



Wyong Shire Council Water Supply Authority  
**Financial Reports**  
2012/2013

# Wyong Shire Council Water Supply Authority

## Financial Statements

for the financial year ended 30 June 2013

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### Overview

- (i) These financial statements cover the operations for the Wyong Shire Council Water Supply Authority.
  - (ii) Wyong Shire Council Water Supply Authority is a statutory body established by the Local Government Act 1993 and a water supply authority by proclamation of the Water Management Act 2000 and carries out the following functions:
    - maintain and operate water management works and other associated works including sewerage and drainage services, and
    - to conduct research, collect information and develop technology in relation to water management.
  - (iii) All figures presented in these financial statements are presented in Australian Currency.
  - (iv) 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 23 October 2013.
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## Wyong Shire Council Water Supply Authority

### Financial Statements

for the financial year ended 30 June 2013

### Statement by Councillors and Management

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 regulations thereunder, and
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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

- exhibit a true and fair view of the financial position and financial performance of the Water Supply Authority
- accords with the Water Supply Authority'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 23 October 2013.**

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Doug Eaton  
MAYOR

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Lynne Webster  
COUNCILLOR

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Michael Whittaker  
GENERAL MANAGER

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Stephen Naven  
RESPONSIBLE ACCOUNTING OFFICER

# Wyong Shire Council Water Supply Authority

## Income Statement

for the financial year ended 30 June 2013

| Budget<br>\$ '000                          |  | Notes | Actual<br>2013  | Actual<br>2012  |
|--|--|-------|-----------------|-----------------|
| <b>Income from Continuing Operations</b>   |  |       |                 |                 |
| <i>Revenue:</i>                            |  |       |                 |                 |
| 44,010                                     | Rates & Annual Charges   | 2a    | 43,804          | 41,005          |
| 26,541                                     | User Charges & Fees  | 2b    | 27,561          | 23,810          |
| 3,171                                      | Interest & Investment Revenue  | 2c    | 3,392           | 3,828           |
| 571  | Other Revenues   | 2d    | 48              | 27              |
| 1,630                                      | Grants & Contributions provided for Operating Purposes   | 2e,f  | 1,685           | 1,489           |
| 3,645                                      | Grants & Contributions provided for Capital Purposes   | 2e,f  | 4,635           | 3,904           |
| <b>79,568</b>                              | <b>Total Income from Continuing Operations</b>   |       | <b>81,125</b>   | <b>74,063</b>   |
| <b>Expenses from Continuing Operations</b> |  |       |                 |                 |
| 15,084                                     | Employee Benefits & On-Costs   | 3a    | 14,039          | 14,113          |
| 13,882                                     | Borrowing Costs  | 3b    | 13,791          | 16,513          |
| 8,067                                      | Materials & Contracts  | 3c    | 7,719           | 8,973           |
| 30,905                                     | Depreciation & Amortisation  | 3d    | 29,117          | 28,218          |
| -  | Impairment   | 3d    | -               | -               |
| 23,328                                     | Other Expenses   | 3e    | 21,670          | 19,261          |
| -  | Net Losses from the Disposal of Assets   | 4     | 2,003           | 1,522           |
| <b>91,266</b>                              | <b>Total Expenses from Continuing Operations</b>   |       | <b>88,339</b>   | <b>88,600</b>   |
| <b>(11,698)</b>                            | <b>Operating Result from Continuing Operations</b>   |       | <b>(7,214)</b>  | <b>(14,536)</b> |
| <b>Discontinued Operations</b>             |  |       |                 |                 |
| -  | Net Profit/(Loss) from Discontinued Operations   | 23    | -               | -               |
| <b>(11,698)</b>                            | <b>Net Operating Result for the Year</b>   |       | <b>(7,214)</b>  | <b>(14,536)</b> |
| (11,698)                                   | Net Operating Result attributable to Council   |       | (7,214)         | (14,536)        |
| -  | Net Operating Result attributable to Non-controlling Interests   |       | -               | -               |
| <b>(15,343)</b>                            | <b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b> |       | <b>(11,849)</b> | <b>(18,440)</b> |

## Wyong Shire Council Water Supply Authority

Statement of Comprehensive Income  
for the financial year ended 30 June 2013

| \$ '000   | Notes    | Actual<br>2013 | Actual<br>2012  |
|---|----------|----------------|-----------------|
| <b>Net Operating Result for the year</b> (as per Income statement)  |          | <b>(7,214)</b> | <b>(14,536)</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  | 19b (ii) | 73,838         | 263,827         |
| <b>Total Items which will not be reclassified subsequently to the Operating Result</b>                              |          | <b>73,838</b>  | <b>263,827</b>  |
| Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met            |          |                |                 |
| Nil   |          | -              | -               |
| <b>Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met</b> |          | <b>-</b>       | <b>-</b>        |
| <b>Total Other Comprehensive Income for the year</b>  |          | <b>73,838</b>  | <b>263,827</b>  |
| <b>Total Comprehensive Income for the Year</b>  |          | <b>66,624</b>  | <b>249,291</b>  |
| <b>Total Comprehensive Income attributable to Council</b>   |          | <b>66,624</b>  | <b>249,291</b>  |
| <b>Total Comprehensive Income attributable to Non-controlling Interests</b>   |          | <b>-</b>       | <b>-</b>        |



## Wyong Shire Council Water Supply Authority

## Statement of Financial Position

as at 30 June 2013

| \$ '000   | Notes | Actual<br>2013   | Actual<br>2012   |
|---|-------|------------------|------------------|
| <b>ASSETS</b>                                     |       |                  |                  |
| <b>Current Assets</b>                             |       |                  |                  |
| Cash & Cash Equivalents                           | 5a    | 26,405           | 27,885           |
| Investments                                       | 5b    | 34,414           | 29,409           |
| Receivables                                       | 6     | 19,022           | 14,153           |
| Inventories                                       | 7     | 490              | 448              |
| Other   | 7     | -                | 45               |
| Non-current assets classified as "held for sale"  | 21    | -                | -                |
| <b>Total Current Assets</b>                       |       | <b>80,331</b>    | <b>71,940</b>    |
| <b>Non-Current Assets</b>                         |       |                  |                  |
| Investments                                       | 5b    | 7,041            | 2,287            |
| Receivables                                       | 6     | 464              | 543              |
| Inventories                                       | 7     | -                | -                |
| Infrastructure, Property, Plant & Equipment       | 8     | 1,528,322        | 1,459,665        |
| Investments accounted for using the equity method | 18    | -                | -                |
| Investment Property                               | 13    | -                | -                |
| Intangible Assets                                 | 24    | 195              | 443              |
| <b>Total Non-Current Assets</b>                   |       | <b>1,536,022</b> | <b>1,462,938</b> |
| <b>TOTAL ASSETS</b>                               |       | <b>1,616,353</b> | <b>1,534,878</b> |
| <b>LIABILITIES</b>                                |       |                  |                  |
| <b>Current Liabilities</b>                        |       |                  |                  |
| Payables  | 9     | 8,176            | 9,137            |
| Borrowings  | 9     | 10,315           | 10,452           |
| Provisions  | 9     | 4,651            | 4,389            |
| <b>Total Current Liabilities</b>                  |       | <b>23,142</b>    | <b>23,978</b>    |
| <b>Non-Current Liabilities</b>                    |       |                  |                  |
| Payables  | 9     | 4,813            | -                |
| Borrowings  | 9     | 196,203          | 184,628          |
| Provisions  | 9     | 373              | 1,074            |
| <b>Total Non-Current Liabilities</b>              |       | <b>201,389</b>   | <b>185,702</b>   |
| <b>TOTAL LIABILITIES</b>                          |       | <b>224,531</b>   | <b>209,680</b>   |
| <b>Net Assets</b>                                 |       | <b>1,391,822</b> | <b>1,325,198</b> |
| <b>EQUITY</b>                                     |       |                  |                  |
| Retained Earnings                                 | 19    | 605,016          | 612,230          |
| Revaluation Reserves                              | 19    | 786,806          | 712,968          |
| Council Equity Interest                           |       | 1,391,822        | 1,325,198        |
| Non-controlling Interests                         |       | -                | -                |
| <b>Total Equity</b>                               |       | <b>1,391,822</b> | <b>1,325,198</b> |

## Wyong Shire Council Water Supply Authority

Statement of Changes in Equity  
for the financial year ended 30 June 2013

| \$ '000  | Notes    | Retained<br>Earnings | Reserves<br>(Refer 20b) | Council<br>Interest | Non-<br>controlling<br>Interest | Total<br>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                               | 19 (c)   | -                    | -                       | -                   | -                               | -                |
| b. Changes in Accounting Policies (prior year effects)             | 19 (d)   | -                    | -                       | -                   | -                               | -                |
| <b>Revised Opening Balance (as at 1/7/12)</b>                      |          | <b>612,230</b>       | <b>712,968</b>          | <b>1,325,198</b>    | <b>-</b>                        | <b>1,325,198</b> |
| <b>c. Net Operating Result for the Year</b>                        |          | <b>(7,214)</b>       | <b>-</b>                | <b>(7,214)</b>      | <b>-</b>                        | <b>(7,214)</b>   |
| <b>d. Other Comprehensive Income</b>                               |          |                      |                         |                     |                                 |                  |
| - Revaluations : IPP&E Asset Revaluation Rsve                      | 19b (ii) | -                    | 73,838                  | 73,838              | -                               | 73,838           |
| - Revaluations: Other Reserves                                     | 19b (ii) | -                    | -                       | -                   | -                               | -                |
| - Transfers to Income Statement                                    | 19b (ii) | -                    | -                       | -                   | -                               | -                |
| - Impairment (loss) reversal relating to I,PP&E                    | 19b (ii) | -                    | -                       | -                   | -                               | -                |
| - Other Movements  | 19a (c)  | -                    | -                       | -                   | -                               | -                |
| <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 (c&amp;d)</b>                        |          | <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> |

| \$ '000  | Notes    | Retained<br>Earnings | Reserves<br>(Refer 20b) | Council<br>Interest | Non-<br>controlling<br>Interest | Total<br>Equity  |
|--|----------|----------------------|-------------------------|---------------------|---------------------------------|------------------|
| <b>2012</b>  |          |                      |                         |                     |                                 |                  |
| <b>Opening Balance</b> (as per Last Year's Audited Accounts)       |          | 626,766              | 449,141                 | 1,075,907           | -                               | 1,075,907        |
| a. Correction of Prior Period Errors                               | 19 (c)   | -                    | -                       | -                   | -                               | -                |
| b. Changes in Accounting Policies (prior year effects)             | 19 (d)   | -                    | -                       | -                   | -                               | -                |
| <b>Revised Opening Balance (as at 1/7/11)</b>                      |          | <b>626,766</b>       | <b>449,141</b>          | <b>1,075,907</b>    | <b>-</b>                        | <b>1,075,907</b> |
| <b>c. Net Operating Result for the Year</b>                        |          | <b>(14,536)</b>      | <b>-</b>                | <b>(14,536)</b>     | <b>-</b>                        | <b>(14,536)</b>  |
| <b>d. Other Comprehensive Income</b>                               |          |                      |                         |                     |                                 |                  |
| - Revaluations : IPP&E Asset Revaluation Rsve                      | 19b (ii) | -                    | 263,827                 | 263,827             | -                               | 263,827          |
| - Revaluations: Other Reserves                                     | 19b (ii) | -                    | -                       | -                   | -                               | -                |
| - Transfers to Income Statement                                    | 19b (ii) | -                    | -                       | -                   | -                               | -                |
| - Impairment (loss) reversal relating to I,PP&E                    | 19b (ii) | -                    | -                       | -                   | -                               | -                |
| - Other Movements  | 19b (ii) | -                    | -                       | -                   | -                               | -                |
| <b>Other Comprehensive Income</b>                                  |          | <b>-</b>             | <b>263,827</b>          | <b>263,827</b>      | <b>-</b>                        | <b>263,827</b>   |
| <b>Total Comprehensive Income (c&amp;d)</b>                        |          | <b>(14,536)</b>      | <b>263,827</b>          | <b>249,291</b>      | <b>-</b>                        | <b>249,291</b>   |
| e. Distributions to/(Contributions from) Non-controlling Interests |          | -                    | -                       | -                   | -                               | -                |
| f. Transfers between Equity  |          | -                    | -                       | -                   | -                               | -                |
| <b>Equity - Balance at end of the reporting period</b>             |          | <b>612,230</b>       | <b>712,968</b>          | <b>1,325,198</b>    | <b>-</b>                        | <b>1,325,198</b> |

## Wyong Shire Council Water Supply Authority

## Statement of Cash Flows

for the financial year ended 30 June 2013

| \$ '000   | Notes | Actual<br>2013  | Actual<br>2012  |
|---|-------|-----------------|-----------------|
| <b>Cash Flows from Operating Activities</b>                   |       |                 |                 |
| <b>Receipts:</b>  |       |                 |                 |
| Rates & Annual Charges  |       | 43,849          | 40,990          |
| User Charges & Fees   |       | 24,914          | 24,245          |
| Investment & Interest Revenue Received                        |       | 2,190           | 3,885           |
| Grants & Contributions  |       | 4,540           | 11,874          |
| Bonds, Deposits & Retention amounts received                  |       | 3               | -               |
| Other   |       | -               | 2,593           |
| <b>Payments:</b>  |       |                 |                 |
| Employee Benefits & On-Costs                                  |       | (14,442)        | (14,155)        |
| Materials & Contracts   |       | (6,252)         | (18,019)        |
| Borrowing Costs   |       | (13,850)        | (16,282)        |
| Other   |       | (20,474)        | (19,168)        |
| <b>Net Cash provided (or used in) Operating Activities</b>    | 10b   | <b>20,478</b>   | <b>15,963</b>   |
| <b>Cash Flows from Investing Activities</b>                   |       |                 |                 |
| <b>Receipts:</b>  |       |                 |                 |
| Sale of Investment Securities                                 |       | 88,324          | 55,386          |
| <b>Payments:</b>  |       |                 |                 |
| Purchase of Investment Securities                             |       | (97,844)        | (45,571)        |
| Purchase of Infrastructure, Property, Plant & Equipment       |       | (23,874)        | (30,178)        |
| <b>Net Cash provided (or used in) Investing Activities</b>    |       | <b>(33,394)</b> | <b>(20,363)</b> |
| <b>Cash Flows from Financing Activities</b>                   |       |                 |                 |
| <b>Receipts:</b>  |       |                 |                 |
| Proceeds from Borrowings & Advances                           |       | 23,200          | 18,125          |
| <b>Payments:</b>  |       |                 |                 |
| Repayment of Borrowings & Advances                            |       | (11,762)        | (9,957)         |
| Other Financing Activity Payments                             |       | -               | (369)           |
| <b>Net Cash Flow provided (used in) Financing Activities</b>  |       | <b>11,438</b>   | <b>7,799</b>    |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b> |       | <b>(1,479)</b>  | <b>3,399</b>    |
| plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>  | 10a   | 27,885          | 24,486          |
| <b>Cash &amp; Cash Equivalents - end of the year</b>          | 10a   | <b>26,407</b>   | <b>27,885</b>   |
| Additional Information:                                       |       |                 |                 |
| plus: <b>Investments on hand - end of year</b>                | 5b    | 41,455          | 31,696          |
| <b>Total Cash, Cash Equivalents &amp; Investments</b>         |       | <b>67,862</b>   | <b>59,581</b>   |

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



## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### 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 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 23 October 2013.

The security for new loans for water and sewerage functions is a charge on the general revenues of the Council, in accordance with section 229 of the Local Government (General) Regulation (2005).

##### **(a) Basis of preparation**

These financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements and interpretations of the Australian Accounting Standards Board, the Local Government Act 1993, the Public Finance and Audit Act 1983, and the Public Finance and Audit Regulation 2010.

##### **New and amended standards adopted by the Water Supply Authority**

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

##### **Early adoption of standards**

The Water Supply Authority has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2012.

##### **Historical cost convention**

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

##### **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.
- (ii) Estimated fair values of infrastructure, property, plant and equipment.

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

- (i) Impairment of Receivables – The Water Supply Authority has made a significant judgement about the impairment of a number of its receivables in Note 7.

##### **(b) Revenue recognition**

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

## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

##### **Annual charges, grants and contributions**

Annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Water Supply Authority obtains control over the assets comprising these receipts.

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.

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 Water Supply Authority and the amount of the contribution can be measured reliably.

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

##### **User charges and fees**

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

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

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

##### **Interest and rents**

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

##### **(c) Principles of consolidation**

###### **The Consolidated Fund**

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.

These financial statements represent the consolidation of the Water and Sewerage funds.

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 the 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 19.

##### **Joint venture entities**

The Water Supply Authority is a joint venturer in the provision of core water supply infrastructure serving both Gosford and Wyong council areas. The proportionate interests in the assets, liabilities and expenses of this joint venture activity have been incorporated in the financial statements under the appropriate headings. Details of the joint venture, including the Water Supply Authority's share in assets and expenses, are set out in note 12 below.

## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

##### **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.

During 2012/13, Wyong Shire Council satisfied all requirements to complete the Memorandum of Understanding with the NSW Government regarding the establishment of the CCWC under legislation. However, following the local government elections in September 2012, Gosford City Council reconsidered its position on key project parameters and, as a result, the project is presently 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**

Goodwill and 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 other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

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

## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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 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



## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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.

##### **Financial assets – reclassification**

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

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-



## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

##### **Recognition and de-recognition**

Regular purchases and sales of financial assets are recognised on trade-date - the date on which 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 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 the Water Supply Authority's obligations under Section 625 of the

Local Government Act and S212 of the LG (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(l).

##### **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 S212

## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

of the LG (General) Regulation 2005. Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council 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. Certain investments are no longer prescribed, however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to the Water Supply Authority.

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

##### Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to 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.

##### 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 Division 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

## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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 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.

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:

Items of IPPE, except for land and construction of buildings, are capitalised if their cost of acquisition exceeds \$5,000.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position 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 2013, the Water Supply Authority had no investment properties.

#### (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.

|  |                 |
|--|-----------------|
| <b>Buildings</b>                                     | 15 to 100 years |
| <b>Vehicles</b>                                      | 3 to 10 years   |
| <b>Heavy Plant</b>                                   | 6 to 10 years   |
| <b>Other plant and equipment</b>                     | 5 to 15 years   |
| <b>Office Equipment</b>                              | 5 to 10 years   |
| <b>Office Furniture</b>                              | 10 to 20 years  |
| <b>Computer Equipment</b>                            | 3 to 5 years    |
| <b>Playground Equipment</b>                          | 5 to 15 years   |
| <b>Benches, seats etc</b>                            | 10 to 25 years  |
| <b>Dams</b>  | 150 years       |
| <b>Water Mains</b>                                   | 50 to 80 years  |
| <b>Water &amp; Sewerage Treatment Plants - Civil</b> | 50 to 100 years |
| <b>Water &amp; Sewerage Treatment Plants - Other</b> | 15 to 40 years  |
| <b>Sewerage Pipelines and Mains</b>                  | 50 to 80 years  |
| <b>Drainage Assets</b>                               | 80 to 120 years |

Borrowings are removed from the statement of financial position when the obligation specified in the

## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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

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

##### *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

##### *Other long term employee benefit obligations*

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

The obligations are presented as current liabilities in the 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.

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the statement of financial position, and measured



## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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 ie. as an expense when they become payable (see below).

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 AASB119. Sufficient information under AASB119 is not available to account for the Scheme as a defined benefit plan, 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 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20 February 2013 and covers the period ended 30 June 2013. However the position is monitored annually and the Actuary has estimated that as at 30 June 2013 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) Allocation between current and non-current assets and liabilities

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

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

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods.

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.

***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 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures (effective from 1 January 2015)***

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

## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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.

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

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

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. 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 Council 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 re-measure 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.

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

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



## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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

***AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (effective 1 January 2014)***

In September 2011, the AASB released a revised standard on accounting for employee benefits. It requires the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively. The Water Supply Authority does not recognise defined benefit assets and liabilities for the reasons set out in note 1 (s)(iii) and so these changes will not have an impact on its reported results.

***AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 132 & AASB 7] (effective 1 January 2013)***

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's

recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

***AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle (effective 1 January 2013)***

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

***AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle (effective 1 January 2013)***

AASB 1 - this standard clarifies that an entity can apply AASB 1 more than once. An entity can elect to apply AASB 123 from the transition date or an earlier date.

AASB 101 - clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments.

AASB 116 - clarifies the classification of servicing equipment.

AASB 132 and Interpretation 2 - Clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes.

## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

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AASB 134- provides clarification about segment reporting.

The amendments arising from this standard are not expected to change the reported financial position or performance of the Water Supply Authority.

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

##### **(w) Self insurance**

Council, on behalf of the Water Supply Authority, has determined to self-insure for workers' compensation risks. A provision for self-insurance has been made to recognise outstanding claims the amount of which is detailed in Note 10. Council also maintains cash and investments to meet expected future claims and these are detailed in Note6(c).

##### **(x) Intangible assets**

###### ***IT development and software***

Council, on behalf of the Water Supply Authority, has acquired, under a managed service arrangement, a 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.

##### **(y) 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.

##### **(z) Comparative Figures**

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

##### **(aa) 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 2013

### Note 2. Income from Continuing Operations

| \$ '000  | Notes | Actual<br>2013       | Actual<br>2012       |
|--|-------|----------------------|----------------------|
| <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  |       | 10,296               | 8,592                |
| Sewerage Services  |       | 27,500               | 26,565               |
| Drainage   |       | 5,773                | 5,626                |
| Liquid Trade Waste   |       | 235                  | 222                  |
| <b>Total Annual Charges</b>  |       | <b>43,804</b>        | <b>41,005</b>        |
| <b><u>TOTAL RATES &amp; ANNUAL CHARGES</u></b>                           |       | <b><u>43,804</u></b> | <b><u>41,005</u></b> |

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 2. Income from Continuing Operations (continued)

| \$ '000  | Notes | Actual<br>2013 | Actual<br>2012 |
|--|-------|----------------|----------------|
| <b>(b) User Charges &amp; Fees</b>   |       |                |                |
| <b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)         |       |                |                |
| Water Supply Services  |       | 25,788         | 21,836         |
| Sewerage Services  |       | 760            | 871            |
| Liquid Trade Waste   |       | 546            | 610            |
| <b>Total User Charges</b>  |       | <b>27,094</b>  | <b>23,317</b>  |
| <b>Other User Charges &amp; Fees</b>   |       |                |                |
| <b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608) |       |                |                |
| Inspection Services  |       | 8              | 33             |
| Regulatory/Statutory Certificates  |       | 22             | 26             |
| Regulatory/ Statutory Fees   |       | 4              | 4              |
| <b>Total Fees &amp; Charges - Statutory/Regulatory</b>                           |       | <b>34</b>      | <b>62</b>      |
| <b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)  |       |                |                |
| Refuse & Effluent Disposal   |       | -              | 35             |
| Water Connection Fees  |       | 198            | 196            |
| Sewer application fees   |       | 92             | 79             |
| Sewer Diagrams   |       | 69             | 67             |
| Special Water Meter Reading Fees   |       | 14             | 20             |
| Water Carters Licence Fees   |       | 13             | 12             |
| Other  |       | 47             | 21             |
| <b>Total Fees &amp; Charges - Other</b>  |       | <b>433</b>     | <b>431</b>     |
| <b>TOTAL USER CHARGES &amp; FEES</b>   |       | <b>27,561</b>  | <b>23,810</b>  |

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 2. Income from Continuing Operations (continued)

| \$ '000  | Notes | Actual<br>2013      | Actual<br>2012      |
|--|-------|---------------------|---------------------|
| <b>(c) Interest &amp; Investment Revenue (incl. losses)</b>                |       |                     |                     |
| <b>Interest &amp; Dividends</b>  |       |                     |                     |
| - Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates) |       | 426                 | 475                 |
| - Interest earned on Investments (interest & coupon payment income)        |       | 2,708               | 3,389               |
| - Interest & Dividend Income (Other)                                       |       | 19                  | 27                  |
| <b>Fair Value Adjustments</b>  |       |                     |                     |
| - Fair Valuation movements in Investments (at FV or Held for Trading)      |       | 239                 | (62)                |
| <b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>                      |       | <b><u>3,392</u></b> | <b><u>3,828</u></b> |
| <b>Interest Revenue is attributable to:</b>                                |       |                     |                     |
| <b>Restricted Investments/Funds - External:</b>                            |       |                     |                     |
| <b>Development Contributions</b>   |       |                     |                     |
| - Section 94 - Drainage  |       | 360                 | 473                 |
| - Section 64   |       | 835                 | -                   |
| - Section 93F - Drainage   |       | 2                   | -                   |
| - Section 93F - Water  |       | 1                   | -                   |
| - Section 93F - Sewer  |       | 1                   | -                   |
| Water Fund Operations  |       | 289                 | 1,328               |
| Sewerage Fund Operations   |       | 1,905               | 2,027               |
| <b><u>Total Interest &amp; Investment Revenue Recognised</u></b>           |       | <b><u>3,393</u></b> | <b><u>3,828</u></b> |
| <b>(d) Other Revenues</b>  |       |                     |                     |
| Sales - General  |       | 2                   | -                   |
| Other  |       | 46                  | 26                  |
| <b><u>TOTAL OTHER REVENUE</u></b>  |       | <b><u>48</u></b>    | <b><u>27</u></b>    |

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 2. Income from Continuing Operations (continued)

| \$ '000  | 2013<br>Operating | 2012<br>Operating | 2013<br>Capital | 2012<br>Capital |
|--|-------------------|-------------------|-----------------|-----------------|
| <b>(e) Grants</b>                                      |                   |                   |                 |                 |
| <b>General Purpose (Untied)</b>                        |                   |                   |                 |                 |
| Nil  |                   |                   |                 |                 |
| <b>Specific Purpose</b>                                |                   |                   |                 |                 |
| Pensioners' Rates Subsidies:                           |                   |                   |                 |                 |
| - Water  | 719               | 674               | -               | -               |
| - Sewerage   | 666               | 663               | -               | -               |
| Water Supplies   | -                 | -                 | 600             | 247             |
| Environmental Protection                               | 159               | 67                | 10              | 1               |
| Local Infrastructure Renewal Scheme (LIRS)             | 53                | -                 | -               | -               |
| <b>Total Specific Purpose</b>                          | <b>1,597</b>      | <b>1,404</b>      | <b>610</b>      | <b>248</b>      |
| <b>Total Grants</b>                                    | <b>1,597</b>      | <b>1,404</b>      | <b>610</b>      | <b>248</b>      |
| <b>Grant Revenue is attributable to:</b>               |                   |                   |                 |                 |
| - Commonwealth Funding                                 | -                 | -                 | -               | 184             |
| - State Funding  | 1,597             | 1,404             | 610             | 64              |
|  | <b>1,597</b>      | <b>1,404</b>      | <b>610</b>      | <b>248</b>      |
| <b>(f) Contributions</b>                               |                   |                   |                 |                 |
| <b>Developer Contributions:</b>                        |                   |                   |                 |                 |
| <b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b> |                   |                   |                 |                 |
| S 93F - Contributions using Planning Agreements        | -                 | -                 | 229             | -               |
| S 64 - Water Supply Contributions                      | -                 | -                 | 799             | 684             |
| S 64 - Sewerage Service Contributions                  | -                 | -                 | 632             | 530             |
| S 94 - Stormwater Contributions                        | -                 | -                 | 784             | 626             |
| <b>Total Developer Contributions</b>                   | <b>-</b>          | <b>-</b>          | <b>2,444</b>    | <b>1,840</b>    |
| <b>Other Contributions:</b>                            |                   |                   |                 |                 |
| Dedications (other than by S94)                        | -                 | -                 | 1,581           | 1,214           |
| Drainage   | 88                | -                 | -               | -               |
| Drainage, Water and Sewer                              | -                 | -                 | -               | 570             |
| Other  | -                 | 85                | -               | 32              |
| <b>Total Other Contributions</b>                       | <b>88</b>         | <b>85</b>         | <b>1,581</b>    | <b>1,816</b>    |
| <b>Total Contributions</b>                             | <b>88</b>         | <b>85</b>         | <b>4,025</b>    | <b>3,656</b>    |
| <b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>                | <b>1,685</b>      | <b>1,489</b>      | <b>4,635</b>    | <b>3,904</b>    |



## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 2. Income from Continuing Operations (continued)

| \$ '000   | Actual<br>2013 | Actual<br>2012 |
|---|----------------|----------------|
| <b>(g) Restrictions relating to Grants and Contributions</b>  |                |                |
| <b>Certain grants &amp; contributions are obtained by the Water Supply Authority on condition that they be spent in a specified manner:</b> |                |                |
| Unexpended at the Close of the Previous Reporting Period  | 39,512         | 38,687         |
| <b>add:</b> Grants & contributions recognised in the current period but not yet spent:  | 866            | 3,338          |
| <b>less:</b> Grants & contributions recognised in a previous reporting period now spent:  | (5,393)        | (2,513)        |
| <b>Net Increase (Decrease) in Restricted Assets during the Period</b>   | <b>(4,527)</b> | <b>825</b>     |
| <b>Unexpended and held as Restricted Assets</b>   | <b>34,985</b>  | <b>39,512</b>  |
| <b>Comprising:</b>  |                |                |
| - Specific Purpose Unexpended Grants  | 639            | 183            |
| - Developer Contributions   | 34,217         | 39,329         |
| - Other Contributions   | 129            | -              |
|   | <b>34,985</b>  | <b>39,512</b>  |

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 3. Expenses from Continuing Operations

| \$ '000  | Notes | Actual<br>2013       | Actual<br>2012       |
|--|-------|----------------------|----------------------|
| <b>(a) Employee Benefits &amp; On-Costs</b>            |       |                      |                      |
| Salaries and Wages                                     |       | 11,565               | 12,313               |
| Employee Leave Entitlements (ELE)                      |       | 2,413                | 2,171                |
| Superannuation   |       | 1,345                | 1,330                |
| Workers' Compensation Insurance                        |       | 127                  | 280                  |
| Payroll Tax  |       | 1,201                | 1,189                |
| Training Costs (other than Salaries & Wages)           |       | 94                   | 107                  |
| Other  |       | 61                   | 60                   |
| <b>Total Employee Costs</b>                            |       | <b>16,806</b>        | <b>17,450</b>        |
| less: Capitalised Costs                                |       | (2,767)              | (3,337)              |
| <b><u>TOTAL EMPLOYEE COSTS EXPENSED</u></b>            |       | <b><u>14,039</u></b> | <b><u>14,113</u></b> |
| Number of "Equivalent Full Time" Employees at year end |       | 147                  | 136                  |
| <b>(b) Borrowing Costs</b>                             |       |                      |                      |
| <b>(i) Interest Bearing Liability Costs</b>            |       |                      |                      |
| Interest on Loans                                      |       | 13,718               | 16,390               |
| Interest on Advances                                   |       | -                    | 10                   |
| Other Debts  |       | 73                   | 113                  |
| <b>Total Interest Bearing Liability Costs Expensed</b> |       | <b>13,791</b>        | <b>16,513</b>        |
| <b>(ii) Other Borrowing Costs</b>                      |       |                      |                      |
| Nil  |       |                      |                      |
| <b><u>TOTAL BORROWING COSTS EXPENSED</u></b>           |       | <b><u>13,791</u></b> | <b><u>16,513</u></b> |

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

| \$ '000  | Notes | Actual<br>2013 | Actual<br>2012 |
|--|-------|----------------|----------------|
| <b>(c) Materials &amp; Contracts</b>   |       |                |                |
| Raw Materials & Consumables  |       | 4,186          | 5,304          |
| Contractor & Consultancy Costs   |       | 3,371          | 3,093          |
| Auditors Remuneration <sup>(1)</sup>   |       | 77             | 490            |
| Operating Leases:  |       |                |                |
| - Operating Lease Rentals: Minimum Lease Payments <sup>(2)</sup>   |       | 85             | 86             |
| <b>TOTAL MATERIALS &amp; CONTRACTS</b>   |       | <b>7,719</b>   | <b>8,973</b>   |
| <b>1. Auditor Remuneration</b>   |       |                |                |
| During the year, the following fees were incurred for services provided by the Water Supply Authority's Auditor:   |       |                |                |
| <b>(i) Audit and Other Assurance Services</b>  |       |                |                |
| - Audit & review of financial statements: Water Supply Authority's Auditor   |       | 77             | 74             |
| <b>Remuneration for audit and other assurance services</b>   |       | <b>77</b>      | <b>74</b>      |
| <b>(iii) Other Services</b>  |       |                |                |
| - Cost Benefit Analysis for Central Coast Water Corporation managed on behalf of Gosford City and Wyong Shire Councils. This represents 100% of the sum paid to PwC for this contract. |       | -              | 416            |
| <b>Remuneration for other services</b>   |       | <b>-</b>       | <b>416</b>     |
| <b>Total Auditor Remuneration</b>  |       | <b>77</b>      | <b>490</b>     |
| <b>2. Operating Lease Payments are attributable to:</b>  |       |                |                |
| Buildings  |       | 35             | 42             |
| Computers  |       | 50             | 44             |
|  |       | <b>85</b>      | <b>86</b>      |

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

| \$ '000  | Notes | Impairment Costs |                | Depreciation/Amortisation |                |
|--|-------|------------------|----------------|---------------------------|----------------|
|  |       | Actual<br>2013   | Actual<br>2012 | Actual<br>2013            | Actual<br>2012 |
| <b>(d) Depreciation, Amortisation &amp; Impairment</b>               |       |                  |                |                           |                |
| Plant and Equipment  |       | -                | -              | 123                       | 328            |
| Office Equipment   |       | -                | -              | 66                        | 33             |
| Furniture & Fittings   |       | -                | -              | 13                        | 14             |
| Property, Plant & Equipment - Leased                                 |       | -                | -              | -                         | -              |
| Land Improvements (depreciable)                                      |       | -                | -              | -                         | -              |
| Buildings - Non Specialised  |       | -                | -              | -                         | -              |
| Buildings - Specialised  |       | -                | -              | 216                       | -              |
| Other Structures   |       | -                | -              | 29                        | 34             |
| Infrastructure:  |       |                  |                |                           |                |
| - Stormwater Drainage  |       | -                | -              | 2,504                     | 2,440          |
| - Water Supply Network   |       | -                | -              | 13,831                    | 12,124         |
| - Sewerage Network   |       | -                | -              | 12,087                    | 12,998         |
| Other Assets   |       |                  |                |                           |                |
| - Other  |       | -                | -              | -                         | 1              |
| Intangible Assets  | 24    | -                | -              | 248                       | 246            |
| <b><u>TOTAL DEPRECIATION &amp;<br/>IMPAIRMENT COSTS EXPENSED</u></b> |       | <b>-</b>         | <b>-</b>       | <b>29,117</b>             | <b>28,218</b>  |

## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

| \$ '000  | Notes | Actual<br>2013       | Actual<br>2012       |
|--|-------|----------------------|----------------------|
| <b>(e) Other Expenses</b>  |       |                      |                      |
| Administration Support   |       | 10,927               | 10,838               |
| Advertising  |       | 24                   | 108                  |
| Bank Charges   |       | 1                    | 1                    |
| Computer Software Charges  |       | 89                   | 34                   |
| Donations, Contributions & Assistance to other organisations (Section 356) |       |                      |                      |
| - Donations, Contributions & Assistance - water usage for sporting groups  |       | -                    | 199                  |
| - Other Contributions and Donations  |       | 11                   | 10                   |
| Electricity & Heating  |       | 5,007                | 3,294                |
| Gas Charges  |       | 54                   | 46                   |
| Insurance  |       | -                    | 1                    |
| Licences   |       | 269                  | 52                   |
| Plant Hire   |       | 3,483                | 2,662                |
| Printing & Stationery  |       | 53                   | 43                   |
| Road opening permits   |       | 170                  | 166                  |
| Subscriptions & Publications   |       | 6                    | 11                   |
| Telephone & Communications   |       | 82                   | 66                   |
| Tipping Fees   |       | 1,471                | 1,660                |
| Water tank and washing machine rebate schemes                              |       | -                    | 1                    |
| Other  |       | 23                   | 69                   |
| <b><u>TOTAL OTHER EXPENSES</u></b>   |       | <b><u>21,670</u></b> | <b><u>19,261</u></b> |

#### Note 4. Gains or Losses from the Disposal of Assets

|  |  |                       |                       |
|--|--|-----------------------|-----------------------|
| <b>Plant &amp; Equipment</b>   |  |                       |                       |
| Proceeds from Disposal - Plant & Equipment                           |  | -                     | -                     |
| less: Carrying Amount of P&E Assets Sold / Written Off               |  | (13)                  | -                     |
| <b>Net Gain/(Loss) on Disposal</b>                                   |  | <b>(13)</b>           | <b>-</b>              |
| <b>Infrastructure</b>  |  |                       |                       |
| Proceeds from Disposal - Infrastructure                              |  | -                     | -                     |
| less: Carrying Amount of Infrastructure Assets Sold / Written Off    |  | (1,990)               | (1,522)               |
| <b>Net Gain/(Loss) on Disposal</b>                                   |  | <b>(1,990)</b>        | <b>(1,522)</b>        |
| <b>Financial Assets*</b>   |  |                       |                       |
| Proceeds from Disposal / Redemptions / Maturities - Financial Assets |  | 88,324                | 55,386                |
| less: Carrying Amount of Financial Assets Sold / Redeemed / Matured  |  | (88,324)              | (55,386)              |
| <b>Net Gain/(Loss) on Disposal</b>                                   |  | <b>-</b>              | <b>-</b>              |
| <b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>                  |  | <b><u>(2,003)</u></b> | <b><u>(1,522)</u></b> |

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 5a. - Cash Assets and Note 5b. - Investments

| \$ '000  | Notes | 2013              | 2013                  | 2012              | 2012                  |
|--|-------|-------------------|-----------------------|-------------------|-----------------------|
|  |       | Actual<br>Current | Actual<br>Non Current | Actual<br>Current | Actual<br>Non Current |
| <b>Cash &amp; Cash Equivalents (Note 5a)</b>                     |       |                   |                       |                   |                       |
| Cash on Hand and at Bank   |       | 2,010             | -                     | -                 | -                     |
| Cash-Equivalent Assets <sup>1</sup>                              |       |                   |                       |                   |                       |
| - Deposits at Call   |       | 24,395            | -                     | 27,885            | -                     |
| <b>Total Cash &amp; Cash Equivalents</b>                         |       | <b>26,405</b>     | <b>-</b>              | <b>27,885</b>     | <b>-</b>              |
| <b>Investments (Note 5b)</b>                                     |       |                   |                       |                   |                       |
| - Managed Funds  |       | -                 | 1,998                 | -                 | 2,287                 |
| - Long Term Deposits   |       | 34,414            | 794                   | 29,409            | -                     |
| - Bank Bonds   |       | -                 | 4,249                 | -                 | -                     |
| <b>Total Investments</b>   |       | <b>34,414</b>     | <b>7,041</b>          | <b>29,409</b>     | <b>2,287</b>          |
| <b>TOTAL CASH ASSETS, CASH<br/>EQUIVALENTS &amp; INVESTMENTS</b> |       | <b>60,819</b>     | <b>7,041</b>          | <b>57,294</b>     | <b>2,287</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:**

**Cash & Cash Equivalents**

|  |  |               |          |               |          |
|--|--|---------------|----------|---------------|----------|
| a. "At Fair Value through the Profit & Loss" |  | <b>26,405</b> | <b>-</b> | <b>27,885</b> | <b>-</b> |
|--|--|---------------|----------|---------------|----------|

**Investments**

|   |          |               |              |               |              |
|---|----------|---------------|--------------|---------------|--------------|
| a. "At Fair Value through the Profit & Loss"        |          |               |              |               |              |
| - "Designated at Fair Value on Initial Recognition" | 5(b-i)   | -             | 1,998        | -             | 2,287        |
| b. "Held to Maturity"                               | 5(b-ii)  | 34,414        | 5,043        | 29,409        | -            |
| c. "Loans & Receivables"                            | 5(b-iii) | -             | -            | -             | -            |
| d. "Available for Sale"                             | 5(b-iv)  | -             | -            | -             | -            |
| <b>Investments</b>                                  |          | <b>34,414</b> | <b>7,041</b> | <b>29,409</b> | <b>2,287</b> |



## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 5b. Investments (continued)

| \$ '000  | 2013<br>Actual<br>Current | 2013<br>Actual<br>Non Current | 2012<br>Actual<br>Current | 2012<br>Actual<br>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   | -                         | 2,287                         | 6,304                     | -                             |
| Revaluations (through the Income Statement)  | -                         | 239                           | (63)                      | -                             |
| Disposals (sales & redemptions)  | -                         | (528)                         | (3,954)                   | -                             |
| Transfers between Current/Non Current  | -                         | -                             | (2,287)                   | 2,287                         |
| <b>Balance at End of Year</b>  | <b>-</b>                  | <b>1,998</b>                  | <b>-</b>                  | <b>2,287</b>                  |
| <b>Comprising:</b>   |                           |                               |                           |                               |
| - Managed Funds  | -                         | 1,998                         | -                         | 2,287                         |
| <b>Total</b>   | <b>-</b>                  | <b>1,998</b>                  | <b>-</b>                  | <b>2,287</b>                  |
| <b>Note 5(b-ii)</b>  |                           |                               |                           |                               |
| <b>Reconciliation of Investments classified as "Held to Maturity"</b>                            |                           |                               |                           |                               |
| Balance at the Beginning of the Year   | 29,409                    | -                             | 35,270                    | -                             |
| Additions  | 88,553                    | 9,291                         | 45,571                    | -                             |
| Disposals (sales & redemptions)  | (87,796)                  | -                             | (51,432)                  | -                             |
| Transfers between Current/Non Current  | 4,248                     | (4,248)                       | -                         | -                             |
| <b>Balance at End of Year</b>  | <b>34,414</b>             | <b>5,043</b>                  | <b>29,409</b>             | <b>-</b>                      |
| <b>Comprising:</b>   |                           |                               |                           |                               |
| - Long Term Deposits   | 34,414                    | 794                           | 29,409                    | -                             |
| - Bank Bonds   | -                         | 4,249                         | -                         | -                             |
| <b>Total</b>   | <b>34,414</b>             | <b>5,043</b>                  | <b>29,409</b>             | <b>-</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 2013

## Note 5c. Restricted Cash, Cash Equivalents &amp; Investments - Details

| \$ '000   | 2013              | 2013                  | 2012              | 2012                  |
|---|-------------------|-----------------------|-------------------|-----------------------|
|   | Actual<br>Current | Actual<br>Non Current | Actual<br>Current | Actual<br>Non Current |
| <b>Total Cash, Cash Equivalents<br/>and Investments</b> | <b>60,819</b>     | <b>7,041</b>          | <b>57,294</b>     | <b>2,287</b>          |
| <b>attributable to:</b>                                 |                   |                       |                   |                       |
| External Restrictions (refer below)                     | 30,981            | 7,041                 | 47,454            | -                     |
| Internal Restrictions (refer below)                     | 1,435             | -                     | 3,497             | -                     |
| Unrestricted  | 28,403            | -                     | 6,343             | 2,287                 |
|   | <b>60,819</b>     | <b>7,041</b>          | <b>57,294</b>     | <b>2,287</b>          |

| 2013<br>\$ '000 | Opening<br>Balance | Transfers to<br>Restrictions | Transfers from<br>Restrictions | Closing<br>Balance |
|-----------------|--------------------|------------------------------|--------------------------------|--------------------|
|-----------------|--------------------|------------------------------|--------------------------------|--------------------|

## Details of Restrictions

## External Restrictions - Included in Liabilities

|  |              |              |                |              |
|--|--------------|--------------|----------------|--------------|
| Specific Purpose Unexpended Loans-Water (A)            | -            | 3,037        | -              | 3,037        |
| Specific Purpose Unexpended Loans-Sewer (A)            | 6,861        | -            | (6,861)        | -            |
| <b>External Restrictions - Included in Liabilities</b> | <b>6,861</b> | <b>3,037</b> | <b>(6,861)</b> | <b>3,037</b> |

## External Restrictions - Other

|   |               |              |                 |               |
|---|---------------|--------------|-----------------|---------------|
| Developer Contributions - Water Fund (B)          | 10,270        | -            | (489)           | 9,780         |
| Developer Contributions - Sewer Fund (B)          | 15,822        | -            | (2,235)         | 13,587        |
| Developer Contributions - Drainage (B)            | 13,238        | -            | (2,578)         | 10,660        |
| Specific Purpose Unexpended Grants-Water Fund (C) | 184           | 455          | -               | 639           |
| Contributions to Works (D)                        | 129           | -            | -               | 129           |
| Climate Change Fund                               | 950           | -            | (950)           | -             |
| Developer Contributions - VPA (B)                 | -             | 189          | -               | 189           |
| <b>External Restrictions - Other</b>              | <b>40,593</b> | <b>644</b>   | <b>(6,252)</b>  | <b>34,985</b> |
| <b>Total External Restrictions</b>                | <b>47,454</b> | <b>3,681</b> | <b>(13,113)</b> | <b>38,022</b> |

## Internal Restrictions

|                                     |               |              |                 |               |
|-------------------------------------|---------------|--------------|-----------------|---------------|
| Self Insurance Claims - Water       | 749           | -            | (478)           | 271           |
| Self Insurance Claims - Sewer       | 1,155         | -            | (861)           | 294           |
| Employees Leave Entitlement - Water | 341           | 78           | -               | 419           |
| Employees Leave Entitlement- Sewer  | 451           | -            | (7)             | 444           |
| Trading Capital - Sewer             | 800           | -            | (800)           | -             |
| Public Liability Insurance - Water  | 1             | 5            | -               | 6             |
| <b>Total Internal Restrictions</b>  | <b>3,497</b>  | <b>83</b>    | <b>(2,146)</b>  | <b>1,435</b>  |
| <b>TOTAL RESTRICTIONS</b>           | <b>50,951</b> | <b>3,765</b> | <b>(15,259)</b> | <b>39,457</b> |

A Loan moneys which must be applied for the purposes for which the loans were raised.

B Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 16).

C Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)

D 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 2013

## Note 6. Receivables

| \$ '000   | Notes | 2013                 |                   | 2012                 |                   |
|---|-------|----------------------|-------------------|----------------------|-------------------|
|   |       | Current              | Non Current       | Current              | Non Current       |
| <b>Purpose</b>                                      |       |                      |                   |                      |                   |
| Interest & Extra Charges                            |       | 329                  | -                 | 340                  | -                 |
| User Charges & Fees                                 |       | 13,082               | -                 | 10,435               | -                 |
| Accrued Revenues                                    |       |                      |                   |                      |                   |
| - Interest on Investments                           |       | 974                  | -                 | -                    | -                 |
| Government Grants & Subsidies                       |       | -                    | -                 | 37                   | -                 |
| Net GST Receivable                                  |       | 524                  | -                 | 53                   | -                 |
| Water Annual Charges                                |       | 609                  | 4                 | 560                  | 8                 |
| Drainage Annual Charges                             |       | 324                  | -                 | 394                  | -                 |
| Sewerage Annual Charges                             |       | 1,867                | 13                | 1,874                | 26                |
| Joint Water Equalisation                            |       | -                    | -                 | -                    | -                 |
| Liquid Trade Waste                                  |       | 257                  | -                 | 231                  | -                 |
| Other Debtors                                       |       | 1,061                | 447               | 233                  | 509               |
| <b>Total</b>  |       | <b>19,027</b>        | <b>464</b>        | <b>14,158</b>        | <b>543</b>        |
| <b>less: Provision for Impairment</b>               |       |                      |                   |                      |                   |
| Other Debtors                                       |       | (5)                  | -                 | (5)                  | -                 |
| <b>Total Provision for Impairment - Receivables</b> |       | <b>(5)</b>           | <b>-</b>          | <b>(5)</b>           | <b>-</b>          |
| <b><u>TOTAL NET RECEIVABLES</u></b>                 |       | <b><u>19,022</u></b> | <b><u>464</u></b> | <b><u>14,153</u></b> | <b><u>543</u></b> |
| <b>Externally Restricted Receivables</b>            |       |                      |                   |                      |                   |
| Nil   |       |                      |                   |                      |                   |
| <b>Internally Restricted Receivables</b>            |       |                      |                   |                      |                   |
| Nil   |       |                      |                   |                      |                   |
| <b>Unrestricted Receivables</b>                     |       | <b>19,022</b>        | <b>464</b>        | <b>14,153</b>        | <b>543</b>        |
| <b>TOTAL NET RECEIVABLES</b>                        |       | <b>19,022</b>        | <b>464</b>        | <b>14,153</b>        | <b>543</b>        |

**Notes on Debtors above:**

(i) Interest was charged on overdue rates &amp; charges at 10.00% (2012 11.00%).

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 2013

## Note 7. Inventories &amp; Other Assets

| \$ '000                                     | Notes | 2013       |             | 2012       |             |
|---|-------|------------|-------------|------------|-------------|
|   |       | Current    | Non Current | Current    | Non Current |
| <b>Inventories</b>                          |       |            |             |            |             |
| Trading Stock - Water                       |       | 490        | -           | 448        | -           |
| <b>Total Inventories</b>                    |       | <b>490</b> | <b>-</b>    | <b>448</b> | <b>-</b>    |
| <b>Other Assets</b>                         |       |            |             |            |             |
| Prepayments                                 |       | -          | -           | 45         | -           |
| <b>Total Other Assets</b>                   |       | <b>-</b>   | <b>-</b>    | <b>45</b>  | <b>-</b>    |
| <b>TOTAL INVENTORIES / OTHER ASSETS</b>     |       | <b>490</b> | <b>-</b>    | <b>493</b> | <b>-</b>    |
| <b>Externally Restricted Assets</b>         |       |            |             |            |             |
| <b>Water</b>                                |       |            |             |            |             |
| Trading Stock                               |       | 490        | -           | 448        | -           |
| Prepayments                                 |       | -          | -           | 45         | -           |
| <b>Total Water</b>                          |       | <b>490</b> | <b>-</b>    | <b>493</b> | <b>-</b>    |
| <b>Sewerage</b>                             |       |            |             |            |             |
| Nil   |       | -          | -           | -          | -           |
| Total Externally Restricted Assets          |       | 490        | -           | 493        | -           |
| Total Internally Restricted Assets          |       | -          | -           | -          | -           |
| Total Unrestricted Assets                   |       | -          | -           | -          | -           |
| <b>TOTAL INVENTORIES &amp; OTHER ASSETS</b> |       | <b>490</b> | <b>-</b>    | <b>493</b> | <b>-</b>    |

Wyong Shire Council Water Supply Authority

Notes to the Financial Statements  
for the financial year ended 30 June 2013

Note 8a. Infrastructure, Property, Plant & Equipment

| \$ '000   | as at 30/6/2012 |                  |                |            |                  | Asset Movements during the Reporting Period |                        |                      |               |                         |                 |  | as at 30/6/2013 |                  |                |            |          |                  |
|---|-----------------|------------------|----------------|------------|------------------|---|------------------------|----------------------|---------------|-------------------------|-----------------|--|-----------------|------------------|----------------|------------|----------|------------------|
|   | At              | At               | Accumulated    |            | Carrying         | Asset Additions                             | WDV of Asset Disposals | Depreciation Expense | WIP Transfers | Adjustments & Transfers | Other Movements | Revaluation Increments to Equity (ARR) | At              | At               | Accumulated    |            | Carrying |                  |
|   | Cost            | Fair Value       | Dep'n          | Impairment | Value            |   |                        |                      |               |                         |                 |  | Cost            | Fair Value       | Dep'n          | Impairment | Value    |                  |
| Capital Work in Progress                                      | 5,089           | -                | -              | -          | 5,089            | 24,073                                      | -                      | -                    | (17,250)      | 3,399                   | -               | -                                      | 15,311          | -                | -              | -          | -        | 15,311           |
| Plant & Equipment   | -               | 2,243            | 1,504          | -          | 739              | -   | -                      | (123)                | -             | -                       | -               | -                                      | -               | 1,202            | 586            | -          | -        | 616              |
| Office Equipment  | -               | 928              | 754            | -          | 174              | -   | (13)                   | (66)                 | 119           | -                       | -               | -                                      | -               | 728              | 514            | -          | -        | 214              |
| Furniture & Fittings  | -               | 216              | 173            | -          | 43               | -   | -                      | (13)                 | -             | -                       | -               | -                                      | -               | 162              | 132            | -          | -        | 30               |
| <b>Land:</b>  |                 |                  |                |            |                  |   |                        |                      |               |                         |                 |  |                 |                  |                |            |          |                  |
| - Operational Land  | -               | 24,177           | -              | -          | 24,177           | 10  | -                      | -                    | 376           | (1,368)                 | -               | 34,404                                 | -               | 57,599           | -              | -          | -        | 57,599           |
| - Community Land  | -               | -                | -              | -          | -                | -   | -                      | -                    | -             | 1,168                   | -               | -                                      | -               | 1,168            | -              | -          | -        | 1,168            |
| Buildings - Specialised                                       | -               | 8,678            | 4,971          | -          | 3,707            | -   | -                      | (216)                | -             | -                       | -               | 8,902                                  | -               | 13,961           | 1,568          | -          | -        | 12,393           |
| Other Structures  | -               | 753              | 35             | -          | 718              | -   | -                      | (29)                 | 523           | 219                     | -               | -                                      | -               | 1,498            | 67             | -          | -        | 1,431            |
| <b>Infrastructure:</b>  |                 |                  |                |            |                  |   |                        |                      |               |                         |                 |  |                 |                  |                |            |          |                  |
| - Stormwater Drainage   | -               | 298,814          | 68,679         | -          | 230,135          | 659   | -                      | (2,504)              | 3,241         | -                       | -               | -                                      | -               | 302,715          | 71,184         | -          | -        | 231,531          |
| - Water Supply Network  | -               | 883,947          | 333,459        | -          | 550,488          | 316   | (1,422)                | (13,831)             | 4,719         | (3,622)                 | -               | 15,116                                 | -               | 905,695          | 353,931        | -          | -        | 551,764          |
| - Sewerage Network  | -               | 930,461          | 286,067        | -          | 644,395          | 834   | (568)                  | (12,087)             | 8,272         | 4                       | -               | 15,415                                 | -               | 962,232          | 305,967        | -          | -        | 656,265          |
| <b>TOTAL INFRASTRUCTURE,<br/>PROPERTY, PLANT &amp; EQUIP.</b> | <b>5,089</b>    | <b>2,150,218</b> | <b>695,642</b> | <b>-</b>   | <b>1,459,665</b> | <b>25,892</b>                               | <b>(2,003)</b>         | <b>(28,869)</b>      | <b>-</b>      | <b>(200)</b>            | <b>-</b>        | <b>73,838</b>                          | <b>15,311</b>   | <b>2,246,960</b> | <b>733,949</b> | <b>-</b>   | <b>-</b> | <b>1,528,322</b> |

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$12085) and New Assets (\$13691). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).



## Wyong Shire Council Water Supply Authority

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 8b. Externally Restricted Infrastructure, Property, Plant &amp; Equipment

| \$ '000                            | Actual<br>2013 |                  |                      |                   | Actual<br>2012 |                  |                      |                   |
|------------------------------------|----------------|------------------|----------------------|-------------------|----------------|------------------|----------------------|-------------------|
|                                    | At<br>Cost     | At<br>Fair Value | A/Dep &<br>Impairm't | Carrying<br>Value | At<br>Cost     | At<br>Fair Value | A/Dep &<br>Impairm't | Carrying<br>Value |
| <b>Water Supply</b>                |                |                  |                      |                   |                |                  |                      |                   |
| WIP                                | 9,786          | -                | -                    | <b>9,786</b>      | 3,135          | -                | -                    | <b>3,135</b>      |
| Plant & Equipment                  | -              | 408              | 230                  | <b>178</b>        | -              | 883              | 690                  | <b>193</b>        |
| Office Equipment                   | -              | 362              | 244                  | <b>118</b>        | -              | 477              | 314                  | <b>163</b>        |
| Furniture & Fittings               | -              | 117              | 94                   | <b>23</b>         | -              | 155              | 121                  | <b>34</b>         |
| Land                               |                |                  |                      |                   |                |                  |                      |                   |
| - Operational Land                 | -              | 34,578           | -                    | <b>34,578</b>     | -              | 13,847           | -                    | <b>13,847</b>     |
| - Community Land                   | -              | 1,168            | -                    | <b>1,168</b>      | -              | 1,314            | -                    | <b>1,314</b>      |
| Buildings                          | -              | 6,405            | 554                  | <b>5,851</b>      | -              | 1,855            | 1,110                | <b>745</b>        |
| Other Structures                   | -              | 1,148            | 46                   | <b>1,102</b>      | -              | 523              | 22                   | <b>501</b>        |
| Infrastructure - Water Supply      | -              | 905,695          | 353,931              | <b>551,764</b>    | -              | 883,947          | 333,459              | <b>550,488</b>    |
| Infrastructure - Stormwater        | -              | 302,715          | 71,184               | <b>231,531</b>    | -              | 298,814          | 68,679               | <b>230,135</b>    |
| <b>Total Water Supply</b>          | <b>9,786</b>   | <b>1,252,596</b> | <b>426,283</b>       | <b>836,099</b>    | <b>3,135</b>   | <b>1,201,815</b> | <b>404,395</b>       | <b>800,555</b>    |
| <b>Sewerage Services</b>           |                |                  |                      |                   |                |                  |                      |                   |
| WIP                                | 5,525          | -                | -                    | <b>5,525</b>      | 1,954          | -                | -                    | <b>1,954</b>      |
| Plant & Equipment                  | -              | 794              | 356                  | <b>438</b>        | -              | 1,360            | 814                  | <b>546</b>        |
| Office Equipment                   | -              | 366              | 270                  | <b>96</b>         | -              | 451              | 440                  | <b>11</b>         |
| Furniture & Fittings               | -              | 45               | 38                   | <b>7</b>          | -              | 61               | 52                   | <b>9</b>          |
| Land                               |                |                  |                      |                   |                |                  |                      |                   |
| - Operational Land                 | -              | 23,021           | -                    | <b>23,021</b>     | -              | 9,016            | -                    | <b>9,016</b>      |
| Buildings                          | -              | 7,556            | 1,014                | <b>6,542</b>      | -              | 6,824            | 3,861                | <b>2,962</b>      |
| Other Structures                   | -              | 350              | 21                   | <b>329</b>        | -              | 230              | 13                   | <b>217</b>        |
| Infrastructure                     | -              | 962,232          | 305,967              | <b>656,265</b>    | -              | 930,461          | 286,067              | <b>644,395</b>    |
| <b>Total Sewerage Services</b>     | <b>5,525</b>   | <b>994,364</b>   | <b>307,666</b>       | <b>692,223</b>    | <b>1,954</b>   | <b>948,403</b>   | <b>291,247</b>       | <b>659,110</b>    |
| <b>TOTAL RESTRICTED I,PP&amp;E</b> | <b>15,311</b>  | <b>2,246,960</b> | <b>733,949</b>       | <b>1,528,322</b>  | <b>5,089</b>   | <b>2,150,218</b> | <b>695,642</b>       | <b>1,459,665</b>  |

## Note 8c. Infrastructure, Property, Plant &amp; Equipment - Current Year Impairments

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 2013

## Note 9a. Payables, Borrowings &amp; Provisions

| \$ '000   | Notes | 2013          |                | 2012          |                |
|---|-------|---------------|----------------|---------------|----------------|
|   |       | Current       | Non Current    | Current       | Non Current    |
| <b>Payables</b>   |       |               |                |               |                |
| Goods & Services - operating expenditure                    |       | 2,552         | -              | 1,085         | -              |
| Payments Received In Advance                                |       | 363           | 4,813          | 5,027         | -              |
| Accrued Expenses:   |       |               |                |               |                |
| - Interest on Bonds & Deposits                              |       | 1,352         | -              | 1,411         | -              |
| - Salaries & Wages  |       | 229           | -              | 193           | -              |
| - Other Expenditure Accruals                                |       | 3,462         | -              | 255           | -              |
| Security Bonds, Deposits & Retentions                       |       | 218           | -              | 215           | -              |
| Other   |       | -             | -              | 951           | -              |
| <b>Total Payables</b>                                       |       | <b>8,176</b>  | <b>4,813</b>   | <b>9,137</b>  | <b>-</b>       |
| <b>Borrowings</b>   |       |               |                |               |                |
| Loans - Secured <sup>1</sup>                                |       | 9,937         | 176,581        | 10,452        | 184,628        |
| Loans - Unsecured   |       | 378           | 19,622         | -             | -              |
| <b>Total Borrowings</b>                                     |       | <b>10,315</b> | <b>196,203</b> | <b>10,452</b> | <b>184,628</b> |
| <b>Provisions</b>   |       |               |                |               |                |
| <b>Employee Benefits;</b>                                   |       |               |                |               |                |
| Annual Leave  |       | 987           | -              | 839           | -              |
| Sick Leave  |       | 1,247         | -              | 1,243         | -              |
| Long Service Leave  |       | 2,009         | 33             | 1,798         | 27             |
| Other Leave   |       | 43            | -              | 56            | -              |
| <b>Sub Total - Aggregate Employee Benefits</b>              |       | <b>4,286</b>  | <b>33</b>      | <b>3,936</b>  | <b>27</b>      |
| Self Insurance - Workers Compensation                       |       | 124           | 338            | 238           | 1,046          |
| Self Insurance - Other                                      |       | 7             | -              | 1             | -              |
| Payroll Tax   |       | 234           | 2              | 214           | 1              |
| <b>Total Provisions</b>                                     |       | <b>4,651</b>  | <b>373</b>     | <b>4,389</b>  | <b>1,074</b>   |
| <b>Total Payables, Borrowings &amp; Provisions</b>          |       | <b>23,142</b> | <b>201,389</b> | <b>23,978</b> | <b>185,702</b> |
| <b>(i) Liabilities relating to Restricted Assets</b>        |       |               |                |               |                |
|   |       | 2013          |                | 2012          |                |
|   |       | Current       | Non Current    | Current       | Non Current    |
| <b>Externally Restricted Assets</b>                         |       |               |                |               |                |
| Other Insurance   |       | 7             | -              | 1             | -              |
| Developer Contributions in advance                          |       | 363           | 4,813          | 5,027         | -              |
| <b>Liabilities relating to externally restricted assets</b> |       | <b>370</b>    | <b>4,813</b>   | <b>5,028</b>  | <b>-</b>       |
| <b>Internally Restricted Assets</b>                         |       |               |                |               |                |
| Self Insurance  |       | 124           | 338            | 238           | 1,045          |
| <b>Liabilities relating to internally restricted assets</b> |       | <b>124</b>    | <b>338</b>     | <b>238</b>    | <b>1,045</b>   |
| <b>Total Liabilities relating to restricted assets</b>      |       | <b>494</b>    | <b>5,151</b>   | <b>5,266</b>  | <b>1,045</b>   |
| <b>Total Liabilities relating to Unrestricted Assets</b>    |       | <b>22,648</b> | <b>196,238</b> | <b>18,712</b> | <b>184,657</b> |
| <b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>          |       | <b>23,142</b> | <b>201,389</b> | <b>23,978</b> | <b>185,702</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 & Security can be found in Note 14.

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 9a. Payables, Borrowings &amp; Provisions (continued)

| \$ '000   | Actual<br>2013 | Actual<br>2012 |
|---|----------------|----------------|
| <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 - Employee Benefits  | 2,548          | 2,841          |
| Payables  | -              | 5,027          |
|   | <b>2,548</b>   | <b>7,868</b>   |

## Note 9b. Description of and movements in Provisions

| Class of Provision | 2012                            |                       | 2013                     |  |                         | Closing Balance<br>as at 30/6/13 |
|--------------------|---------------------------------|-----------------------|--------------------------|--|-------------------------|----------------------------------|
|                    | Opening Balance<br>as at 1/7/12 | Additional Provisions | Decrease due to Payments | Remeasurement effects due to Discounting | Unused amounts reversed |                                  |
| Annual Leave       | 839                             | 947                   | (799)                    | -  | -                       | 987                              |
| Sick Leave         | 1,243                           | 370                   | (366)                    | -  | -                       | 1,247                            |
| Long Service Leave | 1,825                           | 515                   | (298)                    | -  | -                       | 2,042                            |
| Other Leave        | 56                              | 4                     | (17)                     | -  | -                       | 43                               |
| Self Insurance     | 1,285                           | (816)                 | -                        | -  | -                       | 469                              |
| Other              | 215                             | 21                    | -                        | -  | -                       | 236                              |
| <b>TOTAL</b>       | <b>5,463</b>                    | <b>1,041</b>          | <b>(1,480)</b>           | <b>-</b>                                 | <b>-</b>                | <b>5,024</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 actuarial assessments

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 10. Statement of Cash Flows - Additional Information

| \$ '000   | Notes | Actual<br>2013 | Actual<br>2012  |
|---|-------|----------------|-----------------|
| <b>(a) Reconciliation of Cash Assets</b>  |       |                |                 |
| Total Cash & Cash Equivalent Assets   | 5a    | 26,405         | 27,885          |
| Less Bank Overdraft   | 9     | -              | -               |
| <b>BALANCE as per the STATEMENT of CASH FLOWS</b>   |       | <b>26,405</b>  | <b>27,885</b>   |
| <b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>      |       |                |                 |
| <b>Net Operating Result from Income Statement</b>   |       | <b>(7,214)</b> | <b>(14,536)</b> |
| <b>Adjust for non cash items:</b>   |       |                |                 |
| Depreciation & Amortisation   |       | 29,117         | 28,218          |
| Net Losses/(Gains) on Disposal of Assets  |       | 2,003          | 1,522           |
| Non Cash Capital Grants and Contributions   |       | (1,817)        | (570)           |
| Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:                          |       |                |                 |
| - Investments classified as "At Fair Value" or "Held for Trading"                                 |       | (239)          | 63              |
| <b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>                   |       |                |                 |
| Decrease/(Increase) in Receivables  |       | (4,790)        | 7,780           |
| Decrease/(Increase) in Inventories  |       | (42)           | (56)            |
| Decrease/(Increase) in Other Assets   |       | 45             | (45)            |
| Increase/(Decrease) in Payables   |       | 1,467          | 362             |
| Increase/(Decrease) in other accrued Expenses Payable   |       | 3,243          | (9,171)         |
| Increase/(Decrease) in Other Liabilities  |       | (858)          | 2,481           |
| Increase/(Decrease) in Employee Leave Entitlements  |       | 356            | (321)           |
| Increase/(Decrease) in Other Provisions   |       | (795)          | 236             |
| <b>NET CASH PROVIDED FROM/(USED IN)<br/>OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b> |       | <b>20,476</b>  | <b>15,963</b>   |
| <b>(c) Non-Cash Investing &amp; Financing Activities</b>  |       |                |                 |
| S94 Contributions "in kind"   |       | 236            | 570             |
| Other Dedications   |       | 1,581          | 1,214           |
| <b>Total Non-Cash Investing &amp; Financing Activities</b>  |       | <b>1,817</b>   | <b>1,784</b>    |
| <b>(d) Financing Arrangements</b>   |       |                |                 |
| Nil   |       |                |                 |

## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 11. Commitments for Expenditure

| \$ '000  | Notes | Actual<br>2013 | Actual<br>2012 |
|--|-------|----------------|----------------|
| <b>(a) Capital Commitments (exclusive of GST)</b>  |       |                |                |
| Nil  |       |                |                |
| <b>(b) Finance Lease Commitments</b>   |       |                |                |
| Nil  |       |                |                |
| <b>(c) Operating Lease Commitments (Non Cancellable)</b>   |       |                |                |
| <b>a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:</b> |       |                |                |
| Within the next year   |       | -              | 8              |
| Later than one year and not later than 5 years   |       | -              | -              |
| Later than 5 years   |       | -              | -              |
| <b>Total Non Cancellable Operating Lease Commitments</b>   |       | <b>-</b>       | <b>8</b>       |

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

Office rental

**Conditions relating to Operating Leases:**

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

#### (d) Investment Property Commitments

Nil

#### (e) Investment in Associates / Joint Ventures - Commitments

For Capital Commitments and Other Commitments relating to Investments in Associates & Joint Ventures, refer to Note 18 (b)

## Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 12a(i). Statement of Performance Measurement - Indicators (Consolidated)

| \$ '000  | Amounts<br>2013 | Indicator<br>2013 | Prior Periods |        |
|--|-----------------|-------------------|---------------|--------|
|  |                 |                   | 2012          | 2011   |
| <b>Local Government Industry Indicators - Consolidated</b>   |                 |                   |               |        |
| <b>1. Unrestricted Current Ratio</b>   |                 |                   |               |        |
| Current Assets less all External Restrictions <sup>(1)</sup>                                       | <u>48,860</u>   | <b>2.42 : 1</b>   | 1.49          | 1.05   |
| Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>                             | <u>20,224</u>   |                   |               |        |
| <b>2. Debt Service Ratio</b>   |                 |                   |               |        |
| Debt Service Cost  | <u>25,482</u>   | <b>34.06%</b>     | 38.37%        | 28.36% |
| Income from Continuing Operations<br>(excl. Capital Items & Specific Purpose Grants/Contributions) | <u>74,805</u>   |                   |               |        |
| <b>3. Rates &amp; Annual Charges Coverage Ratio</b>  |                 |                   |               |        |
| Rates & Annual Charges   | <u>43,804</u>   | <b>54.00%</b>     | 55.36%        | 38.46% |
| Income from Continuing Operations  | <u>81,125</u>   |                   |               |        |
| <b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>               |                 |                   |               |        |
| Rates, Annual & Extra Charges Outstanding  | <u>3,146</u>    | <b>7.06%</b>      | 7.66%         | 7.22%  |
| Rates, Annual & Extra Charges Collectible  | <u>44,570</u>   |                   |               |        |
| <b>5. Building &amp; Infrastructure Renewals Ratio</b>   |                 |                   |               |        |
| Asset Renewals <sup>(4)</sup>  | <u>12,085</u>   | <b>42.20%</b>     | 36.00%        | 20.75% |
| Depreciation, Amortisation & Impairment  | <u>28,638</u>   |                   |               |        |

## Notes

(1) Refer Notes 5-7 inclusive.

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

(2) Refer to Note 9(a).

(3) Refer to Note 9(a)(ii) - excludes all payables &amp; provisions not expected to be paid in the next 12 months (incl. ELE).

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

Asset Renewals include building and infrastructure assets only.



## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### 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 and Financial Liabilities recognised in the financial statements is presented below.

|   | Carrying Value |                | Fair Value     |                |
|---|----------------|----------------|----------------|----------------|
|   | 2013           | 2012           | 2013           | 2012           |
| <b>Financial Assets</b>                             |                |                |                |                |
| Cash and Cash Equivalents                           | 26,405         | 27,885         | 26,405         | 27,885         |
| Investments   |                |                |                |                |
| - "Designated At Fair Value on Initial Recognition" | 1,998          | 2,287          | 1,998          | 2,287          |
| - "Held to Maturity"                                | 39,457         | 29,409         | 39,457         | 29,409         |
| Receivables   | 19,486         | 14,696         | 19,486         | 19,511         |
| <b>Total Financial Assets</b>                       | <b>87,346</b>  | <b>74,277</b>  | <b>87,346</b>  | <b>79,092</b>  |
| <b>Financial Liabilities</b>                        |                |                |                |                |
| Payables  | 12,989         | 9,137          | 12,989         | 9,137          |
| Loans / Advances                                    | 206,518        | 195,080        | 213,144        | 198,231        |
| <b>Total Financial Liabilities</b>                  | <b>219,507</b> | <b>204,217</b> | <b>226,133</b> | <b>207,368</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.

## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 14. Financial Risk Management (continued)

\$ '000

##### (a) Fair Value Measurements

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

AASB 7 Financial Instruments: Disclosures, requires the disclosure of how fair valuations have been arrived at for all financial assets and financial liabilities that have been measured at fair value.

Arriving at fair values for financial assets & liabilities can be broken up into 3 distinct measurement hierarchies:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities

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

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

The following table presents the financial assets and financial liabilities that have been measured & recognised at fair values:

| <b>2013</b>   | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|---|----------------|----------------|----------------|--------------|
| <b>Financial Assets</b>                             |                |                |                |              |
| Investments   |                |                |                |              |
| - "Designated At Fair Value on Initial Recognition" | 1,998          | -              | -              | 1,998        |
| <b>Total Financial Assets</b>                       | <b>1,998</b>   | <b>-</b>       | <b>-</b>       | <b>1,998</b> |

| <b>2012</b>   | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|---|----------------|----------------|----------------|--------------|
| <b>Financial Assets</b>                             |                |                |                |              |
| Investments   |                |                |                |              |
| - "Designated At Fair Value on Initial Recognition" | 2,287          | -              | -              | 2,287        |
| <b>Total Financial Assets</b>                       | <b>2,287</b>   | <b>-</b>       | <b>-</b>       | <b>2,287</b> |

## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 14. Financial Risk Management (continued)

\$ '000

#### (b) 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.

Cash management is carried out on behalf of the Water Supply Authority by Council's Finance Section under policies approved by the Council.

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

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

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

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

The following represents a summary of the sensitivity of the 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>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    |
| <b>2012</b>  |                          |        |                          |        |
| Possible impact of a 10% movement in Market Values | 236                      | 236    | (236)                    | (236)  |
| Possible impact of a 1% movement in Interest Rates | 571                      | 571    | (571)                    | (571)  |

## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 14. Financial Risk Management (continued)

\$ '000

##### (c) Receivables

The Water Supply Authority's major receivables comprise **(i)** 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 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 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 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:

|   | 2013     | 2013          | 2012     | 2012          |
|---|----------|---------------|----------|---------------|
|   | Annual   | Other         | Annual   | Other         |
| <b>(i) Ageing of Receivables</b>                                | Charges  | Receivables   | Charges  | Receivables   |
| Current (not yet overdue)                                       |          | 17,778        |          | 11,518        |
| Overdue   | -        | 1,713         | -        | 3,183         |
|   | <u>-</u> | <u>19,491</u> | <u>-</u> | <u>14,701</u> |
| <b>(ii) Movement in Provision for Impairment of Receivables</b> |          |               | 2013     | 2012          |
| Balance at the beginning of the year                            |          |               | 5        | 5             |
| <b>Balance at the end of the year</b>                           |          |               | <u>5</u> | <u>5</u>      |

## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 14. Financial Risk Management (continued)

\$ '000

##### (d) Payables & Borrowings

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

Council manages this risk 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 and Borrowings are set out in the Liquidity Table below:

| \$ '000                            | Subject to no maturity | payable in:   |               |               |               |               |                | Total Cash Outflows | Actual Carrying Values |
|------------------------------------|------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------------|------------------------|
|                                    |                        | ≤ 1 Year      | 1-2 Yrs       | 2-3 Yrs       | 3-4 Yrs       | 4-5 Yrs       | > 5 Yrs        |                     |                        |
| <b>2013</b>                        |                        |               |               |               |               |               |                |                     |                        |
| Trade/Other Payables               | 218                    | 12,771        | -             | -             | -             | -             | -              | 12,989              | 12,989                 |
| Loans & Advances                   | -                      | 25,354        | 24,827        | 24,582        | 24,074        | 24,086        | 198,865        | 321,788             | 206,518                |
| <b>Total Financial Liabilities</b> | <b>218</b>             | <b>38,125</b> | <b>24,827</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>         |
| <b>2012</b>                        |                        |               |               |               |               |               |                |                     |                        |
| Trade/Other Payables               | 215                    | 8,922         | -             | -             | -             | -             | -              | 9,137               | 9,137                  |
| Loans & Advances                   | -                      | 24,070        | 23,406        | 22,313        | 22,363        | 21,759        | 186,009        | 299,920             | 195,080                |
| <b>Total Financial Liabilities</b> | <b>215</b>             | <b>32,992</b> | <b>23,406</b> | <b>22,313</b> | <b>22,363</b> | <b>21,759</b> | <b>186,009</b> | <b>309,057</b>      | <b>204,217</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

|                         | 2013           |                       | 2012           |                       |
|-------------------------|----------------|-----------------------|----------------|-----------------------|
|                         | Carrying Value | Average Interest Rate | Carrying Value | Average Interest Rate |
| Trade/Other Payables    | 12,989         | 0.0%                  | 9,137          | 0.0%                  |
| Commercial Banks        | 186,512        | 7.1%                  | 194,756        | 7.1%                  |
| NSW Government Agencies | 6              | 5.8%                  | 324            | 9.9%                  |
| Wyong Shire Council     | 20,000         | 9.0%                  | -              | 0.0%                  |
|                         | <b>219,507</b> |                       | <b>204,217</b> |                       |

## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 15. Material Budget Variations

\$ '000

The Water Supply Authority's Original Financial Budget for 12/13 was adopted by the Council on 23 May 2012.

While the Income Statement included in this Financial Report must disclose the Original Budget adopted by Council, the Local Government Act requires Council to review its Financial Budget on a Quarterly Basis including 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   | 2013<br>Budget | 2013<br>Actual | 2013<br>----- Variance* ----- |       |          |
|---|----------------|----------------|-------------------------------|-------|----------|
| <b>REVENUES</b>   |                |                |                               |       |          |
| Rates & Annual Charges  | 44,010         | 43,804         | (206)                         | (0%)  | <b>U</b> |
| User Charges & Fees   | 26,541         | 27,561         | 1,020                         | 4%    | <b>F</b> |
| Interest & Investment Revenue   | 3,171          | 3,392          | 221                           | 7%    | <b>F</b> |
| Other Revenues  | 571            | 48             | (523)                         | (92%) | <b>U</b> |
| Variation is primarily due to the reclassification of Water & Sewer connection fees into User Charges & Fees. |                |                |                               |       |          |
| Operating Grants & Contributions  | 1,630          | 1,685          | 55                            | 3%    | <b>F</b> |
| Capital Grants & Contributions  | 3,645          | 4,635          | 990                           | 27%   | <b>F</b> |
| Original budget for developer contributions was conservative, in line with growth and development forecasts.  |                |                |                               |       |          |



## Wyong Shire Council Water Supply Authority

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 15. Material Budget Variations (continued)

| \$ '000                            | 2013<br>Budget | 2013<br>Actual | 2013<br>Variance* ----- |    |          |
|------------------------------------|----------------|----------------|-------------------------|----|----------|
| <b>EXPENSES</b>                    |                |                |                         |    |          |
| Employee Benefits & On-Costs       | 15,084         | 14,039         | 1,045                   | 7% | <b>F</b> |
| Borrowing Costs                    | 13,882         | 13,791         | 91                      | 1% | <b>F</b> |
| Materials & Contracts              | 8,067          | 7,719          | 348                     | 4% | <b>F</b> |
| Depreciation & Amortisation        | 30,905         | 29,117         | 1,788                   | 6% | <b>F</b> |
| Other Expenses                     | 23,328         | 21,670         | 1,658                   | 7% | <b>F</b> |
| Net Losses from Disposal of Assets | -              | 2,003          | (2,003)                 | 0% | <b>U</b> |

# Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### Note 16. Statement of Developer Contributions

\$ '000

The Water Supply Authority recovers contributions, raises levies & 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 & levies and the value of all remaining funds which are "restricted" in their future use.

#### SUMMARY OF CONTRIBUTIONS & 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                          | 13,237          | 557                                    | 227        | 360                     | (795)                   | (2,927)                      | 10,659                   | 14,923        | (35,777)              | (10,195)                | 5,270  |
| <b>S94 Contributions - under a Plan</b> | <b>13,237</b>   | <b>557</b>                             | <b>227</b> | <b>360</b>              | <b>(795)</b>            | <b>(2,927)</b>               | <b>10,659</b>            | <b>14,923</b> | <b>(35,777)</b>       | <b>(10,195)</b>         | <b>5,270</b>                                 |
| <b>Total S94 Revenue Under Plans</b>    | <b>13,237</b>   | <b>557</b>                             | <b>227</b> | <b>360</b>              | <b>(795)</b>            | <b>(2,927)</b>               | <b>10,659</b>            |               |                       |                         | <b>5,270</b>                                 |
| S93F Planning Agreements                | -               | 229                                    | -          | 4                       | (44)                    | -                            | 189                      |               |                       |                         | -  |
| S64 Contributions                       | 26,092          | 1,422                                  | 9          | 835                     | (4,989)                 | -                            | 23,369                   |               |                       |                         | (4)  |
| <b>Total Contributions</b>              | <b>39,329</b>   | <b>2,208</b>                           | <b>236</b> | <b>1,199</b>            | <b>(5,828)</b>          | <b>(2,927)</b>               | <b>34,217</b>            |               |                       |                         | <b>5,266</b>                                 |

# Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### 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   | 1,061           | -                                      | -        | 39                      | -                       | (132)                        | 968                      | -             | (2,301)               | (1,333)                 | 841  |
| <b>s94 Total</b> | 1,061           | -                                      | -        | 39                      | -                       | (132)                        | 968                      | -             | (2,301)               | (1,333)                 | 841  |
| s64 - Water      | 2,130           | 102                                    | -        | 84                      | (284)                   | -                            | 2,032                    |               |                       |                         | -  |
| s64 - Sewer      | 3,498           | 114                                    | -        | 76                      | (162)                   | -                            | 3,526                    |               |                       |                         | -  |
| <b>s64 Total</b> | 5,628           | 216                                    | -        | 160                     | (446)                   | -                            | 5,558                    |               |                       |                         | -  |
| <b>Total</b>     | <b>6,689</b>    | <b>216</b>                             | <b>-</b> | <b>199</b>              | <b>(446)</b>            | <b>(132)</b>                 | <b>6,526</b>             |               |                       |                         | <b>841</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 |  |
| s94 - Drainage   | 887             | -                                      | -        | 20                      | -                       | -                            | 907                      | -             | (907)                 | -                       | -  |
| <b>s94 Total</b> | 887             | -                                      | -        | 20                      | -                       | -                            | 907                      | -             | (907)                 | -                       | -  |
| s64 - Water      | 1,142           | 32                                     | -        | 69                      | -                       | -                            | 1,243                    |               |                       |                         | -  |
| s64 - Sewer      | 2,234           | 28                                     | -        | 48                      | (97)                    | -                            | 2,213                    |               |                       |                         | -  |
| <b>s64 Total</b> | 3,376           | 60                                     | -        | 117                     | (97)                    | -                            | 3,456                    |               |                       |                         | -  |
| <b>Total</b>     | <b>4,263</b>    | <b>60</b>                              | <b>-</b> | <b>137</b>              | <b>(97)</b>             | <b>-</b>                     | <b>4,363</b>             |               |                       |                         | <b>-</b>                                     |

# Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### 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               | -                                      | -        | -                       | -                       | -                            | 3                        | -             | (259)                 | (256)                   | 1  |
| <b>s94 Total</b> | 3               | -                                      | -        | -                       | -                       | -                            | 3                        | -             | (259)                 | (256)                   | 1  |
| s64 - Water      | 651             | 37                                     | -        | 69                      | -                       | -                            | 757                      |               |                       |                         | -  |
| s64 - Sewer      | 927             | 23                                     | -        | 19                      | (70)                    | -                            | 899                      |               |                       |                         | -  |
| <b>s64 Total</b> | 1,578           | 60                                     | -        | 88                      | (70)                    | -                            | 1,656                    |               |                       |                         | -  |
| <b>Total</b>     | <b>1,581</b>    | <b>60</b>                              | <b>-</b> | <b>88</b>               | <b>(70)</b>             | <b>-</b>                     | <b>1,659</b>             |               |                       |                         | <b>1</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 |  |
| s94 - Drainage   | -               | -                                      | -        | -                       | -                       | -                            | -                        | -             | -                     | -                       | 1,630  |
| <b>s94 Total</b> | -               | -                                      | -        | -                       | -                       | -                            | -                        | -             | -                     | -                       | 1,630  |
| s64 - Water      | 477             | 48                                     | -        | 18                      | -                       | -                            | 543                      |               |                       |                         | -  |
| s64 - Sewer      | 577             | 30                                     | -        | 14                      | (91)                    | -                            | 530                      |               |                       |                         | -  |
| <b>s64 Total</b> | 1,054           | 78                                     | -        | 32                      | (91)                    | -                            | 1,073                    |               |                       |                         | -  |
| <b>Total</b>     | <b>1,054</b>    | <b>78</b>                              | <b>-</b> | <b>32</b>               | <b>(91)</b>             | <b>-</b>                     | <b>1,073</b>             |               |                       |                         | <b>1,630</b>                                 |

# Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### 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   | -               | -                                      | -        | -                       | -                       | -                            | -                        | -             | -                     | -                       | 4  |
| <b>s94 Total</b> | -               | -                                      | -        | -                       | -                       | -                            | -                        | -             | -                     | -                       | 4  |
| s64 - Water      | 397             | 15                                     | 6        | 19                      | (6)                     | -                            | 431                      |               |                       |                         | -  |
| s64 - Sewer      | 493             | 14                                     | 3        | 11                      | (23)                    | -                            | 498                      |               |                       |                         | 1  |
| <b>s64 Total</b> | 890             | 29                                     | 9        | 30                      | (29)                    | -                            | 929                      |               |                       |                         | 1  |
| <b>Total</b>     | <b>890</b>      | <b>29</b>                              | <b>9</b> | <b>30</b>               | <b>(29)</b>             | <b>-</b>                     | <b>929</b>               |               |                       |                         | <b>5</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 |  |
| s64 - Water      | (2,390)         | 25                                     | -        | 44                      | -                       | 2,323                        | 2                        |               |                       |                         | (2,323)                                      |
| s64 - Sewer      | 1,133           | 17                                     | -        | 25                      | -                       | -                            | 1,175                    |               |                       |                         | (1)  |
| <b>s64 Total</b> | <b>(1,257)</b>  | <b>42</b>                              | <b>-</b> | <b>69</b>               | <b>-</b>                | <b>2,323</b>                 | <b>1,177</b>             |               |                       |                         | <b>(2,324)</b>                               |
| <b>Total</b>     | <b>(1,257)</b>  | <b>42</b>                              | <b>-</b> | <b>69</b>               | <b>-</b>                | <b>2,323</b>                 | <b>1,177</b>             |               |                       |                         | <b>(2,324)</b>                               |

# Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### 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    | 11,259          | 522                                    | 227        | 300                     | (795)                   | (2,795)                      | 8,718                    | 9,672         | (21,183)              | (2,793)                 | 2,793  |
| <b>s94 Total</b>  | 11,259          | 522                                    | 227        | 300                     | (795)                   | (2,795)                      | 8,718                    | 9,672         | (21,183)              | (2,793)                 | 2,793  |
| s93F - Drainage   | -               | 119                                    | -          | 2                       | (44)                    | -                            | 78                       |               |                       |                         | -  |
| s93F - Water      | -               | 62                                     | -          | 1                       | -                       | -                            | 63                       |               |                       |                         | -  |
| s93F - Sewer      | -               | 48                                     | -          | 1                       | -                       | -                            | 49                       |               |                       |                         | -  |
| <b>s93F Total</b> | -               | 229                                    | -          | 4                       | (44)                    | -                            | 190                      |               |                       |                         | -  |
| s64 - Water       | 5,613           | 386                                    | -          | 99                      | (1,492)                 | (2,323)                      | 2,283                    |               |                       |                         | 2,323  |
| s64 - Sewer       | 3,365           | 267                                    | -          | 80                      | -                       | (766)                        | 2,946                    |               |                       |                         | 766  |
| <b>s64 Total</b>  | 8,978           | 653                                    | -          | 179                     | (1,492)                 | (3,089)                      | 5,229                    |               |                       |                         | 3,089  |
| <b>Total</b>      | <b>20,237</b>   | <b>1,404</b>                           | <b>227</b> | <b>483</b>              | <b>(2,331)</b>          | <b>(5,884)</b>               | <b>14,137</b>            |               |                       |                         | <b>5,882</b>                                 |

##### 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   | 27              | 35                                     | -        | 1                       | -                       | -                            | 63                       | -             | -                     | 63                      | 1  |
| <b>s94 Total</b> | 27              | 35                                     | -        | 1                       | -                       | -                            | 63                       | -             | -                     | 63                      | 1  |
| s64 - Water      | 929             | 20                                     | -        | 48                      | -                       | -                            | 997                      |               |                       |                         | (1)  |
| s64 - Sewer      | 1,758           | 24                                     | -        | 29                      | (1,714)                 | -                            | 97                       |               |                       |                         | 1  |
| <b>s64 Total</b> | 2,687           | 44                                     | -        | 77                      | (1,714)                 | -                            | 1,094                    |               |                       |                         | -  |
| <b>Total</b>     | <b>2,714</b>    | <b>79</b>                              | <b>-</b> | <b>78</b>               | <b>(1,714)</b>          | <b>-</b>                     | <b>1,157</b>             |               |                       |                         | <b>1</b>                                     |



# Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### 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      | 473             | 3                                      | -        | 10                      | -                       | -                            | 486                      |               |                       |                         | (1)  |
| s64 - Sewer      | 281             | 3                                      | -        | 1                       | (1,050)                 | 766                          | 1                        |               |                       |                         | (765)  |
| <b>s64 Total</b> | <b>754</b>      | <b>6</b>                               | <b>-</b> | <b>11</b>               | <b>(1,050)</b>          | <b>766</b>                   | <b>487</b>               |               |                       |                         | <b>(766)</b>                                 |
| <b>Total</b>     | <b>754</b>      | <b>6</b>                               | <b>-</b> | <b>11</b>               | <b>(1,050)</b>          | <b>766</b>                   | <b>487</b>               |               |                       |                         | <b>(766)</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      | 847             | 125                                    | -        | 35                      | -                       | -                            | 1,007                    |               |                       |                         | (2)  |
| s64 - Sewer      | 1,557           | 109                                    | -        | 37                      | -                       | -                            | 1,703                    |               |                       |                         | 2  |
| <b>s64 Total</b> | <b>2,404</b>    | <b>234</b>                             | <b>-</b> | <b>72</b>               | <b>-</b>                | <b>-</b>                     | <b>2,710</b>             |               |                       |                         | <b>-</b>                                     |
| <b>Total</b>     | <b>2,404</b>    | <b>234</b>                             | <b>-</b> | <b>72</b>               | <b>-</b>                | <b>-</b>                     | <b>2,710</b>             |               |                       |                         | <b>-</b>                                     |

##### CONTRIBUTION PLAN NUMBER 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 |  |
| s94 - Drainage   | -               | -                                      | -        | -                       | -                       | -                            | -                        | 5,251         | (11,127)              | (5,876)                 | -  |
| <b>s94 Total</b> | <b>-</b>        | <b>-</b>                               | <b>-</b> | <b>-</b>                | <b>-</b>                | <b>-</b>                     | <b>-</b>                 | <b>5,251</b>  | <b>(11,127)</b>       | <b>(5,876)</b>          | <b>-</b>                                     |
| <b>Total</b>     | <b>-</b>        | <b>-</b>                               | <b>-</b> | <b>-</b>                | <b>-</b>                | <b>-</b>                     | <b>-</b>                 |               |                       |                         | <b>-</b>                                     |

# Wyong Shire Council Water Supply Authority

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### Note 17. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge & disclosure is considered relevant to the users of the Water Supply Authority's Financial Report.

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

###### (i) Defined Benefit Superannuation Contribution Plans

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

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20th February 2013 and covers the period ended 30th of June 2013. However the position is monitored annually and the Actuary has estimated that as at the 30th June 2013 a deficit still exists. Effective from 1st of July 2013, employers are required to contribute additional contributions to assist in extinguishing this deficit. The Authority's share of this deficiency cannot be accurately calculated.

###### (ii) Bank Guarantee

Council provides a bank guarantee on behalf of the Water Supply Authority to secure its self-insurance licence for Workers Compensation. The guarantee is provided to WorkCover NSW.

###### (iii) Developer Contributions

The Water Supply Authority levies Section 64 contributions upon various development across the Local Government Area through the required Contributions Plans.

As part of these Plans, The Authority 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 receipting 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.

###### (iv) Central Coast Water Corporation

The Central Coast Water Corporation (CCWC) was created under legislation by the NSW Government and came into existence in February 2011, replacing the former Gosford/Wyong Councils' Water Authority and planned to be fully operational from 1 July 2017.

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.

## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 17. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

##### LIABILITIES NOT RECOGNISED (continued):

##### (iv) Central Coast Water Corporation (continued)

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 the Authority. At the time of preparing the financial statements the likelihood of this impact being realised cannot be determined.

##### (v) Joint Services Business

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

At the time of preparing the financial statements the project is presently on hold pending further discussions with Gosford. More work is required to determine the details of the JSB services, and any possible impact this may have on Council.

#### Note 18. Controlled Entities, Associated Entities & Interests in Joint Ventures

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 the Authority's (i) interest and (ii) control and the type (form) of entity/operation, as follows;

##### Joint Venture Operations

Note 19(a)

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

##### (a) Joint Venture Operations

##### (a) The Water Supply Authority is involved in the following Joint Venture Operations (JVO)

| Name of Operation            | Principal Activity               | Councils Interests<br>in Outputs of JVO's |
|------------------------------|----------------------------------|---|
| Joint Water Supply Authority | Supply of Water Supply Headworks | 48.87%                                    |

##### (b) Water Supply Authority Assets employed in the Joint Venture Operation

2013

2012

##### The Water Supply Authority's share of assets jointly owned with other partners

|  |                |                |
|--|----------------|----------------|
| Property, Plant & Equipment                                      | 311,246        | 321,228        |
| <b>Total Net Assets Employed - Authority &amp; Jointly Owned</b> | <b>311,246</b> | <b>321,228</b> |

## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 19. Equity - Retained Earnings and Revaluation Reserves

| \$ '000  | Notes | Actual<br>2013        | Actual<br>2012        |
|--|-------|-----------------------|-----------------------|
| <b>(a) Retained Earnings</b>   |       |                       |                       |
| <b>Movements in Retained Earnings were as follows:</b>                     |       |                       |                       |
| Balance at beginning of Year (from previous years audited accounts)        |       | 612,230               | 626,766               |
| a. Net Operating Result for the Year                                       |       | <u>(7,214)</u>        | <u>(14,536)</u>       |
| <b>Balance at End of the Reporting Period</b>                              |       | <b><u>605,016</u></b> | <b><u>612,230</u></b> |
| <b>(b) Reserves</b>  |       |                       |                       |
| <b>(i) Reserves are represented by:</b>                                    |       |                       |                       |
| - Infrastructure, Property, Plant & Equipment Revaluation Reserve          |       | <u>786,806</u>        | <u>712,968</u>        |
| <b>Total</b>   |       | <b><u>786,806</u></b> | <b><u>712,968</u></b> |
| <b>(ii) Reconciliation of movements in Reserves:</b>                       |       |                       |                       |
| <b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b> |       |                       |                       |
| - Opening Balance  |       | 712,968               | 449,141               |
| - Revaluations for the year  | 8(a)  | <u>73,838</u>         | <u>263,827</u>        |
| <b>- Balance at End of Year</b>  |       | <b><u>786,806</u></b> | <b><u>712,968</u></b> |
| <b>TOTAL VALUE OF RESERVES</b>   |       | <b><u>786,806</u></b> | <b><u>712,968</u></b> |

#### (iii) Nature & 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 2013

## Note 20. Financial Result &amp; Financial Position by Fund

\$ '000

| <u>Continuing Operations</u>   | Water          | Sewer          |
|--|----------------|----------------|
| <b>Income from Continuing Operations</b>   |                |                |
| Rates & Annual Charges   | 16,066         | 27,465         |
| User Charges & Fees  | 25,871         | 1,672          |
| Interest & Investment Revenue  | 1,149          | 2,244          |
| Other Revenues   | 209            | 130            |
| Grants & Contributions provided for Operating Purposes   | 1,019          | 666            |
| Grants & Contributions provided for Capital Purposes   | 3,121          | 1,514          |
| <b>Other Income</b>  |                |                |
| Net Gains from Disposal of Assets  | -              | -              |
| Share of interests in Joint Ventures & Associates<br>using the Equity Method                               | -              | -              |
| <b>Total Income from Continuing Operations</b>   | <b>47,435</b>  | <b>33,691</b>  |
| <b>Expenses from Continuing Operations</b>   |                |                |
| Employee Benefits & on-costs   | 6,822          | 7,217          |
| Borrowing Costs  | 11,894         | 1,897          |
| Materials & Contracts  | 3,750          | 3,954          |
| Depreciation & Amortisation  | 16,632         | 12,485         |
| Impairment   | -              | -              |
| Other Expenses   | 12,282         | 9,403          |
| Interest & Investment Losses   | -              | -              |
| Net Losses from the Disposal of Assets   | 1,432          | 571            |
| Share of interests in Joint Ventures & Associates<br>using the Equity Method                               | -              | -              |
| <b>Total Expenses from Continuing Operations</b>   | <b>52,812</b>  | <b>35,527</b>  |
| <b>Operating Result from Continuing Operations</b>   | <b>(5,377)</b> | <b>(1,836)</b> |
| <b>Discontinued Operations</b>   |                |                |
| Net Profit/(Loss) from Discontinued Operations   | -              | -              |
| <b>Net Operating Result for the Year</b>   | <b>(5,377)</b> | <b>(1,836)</b> |
| <b>Net Operating Result attributable to each Council Fund</b>  | <b>(5,377)</b> | <b>(1,836)</b> |
| <b>Net Operating Result attributable to Non-controlling Interests</b>                                      | <b>-</b>       | <b>-</b>       |
| <b>Net Operating Result for the year before Grants<br/>and Contributions provided for Capital Purposes</b> | <b>(8,498)</b> | <b>(3,350)</b> |

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 2013

## Note 20. Financial Result &amp; Financial Position by Fund (continued)

\$ '000

| Statement of Financial Position by Fund<br>\$ '000 | Actual<br>2013 | Actual<br>2013 |
|--|----------------|----------------|
|  | Water          | Sewer          |
| <b>ASSETS</b>                                      |                |                |
| <b>Current Assets</b>                              |                |                |
| Cash & Cash Equivalents                            | 12,360         | 14,394         |
| Investments  | 15,774         | 18,290         |
| Receivables  | 15,230         | 3,792          |
| Inventories  | 490            | -              |
| <b>Total Current Assets</b>                        | <b>43,854</b>  | <b>36,476</b>  |
| <b>Non-Current Assets</b>                          |                |                |
| Investments  | 3,253          | 3,788          |
| Receivables  | 451            | 13             |
| Infrastructure, Property, Plant & Equipment        | 836,099        | 692,223        |
| Intangible Assets                                  | 122            | 73             |
| <b>Total Non-Current Assets</b>                    | <b>839,925</b> | <b>696,097</b> |
| <b>TOTAL ASSETS</b>                                | <b>883,779</b> | <b>732,573</b> |
| <b>LIABILITIES</b>                                 |                |                |
| <b>Current Liabilities</b>                         |                |                |
| Payables   | 5,518          | 2,658          |
| Borrowings   | 9,359          | 954            |
| Provisions   | 2,262          | 2,389          |
| <b>Total Current Liabilities</b>                   | <b>17,139</b>  | <b>6,001</b>   |
| <b>Non-Current Liabilities</b>                     |                |                |
| Payables   | 3,932          | 881            |
| Borrowings   | 172,177        | 24,026         |
| Provisions   | 198            | 175            |
| <b>Total Non-Current Liabilities</b>               | <b>176,307</b> | <b>25,082</b>  |
| <b>TOTAL LIABILITIES</b>                           | <b>193,446</b> | <b>31,083</b>  |
| <b>Net Assets</b>                                  | <b>690,333</b> | <b>701,490</b> |
| <b>EQUITY</b>                                      |                |                |
| Retained Earnings                                  | 354,824        | 250,193        |
| Revaluation Reserves                               | 335,509        | 451,297        |
| Council Equity Interest                            | 690,333        | 701,490        |
| Non-controlling Interests                          | -              | -              |
| <b>Total Equity</b>                                | <b>690,333</b> | <b>701,490</b> |

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 2013

#### Note 21. "Held for Sale" Non Current Assets & Disposal Groups

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The Water Supply Authority did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

#### Note 22. Events occurring after the Reporting Period

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Events that occur between the end of the reporting period (ending 30 June 2013) 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 23/10/13.

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 2013.

##### **(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 2013 and which are only indicative of conditions that arose after 30 June 2013.

Council, on behalf of the Authority, held investments in BlackRock Diversified Credit Fund, transferred to BlackRock Care and Maintenance Fund in Aug 2008. The objective of the Fund was one of returning fair value from securities that had been trading at distressed prices in the Global Financial Crisis (GFC). The Minister for Local Government, under the Local Government (General) Regulation 2005, announced more restrictive investing powers for councils as a result of the Cole Inquiry into Local Government Investments. Under these regulations BlackRock Care and Maintenance Fund was held as a "grandfathered" investment.

The Fund has largely achieved its objective and communication was received from CPG Research & Advisory Pty Ltd in July 2013, requesting investors (who are not only Councils) to decide, through majority consensus, on continuing the orderly liquidation (estimated 3 year time frame) or the winding up of the fund (estimated to be complete by September 2013). It was expected that a winding up would still provide a positive return to investors. Given this is a "grandfathered" investment Council was required to exit the investment when possible and voted accordingly.

Further communication was received from BlackRock notifying Council of the winding up of the Fund on 26 August 2013 with an expected realisation in September 2013. The managed fund investments are reflected in the financial statements as a non-current investment consistent with prior years.



## Wyong Shire Council Water Supply Authority

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 23. Discontinued Operations

\$ '000

The Water Supply Authority has not classified any of its Operations as "Discontinued".

#### Note 24. Intangible Assets

Intangible Assets represent identifiable non-monetary asset without physical substance.

|   | Actual<br>2013<br>Carrying<br>Amount | Actual<br>2012<br>Carrying<br>Amount |
|---|--------------------------------------|--------------------------------------|
| <b>Intangible Assets are as follows;</b>                            |                                      |                                      |
| <b>Opening Values:</b>  |                                      |                                      |
| Gross Book Value (1/7/12)   | 2,469                                | 2,469                                |
| Accumulated Amortisation (1/7/12)                                   | (2,026)                              | (1,780)                              |
| Accumulated Impairment (1/7/12)                                     | -                                    | -                                    |
| <b>Net Book Value - Opening Balance</b>                             | <b>443</b>                           | <b>689</b>                           |
| <b>Movements for the year</b>                                       |                                      |                                      |
| - Amortisation charges  | (248)                                | (246)                                |
| <b>Closing Values:</b>  |                                      |                                      |
| Gross Book Value (30/6/13)  | 2,469                                | 2,469                                |
| Accumulated Amortisation (30/6/13)                                  | (2,274)                              | (2,026)                              |
| Accumulated Impairment (30/6/13)                                    | -                                    | -                                    |
| <b><u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u></b> <sup>1</sup> | <b><u>195</u></b>                    | <b><u>443</u></b>                    |

<sup>1</sup> The Net Book Value of Intangible Assets represent:

|            |                   |                   |
|------------|-------------------|-------------------|
| - Software | 195               | 443               |
|            | <b><u>195</u></b> | <b><u>443</u></b> |

#### Note 25. Reinstatement, Rehabilitation & Restoration Liabilities

The Water Supply Authority has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.