1 – 5: Excellent to Very poor	Asset condition rating and pattern of consumption impact the remaining useful life of the asset
			Useful Life	Useful Life: 80 yrs	



## Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement

Class	Fair Value (30/6/14) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Footpaths	32,305	Cost Approach	Replacement Cost  Asset Condition rating  Useful Life	Unit Rates: \$55 - \$273  Assessed as 1 - 5: Excellent to Very poor  Useful Life: 22 - 60 yrs	Movement in cost of the asset will result in the same movement in fair value Asset condition rating and pattern of consumption impact the remaining useful life of the asset
Bulk Earthworks (non depreciable)	3,219	Cost Approach	Replacement Cost	Unit Rates - vary from asset to asset	Movement in cost of the asset will result in the same movement in fair value
Stormwater Drainage	237,154	Cost Approach	Replacement Cost  Asset Condition rating  Useful Life	Unit Rates - vary from asset to asset  Assessed as 1 - 5: Excellent to Very poor  Useful Life: 30 - 120 yrs	Movement in cost of the asset will result in the same movement in fair value Asset condition rating and pattern of consumption impact the remaining useful life of the asset

## Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement

Class	Fair Value (30/6/14) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Water Supply Network	558,139	Cost Approach	Replacement Cost	Unit Rates are based on the NSW Reference Rates Manual issued by the NSW Office of Water	Movement in cost of the asset will result in the same movement in fair value
			Asset Condition rating	Assessed as 1 – 5: Excellent to Very poor	Asset condition rating and pattern of consumption impact the remaining useful life of the asset
			Useful Life	Useful Life: 15 – 100 yrs	
			Residual Value	Residual Value: 0%	Changes in the residual value impacts the depreciation and fair value of the asset
Sewerage Network	669,334	Cost Approach	Replacement Cost	Unit Rates are based on the NSW Reference Rates Manual issued by the NSW Office of Water	Movement in cost of the asset will result in the same movement in fair value
			Asset Condition rating	Assessed as 1 – 5: Excellent to Very poor	Asset condition rating and pattern of consumption impact the remaining useful life of the asset
			Useful Life	Useful Life: 15 – 100 yrs	
			Residual Value	Residual Value: 0% - 38%	Changes in the residual value impacts the depreciation and fair value of the asset

## Wyang Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement

Class	Fair Value (30/6/14) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Swimming Pools	2,290	Cost Approach	Replacement Cost  Useful Life  Residual Value	Cost varies from asset to asset  Useful life: 10 – 100 years  Residual Value: 0%	Movement in cost of the asset will result in the same movement in fair value Asset condition rating and pattern of consumption impact the remaining useful life of the asset Changes in the residual value impacts the depreciation and fair value of the asset
Other Open Space/Recreational Assets	41,868	Cost Approach	Replacement Cost  Useful Life  Residual Value	Cost varies from asset to asset  Useful life: 5 – 100 years  Residual Value: 0%	Movement in cost of the asset will result in the same movement in fair value Asset condition rating and pattern of consumption impact the remaining useful life of the asset Changes in the residual value impacts the depreciation and fair value of the asset

## Wyong Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement

Class	Fair Value (30/6/14) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Heritage Collections	169	Cost Approach	Replacement Cost  Useful Life  Residual Value	Cost varies from asset to asset  Useful life: 10 – 100 years  Residual Value: 0%	Movement in cost of the asset will result in the same movement in fair value Asset condition rating and pattern of consumption impact the remaining useful life of the asset Changes in the residual value impacts the depreciation and fair value of the asset
Library Books	1,122	Cost Approach	Replacement Cost  Useful Life  Residual Value	Cost varies from asset to asset  Useful life: 5 – 10 years  Residual Value: 0%	Movement in cost of the asset will result in the same movement in fair value Asset condition rating and pattern of consumption impact the remaining useful life of the asset Changes in the residual value impacts the depreciation and fair value of the asset

## Wyong Shire Council

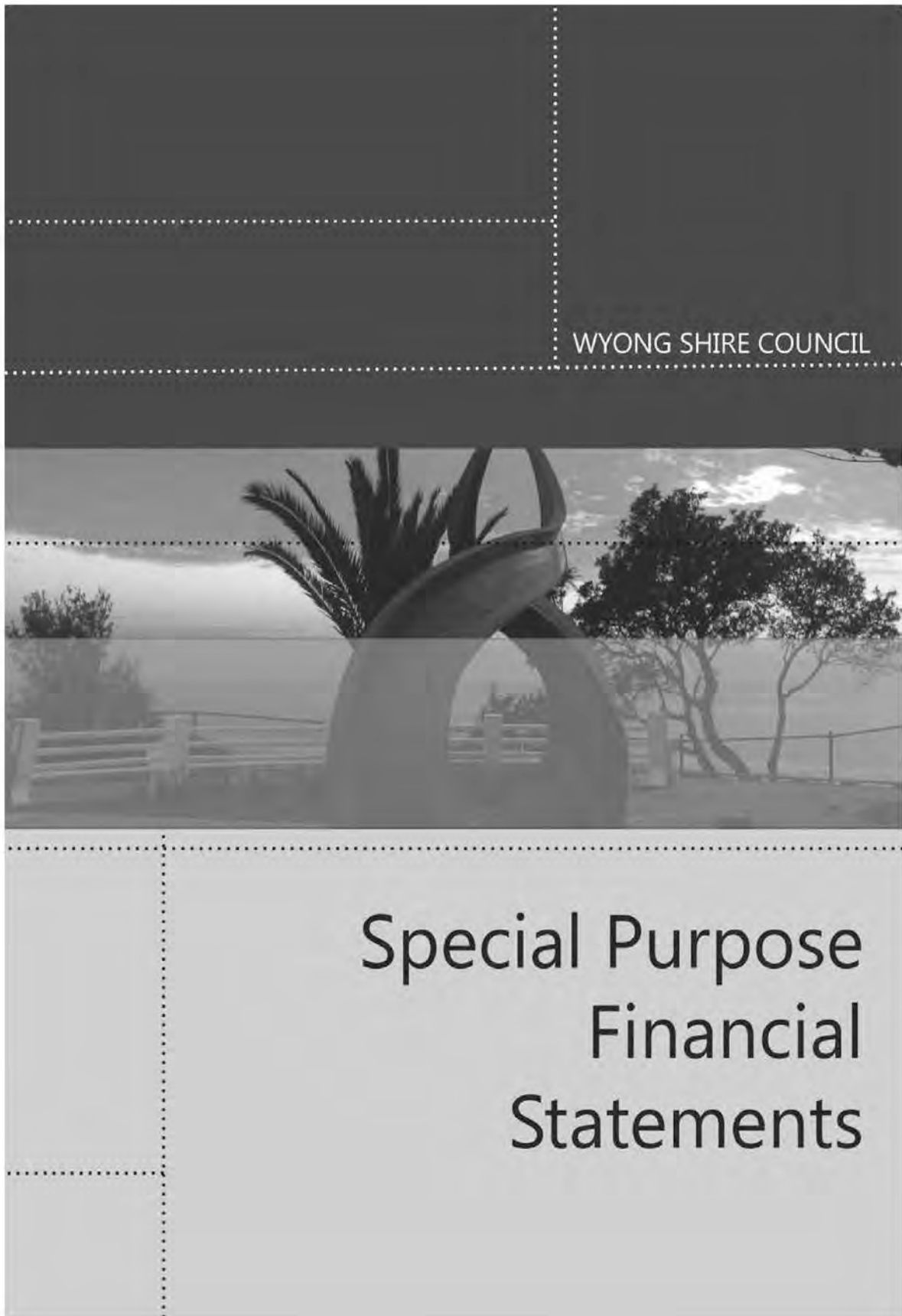
Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement

Class	Fair Value (30/6/14) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Other Assets	37	Cost Approach	Replacement Cost  Useful Life  Residual Value	Cost varies from asset to asset  Useful life: 50 years  Residual Value: 0%	Movement in cost of the asset will result in the same movement in fair value Asset condition rating and pattern of consumption impact the remaining useful life of the asset Changes in the residual value impacts the depreciation and fair value of the asset
Tip Assets	177	Cost Approach	Replacement Cost  Useful Life  Residual Value	Cost varies from asset to asset  Useful life: 4 years (current active cell)  Residual Value: 0%	Movement in cost of the asset will result in the same movement in fair value Asset condition rating and pattern of consumption impact the remaining useful life of the asset Changes in the residual value impacts the depreciation and fair value of the asset

## (5). Highest and best use

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



## Wyong Shire Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2014

Contents	Page
<b>1. Statement by Councillors &amp; Management</b>	<b>2</b>
<b>2. Special Purpose Financial Statements:</b>	
Income Statement - Water Supply Business Activity	3
Income Statement - Sewerage Business Activity	4
Income Statement - Other Business Activities	5
Statement of Financial Position - Water Supply Business Activity	7
Statement of Financial Position - Sewerage Business Activity	8
Statement of Financial Position - Other Business Activities	9
<b>3. Notes to the Special Purpose Financial Statements</b>	<b>11</b>
<b>4. Auditor's Report</b>	<b>20</b>

Background

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.

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

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

(iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

(iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).

## Wyong Shire Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2014

## Statement by Councillors and Management

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

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

- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".

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

- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

**We are not aware of any matter that would render these Statements false or misleading in any way.****Signed in accordance with a resolution of Council made on 8 October 2014.**

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Doug Eaton  
**MAYOR**

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Lynne Webster  
**DEPUTY MAYOR**

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Michael Whittaker  
**GENERAL MANAGER**

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Stephen Naven  
**RESPONSIBLE ACCOUNTING OFFICER**



SPFS 2014

## Wyong Shire Council

## Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>Income from continuing operations</b>		
Access charges	16,470	16,066
User charges	27,525	25,818
Fees	57	53
Interest	1,380	1,149
Grants and contributions provided for non capital purposes	1,036	1,019
Profit from the sale of assets	-	-
Other income	338	209
<b>Total income from continuing operations</b>	<b>46,806</b>	<b>44,314</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	6,697	6,822
Borrowing costs	13,184	11,894
Materials and contracts	3,908	3,750
Depreciation and impairment	16,593	16,632
Water purchase charges	95	17
Loss on sale of assets	291	1,432
Calculated taxation equivalents	367	380
Debt guarantee fee (if applicable)	-	-
Other expenses	11,884	12,265
<b>Total expenses from continuing operations</b>	<b>53,019</b>	<b>53,192</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(6,213)</b>	<b>(8,878)</b>
Grants and contributions provided for capital purposes	3,935	3,121
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(2,278)</b>	<b>(5,757)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(2,278)</b>	<b>(5,757)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(2,278)</b>	<b>(5,757)</b>
plus Opening Retained Profits	354,824	360,201
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	367	380
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>352,913</b>	<b>354,824</b>
<b>Return on Capital %</b>	<b>0.8%</b>	<b>0.4%</b>
<b>Subsidy from Council</b>	<b>24,582</b>	<b>28,505</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(2,278)	(5,757)
less: Capital grants and contributions (excluding developer contributions)	(1,717)	(1,771)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

page 3

SPFS 2014

## Wyong Shire Council

## Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>Income from continuing operations</b>		
Access charges	27,521	27,465
User charges	466	796
Liquid Trade Waste charges	841	774
Fees	140	102
Interest	1,812	2,244
Grants and contributions provided for non capital purposes	677	666
Profit from the sale of assets	-	-
Other income	299	130
<b>Total income from continuing operations</b>	<b>31,756</b>	<b>32,177</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	7,240	7,217
Borrowing costs	1,679	1,897
Materials and contracts	3,744	3,954
Depreciation and impairment	12,848	12,485
Loss on sale of assets	-	571
Calculated taxation equivalents	252	255
Debt guarantee fee (if applicable)	-	-
Other expenses	10,398	9,403
<b>Total expenses from continuing operations</b>	<b>36,161</b>	<b>35,782</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(4,405)</b>	<b>(3,605)</b>
Grants and contributions provided for capital purposes	1,795	1,514
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(2,610)</b>	<b>(2,091)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(2,610)</b>	<b>(2,091)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(2,610)</b>	<b>(2,091)</b>
plus Opening Retained Profits	250,194	252,029
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	252	255
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>247,836</b>	<b>250,194</b>
<b>Return on Capital %</b>	<b>-0.4%</b>	<b>-0.2%</b>
<b>Subsidy from Council</b>	<b>28,782</b>	<b>27,805</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(2,610)	(2,091)
less: Capital grants and contributions (excluding developer contributions)	(479)	(885)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

page 4

SPFS 2014

## Wyong Shire Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2014

\$ '000	Waste Management		Care and Education	
	Category 1		Category 1	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013
<b>Income from continuing operations</b>				
Access charges	31,192	29,479	-	-
User charges	12,081	14,728	3,794	3,976
Fees	-	-	-	-
Interest	146	161	-	-
Grants and contributions provided for non capital purposes	1,342	793	431	457
Profit from the sale of assets	-	-	-	-
Other income	553	341	3	6
<b>Total income from continuing operations</b>	<b>45,314</b>	<b>45,502</b>	<b>4,228</b>	<b>4,439</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	1,878	1,716	3,529	3,486
Borrowing costs	1,576	2,590	-	-
Materials and contracts	20,643	20,958	1,189	1,185
Depreciation and impairment	854	1,360	106	131
Loss on sale of assets	-	-	1	1
Calculated taxation equivalents	122	104	194	205
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	7,368	6,376	131	104
<b>Total expenses from continuing operations</b>	<b>32,441</b>	<b>33,104</b>	<b>5,150</b>	<b>5,112</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>12,873</b>	<b>12,398</b>	<b>(922)</b>	<b>(673)</b>
Grants and contributions provided for capital purposes	-	-	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>12,873</b>	<b>12,398</b>	<b>(922)</b>	<b>(673)</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>12,873</b>	<b>12,398</b>	<b>(922)</b>	<b>(673)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(3,862)	(3,719)	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>9,011</b>	<b>8,679</b>	<b>(922)</b>	<b>(673)</b>
plus Opening Retained Profits	41,902	29,400	(7,808)	(7,340)
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	122	104	194	205
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	3,862	3,719	-	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
<b>Closing Retained Profits</b>	<b>54,897</b>	<b>41,902</b>	<b>(8,536)</b>	<b>(7,808)</b>
<b>Return on Capital %</b>	<b>68.0%</b>	<b>96.1%</b>	<b>-17.4%</b>	<b>-12.6%</b>
<b>Subsidy from Council</b>	<b>-</b>	<b>-</b>	<b>1,118</b>	<b>875</b>

page 5

SPFS 2014

## Wyong Shire Council

Income Statement of Council's Other Business Activities  
for the financial year ended 30 June 2014

\$ '000	Holiday Parks	
	Category 1	
	Actual 2014	Actual 2013
<b>Income from continuing operations</b>		
Access charges	-	-
User charges	9,179	8,921
Fees	-	-
Interest	-	-
Grants and contributions provided for non capital purposes	-	3
Profit from the sale of assets	-	-
Other income	-	-
<b>Total income from continuing operations</b>	<b>9,179</b>	<b>8,924</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	200	217
Borrowing costs	44	66
Materials and contracts	3,795	3,458
Depreciation and impairment	718	1,154
Loss on sale of assets	-	3
Calculated taxation equivalents	442	228
Debt guarantee fee (if applicable)	-	-
Other expenses	3,153	3,444
<b>Total expenses from continuing operations</b>	<b>8,352</b>	<b>8,570</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>827</b>	<b>354</b>
Grants and contributions provided for capital purposes	40	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>867</b>	<b>354</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>867</b>	<b>354</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(248)	(106)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>619</b>	<b>248</b>
plus Opening Retained Profits	12,144	11,562
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	442	228
- Debt guarantee fees	-	-
- Corporate taxation equivalent	248	106
add:		
- Subsidy Paid/Contribution To Operations	-	-
less:		
- TER dividend paid	-	-
- Dividend paid	-	-
<b>Closing Retained Profits</b>	<b>13,453</b>	<b>12,144</b>
<b>Return on Capital %</b>	<b>3.1%</b>	<b>1.5%</b>
<b>Subsidy from Council</b>	<b>182</b>	<b>658</b>

page 6

SPFS 2014

## Wyong Shire Council

Statement of Financial Position - Council's Water Supply Business Activity  
as at 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	2,299	12,360
Investments	3,236	15,774
Receivables	15,262	15,230
Inventories	503	490
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>21,300</b>	<b>43,854</b>
<b>Non-Current Assets</b>		
Investments	17,000	3,253
Receivables	423	451
Inventories	-	-
Infrastructure, property, plant and equipment	852,774	836,099
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	56	122
Other	-	-
<b>Total non-Current Assets</b>	<b>870,253</b>	<b>839,925</b>
<b>TOTAL ASSETS</b>	<b>891,553</b>	<b>883,779</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	11,018	5,518
Interest bearing liabilities	9,801	9,359
Provisions	1,791	2,262
<b>Total Current Liabilities</b>	<b>22,610</b>	<b>17,139</b>
<b>Non-Current Liabilities</b>		
Payables	1,941	3,932
Interest bearing liabilities	162,377	172,177
Provisions	118	198
<b>Total Non-Current Liabilities</b>	<b>164,436</b>	<b>176,307</b>
<b>TOTAL LIABILITIES</b>	<b>187,046</b>	<b>193,446</b>
<b>NET ASSETS</b>	<b>704,507</b>	<b>690,333</b>
<b>EQUITY</b>		
Retained earnings	352,913	354,824
Revaluation reserves	351,594	335,509
Council equity interest	704,507	690,333
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>704,507</b>	<b>690,333</b>

SPFS 2014

## Wyong Shire Council

Statement of Financial Position - Council's Sewerage Business Activity  
as at 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	12,970	14,394
Investments	18,256	18,290
Receivables	3,276	3,792
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>34,502</b>	<b>36,476</b>
<b>Non-Current Assets</b>		
Investments	8,000	3,788
Receivables	10	13
Inventories	-	-
Infrastructure, property, plant and equipment	704,215	692,223
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	33	74
Other	-	-
<b>Total non-Current Assets</b>	<b>712,258</b>	<b>696,098</b>
<b>TOTAL ASSETS</b>	<b>746,760</b>	<b>732,574</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	2,477	2,658
Interest bearing liabilities	1,017	954
Provisions	1,930	2,389
<b>Total Current Liabilities</b>	<b>5,424</b>	<b>6,001</b>
<b>Non-Current Liabilities</b>		
Payables	882	881
Interest bearing liabilities	23,009	24,026
Provisions	55	175
<b>Total Non-Current Liabilities</b>	<b>23,946</b>	<b>25,082</b>
<b>TOTAL LIABILITIES</b>	<b>29,370</b>	<b>31,083</b>
<b>NET ASSETS</b>	<b>717,390</b>	<b>701,491</b>
<b>EQUITY</b>		
Retained earnings	247,834	250,194
Revaluation reserves	469,556	451,297
Council equity interest	717,390	701,491
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>717,390</b>	<b>701,491</b>

page 8

SPFS 2014

## Wyong Shire Council

## Statement of Financial Position - Council's Other Business Activities

as at 30 June 2014

\$ '000	Waste Management		Care and Education	
	Category 1		Category 1	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	-	-	-	-
Investments	96,904	88,430	-	-
Receivables	2,302	2,596	68	71
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
<b>Total Current Assets</b>	<b>99,206</b>	<b>91,026</b>	<b>68</b>	<b>71</b>
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	9	9	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	21,238	15,590	5,301	5,362
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
<b>Total Non-Current Assets</b>	<b>21,247</b>	<b>15,599</b>	<b>5,301</b>	<b>5,362</b>
<b>TOTAL ASSETS</b>	<b>120,453</b>	<b>106,625</b>	<b>5,369</b>	<b>5,433</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Bank Overdraft	-	-	-	-
Payables	5,086	4,206	280	278
Interest bearing liabilities	-	-	8,873	7,865
Provisions	3,407	3,456	938	1,264
<b>Total Current Liabilities</b>	<b>8,493</b>	<b>7,662</b>	<b>10,091</b>	<b>9,407</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	49,911	49,909	224	244
Other Liabilities	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>49,911</b>	<b>49,909</b>	<b>224</b>	<b>244</b>
<b>TOTAL LIABILITIES</b>	<b>58,404</b>	<b>57,571</b>	<b>10,315</b>	<b>9,651</b>
<b>NET ASSETS</b>	<b>62,049</b>	<b>49,054</b>	<b>(4,946)</b>	<b>(4,218)</b>
<b>EQUITY</b>				
Retained earnings	54,897	41,902	(8,536)	(7,808)
Revaluation reserves	7,152	7,152	3,590	3,590
Council equity interest	62,049	49,054	(4,946)	(4,218)
Non-controlling equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>62,049</b>	<b>49,054</b>	<b>(4,946)</b>	<b>(4,218)</b>

page 9

SPFS 2014

## Wyong Shire Council

Statement of Financial Position - Council's Other Business Activities  
as at 30 June 2014

\$ '000	Holiday Parks	
	Category 1	
	Actual 2014	Actual 2013
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	-	-
Investments	8,011	5,837
Receivables	221	237
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>8,232</b>	<b>6,074</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	28,457	28,583
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total Non-Current Assets</b>	<b>28,457</b>	<b>28,583</b>
<b>TOTAL ASSETS</b>	<b>36,689</b>	<b>34,657</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	900	986
Interest bearing liabilities	5,104	4,291
Provisions	48	53
<b>Total Current Liabilities</b>	<b>6,052</b>	<b>5,330</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	11	10
Other Liabilities	-	-
<b>Total Non-Current Liabilities</b>	<b>11</b>	<b>10</b>
<b>TOTAL LIABILITIES</b>	<b>6,063</b>	<b>5,340</b>
<b>NET ASSETS</b>	<b>30,626</b>	<b>29,317</b>
<b>EQUITY</b>		
Retained earnings	13,453	12,144
Revaluation reserves	17,173	17,173
Council equity interest	30,626	29,317
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>30,626</b>	<b>29,317</b>

page 10



SPFS 2014

## Wyong Shire Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2014

## Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	12
2	Water Supply Business Best Practice Management disclosure requirements	15
3	Sewerage Business Best Practice Management disclosure requirements	17

page 11

## Wyong Shire Council

## Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

## Note 1. Significant Accounting Policies

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

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

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

- the recognition and measurement criteria of relevant Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB) &
- Australian Accounting Interpretations.

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

- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

**National Competition Policy**

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Office of Local Government in July 1997 has also been adopted.

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

**Declared Business Activities**

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

**Category 1**

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

**a. Water Supplies**

Water catchment, treatment and supply; stormwater drainage

**b. Sewerage Services**

Sewerage collection, treatment and disposal

**c. Waste Management**

Collection and disposal of household and commercial waste

**d. Care and Education**

Provision of six child care centres

**e. Holiday Parks**

Provision of four holiday parks

**Category 2**

(where gross operating turnover is less than \$2 million)

None

**Monetary Amounts**

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures A513) and Note 3 (Sewerage Best Practice Management Disclosures

## Wyong Shire Council

## Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

## Note 1. Significant Accounting Policies

A514). As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

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.

**(i) Taxation Equivalent Charges**

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

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

**Notional Rate Applied %****Corporate Income Tax Rate – 30%**

**Land Tax** – The first \$412,000 of combined land values attracts 0%. From \$412,001 to \$2,519,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$2,519,000, a premium marginal rate of 2.0% applies.

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

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

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

**Income Tax**

An income tax equivalent has been applied on the profits of each reported Business Activity.

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

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

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since this taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's General Purpose Financial Statements.

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

**Local Government Rates & Charges**

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the Business Activity.

**Loan & Debt Guarantee Fees**

The debt guarantee fee is designed to ensure that council business activities face "true" commercial

## Wyong Shire Council

## Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

## Note 1. Significant Accounting Policies

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.

**(ii) Subsidies**

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

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

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported Business Activity.

**(iii) Return on Investments (Rate of Return)**

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

---

Written Down Value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.7% at 30 June 2014.

The actual rate of return achieved by each Business Activity is disclosed at the foot of each respective Income Statement.

**(iv) Dividends**

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

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

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

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2014 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

SPFS 2014

## Wyong Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2014Note 2. Water Supply Business  
Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2014

**1. Calculation and Payment of Tax-Equivalents***[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]*

(i) Calculated Tax Equivalents	367,000
(ii) No of assessments multiplied by \$3/assessment	187,509
(iii) Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	187,509
(iv) Amounts actually paid for Tax Equivalents	-

**2. Dividend from Surplus**

(i) 50% of Surplus before Dividends <i>[Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]</i>	-
(ii) No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	1,687,581
(iii) Cumulative surplus before Dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012	(25,978,382)

2014 Surplus	(3,994,960)	2013 Surplus	(7,527,616)	2012 Surplus	(14,455,806)
		2013 Dividend	-	2012 Dividend	-

(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v) Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

**3. Required outcomes for 6 Criteria***[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]*

(i) Completion of Strategic Business Plan (including Financial Plan)	YES
(ii) Full Cost Recovery, without significant cross subsidies <i>[Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]</i>	YES
- Complying charges [Item 2(b) in Table 1]	YES
- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	YES
(iii) Sound Water Conservation and Demand Management implemented	YES
(iv) Sound Drought Management implemented	YES
(v) Complete Performance Reporting Form (by 15 September each year)	YES
(vi) a. Integrated Water Cycle Management Evaluation	YES
b. Complete and implement Integrated Water Cycle Management Strategy	YES

page 15

SPFS 2014

## Wyong Shire Council

## Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

## Note 2. Water Supply Business

Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2014

## National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	48,411
NWI F4	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	62.56%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	852,534
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	19,592
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	19,827
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	1.43%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	950

- Notes:
- References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
  - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

page 16

SPFS 2014

## Wyong Shire Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2014Note 3. Sewerage Business  
Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2014

## 1. Calculation and Payment of Tax-Equivalents

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

(i) Calculated Tax Equivalents	252,000
(ii) No of assessments multiplied by \$3/assessment	182,772
(iii) Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	182,772
(iv) Amounts actually paid for Tax Equivalents	-

## 2. Dividend from Surplus

(i) 50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-												
(ii) No. of assessments x (\$30 less tax equivalent charges per assessment)	1,644,948												
(iii) Cumulative surplus before dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012	(8,873,192)												
<table> <tr> <td>2014 Surplus</td> <td style="text-align: right;">(3,089,421)</td> <td>2013 Surplus</td> <td style="text-align: right;">(2,976,005)</td> <td>2012 Surplus</td> <td style="text-align: right;">(2,807,766)</td> </tr> <tr> <td></td> <td></td> <td>2013 Dividend</td> <td style="text-align: right;">-</td> <td>2012 Dividend</td> <td style="text-align: right;">-</td> </tr> </table>		2014 Surplus	(3,089,421)	2013 Surplus	(2,976,005)	2012 Surplus	(2,807,766)			2013 Dividend	-	2012 Dividend	-
2014 Surplus	(3,089,421)	2013 Surplus	(2,976,005)	2012 Surplus	(2,807,766)								
		2013 Dividend	-	2012 Dividend	-								
(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a												
(v) Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-												

## 3. Required outcomes for 4 Criteria

[To be eligible for the payment of a "Dividend from Surplus". ALL the Criteria below need a "YES"]

(i) Completion of Strategic Business Plan (including Financial Plan)	YES
(ii) Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
Complying charges (a) Residential [Item 2(c) in Table 1]	YES
(b) Non Residential [Item 2(c) in Table 1]	YES
(c) Trade Waste [Item 2(d) in Table 1]	YES
DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii) Complete Performance Reporting Form (by 15 September each year)	YES
(iv) a. Integrated Water Cycle Management Evaluation	YES
b. Complete and implement Integrated Water Cycle Management Strategy	YES

page 17

SPFS 2014

## Wyong Shire Council

## Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

## Note 3. Sewerage Business

Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)		2014
<b>National Water Initiative (NWI) Financial Performance Indicators</b>		
NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000 31,739
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000 703,801
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000 21,382
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000 6,532
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	% -0.35%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000 -
<b>National Water Initiative (NWI) Financial Performance Indicators Water &amp; Sewer (combined)</b>		
NWI F3	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000 79,859
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	% 1.72%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000 26,359
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	% 0.63%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000 -
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	% 0.00%

page 18



SPFS 2014

## Wyang Shire Council

## Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

## Note 3. Sewerage Business

Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

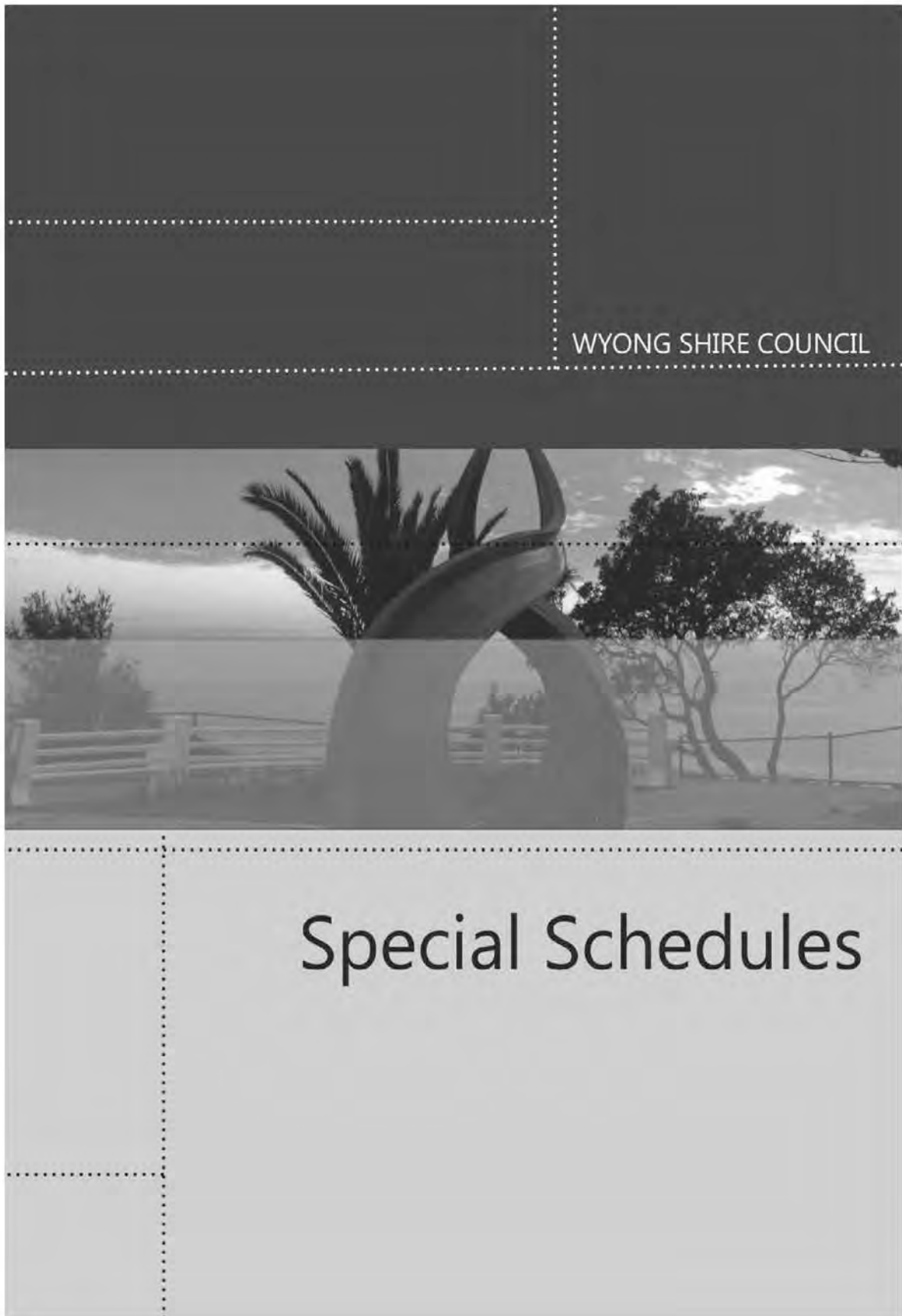
2014

National Water Initiative (NWI) Financial Performance Indicators  
Water & Sewer (combined)

NW F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	9.46%
NW F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest  Earnings before Interest & Tax (EBIT): Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)  Net Interest: Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		1
NW F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	(5,219)
NW F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	1,375

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
  - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

page 19



## Wyong Shire Council

## Special Schedules

for the financial year ended 30 June 2014

Contents		Page
<b>Special Schedules<sup>1</sup></b>		
- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	5
- Special Schedule No. 3	Water Supply Operations - incl. Income Statement	6
- Special Schedule No. 4	Water Supply - Statement of Financial Position	10
- Special Schedule No. 5	Sewerage Service Operations - incl. Income Statement	11
- Special Schedule No. 6	Sewerage Service - Statement of Financial Position	15
- Notes to Special Schedules No. 3 & 5		16
- Special Schedule No. 7	Report on Infrastructure Assets (as at 30 June 2014)	17
- Special Schedule No. 8	Financial Projections	24
- Special Schedule No. 9	Permissible Income Calculation	25

<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 9).

#### Background

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

## Wyong Shire Council

## Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2014

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	1,579	4	-	(1,575)
<b>Administration</b>	2,174	5,828	4,381	8,035
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	4,919	1,170	495	(3,254)
Beach Control	1,513	14	-	(1,499)
Enforcement of Local Govt. Regulations	1,647	458	-	(1,189)
Animal Control	501	282	-	(219)
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	<b>8,580</b>	<b>1,924</b>	<b>495</b>	<b>(6,161)</b>
<b>Health</b>	<b>35</b>	<b>557</b>	<b>-</b>	<b>522</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	162	50	-	(112)
Other Environmental Protection	2,127	70	80	(1,977)
Solid Waste Management	26,962	39,647	-	12,685
Street Cleaning	-	-	-	-
Drainage	6,750	6,546	946	742
Stormwater Management	162	1,757	-	1,595
<b>Total Environment</b>	<b>36,163</b>	<b>48,070</b>	<b>1,026</b>	<b>12,933</b>
<b>Community Services and Education</b>				
Administration & Education	1,744	148	-	(1,596)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	186	34	-	(152)
Children's Services	5,042	4,284	-	(758)
<b>Total Community Services &amp; Education</b>	<b>6,972</b>	<b>4,466</b>	<b>-</b>	<b>(2,506)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	144	203	-	59
Public Conveniences	1,393	-	-	(1,393)
Street Lighting	3,817	235	-	(3,582)
Town Planning	7,267	2,157	-	(5,110)
Other Community Amenities	-	-	-	-
<b>Total Housing and Community Amenities</b>	<b>12,621</b>	<b>2,595</b>	<b>-</b>	<b>(10,026)</b>
<b>Water Supplies</b>	<b>46,292</b>	<b>38,152</b>	<b>2,989</b>	<b>(5,151)</b>
<b>Sewerage Services</b>	<b>35,822</b>	<b>29,857</b>	<b>1,795</b>	<b>(4,170)</b>

## Wyong Shire Council

Special Schedule No. 1 - Net Cost of Services (continued)  
for the financial year ended 30 June 2014

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	4,898	437	46	(4,415)
Museums	-	-	-	-
Art Galleries	15	-	-	(15)
Community Centres and Halls	4,057	1,071	-	(2,986)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	796	104	-	(692)
Sporting Grounds and Venues	4,592	285	175	(4,132)
Swimming Pools	1,020	4	-	(1,016)
Parks & Gardens (Lakes)	8,389	46	-	(8,343)
Other Sport and Recreation	2,285	-	1,190	(1,095)
<b>Total Recreation and Culture</b>	<b>26,052</b>	<b>1,947</b>	<b>1,411</b>	<b>(22,694)</b>
<b>Mining, Manufacturing and Construction</b>				
Building Control	1,642	1,111	-	(531)
Other Mining, Manufacturing & Construction	-	-	-	-
<b>Total Mining, Manufacturing and Const.</b>	<b>1,642</b>	<b>1,111</b>	<b>-</b>	<b>(531)</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	22,089	2,050	1,449	(18,590)
Urban Roads - Regional	735	483	1,499	1,247
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads (SRR) - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	1,274	-	-	(1,274)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	461	-	-	(461)
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	701	-	-	(701)
Footpaths	1,423	-	-	(1,423)
Aerodromes	78	10	-	(68)
Other Transport & Communication	5,170	1,317	146	(3,707)
<b>Total Transport and Communication</b>	<b>31,931</b>	<b>3,860</b>	<b>3,094</b>	<b>(24,977)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	7,911	9,179	40	1,308
Other Economic Affairs	5,990	2,046	534	(3,410)
<b>Total Economic Affairs</b>	<b>13,901</b>	<b>11,225</b>	<b>574</b>	<b>(2,102)</b>
<b>Totals – Functions</b>	<b>223,764</b>	<b>149,596</b>	<b>15,765</b>	<b>(58,403)</b>
<b>General Purpose Revenues</b> <sup>(2)</sup>		<b>79,641</b>		<b>79,641</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>				
<b>NET OPERATING RESULT</b> <sup>(1)</sup>	<b>223,764</b>	<b>229,237</b>	<b>15,765</b>	<b>21,238</b>

(1) As reported in the Income Statement

(2) Includes: Rates &amp; Annual Charges (incl. Ex Gratia, excl. Water &amp; Sewer), Non Capital General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) &amp; Interest on overdue Rates &amp; Annual Charges

Special Schedules 2014

## Wyong Shire Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)  
for the financial year ended 30 June 2014

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year			
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total	
<b>Loans (by Source)</b>												
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-	-
Other State Government	484	709	1,193	484	6	44	-	44	370	339	709	
Public Subscription	6	-	6	-	6	-	-	-	-	-	-	-
Financial Institutions	10,265	180,423	190,688	3,000	10,357	13,226	-	13,226	10,998	172,333	183,331	
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	<b>10,755</b>	<b>181,132</b>	<b>191,887</b>	<b>3,000</b>	<b>10,847</b>	<b>13,270</b>	<b>-</b>	<b>13,270</b>	<b>11,368</b>	<b>172,672</b>	<b>184,040</b>	
<b>Other Long Term Debt</b>												
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Debt</b>												
<b>Total Debt</b>	<b>10,755</b>	<b>181,132</b>	<b>191,887</b>	<b>3,000</b>	<b>10,847</b>	<b>13,270</b>	<b>-</b>	<b>13,270</b>	<b>11,368</b>	<b>172,672</b>	<b>184,040</b>	

Notes: Excludes (i) Internal Loans &amp; (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the face value of debt obligations, rather than fair value (which are reported in the GPFS).

Special Schedules 2014

## Wyong Shire Council

Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993]  
for the financial year ended 30 June 2014

\$'000

## Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
General Water Sewer Domestic Waste Management Gas Other	20,000	2,165	19,622
<b>Totals</b>	<b>20,000</b>	<b>2,165</b>	<b>19,622</b>

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

## Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
Water	General	Not required	30/06/13	20	30/06/33	9.00%	20,000	2,165	19,622
<b>Totals</b>							<b>20,000</b>	<b>2,165</b>	<b>19,622</b>

Special Schedules 2014

## Wyong Shire Council

## Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	3,524	2,499
b. Engineering and Supervision	2,310	2,364
<b>2. Operation and Maintenance expenses</b>		
<b>- Dams &amp; Weirs</b>		
a. Operation expenses	422	632
b. Maintenance expenses	78	108
<b>- Mains</b>		
c. Operation expenses	2,468	2,389
d. Maintenance expenses	4,224	4,247
<b>- Reservoirs</b>		
e. Operation expenses	202	248
f. Maintenance expenses	336	338
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	578	634
h. Energy costs	946	1,141
i. Maintenance expenses	504	557
<b>- Treatment</b>		
j. Operation expenses (excluding chemical costs)	2,562	2,445
k. Chemical costs	638	608
l. Maintenance expenses	333	384
<b>- Other</b>		
m. Operation expenses	223	429
n. Maintenance expenses	149	328
o. Purchase of water	95	17
<b>3. Depreciation expenses</b>		
a. System assets	16,233	16,335
b. Plant and equipment	360	297
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	13,184	11,894
b. Revaluation Decrements	-	-
c. Other expenses	2,992	3,485
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>52,361</b>	<b>51,379</b>

page 6



Special Schedules 2014

## Wyong Shire Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
Income		
<b>6. Residential charges</b>		
a. Access (including rates)	16,470	16,066
b. Usage charges	27,525	25,797
<b>7. Non-residential charges</b>		
a. Access (including rates)	-	-
b. Usage charges	-	-
<b>8. Extra charges</b>	-	-
<b>9. Interest income</b>	1,380	1,149
<b>10. Other income</b>	395	283
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	-	-
<b>11. Grants</b>		
a. Grants for acquisition of assets	950	610
b. Grants for pensioner rebates	703	719
c. Other grants	231	212
<b>12. Contributions</b>		
a. Developer charges	1,513	1,531
b. Developer provided assets	1,472	980
c. Other contributions	102	88
<b>13. Total income</b>	<u>50,741</u>	<u>47,435</u>
<b>14. Gain (or loss) on disposal of assets</b>	(291)	(1,432)
<b>15. Operating Result</b>	<u>(1,911)</u>	<u>(5,376)</u>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	(2,861)	(5,986)

Special Schedules 2014

## Wyong Shire Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	2,339	5,128
c. Renewals	17,211	4,552
d. Plant and equipment	277	3,917
<b>17. Repayment of debt</b>		
a. Loans	9,358	9,649
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<u>29,185</u>	<u>23,246</u>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	-	-
<b>21. Borrowing utilised</b>		
a. Loans	-	23,200
b. Advances	-	-
c. Finance leases	-	-
<b>22. Transfer from sinking fund</b>	-	-
<b>23. Totals</b>	<u>-</u>	<u>23,200</u>
<b>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)	59,068	58,392
b. Residential (unoccupied, ie. vacant lot)	763	1,352
c. Non-residential (occupied)	2,483	2,514
d. Non-residential (unoccupied, ie. vacant lot)	189	17
<b>25. Number of ETs for which developer charges were received</b>	- ET	- ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 1,250,754	\$ 1,258,363

page 8

Wyong Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies  
for the financial year ended 30 June 2014

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

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

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

Special Schedules 2014

## Wyong Shire Council

## Special Schedule No. 4 - Water Supply Statement of Financial Position

Includes INTERNAL TRANSACTIONS. ie. prepared on a Gross Basis  
as at 30 June 2014

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	4,091	16,050	20,141
b. Special purpose grants	585	950	1,535
c. Accrued leave	342	-	342
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	517	-	517
<b>31. Receivables</b>			
a. Specific purpose grants	1,027	-	1,027
b. Rates and Annual Charges	823	-	823
c. User Charges	12,607	3	12,610
d. Other	805	420	1,225
<b>32. Inventories</b>	503	-	503
<b>33. Property, plant and equipment</b>			
a. System assets	-	852,534	852,534
b. Plant and equipment	-	240	240
<b>34. Other assets</b>	-	56	56
<b>35. Total assets</b>	<u>21,300</u>	<u>870,253</u>	<u>891,553</u>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	-	-	-
<b>37. Creditors</b>	11,018	1,941	12,959
<b>38. Borrowings</b>			
a. Loans	9,801	162,377	172,178
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	1,791	118	1,909
<b>40. Total liabilities</b>	<u>22,610</u>	<u>164,436</u>	<u>187,046</u>
<b>41. NET ASSETS COMMITTED</b>	<u>(1,310)</u>	<u>705,817</u>	<u>704,507</u>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			352,913
<b>43. Asset revaluation reserve</b>			351,594
<b>44. TOTAL EQUITY</b>			<u>704,507</u>
<b>Note to system assets:</b>			
<b>45. Current replacement cost</b> of system assets			1,303,708
<b>46. Accumulated current cost</b> depreciation of system assets			(451,174)
<b>47. Written down current cost</b> of system assets			852,534

page 10

Special Schedules 2014

## Wyong Shire Council

## Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	3,250	3,296
b. Engineering and Supervision	-	-
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	1,703	1,411
b. Maintenance expenses	1,720	1,666
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	2,995	2,992
d. Energy costs	970	900
e. Maintenance expenses	2,511	2,443
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	4,552	4,113
g. Chemical costs	145	122
h. Energy costs	1,550	1,406
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	1,629	1,905
<b>- Other</b>		
l. Operation expenses	241	281
m. Maintenance expenses	116	39
<b>3. Depreciation expenses</b>		
a. System assets	12,510	12,082
b. Plant and equipment	338	403
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	1,679	1,897
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>35,909</b>	<b>34,956</b>

Special Schedules 2014

## Wyong Shire Council

## Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
Income		
<b>6. Residential charges</b> (including rates)	25,260	25,141
<b>7. Non-residential charges</b>		
a. Access (including rates)	2,261	2,322
b. Usage charges	466	796
<b>8. Trade Waste Charges</b>		
a. Annual Fees	230	235
b. Usage charges	611	539
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	-	-
<b>10. Interest income</b>	1,812	2,244
<b>11. Other income</b>	439	235
<b>11a. Aboriginal Communities Water &amp; Sewerage Program</b>	-	-
<b>12. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	672	666
c. Other grants	5	-
<b>13. Contributions</b>		
a. Developer charges	1,239	677
b. Developer provided assets	556	837
c. Other contributions	-	-
<b>14. Total income</b>	<u>33,551</u>	<u>33,692</u>
<b>15. Gain (or loss) on disposal of assets</b>	-	(571)
<b>16. Operating Result</b>	<u>(2,358)</u>	<u>(1,835)</u>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	(2,358)	(1,835)

Special Schedules 2014

## Wyong Shire Council

## Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	776	2,483
c. Renewals	5,210	7,533
d. Plant and equipment	546	2,063
<b>18. Repayment of debt</b>		
a. Loans	955	2,115
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<u>7,487</u>	<u>14,194</u>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	-
<b>22. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<u>-</u>	<u>-</u>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	57,633	57,704
b. Residential (unoccupied, ie. vacant lot)	826	1,053
c. Non-residential (occupied)	2,304	2,551
d. Non-residential (unoccupied, ie. vacant lot)	161	167
<b>26. Number of ETs for which developer charges were received</b>	- ET	- ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 1,221,615	\$ 1,211,792

Wyong Shire Council

Special Schedule No. 5 - Sewerage Cross Subsidies  
for the financial year ended 30 June 2014

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

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

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



Special Schedules 2014

## Wyong Shire Council

## Special Schedule No. 6 - Sewerage Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS. ie. prepared on a Gross Basis  
as at 30 June 2014

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	5,364	8,000	13,364
b. Special purpose grants	-	-	-
c. Accrued leave	375	-	375
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	25,487	-	25,487
<b>32. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Annual Charges	1,615	10	1,625
c. User Charges	316	-	316
d. Other	1,345	-	1,345
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	-	703,801	703,801
b. Plant and equipment	-	414	414
<b>35. Other assets</b>	-	33	33
<b>36. Total Assets</b>	<u>34,502</u>	<u>712,258</u>	<u>746,760</u>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	2,477	882	3,359
<b>39. Borrowings</b>			
a. Loans	1,018	23,008	24,026
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	1,930	55	1,985
<b>41. Total Liabilities</b>	<u>5,425</u>	<u>23,945</u>	<u>29,370</u>
<b>42. NET ASSETS COMMITTED</b>	<u>29,077</u>	<u>688,313</u>	<u>717,390</u>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			247,834
<b>44. Asset revaluation reserve</b>			469,556
<b>45. TOTAL EQUITY</b>			<u>717,390</u>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			1,032,185
<b>47. Accumulated current cost</b> depreciation of system assets			(328,384)
<b>48. Written down current cost</b> of system assets			<u>703,801</u>

page 15

## Wyong Shire Council

## Notes to Special Schedule No.'s 3 &amp; 5

for the financial year ended 30 June 2014

**Administration <sup>(1)</sup>**

(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 <sup>(1)</sup>**

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Other technical and supervision staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.

**Operational expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

**Maintenance expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

**Other expenses** (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

**Revaluation decrements** (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

**Impairment Losses** (item 4d & 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

**Aboriginal Communities Water and Sewerage Program** (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

**Residential charges <sup>(2)</sup>** (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

**Non-residential charges <sup>(2)</sup>** (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

**Trade waste charges** (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

**Other income** (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

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

**Notes:**

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

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

Special Schedules 2014

Wyong Shire Council  
Special Schedule No. 7 - Report on Infrastructure Assets  
as at 30 June 2014

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard <sup>(1)</sup>	Required Annual Maintenance <sup>(6)</sup>	Actual Maintenance 2013/14 <sup>(5)</sup>	Gross Replacement Cost (GRC) <sup>(4)</sup>	Assets in Condition as a % of GRC <sup>(3)(1)(c)</sup>				
						1	2	3	4	5
Buildings	Council Offices / Administration Centres	-	488	343	26,737	52.1%	27.8%	20.1%	0.0%	0.0%
	Council Works Depot	6	162	109	8,517	21.5%	18.6%	59.5%	0.4%	0.0%
	Council Public Halls	61	214	573	11,875	27.8%	45.5%	11.2%	15.5%	0.0%
	Libraries	-	99	95	5,527	36.6%	63.4%	0.0%	0.0%	0.0%
	Cultural Facilities	594	10	10	1,206	36.4%	9.1%	0.0%	5.9%	48.6%
	Other Buildings (Holiday Parks)	-	235	185	18,755	27.0%	73.0%	0.0%	0.0%	0.0%
	Specialised Buildings	203	1,723	1,350	84,407	50.2%	27.2%	16.6%	5.5%	0.5%
	Non Specialised	466	61	14	5,647	30.3%	3.2%	3.6%	36.4%	26.5%
	Water Supply	2	8	38	6,397	45.9%	45.7%	8.1%	0.3%	0.0%
	Sewerage Supply	49	12	41	7,546	13.6%	38.1%	44.0%	4.3%	0.0%
	sub total		1,381	3,012	2,758	176,614	42.3%	34.3%	16.9%	5.1%
Other Structures	Other Structures	2,396	200	133	20,159	44.8%	48.9%	0.3%	0.0%	6.0%
	sub total	2,396	200	133	20,159	44.8%	48.9%	0.3%	0.0%	6.0%
Roads	Sealed Roads Surface	9,635	1,375	1,780	114,550	45.6%	29.0%	11.0%	12.1%	2.3%
	Sealed Roads Structure	22,637	5,312	4,289	354,131	0.2%	38.3%	48.8%	12.7%	0.0%
	Unsealed Roads	-	40	1,123	2,634	25.0%	25.0%	25.0%	25.0%	0.0%
	Bridges	600	198	306	13,192	2.3%	78.1%	14.6%	4.9%	0.1%
	Footpaths	2,034	567	503	35,935	4.9%	82.3%	6.9%	0.6%	5.3%
	Cycle ways	-	82	77	2,534	21.1%	78.9%	0.0%	0.0%	0.0%
	Kerb and Gutter	2,394	836	500	69,703	4.3%	25.3%	64.9%	4.0%	1.5%
	Car Parks	800	207	102	17,217	9.8%	80.9%	9.3%	0.0%	0.0%
	Other	40	-	-	43,379	16.9%	62.9%	19.8%	0.3%	0.1%
	sub total	38,140	6,617	8,680	653,275	10.4%	41.4%	37.6%	9.7%	0.9%

## Wyong Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
as at 30 June 2014

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard <sup>(1)</sup>	Required <sup>(6)</sup> Annual Maintenance	Actual <sup>(5)</sup> Maintenance 2013/14	Gross Replacement Cost (GRC) <sup>(4)</sup>	Assets in Condition as a % of GRC <sup>(3)(1)(c)</sup>				
						1	2	3	4	5
Water Supply Network	Dams/Weirs	-	3,791	3,989	400,009	5.4%	92.9%	1.7%	0.0%	0.0%
	Mains	-	-	-	-	-	-	-	-	-
	Reservoirs	20	384	414	37,868	3.3%	86.8%	9.8%	0.1%	0.0%
	Pumping Station/s	-	609	607	10,688	63.2%	23.9%	12.9%	0.0%	0.0%
	Treatment	15	590	333	8,269	95.6%	0.0%	0.0%	4.4%	0.0%
	Water Meters	1,330	-	-	8,682	9.8%	59.6%	0.0%	30.6%	0.0%
	Other - Joint Water Supply Assets sub total	1,365	5,374	5,343	469,195 934,711	20.4% 14.3%	77.0% 82.8%	2.6% 2.6%	0.0% 0.3%	0.0% 0.0%
Sewerage Network	Mains	-	1,650	1,656	725,858	11.5%	88.4%	0.1%	0.0%	0.0%
	Pumping Station/s	3,903	2,084	2,490	131,251	6.6%	74.9%	8.0%	10.5%	0.0%
	Treatment	-	1,085	1,742	133,076	3.6%	80.5%	15.9%	0.0%	0.0%
	Vacuum Systems	1,725	-	-	6,352	5.0%	0.0%	53.0%	42.0%	0.0%
	sub total	5,628	4,819	5,888	996,537	9.8%	85.0%	3.6%	1.7%	0.0%

Wyong Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
as at 30 June 2014

Asset Class	Asset Category	Estimated cost (to bring up to a satisfactory standard <sup>(1)</sup> )	Required <sup>(2)</sup> Annual Maintenance	Actual <sup>(3)</sup> Maintenance 2013/14	Gross Replacement Cost (GRC) <sup>(4)</sup>	Assets in Condition as a % of GRC <sup>(5)(6)</sup>				
						1	2	3	4	5
<b>Stormwater</b>	Retarding Basins	-	334	361	33,445	100.0%	0.0%	0.0%	0.0%	0.0%
	Stormwater Conduits	5,262	1,106	849	110,598	49.0%	19.0%	22.0%	1.0%	9.0%
	Inlet and Junction Pits	3,698	674	548	61,298	49.0%	19.0%	22.0%	1.0%	9.0%
	Head Walls	99	18	13	1,815	49.0%	19.0%	22.0%	1.0%	9.0%
	Other	4,305	1,038	694	103,795	49.0%	19.0%	22.0%	1.0%	9.0%
	sub total	13,364	3,170	2,465	310,951	54.5%	17.0%	19.6%	0.9%	8.0%
<b>Open Space/ Recreational</b>	Swimming Pools	94	100	96	5,943	3.4%	86.0%	0.0%	10.6%	0.0%
	Other	841	3,023	3,018	57,384	34.8%	44.3%	17.0%	2.5%	1.4%
	sub total	935	3,123	3,114	63,327	31.9%	48.2%	15.4%	3.3%	1.3%
<b>Other</b>	Land Improvements	428	3,093	3,089	32,894	25.2%	39.5%	30.1%	3.6%	1.6%
Infrastructure Assets	sub total	428	3,093	3,089	32,894	25.2%	39.5%	30.1%	3.6%	1.6%
	<b>TOTAL - ALL ASSETS</b>	63,637	31,408	31,470	3,188,468	18.2%	64.5%	13.1%	3.1%	1.1%
<b>BY FUND:</b>										
<b>TOTAL</b>	<b>GENERAL FUND</b>	43,229	18,025	17,695	932,326	18.9%	40.6%	31.3%	8.0%	1.2%
<b>TOTAL</b>	<b>WATER SUPPLY AUTHORITY</b>	20,408	13,383	13,775	2,256,142	17.9%	74.5%	5.5%	1.0%	1.1%

Wyong Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
as at 30 June 2014

Notes:

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

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

## Wyong Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2014

\$ '000	Amounts 2014	Indicator 2014	Prior Periods	
			2013	2012
<b>Infrastructure Asset Performance Indicators Consolidated</b>				
<b>1. Building and Infrastructure Renewals Ratio</b>				
Asset Renewals (Building and Infrastructure) <sup>(1)</sup>	47,946	100.33%	71.91%	74.95%
Depreciation, Amortisation & Impairment	47,789			
<b>2. Infrastructure Backlog Ratio</b>				
Estimated Cost to bring Assets to a Satisfactory Condition	63,637	0.02	0.05	0.06
Total value <sup>(2)</sup> of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	3,188,468			
<b>3. Asset Maintenance Ratio</b>				
Actual Asset Maintenance	31,470	1.00	0.91	0.84
Required Asset Maintenance	31,408			
<b>4. Capital Expenditure Ratio</b>				
Annual Capital Expenditure	79,580	1.43	1.36	1.14
Annual Depreciation	55,511			

## Notes

<sup>(1)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets.  
Asset Renewals include building and infrastructure assets only.

<sup>(2)</sup> Gross Replacement Cost

Wyong Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2014

1. Building and Infrastructure Renewals Ratio		Purpose of Asset Renewals Ratio		Commentary on 2013/14 Result	
<p>Ratio %</p> <p>2012: 74.35% 2013: 71.91% 2014: 100.33%</p> <p>Minimum: 100.00%</p> <p>Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)</p>		<p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>		<p><b>2013/14 Ratio 100.33%</b></p> <p>A ratio of 1:1 indicates that the amount spent on asset renewals equals the amount of depreciation. Council's rate increased by 29% in 2013/14 as a result of the allocation of revenue from Council's Special Rate Variation to infrastructure backlog works and Council's commitment to maintain financial sustainability and decrease the infrastructure backlog.</p>	

2. Infrastructure Backlog Ratio		Purpose of Infrastructure Backlog Ratio		Commentary on 2013/14 Result	
<p>Ratio (x)</p> <p>2012: 0.06 2013: 0.05 2014: 0.02</p> <p>Maximum: 0.02</p> <p>Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)</p>		<p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>		<p><b>2013/14 Ratio 0.02 x</b></p> <p>In June 2013, Council was successful in gaining approval for a Special Rate Variation for a period of 4 years. In accordance with the IPART approval, the additional rate income must be used to reduce the funding shortfall required to return Council's General Fund assets to a satisfactory condition. Council will allocate this funding to addressing the backlog, reversing a long-term decline in asset conditions and continue to improve this ratio.</p>	

3. Asset Maintenance Ratio		Purpose of Asset Maintenance Ratio		Commentary on 2013/14 Result	
<p>Ratio (x)</p> <p>2012: 0.84 2013: 0.91 2014: 1.00</p> <p>Minimum: 1.00</p> <p>Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)</p>		<p>Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.</p>		<p><b>2013/14 Ratio 1.00 x</b></p> <p>Council's Asset Maintenance Ratio is at the benchmark of 1. Council will continue to work to maintain and improve this benchmark.</p>	

4. Capital Expenditure Ratio		Purpose of Capital Expenditure Ratio		Commentary on 2013/14 Result	
<p>Ratio (x)</p> <p>2012: 1.14 2013: 1.36 2014: 1.43</p> <p>Minimum: 1.10</p> <p>Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)</p>		<p>To assess the extent to which a Council is expanding its asset base through capital expenditure on both new assets and the replacement and renewal of existing assets.</p>		<p><b>2013/14 Ratio 1.43 x</b></p> <p>Council's Capital Expenditure Ratio continues to be above benchmark reflecting its significant capital expenditure program, increased in 2013/14 due to works undertaken as a result of Council's Special Rate Variation.</p>	



## Wyong Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2014

\$ '000	Water 2014	Sewer 2014	General <sup>(1)</sup> 2014
<b>Infrastructure Asset Performance Indicators By Fund</b>			
<b>1. Building and Infrastructure Renewals Ratio</b>			
<u>Asset Renewals (Building and Infrastructure) <sup>(2)</sup></u>	<b>107.70%</b>	<b>46.02%</b>	<b>129.71%</b>
Depreciation, Amortisation & Impairment	(27.87%)	(62.92%)	(29.91%)
<b>2. Infrastructure Backlog Ratio</b>			
<u>Estimated Cost to bring Assets to a Satisfactory Condition</u>	<b>0.01</b>	<b>0.01</b>	<b>0.05</b>
Total value <sup>(3)</sup> of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	0.03	0.04	0.11
<b>3. Asset Maintenance Ratio</b>			
<u>Actual Asset Maintenance</u>	<b>0.92</b>	<b>1.23</b>	<b>0.98</b>
Required Asset Maintenance	0.84	1.18	0.88
<b>4. Capital Expenditure Ratio</b>			
<u>Annual Capital Expenditure</u>	<b>1.19</b>	<b>0.51</b>	<b>2.04</b>
Annual Depreciation	0.82	0.07	2.35

## Notes

<sup>(1)</sup> General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

<sup>(2)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets.  
Asset Renewals include building and infrastructure assets only.

<sup>(3)</sup> Gross Replacement Cost

## Wyong Shire Council

## Special Schedule No. 8 - Financial Projections

as at 30 June 2014

	Actual <sup>(1)</sup> 13/14	Forecast <sup>(2)</sup> 14/15	Forecast <sup>(2)</sup> 15/16	Forecast <sup>(2)</sup> 16/17	Forecast <sup>(2)</sup> 17/18	Forecast <sup>(2)</sup> 18/19	Forecast <sup>(2)</sup> 19/20	Forecast <sup>(2)</sup> 20/21	Forecast <sup>(2)</sup> 21/22	Forecast <sup>(2)</sup> 22/23	Forecast <sup>(2)</sup> 23/24
<b>\$'000</b>											
<b>(i) OPERATING BUDGET</b>											
Income from continuing operations	243,215	257,429	265,637	276,943	287,218	298,618	309,275	320,405	332,341	345,741	360,336
Expenses from continuing operations	221,977	242,109	249,845	257,605	264,041	270,715	277,404	284,518	290,689	296,035	301,920
<b>Operating Result from Continuing Operations</b>	<b>21,238</b>	<b>15,320</b>	<b>15,792</b>	<b>19,338</b>	<b>23,177</b>	<b>27,903</b>	<b>31,871</b>	<b>35,887</b>	<b>41,652</b>	<b>49,706</b>	<b>58,416</b>
<b>(ii) CAPITAL BUDGET</b>											
New Capital Works <sup>(2)</sup>	17,681	30,721	31,934	59,989	26,161	22,596	36,100	27,893	26,026	19,032	10,724
Replacement/Refurbishment of Existing Assets	58,830	69,372	68,945	50,492	48,435	49,913	59,121	48,195	44,516	43,021	40,347
<b>Total Capital Budget</b>	<b>76,511</b>	<b>100,093</b>	<b>100,879</b>	<b>110,481</b>	<b>74,596</b>	<b>72,509</b>	<b>95,221</b>	<b>76,088</b>	<b>70,542</b>	<b>62,053</b>	<b>51,071</b>
<b>Funded by:</b>											
- Loans	1,483	-	-	-	-	-	-	-	-	-	-
- Asset sales	-	-	-	-	-	-	-	-	-	-	-
- Reserves	13,049	25,269	15,559	32,117	14,338	16,234	21,583	7,286	6,830	8,012	5,848
- Grants/Contributions	6,500	4,417	3,134	2,340	2,100	2,091	2,091	2,111	2,111	2,131	1,631
- Recurrent revenue	54,177	67,940	80,463	73,846	56,952	51,846	67,476	59,282	57,831	51,315	42,897
- Other	1,302	2,467	1,723	2,178	1,206	2,338	4,071	7,409	3,770	595	695
	<b>76,511</b>	<b>100,093</b>	<b>100,879</b>	<b>110,481</b>	<b>74,596</b>	<b>72,509</b>	<b>95,221</b>	<b>76,088</b>	<b>70,542</b>	<b>62,053</b>	<b>51,071</b>

## Notes:

(1) From 13/14 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg tip cells, Central Coast Youth Skills Centre and Commercial Vehicles etc.

(3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.

Special Schedules 2014

## Wyong Shire Council

## Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2015

\$'000	Calculation 2013/14	Calculation 2014/15
<b>Notional General Income Calculation <sup>(1)</sup></b>		
Last Year Notional General Income Yield	63,558	67,907
Plus or minus Adjustments <sup>(2)</sup>	99	29
<b>Notional General Income</b>	<b>63,657</b>	<b>67,936</b>
<b>Permissible Income Calculation</b>		
Special variation percentage <sup>(3)</sup>	6.90%	6.90%
or Rate peg percentage		
or Crown land adjustment incl. rate peg percentage		
less expiring Special variation amount	-	-
plus Special variation amount	4,392.33	4,687.58
or plus Rate peg amount	-	-
or plus Crown land adjustment and rate peg amount	-	-
<b>sub-total</b>	<b>68,049</b>	<b>72,624</b>
plus (or minus) last year's Carry Forward Total	-	15
less Valuation Objections claimed in the previous year	(147)	(20)
<b>sub-total</b>	<b>(147)</b>	<b>(5)</b>
<b>Total Permissible income</b>	<b>67,902</b>	<b>72,619</b>
less Notional General Income Yield	67,907	72,629
<b>Catch-up or (excess) result</b>	<b>(5)</b>	<b>(10)</b>
plus Income lost due to valuation objections claimed <sup>(4)</sup>	20	11
less Unused catch-up <sup>(5)</sup>	-	-
<b>Carry forward to next year</b>	<b>15</b>	<b>1</b>

**Notes**

- <sup>1</sup> The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- <sup>2</sup> Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- <sup>3</sup> The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- <sup>4</sup> Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- <sup>5</sup> Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.



## Wyong Shire Council

### Independent auditor's report Report on the Special Schedule No. 9

#### Report on the Special Schedule No. 9

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Wyong Shire Council ("the Council") for the year ended 30 June 2014.

#### Responsibility of Council for Special Schedule No. 9

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 22. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditors' Responsibility

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

#### Independence

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

**PricewaterhouseCoopers, ABN 52 780 433 757**  
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T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation

**Audit Opinion**

In our opinion, Special Schedule No. 9 of Wyong Shire Council for the year ended 30 June 2014 is properly drawn up in all material respects in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

**Restriction on distribution**

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose. Our report is intended solely for the council and the Division of Local Government.

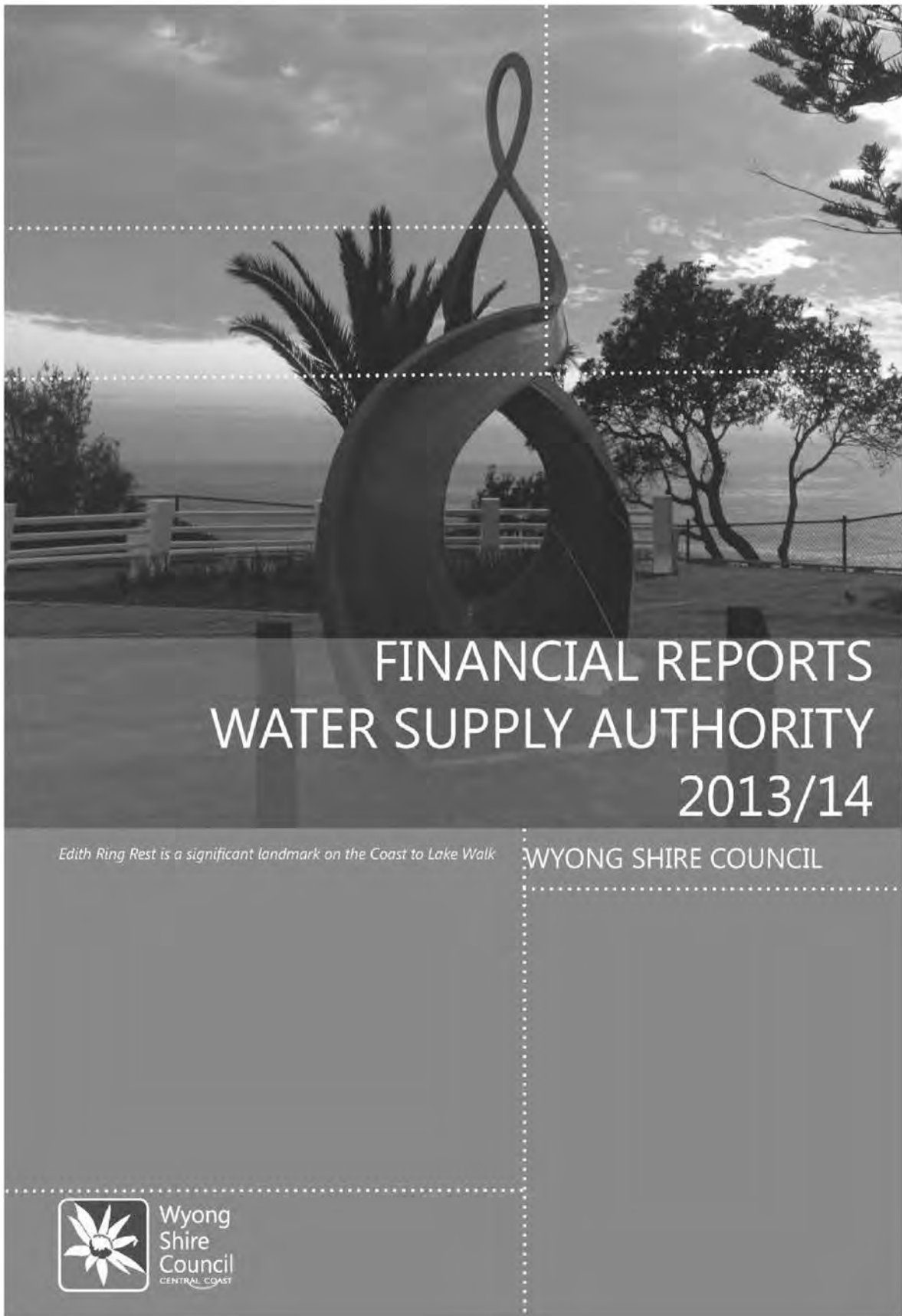
A handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in dark ink, appearing to read 'Peter Buchholz', written in a cursive style.

Peter Buchholz  
Partner

Sydney  
25 September 2014



## Wyong Shire Council Water Supply Authority

## Financial Statements

for the financial year ended 30 June 2014

Contents	Page
<b>1. Chief Executive Officer's Report</b>	2
<b>2. Statement by Councillors</b>	3
<b>3. Primary Financial Statements:</b>	
- Income Statement	4
- Statement of Comprehensive Income	5
- Statement of Financial Position	6
- Statement of Changes in Equity	7
- Statement of Cash Flows	8
<b>4. Notes to the Financial Statements</b>	9
<b>5. Independent Auditor's Reports:</b>	
- On the Financial Statements	71
- Statutory Audit Report	73

Overview

- (i) These financial statements cover the consolidated operations for Wyong Shire Council Water Supply Authority.
- (ii) Wyong Shire Council is a water supply authority by proclamation of the Water Management Act 2000 and carries out the following functions:
- maintain and operate water management works and other associated works including sewerage and drainage services, and
  - to conduct research, collect information and develop technology in relation to water management.
- These financial statements relate to Wyong Shire Council's exercise of these functions.
- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) The Water Supply Authority has the power to amend and reissue these financial statements.

These financial statements were authorised for issue by the Water Supply Authority on 08 October 2014.

## Wyong Shire Council Water Supply Authority

## Financial Statements

for the financial year ended 30 June 2014

## Chief Executive Officer's Report

I am pleased to present the 2014 financial statements for the Wyong Shire Council Water Supply Authority.

This year has been another challenging year for the Water Supply Authority. A new pricing determination came into effect in 2014 providing for a reduction in typical customer water and sewerage bills in real terms. Whilst this is good news for our customers, it creates difficulties in returning the Water Supply Authority to a positive financial result.

The Water Supply Authority is still feeling the impacts of the recent drought even though the completion of the Mardi to Mangrove Link Project has aided water security and has enabled water restrictions to be lifted. The extent of the drought has changed the water usage behaviour of our customers with water usage below pre-drought levels. As such sales income remains constrained. Demand is trending upwards slowly and remains in accordance with pricing determination forecasts.

The regulatory pricing model itself also poses challenges. In particular there remains a significant disparity between the income allowed by the Independent Pricing and Regulatory Tribunal (IPaRT) for regulatory depreciation and the actual depreciation arising from the carrying value of our assets. While Wyong Water was recently identified as the second lowest priced water utility in Australia for utilities with greater than 100,000 customers, the reality is that the prices set by IPaRT while beneficial to our customers are not sustainable and will lead to the eventual decline of the assets and services provided. This issue will be ongoing until at least 2018.

Wyong also faces a unique reporting conundrum where as a local government authority it is required to report to the Office of Local Government and the NSW Office of Water but as one of only two local government water utilities in NSW that are listed as Water Supply Authorities in the Water Management Act it is additionally subjected to reporting to IPaRT, placing yet further administrative burden on the operations of the utility.

Now for the good news. During 2014 we invested in the replacement of over 12,000 water meters. This project not only ensures our meters remain within standards, it also allows us to more accurately measure, charge and predict water usage and maintain charging equity between our customers.

Other notable projects undertaken in 2014 included further improvements in water quality at Mardi Water Treatment Plant, installation of a new inlet screen at Gwandalan Sewage Treatment Plant and continued relining and rehabilitation of our sewerage network. Over the next few years we will continue to invest in renewing aging sewage pumping stations and improving water quality.

In 2015 we will also be implementing the results of a business review in order to reduce the deficit in the operating result. We will ensure that we are operating efficiently and effectively and are ready for any changes that may result from the Office of Local Government's Fit for the Future requirements. I look forward to working with Councillors and staff on this journey.

**Michael Whittaker**  
Chief Executive Officer



page 2



Wyong Shire Council Water Supply Authority

Financial Statements

for the financial year ended 30 June 2014

Statement by Councillors

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

**The attached Financial Statements have been prepared in accordance with:**

- The Public Finance and Audit Act 1983 and The Public Finance and Audit Regulation 2010.
- The Australian Accounting Standards (which include Australian Accounting Interpretations).
- The Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these Financial Statements exhibit a true and fair financial position and financial performance of the Water Supply Authority.

**We are not aware of any matter that would render any particulars included in the financial statements to be misleading or inaccurate**

**Signed in accordance with a resolution of Council made on 8 October 2014.**

\_\_\_\_\_  
Doug Eaton  
**MAYOR**

\_\_\_\_\_  
Lynne Webster  
**DEPUTY MAYOR**

\_\_\_\_\_  
Michael Whittaker  
**GENERAL MANAGER**

\_\_\_\_\_  
Stephen Naven  
**RESPONSIBLE ACCOUNTING OFFICER**

Financial Statements 2014

## Wyong Shire Council Water Supply Authority

## Income Statement

for the financial year ended 30 June 2014

Budget 2014	\$ '000		Actual 2014	Actual 2013
<b>Income from Continuing Operations</b>				
<i>Revenue:</i>				
43,935	Rates & Annual Charges	00	44,220	43,804
30,382	User Charges & Fees	00	29,260	27,561
3,759	Interest & Investment Revenue	00	3,192	3,392
41	Other Revenues	00	177	48
1,942	Grants & Contributions provided for Operating Purposes	00,1	1,713	1,685
4,050	Grants & Contributions provided for Capital Purposes	00,1	5,730	4,635
84,109	Total Income from Continuing Operations		84,292	81,125
<b>Expenses from Continuing Operations</b>				
13,389	Employee Benefits & On-Costs	00	13,937	14,039
12,864	Borrowing Costs	00	14,863	13,791
7,142	Materials & Contracts	00	7,747	7,719
29,047	Depreciation & Amortisation	00	29,441	29,117
-	Impairment	00	-	-
20,152	Other Expenses	00	22,282	21,670
-	Net Losses from the Disposal of Assets	0	291	2,003
82,594	Total Expenses from Continuing Operations		88,561	88,339
1,515	Operating Result from Continuing Operations		(4,269)	(7,214)
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	00	-	-
1,515	Net Operating Result for the Year		(4,269)	(7,214)
1,515	Net Operating Result attributable to Water Supply Authority		(4,269)	(7,214)
-	Net Operating Result attributable to Non-controlling Interests		-	-
(2,535)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(9,999)	(11,849)

Original budget as approved by Council 2013-2014 05

Financial Statements 2014

## Wyong Shire Council Water Supply Authority

## Statement of Comprehensive Income

for the financial year ended 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
<b>Net Operating Result for the year</b> (as per Income statement)		<b>(4,269)</b>	<b>(7,214)</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	(9b (i))	34,344	73,838
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>34,344</b>	<b>73,838</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
<b>Total Other Comprehensive Income for the year</b>		<b>34,344</b>	<b>73,838</b>
<b>Total Comprehensive Income for the Year</b>		<b>30,075</b>	<b>66,624</b>
<b>Total Comprehensive Income attributable to the Water Supply Authority</b>		<b>30,075</b>	<b>66,624</b>
<b>Total Comprehensive Income attributable to Non-controlling Interests</b>		<b>-</b>	<b>-</b>

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

page 5

## Wyong Shire Council Water Supply Authority

## Statement of Financial Position

as at 30 June 2014

\$ '000		Actual 2014	Actual 2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	100	15,269	26,405
Investments	00	21,492	34,414
Receivables	00	18,538	19,022
Inventories	00	503	490
Other	00	-	-
Non-current assets classified as "held for sale"	21	-	-
<b>Total Current Assets</b>		<b>55,802</b>	<b>80,331</b>
<b>Non-Current Assets</b>			
Investments	00	25,000	7,041
Receivables	01	433	464
Inventories	01	-	-
Infrastructure, Property, Plant & Equipment	01	1,556,989	1,528,322
Investments accounted for using the equity method	10	-	-
Investment Property	13	-	-
Intangible Assets	23	89	195
<b>Total Non-Current Assets</b>		<b>1,582,511</b>	<b>1,536,022</b>
<b>TOTAL ASSETS</b>		<b>1,638,313</b>	<b>1,616,353</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	01	13,497	8,176
Borrowings	01	10,819	10,315
Provisions	01	3,720	4,651
<b>Total Current Liabilities</b>		<b>28,036</b>	<b>23,142</b>
<b>Non-Current Liabilities</b>			
Payables	01	2,821	4,813
Borrowings	01	185,386	196,203
Provisions	01	173	373
<b>Total Non-Current Liabilities</b>		<b>188,380</b>	<b>201,389</b>
<b>TOTAL LIABILITIES</b>		<b>216,416</b>	<b>224,531</b>
<b>Net Assets</b>		<b>1,421,897</b>	<b>1,391,822</b>
<b>EQUITY</b>			
Retained Earnings	10	600,747	605,016
Revaluation Reserves	04	821,150	786,806
Water Supply Authority Equity Interest		1,421,897	1,391,822
Non-controlling Interests		-	-
<b>Total Equity</b>		<b>1,421,897</b>	<b>1,391,822</b>

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

page 6

## Wyong Shire Council Water Supply Authority

Statement of Changes in Equity  
for the financial year ended 30 June 2014

\$ '000	Notes	Retained Earnings	Reserves (Refer 105)	Council Interest	Non- controlling Interest	Total Equity
<b>2014</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		605,016	786,806	1,391,822	-	1,391,822
a. Correction of Prior Period Errors	(9) (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	(1) (c)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/13)		<b>605,016</b>	<b>786,806</b>	<b>1,391,822</b>	<b>-</b>	<b>1,391,822</b>
c. Net Operating Result for the Year		(4,269)	-	(4,269)	-	(4,269)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Reserve	(9) (d)	-	34,344	34,344	-	34,344
<b>Other Comprehensive Income</b>		<b>-</b>	<b>34,344</b>	<b>34,344</b>	<b>-</b>	<b>34,344</b>
<b>Total Comprehensive Income</b> (c&d)		<b>(4,269)</b>	<b>34,344</b>	<b>30,075</b>	<b>-</b>	<b>30,075</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>600,747</b>	<b>821,150</b>	<b>1,421,897</b>	<b>-</b>	<b>1,421,897</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 105)	Council Interest	Non- controlling Interest	Total Equity
<b>2013</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		612,230	712,968	1,325,198	-	1,325,198
a. Correction of Prior Period Errors	(2) (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	(1) (c)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/12)		<b>612,230</b>	<b>712,968</b>	<b>1,325,198</b>	<b>-</b>	<b>1,325,198</b>
c. Net Operating Result for the Year		(7,214)	-	(7,214)	-	(7,214)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Reserve	(9) (d)	-	73,838	73,838	-	73,838
<b>Other Comprehensive Income</b>		<b>-</b>	<b>73,838</b>	<b>73,838</b>	<b>-</b>	<b>73,838</b>
<b>Total Comprehensive Income</b> (c&d)		<b>(7,214)</b>	<b>73,838</b>	<b>66,624</b>	<b>-</b>	<b>66,624</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>605,016</b>	<b>786,806</b>	<b>1,391,822</b>	<b>-</b>	<b>1,391,822</b>

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

page 7

Financial Statements 2014

## Wyong Shire Council Water Supply Authority

## Statement of Cash Flows

for the financial year ended 30 June 2014

Budget 2014	\$ '000		Actual 2014	Actual 2013
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
43,934	Rates & Annual Charges		44,220	43,849
28,832	User Charges & Fees		27,905	24,914
3,754	Investment & Interest Revenue Received		3,207	2,190
4,413	Grants & Contributions		4,388	4,540
-	Bonds, Deposits & Retention amounts received		19	3
610	Other		1,720	-
<b>Payments:</b>				
(13,405)	Employee Benefits & On-Costs		(14,555)	(14,442)
(10,021)	Materials & Contracts		(9,173)	(6,252)
(12,941)	Borrowing Costs		(14,863)	(13,850)
(20,073)	Other		(16,653)	(20,474)
<u>25,103</u>	<b>Net Cash provided (or used in) Operating Activities</b>		<u>26,215</u>	<u>20,478</u>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
16,006	Sale of Investment Securities		49,422	88,324
-	Sale of Infrastructure, Property, Plant & Equipment		10	-
<b>Payments:</b>				
-	Purchase of Investment Securities		(54,539)	(97,844)
(26,998)	Purchase of Infrastructure, Property, Plant & Equipment		(21,931)	(23,874)
<u>(10,992)</u>	<b>Net Cash provided (or used in) Investing Activities</b>		<u>(27,038)</u>	<u>(33,394)</u>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
-	Proceeds from Borrowings & Advances		-	23,200
<b>Payments:</b>				
(10,494)	Repayment of Borrowings & Advances		(10,313)	(11,762)
<u>(10,494)</u>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<u>(10,313)</u>	<u>11,438</u>
3,617	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		(11,136)	(1,480)
26,405	plus: Cash & Cash Equivalents - beginning of year		26,405	27,885
<u>30,022</u>	<b>Cash &amp; Cash Equivalents - end of the year</b>		<u>15,269</u>	<u>26,405</u>
Additional Information:				
	plus: Investments on hand - end of year		46,492	41,455
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		<u>61,761</u>	<u>67,860</u>

Please refer to Note 10 for information on the following:

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

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

page 8

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10
2	Income from Continuing Operations	22
3	Expenses from Continuing Operations	25
4	Gains or Losses from the Disposal of Assets	27
5(a)	Cash & Cash Equivalent Assets	28
5(b)	Investments	28
5(c)	Restricted Cash, Cash Equivalents & Investments - Details	30
6	Receivables	31
7	Inventories & Other Assets	32
8(a)	Infrastructure, Property, Plant & Equipment	33
8(b)	Externally Restricted Infrastructure, Property, Plant & Equipment	34
8(c)	Infrastructure, Property, Plant & Equipment - Current Year Impairments	34
9(a)	Payables, Borrowings & Provisions	35
9(b)	Description of (and movements in) Provisions	36
10	Statement of Cash Flows - Additional Information	37
11	Commitments for Expenditure	38
12	Statement of Performance Measures:	
	12a (i) Local Government Industry Indicators (Consolidated)	39
	13a (ii) Local Government Industry Graphs (Consolidated)	40
	13b Local Government Industry Indicators (by Fund)	42
13	Investment Properties	43
14	Financial Risk Management	43
15	Material Budget Variations	47
16	Statement of Developer Contributions	49
17	Contingencies and Other Liabilities/Assets not recognised	55
18	Controlled Entities, Associated Entities & Interests in Joint Ventures	56
19	Equity - Retained Earnings and Revaluation Reserves	57
20	Financial Result & Financial Position by Fund	58
21	"Held for Sale" Non Current Assets & Disposal Groups	60
22	Events occurring after the Reporting Date	60
23	Discontinued Operations	60
24	Intangible Assets	61
25	Reinstatement, Rehabilitation & Restoration Liabilities	61
26	Fair Value Measurement	62

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

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

Wyong Shire Council, within its overall statutory responsibilities, is a statutory authority for water supply and related purposes, under the Water Management Act 2000. The principal business office of the Wyong Shire Council Water Supply Authority is at 2 Hely St Wyong NSW 2259. The Water Supply Authority controls resources to carry out water supply, sewerage, stormwater drainage and ancillary activities within the Wyong local government area and these functions have been consolidated in these financial statements.

The financial statements have been authorised for use in accordance with the resolution of Council on 8 October 2014.

**(a) Basis of preparation**

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

**New and amended standards adopted by the Water Supply Authority**

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

- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

AASB 13 Fair Value Measurement has not affected the assets or liabilities which are to be measured at fair value, however it provides detailed guidance on how to measure fair value in accordance with the accounting standards.

It introduces the concept of highest and best use for non-financial assets and has caused the Water Supply Authority to review its valuation methodology.

The level of disclosures regarding fair value have increased significantly and have been included in the financial statements at Note 26.

AASB 119 Employee Benefits has changed the basis for determining the income or expenses related to defined benefit plans and introduces revised definitions for short-term employee benefits.

The Water Supply Authority has reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period.

**Early adoption of standards**

The Water Supply Authority has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

**Historical cost convention**

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

**Critical accounting estimates and judgements**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the 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**

The Water Supply Authority 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 investment properties.



## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

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

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.

**Critical judgements in applying the entity's accounting policies****User charges and fees**

- (i) Impairment of Receivables – The Water Supply Authority has made a significant judgement about the impairment of a number of its receivables in Note 6.

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****(b) Revenue recognition**

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

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

**Interest**

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

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

**Rent**

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

**Annual charges, grants and contributions****Other Income**

Annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Water Supply Authority obtains control over the assets comprising these receipts.

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

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

**(c) Principles of consolidation****The Consolidated Fund**

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.

Wyong Shire Council is legally required to maintain a Consolidated Fund under the Local Government Act 1993 s 409(1). The fund is to receive all Council cash and property income except for those assets specifically required to be held in a Trust Fund. The accounting for Water Supply Authority functions is maintained by keeping separate accounting funds, subordinate to the Consolidated fund, in the general ledger, for Water (including drainage) and for Sewerage.

Revenue is recognised when the Water Supply Authority obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Water Supply Authority and the amount of the contribution can be measured reliably.

These financial statements represent the consolidation of the Water and Sewerage funds.

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

The notional cash and investment assets of the Water Supply Authority are represented in practice by an equity interest in the general cash and investment assets of the Wyong Shire Council as a whole, and all investment assets and bank accounts are held in the name of Wyong Shire Council.

**Joint ventures – jointly controlled assets**

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings. Details of the activity are set out in Note 18.

**Joint venture entities**

The Water Supply Authority is a joint venturer in the provision of core water supply infrastructure serving both Gosford and Wyong local government 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 Water Supply Authority's share in assets and expenses, are set out in note 18.

**Central Coast Water Corporation**

The project by Gosford and Wyong Councils to implement the Central Coast Water Corporation (CCWC) and Joint Services Business was aimed at achieving a co-ordinated regional management approach to water and sewerage services and decision-making, and reducing costs through the development of common administrative systems and pooled resources.

The project is currently suspended.

**(d) Leases**

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

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

Lease income from operating leases where the Water Supply Authority 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 the future are discounted to their present value as at the date of exchange. The discount rate used is the Water Supply Authority's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

**(f) Impairment of assets**

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

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

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

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

**(g) Cash and cash equivalents**

For Statement of Cash flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**(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 the Water Supply Authority 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.

**(i) Inventories*****Raw materials and stores, work in progress and finished goods***

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw material. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

***Land held for resale/capitalisation of borrowing costs***

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.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

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

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the Income statement.

**(k) Investments and other financial assets****Classification**

The Water Supply Authority classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition

and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

**(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in other receivables and receivables (note 6) in the statement of financial position.

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

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Water Supply Authority's management has the positive intention and ability to hold to maturity. If the Water Supply Authority were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

**(iv) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

**Recognition and de-recognition**

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Water Supply Authority commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council, on behalf of the Water Supply Authority, 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 the Water Supply Authority'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 (note the Water Supply Authority's obligations under Section 625 of the Local Government Act and Section 212 of the Local Government (General) Regulation 2005). 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(f).

**Impairment**

The Water Supply Authority 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, on behalf of the Water Supply Authority, has an approved investment policy complying with Section 625 of the Local Government Act and Section 212 of the Local Government (General) Regulation 2005. Investments are placed and managed in accordance with that policy and having

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council also maintains an investment policy that complies with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing the Water Supply Authority's funds.

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

**(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 statement of financial position date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council, on behalf of the Water Supply Authority, 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 Water Supply Authority for similar financial instruments.

**(m) Infrastructure, property, plant and equipment (IPPE)****Initial Recognition**

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

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

**Asset Revaluations (including Indexation)**

The Water Supply Authority's IPPE assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Office of Local Government. At reporting date the following classes of IPPE were stated at their fair value:

- Operational land (External Valuation).
- Buildings – Specialised/Non Specialised (External Valuation).
- Water/Sewerage Networks (Internal Valuation).
- Plant and equipment (as approximated by depreciated historical cost).
- Drainage assets – (External Valuation).
- Land Improvements (as approximated by depreciated historical cost).
- Other structures (as approximated by depreciated historical cost).
- Other assets (as approximated by depreciated historical cost).

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water – Rates Reference Manual. For all other assets, the Water Supply Authority 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

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

asset were revalued at the reporting date. If any such indication exists, the Water Supply Authority determines the asset's fair value and revalues the asset to that amount. Full revaluations are undertaken for all assets on a 5 year cycle.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised in profit or loss.

Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income statement.

**Subsequent costs**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Water Supply Authority 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 follows:

Buildings	8 to 100 years
Vehicles	3 to 10 years
Heavy Plant	6 to 28 years
Other plant and equipment	4 to 35 years
Office Equipment	2 to 10 years
Office Furniture	1 to 20 years
Computer Equipment	2 to 10 years
Playground Equipment	20 years
Benches, seats etc	25 years
Dams	5 to 150 years
Water Mains	50 to 100 years
Water & Sewerage Treatment Plants - Civil	15 to 100 years
Water & Sewerage Treatment Plants - Other	15 to 100 years
Sewerage Pipelines and Mains	25 to 100 years
Drainage Assets	30 to 120 years

Items of IPPE, except for land and construction of buildings, are capitalised in accordance with thresholds set in Council's *Manual on Infrastructure Capitalisation*.

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

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

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

Land, other than land under roads, is classified as either operational or community in accordance with Part 2 of Chapter 6 of the Local Government Act (1993). This classification is made in Note 8(a).

**(n) Investment property**

In the period ended 30 June 2014, the Water Supply Authority had no investment properties.

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

**(o) Payables**

These amounts represent liabilities for goods and services provided to the Water Supply Authority 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 statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

Borrowings are classified as current liabilities unless the Water Supply Authority 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 the Water Supply Authority has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. 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 managements best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**(s) Employee benefits****Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

**Other long term employee benefit obligations**

The liability for long service leave and annual leave which is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to



## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

**Retirement benefit obligations**

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

**Defined Benefit Plans**

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

Council, on behalf of the Water Supply Authority, is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme named The Local Government Superannuation Scheme –

Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of *AASB119 Employee Benefits*. Sufficient information under AASB119 is not available to account for the Scheme as a defined benefit plan, in accordance with AASB119 because the assets to the Scheme are pooled together for all Councils. As such no liability for the deficiency has been recognised in the Water Supply Authority's accounts.

The Water Supply Authority has, however, disclosed a contingent liability in Note 17 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

The Scheme's most recent full actuarial review was performed by Richard Boyfield of Mercer Consulting (Australia) Pty Ltd and covers the period ended 30 June 2014. However the position is monitored annually and the Actuary has estimated that as at 30 June 2014 a deficit still exists. Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit. The Water Supply Authority's share of this deficiency cannot be accurately calculated.

**(t) Rounding of amounts**

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

**(u) Self insurance**

Council, on behalf of the Water Supply Authority, has decided to self-insure for workers compensation risks. A provision for self-insurance has been made to recognise outstanding claims the amount of which is detailed in Note 9. The Water Supply Authority also maintains cash and investments to meet expected future claims and these are detailed in Note 5(c).

**(v) Intangible assets****IT development and software**

Council, on behalf of the Water Supply Authority, has acquired, under a managed service arrangement, a

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

licence to access information technology services. In conjunction with this contract, the Water Supply Authority has incurred a number of costs including system build costs, software and hardware licences, as well as direct costs of materials and labour. The Water Supply Authority's contribution to these costs have been capitalised as an intangible asset and amortised on a straight line basis over the period of the contract.

**(w) Goods and Services Tax (GST)**

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

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

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

**(x) New accounting standards and interpretations issued not yet effective**

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2014.

The Water Supply Authority has not adopted any of these standards early.

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

- (i) **AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting**

**Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)**

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the Water Supply Authority'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 although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on the Water Supply Authority'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 the Water Supply Authority does not have any such liabilities. The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

The Water Supply Authority has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

- (ii) **AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets** (effective for 30 June 2015 Financial Statements)

There are no changes to reported financial position or performance from AASB 2013-3, however additional disclosures may be required.

- (iii) **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**

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 1. Summary of Significant Accounting Policies

***Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective for 1 January 2014 for not-for-profit entities)***

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. The Water Supply Authority 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.

The Water Supply Authority's investment in the joint venture partnership will be classified as a joint venture under the new rules. As the Water Supply Authority 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 the Water Supply Authority will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Water Supply Authority'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. The Water Supply Authority is still assessing the impact of these amendments.

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 or on foreseeable future transactions.

**(y) Comparative Figures**

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

**(z) Disclaimer**

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

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 2. Income from Continuing Operations

\$ '000	Actual 2014	Actual 2013
<b>(a) Rates &amp; Annual Charges</b>		
<b>Ordinary Rates</b>		
Nil		
<b>Special Rates</b>		
Nil		
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Water Supply Services	10,044	10,296
Sewerage Services	27,521	27,500
Drainage	6,426	5,773
Liquid Trade Waste	229	235
<b>Total Annual Charges</b>	<b>44,220</b>	<b>43,804</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>	<b>44,220</b>	<b>43,804</b>
<b>(b) User Charges &amp; Fees</b>		
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)		
Water Supply Services	27,525	25,788
Sewerage Services	466	760
Liquid Trade Waste	611	546
<b>Total User Charges</b>	<b>28,602</b>	<b>27,094</b>
<b>Other User Charges &amp; Fees</b>		
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)		
Inspection Services	13	8
Regulatory/Statutory Certificates	22	22
Regulatory/Statutory Fees	4	4
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>	<b>39</b>	<b>34</b>
<b>(ii) Fees &amp; Charges - Other</b> (incl. General User Charges (per s.608)		
Sewer application fees	198	92
Sewer Diagrams	103	69
Special Water Meter Reading Fees	17	14
Water Connection Fees	263	198
Water Carters Licence Fees	18	13
Other	20	47
<b>Total Fees &amp; Charges - Other</b>	<b>619</b>	<b>433</b>
<b>TOTAL USER CHARGES &amp; FEES</b>	<b>29,260</b>	<b>27,561</b>

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 2. Income from Continuing Operations (continued)

\$ '000	Actual 2014	Actual 2013
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>		
<b>Interest &amp; Dividends</b>		
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)	411	426
- Interest earned on Investments (interest & coupon payment income)	2,839	2,708
- Interest & Dividend Income (Other)	22	19
<b>Fair Value Adjustments</b>		
- Fair Valuation movements in Investments (at FV or Held for Trading)	(80)	239
<b>TOTAL INTEREST &amp; INVESTMENT REVENUE</b>	<u>3,192</u>	<u>3,392</u>
<b>Interest Revenue is attributable to:</b>		
<b>Restricted Investments/Funds - External:</b>		
Development Contributions		
- Section 94: Drainage	301	360
- Section 64	704	835
- Section 93F: Drainage	17	2
- Section 93F: Water	18	1
- Section 93F: Sewer	6	1
Water Fund Operations	630	289
Sewerage Fund Operations	1,514	1,905
<b>Total Interest &amp; Investment Revenue Recognised</b>	<u>3,192</u>	<u>3,392</u>
<b>(d) Other Revenues</b>		
External Works	150	-
Property Rents	22	-
Sales - General	-	2
Other	5	46
<b>TOTAL OTHER REVENUE</b>	<u>177</u>	<u>48</u>

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 2. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Nil				
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	703	719	-	-
- Sewerage	672	666	-	-
Water Supplies	-	-	950	600
Employment & Training Programs	5	-	-	-
Environmental Protection	110	159	-	10
Local Infrastructure Renewal Scheme (LIRS)	121	53	-	-
<b>Total Specific Purpose</b>	<b>1,611</b>	<b>1,597</b>	<b>950</b>	<b>610</b>
<b>Total Grants</b>	<b>1,611</b>	<b>1,597</b>	<b>950</b>	<b>610</b>
<b>Grant Revenue is attributable to:</b>				
- State Funding	1,611	1,597	950	610
	<b>1,611</b>	<b>1,597</b>	<b>950</b>	<b>610</b>
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 93F - Contributions using Planning Agreements	-	-	193	229
S 64 - Water Supply Contributions	-	-	1,330	799
S 64 - Sewerage Service Contributions	-	-	1,247	632
S 94 - Stormwater Contributions	-	-	763	784
<b>Total Developer Contributions</b>	<b>-</b>	<b>-</b>	<b>3,533</b>	<b>2,444</b>
<b>Other Contributions:</b>				
Dedications (other than by S94)	-	-	1,247	1,581
Drainage	92	88	-	-
Other	10	-	-	-
<b>Total Other Contributions</b>	<b>102</b>	<b>88</b>	<b>1,247</b>	<b>1,581</b>
<b>Total Contributions</b>	<b>102</b>	<b>88</b>	<b>4,780</b>	<b>4,025</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>1,713</b>	<b>1,685</b>	<b>5,730</b>	<b>4,635</b>

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 2. Income from Continuing Operations (continued)

\$ '000	Actual 2014	Actual 2013
(g) Restrictions relating to Grants and Contributions		
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the Close of the Previous Reporting Period	34,985	39,512
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	5,531	866
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	(6,354)	(5,393)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>(823)</b>	<b>(4,527)</b>
<b>Unexpended and held as Restricted Assets</b>	<b>34,162</b>	<b>34,985</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	1,535	636
- Developer Contributions	32,498	34,219
- Other Contributions	129	130
	<b>34,162</b>	<b>34,985</b>

## Note 3. Expenses from Continuing Operations

## (a) Employee Benefits &amp; On-Costs

Salaries and Wages	11,822	11,565
Employee Leave Entitlements (ELE)	3,002	2,413
Superannuation	1,711	1,345
Workers' Compensation Insurance	89	127
Payroll Tax	1,010	1,201
Training Costs (other than Salaries & Wages)	1	94
Other	49	61
<b>Total Employee Costs</b>	<b>17,684</b>	<b>16,806</b>
less: Capitalised Costs	(3,747)	(2,767)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>	<b>13,937</b>	<b>14,039</b>
Number of "Equivalent Full Time" Employees at year end	144	147

## (b) Borrowing Costs

## (i) Interest Bearing Liability Costs

Interest on Loans	14,710	13,718
Other Debts	153	73
<b>Total Interest Bearing Liability Costs Expensed</b>	<b>14,863</b>	<b>13,791</b>

## (ii) Other Borrowing Costs

Nil

<b>TOTAL BORROWING COSTS EXPENSED</b>	<b>14,863</b>	<b>13,791</b>
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## Wyong Shire Council Water Supply Authority

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 3. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		4,836	4,186
Contractor & Consultancy Costs		2,776	3,371
Auditors Remuneration <sup>(1)</sup>		83	77
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments <sup>(2)</sup>		52	85
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>7,747</b>	<b>7,719</b>
<b>1. Auditor Remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
<b>(i) Audit and Other Assurance Services</b>			
- Audit & review of financial statements: Water Supply Authority's Auditor		83	77
<b>Remuneration for audit and other assurance services</b>		<b>83</b>	<b>77</b>
<b>Total Auditor Remuneration</b>		<b>83</b>	<b>77</b>
<b>2. Operating Lease Payments are attributable to:</b>			
Buildings		-	35
Computers		52	50
		<b>52</b>	<b>85</b>

\$ '000	Impairment Costs		Depreciation/Amortisation	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013
<b>(d) Depreciation, Amortisation &amp; Impairment</b>				
Plant and Equipment	-	-	168	123
Office Equipment	-	-	58	66
Furniture & Fittings	-	-	12	13
Buildings - Specialised	-	-	307	216
Other Structures	-	-	47	29
Infrastructure:				
- Stormwater Drainage	-	-	2,616	2,504
- Water Supply Network	-	-	13,617	13,831
- Sewerage Network	-	-	12,510	12,087
Intangible Assets	-	-	106	248
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>	<b>-</b>	<b>-</b>	<b>29,441</b>	<b>29,117</b>



## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 3. Expenses from Continuing Operations (continued)

\$ '000	Actual 2014	Actual 2013
<b>(e) Other Expenses</b>		
Administration Support	11,717	10,927
Advertising	29	24
Bad & Doubtful Debts	84	-
Bank Charges	-	1
Computer Software Charges	132	89
Donations, Contributions & Assistance to other organisations (Section 356)		
- Other Contributions and Donations	-	11
Electricity & Heating	4,778	5,007
Gas Charges	43	54
Licences	263	269
Plant Hire	3,414	3,483
Printing & Stationery	53	53
Road opening permits	193	170
Subscriptions & Publications	1	6
Telephone & Communications	77	82
Tipping Fees	1,477	1,471
Other	21	23
<b>TOTAL OTHER EXPENSES</b>	<b>22,282</b>	<b>21,670</b>

## Note 4. Gains or Losses from the Disposal of Assets

Property (excl. Investment Property)		
Proceeds from Disposal - Property	10	-
less: Carrying Amount of Property Assets Sold / Written Off	(49)	-
<b>Net Gain/(Loss) on Disposal</b>	<b>(39)</b>	<b>-</b>
Plant & Equipment		
Proceeds from Disposal - Plant & Equipment	-	-
less: Carrying Amount of P&E Assets Sold / Written Off	-	(13)
<b>Net Gain/(Loss) on Disposal</b>	<b>-</b>	<b>(13)</b>
Infrastructure		
Proceeds from Disposal - Infrastructure	-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off	(252)	(1,990)
<b>Net Gain/(Loss) on Disposal</b>	<b>(252)</b>	<b>(1,990)</b>
Financial Assets*		
Proceeds from Disposal / Redemptions / Maturities - Financial Assets	49,422	88,324
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured	(49,422)	(88,324)
<b>Net Gain/(Loss) on Disposal</b>	<b>-</b>	<b>-</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>	<b>(291)</b>	<b>(2,003)</b>

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 5a. - Cash Assets and Note 5b. - Investments

\$ '000	Notes	2014	2014	2013	2013
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 5a)					
Cash on Hand and at Bank		339	-	2,010	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		14,930	-	24,395	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>15,269</b>	<b>-</b>	<b>26,405</b>	<b>-</b>
Investments (Note 5b)					
- Managed Funds		-	-	-	1,998
- Long Term Deposits		21,492	15,000	34,414	794
- Bank Bonds		-	10,000	-	4,249
<b>Total Investments</b>		<b>21,492</b>	<b>25,000</b>	<b>34,414</b>	<b>7,041</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>36,761</b>	<b>25,000</b>	<b>60,819</b>	<b>7,041</b>

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

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

<b>Cash &amp; Cash Equivalents</b>					
a. "At Fair Value through the Profit & Loss"		15,269	-	26,405	-
<b>Investments</b>					
a. "At Fair Value through the Profit & Loss"					
- "Designated at Fair Value on Initial Recognition"	III II	-	-	-	1,998
b. "Held to Maturity"	III II	21,492	25,000	34,414	5,043
Investments		21,492	25,000	34,414	7,041

Refer to Note 26 - Fair Value Measurement for information regarding the fair value of investments held.

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 5b. Investments (continued)

\$ '000	2014	2014	2013	2013
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Note 5(b-i)</b>				
<b>Reconciliation of Investments classified as "At Fair Value through the Profit &amp; Loss"</b>				
Balance at the Beginning of the Year	-	1,998	-	2,287
Revaluations (through the Income Statement)	(80)	-	-	239
Additions	130	-	-	-
Disposals (sales & redemptions)	(2,048)	-	-	(528)
Transfers between Current/Non Current	1,998	(1,998)	-	-
<b>Balance at End of Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,998</b>
<b>Comprising:</b>				
- Managed Funds	-	-	-	1,998
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,998</b>
<b>Note 5(b-ii)</b>				
<b>Reconciliation of Investments classified as "Held to Maturity"</b>				
Balance at the Beginning of the Year	34,414	5,043	29,409	-
Additions	39,409	15,000	88,553	9,291
Disposals (sales & redemptions)	(47,374)	-	(87,796)	-
Transfers between Current/Non Current	(4,957)	4,957	4,248	(4,248)
<b>Balance at End of Year</b>	<b>21,492</b>	<b>25,000</b>	<b>34,414</b>	<b>5,043</b>
<b>Comprising:</b>				
- Long Term Deposits	-	-	34,414	794
- Bank Bonds	-	-	-	4,249
- Other Long Term Financial Assets	21,492	25,000	-	-
<b>Total</b>	<b>21,492</b>	<b>25,000</b>	<b>34,414</b>	<b>5,043</b>
<b>Note 5(b-iii)</b>				
<b>Reconciliation of Investments classified as "Loans &amp; Receivables"</b>				
Nil				
<b>Note 5(b-iv)</b>				
<b>Reconciliation of Investments classified as "Available for Sale"</b>				
Nil				

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 5c. Restricted Cash, Cash Equivalents &amp; Investments - Details

\$ '000	2014	2014	2013	2013
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	36,761	25,000	60,819	7,041
attributable to:				
External Restrictions (refer below)	9,164	25,000	30,984	7,041
Internal Restrictions (refer below)	1,740	-	1,434	-
Unrestricted	25,857	-	28,401	-
	<u>36,761</u>	<u>25,000</u>	<u>60,819</u>	<u>7,041</u>

2014	Opening	Transfers to	Transfers from	Closing
\$ '000	Balance	Restrictions	Restrictions	Balance

## Details of Restrictions

## External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-Water (A)	3,037	-	(3,037)	-
External Restrictions - Included in Liabilities	<u>3,037</u>	<u>-</u>	<u>(3,037)</u>	<u>-</u>

## External Restrictions - Other

Developer Contributions - General (D)	3	-	-	3
Developer Contributions - Water Fund (D)	9,780	-	204	9,984
Developer Contributions - Sewer Fund (D)	13,587	-	(587)	13,000
Developer Contributions - Drainage (D)	10,660	-	(3,352)	7,308
Developer Contributions - VPA - Water Fund (D)	189	1,653	-	1,842
Specific Purpose Unexpended Grants-Water Fund (F)	639	896	-	1,535
Developer Contributions - VPA - Sewer Fund (G)	-	364	-	364
Contributions to Works (H)	130	-	(1)	129
External Restrictions - Other	<u>34,988</u>	<u>2,913</u>	<u>(3,737)</u>	<u>34,164</u>
Total External Restrictions	<u>38,025</u>	<u>2,913</u>	<u>(6,774)</u>	<u>34,164</u>

## Internal Restrictions

Employees Leave Entitlement- Water	419	-	(77)	342
Employees Leave Entitlement- Sewer	444	-	(69)	375
Self Insurance Claims - Water	271	-	(271)	-
Self Insurance Claims - Sewer	294	-	(294)	-
Prepaid Contributions - Water Supplies (G)	-	1,008	-	1,008
Public Liability Insurance - Water	6	9	-	15
Total Internal Restrictions	<u>1,434</u>	<u>1,017</u>	<u>(712)</u>	<u>1,740</u>
TOTAL RESTRICTIONS	<u>39,459</u>	<u>3,930</u>	<u>(7,486)</u>	<u>35,904</u>

A Loan moneys which must be applied for the purposes for which the loans were raised.

D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 16).

F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)

G Water, Sewerage, Domestic Waste Management (DWM) &amp; other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

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

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 6. Receivables

\$ '000	2014		2013	
	Current	Non Current	Current	Non Current
<b>Purpose</b>				
Drainage Annual Charges	302	-	324	-
Sewerage Annual Charges	1,615	10	1,867	13
Water Annual Charges	522	3	609	4
Interest & Extra Charges	297	-	329	-
User Charges & Fees	13,018	-	13,082	-
Accrued Revenues				
- Interest on Investments	1,071	-	974	-
Government Grants & Subsidies	1,027	-	-	-
Liquid Trade Waste	260	-	257	-
Toukley Golf Club Limited	-	420	-	447
Net GST Receivable	310	-	524	-
Other Debtors	200	-	1,061	-
<b>Total</b>	<b>18,622</b>	<b>433</b>	<b>19,027</b>	<b>464</b>
less: Provision for Impairment				
Other Debtors	(84)	-	(5)	-
<b>Total Provision for Impairment - Receivables</b>	<b>(84)</b>	<b>-</b>	<b>(5)</b>	<b>-</b>
<b>TOTAL NET RECEIVABLES</b>	<b>18,538</b>	<b>433</b>	<b>19,022</b>	<b>464</b>
<b>Restricted Receivables</b>				
Nil				
<b>Unrestricted Receivables</b>	<b>18,538</b>	<b>433</b>	<b>19,022</b>	<b>464</b>
<b>TOTAL NET RECEIVABLES</b>	<b>18,538</b>	<b>433</b>	<b>19,022</b>	<b>464</b>

**Notes on Debtors above:**

- (i) Interest was charged on overdue rates & charges at 9.00% (2013 10.00%).  
Generally all other receivables are non interest bearing.
- (ii) Please refer to Note 14 for issues concerning Credit Risk and Fair Value disclosures.

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 7. Inventories &amp; Other Assets

\$ '000	2014		2013	
	Current	Non Current	Current	Non Current
<b>Inventories</b>				
Water Treatment Supplies	503	-	490	-
<b>Total Inventories</b>	<b>503</b>	<b>-</b>	<b>490</b>	<b>-</b>
<b>Other Assets</b>				
Nil				
<b>TOTAL INVENTORIES / OTHER ASSETS</b>	<b>503</b>	<b>-</b>	<b>490</b>	<b>-</b>
<b>Externally Restricted Assets</b>				
<b>Water</b>				
Water Treatment Supplies	503	-	490	-
<b>Total Water</b>	<b>503</b>	<b>-</b>	<b>490</b>	<b>-</b>
<b>Sewerage</b>				
Nil				
<b>Domestic Waste Management</b>				
Nil				
<b>Other</b>				
Nil				
<b>Total Externally Restricted Assets</b>	<b>503</b>	<b>-</b>	<b>490</b>	<b>-</b>
<b>Total Internally Restricted Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Unrestricted Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>	<b>503</b>	<b>-</b>	<b>490</b>	<b>-</b>

Wyong Shire Council Water Supply Authority

Notes to the Financial Statements  
for the financial year ended 30 June 2014

Note 8a. Infrastructure, Property, Plant & Equipment

	as at 30/6/2013						as at 30/6/2014												
	AI		Accumulated		Carrying	Asset	Asset Movements during the Reporting Period			AI		Accumulated		Carrying					
	Cost	Fair Value	Dep'n	Impairment			Value	Additions	W/OV of Asset Disposals	Depreciation Expenses	WIP Transfers	Adjustments & Transfers	Other Movements		Revaluation Increments to Equity (APR)	Cost	Fair Value	Dep'n	Impairment
<b>\$ '000</b>	15,311	-	-	-	15,311	24,127	-	-	-	(17,558)	-	(2,440)	-	19,440	-	-	-	19,440	
Capital Work in Progress:																			
Plant & Equipment	-	1,202	586	-	616	-	-	(188)	23	5	2	-	-	-	-	-	-	478	-
Office Equipment	-	728	514	-	214	-	-	(58)	-	1	1	-	-	-	-	-	-	158	-
Furniture & Fittings	-	162	132	-	30	-	-	(12)	-	-	-	-	-	-	-	-	-	18	-
Land:																			
- Operational Land	-	57,599	-	-	57,599	47	(49)	-	0	55	-	-	-	-	-	-	-	57,652	-
- Community Land	-	1,168	-	-	1,168	-	-	-	-	(55)	-	-	-	-	-	-	-	1,113	-
Buildings - Specialised	-	13,961	1,568	-	12,393	-	-	(307)	-	-	2	-	-	-	-	-	-	13,961	1,873
Other Structures	-	1,498	67	-	1,431	-	-	(47)	28	-	1	-	-	-	-	-	-	1,526	113
Infrastructure:																			
- Stormwater Drainage	-	302,715	71,184	-	231,531	1,232	-	(2,616)	6,547	-	2	-	-	-	-	-	-	310,851	73,797
- Water Supply Network	-	905,695	353,931	-	551,764	314	(252)	(13,617)	4,318	-	(11)	-	-	-	-	-	-	934,712	376,572
- Sewerage Network	-	962,232	305,967	-	656,265	675	-	(12,510)	6,642	-	2	-	-	-	-	-	-	966,537	327,202
<b>TOTAL INFRASTRUCTURE</b>																			
<b>PROPERTY, PLANT &amp; EQUIP.</b>	15,311	2,246,960	733,949	-	1,528,322	26,395	(301)	(29,335)	-	5	(2,441)	-	-	19,440	2,318,342	780,793	-	1,556,989	

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$10,783) and New Assets (\$15,037). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 2B - Fair Value Measurement for information regarding the fair value of other Infrastructure, Property, Plant & Equipment.

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 8b. Externally Restricted Infrastructure, Property, Plant &amp; Equipment

\$ '000	Actual 2014				Actual 2013			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
WIP	14,721	-	-	14,721	9,786	-	-	9,786
Plant & Equipment	-	411	270	141	-	408	230	178
Office Equipment	-	290	204	86	-	362	244	118
Furniture & Fittings	-	117	104	13	-	117	94	23
<b>Land</b>								
- Operational Land	-	34,831	-	34,631	-	34,578	-	34,578
- Community Land	-	1,113	-	1,113	-	1,168	-	1,168
<b>Buildings</b>								
Other Structures	-	1,176	81	1,095	-	1,148	46	1,102
Infrastructure - Water Supply	-	934,711	376,572	558,139	-	905,695	353,931	551,764
Infrastructure - Stormwater	-	310,951	73,797	237,154	-	302,715	71,184	231,531
<b>Total Water Supply</b>	<b>14,721</b>	<b>1,289,805</b>	<b>451,752</b>	<b>852,774</b>	<b>9,786</b>	<b>1,252,596</b>	<b>426,283</b>	<b>836,099</b>
<b>Sewerage Services</b>								
WIP	4,719	-	-	4,719	5,525	-	-	5,525
Plant & Equipment	-	819	482	337	-	794	356	438
Office Equipment	-	222	150	72	-	366	270	96
Furniture & Fittings	-	32	27	5	-	45	38	7
<b>Land</b>								
- Operational Land	-	23,021	-	23,021	-	23,021	-	23,021
<b>Buildings</b>								
Other Structures	-	7,556	1,149	6,407	-	7,556	1,014	6,542
Infrastructure	-	350	32	318	-	350	21	329
Infrastructure	-	996,537	327,201	669,336	-	962,232	305,967	656,265
<b>Total Sewerage Services</b>	<b>4,719</b>	<b>1,028,537</b>	<b>329,041</b>	<b>704,215</b>	<b>5,525</b>	<b>994,364</b>	<b>307,666</b>	<b>692,223</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>19,440</b>	<b>2,318,342</b>	<b>780,793</b>	<b>1,556,989</b>	<b>15,311</b>	<b>2,246,960</b>	<b>733,949</b>	<b>1,528,322</b>

## Note 8c. Infrastructure, Property, Plant &amp; Equipment - Current Year Impairments

The Water Supply Authority has recognised no impairment losses during the reporting period nor reversed any prior period losses.



## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 9a. Payables, Borrowings &amp; Provisions

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		1,139	-	2,552	-
Payments Received In Advance		936	2,821	363	4,813
Accrued Expenses:					
- Interest on Bonds & Deposits		1,282	-	1,352	-
- Salaries & Wages		350	-	229	-
- Other Expenditure Accruals		9,553	-	3,462	-
Security Bonds, Deposits & Retentions		237	-	218	-
<b>Total Payables</b>		<b>13,497</b>	<b>2,821</b>	<b>8,176</b>	<b>4,813</b>
<b>Borrowings</b>					
Loans - Secured <sup>1)</sup>		10,406	166,176	9,937	176,581
Loans - Unsecured		413	19,210	378	19,622
<b>Total Borrowings</b>		<b>10,819</b>	<b>185,386</b>	<b>10,315</b>	<b>196,203</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		969	-	987	-
Sick Leave		747	-	1,247	-
Long Service Leave		1,726	95	2,009	33
Other Leave		43	-	43	-
Sub Total - Aggregate Employee Benefits		3,485	95	4,286	33
Self Insurance - Workers Compensation		30	73	124	338
Self Insurance - Public Liability		2	-	-	-
Self Insurance - Other		13	-	7	-
Payroll Tax		190	5	234	2
<b>Total Provisions</b>		<b>3,720</b>	<b>173</b>	<b>4,651</b>	<b>373</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>28,036</b>	<b>188,380</b>	<b>23,142</b>	<b>201,389</b>
<b>(i) Liabilities relating to Restricted Assets</b>					
		2014		2013	
		Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>					
Other Insurance		15	-	7	-
Developer Contributions in advance		642	2,821	363	4,813
Sewer Charges in advance		294	-	-	-
Liabilities relating to externally restricted assets		951	2,821	370	4,813
<b>Internally Restricted Assets</b>					
Self Insurance		30	73	124	338
Liabilities relating to internally restricted assets		30	73	124	338
<b>Total Liabilities relating to restricted assets</b>		<b>981</b>	<b>2,894</b>	<b>494</b>	<b>5,151</b>
<b>Total Liabilities relating to Unrestricted Assets</b>		<b>27,055</b>	<b>185,486</b>	<b>22,648</b>	<b>196,238</b>
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>		<b>28,036</b>	<b>188,380</b>	<b>23,142</b>	<b>201,389</b>

<sup>1)</sup> Loans are secured over the General Income of the Water Supply Authority

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

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 9a. Payables, Borrowings &amp; Provisions (continued)

\$ '000	Actual 2014	Actual 2013
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## (ii) Current Liabilities not anticipated to be settled within the next 12 months

The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.

Provisions - Employees Benefits	1,948	2,548
	<u>1,948</u>	<u>2,548</u>

## Note 9b. Description of and movements in Provisions

Class of Provision	2013		2014			
	Opening Balance as at 1/7/13	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/14
Annual Leave	987	1,114	(1,132)	-	-	969
Sick Leave	1,247	139	(639)	-	-	747
Long Service Leave	2,042	293	(514)	-	-	1,821
Other Leave (enter deta	43	185	(185)	-	-	43
Self Insurance	469	(262)	(89)	-	-	118
Other	236	969	(1,010)	-	-	195
<b>TOTAL</b>	<b>5,024</b>	<b>2,438</b>	<b>(3,569)</b>	<b>-</b>	<b>-</b>	<b>3,893</b>

- a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- b. Self Insurance Provisions represent both (i) Claims incurred but Not reported and (ii) Claims Reported & Estimated as per the actuarial assessment.

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 10. Statement of Cash Flows - Additional Information

\$ '000	Actual 2014	Actual 2013
<b>(a) Reconciliation of Cash Assets</b>		
Total Cash & Cash Equivalent Assets	15,269	26,405
Less Bank Overdraft	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>	<b>15,269</b>	<b>26,405</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>		
<b>Net Operating Result from Income Statement</b>	<b>(4,269)</b>	<b>(7,214)</b>
Adjust for non cash items:		
Depreciation & Amortisation	29,441	29,117
Net Losses/(Gains) on Disposal of Assets	291	2,003
Non Cash Capital Grants and Contributions	(2,028)	(1,817)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L: - Investments classified as "At Fair Value" or "Held for Trading"	80	(239)
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>		
Decrease/(Increase) in Receivables	436	(4,790)
Increase/(Decrease) in Provision for Doubtful Debts	79	-
Decrease/(Increase) in Inventories	(13)	(42)
Decrease/(Increase) in Other Assets	-	45
Increase/(Decrease) in Payables	(1,413)	1,467
Increase/(Decrease) in other accrued Expenses Payable	6,212	3,243
Increase/(Decrease) in Other Liabilities	(1,470)	(858)
Increase/(Decrease) in Employee Leave Entitlements	(739)	356
Increase/(Decrease) in Other Provisions	(392)	(795)
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>	<b>26,215</b>	<b>20,478</b>
<b>(c) Non-Cash Investing &amp; Financing Activities</b>		
S94 Contributions "in kind"	781	236
Other Dedications	1,247	1,581
<b>Total Non-Cash Investing &amp; Financing Activities</b>	<b>2,028</b>	<b>1,817</b>
<b>(d) Financing Arrangements</b>		
Nil		
<b>(e) Bank Guarantees</b>		
Council holds a bank guarantee on behalf of the Water Supply Authority for self insurance purposes.		

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 11. Commitments for Expenditure

\$ '000	Actual 2014	Actual 2013
(a) Capital Commitments (exclusive of GST)		
Nil		
(b) Finance Lease Commitments		
Nil		
(c) Operating Lease Commitments (Non Cancellable)		
<b>a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:</b>		
Within the next year	34	-
Later than one year and not later than 5 years	36	-
Later than 5 years	-	-
<b>Total Non Cancellable Operating Lease Commitments</b>	<b>70</b>	<b>-</b>

**b. Non Cancellable Operating Leases include the following assets:**

Computer Equipment - PC's, monitors & laptops: Lease terms were all originally for 60 months. The most recent leases have 57 months remaining.

Printers: Lease terms were originally for 60 months. The most recent lease has 56 months remaining.

**Conditions relating to Operating Leases:**

- All Operating Lease Agreements are secured only against the Leased Asset.
- No Lease Agreements impose any financial restrictions on the Water Supply Authority regarding future debt etc.

## (d) Investment Property Commitments

Nil

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 12a(i). Statement of Performance Measurement - Indicators (Consolidated)

\$ '000	Amounts 2014	Indicator 2014	Prior Period 2013
<b>Local Government Industry Indicators - Consolidated</b>			
<b>1. Operating Performance Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<u>(9,628)</u>	-12.24%	-13.23%
Total continuing operating revenue <sup>(1)</sup>	78,642		
(excl. Capital Grants & Contributions)			
<b>2. Own Source Operating Revenue Ratio</b>			
Total continuing operating revenue <sup>(1)</sup>			
<u>(less ALL Grants &amp; Contributions)</u>	<u>76,929</u>	91.18%	92.19%
Total continuing operating revenue <sup>(1)</sup>	84,372		
<b>3. Unrestricted Current Ratio</b>			
<u>Current Assets less all External Restrictions <sup>(2)</sup></u>	<u>46,135</u>	1.84 : 1	2.42
Current Liabilities less Specific Purpose Liabilities <sup>(3,4)</sup>	25,137		
<b>4. Debt Service Cover Ratio</b>			
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	34,676	1.38	1.28
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)	25,176		
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
<u>Rates, Annual and Extra Charges Outstanding</u>	<u>2,749</u>	5.75%	6.54%
Rates, Annual and Extra Charges Collectible	47,777		
<b>6. Cash Expense Cover Ratio</b>			
Current Year's Cash and Cash Equivalents including All Term Deposits	51,761	9.47	11.07
Payments from cash flow of operating and financing activities	5,463		

## Notes

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

<sup>(2)</sup> Refer Notes 5-7 inclusive.

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

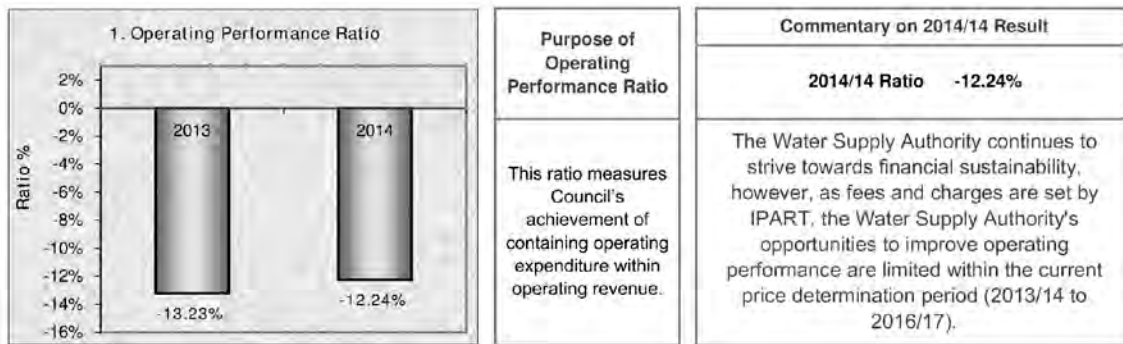
<sup>(3)</sup> Refer to Note 9(a).

<sup>(4)</sup> Refer to Note 9(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

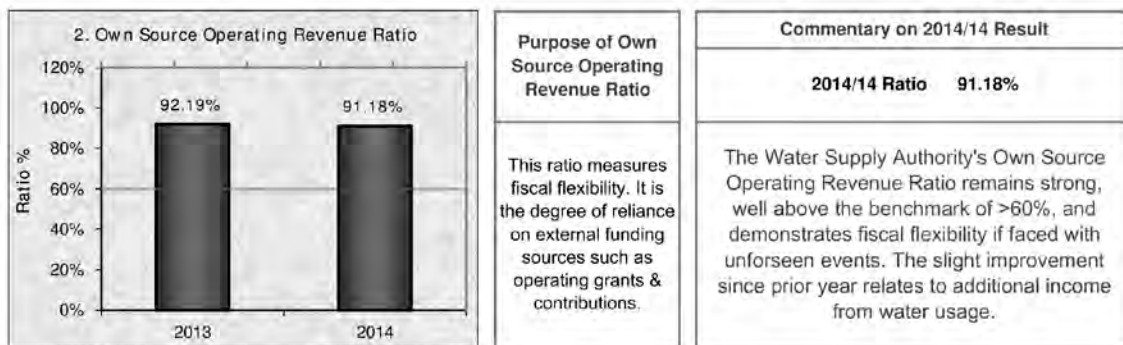
Wyong Shire Council Water Supply Authority

Notes to the Financial Statements  
for the financial year ended 30 June 2014

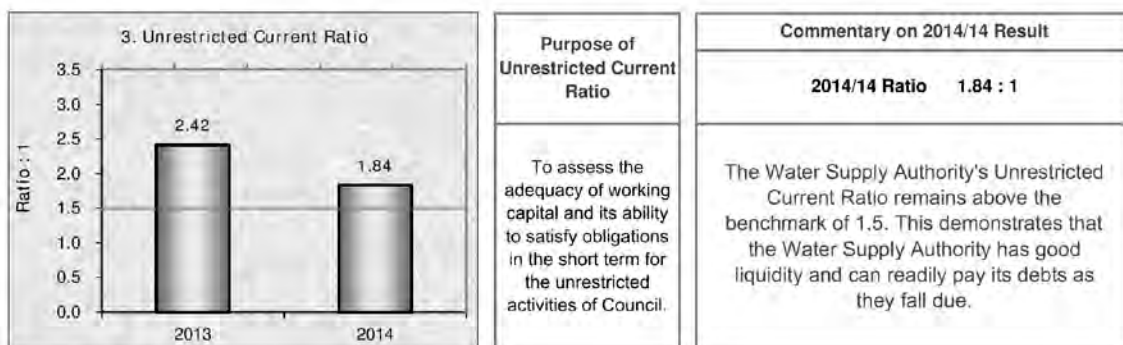
Note 12a(ii). Local Government Industry Indicators - Graphs (Consolidated)



Source for Benchmark: Code of Accounting Practice and Financial Reporting



Source for Benchmark: Code of Accounting Practice and Financial Reporting

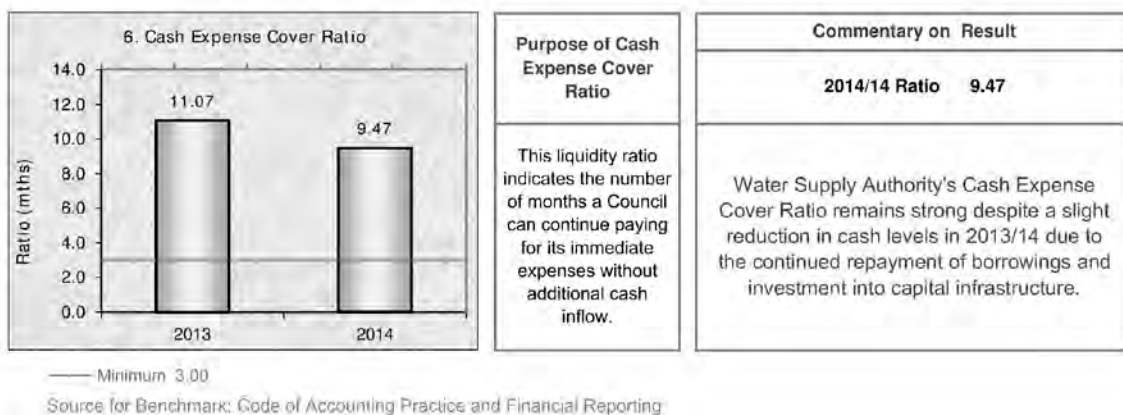
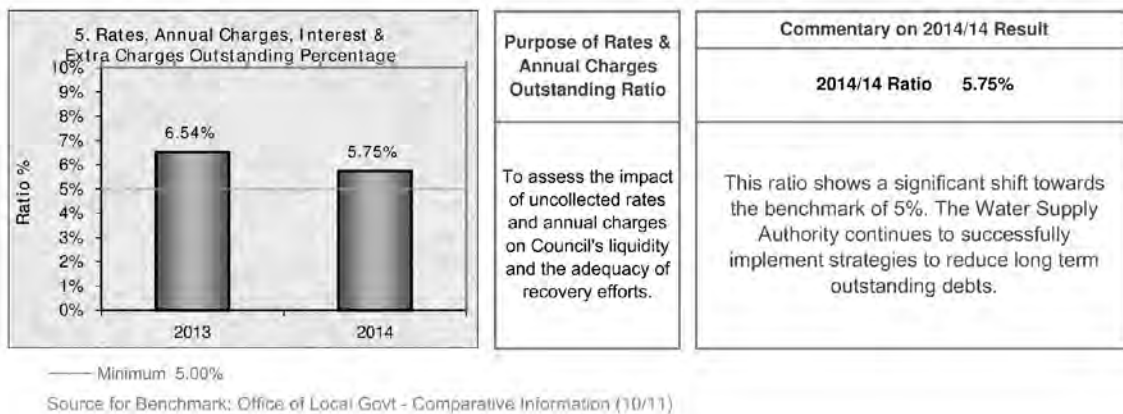
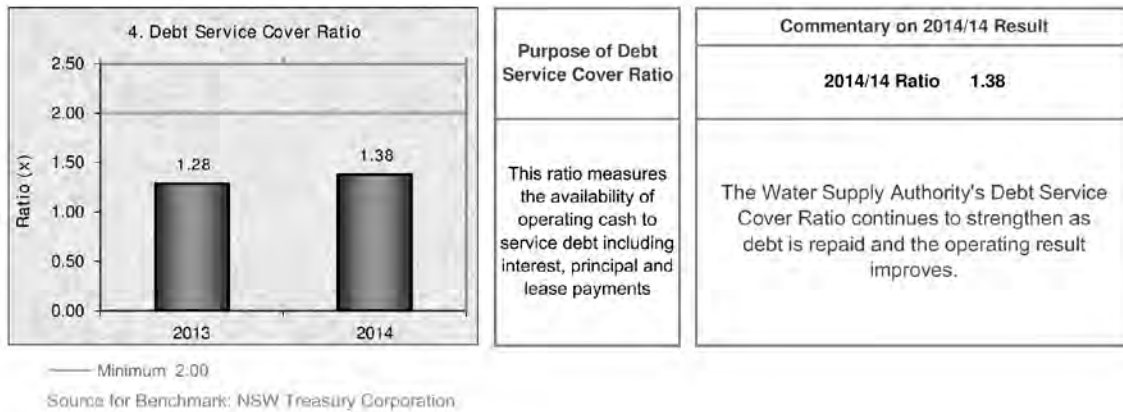


Source for Benchmark: Code of Accounting Practice and Financial Reporting

Wyong Shire Council Water Supply Authority

Notes to the Financial Statements  
for the financial year ended 30 June 2014

Note 12a(ii). Local Government Industry Indicators - Graphs (Consolidated)



## Wyong Shire Council Water Supply Authority

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 12b. Statement of Performance Measurement - Indicators (by Fund)

\$ '000	Water 2014	Sewer 2014
<b>Local Government Industry Indicators - by Fund</b>		
<b>1. Operating Performance Ratio</b>		
Total continuing operating revenue <sup>(1)</sup>		
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	-11.78%	-12.93%
Total continuing operating revenue <sup>(1)</sup>		
(excl. Capital Grants & Contributions)		
<b>2. Own Source Operating Revenue Ratio</b>		
Total continuing operating revenue <sup>(1)</sup>	90.21%	92.64%
(less ALL Grants & Contributions)		
Total continuing operating revenue <sup>(1)</sup>		
<b>3. Unrestricted Current Ratio</b>		
<u>Current Assets less all External Restrictions <sup>(2)</sup></u>	0.80 : 1	6.91 : 1
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>		
<b>4. Debt Service Cover Ratio</b>		
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	1.06	3.95
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)		
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>		
<u>Rates, Annual and Extra Charges Outstanding</u>	5.59%	5.85%
Rates, Annual and Extra Charges Collectible		
<b>6. Cash Expense Cover Ratio</b>		
Current Year's Cash and Cash Equivalents including All Term Deposits	5.46	15.60
Payments from cash flow of operating and financing activities		

## Notes

<sup>(1) - (4)</sup> Refer to Notes at Note 13a(i) above.



## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 13. Investment Properties

\$ '000

The Water Supply Authority has not classified any Land or Buildings as "Investment Properties"

## Note 14. Financial Risk Management

## Risk Management

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

The Water Supply Authority'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 Authority.

The Water Supply Authority does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out on behalf of the Water Supply Authority by Council's Finance Section under policies approved by the Council.

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

	Carrying Value		Fair Value	
	2014	2013	2014	2013
<b>Financial Assets</b>				
Cash and Cash Equivalents	15,269	26,405	15,269	26,405
Investments				
- "Designated At Fair Value on Initial Recognition"	-	1,998	-	1,998
- "Held to Maturity"	46,492	39,457	46,492	39,457
Receivables	18,971	19,486	18,971	19,486
<b>Total Financial Assets</b>	<b>80,732</b>	<b>87,346</b>	<b>80,732</b>	<b>87,346</b>
<b>Financial Liabilities</b>				
Payables	16,318	12,989	16,318	12,989
Loans / Advances	196,205	206,518	201,687	213,144
<b>Total Financial Liabilities</b>	<b>212,523</b>	<b>219,507</b>	<b>218,005</b>	<b>226,133</b>

Fair Value is determined as follows:

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

Refer to Note 26 - Fair Value Measurement for information regarding the fair value of financial assets & liabilities

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 14. Financial Risk Management (continued)

\$ '000

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

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

Council's Finance area manages the Cash & Investments portfolio with the assistance of independent advisors on behalf of the Water Supply Authority.

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

The risks associated with the investments held are:

- **Price Risk** - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest Rate Risk** - the risk that movements in interest rates could affect returns and income.
- **Credit Risk** - the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2014</b>				
Possible impact of a 10% movement in Market Values	-	-	-	-
Possible impact of a 1% movement in Interest Rates	618	618	(618)	(618)
<b>2013</b>				
Possible impact of a 10% movement in Market Values	200	200	(200)	(200)
Possible impact of a 1% movement in Interest Rates	659	659	(659)	(659)

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 14. Financial Risk Management (continued)

\$ '000

## (b) Receivables

The Water Supply Authority's major receivables comprise (i) Rates & Annual charges and (ii) User Charges & Fees.

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

Council manages this risk on behalf of the Water Supply Authority by monitoring outstanding debt and employing stringent debt recovery procedures.

It also encourages ratepayers to pay their rates by the due date through incentives.

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

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

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

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

A profile of the Water Supply Authority's receivables credit risk at balance date follows:

	2014 Annual Charges	2014 Other Receivables	2013 Annual Charges	2013 Other Receivables
<b>(i) Ageing of Receivables - %</b>				
Current (not yet overdue)	0%	82%	0%	85%
Overdue	100%	18%	100%	15%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<b>(ii) Ageing of Receivables - value</b>				
Current (not yet overdue)	-	13,614	-	14,173
Past due by up to 30 days	1,100	1,077	1,259	869
Past due between 31 and 60 days	506	495	579	399
Past due between 61 and 90 days	339	333	388	269
Past due by more than 90 days	804	787	920	635
	<u>2,749</u>	<u>16,306</u>	<u>3,146</u>	<u>16,345</u>
<b>(iii) Movement in Provision for Impairment of Receivables</b>			2014	2013
Balance at the beginning of the year			5	5
+ new provisions recognised during the year			79	-
<b>Balance at the end of the year</b>			<u>84</u>	<u>5</u>

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 14. Financial Risk Management (continued)

\$ '000

## (c) Payables &amp; Borrowings

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

Council manages this risk on behalf of the Water Supply Authority by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

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

The contractual undiscounted cash outflows (ie. principal and interest) of the Water Supply Authority's Payables & Borrowings are set out in the maturity table below:

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2014</b>									
Trade/Other Payables	237	13,259	2,822	-	-	-	-	16,318	16,318
Loans & Advances	-	21,634	22,418	22,170	21,922	21,674	145,745	255,563	196,205
<b>Total Financial Liabilities</b>	<b>237</b>	<b>34,893</b>	<b>25,240</b>	<b>22,170</b>	<b>21,922</b>	<b>21,674</b>	<b>145,745</b>	<b>271,881</b>	<b>212,523</b>
<b>2013</b>									
Trade/Other Payables	218	7,958	4,813	-	-	-	-	12,989	12,989
Loans & Advances	-	25,354	24,827	24,582	24,074	24,086	198,865	321,786	206,518
<b>Total Financial Liabilities</b>	<b>218</b>	<b>33,312</b>	<b>29,640</b>	<b>24,582</b>	<b>24,074</b>	<b>24,086</b>	<b>198,865</b>	<b>334,777</b>	<b>219,507</b>

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

The following interest rates were applicable to the Water Supply Authority's Borrowings at balance date:

	2014		2013	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Commercial Banks	176,583	7.0%	186,512	7.1%
NSW Government Agencies	-	-	6	5.8%
Wyong Shire Council	19,622	9.0%	20,000	9.0%
	<u>196,205</u>		<u>206,518</u>	

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 15. Material Budget Variations

\$ '000

The Water Supply Authority's Original Financial Budget for 13/14 was adopted by the Council on 22 May 2013.

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

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

## Note that for Variations\* of Budget to Actual :

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

F = Favourable Budget Variation, U = Unfavourable Budget Variation

\$ '000	2014 Budget	2014 Actual	2014 Variance*		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	43,935	44,220	285	1%	F
<b>User Charges &amp; Fees</b>	30,382	29,260	(1,122)	(4%)	U
<b>Interest &amp; Investment Revenue</b>	3,759	3,192	(567)	(15%)	U
This variance is due to lower than anticipated interest rates as well as fair value adjustments on maturity of managed funds. Investment returns have reduced from 5.2% in 2012/13 to 4.2% in 2013/14.					
<b>Other Revenues</b>	41	177	136	332%	F
This variance is due to recovery of repairs/damages to assets partially related to National Broadband Network.					
<b>Operating Grants &amp; Contributions</b>	1,942	1,713	(229)	(12%)	U
This variance is due to reduced catchment flood study grants.					
<b>Capital Grants &amp; Contributions</b>	4,050	5,730	1,680	41%	F
This variance is a result of additional grants received for the Central Coast Water Savings Fund as well as higher than expected developer contributions in line with increased development.					

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 15. Material Budget Variations (continued)

\$ '000	2014 Budget	2014 Actual	2014 Variance*		
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	13,389	13,937	(548)	(4%)	U
<b>Borrowing Costs</b>	12,864	14,863	(1,999)	(16%)	U
This variance is due to interest on borrowings from Council's General Fund as at 30 June 2013, not included in the original budget.					
<b>Materials &amp; Contracts</b>	7,142	7,747	(605)	(8%)	U
<b>Depreciation &amp; Amortisation</b>	29,047	29,441	(394)	(1%)	U
<b>Other Expenses</b>	20,152	22,282	(2,130)	(11%)	U
This variance predominantly relates to various administration and electricity costs that were higher than allowed for in the IPART determination, upon which original budgets were based.					
<b>Net Losses from Disposal of Assets</b>	-	291	(291)	100%	U
This variance is associated with the retirements of the water meters as a result of the meter replacement program.					

## Budget Variations relating to Council's Cash Flow Statement include:

<b>Cash Flows from Operating Activities</b>	25,103	26,215	1,112	4.4%	F
This variance is due to increased developer contributions and government grants combined with favourable material and contract costs.					
<b>Cash Flows from Investing Activities</b>	(10,992)	(27,038)	(16,046)	146.0%	U
This variance is a result of additional investments made during the year from prior year loan proceeds.					
<b>Cash Flows from Financing Activities</b>	(10,494)	(10,313)	181	(1.7%)	F

## Wyong Shire Council Water Supply Authority

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 16. Statement of Developer Contributions

\$ '000

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

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

## SUMMARY OF CONTRIBUTIONS &amp; LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (Under) Funding	
s94 - Drainage	10,659	221	542	301	(2,465)	(1,950)	7,308	18,454	(34,590)	(8,828)	5,590
S93F Planning Agreements	190	193	-	41	1,782	-	2,206				
S64 Contributions	23,370	2,338	239	704	(3,667)	-	22,984				
<b>Total Contributions</b>	<b>34,219</b>	<b>2,752</b>	<b>781</b>	<b>1,045</b>	<b>(4,350)</b>	<b>(1,950)</b>	<b>32,498</b>	<b>18,454</b>	<b>(34,590)</b>	<b>(8,828)</b>	<b>5,590</b>

Wyong Shire Council Water Supply Authority

Notes to the Financial Statements  
for the financial year ended 30 June 2014

Note 16. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 1 - WYONG

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
s94 - Drainage	968	-	-	33	-	-	1,001	713	(5,442)	(3,728)	841
<b>s94 Total</b>	968	-	-	33	-	-	1,001	713	(5,442)	(3,728)	841
s64 - Water	2,031	85	-	73	(51)	-	2,138	-	-	-	-
s64 - Sewer	3,526	279	-	61	(384)	-	3,482	-	-	-	-
<b>s64 Total</b>	5,558	364	-	133	(435)	-	5,620	-	-	-	-
<b>Total</b>	6,526	364	-	166	(435)	-	6,621	713	(5,442)	(3,728)	841

CONTRIBUTION PLAN NUMBER 2 - SOUTHERN LAKES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
s94 - Drainage	907	91	-	19	73	-	1,090	268	(906)	452	-
<b>s94 Total</b>	907	91	-	19	73	-	1,090	268	(906)	452	-
s64 - Water	1,242	196	-	63	-	-	1,501	-	-	-	-
s64 - Sewer	2,213	169	-	42	-	-	2,424	-	-	-	-
<b>s64 Total</b>	3,455	365	-	105	-	-	3,925	-	-	-	-
<b>Total</b>	4,362	456	-	124	73	-	5,015	268	(906)	452	-



Wyong Shire Council Water Supply Authority

Notes to the Financial Statements  
for the financial year ended 30 June 2014

Note 16. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 3 - THE ENTRANCE

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
s94 - Drainage	3	-	-	-	-	(1)	2	-	(110)	(108)	2
<b>s94 Total</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>2</b>	<b>-</b>	<b>(110)</b>	<b>(108)</b>	<b>2</b>
s93F - Water	-	-	-	7	394	-	401	-	-	-	-
<b>s93F Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>394</b>	<b>-</b>	<b>401</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
s64 - Water	757	134	-	54	(391)	-	554	-	-	-	-
s64 - Sewer	899	81	-	16	(98)	-	898	-	-	-	2
<b>s64 Total</b>	<b>1,656</b>	<b>215</b>	<b>-</b>	<b>70</b>	<b>(489)</b>	<b>-</b>	<b>1,451</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>
<b>Total</b>	<b>1,659</b>	<b>215</b>	<b>-</b>	<b>77</b>	<b>(96)</b>	<b>(1)</b>	<b>1,854</b>	<b>-</b>	<b>(110)</b>	<b>(108)</b>	<b>4</b>

CONTRIBUTION PLAN NUMBER 5 - OURIMBAH

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
s64 - Water	543	106	-	17	-	-	666	-	-	-	-
s64 - Sewer	530	171	-	15	-	(389)	327	-	-	-	389
<b>s64 Total</b>	<b>1,073</b>	<b>277</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>(389)</b>	<b>993</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>389</b>
<b>Total</b>	<b>1,073</b>	<b>277</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>(389)</b>	<b>993</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>389</b>

Wyong Shire Council Water Supply Authority

Notes to the Financial Statements  
for the financial year ended 30 June 2014

Note 16. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 6 - TOUKLEY

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
s94 - Drainage	-	-	-	-	-	-	-	1,638	-	1,638	4
<b>s94 Total</b>	-	-	-	-	-	-	-	1,638	-	1,638	4
s64 - Water	431	21	2	17	(3)	-	468	-	-	-	-
s64 - Sewer	498	14	1	8	(909)	390	2	-	-	-	(389)
<b>s64 Total</b>	930	35	3	25	(912)	390	470	-	-	-	(389)
<b>Total</b>	930	35	3	25	(912)	390	470	1,638	-	1,638	(385)

CONTRIBUTION PLAN NUMBER 7 - GOROKAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
s93F - Water	-	21	-	1	-	-	22	-	-	-	-
s93F - Sewer	-	15	-	-	-	-	15	-	-	-	-
<b>s93F Total</b>	-	35	-	1	-	-	36	-	-	-	-
s64 - Water	2	109	-	37	-	-	148	-	-	-	(2,323)
s64 - Sewer	1,175	77	-	23	-	(1)	1,274	-	-	-	-
<b>s64 Total</b>	1,178	186	-	60	-	(1)	1,422	-	-	-	(2,323)
<b>Total</b>	1,178	221	-	61	-	(1)	1,458	-	-	-	(2,323)

Wyong Shire Council Water Supply Authority

Notes to the Financial Statements  
for the financial year ended 30 June 2014

Note 16. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 7a - WARNERVALE

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
s94 - Drainage	8,718	130	542	248	(2,538)	(1,949)	5,151	9,244	(17,004)	(2,609)	4,742
<b>s94 Total</b>	8,718	130	542	248	(2,538)	(1,949)	5,151	9,244	(17,004)	(2,609)	4,742
s93F - Drainage	78	41	-	16	761	-	896				-
s93F - Water	63	62	-	10	388	-	523				-
s93F - Sewer	49	55	-	6	239	-	349				-
<b>s93F Total</b>	190	158	-	33	1,388	-	1,769				-
s64 - Water	2,283	384	118	72	(1,052)	-	1,805				2,323
s64 - Sewer	2,946	289	67	68	(317)	-	3,053				766
<b>s64 Total</b>	5,229	673	185	140	(1,369)	-	4,858				3,089
<b>Total</b>	14,137	961	727	421	(2,519)	(1,949)	11,778	9,244	(17,004)	(2,609)	7,831

CONTRIBUTION PLAN NUMBER 8 - SAN REMO

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
s94 - Drainage	63	-	-	1	-	-	64	137	-	201	1
<b>s94 Total</b>	63	-	-	1	-	-	64	137	-	201	1
s64 - Water	997	63	43	41	(43)	-	1,101				(1)
s64 - Sewer	97	44	8	26	(8)	-	167				1
<b>s64 Total</b>	1,094	107	51	67	(51)	-	1,268				-
<b>Total</b>	1,157	107	51	68	(51)	-	1,332	137	-	201	1

Wyong Shire Council Water Supply Authority

Notes to the Financial Statements  
for the financial year ended 30 June 2014

Note 16. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 9 - BUDGEWOI

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
s64 - Water	486	12	-	10	-	(1)	507				-
s64 - Sewer	1	10	-	1	(411)	401	2				(1,166)
<b>s64 Total</b>	<b>487</b>	<b>22</b>	<b>-</b>	<b>11</b>	<b>(411)</b>	<b>400</b>	<b>509</b>				<b>(1,166)</b>
<b>Total</b>	<b>487</b>	<b>22</b>	<b>-</b>	<b>11</b>	<b>(411)</b>	<b>400</b>	<b>509</b>				<b>(1,166)</b>

CONTRIBUTION PLAN NUMBER 15 - NORTHERN DISTRICTS

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
s64 - Water	1,007	58	-	31	-	-	1,096				(2)
s64 - Sewer	1,703	36	-	32	-	(400)	1,371				401
<b>s64 Total</b>	<b>2,710</b>	<b>94</b>	<b>-</b>	<b>63</b>	<b>-</b>	<b>(400)</b>	<b>2,467</b>				<b>399</b>
<b>Total</b>	<b>2,710</b>	<b>94</b>	<b>-</b>	<b>63</b>	<b>-</b>	<b>(400)</b>	<b>2,467</b>				<b>399</b>

CONTRIBUTION PLAN NUMBER WTC - WARNERVILLE TOWN CENTRE

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
s94 - Drainage	-	-	-	-	-	-	-	6,455	(11,127)	(4,673)	-
<b>s94 Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,455</b>	<b>(11,127)</b>	<b>(4,673)</b>	<b>-</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,455</b>	<b>(11,127)</b>	<b>(4,673)</b>	<b>-</b>

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 17. Contingencies &amp; Other Assets/Liabilities Not Recognised

**LIABILITIES NOT RECOGNISED****1. Defined Benefit Superannuation**

Council, on behalf of the Water Supply Authority participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

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

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

The Scheme's most recent full actuarial review was performed by Richard Boyfield of Mercer Consulting (Australia) Pty Ltd and covers the period ended 30 June 2014. This review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Scheme's Defined Benefit member category with member Councils required to make significantly higher contributions in future years.

The Scheme is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly the Water Supply Authority has not recorded any net liability from its Defined Benefits Scheme obligations.

Further contributions made to the Scheme to rectify the net deficit position will be recognised as an expense when they become payable.

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

**2. Bank Guarantee**

Council provides a bank guarantee on behalf of the Water Supply Authority to secure its self-insurance license for Workers Compensation. The guarantee is provided to WorkCover NSW.

**3. Developer Contributions**

The Water Supply Authority levies Section 64 Contributions upon various developments across the Local Government Area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

As well, these Plans indicate proposed future expenditure to be undertaken by the Authority, which will be funded by making levies and receiving funds in future years.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent the Authority's intention to spend funds in the manner and timing set out in those Plans.

**4. 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.

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.

There is a possibility that following the transfer of staff and functions, shared services and assets, that some financial or legal liabilities may remain with Council. At the time of preparing the financial statements the timing and likelihood of this impact being realised cannot be determined.

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 18. Controlled Entities, Associated Entities &amp; Interests in Joint Ventures

\$ '000

The Water Supply Authority's objectives can and in some cases are best met through the use of separate entities and operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils, Bodies and other Outside Organisations.

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

**Joint Venture Operations***Note 18(a)*

Arrangements that do not comprise an actual individual entity which can deploy the resources of the individual participants. Under JV Operations, Council Jointly Controls the operations with the Other Parties involved.

## Joint Venture Operations

(a) The Water Supply Authority is involved in the following Joint Venture Operations (JVO)

Name of Operation	Principal Activity	Councils Interests in Outputs of JVO's	
Joint Water Supply Authority	Water Supply Headworks	46.95%	
(b) Water Supply Authority Assets employed in the Joint Venture Operations		<b>2014</b>	<b>2013</b>
<b>Council's own assets employed in the Operations</b>			
<b>Current Assets:</b>			
Property, Plant & Equipment		315,412	311,246
<b>Total Assets - Council Owned</b>		<b>315,412</b>	<b>311,246</b>
<b>Total Net Assets Employed - Council &amp; Jointly Owned</b>		<b>315,412</b>	<b>311,246</b>

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 19. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Actual 2014	Actual 2013
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## (a) Retained Earnings

**Movements in Retained Earnings were as follows:**

Balance at beginning of Year (from previous years audited accounts)	605,016	612,230
a. Net Operating Result for the Year	<u>(4,269)</u>	<u>(7,214)</u>
Balance at End of the Reporting Period	<u>600,747</u>	<u>605,016</u>

## (b) Reserves

## (i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	<u>821,149</u>	<u>786,806</u>
<b>Total</b>	<b><u>821,149</u></b>	<b><u>786,806</u></b>

## (ii) Reconciliation of movements in Reserves:

<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>		
- Opening Balance	786,806	712,968
- Revaluations for the year	<u>34,344</u>	<u>73,838</u>
- Balance at End of Year	<u>821,149</u>	<u>786,806</u>
<b>TOTAL VALUE OF RESERVES</b>	<b><u>821,149</u></b>	<b><u>786,806</u></b>

## (iii) Nature &amp; Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve  
 - The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

## (c) Correction of Error/s relating to a Previous Reporting Period

The Water Supply Authority made no correction of errors during the current reporting period.

## (d) Voluntary Changes in Accounting Policies

The Water Supply Authority made no voluntary changes in any accounting policies during the year.

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 20. Financial Result &amp; Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2014	Actual 2014	Actual 2014
	Water	Sewer	General <sup>1</sup>
<b>Continuing Operations</b>			
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	16,470	27,521	-
User Charges & Fees	27,582	1,447	-
Interest & Investment Revenue	1,380	1,812	-
Other Revenues	338	299	-
Grants & Contributions provided for Operating Purposes	1,036	677	-
Grants & Contributions provided for Capital Purposes	3,935	1,795	-
<b>Total Income from Continuing Operations</b>	<b>50,741</b>	<b>33,551</b>	<b>-</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	6,697	7,240	-
Borrowing Costs	13,184	1,679	-
Materials & Contracts	3,908	3,744	3
Depreciation & Amortisation	16,593	12,848	-
Impairment	-	-	-
Other Expenses	11,979	10,398	-
Net Losses from the Disposal of Assets	291	-	-
<b>Total Expenses from Continuing Operations</b>	<b>52,652</b>	<b>35,909</b>	<b>3</b>
<b>Operating Result from Continuing Operations</b>	<b>(1,911)</b>	<b>(2,358)</b>	<b>(3)</b>
<b>Discontinued Operations</b>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
<b>Net Operating Result for the Year</b>	<b>(1,911)</b>	<b>(2,358)</b>	<b>(3)</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>(1,911)</b>	<b>(2,358)</b>	<b>(3)</b>
<b>Net Operating Result attributable to Non-controlling Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>(5,846)</b>	<b>(4,153)</b>	<b>(3)</b>

<sup>1</sup> General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal charges &amp; recoveries made between the Funds.



## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

as at 30 June 2014

## Note 20. Financial Result &amp; Financial Position by Fund (continued)

Statement of Financial Position by Fund \$ '000	Actual 2014	Actual 2014	Actual 2014
	Water	Sewer	General <sup>1</sup>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	2,299	12,970	-
Investments	3,236	18,256	-
Receivables	15,262	3,276	-
Inventories	503	-	-
Other	-	-	-
Non-current assets classified as 'held for sale'	-	-	-
<b>Total Current Assets</b>	<b>21,300</b>	<b>34,502</b>	<b>-</b>
<b>Non-Current Assets</b>			
Investments	17,000	8,000	-
Receivables	423	10	-
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	852,774	704,215	-
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	56	33	-
<b>Total Non-Current Assets</b>	<b>870,253</b>	<b>712,258</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>891,553</b>	<b>746,760</b>	<b>-</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	11,018	2,477	2
Borrowings	9,801	1,017	1
Provisions	1,791	1,930	(1)
<b>Total Current Liabilities</b>	<b>22,610</b>	<b>5,424</b>	<b>2</b>
<b>Non-Current Liabilities</b>			
Payables	1,941	882	(2)
Borrowings	162,377	23,009	-
Provisions	118	55	-
<b>Total Non-Current Liabilities</b>	<b>164,436</b>	<b>23,946</b>	<b>(2)</b>
<b>TOTAL LIABILITIES</b>	<b>187,046</b>	<b>29,370</b>	<b>-</b>
<b>Net Assets</b>	<b>704,507</b>	<b>717,390</b>	<b>-</b>
<b>EQUITY</b>			
Retained Earnings	352,913	247,834	-
Revaluation Reserves	351,594	469,556	(0)
<b>Total Equity</b>	<b>704,507</b>	<b>717,390</b>	<b>(0)</b>

<sup>1</sup> General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal receivables &amp; payables between the Funds.

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 21. "Held for Sale" Non Current Assets &amp; Disposal Groups

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\$ '000

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Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

## Note 22. Events occurring after the Reporting Date

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Events that occur between the end of the reporting period (ending 30 June 2014) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

The Water Supply Authority has adopted the date of receipt of the Auditors' Report as the applicable "authorised for issue" date relating to these Financial Statements.

Accordingly, the "authorised for issue" date is 08/10/14.

Events that occur after the Reporting Period represent one of two types:

(i) Events that provide evidence of conditions that existed at the Reporting Period

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2014.

(ii) Events that provide evidence of conditions that arose after the Reporting Period

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2014 and which are only indicative of conditions that arose after 30 June 2014.

**The Water Supply Authority is unaware of any material or significant "non-adjusting events" that should be disclosed.**

## Note 23. Discontinued Operations

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The Water Supply Authority has not classified any of its Operations as "Discontinued".

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 24. Intangible Assets

\$ '000	Actual 2014	Actual 2013
Intangible Assets represent identifiable non-monetary asset without physical substance.		
Intangible Assets are as follows:		
<b>Opening Values:</b>		
Gross Book Value (1/7)	2,469	2,469
Accumulated Amortisation (1/7)	(2,274)	(2,026)
Accumulated Impairment (1/7)	-	-
<b>Net Book Value - Opening Balance</b>	<b>195</b>	<b>443</b>
<b>Movements for the year</b>		
- Amortisation charges	(106)	(248)
<b>Closing Values:</b>		
Gross Book Value (30/6)	2,469	2,469
Accumulated Amortisation (30/6)	(2,380)	(2,274)
Accumulated Impairment (30/6)	-	-
<b>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</b>	<b>89</b>	<b>195</b>

## The Net Book Value of Intangible Assets represent:

Software	89	195
	<b>89</b>	<b>195</b>

## Note 25. Reinstatement, Rehabilitation &amp; Restoration Liabilities

The Water Supply Authority has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 26. Fair Value Measurement

\$ '000

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

- Infrastructure, Property, Plant and Equipment

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

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

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

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

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

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

2014	Date of latest valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring Fair Value Measurements</b>					
<b>Infrastructure, Property, Plant &amp; Equipment</b>					
Plant & Equipment	30/6/14			478	478
Office Equipment	30/6/14			158	158
Furniture & Fittings	30/6/14			18	18
Operational Land	30/6/14			57,652	57,652
Community Land	30/6/14			1,113	1,113
Buildings - specialised	30/6/14			12,088	12,088
Other Structures	30/6/14			1,413	1,413
Stormwater Drainage	30/6/14			237,154	237,154
Water Supply Network	30/6/14			558,140	558,140
Sewerage Network	30/6/14			669,335	669,335
<b>Total Infrastructure, Property, Plant &amp; Equipme</b>		<b>-</b>	<b>-</b>	<b>1,537,549</b>	<b>1,537,549</b>

## (2) Transfers between Level 1 &amp; Level 2 Fair Value Hierarchies

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

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 26. Fair Value Measurement

**(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values**

Where the Water Supply Authority is unable to derive Fair Valuations using quoted market prices of identical assets (i.e. Level 1 inputs), the Water Supply Authority instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques the Water Supply Authority has employed while utilising Level 2 and Level 3 inputs are as follows:

**Infrastructure, Property, Plant & Equipment****Plant & Equipment, Office Equipment and Furniture & Fittings**

Plant & Equipment, Office Equipment and Furniture & Fittings assets are recognised and valued at cost. The Water Supply Authority assumes that the carrying amount reflects the fair value of the assets due to the nature of the items. Therefore these assets are disclosed at fair value in the notes.

These asset categories include:

- Plant & Fleet - Minor Plant Items – generators, compressors, welders and power hand tools
- Office Equipment – computer hardware, communications equipment, digital cameras, photocopiers
- Furniture & Fittings – work stations, storage cabinets, CCTV, air conditioning units

The unobservable level 3 inputs used include:

- Pattern of consumption
- Useful life
- Residual value

The Water Supply Authority reviews the value of these assets based on the gross replacement cost of similar assets.

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

**Operational Land**

This asset class is comprised of all the Water Supply Authority's land classified as Operational Land under the Local Government Act 1993. The last valuation was undertaken at 30 June 2013 by APV Valuers & Asset Management.

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

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

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

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

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 26. Fair Value Measurement

**Community Land**

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

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

As we have and are using unimproved land values provided by the Valuer General this is not considered to be an observable input based on market evidence and therefore contains Level 3 unobservable inputs.

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

**Buildings – Non Specialised and Specialised**

The Water Supply Authority engaged APV Valuers & Asset Management to value all buildings. The valuation methodology applied is dependent on whether a market exists to substantiate the value of the asset.

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

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

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

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

**Other Structures**

This asset class is comprised of telemetry structures and fencing which did not meet the definition of a building.

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

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

**Stormwater Drainage**

The Stormwater Drainage asset class consists of the Water Supply Authority's pits, pipes, open channels, culverts, wetlands, headwalls and gross pollutant traps. GHD a professional services organisation completed

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 26. Fair Value Measurement

the valuation of these assets using the replacement cost approach. Replacement cost is assessed using the Modern Engineering Equivalent Replacement Asset (MEERA).

Replacement costs (unit rates) and useful lives for stormwater drainage assets were determined through a combination of historic data and technical knowledge, which incorporated standard unit rates applied to the dimensions of the asset and considered environmental factors based on asset location. Other significant inputs considered in the valuation of these assets are asset condition, remaining useful life, pattern of consumption and residual value. The asset condition of 1 (Excellent) to 5 (Very Poor) was determined by assumptions based on age and CCTV investigation undertaken across a representative selection of the Water Supply Authority's drainage network. Additionally due to the limitations in the historical records of very long lived assets there is some uncertainty on the specifications and dimensions of some assets.

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

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

**Water Supply Network**

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

The gross replacement cost approach has been utilised to value the water supply network. This approach estimates the gross replacement cost based on Modern Engineering Equivalent Replacement Asset (MEERA) techniques and equipment that would yield an asset to serve the same function as the existing asset, rather than replicate the existing asset. Valuations are undertaken by the Water Supply Authority staff based on the technical knowledge and experience of engineers and asset management staff taking into consideration NSW Reference Rates issued by the Department of Primary Industries Office of Water and the valuations performed by Evans and Peck and NSW Public Works in 2011 for the Joint Water Assets. Assets have been componentised as per AASB 116. Unobservable level 3 inputs used include materials used in the construction of the asset, residual value, useful life, asset condition, unit rates and pattern of consumption. As some of the assets are very long lived assets there is some uncertainty on the specifications and dimensions of some assets however the Water & Sewer Planning section undertook data validation processes to reduce this risk.

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

**Sewerage Network**

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

The gross replacement cost approach has been utilised to value the sewerage network. This approach estimates the gross replacement cost based on Modern Engineering Equivalent Replacement Asset (MEERA) techniques and equipment that would yield an asset to serve the same function as the existing asset, rather than replicate the existing asset. Valuations are undertaken by the Water Supply Authority staff based on the technical knowledge and experience of engineers and asset management staff taking into consideration NSW Reference Rates issued by the Department of Primary Industries Office of Water. Assets have been componentised as per AASB 116. Unobservable level 3 inputs used include materials used in the construction of the asset, residual value, useful life, asset condition, unit rates and pattern of consumption. As some of the assets are very long lived assets there is some uncertainty on the specifications and dimensions of some assets however the Water & Sewer Planning section undertook data validation processes to reduce this risk.

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

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 26. Fair Value Measurement (continued)

\$ '000

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

## a. The following tables present the changes in Level 3 Fair Value Asset Classes.

	Plant & Equipment	Office Equipment	Furniture & Fittings	Operational Land	Total
Adoption of AASB 13	616	214	30	57,599	58,459
Transfers from/(to) another asset class	5	-	-	55	60
Purchases (GBV)	23	-	-	47	70
Disposals (WDV)	-	-	-	(49)	(49)
Depreciation & Impairment	(168)	(58)	(12)	-	(238)
Other Movements	2	2	-	-	4
<b>Closing Balance - 30/6/14</b>	<b>478</b>	<b>158</b>	<b>18</b>	<b>57,652</b>	<b>58,306</b>

	Community Land	Buildings - Specialised	Other Structures	Stormwater Drainage	Total
Adoption of AASB 13	1,168	12,393	1,431	231,531	246,523
Transfers from/(to) another asset class	(55)	-	-	-	(55)
Purchases (GBV)	-	-	28	7,779	7,807
Depreciation & Impairment	-	(307)	(47)	(2,616)	(2,970)
Revaluation Increments to Equity (ARR)	-	-	-	459	459
Other Movements	-	2	1	2	5
<b>Closing Balance - 30/6/14</b>	<b>1,113</b>	<b>12,088</b>	<b>1,413</b>	<b>237,154</b>	<b>251,768</b>

	Water Supply Network	Sewerage Network	Total
Adoption of AASB 13	551,764	656,265	1,208,029
Purchases (GBV)	4,632	7,317	11,949
Disposals (WDV)	(252)	-	(252)
Depreciation & Impairment	(13,617)	(12,510)	(26,127)
Revaluation Increments to Equity (ARR)	15,625	18,260	33,885
Other Movements	(11)	2	(9)
<b>Closing Balance - 30/6/14</b>	<b>-</b>	<b>669,335</b>	<b>1,227,475</b>



## Wyong Shire Council Water Supply Authority

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 26. Fair Value Measurement

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

**b. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.**

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

## I,PP&amp;E

Class	Fair Value (30/6/14) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Plant & Equipment	20,816	Cost Approach	Replacement Cost	Cost varies from asset to asset	Movement in cost of the asset will result in the same movement in fair value Asset condition rating and pattern of consumption impact the remaining useful life of the asset Changes in the residual value impacts the depreciation and fair value of the asset
			Useful Life	Useful life: 1 – 42 years	
			Residual Value	Residual Value: 0% - 70%	
Office Equipment	2,588	Cost Approach	Replacement Cost	Cost varies from asset to asset	Movement in cost of the asset will result in the same movement in fair value Asset condition rating and pattern of consumption impact the remaining useful life of the asset Changes in the residual value impacts the depreciation and fair value of the asset
			Useful Life	Useful life: 2 – 10 years	
			Residual Value	Residual Value: 0%	

## Wyong Shire Council Water Supply Authority

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 26. Fair Value Measurement

Class	Fair Value (30/6/14) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Furniture & Fittings	1,291	Cost Approach	Replacement Cost  Useful Life  Residual Value	Cost varies from asset to asset  Useful life: 1 – 10 years  Residual Value: 0%	Movement in cost of the asset will result in the same movement in fair value Asset condition rating and pattern of consumption impact the remaining useful life of the asset Changes in the residual value impacts the depreciation and fair value of the asset
Operational Land	311,913	Market Value and Cost Approach	Rate per square metre	Unit Rates: \$1 - \$1,054 per sqm	Significant changes in the rate per square metre would result in a significant change to the fair value of the asset
Community Land	124,750	Cost Approach	Unimproved Capital Value by Valuer General  Rate per square metre	Unit Rates: \$1 - \$2,532 per sqm	Significant changes in the rate per square metre would result in a significant change to the fair value of the asset

## Wyong Shire Council Water Supply Authority

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 26. Fair Value Measurement

Class	Fair Value (30/6/14) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Buildings - specialised	149,000	Cost Approach	Replacement Cost	Cost varies from asset to asset	Movement in cost of the asset will result in the same movement in fair value Asset condition rating and pattern of consumption impact the remaining useful life of the asset Changes in the residual value impacts the depreciation and fair value of the asset
			Asset Condition rating	Assessed as 1 – 5: Excellent to Very poor	
			Useful Life	Useful Life: 8 – 100 yrs	
			Residual Value	Residual Value: 0% - 70%	
Other Structures	13,547	Cost Approach	Replacement Cost	Cost varies from asset to asset	Movement in cost of the asset will result in the same movement in fair value Asset condition rating and pattern of consumption impact the remaining useful life of the asset Changes in the residual value impacts the depreciation and fair value of the asset
			Useful Life	Useful life: 5 – 100 years	
			Residual Value	Residual Value: 0%	
Stormwater Drainage	237,154	Cost Approach	Replacement Cost	Unit Rates – vary from asset to asset	Movement in cost of the asset will result in the same movement in fair value Asset condition rating and pattern of consumption impact the remaining useful life of the asset
			Asset Condition rating	Assessed as 1 – 5: Excellent to Very poor	
			Useful Life	Useful Life: 30 – 120 yrs	

## Wyong Shire Council Water Supply Authority

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 26. Fair Value Measurement

Class	Fair Value (30/6/14) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Water Supply Network	558,139	Cost Approach	Replacement Cost	Unit Rates are based on the NSW Reference Rates Manual issued by the NSW Office of Water	Movement in cost of the asset will result in the same movement in fair value
			Asset Condition rating	Assessed as 1 – 5: Excellent to Very poor	Asset condition rating and pattern of consumption impact the remaining useful life of the asset
			Useful Life	Useful Life: 15 – 100 yrs	
			Residual Value	Residual Value: 0%	Changes in the residual value impacts the depreciation and fair value of the asset
Sewerage Network	669,334	Cost Approach	Replacement Cost	Unit Rates are based on the NSW Reference Rates Manual issued by the NSW Office of Water	Movement in cost of the asset will result in the same movement in fair value
			Asset Condition rating	Assessed as 1 – 5: Excellent to Very poor	Asset condition rating and pattern of consumption impact the remaining useful life of the asset
			Useful Life	Useful Life: 15 – 100 yrs	
			Residual Value	Residual Value: 0% - 38%	Changes in the residual value impacts the depreciation and fair value of the asset

## (5). Highest and best use

All of the Water Supply Authority's non-financial assets are considered to being utilised for their highest and best use.