



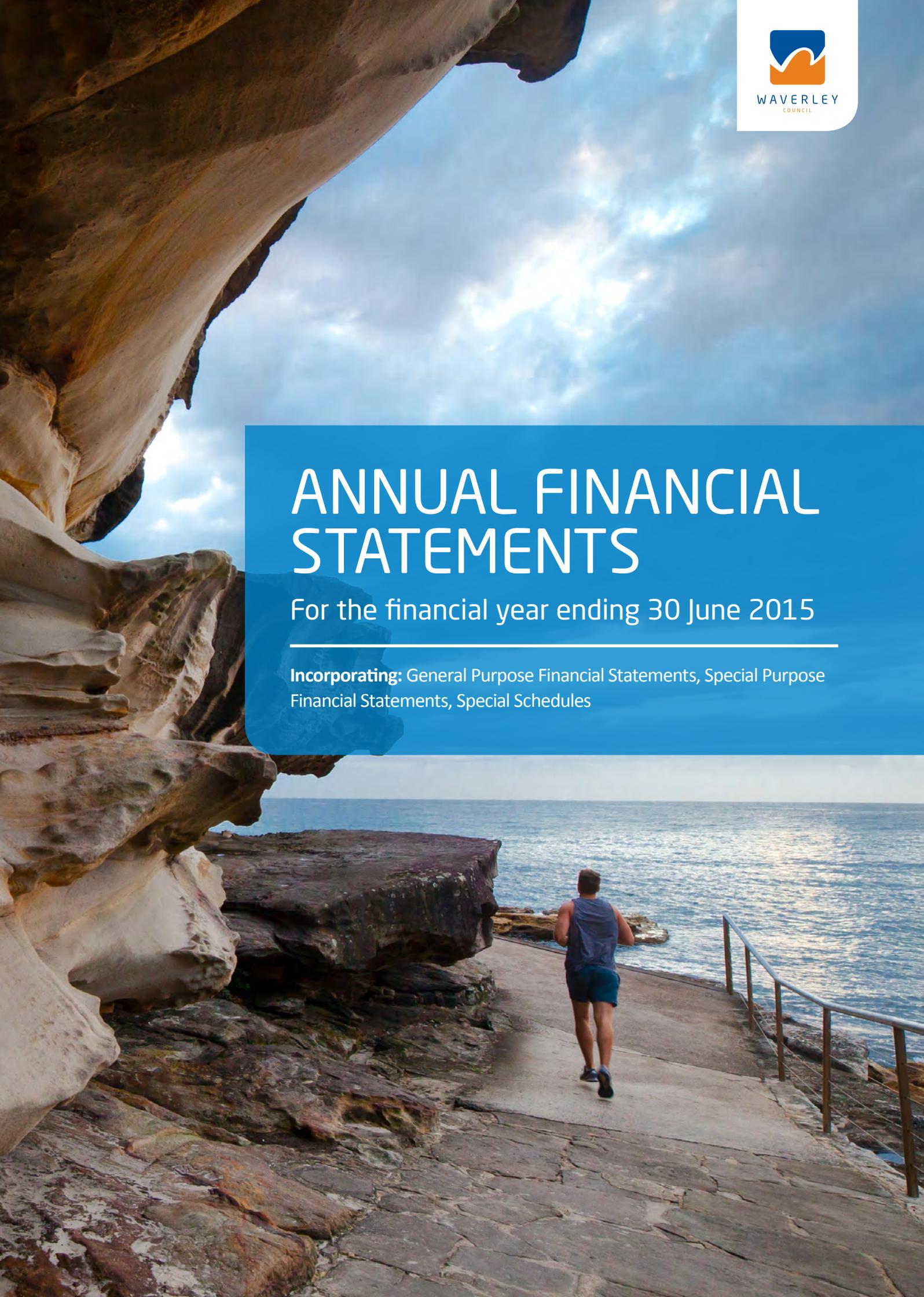
WAVERLEY  
COUNCIL

# ANNUAL FINANCIAL STATEMENTS

For the financial year ending 30 June 2015

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**Incorporating:** General Purpose Financial Statements, Special Purpose Financial Statements, Special Schedules



# Waverley Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

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*"We are united by a common passion for our  
beautiful home between the city and the sea."*



# Waverley Council

## General Purpose Financial Statements

for the financial year ended 30 June 2015

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### Overview

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

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

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

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

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

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

(iv) These financial statements were authorised for issue by the Council on 29 October 2015. Council has the power to amend and reissue these financial statements.

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## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

## Understanding Council's Financial Statements

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### Introduction

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

### What you will find in the Statements

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

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

### About the Councillor/Management Statement

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

### About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

#### 1. The Income Statement

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

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

#### 2. The Statement of Comprehensive Income

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

#### 3. The Statement of Financial Position

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

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

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

#### 5. The Statement of Cash Flows

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

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

### About the Notes to the Financial Statements

The Notes to the financial statements provide greater detail and additional information on the 5 primary financial statements.

### About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

### Who uses the Financial Statements ?

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

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

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

### More information

A review of Council's financial performance and position for the 14/15 financial year can be found at Note 28 of the financial statements.

## Waverley Council

### General Purpose Financial Statements for the financial year ended 30 June 2015

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

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

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

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

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

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

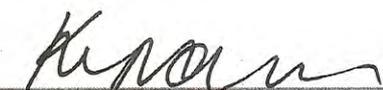
Signed in accordance with a resolution of Council made on 20 October 2015.



Sally Betts  
MAYOR



Dominic Wy Kanak  
COUNCILLOR



Athanasios (Arthur) Kyron  
GENERAL MANAGER



Francesco Rombola  
RESPONSIBLE ACCOUNTING OFFICER

## Waverley Council

## Income Statement

for the financial year ended 30 June 2015

Budget <sup>1</sup> 2015	\$ '000	Notes	Actual 2015	Actual 2014
<b>Income from Continuing Operations</b>				
<i>Revenue:</i>				
54,415	Rates & Annual Charges	3a	54,467	52,867
35,239	User Charges & Fees	3b	32,705	31,977
3,080	Interest & Investment Revenue	3c	2,890	2,637
18,087	Other Revenues	3d	26,059	18,946
6,810	Grants & Contributions provided for Operating Purposes	3e,f	8,225	6,786 <sup>2</sup>
16,467	Grants & Contributions provided for Capital Purposes	3e,f	6,945	9,865
<i>Other Income:</i>				
82,413	Net gains from the disposal of assets	5	48,730	-
-	Net Share of interests in Joint Ventures & Associates using the equity method	19	-	-
<b>216,511</b>	<b>Total Income from Continuing Operations</b>		<b>180,021</b>	<b>123,078</b>
<b>Expenses from Continuing Operations</b>				
57,315	Employee Benefits & On-Costs	4a	56,269	54,229
240	Borrowing Costs	4b	153	189
21,981	Materials & Contracts	4c	24,884	17,974
17,796	Depreciation & Amortisation	4d	17,876	17,898
-	Impairment	4d	-	-
19,838	Other Expenses	4e	20,752	21,175
-	Net Losses from the Disposal of Assets	5	-	1,561
<b>117,170</b>	<b>Total Expenses from Continuing Operations</b>		<b>119,934</b>	<b>113,026</b>
<b>99,341</b>	<b>Operating Result from Continuing Operations</b>		<b>60,087</b>	<b>10,052</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>99,341</b>	<b>Net Operating Result for the Year</b>		<b>60,087</b>	<b>10,052</b>
99,341	Net Operating Result attributable to Council		60,087	10,052
-	Net Operating Result attributable to Non-controlling Interests		-	-
<b>82,874</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>53,142</b>	<b>187</b>

<sup>1</sup> Original Budget as approved by Council - refer Note 16

<sup>2</sup> Financial Assistance Grants for 13/14 were lower reflecting one off timing differences due to changes in how the grant was paid in prior years - refer Note 3 (e)

## Waverley Council

Statement of Comprehensive Income  
for the financial year ended 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
<b>Net Operating Result for the year</b> (as per Income statement)		<b>60,087</b>	<b>10,052</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	61,199	-
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>61,199</b>	<b>-</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
<b>Total Other Comprehensive Income for the year</b>		<b>61,199</b>	<b>-</b>
<b>Total Comprehensive Income for the Year</b>		<b>121,286</b>	<b>10,052</b>
<b>Total Comprehensive Income attributable to Council</b>		121,286	10,052
<b>Total Comprehensive Income attributable to Non-controlling Interests</b>		-	-

## Waverley Council

## Statement of Financial Position

as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	17,660	18,573
Investments	6b	87,511	33,640
Receivables	7	19,157	7,809
Inventories	8	-	221
Other	8	646	672
Non-current assets classified as "held for sale"	22	-	34,685
<b>Total Current Assets</b>		<b>124,974</b>	<b>95,600</b>
<b>Non-Current Assets</b>			
Investments	6b	25,000	4,800
Receivables	7	1,364	1,732
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	760,235	705,588
Investments accounted for using the equity method	19	-	-
Investment Property	14	133,925	124,200
Intangible Assets	25	-	-
<b>Total Non-Current Assets</b>		<b>920,524</b>	<b>836,320</b>
<b>TOTAL ASSETS</b>		<b>1,045,498</b>	<b>931,920</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	16,777	21,076
Borrowings	10	836	1,117
Provisions	10	15,693	17,667
<b>Total Current Liabilities</b>		<b>33,306</b>	<b>39,860</b>
<b>Non-Current Liabilities</b>			
Payables	10	-	-
Borrowings	10	1,081	1,918
Provisions	10	225	542
<b>Total Non-Current Liabilities</b>		<b>1,306</b>	<b>2,460</b>
<b>TOTAL LIABILITIES</b>		<b>34,612</b>	<b>42,320</b>
<b>Net Assets</b>		<b>1,010,886</b>	<b>889,600</b>
<b>EQUITY</b>			
Retained Earnings	20	656,543	596,414
Revaluation Reserves	20	354,343	293,186
Council Equity Interest		1,010,886	889,600
Non-controlling Equity Interests		-	-
<b>Total Equity</b>		<b>1,010,886</b>	<b>889,600</b>

## Waverley Council

Statement of Changes in Equity  
for the financial year ended 30 June 2015

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2015</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		596,004	293,186	<b>889,190</b>	-	<b>889,190</b>
a. Correction of Prior Period Errors	20 (c)	410	-	<b>410</b>	-	<b>410</b>
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/14)</b>		<b>596,414</b>	<b>293,186</b>	<b>889,600</b>	-	<b>889,600</b>
<b>c. Net Operating Result for the Year</b>		<b>60,087</b>	-	<b>60,087</b>	-	<b>60,087</b>
<b>d. Other Comprehensive Income</b>						
- Revaluations : IPP&E Asset Revaluation Rsv	20b (ii)	-	61,199	<b>61,199</b>	-	<b>61,199</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		-	<b>61,199</b>	<b>61,199</b>	-	<b>61,199</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>60,087</b>	<b>61,199</b>	<b>121,286</b>	-	<b>121,286</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		42	(42)	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>656,543</b>	<b>354,343</b>	<b>1,010,886</b>	-	<b>1,010,886</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2014</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		585,069	294,069	<b>879,138</b>	-	<b>879,138</b>
a. Correction of Prior Period Errors	20 (c)	410	-	<b>410</b>	-	<b>410</b>
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/13)</b>		<b>585,479</b>	<b>294,069</b>	<b>879,548</b>	-	<b>879,548</b>
<b>c. Net Operating Result for the Year</b>		10,052	-	<b>10,052</b>	-	<b>10,052</b>
<b>d. Other Comprehensive Income</b>						
- Revaluations : IPP&E Asset Revaluation Rsv	20b (ii)	-	-	-	-	-
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		-	-	-	-	-
<b>Total Comprehensive Income (c&amp;d)</b>		<b>10,052</b>	-	<b>10,052</b>	-	<b>10,052</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		883	(883)	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>596,414</b>	<b>293,186</b>	<b>889,600</b>	-	<b>889,600</b>

## Waverley Council

## Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
54,480	Rates & Annual Charges		54,510	52,900
35,248	User Charges & Fees		35,340	34,409
3,018	Investment & Interest Revenue Received		2,131	2,391
23,041	Grants & Contributions		14,159	11,174
-	Bonds, Deposits & Retention amounts received		119	8,234
18,069	Other		22,543	18,751
<b>Payments:</b>				
(55,632)	Employee Benefits & On-Costs		(58,419)	(55,576)
(24,851)	Materials & Contracts		(23,685)	(19,998)
(209)	Borrowing Costs		(147)	(214)
-	Bonds, Deposits & Retention amounts refunded		(8,235)	(248)
(19,598)	Other		(25,921)	(21,573)
<b>33,566</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>12,395</b>	<b>30,250</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
775	Sale of Investment Securities		55,000	66,150
82,413	Sale of Infrastructure, Property, Plant & Equipment		83,149	167
-	Deferred Debtors Receipts		32	23
<b>Payments:</b>				
(75,533)	Purchase of Investment Securities		(128,817)	(62,034)
-	Purchase of Investment Property		(1)	-
(48,828)	Purchase of Infrastructure, Property, Plant & Equipment		(21,553)	(24,093)
<b>(41,173)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(12,190)</b>	<b>(19,787)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
7,587	Proceeds from Borrowings & Advances		-	-
<b>Payments:</b>				
(1,237)	Repayment of Borrowings & Advances		(1,118)	(1,252)
<b>6,350</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>(1,118)</b>	<b>(1,252)</b>
<b>(1,257)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(913)</b>	<b>9,211</b>
7,574	plus: Cash & Cash Equivalents - beginning of year	11a	18,573	9,362
<b>6,317</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>17,660</b>	<b>18,573</b>
Additional Information:				
	plus: Investments on hand - end of year	6b	112,511	38,440
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		<b>130,171</b>	<b>57,013</b>

Please refer to Note 11 for additional cash flow information.

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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n/a - not applicable

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below in order to assist in its general understanding.

Under Australian Accounting Standards (AASBs), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

##### (a) Basis of preparation

###### (i) Background

These financial statements are general purpose financial statements which have been prepared in accordance with;

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

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

###### (ii) Compliance with International Financial Reporting Standards (IFRSs)

Because AASBs are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's, or
- (b) specifically exclude application by Not for Profit entities.

Accordingly in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

Under the Local Government Act (LGA), Regulations and Local Government Code of Accounting Practice & Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with AASBs.

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

There were no accounting standards that became mandatory this year which materially impacted on Council's financial statements.

###### (iv) Early adoption of Accounting Standards

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

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates

###### (v) Basis of Accounting

These financial statements have been prepared under the **historical cost convention** except for:

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of non current assets (eg. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

The accrual basis of accounting has also been applied in their preparation.

###### (vi) Changes in Accounting Policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20(d)].

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 1. Summary of Significant Accounting Policies

### (vii) Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs).

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

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

#### **Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future.

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

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

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

#### **Critical judgements in applying Council's accounting policies**

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

### (b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to it and specific

criteria have been met for each of the Council's activities as described below.

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

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

Revenue is measured on major income categories as follows:

#### **Rates, Annual Charges, Grants and Contributions**

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

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

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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 from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, **(i)** it is probable that the economic benefits comprising the contribution will flow to the Council and **(ii)** the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

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

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

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

#### User Charges, Fees and Other Income

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

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

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

#### Sale of Infrastructure, Property, Plant and Equipment

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

#### Interest and Rents

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

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

#### Dividend Income

Revenue is recognised when the Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

#### Other Income

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

#### (c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2015) and (ii) all the related operating results (for the financial year ended the 30th June 2015).

Detailed information relating to the entities that Council Controls can be found at Note 19 (a).

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

#### (i) The Consolidated Fund

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

The Consolidated Fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the Consolidated Fund:

- General Purpose Operations

#### (ii) The Trust Fund

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

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

purposes of or in accordance with the trusts relating to those monies.

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

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

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

#### (iii) Joint Arrangements

Council has no interest in any Joint Arrangements.

#### (iv) Associates

Council has no interest in any Associates.

#### (v) County Councils

Council is not a member of any County Councils.

#### (d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either a Finance Lease or an Operating Lease.

##### Finance Leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of each leased asset's useful life and the lease term.

##### Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

##### (e) Cash and Cash Equivalents

For Statement of Cash Flows (and Statement of Financial Position) 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 balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

##### (f) Investments and Other Financial Assets

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

- **financial assets at fair value through profit or loss**,
- **loans and receivables**,

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

- **held-to-maturity investments**, and
- **available-for-sale financial assets**.

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

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

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

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

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

Assets in this category are primarily classified as current assets as they are primarily held for trading &/or are expected to be realised within 12 months of the balance sheet date.

##### **(ii) Loans and receivables**

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

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

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

In contrast to the “Loans & Receivables” classification, these investments are generally quoted in an active market.

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.

Investments must be 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.

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

##### **Financial Assets – Reclassification**

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Council may also 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.

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

#### General Accounting & Measurement of Financial Instruments:

##### (i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

##### (ii) Subsequent Measurement

**Available-for-sale financial assets** and **financial assets at fair value through profit and loss** are subsequently carried at fair value.

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

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as "**fair value through profit or loss**" category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as "**available-for-sale**" are recognised in equity in the available-for-sale investments revaluation reserve.

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

#### Impairment

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

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

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

If there is evidence of impairment for any of Council's financial assets carried at amortised cost (eg. 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.

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

##### (iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

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

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

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments that Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

##### (g) Fair value estimation

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

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

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

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

##### (h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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 in respect of business undertakings are all stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average costs.

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.

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

###### 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) Infrastructure, Property, Plant and Equipment (I,PP&E)

###### Acquisition of assets

Council's non current assets are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the Office of Local Government.

At balance date, the following classes of I,PP&E were stated at their Fair Value;

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks**  
(Internal Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**  
(External Valuation)
- **Plant and Equipment**  
(as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**  
(Internal Valuation)
- **Drainage Assets** (Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Community Land** (Internal Valuation)
- **Land Improvements**  
(as approximated by depreciated historical cost)
- **Other Structures**  
(as approximated by depreciated historical cost)
- **Other Assets**  
(as approximated by depreciated historical cost)

###### Initial Recognition

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

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

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 Council and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

#### Asset Revaluations (including Indexation)

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

- Increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve.
- To the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

Water and sewerage network assets are indexed annually between full revaluations in accordance

with the latest indices provided in the NSW Office of Water - Rates Reference Manual.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

#### Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

<b>Land</b>	
- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised

<b>Plant &amp; Equipment</b>	
Office Furniture	> \$2,000
Office Equipment	> \$2,000
Other Plant & Equipment	> \$2,000

<b>Buildings &amp; Land Improvements</b>	
Park Furniture & Equipment	> \$20,000

<b>Building</b>	
- construction/extensions	100% Capitalised
- renovations	> \$50,000
Other Structures	> \$20,000

<b>Stormwater Assets</b>	
Drains & Culverts	> \$20,000
Other	> \$20,000

<b>Transport Assets</b>	
Road construction & reconstruction	> \$20,000
Reseal/Re-sheet & major repairs:	> \$20,000
Bridge construction & reconstruction	> \$20,000

<b>Other Infrastructure Assets</b>	
Swimming Pools	> \$10,000

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

Other Open Space/Recreational Assets	> \$10,000	- Other Infrastructure	15 to 50 years
Other Infrastructure	> \$10,000		

#### Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Estimated useful lives for Council's I,PP&E include:

##### Plant & Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles & /Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

##### Other Equipment

- Playground equipment	5 to 15 years
- Benches, seats etc	10 to 20 years

##### Buildings

- Buildings : Masonry	50 to 100 years
- Buildings : Other	20 to 40 years

##### Stormwater Drainage

- Drains	80 to 100 years
- Culverts	50 to 80 years

##### Transportation Assets

- Sealed Roads : Surface	20 years
- Sealed Roads : Structure	50 years
- Unsealed roads	20 years
- Bridge : Concrete	100 years
- Bridge : Other	20 to 75 years
- Road Pavements	60 years
- Kerb, Gutter & Paths	40 years

##### Other Infrastructure Assets

- Bulk earthworks	Infinite
- Swimming (Ocean) Pools	100 years
- Other Open Space/ Recreational Assets	15 to 50 years

All asset residual values and useful lives are reviewed and adjusted (if appropriate), at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1(s) on Asset Impairment.

#### Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

#### (k) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community.

This classification of Land is disclosed in Note 9(a).

#### (l) Land under roads

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

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

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

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 1. Summary of Significant Accounting Policies

### (m) Intangible Assets

#### IT Development and Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project.

Amortisation is calculated on a straight line bases over periods generally ranging from 3 to 5 years.

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

### (n) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

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

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

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

### (o) Rural Fire Service assets

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

*of which the fire fighting equipment has been purchased or constructed"*.

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to incorporate the assets, their values and depreciation charges within these financial statements

### (p) Investment property

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council.

Investment property is carried at fair value, representing an open-market value determined annually by external valuers.

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of "Other Income".

Full revaluations are carried out every three years with an appropriate index utilised each year in between the full revaluations.

The last full revaluation for Council's Investment Properties was dated 30/06/2013.

### (q) Provisions for close down, restoration and for environmental clean up costs – including Tips and Quarries

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

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

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance.

Costs are estimated on the basis of a closure plan.

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

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

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

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

This amortisation of the discount is disclosed as a borrowing cost in Note 4(b).

Other movements in the provisions for Close down, Restoration and Remediation costs including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment.

These costs are then depreciated over the lives of the assets to which they relate.

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

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date.

These costs are charged to the income statement.

Movements in the environmental clean up provisions are presented as an operating cost, except for the unwind of the discount which is shown as a borrowing cost.

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

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

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

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

Specific Information relating to Council's provisions relating to Close down, Restoration and Remediation costs can be found at Note 26.

#### **(r) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations**

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either (i) their carrying amount and (ii) fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

For any assets or disposal groups classified as Non-Current Assets “held for sale”, an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets “held for sale” are not depreciated or amortised while they are classified as “held for sale”.

Non-current assets classified as “held for sale” are presented separately from the other assets in the balance sheet.

A Discontinued Operation is a component of Council 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.

#### **(s) Impairment of assets**

All Council's I,PP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed 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 (for example Infrastructure Assets) and would be replaced if the Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

#### **(t) Payables**

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

#### **(u) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

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

#### **(v) Borrowing costs**

Borrowing costs are expensed.

#### **(w) Provisions**

Provisions for legal claims, service warranties and other like liabilities are recognised when:

- Council has a present legal or constructive obligation as a result of past events;

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

- it is more likely than not 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.

#### (x) Employee benefits

##### (i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be wholly settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

All other short-term employee benefit obligations are presented as payables.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

##### (ii) Other Long Term Obligations

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be wholly settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

These liabilities are measured at the present value of the expected future payments to be made 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 then discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

##### (iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death.

Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

##### Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

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

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the “Local Government Superannuation Scheme – Pool B”

This Scheme has been deemed to be a “multi employer fund” for the purposes of AASB 119.

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

The last valuation of the Scheme was performed by Mar Martin Stevenson BSc, FIA, FIAA on 20 February 2013 and covers the period ended 30 June 2018.

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

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2015 was \$1,228,445.74.

The amount of additional contributions included in the total employer contribution advised above is \$620,156.04.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$685,806 as at 30 June 2015.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in these financial statements.

Council has, however, disclosed a contingent liability in Note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

#### Defined Contribution Plans

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

#### (iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/06/15.

#### (y) Self insurance

Council does not self insure.

#### (z) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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 next 12 months, being the Council's operational cycle.

##### Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

##### (aa) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

##### Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Cash Flow Statement are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they

are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

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

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2015.

**Council has not adopted any of these standards early.**

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

Apart from the AASB disclosures below, there are no other standards that are "not yet effective" which are expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

##### Applicable to Local Government:

##### **AASB 9 - Financial Instruments** (and associated amending standards)

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

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

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

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

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

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

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

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

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

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

##### **AASB 124 - Related Party Disclosures**

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

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

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

##### **Not applicable to Local Government per se;**

None

##### **(ac) Rounding of amounts**

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

##### **(ad) 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.

##### **(ae) Disclaimer**

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

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2015	2015	2014	2015	2015	2014	2015	2015	2014	2015	2014	2015	2014
Asset Management Services	98,834	66,256	12,365	23,000	24,766	22,607	75,834	41,490	(10,242)	1,292	759	582,246	653,013
Beach Services, Maintenance & Safety	783	807	694	3,958	4,080	3,594	(3,175)	(3,273)	(2,900)	6	-	-	60
Cemetery Services	1,238	1,675	1,350	1,268	1,422	1,249	(30)	253	101	-	-	32,612	31,218
Child Care Services	6,769	7,355	6,800	6,441	6,770	6,400	328	585	400	3,529	3,117	6,826	6,875
Community Services	1,297	1,119	1,052	2,474	2,321	2,175	(1,177)	(1,202)	(1,123)	671	622	116,121	41,455
Corporate Support Services	47,093	47,552	44,806	9,558	12,296	9,605	37,535	35,256	35,201	1,723	930	104,057	20,026
Cultural Services	445	438	441	3,397	3,698	3,346	(2,952)	(3,260)	(2,905)	-	-	-	-
Customer Services & Communication	15	7	11	1,157	1,333	1,257	(1,142)	(1,326)	(1,246)	-	-	-	8
Development, Building & Health Services	8,283	8,772	6,972	9,941	10,684	9,249	(1,658)	(1,912)	(2,277)	-	10	-	-
Emergency Management Services	39	-	29	192	158	132	(153)	(158)	(103)	-	-	-	-
Environmental Services	716	563	658	2,269	2,590	1,589	(1,553)	(2,027)	(931)	323	354	-	-
Governance, Integrated Planning & Community Engagement	1	28	2	4,748	5,297	4,609	(4,747)	(5,269)	(4,607)	2	93	-	-
Library Services	221	261	336	4,191	4,098	4,089	(3,970)	(3,837)	(3,753)	188	175	42,739	29,984
Parking Services	29,550	25,199	26,749	11,270	8,990	10,589	18,280	16,209	16,160	-	2	26,258	13,317
Parks Services & Maintenance	252	146	341	7,353	6,928	6,534	(7,101)	(6,782)	(6,193)	51	20	87,823	103,773
Place Management	772	570	801	658	448	549	114	122	252	-	-	-	-
Recreation Services	60	320	33	656	486	725	(596)	(166)	(692)	300	-	-	-
Regulatory Services	1,775	111	1,928	1,295	1,408	1,566	480	(1,297)	362	-	-	-	-
Social & Affordable Housing	877	963	900	1,051	1,066	1,087	(174)	(103)	(187)	-	-	36,906	24,679
Traffic & Transport Services	-	213	-	17	15	5	(17)	198	(5)	213	-	-	-
Urban Open Space Maintenance & Accessibility	224	301	278	4,019	3,687	4,129	(3,795)	(3,386)	(3,851)	-	-	-	-
Waste Services	17,267	17,365	16,532	18,257	17,393	17,941	(990)	(28)	(1,409)	111	110	9,522	7,512
<b>Total Functions &amp; Activities</b>	<b>216,511</b>	<b>180,021</b>	<b>123,078</b>	<b>117,170</b>	<b>119,934</b>	<b>113,026</b>	<b>99,341</b>	<b>60,087</b>	<b>10,052</b>	<b>8,409</b>	<b>6,192</b>	<b>1,045,498</b>	<b>931,920</b>

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

##### **Asset Management Services**

This service includes planning for renewal of assets, financial management and project delivery of works on vital infrastructure. The Service contributes to every aspect of Council's operations, to our ability to deliver our services cost effectively and to the community's social, environmental and economic well being.

##### **Beach Services, Maintenance & Safety**

This service includes beach safety, beach maintenance and cleaning and also supports voluntary surf lifesaving clubs.

##### **Cemetery Services**

This service currently includes interment of ashes and remains at two sites, Waverley and South Head. Waverley Cemetery is a fully operational Cemetery with sales in excess of \$1million per annum.

##### **Childcare Services**

Providing quality, affordable long day care and family day care for children aged 0-5 as well as parenting programs and counselling for families.

##### **Community Services**

Council provides a range of community services within Waverley in addition to supporting a broad range of community organisations. Our services and support for other groups and agencies ensure that the community has access to relevant, accessible and affordable facilities, spaces, programs and activities.

##### **Corporate Support Services**

This service includes a range of professional support services for financial planning and management, workforce planning, organisational development and performance management, business systems improvement, risk management and insurance, procurement, telecommunications and IT and special projects to support the Executive in customer service and organisational review.

##### **Cultural Services**

Council provides and supports a range of activities that celebrate and strengthen an appreciation of our cultural heritage and diversity.

##### **Customer Services & Communication**

This area is responsible for ensuring that customer service is provided in a professional, friendly and timely way, and that our community is informed about Council's plans, initiatives, services and activities.

##### **Development, Building & Health Services**

This service involves preparing new Local Environmental Plans, Development Control Plans and Planning Strategies relating to future land use planning and heritage conservation.

It also assesses and determines development applications in accordance with the EP&A Act and provides Council with a digital mapping service.

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

##### **Emergency Management Services**

Waverley and Woollahra have a joint relationship in funding and supporting the local SES unit and it is a requirement under the NSW State Emergency Act.

##### **Environmental Services**

This is a growing service area covering all aspects of the aquatic, biological and air environments. Its sub-services are specifically geared to meet the requirements of our Environmental Action Plan 2 (EAP2) adopted in February 2010. EAP2 is a key element of Waverley's resourcing strategy for Waverley Together 2.

##### **Governance, Integrated Planning & Community Engagement**

This service is designed to ensure we can engage with our community in an open and responsive way, discussing and making decisions with them about their future on the basis of sound and balanced judgement and policies. It also ensures that we can be properly held to account for planning decisions and for the efficiency and effectiveness of the services we deliver.

##### **Library Services**

The Library offers information, recreation and entertainment as well as opportunities for people to train, learn or simply interact with neighbours and friends. The Library is a major education and community capacity building resource.

##### **Parking Services**

This service provides substantial community safety and amenity by ensuring that our very limited supply of public parking opportunities (limited relative to demand) is shared fairly by all. This service is more effectively delivered if its implemented in close conjunction with Environmental Services and Traffic and Transport Services.

##### **Parks Services & Maintenance**

This service maintains and cares for Council's 99 parks. The park and reserves are divided into a number of categories including regional parks, coastal reserves, small parks, pocket parks, linkages and remnant vegetation.

##### **Place Management**

Bondi Beach and Bondi Junction are important places for Waverley residents and for the wider Sydney community. They contain a world famous beach and one of Sydney's most vibrant retail precincts and play a significant role in delivering recreational and commercial experiences to the region. A Place Management approach has been adopted to allow Council to give special focus to these areas, as well as ensuring that our smaller retail villages continue thrive.

An ongoing challenge for the Place Managers is to find the right balance between the needs of visitors, residents and the business sector.

##### **Recreation Services**

This includes all aspects of sport and active leisure, from broad LGA-wide planning, through to the detailed design and construction of specific facilities. A newly emerging area is sports facilities management, programming and maintenance.

## Waverley Council

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

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

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

##### **Regulatory Services**

In the summer season there is an increased demand for this service due to the large influx of visitors. Core areas of focus are:

- Monitoring building sites to ensure adequate pollution control is in place
- Ensuring companion animals are effectively and responsibly managed and cared for in accordance with the Companion Animals Act and Regulation
- Providing education material and information to the public investigating reports of abandoned vehicles and removing them in accordance with Impounding Act
- The quantitative volume of noise, time, place and the frequency of the noise

##### **Social & Affordable Housing**

This service includes creating and managing secure housing for local people on very low incomes in addition to providing medium term accommodation at subsidised rents to those on low-to-middle income levels.

##### **Traffic & Transport Services**

This service helps ensure that traffic flows as smoothly, efficiently and safely in Waverley as is possible, given the very small amount of road space we have to share, relative to the very high demand of the residents and visitors who use it.

The service also functions to help provide as many alternatives as possible to private car use including planning and design of pedestrian and cycling routes, and negotiation with the community and other levels of government for improved traffic and parking distribution systems such as residential preferred parking schemes.

##### **Urban Open Space Maintenance & Accessibility**

This service maintains the roads, footpaths, drains, trees and grass along the 123.46 km of local and regional roads within Waverley Council.

##### **Waste Services**

This service provides waste and recycling collection services to 28,500 residential properties as well as a commercial collection to businesses within Waverley Council.

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		28,962	28,295
Business		11,301	11,022
<b>Total Ordinary Rates</b>		<b>40,263</b>	<b>39,317</b>
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		14,154	13,504
Section 611 Charges		50	46
<b>Total Annual Charges</b>		<b>14,204</b>	<b>13,550</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>54,467</b>	<b>52,867</b>
Council has used 2012 year valuations provided by the NSW Valuer General in calculating its rates.			
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Waste Management Services (non-domestic)		2,679	2,423
<b>Total User Charges</b>		<b>2,679</b>	<b>2,423</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Hoarding/Crane Permits		924	1,295
Planning & Building Regulation		2,066	2,016
Section 149 Certificates (EPA Act)		253	257
Section 603 Certificates		123	135
Town Planning		35	-
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>3,401</b>	<b>3,703</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Admission & Service Fees		130	142
Bus Shelter Fees		1,311	1,271
Car Parking Fees		6,517	7,071
Car Parking Meter Income		10,307	8,939
Cemeteries		1,574	1,280
Child Care		3,823	3,679
Leaseback Fees - Council Vehicles		117	142
Park Rents		618	869
Restoration Charges		245	963
Road Opening Permits		80	46
Temporary Truck Zone Permit		773	590
Other		1,130	859
<b>Total Fees &amp; Charges - Other</b>		<b>26,625</b>	<b>25,851</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>32,705</b>	<b>31,977</b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		110	112
- Interest earned on Investments (interest & coupon payment income)		2,526	2,195
<b>Fair Value Adjustments</b>			
- Fair Valuation movements in Investments (at FV or Held for Trading)		254	330
<b>TOTAL INTEREST &amp; INVESTMENT REVENUE</b>		<u>2,890</u>	<u>2,637</u>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		110	112
General Council Cash & Investments		2,482	2,314
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		138	65
Domestic Waste Management operations		62	146
<b>Restricted Investments/Funds - Internal:</b>			
Internally Restricted Assets		98	-
<b>Total Interest &amp; Investment Revenue Recognised</b>		<u>2,890</u>	<u>2,637</u>
<b>(d) Other Revenues</b>			
Fair Value Adjustments - Investment Properties	14	9,724	1,320
Rental Income - Investment Properties	14	2,308	2,199
Rental Income - Other Council Properties		4,103	3,780
Ex Gratia Rates		22	21
Fines		87	115
Fines - Parking		8,096	10,738
Legal Fees Recovery - Rates & Charges (Extra Charges)		30	42
Legal Fees Recovery - Other		126	25
Insurance Claim Recoveries		-	1
Recycling Income (non domestic)		345	348
Sale of Abandoned Vehicles		-	1
Sales - General		158	15
Other		1,060	341
<b>TOTAL OTHER REVENUE</b>		<u>26,059</u>	<u>18,946</u>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	1,462	721	-	-
Financial Assistance - Local Roads Component	426	206	-	-
Pensioners' Rates Subsidies - General Component	205	208	-	-
<b>Total General Purpose</b>	<b>2,093</b>	<b>1,135</b>	<b>-</b>	<b>-</b>

<sup>1</sup> The Financial Assistance Grant for the comparative 13/14 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 13/14 year by up to 50% as had occurred in previous years.

**Specific Purpose**

## Pensioners' Rates Subsidies:

- Domestic Waste Management	111	110	-	-
Child Care	3,529	3,117	-	-
Community Care	646	622	-	-
Employment & Training Programs	6	2	-	-
Environmental Protection	323	354	-	-
Library	57	47	-	-
Library - per capita	131	128	-	-
Recreation & Culture	25	-	331	20
Street Lighting	174	172	-	-
Transport (Roads to Recovery)	203	212	-	-
Transport (Other Roads & Bridges Funding)	22	-	681	170
Other	77	103	-	-
<b>Total Specific Purpose</b>	<b>5,304</b>	<b>4,867</b>	<b>1,012</b>	<b>190</b>
<b>Total Grants</b>	<b>7,397</b>	<b>6,002</b>	<b>1,012</b>	<b>190</b>

**Grant Revenue is attributable to:**

- Commonwealth Funding	6,405	2,700	302	-
- State Funding	778	2,973	710	190
- Other Funding	214	329	-	-
	<b>7,397</b>	<b>6,002</b>	<b>1,012</b>	<b>190</b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
<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	-	-	621	1,154
S 94A - Fixed Development Consent Levies	-	-	4,375	3,483
<b>Total Developer Contributions</b> 17	<b>-</b>	<b>-</b>	<b>4,996</b>	<b>4,637</b>
<b>Other Contributions:</b>				
Car Parking	-	12	-	-
Community Services	274	288	-	-
Dedications (other than by S94)	-	-	872	4,943
Drainage	-	-	20	-
Other Councils - Joint Works/Services	442	322	-	-
Paving	1	2	-	-
Recreation & Culture	65	76	42	95
Roads & Bridges	-	2	3	-
Other	46	82	-	-
<b>Total Other Contributions</b>	<b>828</b>	<b>784</b>	<b>937</b>	<b>5,038</b>
<b>Total Contributions</b>	<b>828</b>	<b>784</b>	<b>5,933</b>	<b>9,675</b>
<b><u>TOTAL GRANTS &amp; CONTRIBUTIONS</u></b>	<b><u>8,225</u></b>	<b><u>6,786</u></b>	<b><u>6,945</u></b>	<b><u>9,865</u></b>

\$ '000	Actual 2015	Actual 2014
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## (g) Restrictions relating to Grants and Contributions

**Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:**

Unexpended at the Close of the Previous Reporting Period	10,288	7,446
add: Grants & contributions recognised in the current period but not yet spent:	3,303	3,616
less: Grants & contributions recognised in a previous reporting period now spent:	(344)	(774)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>2,959</b>	<b>2,842</b>
<b>Unexpended and held as Restricted Assets</b>	<b><u>13,247</u></b>	<b><u>10,288</u></b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	279	445
- Developer Contributions	12,178	9,427
- Other Contributions	790	416
	<b><u>13,247</u></b>	<b><u>10,288</u></b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		44,547	41,798
Travelling		187	157
Employee Leave Entitlements (ELE)		4,368	4,397
Superannuation		4,874	4,857
Workers' Compensation Insurance		1,832	2,635
Fringe Benefit Tax (FBT)		228	230
Training Costs (other than Salaries & Wages)		230	295
Other		244	160
<b>Total Employee Costs</b>		<b>56,510</b>	<b>54,529</b>
less: Capitalised Costs		(241)	(300)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>56,269</b>	<b>54,229</b>
Number of "Equivalent Full Time" Employees at year end		600	601
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Overdraft		5	-
Interest on Loans		148	186
Interest on Building Deposits		-	3
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>153</b>	<b>189</b>
<b>(ii) Other Borrowing Costs</b>			
Nil			
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>153</b>	<b>189</b>
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		12,497	8,774
Contractor & Consultancy Costs		25,650	25,237
Contractor & Consultancy Costs (Temporary Staff)		2,793	1,772
Auditors Remuneration <sup>(1)</sup>		55	56
Infringement Notice Contract Costs (SEINS)		1,158	1,509
Legal Expenses:			
- Legal Expenses: Planning & Development		485	386
- Legal Expenses: Other		1,660	1,322
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payment <sup>(2)</sup>		1,330	1,031
Other (Fuel & Gas)		656	689
<b>Total Materials &amp; Contracts</b>		<b>46,284</b>	<b>40,776</b>
less: Capitalised Costs		(21,400)	(22,802)
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>24,884</b>	<b>17,974</b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Materials &amp; Contracts (continued)</b>			
<b>1. Auditor Remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
<b>Audit and Other Assurance Services</b>			
- Audit & review of financial statements: Council's Auditor		55	56
<b>Remuneration for audit and other assurance services</b>		<b>55</b>	<b>56</b>
<b>Total Auditor Remuneration</b>		<b>55</b>	<b>56</b>
<b>2. Operating Lease Payments are attributable to:</b>			
Buildings		645	330
Computers		307	279
Motor Vehicles		378	422
		<b>1,330</b>	<b>1,031</b>

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
<b>(d) Depreciation, Amortisation &amp; Impairment</b>					
Plant and Equipment		-	-	1,707	1,713
Office Equipment		-	-	308	315
Buildings - Non Specialised		-	-	3,051	3,092
Buildings - Specialised		-	-	3,701	3,578
Other Structures		-	-	194	186
Infrastructure:					
- Roads		-	-	4,666	4,681
- Footpaths		-	-	1,216	1,191
- Stormwater Drainage		-	-	1,103	1,119
- Other Open Space/Recreational Assets		-	-	1,645	1,647
Other Assets					
- Library Books		-	-	223	229
- Other		-	-	62	147
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>-</b>	<b>-</b>	<b>17,876</b>	<b>17,898</b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Abandonment of Fines by Office of State Debt Recovery		870	1,187
Advertising		569	691
Bad & Doubtful Debts		(305)	2
Bank Charges		698	492
Car Park Levy		139	117
Cleaning		925	680
Computer Software Charges		990	886
Contributions/Levies to Other Levels of Government		1	253
- Department of Planning Levy		353	384
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		101	94
- NSW Fire Brigade Levy		1,565	1,584
Councillor Expenses - Mayoral Fee		39	38
Councillor Expenses - Councillors' Fees		215	210
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		90	106
Donations, Contributions & Assistance to other organisations (Section 356)		732	588
Electricity & Heating		860	1,000
Family Day Care Subsidy		1,094	1,002
Insurance		1,228	1,328
Land Tax - Crown Land		411	430
Office Expenses (including computer expenses)		218	128
Postage		204	193
Printing & Stationery		642	695
Street Lighting		963	1,117
Subscriptions & Publications		268	290
Telephone & Communications		298	217
Waste Disposal Charges		6,295	6,194
Water Rates & Charges		383	332
Other		1,042	1,014
<b>Total Other Expenses</b>		<b>20,887</b>	<b>21,252</b>
less: Capitalised Costs		(135)	(77)
<b>TOTAL OTHER EXPENSES</b>		<b>20,752</b>	<b>21,175</b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		629	57
less: Carrying Amount of P&E Assets Sold / Written Off		(301)	(85)
<b>Net Gain/(Loss) on Disposal</b>		<b>328</b>	<b>(28)</b>
<b>Infrastructure</b>			
Proceeds from Disposal - Infrastructure		11,448	110
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(10,361)	(1,643)
<b>Net Gain/(Loss) on Disposal</b>		<b>1,087</b>	<b>(1,533)</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		55,000	66,150
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(55,000)	(66,150)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b>Non Current Assets Classified as "Held for Sale"</b>			
Proceeds from Disposal - Non Current Assets "Held for Sale"		82,000	-
less: Carrying Amount of 'Held for Sale' Assets Sold / Written Off		(34,685)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>47,315</b>	<b>-</b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>48,730</u></b>	<b><u>(1,561)</u></b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	2015	2015	2014	2014
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		1,711	-	874	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		1,630	-	6,510	-
- Managed Funds		9,319	-	7,189	-
- Short Term Deposits		5,000	-	4,000	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>17,660</b>	<b>-</b>	<b>18,573</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Long Term Deposits		73,800	25,000	23,000	4,800
- NCD's, FRN's (with Maturities > 3 months)		11,732	-	8,715	-
- Growth Securities		1,979	-	1,925	-
<b>Total Investments</b>		<b>87,511</b>	<b>25,000</b>	<b>33,640</b>	<b>4,800</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>105,171</b>	<b>25,000</b>	<b>52,213</b>	<b>4,800</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 &amp; Loss"

	<b>17,660</b>	<b>-</b>	<b>18,573</b>	<b>-</b>
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**Investments**

a. "At Fair Value through the Profit &amp; Loss"

- "Held for Trading"	6(b-i)	13,711	-	10,640	-
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b. "Held to Maturity"

	6(b-ii)	73,800	25,000	23,000	4,800
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**Investments**

	<b>87,511</b>	<b>25,000</b>	<b>33,640</b>	<b>4,800</b>
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Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 6b. Investments (continued)

\$ '000	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
<b>Note 6(b-i)</b>				
<b>Reconciliation of Investments classified as "At Fair Value through the Profit &amp; Loss"</b>				
Balance at the Beginning of the Year	10,640	-	3,476	-
Revaluations (through the Income Statement)	254	-	330	-
Additions	2,817	-	6,834	-
<b>Balance at End of Year</b>	<b>13,711</b>	<b>-</b>	<b>10,640</b>	<b>-</b>
<b>Comprising:</b>				
- NCD's, FRN's (with Maturities > 3 months)	11,732	-	8,715	-
- Growth Securities	1,979	-	1,925	-
<b>Total</b>	<b>13,711</b>	<b>-</b>	<b>10,640</b>	<b>-</b>
<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments classified as "Held to Maturity"</b>				
Balance at the Beginning of the Year	23,000	4,800	31,750	7,000
Additions	101,000	25,000	53,400	1,800
Disposals (sales & redemptions)	(55,000)	-	(66,150)	-
Transfers between Current/Non Current	4,800	(4,800)	4,000	(4,000)
<b>Balance at End of Year</b>	<b>73,800</b>	<b>25,000</b>	<b>23,000</b>	<b>4,800</b>
<b>Comprising:</b>				
- Long Term Deposits	73,800	25,000	23,000	4,800
<b>Total</b>	<b>73,800</b>	<b>25,000</b>	<b>23,000</b>	<b>4,800</b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015	2015	2014	2014
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investments</b>	<b>105,171</b>	<b>25,000</b>	<b>52,213</b>	<b>4,800</b>
<b>attributable to:</b>				
External Restrictions (refer below)	13,523	3,256	8,600	4,800
Internal Restrictions (refer below)	90,632	21,744	41,536	-
Unrestricted	1,016	-	2,077	-
	<b>105,171</b>	<b>25,000</b>	<b>52,213</b>	<b>4,800</b>

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
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## Details of Restrictions

## External Restrictions - Included in Liabilities

Nil

## External Restrictions - Other

Developer Contributions - General (D)	9,427	5,134	(2,383)	12,178
Specific Purpose Unexpended Grants (F)	445	-	(166)	279
Domestic Waste Management (G)	3,112	3,099	(2,679)	3,532
Other	416	374	-	790
<b>External Restrictions - Other</b>	<b>13,400</b>	<b>8,607</b>	<b>(5,228)</b>	<b>16,779</b>
<b>Total External Restrictions</b>	<b>13,400</b>	<b>8,607</b>	<b>(5,228)</b>	<b>16,779</b>

**D** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

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

**G** Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	1,970	1,285	(963)	2,292
Infrastructure Replacement	3,110	5,276	(1,258)	7,128
Employees Leave Entitlement	4,796	1,671	(2,924)	3,543
Carry Over Works	4,445	3,864	(2,297)	6,012
Deposits, Retentions & Bonds	15,634	-	(7,942)	7,692
IT Equipment & Upgrade	1,191	135	(831)	495
Insurance Claims	200	-	-	200
Parking Meters	1,072	800	(404)	1,468
Parking - Off-Street	607	125	(28)	704
Street Tree (Sewer) Aerial Building	252	-	-	252
Affordable Housing	1,271	225	-	1,496
Social Housing	330	91	-	421
Future Capital Works	3,919	4,886	(2,118)	6,687
Unexpended Loans	281	-	(93)	188
Cemetery Funds	1,823	314	(158)	1,979
Investment Strategy	-	86,659	(16,070)	70,589
Looking Good	251	-	-	251
Election	134	75	-	209
Other	250	520	-	770
<b>Total Internal Restrictions</b>	<b>41,536</b>	<b>105,926</b>	<b>(35,086)</b>	<b>112,376</b>
<b>TOTAL RESTRICTIONS</b>	<b>54,936</b>	<b>114,533</b>	<b>(40,314)</b>	<b>129,155</b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		806	232	852	229
Interest & Extra Charges		137	68	127	67
User Charges & Fees		1,043	-	974	-
Capital Debtors (being sale of assets)					
- Sale of Land		500	-	500	-
- Other Asset Sales		10,928	-	-	-
Accrued Revenues					
- Interest on Investments		818	-	324	-
- Other Income Accruals		673	-	211	-
Government Grants & Subsidies		692	-	231	-
Deferred Debtors		-	-	32	-
Net GST Receivable		693	-	1,286	-
Parking Fines		2,998	2,860	3,339	3,620
<b>Total</b>		<b>19,288</b>	<b>3,160</b>	<b>7,876</b>	<b>3,916</b>
<b>less: Provision for Impairment</b>					
User Charges & Fees		(131)	-	(67)	-
Parking Fines		-	(1,796)	-	(2,184)
<b>Total Provision for Impairment - Receivables</b>		<b>(131)</b>	<b>(1,796)</b>	<b>(67)</b>	<b>(2,184)</b>
<b>TOTAL NET RECEIVABLES</b>		<b>19,157</b>	<b>1,364</b>	<b>7,809</b>	<b>1,732</b>
<b>Externally Restricted Receivables</b>					
Domestic Waste Management		507	154	595	113
<b>Total External Restrictions</b>		<b>507</b>	<b>154</b>	<b>595</b>	<b>113</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>18,650</b>	<b>1,210</b>	<b>7,214</b>	<b>1,619</b>
<b>TOTAL NET RECEIVABLES</b>		<b>19,157</b>	<b>1,364</b>	<b>7,809</b>	<b>1,732</b>

**Notes on Debtors above:**

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 8.50% (2014 9.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Waverley Council

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

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Stores & Materials		-	-	221	-
<b>Total Inventories</b>		<b>-</b>	<b>-</b>	<b>221</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		646	-	672	-
<b>Total Other Assets</b>		<b>646</b>	<b>-</b>	<b>672</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>646</b>	<b>-</b>	<b>893</b>	<b>-</b>

**Externally Restricted Assets**

There are no restrictions applicable to the above assets.

**Other Disclosures****(a) Inventory Write Downs**

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

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

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 9a. Infrastructure, Property, Plant &amp; Equipment

\$ '000	as at 30/6/2014					Asset Movements during the Reporting Period						as at 30/6/2015					
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Adjustments & Transfers	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value	
			Dep'n	Impairment										Dep'n	Impairment		
Capital Work in Progress	12,499	-	-	-	12,499	3,071	-	-	(11,576)	-	-	3,994	-	-	-	-	3,994
Plant & Equipment	-	17,302	9,530	-	7,772	2,475	(299)	(1,707)	18	-	-	-	17,905	9,646	-	-	8,259
Office Equipment	-	9,025	7,904	-	1,121	411	(5)	(308)	489	(14)	-	-	9,929	8,235	-	-	1,694
<b>Land:</b>																	
- Operational Land	-	69,564	-	-	69,564	-	(3,895)	-	-	-	-	-	65,669	-	-	-	65,669
- Community Land	-	145,835	-	-	145,835	-	-	-	-	-	-	-	145,835	-	-	-	145,835
Buildings - Non Specialised	-	105,733	37,001	-	68,732	7,246	(6,343)	(3,051)	9,273	-	-	-	117,730	41,873	-	-	75,857
Buildings - Specialised	-	109,193	49,287	-	59,906	2,550	-	(3,701)	926	-	-	-	112,669	52,988	-	-	59,681
Other Structures	-	18,305	12,846	-	5,459	247	-	(194)	201	4	-	-	12,017	6,300	-	-	5,717
<b>Infrastructure:</b>																	
- Roads	-	342,770	164,887	-	177,883	2,910	(42)	(4,666)	144	1,213	36,104	-	338,209	124,663	-	-	213,546
- Footpaths	-	44,151	15,467	-	28,684	2,386	(8)	(1,216)	418	39	3,516	-	44,562	10,743	-	-	33,819
- Stormwater Drainage	-	111,903	39,406	-	72,497	124	(45)	(1,103)	-	-	21,579	-	136,041	42,989	-	-	93,052
- Other Open Space/Recreational Assets	-	52,020	1,750	-	50,270	354	(24)	(1,645)	107	-	-	-	85,744	36,682	-	-	49,062
<b>Other Assets:</b>																	
- Library Books	-	2,887	1,735	-	1,152	210	-	(223)	-	-	-	-	2,820	1,680	-	-	1,140
- Other	-	6,022	1,808	-	4,214	-	-	(62)	-	(1,242)	-	-	4,013	1,103	-	-	2,910
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>12,499</b>	<b>1,034,710</b>	<b>341,621</b>	<b>-</b>	<b>705,588</b>	<b>21,984</b>	<b>(10,661)</b>	<b>(17,876)</b>	<b>-</b>	<b>-</b>	<b>61,199</b>	<b>3,994</b>	<b>1,093,143</b>	<b>336,902</b>	<b>-</b>	<b>-</b>	<b>760,235</b>

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$10,094) and New Assets (\$8,733).

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

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

## Waverley Council

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

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

\$ '000 Class of Asset	Actual 2015				Actual 2014			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Domestic Waste Management</b>								
Plant & Equipment	-	9,430	5,390	<b>4,040</b>	-	8,772	5,383	<b>3,389</b>
<b>Total DWM</b>	-	<b>9,430</b>	<b>5,390</b>	<b>4,040</b>	-	<b>8,772</b>	<b>5,383</b>	<b>3,389</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	-	<b>9,430</b>	<b>5,390</b>	<b>4,040</b>	-	<b>8,772</b>	<b>5,383</b>	<b>3,389</b>

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

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

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		5,913	-	2,816	-
Goods & Services - capital expenditure		302	-	741	-
Payments Received In Advance		725	-	313	-
Accrued Expenses:					
- Borrowings		6	-	-	-
- Salaries & Wages		392	-	215	-
- Other Expenditure Accruals		1,680	-	1,320	-
Security Bonds, Deposits & Retentions		879	-	8,995	-
ATO - Net GST Payable		30	-	-	-
Builders Deposits		6,813	-	6,639	-
Other		37	-	37	-
<b>Total Payables</b>		<b>16,777</b>	<b>-</b>	<b>21,076</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		836	1,081	1,117	1,918
<b>Total Borrowings</b>		<b>836</b>	<b>1,081</b>	<b>1,117</b>	<b>1,918</b>
<b>Provisions</b>					
<b>Employee Benefits:</b>					
Annual Leave		4,719	-	4,921	-
Sick Leave		2,147	-	2,704	-
Long Service Leave		8,159	225	8,413	542
Gratuities		449	-	1,341	-
Time Off in Lieu		219	-	288	-
<b>Total Provisions</b>		<b>15,693</b>	<b>225</b>	<b>17,667</b>	<b>542</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>33,306</b>	<b>1,306</b>	<b>39,860</b>	<b>2,460</b>
<b>(i) Liabilities relating to Restricted Assets</b>					
		2015		2014	
		Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>					
Domestic Waste Management		948	1,276	895	755
Liabilities relating to externally restricted assets		948	1,276	895	755
<b>Internally Restricted Assets</b>					
Nil					
<b>Total Liabilities relating to restricted assets</b>		948	1,276	895	755
<b>Total Liabilities relating to Unrestricted Assets</b>		32,358	30	38,965	1,705
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>		<b>33,306</b>	<b>1,306</b>	<b>39,860</b>	<b>2,460</b>

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

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

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Actual 2015	Actual 2014
<b>(ii) Current Liabilities not anticipated to be settled within the next 12 months</b>		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	13,540	10,766
Payables - Security Bonds, Deposits & Retentions	7,541	7,431
	<b>21,081</b>	<b>18,197</b>

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

Class of Provision	2014		2015			
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/15
Annual Leave	4,921	2,993	(3,195)	-	-	4,719
Sick Leave	2,704	-	(557)	-	-	2,147
Long Service Leave	8,955	1,289	(1,860)	-	-	8,384
Other Leave (enter deta	288	104	(173)	-	-	219
Gratuities	1,341	-	(892)	-	-	449
<b>TOTAL</b>	<b>18,209</b>	<b>4,386</b>	<b>(6,677)</b>	<b>-</b>	<b>-</b>	<b>15,918</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.

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	17,660	18,573
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>17,660</b>	<b>18,573</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>60,087</b>	<b>10,052</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		17,876	17,898
Net Losses/(Gains) on Disposal of Assets		(48,730)	1,561
Non Cash Capital Grants and Contributions		(872)	(5,789)
<b>Losses/(Gains) recognised on Fair Value Re-measurements through the P&amp;L:</b>			
- Investments classified as "At Fair Value" or "Held for Trading"		(254)	(330)
- Investment Properties		(9,724)	(1,320)
- Other (non cash donation)		-	20
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		240	1,232
Increase/(Decrease) in Provision for Doubtful Debts		(324)	(21)
Decrease/(Increase) in Inventories		221	34
Decrease/(Increase) in Other Assets		26	(105)
Increase/(Decrease) in Payables		3,097	(281)
Increase/(Decrease) in accrued Interest Payable		6	(25)
Increase/(Decrease) in other accrued Expenses Payable		537	606
Increase/(Decrease) in Other Liabilities		(7,500)	7,955
Increase/(Decrease) in Employee Leave Entitlements		(2,291)	(1,237)
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>12,395</b>	<b>30,250</b>

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
S94 Contributions "in kind"		-	846
Other Dedications		872	4,943
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>872</b>	<b>5,789</b>

**(d) Financing Arrangements****(i) Unrestricted access was available at balance date to the following lines of credit:**

Bank Overdraft Facilities <sup>(1)</sup>		250	250
Credit Cards / Purchase Cards		25	25
<b>Total Financing Arrangements</b>		<b>275</b>	<b>275</b>

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

**(ii) Secured Loan Liabilities**

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

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Buildings		2,538	8,337
Plant & Equipment		362	1,714
Infrastructure		4,187	1,062
<b>Total Commitments</b>		<b>7,087</b>	<b>11,113</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		7,087	11,113
<b>Total Payable</b>		<b>7,087</b>	<b>11,113</b>
<b>Sources for Funding of Capital Commitments:</b>			
Future Grants & Contributions		-	91
Sect 64 & 94 Funds/Reserves		3,538	350
Unexpended Grants		22	109
Externally Restricted Reserves		-	1,396
Internally Restricted Reserves		3,261	8,977
Unexpended Loans		266	190
<b>Total Sources of Funding</b>		<b>7,087</b>	<b>11,113</b>

#### (b) Finance Lease Commitments

Nil

#### (c) Operating Lease Commitments (Non Cancellable)

##### a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:

Within the next year	233	269
Later than one year and not later than 5 years	181	249
Later than 5 years	-	-
<b>Total Non Cancellable Operating Lease Commitments</b>	<b>414</b>	<b>518</b>

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

Motor Vehicles - \$682k, and IT equipment - \$134k.

Contingent Rentals may be payable depending on the condition of items or usage during the term of the leases, average 4 years

##### 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.

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014    2013	
<b>Local Government Industry Indicators - Consolidated</b>				
<b>1. Operating Performance Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<u>(5,566)</u>	<b>-4.87%</b>	0.09%	-1.92%
Total continuing operating revenue <sup>(1)</sup> (excl. Capital Grants & Contributions)	<b>114,368</b>			
<b>2. Own Source Operating Revenue Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(excl. ALL Grants &amp; Contributions)</u>	<u>106,143</u>	<b>87.50%</b>	86.29%	87.35%
Total continuing operating revenue <sup>(1)</sup>	<b>121,313</b>			
<b>3. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(2)</sup>	<u>110,944</u>	<b>9.84x</b>	4.16	5.18
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	<u>11,277</u>			
<b>4. Debt Service Cover Ratio</b>				
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation	<u>12,463</u>	<b>9.81x</b>	12.62	8.74
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	<u>1,271</u>			
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual and Extra Charges Outstanding	<u>1,243</u>	<b>2.22%</b>	2.35%	2.71%
Rates, Annual and Extra Charges Collectible	<u>55,882</u>			
<b>6. Cash Expense Cover Ratio</b>				
Current Year's Cash and Cash Equivalents + All Term Deposits	<u>116,460</u>	<b>11.89</b>	5.63	5.95
Payments from cash flow of operating and financing activities	<u>9,794</u>	<b>mths</b>		

## Notes

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

(2) Refer Notes 6-8 inclusive.

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

(3) Refer to Note 10(a).

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

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 14. Investment Properties

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Investment Properties at Fair value</b>			
<b><u>Investment Properties on Hand</u></b>		<b><u>133,925</u></b>	<b><u>124,200</u></b>
<b>Reconciliation of Annual Movement:</b>			
Opening Balance		124,200	122,880
- Acquisitions		1	-
- Net Gain/(Loss) from Fair Value Adjustments		9,724	1,320
<b>CLOSING BALANCE - INVESTMENT PROPERTIES</b>		<b><u>133,925</u></b>	<b><u>124,200</u></b>

**(b) Valuation Basis**

The basis of valuation of Investment Properties is Fair Value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The 2015 revaluations were based on Independent Scott Fullarton Valuations Pty Ltd (ACN 003 683 878), Registered Valuer No. VAL2144.

**(c) Contractual Obligations at Reporting Date**

Refer to Note 12 for disclosures relating to any Capital and Service obligations that have been contracted.

**(d) Leasing Arrangements**

Details of leased Investment Properties are as follows;

Future Minimum Lease Payments receivable under non-cancellable Investment Property Operating Leases not recognised in the Financial Statements are receivable as follows:

Within 1 year	2,275	1,543
Later than 1 year but less than 5 years	4,880	1,009
<b>Total Minimum Lease Payments Receivable</b>	<b><u>7,155</u></b>	<b><u>2,552</u></b>

**(e) Investment Property Income & Expenditure - summary****Rental Income from Investment Properties:**

- Minimum Lease Payments	2,308	2,199
- Other Income	5,101	3,289

**Direct Operating Expenses on Investment Properties:**

- that generated rental income	(1,797)	(1,972)
- that did not generate rental income	(548)	(243)

<b>Net Revenue Contribution from Investment Properties</b>	<b><u>5,064</u></b>	<b><u>3,273</u></b>
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plus:

<b>Fair Value Movement for year</b>	<b><u>9,724</u></b>	<b><u>1,320</u></b>
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<b>Total Income attributable to Investment Properties</b>	<b><u>14,788</u></b>	<b><u>4,593</u></b>
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Refer to Note 27- Fair Value Measurement for information regarding the fair value of investment properties held.

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 15. Financial Risk Management

\$ '000

#### Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2015	2014	2015	2014
<b>Financial Assets</b>				
Cash and Cash Equivalents	17,660	18,573	17,660	18,573
Investments				
- "Held for Trading"	13,711	10,640	13,711	10,640
- "Held to Maturity"	98,800	27,800	98,800	27,800
Receivables	20,521	9,541	20,521	9,541
<b>Total Financial Assets</b>	<b>150,692</b>	<b>66,554</b>	<b>150,692</b>	<b>66,554</b>
<b>Financial Liabilities</b>				
Payables	16,052	20,763	16,052	20,763
Loans / Advances	1,917	3,035	1,917	3,035
<b>Total Financial Liabilities</b>	<b>17,969</b>	<b>23,798</b>	<b>17,969</b>	<b>23,798</b>

Fair Value is determined as follows:

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

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

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

The risks associated with the investments held are:

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2015</b>				
Possible impact of a 10% movement in Market Values	1,371	1,371	(1,371)	(1,371)
Possible impact of a 1% movement in Interest Rates	1,258	1,258	(1,258)	(1,258)
<b>2014</b>				
Possible impact of a 10% movement in Market Values	1,064	1,064	(1,064)	(1,064)
Possible impact of a 1% movement in Interest Rates	464	464	(464)	(464)

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 15. Financial Risk Management (continued)

\$ '000

## (b) Receivables

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

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

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

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

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

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

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

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

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

	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
<b>(i) Ageing of Receivables - %</b>				
Current (not yet overdue)	78%	98%	88%	56%
Overdue	22%	2%	12%	44%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

		2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
<b>(ii) Ageing of Receivables - value</b>					
<b>Rates &amp; Annual Charges</b>	<b>Other Receivables</b>				
Current	Current	-	16,730	-	5,476
< 1 year overdue	0 - 30 days overdue	1,038	997	1,081	197
1 - 2 years overdue	30 - 60 days overdue	-	127	-	304
2 - 5 years overdue	60 - 90 days overdue	-	148	-	300
> 5 years overdue	> 90 days overdue	-	3,408	-	4,434
		<b>1,038</b>	<b>21,410</b>	<b>1,081</b>	<b>10,711</b>

**(iii) Movement in Provision for Impairment of Receivables**

	2015	2014
Balance at the beginning of the year	2,251	2,272
+ new provisions recognised during the year	82	2
- amounts already provided for & written off this year	(18)	(23)
- amounts provided for but recovered during the year	(388)	
<b>Balance at the end of the year</b>	<b>1,927</b>	<b>2,251</b>

## Waverley Council

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

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (c) 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 by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2015</b>									
Trade/Other Payables	7,692	8,360	-	-	-	-	-	16,052	<b>16,052</b>
Loans & Advances	-	836	667	414	-	-	-	1,917	<b>1,917</b>
<b>Total Financial Liabilities</b>	<b>7,692</b>	<b>9,196</b>	<b>667</b>	<b>414</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,969</b>	<b>17,969</b>
<b>2014</b>									
Trade/Other Payables	15,634	5,129	-	-	-	-	-	20,763	<b>20,763</b>
Loans & Advances	-	1,117	837	667	414	-	-	3,035	<b>3,035</b>
<b>Total Financial Liabilities</b>	<b>15,634</b>	<b>6,246</b>	<b>837</b>	<b>667</b>	<b>414</b>	<b>-</b>	<b>-</b>	<b>23,798</b>	<b>23,798</b>

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

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

	2015		2014	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	16,052	0.0%	20,763	0.0%
Loans & Advances - Fixed Interest Rate	1,917	6.0%	3,035	6.0%
	<u>17,969</u>		<u>23,798</u>	

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 17 June 2014.

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

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

**Note that for Variations\* of Budget to Actual :**

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

**F** = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	<b>54,415</b>	<b>54,467</b>	<b>52</b>	0%	<b>F</b>
<b>User Charges &amp; Fees</b>	<b>35,239</b>	<b>32,705</b>	<b>(2,534)</b>	(7%)	<b>U</b>
<b>Interest &amp; Investment Revenue</b>	<b>3,080</b>	<b>2,890</b>	<b>(190)</b>	(6%)	<b>U</b>
<b>Other Revenues</b>	<b>18,087</b>	<b>26,059</b>	<b>7,972</b>	44%	<b>F</b>
The higher than anticipated income in the Other Revenues category is due to the investment property fair valuation has increased by \$9.7 million which is not being budgeted.					
<b>Operating Grants &amp; Contributions</b>	<b>6,810</b>	<b>8,225</b>	<b>1,415</b>	21%	<b>F</b>
The favourable 21 per cent when compared to the original budget because of the childcare benefit is higher than originally forecasted, and also contribution from Woollahra Council towarded to the AIF operation is not anticipated when we prepared the 2014/15 budget.					
<b>Capital Grants &amp; Contributions</b>	<b>16,467</b>	<b>6,945</b>	<b>(9,522)</b>	(58%)	<b>U</b>
The unfavourable 56 per cent when compared to the original budget because of the classification in recognising of Woollahra Council's contribution toward to the new Council Depot is being recognised as a capital contribution in the original budget but this transaction is being recognised in the Net Gains from Disposal of Assets category at the end of year because of it is related to a sale of ownership.					
<b>Net Gains from Disposal of Assets</b>	<b>82,413</b>	<b>48,730</b>	<b>(33,683)</b>	(41%)	<b>U</b>
The unfavourable 41 per cent when compared to the original budget because we are recognised only the proceeds from asset disposal in the budget.					

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----		
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	<b>57,315</b>	<b>56,269</b>	<b>1,046</b>	2%	<b>F</b>
<b>Borrowing Costs</b>	<b>240</b>	<b>153</b>	<b>87</b>	36%	<b>F</b>
The favourable 36 per cent is due to new borrowings in the original budget are not required in 2014/15 due to projects have deferred to 2015/16 financial year, hence cost saving resulted in the Borrowing Costs at the year-end.					
<b>Materials &amp; Contracts</b>	<b>21,981</b>	<b>24,884</b>	<b>(2,903)</b>	(13%)	<b>U</b>
The unfavourable 13 per cent is mainly due to the higher than anticipated legal costs and the reliance on agency contractors to fill vacant positions during the year.					
<b>Depreciation &amp; Amortisation</b>	<b>17,796</b>	<b>17,876</b>	<b>(80)</b>	(0%)	<b>U</b>
<b>Other Expenses</b>	<b>19,838</b>	<b>20,752</b>	<b>(914)</b>	(5%)	<b>U</b>

**Budget Variations relating to Council's Cash Flow Statement include:**

<b>Cash Flows from Operating Activities</b>	<b>33,566</b>	<b>12,395</b>	<b>(21,171)</b>	(63.1%)	<b>U</b>
The higher than anticipated net cash inflow is mainly due to a low spending on the capital works program.					
<b>Cash Flows from Investing Activities</b>	<b>(41,173)</b>	<b>(12,190)</b>	<b>28,983</b>	(70.4%)	<b>F</b>
The cash investment movements during the year is higher than originally anticipated.					
<b>Cash Flows from Financing Activities</b>	<b>6,350</b>	<b>(1,118)</b>	<b>(7,468)</b>	(117.6%)	<b>U</b>
The new borrowings forecasted in the original budget have not happened in the 2014/15 financial year.					

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 17. Statement of Developer Contributions

\$ '000

Council recovers contributions, raises levies & 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 &amp; LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
S94A Levies - under a Plan	3,224	4,375	-	138	(2,173)	-	5,564	81,634	84,986		-
<b>Total S94 Revenue Under Plans</b>	<b>3,224</b>	<b>4,375</b>	<b>-</b>	<b>138</b>	<b>(2,173)</b>	<b>-</b>	<b>5,564</b>	81,634	84,986		-
S93F Planning Agreements	6,203	621	-	-	(210)	-	6,614	14,500	26,947		
<b>Total Contributions</b>	<b>9,427</b>	<b>4,996</b>	<b>-</b>	<b>138</b>	<b>(2,383)</b>	<b>-</b>	<b>12,178</b>	-	-	-	-

## S94A LEVIES - UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	3,224	4,375	-	138	(2,173)	-	5,564	-	-		-
<b>Total</b>	<b>3,224</b>	<b>4,375</b>	<b>-</b>	<b>138</b>	<b>(2,173)</b>	<b>-</b>	<b>5,564</b>				-

## Waverley Council

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

#### Note 18. 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 Council'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 Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from it's Defined Benefit Scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable - similar to the accounting for Defined Contributions Plans.

###### (ii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the Company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

###### (iii) Other Guarantees

Council has provided no other Guarantees other than those listed above.

##### 2. Other Liabilities

###### (i) Third Party Claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its Insurance Coverage and does not expect any material liabilities to eventuate.

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

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

##### 2. Other Liabilities (continued)

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Council's intention to spend funds in the manner and timing set out in those Plans.

##### (ii) Potential Land Acquisitions due to Planning Restrictions imposed by Council

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (& subsequent land asset) from such potential acquisitions has not been possible.

##### (iii) Legal Expenses

Court's normal practice that parties bear their own under the Environmental Planning & Assessment Act (as amended). Pursuant to that act, certain persons aggrieved by a planning decision of the Council may appeal to the Land & Environment Court. It is the Court's normal practice that parties bear their own legal costs.

At reporting date, all known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

##### 3. Remediation costs associated with the sale of the Waverley Portman Depot

The sale of the land is contingent on Council carrying out remediation works to the site prior to contract completion. The remediation work will be at council's expense and includes the removal and clearance of the improvements, fixtures, rubble and debris. The costs of such work can not be reliably measured at the time completing these financial statements.

##### ASSETS NOT RECOGNISED:

##### (i) Affordable Housing

Under Council's Development Consent Policy 1 (DCP1) developers can if they wish for gain increased floor space ratio.

To offset the increased floor space ratio the developer makes available to council Affordable Housing for low to moderate income persons.

Council and the applicant enter into a Deed of Agreement to offer council a unit or units in either perpetuity or fixed periods of time.

These units are managed by a Community Organisation identified by Council. Affordable Housing units offered to council in perpetuity are recognised as an asset while those fixed for periods of time are not recognised in council's accounts.

##### (ii) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/08.

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 19. Interests in Other Entities

\$ '000

Council has no interest in any Controlled Entities, Joint Arrangements or Associates.

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

\$ '000	Notes	Actual 2015	Actual 2014
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		596,004	585,069
a. Correction of Prior Period Errors	20 (c)	410	410
b. Net Operating Result for the Year		60,087	10,052
c. Transfers between Equity		42	883
<b>Balance at End of the Reporting Period</b>		<b><u>656,543</u></b>	<b><u>596,414</u></b>
<b>(b) Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		354,343	293,186
<b>Total</b>		<b><u>354,343</u></b>	<b><u>293,186</u></b>
<b>(ii) Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		293,186	294,069
- Revaluations for the year	9(a)	61,199	-
- Transfer to Retained Earnings for Asset disposals		(42)	(883)
<b>- Balance at End of Year</b>		<b><u>354,343</u></b>	<b><u>293,186</u></b>
<b>TOTAL VALUE OF RESERVES</b>		<b><u>354,343</u></b>	<b><u>293,186</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.

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

\$ '000	Notes	Actual 2015	Actual 2014
<b>(c) Correction of Error/s relating to a Previous Reporting Period</b>			
<b>Correction of errors disclosed in this year's financial statements:</b>			
New found assets in Open Space asset category		410	-
<b>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.</b>			
<b>These amounted to the following Equity Adjustments:</b>			
- Adjustments to Opening Equity - 1/7/13 (relating to adjustments for the 30/6/13 reporting year end and prior periods)		-	-
- Adjustments to Closing Equity - 30/6/14 (relating to adjustments for the 30/6/14 year end)		410	-
<b>Total Prior Period Adjustments - Prior Period Errors</b>		<b>410</b>	<b>-</b>

**(d) Voluntary Changes in Accounting Policies**

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

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

Council utilises only a General Fund for its operations.

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015 Current	2015 Non Current	2014 Current	2014 Non Current
<b>(i) Non Current Assets &amp; Disposal Group Assets</b>				
<b>Non Current Assets "Held for Sale"</b>				
Land	-	-	34,685	-
<b>Total Non Current Assets "Held for Sale"</b>	<b>-</b>	<b>-</b>	<b>34,685</b>	<b>-</b>
<b>Disposal Group Assets "Held for Sale"</b>				
None				
<b><u>TOTAL NON CURRENT ASSETS CLASSIFIED AS "HELD FOR SALE"</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>34,685</u></b>	<b><u>-</u></b>

\$ '000	Assets "Held for Sale"	
	2015	2014
<b>(ii) Reconciliation of Non Current Assets "Held for Sale" &amp; Disposal Groups - i.e. Discontinued Operations</b>		
<b>Opening Balance</b>	34,685	34,685
<b>less: Carrying Value of Assets/Operations Sold</b>	<b>(34,685)</b>	<b>-</b>
<b>Balance still unsold after 12 months:</b>	<b>-</b>	<b>34,685</b>
<b>Closing Balance of "Held for Sale" Non Current Assets &amp; Operations</b>	<b><u>-</u></b>	<b><u>34,685</u></b>

Refer to Note 27 - Fair Value Measurement for fair value measurement information.

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 23. Events occurring after the Reporting Date

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\$ '000

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Events that occur between the end of the reporting period (ending 30 June 2015) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 29/10/15.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2015.

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

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2015 and which are only indicative of conditions that arose after 30 June 2015.

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

#### Note 24. Discontinued Operations

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

#### Note 25. Intangible Assets

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

Council is unaware of any control over Intangible Assets that warrant recognition in the Financial Statements, including either internally generated and developed assets or purchased assets.

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

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

## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement

\$ '000

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

- Infrastructure, Property, Plant and Equipment
- Investment Property
- Financial Assets & Liabilities

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

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

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

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

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

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

2015	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring Fair Value Measurements</b>					
<b>Financial Assets</b>					
Investments					
- "Held for Trading"	30/06/15			13,711	13,711
<b>Total Financial Assets</b>		<b>-</b>	<b>-</b>	<b>13,711</b>	<b>13,711</b>
<b>Investment Properties</b>					
Investment Properties	30/06/15	-	-	133,925	133,925
<b>Total Investment Properties</b>		<b>-</b>	<b>-</b>	<b>133,925</b>	<b>133,925</b>
<b>Infrastructure, Property, Plant &amp; Equipment</b>					
Buildings - Non specialised	30/06/13	-	-	75,857	75,857
Buildings Special	30/06/13	-	-	59,681	59,681
Community Land	30/06/11	-	-	145,835	145,835
Operational Land	30/06/13	-	-	65,669	65,669
Footpaths	30/06/15	-	-	33,819	33,819
Roads	30/06/15	-	-	213,546	213,546
Stormwater Drainage	30/06/15	-	-	93,052	93,052
Office Equipment & Furniture	30/06/15	-	-	1,694	1,694
Plant & Equipment	30/06/15	-	-	8,259	8,259
Open Space & Recreation	30/06/11	-	-	49,062	49,062
Library Books and Resources	30/06/11	-	-	1,140	1,140
Other Structures	30/06/11	-	-	5,717	5,717
Other Assets	30/06/11	-	-	2,910	2,910
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>-</b>	<b>-</b>	<b>756,241</b>	<b>756,241</b>

## Waverley Council

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

## Note 27. Fair Value Measurement

\$ '000

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

2014	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring Fair Value Measurements</b>					
<b>Financial Assets</b>					
Investments					
- "Held for Trading"	30/06/14	-	-	10,640	10,640
<b>Total Financial Assets</b>		<b>-</b>	<b>-</b>	<b>10,640</b>	<b>10,640</b>
<b>Investment Properties</b>					
Investment Properties	30/06/14	-	-	124,200	124,200
<b>Total Investment Properties</b>		<b>-</b>	<b>-</b>	<b>124,200</b>	<b>124,200</b>
<b>Infrastructure, Property, Plant &amp; Equipment</b>					
Buildings - Non specialised	30/06/13	-	-	68,732	68,732
Buildings Special	30/06/13	-	-	59,906	59,906
Community Land	30/06/11	-	-	145,835	145,835
Operational Land	30/06/13	-	-	69,564	69,564
Footpaths	30/06/10	-	-	28,684	28,684
Roads	30/06/10	-	-	177,883	177,883
Stormwater Drainage	30/06/10	-	-	72,497	72,497
Office Equipment & Furniture	30/06/14	-	-	1,121	1,121
Plant & Equipment	30/06/14	-	-	7,772	7,772
Open Space & Recreation	30/06/11	-	-	50,270	50,270
Library Books and Resources	30/06/14	-	-	1,152	1,152
Other Structures	30/06/11	-	-	5,459	5,459
Other Assets	30/06/11	-	-	4,214	4,214
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>-</b>	<b>-</b>	<b>693,089</b>	<b>693,089</b>

## (2) Transfers between Level 1 &amp; Level 2 Fair Value Hierarchies

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

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

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

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

##### Financial Assets

At fair value through profit and loss are represented by Floating Rate Notes, Covered Bonds and Term Deposits. Council obtains valuations from its Investment Advisor on a monthly basis and at the end of each accounting period to ensure the financial statements reflect the most up to date valuation. The valuations of Floating Rate Notes are sourced base on mid-market prices. That is, valuations are marked at the mid-point of the bid and ask prices in the secondary market. This price represents a general market value for the asset. There has been no change to the valuation techniques during the reporting period.

---

##### Investment Properties

The valuation of Council's investment properties was undertaken at June 2014 by Scott Fullarton Valuations Pty Ltd, FAPI, Certified Practising Valuer, Registration No. VAL2144.

Investment properties such as commercial units, commercial terraces and retail shops have been valued as market value, having regard to the "highest and best use", taking in consideration the criteria of physical possibility, legal permissibility and financial feasibility. Implied within these criteria is the recognition of the contribution of that specific use to community environment or to community development goals, in addition to wealth maximisation to the individual owner.

The valuation technique utilised is Level 2 inputs (observable inputs), where applicable, included:

- Current rental income
- Rent reviews
- Capitalisation rate
- Price per square metre
- Direct comparison to sales evidence
- Zoning
- Location
- Land area and configuration
- Planning controls

Other investment properties such as public car park and shopping centre office space have been valued using Cost approach with Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

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## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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##### Operational Land

The asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The last valuation was undertaken at June 2013 and was performed by Scott Fullarton Valuations Pty Ltd, FAPI, Certified Practising Valuer, Registration No. VAL2144.

Operational land has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in settling the price, including but not limited to:

- The land's description and/or dimensions;
- Planning and other constraints on development; and
- The potential for alternative use.

Sale prices of comparable land parcels in close proximity were adjusted for differences in key attributes such as size and configuration. The most significant inputs into this valuation approach are price per square metre. Since extensive professional judgements were required to determine the inputs these assets were classified as having been valued using Level 3 valuation input. There has been no change to the valuation process during the reporting period.

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##### Community Land

Valuations of all Council's Community Land and Council managed land were based on either the land value provided by the Valuer-General or an average unit rate based on land value for similar properties where the Valuer-General did not provide a land value having regard to the highest and best use for this land. As these rates were not considered to be observable market evidence they have been classified as Level 3. There has been no change to the valuation process during the reporting period.

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##### Buildings – Non Specialised and Specialised

Council's buildings were valued utilising the cost approach by Scott Fullarton Valuations Pty Ltd in June 2013. The approach estimated the replacement cost of each building and componentising of significant parts with different useful lives and taking into account a range of factors. The unit rates could be supported by market evidence (Level 2 inputs), other inputs (such as estimates of residual value, useful life and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets have been valued using Level 3 inputs. There has been no change to the valuation process during the reporting period.

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##### Roads

The roads asset class includes roads, defined as the trafficable portion of a road, between but not including the kerb and gutter. It also includes "other roads" assets including Bridges, Carparks, Kerb and Gutter and Traffic facilities.

The 'Cost Approach' using Level 3 inputs was used to value the road carriageway and other road infrastructure. Valuations for the road carriageway, comprising surface, pavement and formation were based primarily on unit rates derived from the Councils schedule of rates tender. Other inputs (such as estimates pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there some uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

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## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

##### Footpaths

The 'Cost Approach' using Level 3 inputs was used to value footpaths. Valuation for the footpath was based primarily on unit rates derived from the Councils schedule of rates tender. Other inputs (such as estimates pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there some uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

##### Stormwater Drainage

Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit on similar could be supported from market evidence (Level 2) other inputs ) such as estimates of pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

##### Plant & Equipment, Office Equipment and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets within these classes are as follows:

- Plant and Equipment     Trucks, tractors, ride on mowers, street sweepers, earthmoving equipment, buses and motor vehicles
- Office Equipment         Refrigerators, electronic appliances, flat-screen monitors and computer equipment
- Furniture & Fittings     Chairs, desks and display systems.

The key unobservable inputs to the valuation are the remaining useful life and residual value. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value. There has been no change to the valuation process during the reporting period.

##### Other Open Space / Recreational Assets

Assets within this class comprise Soft Fall Surfaces, BBQs, Regional Sporting Facilities and Playgrounds. All assets in this class were valued in-house by experienced engineering & asset management staff. While some elements of gross replacement values could be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. There has been no change to the

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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

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

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##### Library Books and Resources

Library Books are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value. There has been no change to the valuation process during the reporting period.

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##### Other Structures

This asset class comprises Mall Light, Shade Structure, Flag Pole, Planter Boxes and Garden Beds.

The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. While some elements of gross replacement values could be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

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##### Other Assets

This asset class comprises trees and other miscellaneous assets.

The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. While some elements of gross replacement values could be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

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## Waverley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

\$ '000

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

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

	Financial Assets	Investment Properties	Buildings	Land	Total
Adoption of AASB 13	3,476	122,880	127,506	215,728	469,590
Purchases (GBV)	6,834	-	9,137	-	15,971
Disposals (WDV)	-	-	(1,334)	(329)	(1,663)
Depreciation & Impairment	-	-	(6,670)	-	(6,670)
FV Gains - Other Comprehensive Income	330	1,320	-	-	1,650
<b>Closing Balance - 30/6/14</b>	<b>10,640</b>	<b>124,200</b>	<b>128,639</b>	<b>215,399</b>	<b>478,878</b>
Adoption of AASB 13	-	-	-	-	-
Transfers from/(to) another asset class	-	-	10,198	-	10,198
Purchases (GBV)	2,817	1	9,796	-	12,614
Disposals (WDV)	-	-	(6,343)	(3,895)	(10,238)
Depreciation & Impairment	-	-	(6,752)	-	(6,752)
FV Gains - Income Statement <sup>1</sup>	254	9,724	-	-	9,978
<b>Closing Balance - 30/6/15</b>	<b>13,711</b>	<b>133,925</b>	<b>135,538</b>	<b>211,504</b>	<b>494,678</b>
		Plant & Equipment	Infrastructure	Other Assets	Total
Adoption of AASB 13		9,649	338,777	4,375	352,801
Transfers from/(to) another asset class		24	(1,950)	626	(1,300)
Purchases (GBV)		1,333	19,171	741	21,245
Disposals (WDV)		(85)	-	-	(85)
Depreciation & Impairment		(2,028)	(8,706)	(376)	(11,110)
<b>Closing Balance - 30/6/14</b>		<b>8,893</b>	<b>347,292</b>	<b>5,366</b>	<b>361,551</b>
Adoption of AASB 13		-	-	-	-
Transfers from/(to) another asset class		(14)	(9,450)	(1,241)	(10,705)
Purchases (GBV)		3,393	9,092	210	12,695
Disposals (WDV)		(304)	(119)	-	(423)
Depreciation & Impairment		(2,015)	(8,824)	(285)	(11,124)
FV Gains - Other Comprehensive Income		-	61,199	-	61,199
<b>Closing Balance - 30/6/15</b>		<b>9,953</b>	<b>399,190</b>	<b>4,050</b>	<b>413,193</b>

## Waverley Council

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

#### Note 27. Fair Value Measurement

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

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

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

##### Financial Assets

Class	Fair Value (30/6/15) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Investments – At fair value through profit or loss	13,711	Cost	<ul style="list-style-type: none"> <li>Unit Price</li> </ul>	<ul style="list-style-type: none"> <li>\$0.70 to \$1.00</li> </ul>	Significant changes in the estimated unit price would result in significant changes to fair value measurement.

##### Investment Properties

Class	Fair Value (30/6/15) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Commercial Office, Retail and Carpark	133,925	Cost	<ul style="list-style-type: none"> <li>Estimated rental Value (rate per square metre)</li> <li>Rental Yield</li> </ul>	<ul style="list-style-type: none"> <li>5%</li> </ul>	Significant changes in the estimated rental value or yield would result in significant changes to fair value measurement

##### I,PP&E

Class	Fair Value (30/6/15) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Buildings	135,538	Cost	<ul style="list-style-type: none"> <li>Gross replacement cost</li> <li>Asset Condition</li> <li>Remaining useful life</li> </ul>	<ul style="list-style-type: none"> <li>Varies</li> <li>Very Poor to Excellent</li> <li>20 – 60 years</li> </ul>	Significant changes in gross replacement value, asset condition or remaining useful life would result in significant changes to fair value measurement.
Community Land	145,835	Cost	<ul style="list-style-type: none"> <li>Price Per square metre</li> </ul>	<ul style="list-style-type: none"> <li>\$2 – \$2000 per square metre</li> </ul>	Significant changes in price per square metre would result in significant changes to fair value measurement
Operational Land	65,669	Cost	<ul style="list-style-type: none"> <li>Price Per square metre</li> </ul>	<ul style="list-style-type: none"> <li>\$ 600- \$5,000 per square metre</li> </ul>	Significant changes in price per square metre would result in significant changes to fair value measurement

## Waverley Council

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

## Note 27. Fair Value Measurement

Class	Fair Value (30/6/15) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Footpaths	33,819	Cost	<ul style="list-style-type: none"> <li>Gross replacement cost</li> <li>Asset Condition</li> <li>Remaining useful life</li> </ul>	<ul style="list-style-type: none"> <li>Varies</li> <li>Very Poor to Excellent</li> <li>25 – 100 years</li> </ul>	Significant changes in gross replacement value, asset condition or remaining useful life would result in significant changes to fair value measurement.
Roads	213,546	Cost	<ul style="list-style-type: none"> <li>Gross replacement cost</li> <li>Asset Condition</li> <li>Remaining useful life</li> </ul>	<ul style="list-style-type: none"> <li>Varies</li> <li>Very Poor to Excellent</li> <li>25 – 100 years</li> </ul>	Significant changes in gross replacement value, asset condition or remaining useful life would result in significant changes to fair value measurement.
Stormwater Drainage	93,052	Cost	<ul style="list-style-type: none"> <li>Gross replacement cost</li> <li>Asset Condition</li> <li>Remaining useful life</li> </ul>	<ul style="list-style-type: none"> <li>Varies</li> <li>Very Poor to Excellent</li> <li>25 – 100 years</li> </ul>	Significant changes in gross replacement value, asset condition or remaining useful life would result in significant changes to fair value measurement.
Plant & Equipment	8,259	Cost	<ul style="list-style-type: none"> <li>Gross replacement cost</li> <li>Remaining useful life</li> </ul>	<ul style="list-style-type: none"> <li>Varies</li> <li>2 - 20 years</li> </ul>	Significant changes in gross replacement value or remaining useful life would result in significant changes to fair value measurement.
Office Equipment	1,694	Cost	<ul style="list-style-type: none"> <li>Gross replacement cost</li> <li>Remaining useful life</li> </ul>	<ul style="list-style-type: none"> <li>Varies</li> <li>2 - 20 years</li> </ul>	Significant changes in gross replacement value or remaining useful life would result in significant changes to fair value measurement.
Open Space & Recreation	49,062	Cost	<ul style="list-style-type: none"> <li>Gross replacement cost</li> <li>Asset Condition</li> <li>Remaining useful life</li> </ul>	<ul style="list-style-type: none"> <li>Varies</li> <li>Very Poor to Excellent</li> <li>10 – 100 years</li> </ul>	Significant changes in gross replacement value, asset condition or remaining useful life would result in significant changes to fair value measurement.
Library Books and Resource	1,140	Cost	<ul style="list-style-type: none"> <li>Gross replacement cost</li> <li>Remaining useful life</li> </ul>	<ul style="list-style-type: none"> <li>Varies</li> <li>5 years</li> </ul>	Significant changes in gross replacement value or remaining useful life would result in significant changes to fair value measurement.
Other Structures	5,717	Cost	<ul style="list-style-type: none"> <li>Gross replacement cost</li> <li>Asset Condition</li> <li>Remaining useful life</li> </ul>	<ul style="list-style-type: none"> <li>Varies</li> <li>Very Poor to Excellent</li> <li>10 – 100 years</li> </ul>	Significant changes in gross replacement value, asset condition or remaining useful life would result in significant changes to fair value measurement.

## Waverley Council

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

#### Note 27. Fair Value Measurement

<b>Class</b>	<b>Fair Value</b> (30/6/15) \$'000	<b>Valuation Techniques</b>	<b>Unobservable Inputs</b>	<b>Range of Inputs</b> (incl probable)	<b>Relationship of unobservable inputs to Fair Value</b>
Other Assets	2,910	Cost	<ul style="list-style-type: none"> <li>Gross replacement cost</li> <li>Remaining useful life</li> </ul>	<ul style="list-style-type: none"> <li>Varies</li> <li>2 - 20 years</li> </ul>	Significant changes in gross replacement value or remaining useful life would result in significant changes to fair value measurement.

#### (5). Highest and best use

All assets valued at fair value in this note are being used for their highest and best use.

## Waverley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 28. Financial Review

\$ '000

#### Key Financial Figures of Council over the past 5 years (consolidated)

<b>Financial Performance Figures</b>	<b>2015</b>	<b>2014</b>	2013	2012	2011
<b>Inflows:</b>					
Rates & Annual Charges Revenue	<b>54,467</b>	52,867	47,283	41,608	38,673
User Charges Revenue	<b>32,705</b>	31,977	28,222	25,483	24,610
Interest & Investment Revenue (Losses)	<b>2,890</b>	2,637	2,647	3,054	3,016
Grants Income - Operating & Capital	<b>8,409</b>	6,192	6,972	8,597	7,238
Total Income from Continuing Operations	<b>180,021</b>	123,078	115,462	100,702	93,857
Sale Proceeds from I,PP&E	<b>83,149</b>	167	10,315	53	94
New Loan Borrowings & Advances	-	-	2,500	-	-
<b>Outflows:</b>					
Employee Benefits & On-cost Expenses	<b>56,269</b>	54,229	50,682	48,500	47,966
Borrowing Costs	<b>153</b>	189	194	246	327
Materials & Contracts Expenses	<b>24,884</b>	17,974	17,301	15,762	16,232
Total Expenses from Continuing Operations	<b>119,934</b>	113,026	105,122	100,376	98,631
Total Cash purchases of I,PP&E	<b>21,553</b>	24,093	22,819	15,855	13,904
Total Loan Repayments (incl. Finance Leases)	<b>1,118</b>	1,252	1,400	1,185	1,345
Operating Surplus/(Deficit) (excl. Capital Income)	<b>53,142</b>	187	3,538	(4,588)	(9,697)
<b>Financial Position Figures</b>	<b>2015</b>	<b>2014</b>	2013	2012	2011
Current Assets	<b>124,974</b>	95,600	88,045	66,129	41,563
Current Liabilities	<b>33,306</b>	39,860	33,714	32,254	32,411
Net Current Assets	<b>91,668</b>	55,740	54,331	33,875	9,152
Available Working Capital (Unrestricted Net Current Assets)	<b>11,296</b>	31,295	42,001	26,638	5,503
Cash & Investments - Unrestricted	<b>1,016</b>	2,077	6,427	6,227	3,041
Cash & Investments - Internal Restrictions	<b>112,376</b>	41,536	34,584	27,491	32,981
Cash & Investments - Total	<b>130,171</b>	57,013	51,588	43,168	45,356
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	<b>1,917</b>	3,035	4,287	3,187	4,372
Total Value of I,PP&E (excl. Land & Earthworks)	<b>885,633</b>	831,810	811,780	756,362	742,996
Total Accumulated Depreciation	<b>336,902</b>	341,621	331,883	313,736	297,513
Indicative Remaining Useful Life (as a % of GBV)	62%	59%	59%	59%	60%

**Source:** Published audited financial statements of Council (current year & prior year)

## Waverley Council

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

#### Note 29. Council Information & Contact Details

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##### Principal Place of Business:

Cnr. Paul St and Bondi Rd  
Bondi Junction NSW 2022

##### Contact Details

##### Mailing Address:

PO Box 9  
Bondi Junction NSW 1355

##### Opening Hours:

Customer Service Centre  
55 Spring Street, Bondi Junction  
Monday to Friday 8:30am to 5:00pm

**Telephone:** 02 9369 8000

**Facsimile:** 02 9387 1820

**Internet:** [www.waverley.nsw.gov.au](http://www.waverley.nsw.gov.au)

**Email:** [info@waverley.nsw.gov.au](mailto:info@waverley.nsw.gov.au)

##### Officers

##### GENERAL MANAGER

Athanasios (Arthur) Kyron

##### RESPONSIBLE ACCOUNTING OFFICER

Francesco Rombola

##### PUBLIC OFFICER

Jane Worthy

##### AUDITORS

Hill Rogers Spencer Steer, Chartered Accountants  
Level 5, 1 Chifley Square, Sydney

##### Elected Members

##### MAYOR

Sally Betts

##### COUNCILLORS

Clr Andrew Cusack

Clr Angela Burrill

Clr Bill Mouroukas

Clr Dominic Wy Kanak

Clr Ingrid Strewe

Clr John Wakefield

Clr Joy Clayton

Clr Leon Goltsman

Clr Miriam Guttman-Jones

Clr Paula Masselos

Clr Tony Kay

##### Other Information

**ABN:** 12 502 583 608

**WAVERLEY COUNCIL**  
**GENERAL PURPOSE FINANCIAL STATEMENTS**  
**INDEPENDENT AUDITORS' REPORT**

---

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying general purpose financial statements of Waverley Council, which comprises the Statement of Financial Position as at 30 June 2015, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

***Responsibility of Council for the Financial Statements***

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1993. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditors' Responsibility***

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. Our audit responsibility does not extend to the original budget information disclosed in the Income Statement, Statement of Cash Flows, and Note 2(a) or the budget variation explanations disclosed in Note 16. Nor does our responsibility extend to the projected future developer contributions and costs disclosed in Note 17. Accordingly, no opinion is expressed on these matters.

**Assurance Partners**

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Steer Assurance Partners

ABN 56 435 338 966

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements. Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

### **Auditor's Opinion**

In our opinion,

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13 part 3 Division 2; and
- (b) the financial statements:
  - (i) have been presented in accordance with the requirements of this Division;
  - (ii) are consistent with the Council's accounting records;
  - (iii) present fairly the Council's financial position, the results of its operations and its cash flows; and
  - (iv) are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that we have become aware of during the course of the audit.

### **HILL ROGERS SPENCER STEER**



**BRETT HANGER**  
Partner

Dated at Sydney this 29th day of October 2015

29 October 2015

The Mayor  
Waverley Council  
PO Box 9  
**BONDI JUNCTION NSW 2022**

Mayor,

### **Audit Report - Year Ended 30 June 2015**

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2015 and that all information required by us was readily available. We have signed our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General and Special Purpose Financial Statements.

Our audit has been conducted in accordance with Australian Auditing Standards so as to express an opinion on both the General and Special Purpose Financial Statements of the Council. We have ensured that the financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the Local Government Code of Accounting Practice and Financial Reporting.

This report on the conduct of the audit is also issued under Section 417(1) and we now offer the following comments on the financial statements and the audit;

#### **I. RESULTS FOR THE YEAR**

##### ***I.1 Operating Result***

The operating result for the year was a surplus of \$60.087 million as compared with \$10.052 million in the previous year.

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The following table sets out the results for the year and the extent (%) that each category of revenue and expenses contributed to the total.

	2015 \$000	% of Total	2014 \$000	% of Total	Increase (Decrease) \$000
<b>Revenues before capital items</b>					
Rates & annual charges	54,467	31%	52,867	47%	1,600
User charges, fees & other revenues	58,764	34%	50,923	45%	7,841
Grants & contributions provided for operating purposes	8,225	5%	6,786	6%	1,439
Interest & investment revenue	2,890	2%	2,637	2%	253
Gain on sale of assets	48,730	28%	-	0%	48,730
	<b>173,076</b>	<b>100%</b>	<b>113,213</b>	<b>100%</b>	<b>59,863</b>
<b>Expenses</b>					
Employee benefits & costs	56,269	47%	54,229	48%	2,040
Materials, contracts & other expenses	45,636	38%	40,710	36%	4,926
Depreciation, amortisation & impairment	17,876	15%	17,898	16%	(22)
Borrowing costs	153	0%	189	0%	(36)
	<b>119,934</b>	<b>100%</b>	<b>113,026</b>	<b>100%</b>	<b>6,908</b>
<b>Surplus (Deficit) before capital items</b>	<b>53,142</b>		<b>187</b>		<b>52,955</b>
Grants & contributions provided for capital purposes	6,945		9,865		(2,920)
<b>Net Surplus (Deficit) for the year</b>	<b>60,087</b>		<b>10,052</b>		<b>50,035</b>
<b>Performance Measures</b>					
Operating Performance		<b>2015</b>		<b>2014</b>	
		-4.87%		0.09%	
Own Source Operating Revenue		87.50%		86.29%	

The above table shows an overall increase of \$50,035 and is primarily attributable to the gain on the sale of the former depot site.

**Operating Performance** measures the ability to contain operating expenditure within operating revenue excluding capital amounts. For 2015, this indicator was -4.87% and was below the benchmark of 0%.

**Own Source Operating Revenue** measures the degree of reliance on external funding sources such as grants and contributions. For 2015, this indicator was 87.5% and exceeded the benchmark of 60%.

## 1.2 Funding Result

As the operating result only accounts for operating income and expenditure, in reviewing the overall financial performance of Council, it is useful to consider the total source of revenues and how they were applied during the year which is illustrated in the table below.

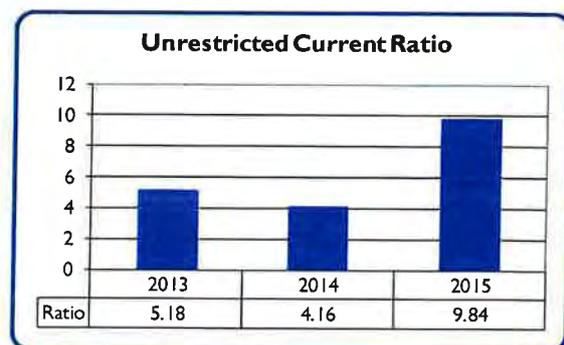
	2015	2014
	\$000	\$000
<b>Funds were provided by:-</b>		
<b>Operating Result (as above)</b>	<b>60,087</b>	<b>10,052</b>
Add back non funding items:-		
- Depreciation, amortisation & impairment	17,876	17,898
- Book value of non-current assets sold	45,347	1,728
- Non-cash contributions of assets acquired	(872)	(5,789)
- (Gain)/Loss of fair value to investment properties	(9,724)	(1,320)
	<u>112,714</u>	<u>22,569</u>
Decrease/Redemption of non-current investments	0	2,200
Repayments from deferred debtors	32	23
Net Changes in current/non-current assets & liabilities	0	8,499
	<u>112,746</u>	<u>33,291</u>
<b>Funds were applied to:-</b>		
Purchase and construction of assets	(21,113)	(23,410)
Increase/Purchase in non-current investments	(20,200)	0
Principal repaid on loans	(1,118)	(1,252)
Transfers to externally restricted assets (net)	(4,782)	(4,397)
Transfers to internal reserves (net)	(14,411)	(6,952)
Net Changes in current/non-current assets & liabilities	(44,552)	0
	<u>(106,176)</u>	<u>(36,011)</u>
<b>Increase/(Decrease) in Available Working Capital</b>	<b>6,570</b>	<b>(2,720)</b>

## 2. FINANCIAL POSITION

### 2.1 Unrestricted Current Ratio

The Unrestricted Current Ratio is a financial indicator specific to local government and represents Council's ability to meet its debts and obligations as they fall due.

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$99.667 million representing a factor of 9.84 to 1.



## 2.2 Available Working Capital – (Working Funds)

At the close of the year the Available Working Capital of Council stood at \$12.175 million as detailed below;

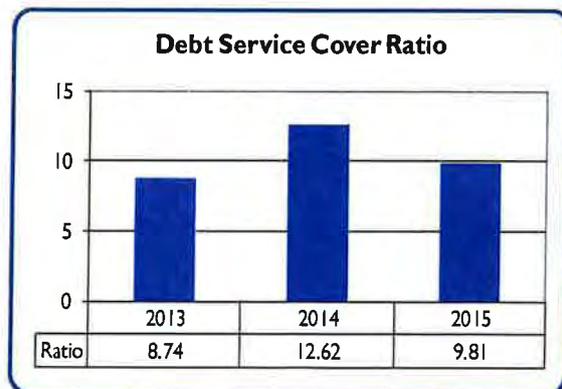
	2015 \$000	2014 \$000	Change \$000
<b>Net Current Assets (Working Capital) as per Accounts</b>	<b>91,668</b>	<b>55,740</b>	<b>35,928</b>
<b>Add:</b> Payables & provisions not expected to be realised in the next 12 months included above	21,081	18,197	2,884
<b>Adjusted Net Current Assets</b>	<b>112,749</b>	<b>73,937</b>	<b>38,812</b>
<b>Add:</b> Budgeted & expected to pay in the next 12 months			
- Borrowings	836	1,117	(281)
- Employees leave entitlements	2,153	6,901	(4,748)
- Deposits & retention moneys	151	8,203	(8,052)
- Deferred debtors	0	(32)	32
<b>Less:</b> Externally restricted assets	(13,082)	(8,300)	(4,782)
<b>Less:</b> Internally restricted assets	(90,632)	(76,221)	(14,411)
<b>Available Working Capital as at 30 June</b>	<b>12,175</b>	<b>5,605</b>	<b>6,570</b>

The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures. Taking into consideration the nature and level of the internally restricted assets (Reserves) set aside to fund future works and services and liabilities, Council's Available Working Capital at year end was sound.

## 2.3 Debt

After repaying principal and interest of \$1.271 million, total debt as at 30 June 2015 stood at \$1.917 million (2014 - \$3.035 million).

The debt service cover ratio measures the availability of operating cash to service debt repayments. For 2015, the ratio indicated that operating results before capital, interest and depreciation covered payments required to service debt by a factor of 9.81 to 1.



## 2.4 Summary

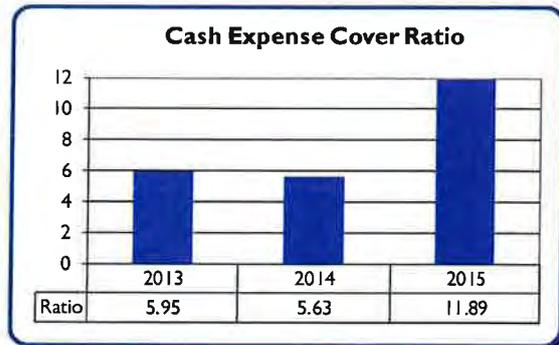
Council's overall financial position, when taking into account the above financial indicators was, in our opinion, sound.

### 3. CASH ASSETS

#### 3.1 Cash Expense Cover Ratio

This liquidity ratio indicates the number of months of expenditure requirements that can be met with available cash and term deposit balances without the need for additional cash inflow.

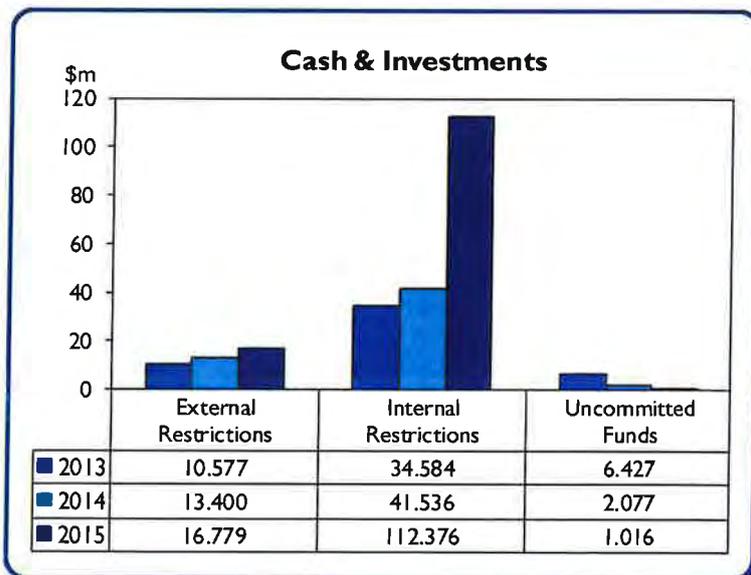
For 2015, this ratio stood at 11.89 months compared to the benchmark of 3.



#### 3.2 Cash & Investment Securities

Cash and investments amounted \$130.171 million at 30 June 2015 as compared with \$57.013 million in 2014 and \$51.588 million in 2013.

The chart alongside summarises the purposes for which cash and investments securities were held.



**Externally restricted cash and investments** are restricted in their use by externally imposed requirements and consisted of unexpended development contributions under Section 94 of \$12.178 million, domestic waste management charges of \$3.532 million and other specific purpose grants and contributions of \$1.069 million.

**Internally restricted cash and investments** have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's "**Reserves**". These Reserves totalled \$112.376 million and their purposes are more fully disclosed in Notes 6 of the financial statements.

**Unrestricted cash and investments** amounted to \$1.016 million, which is available to provide liquidity for day to day operations.

### 3.3 Cash Flows

The Statement of Cash Flows illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that cash decreased by \$913,000 to \$17.66 million at the close of the year.

In addition to operating activities which contributed net cash of \$12.395 million were the proceeds from the sale of investment securities (\$55 million), sale of assets (\$83.149 million) and receipts from deferred debtors (\$32,000). Cash outflows other than operating activities were used to purchase investment securities (\$128.817 million), repay loans (\$1.118 million) and to purchase and construct assets (\$21.554 million).

## 4. RECEIVABLES

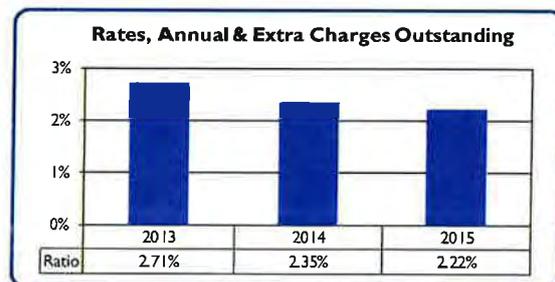
### 4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the year totalled \$54.467 million and represented 30% of Council's total revenues.

Including arrears, the total rates and annual charges collectible was \$55.548 million of which \$54.51 million (98%) was collected.

### 4.2 Rates, Annual & Extra Charges

Arrears of rates, annual and extra charges stood at \$1.243 million at the end of the year and represented 2.22% of those receivables.



### 4.3 Other Receivables

Receivables (other than rates & annual charges) totalled \$21.205 million and included parking fines of \$5.858 million and property sales of \$11.428 million. Those considered to be uncertain of collection have been provided for as doubtful debts amounting to \$1.927 million of which unpaid parking fines accounted for \$1.796 million.

## 5. PAYABLES

### 5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$15.918 million. Internally restricted cash and investments of \$3.543 million was held representing 22% of this liability and was, in our opinion, sufficient to meet unbudgeted and unanticipated retirements.

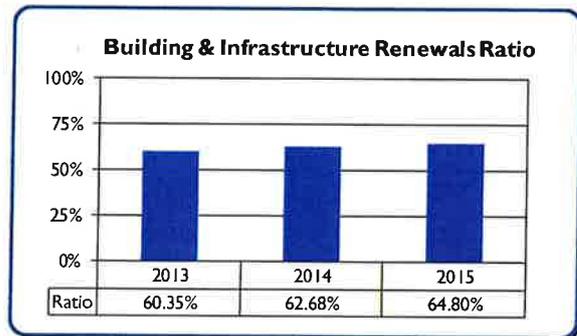
## 5.2 Deposits, Retentions & Bonds

Deposits, retentions and bonds held at year end amounted to \$7.692 million and were fully funded by internally restricted cash and investments.

## 6. BUILDING AND INFRASTRUCTURE RENEWALS

The Building and Infrastructure Renewals ratio measures the rate at which these assets are renewed against the rate at which they are depreciating.

Special Schedule No. 7 discloses that asset renewals for 2015 represented 65% of the depreciation charges for these assets. An industry benchmark is considered to be 100%, measured annually over the long term.



## 7. REVALUATION OF ASSETS

Council revalued its infrastructure assets during the year. This resulted in an overall increase in the value of these assets of \$61.199 million, which has been credited directly to equity.

## 8. MANAGEMENT LETTER

An audit management letter addressing the findings from our interim audit was issued on 21 May 2015 and included our suggestions on possible ways to strengthen and/or improve procedures. We received a written response from management on 16 June 2015 with their comments and proposed actions.

## 9. CONCLUSION

We wish to record our appreciation to your General Manager and his staff for their ready co-operation and the courtesies extended to us during the conduct of the audit.

Yours faithfully,

**HILL ROGERS SPENCER STEER**

**BRETT HANGER**

Partner

# Waverley Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

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*"We are united by a common passion for our  
beautiful home between the city and the sea."*



## Waverley Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2015

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

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#### Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.
- (ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

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

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

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

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

Waverley Council

Special Purpose Financial Statements  
for the financial year ended 30 June 2015

Statement by Councillors and Management  
made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

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

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

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

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

Signed in accordance with a resolution of Council made on 20 October 2015.



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Sally Betts  
MAYOR



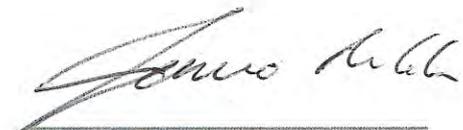
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Dominic Wy Kanak  
COUNCILLOR



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Athanasios (Arthur) Kyron  
GENERAL MANAGER



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Francesco Rombola  
RESPONSIBLE ACCOUNTING OFFICER

## Waverley Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2015

\$ '000	Property		Commercial Waste	
	Category 1		Category 1	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
<b>Income from continuing operations</b>				
Access charges	-	-	-	-
User charges	8,036	7,022	3,050	2,766
Fees	-	-	-	-
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	9,724	1,320	-	32
<b>Total income from continuing operations</b>	<b>17,760</b>	<b>8,342</b>	<b>3,050</b>	<b>2,798</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	425	492	1,026	957
Borrowing costs	-	-	-	-
Materials and contracts	1,081	955	42	36
Depreciation and impairment	236	150	36	37
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	821	760	1,543	1,563
<b>Total expenses from continuing operations</b>	<b>2,563</b>	<b>2,357</b>	<b>2,647</b>	<b>2,593</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>15,197</b>	<b>5,985</b>	<b>403</b>	<b>205</b>
Grants and contributions provided for capital purposes	-	-	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>15,197</b>	<b>5,985</b>	<b>403</b>	<b>205</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>15,197</b>	<b>5,985</b>	<b>403</b>	<b>205</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(4,559)	(1,796)	(121)	(62)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>10,638</b>	<b>4,190</b>	<b>282</b>	<b>144</b>
plus Opening Retained Profits	124,258	117,899	122	114
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	4,559	1,796	121	62
add:				
- Subsidy Paid/Contribution To Operations	-	374	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	(5,668)	-	(213)	(197)
<b>Closing Retained Profits</b>	<b>133,787</b>	<b>124,258</b>	<b>312</b>	<b>122</b>
Return on Capital %	n/a	n/a	620.0%	585.7%
Subsidy from Council	-	-	-	-

## Waverley Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2015

	Cemetery	
	Category 2	
\$ '000	Actual 2015	Actual 2014
<b>Income from continuing operations</b>		
Access charges	-	-
User charges	1,574	1,280
Fees	-	-
Interest	98	69
Grants and contributions provided for non capital purposes	-	-
Profit from the sale of assets	-	-
Other income	3	2
<b>Total income from continuing operations</b>	<b>1,675</b>	<b>1,351</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	693	640
Borrowing costs	-	-
Materials and contracts	570	448
Depreciation and impairment	477	486
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	95	98
<b>Total expenses from continuing operations</b>	<b>1,835</b>	<b>1,672</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(160)</b>	<b>(321)</b>
Grants and contributions provided for capital purposes	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(160)</b>	<b>(321)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(160)</b>	<b>(321)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(160)</b>	<b>(321)</b>
plus Opening Retained Profits	17,867	18,551
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
add:		
- Subsidy Paid/Contribution To Operations	-	-
less:		
- TER dividend paid	-	-
- Dividend paid	(920)	(363)
<b>Closing Retained Profits</b>	<b>16,787</b>	<b>17,867</b>
<b>Return on Capital %</b>	<b>-0.5%</b>	<b>-1.1%</b>
<b>Subsidy from Council</b>	<b>1,085</b>	<b>942</b>

## Waverley Council

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

as at 30 June 2015

	Property		Commercial Waste	
	Category 1		Category 1	
\$ '000	Actual 2015	Actual 2014	Actual 2015	Actual 2014
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Receivables	-	245	318	151
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
<b>Total Current Assets</b>	<b>-</b>	<b>245</b>	<b>318</b>	<b>151</b>
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	-	-	65	35
Investment property	133,925	124,200	-	-
Intangible Assets	-	-	-	-
Other	-	-	-	-
<b>Total Non-Current Assets</b>	<b>133,925</b>	<b>124,200</b>	<b>65</b>	<b>35</b>
<b>TOTAL ASSETS</b>	<b>133,925</b>	<b>124,445</b>	<b>383</b>	<b>186</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Bank Overdraft	-	-	-	-
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	61	110	71	64
<b>Total Current Liabilities</b>	<b>61</b>	<b>110</b>	<b>71</b>	<b>64</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>61</b>	<b>110</b>	<b>71</b>	<b>64</b>
<b>NET ASSETS</b>	<b>133,864</b>	<b>124,335</b>	<b>312</b>	<b>122</b>
<b>EQUITY</b>				
Retained earnings	133,787	124,258	312	122
Revaluation reserves	77	77	-	-
Council equity interest	<b>133,864</b>	<b>124,335</b>	<b>312</b>	<b>122</b>
Non-controlling equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>133,864</b>	<b>124,335</b>	<b>312</b>	<b>122</b>

## Waverley Council

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

as at 30 June 2015

Cemetery

Category 2

\$ '000	Actual 2015	Actual 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,980	1,823
Investments	-	-
Receivables	5	11
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>1,985</b>	<b>1,834</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	30,628	29,395
Investment property	-	-
Intangible Assets	-	-
Other	-	-
<b>Total Non-Current Assets</b>	<b>30,628</b>	<b>29,395</b>
<b>TOTAL ASSETS</b>	<b>32,613</b>	<b>31,229</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	-	-
Interest bearing liabilities	-	-
Provisions	96	154
<b>Total Current Liabilities</b>	<b>96</b>	<b>154</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Other Liabilities	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>96</b>	<b>154</b>
<b>NET ASSETS</b>	<b>32,517</b>	<b>31,075</b>
<b>EQUITY</b>		
Retained earnings	17,212	18,292
Revaluation reserves	15,305	12,783
Council equity interest	32,517	31,075
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>32,517</b>	<b>31,075</b>

## Waverley Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2015

#### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	8
2	Water Supply Business Best Practice Management disclosure requirements	n/a
3	Sewerage Business Best Practice Management disclosure requirements	n/a

## Waverley Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Significant Accounting Policies

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

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

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

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

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

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

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

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

#### National Competition Policy

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

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

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

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

#### Declared Business Activities

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

##### Category 1

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

##### a. Waverley Council Property Services

*Comprising the whole of the operations and assets of the property services, commercial properties controlled by Waverley Council.*

##### b. Waverley Council Trade Waste Services

*Comprising the whole of the operations and assets of the commercial waste services which service the area of Waverley.*

*This service collects and disposes of waste collected from commercial premises.*

##### Category 2

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

##### a. Waverley & South Head Cemeteries

*Comprising the whole of the operations and assets of both the Waverley & South Head Cemeteries.*

*This business operates from offices located at Waverley Cemetery dealing with maintenance, sales and burials.*

#### Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars.

## Waverley Council

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

#### Note 1. Significant Accounting Policies

##### (i) Taxation Equivalent Charges

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

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

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

##### Notional Rate Applied %

Corporate Income Tax Rate – 30%

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

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

##### Income Tax

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

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

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

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

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

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

##### Local Government Rates & Charges

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

##### Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors.

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

##### (ii) Subsidies

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

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

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of

## Waverley Council

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

#### Note 1. Significant Accounting Policies

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return' pricing and revenue generated from prices set by the council in any given financial year.

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

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

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

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

The Rate of Return on Capital is calculated as follows:

**Operating Result before Capital Income + Interest Expense**

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.02% at 30/6/15.

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

#### **(iv) Dividends**

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

**WAVERLEY COUNCIL**  
**SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**INDEPENDENT AUDITORS' REPORT**

---

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying special purpose financial statements of Waverley Council, which comprises the Statement of Financial Position as at 30 June 2015, Income Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

***Responsibility of Council for the Financial Statements***

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993 and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial statements, are appropriate to meet the financial reporting requirements of the Office of Local Government. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditors' Responsibility***

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

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Steer Assurance Partners

ABN 56 435 338 966

Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Independence***

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

***Auditor's Opinion***

In our opinion, the special purpose financial statements of the Council are presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note I and the Local Government Code of Accounting Practice and Financial Reporting.

***Basis of Accounting***

Without modifying our opinion, we draw attention to Note I to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the financial reporting requirements of the Office of Local Government. As a result, the financial statements may not be suitable for another purpose.

**HILL ROGERS SPENCER STEER**



**BRETT HANGER**

Partner

Dated at Sydney this 29th day of October 2015

# Waverley Council

SPECIAL SCHEDULES  
for the year ended 30 June 2015

---

*"We are united by a common passion for our beautiful home between the city and the sea."*



# Waverley Council

## Special Schedules

for the financial year ended 30 June 2015

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

#### Background

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

## Waverley Council

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

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	-	-	-	-
<b>Administration</b>	<b>28,213</b>	<b>62,039</b>	<b>893</b>	<b>34,719</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	2,002	105	-	(1,897)
Beach Control	3,823	807	-	(3,016)
Enforcement of Local Govt. Regulations	1,353	74	-	(1,279)
Animal Control	55	37	-	(18)
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	<b>7,233</b>	<b>1,023</b>	-	<b>(6,210)</b>
<b>Health</b>	<b>963</b>	<b>338</b>	-	<b>(625)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	9	-	-	(9)
Other Environmental Protection	1,486	153	-	(1,333)
Solid Waste Management	16,388	17,774	-	1,386
Street Cleaning	3,475	-	-	(3,475)
Drainage	1,400	-	-	(1,400)
Stormwater Management	-	-	-	-
<b>Total Environment</b>	<b>22,758</b>	<b>17,927</b>	-	<b>(4,831)</b>
<b>Community Services and Education</b>				
Administration & Education	1,425	91	-	(1,334)
Social Protection (Welfare)	104	-	-	(104)
Aged Persons and Disabled	1,758	1,297	-	(461)
Children's Services	7,102	7,398	-	296
<b>Total Community Services &amp; Education</b>	<b>10,389</b>	<b>8,786</b>	-	<b>(1,603)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	1,422	1,577	-	155
Public Conveniences	122	51	-	(71)
Street Lighting	966	174	-	(792)
Town Planning	7,293	4,353	4,996	2,056
Other Community Amenities	170	-	-	(170)
<b>Total Housing and Community Amenities</b>	<b>9,973</b>	<b>6,155</b>	<b>4,996</b>	<b>1,178</b>
<b>Water Supplies</b>	-	-	-	-
<b>Sewerage Services</b>	-	-	-	-

## Waverley Council

Special Schedule No. 1 - Net Cost of Services (continued)  
for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	5,814	289	-	(5,525)
Museums	-	-	-	-
Art Galleries	23	-	-	(23)
Community Centres and Halls	24	-	-	(24)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	4,159	644	300	(3,215)
Sporting Grounds and Venues	1,529	261	-	(1,268)
Swimming Pools	257	-	-	(257)
Parks & Gardens (Lakes)	7,215	205	72	(6,938)
Other Sport and Recreation	35	34	-	(1)
<b>Total Recreation and Culture</b>	<b>19,056</b>	<b>1,433</b>	<b>372</b>	<b>(17,251)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	2,039	1,676	-	(363)
Other Mining, Manufacturing & Construction	-	-	-	-
<b>Total Mining, Manufacturing and Const.</b>	<b>2,039</b>	<b>1,676</b>	-	<b>(363)</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	6,617	536	681	(5,400)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads (SRR) - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	-	-	-	-
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	9,362	25,199	-	15,837
Footpaths	2,714	-	3	(2,711)
Aerodromes	-	-	-	-
Other Transport & Communication	11	1,311	-	1,300
<b>Total Transport and Communication</b>	<b>18,703</b>	<b>27,046</b>	<b>684</b>	<b>9,027</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	607	1,585	-	978
<b>Total Economic Affairs</b>	<b>607</b>	<b>1,585</b>	-	<b>978</b>
<b>Totals – Functions</b>	<b>119,934</b>	<b>128,008</b>	<b>6,945</b>	<b>15,019</b>
<b>General Purpose Revenues</b> <sup>(2)</sup>		<b>45,068</b>		<b>45,068</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	-		-
<b>NET OPERATING RESULT</b> <sup>(1)</sup>	<b>119,934</b>	<b>173,076</b>	<b>6,945</b>	<b>60,087</b>

(1) As reported in the Income Statement

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

## Waverley Council

## Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2015

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-							-	-
Treasury Corporation	-	-	-							-	-
Other State Government	-	-	-							-	-
Public Subscription	-	-	-							-	-
Financial Institutions	1,117	1,900	<b>3,017</b>	-	1,118	-	-	142	836	1,063	<b>1,899</b>
Other	-	18	<b>18</b>	-	-	-	-	-	-	18	<b>18</b>
<b>Total Loans</b>	<b>1,117</b>	<b>1,918</b>	<b>3,035</b>	-	<b>1,118</b>	-	-	<b>142</b>	<b>836</b>	<b>1,081</b>	<b>1,917</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-							-	-
Government Advances	-	-	-							-	-
Finance Leases	-	-	-							-	-
Deferred Payments	-	-	-							-	-
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>1,117</b>	<b>1,918</b>	<b>3,035</b>	<b>-</b>	<b>1,118</b>	<b>-</b>	<b>-</b>	<b>142</b>	<b>836</b>	<b>1,081</b>	<b>1,917</b>

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

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

## Waverley Council

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

\$'000

## Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
General	2,815	525	3,391
Water			
Sewer			
Domestic Waste Management			
Gas			
Other			
<b>Totals</b>	<b>2,815</b>	<b>525</b>	<b>3,391</b>

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

## Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
General	Domestic Waste Management	12/01/11	30/11/10	10	30/06/20	4.83%	817	103	397
		12/01/11	30/11/11	10	30/06/21	4.88%	677	82	444
		12/01/11	30/11/12	10	30/06/22	3.22%	666	76	488
		12/01/11	30/11/13	10	30/06/23	2.94%	655	75	539
		12/01/11	30/11/14	10	30/06/24	2.77%	1,671	189	1,523
<b>Totals</b>						<b>4,486</b>	<b>525</b>	<b>3,391</b>	

## Waverley Council

## Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
<b>Buildings</b>	Council Offices / Administration Centres	-	239	257	10,235		100%			0%
	Council Works Depot	-	191	274	11,148	98%	2%			0%
	Council Public Halls	-	149	121	26,314		90%	10%		0%
	Libraries	-	206	220	27,259		100%			0%
	Cultural Facilities	-	440	535	13,051	4%	88%	8%		0%
	Other Buildings	-	906	898	43,205		89%	11%		0%
	Specialised Buildings	-	463	267	4,326		74%	26%		0%
	<b>sub total</b>	<b>-</b>	<b>2,594</b>	<b>2,572</b>	<b>135,538</b>	<b>8.4%</b>	<b>84.5%</b>	<b>7.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Other Structures</b>	Other Structures	1,800	195	81	5,717	48%	17%	8%	27%	0%
	<b>sub total</b>	<b>1,800</b>	<b>195</b>	<b>81</b>	<b>5,717</b>	<b>48.0%</b>	<b>17.0%</b>	<b>8.0%</b>	<b>27.0%</b>	<b>0.0%</b>
<b>Roads</b>	Sealed Roads Surface	1,475	4,006	3,403	56,347	36%	55%	7%	2%	0%
	Sealed Roads Structure	-	-	-	72,069			100%		0%
	Footpaths	1,750	1,839	1,327	33,818	50%	35%	14%	1%	0%
	Kerb and Gutter	807	35	57	67,458	47%	36%	14%	3%	0%
	Other Road Assets	264	345	220	17,673	43%	47%	9%	1%	0%
	<b>sub total</b>	<b>4,296</b>	<b>6,225</b>	<b>5,007</b>	<b>247,365</b>	<b>30.9%</b>	<b>30.5%</b>	<b>37.1%</b>	<b>1.5%</b>	<b>0.0%</b>
<b>Stormwater Drainage</b>	Stormwater Conduits	251	76	55	75,523	12%	71%	17%		0%
	Inlet and Junction Pits	57	332	242	17,529	21%	75%	4%		0%
	<b>sub total</b>	<b>308</b>	<b>408</b>	<b>297</b>	<b>93,052</b>	<b>13.7%</b>	<b>71.8%</b>	<b>14.6%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Open Space/ Recreational Assets</b>	Other Open Space/Recreation Assets	1,690	5,864	5,822	49,062	32%	43%	23%	2%	0%
	<b>sub total</b>	<b>1,690</b>	<b>5,864</b>	<b>5,822</b>	<b>49,062</b>	<b>32.0%</b>	<b>43.0%</b>	<b>23.0%</b>	<b>2.0%</b>	<b>0.0%</b>

## Waverley Council

## Special Schedule No. 7 - Report on Infrastructure Assets (continued)

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
	<b>TOTAL - ALL ASSETS</b>	<b>8,094</b>	<b>15,286</b>	<b>13,779</b>	<b>530,734</b>	<b>22.4%</b>	<b>52.5%</b>	<b>23.9%</b>	<b>1.2%</b>	<b>0.0%</b>

**Notes:**

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

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

## Waverley Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2015

\$ '000	Amounts	Indicator	Prior Periods	
	2015	2015	2014	2013
<b>Infrastructure Asset Performance Indicators Consolidated</b>				
<b>1. Building, Infrastructure &amp; Other Structures Renewals Ratio</b>				
Asset Renewals (Building, Infrastructure & Other Structures) <sup>(1)</sup>	<b>10,094</b>	<b>64.80%</b>	62.68%	60.35%
Depreciation, Amortisation & Impairment	<b>15,576</b>			
<b>2. Infrastructure Backlog Ratio</b>				
Estimated Cost to bring Assets to a Satisfactory Condition	<b>8,094</b>	<b>1.53%</b>	2.62%	2.03%
Total value <sup>(2)</sup> of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	<b>530,734</b>			
<b>3. Asset Maintenance Ratio</b>				
Actual Asset Maintenance	<b>13,779</b>	<b>0.90</b>	1.17	1.03
Required Asset Maintenance	<b>15,286</b>			
<b>4. Capital Expenditure Ratio</b>				
Annual Capital Expenditure	<b>11,323</b>	<b>0.63</b>	1.53	1.51
Annual Depreciation	<b>17,876</b>			

## Notes

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

<sup>(2)</sup> Written Down Value

## Waverley Council

## Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2016

\$'000		Calculation 2014/15	Calculation 2015/16
<b>Notional General Income Calculation <sup>(1)</sup></b>			
Last Year Notional General Income Yield	a	40,186	41,354
Plus or minus Adjustments <sup>(2)</sup>	b	220	(47)
<b>Notional General Income</b>	c = (a + b)	<u>40,406</u>	<u>41,307</u>
<b>Permissible Income Calculation</b>			
Special variation percentage <sup>(3)</sup>	d	0.00%	0.00%
or Rate peg percentage	e	2.30%	2.40%
or Crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	h = d x (c-g)	-	-
or plus Rate peg amount	i = c x e	929	991
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
<b>sub-total</b>	k = (c+g+h+i+j)	<u>41,335</u>	<u>42,298</u>
plus (or minus) last year's Carry Forward Total	l	11	(8)
less Valuation Objections claimed in the previous year	m	-	-
<b>sub-total</b>	n = (l + m)	<u>11</u>	<u>(8)</u>
<b>Total Permissible income</b>	o = k + n	<u>41,346</u>	<u>42,291</u>
less Notional General Income Yield	p	41,354	42,315
<b>Catch-up or (excess) result</b>	q = o - p	<u>(8)</u>	<u>(24)</u>
plus Income lost due to valuation objections claimed <sup>(4)</sup>	r	-	-
less Unused catch-up <sup>(5)</sup>	s	-	-
<b>Carry forward to next year</b>	t = q + r - s	<u>(8)</u>	<u>(24)</u>

**Notes**

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

**WAVERLEY COUNCIL**  
**SPECIAL SCHEDULE NO. 9**  
**INDEPENDENT AUDITORS' REPORT**

---

**REPORT ON SPECIAL SCHEDULE NO. 9**

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Waverley Council for the year ending 30 June 2016.

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

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 23. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

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In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Independence***

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

***Audit Opinion***

In our opinion, Special Schedule No. 9 of Waverley Council for 2015/16 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

***Basis of Accounting***

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose.

**HILL ROGERS SPENCER STEER**



**BRETT HANGER**

Partner

Dated at Sydney this 29th day of October 2015



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