

WYNDHAM CITY  
CONSOLIDATED ANNUAL FINANCIAL REPORT

*For the Year Ended 30 June 2015*

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## Comprehensive Income Statement For the Year Ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
<b>Income</b>			
Rates and charges	3	148,272	137,590
Statutory fees and fines	4	9,150	6,710
User fees	5	55,644	54,133
Grants - operating	6	40,790	27,137
Grants - capital	6	10,331	5,746
Contributions - monetary	7	13,453	10,745
Contributions - non monetary	7	89,136	55,781
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	8	(26,299)	(5,741)
Other income	9	5,411	5,618
<b>Total income</b>		<b><u>345,888</u></b>	<b><u>297,719</u></b>
<b>Expenses</b>			
Employee costs	10	95,496	85,693
Materials and services	11	84,662	80,045
Bad and doubtful debts	12	277	812
Depreciation and amortisation	13	61,343	50,425
Borrowing costs	14	2,058	1,396
Other expenses	15	2,789	2,419
<b>Total expenses</b>		<b><u>246,624</u></b>	<b><u>220,790</u></b>
<b>Surplus/(deficit) for the year</b>		<b><u>99,264</u></b>	<b><u>76,929</u></b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment/(decrement)	22(a)	(106)	483,071
<b>Total comprehensive result</b>		<b><u>99,157</u></b>	<b><u>560,000</u></b>

The above comprehensive income statement should be read in conjunction with the accompanying notes.

## Balance Sheet As at 30 June 2015

	Note	2015 \$'000	2014 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	32,274	37,675
Trade and other receivables	17	30,662	28,455
Other financial assets	18	85,404	91,346
Inventories	19	140	123
Non-current assets classified as held for sale	20	23	23
Other assets	21	3,210	1,900
<b>Total current assets</b>		<b>151,713</b>	<b>159,522</b>
<b>Non-current assets</b>			
Trade and other receivables	17	1,678	1,720
Property, infrastructure, plant and equipment	22	2,877,792	2,758,765
Intangible assets	23	7,193	15,758
<b>Total non-current assets</b>		<b>2,886,663</b>	<b>2,776,243</b>
<b>Total assets</b>		<b>3,038,376</b>	<b>2,935,765</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	24	27,967	25,946
Trust funds and deposits	25	7,904	8,562
Provisions	26	15,237	14,637
Interest-bearing loans and borrowings	27	-	40,321
<b>Total current liabilities</b>		<b>51,108</b>	<b>89,467</b>
<b>Non-current liabilities</b>			
Provisions	26	25,137	23,325
Interest-bearing loans and borrowings	27	40,000	-
<b>Total non-current liabilities</b>		<b>65,137</b>	<b>23,325</b>
<b>Total liabilities</b>		<b>116,245</b>	<b>112,792</b>
<b>Net assets</b>		<b>2,922,130</b>	<b>2,822,973</b>
<b>Equity</b>			
Accumulated surplus		1,500,197	1,408,630
Reserves	28	1,421,933	1,414,342
<b>Total Equity</b>		<b>2,922,130</b>	<b>2,822,973</b>

The above balance sheet should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity For the Year Ended 30 June 2015

2015	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		2,822,973	1,408,630	1,353,090	61,253
Surplus/(deficit) for the year		99,264	99,264		
Net asset revaluation increment/(decrement)	28(a)	(106)	-	(106)	-
Transfers to other reserves	28(b)	(7,696)	(7,696)	-	-
Transfers from other reserves	28(b)	7,696	-	-	7,696
<b>Balance at end of the financial year</b>		<b>2,922,130</b>	<b>1,500,197</b>	<b>1,352,984</b>	<b>68,949</b>

2014		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		2,262,973	1,337,820	870,019	55,134
Surplus/(deficit) for the year		76,929	76,929	-	-
Net asset revaluation increment/(decrement)	28(a)	483,071	-	483,071	-
Transfers to other reserves	28(b)	(6,119)	(6,119)	-	-
Transfers from other reserves	28(b)	6,119	-	-	6,119
<b>Balance at end of the financial year</b>		<b>2,822,973</b>	<b>1,408,630</b>	<b>1,353,090</b>	<b>61,253</b>

The above statement of changes in equity should be read with the accompanying notes.

## Statement of Cash Flows For the Year Ended 30 June 2015

	Note	2015 Inflows/ (Outflows) \$'000	2014 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and charges		147,151	136,051
Statutory fees and fines		9,150	7,532
User fees		55,568	60,759
Grants - operating		42,531	25,817
Grants - capital		10,772	5,746
Contributions - monetary		13,453	10,883
Interest received		5,411	5,618
Trust funds and deposits taken		105,801	60,687
Net GST refund/payment		13,693	6,102
Employee costs		(93,038)	(84,514)
Materials and services		(103,922)	(85,857)
Trust funds and deposits repaid		(106,459)	(60,268)
<b>Net cash provided by/(used in) operating activities</b>	29	<b>100,110</b>	<b>88,555</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(110,095)	(86,328)
Proceeds from sale of property, infrastructure, plant and equipment		1,021	591
Payments for acquisition of/proceeds from sale of other financial assets		5,942	(91,346)
<b>Net cash provided by/(used in) investing activities</b>		<b>(103,132)</b>	<b>(177,083)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(2,058)	(1,396)
Proceeds from borrowings		40,000	40,000
Repayment of borrowings		(40,321)	(461)
<b>Net cash provided by/(used in) financing activities</b>		<b>(2,379)</b>	<b>38,143</b>
Net increase (decrease) in cash and cash equivalents		(5,401)	(50,385)
Cash and cash equivalents at the beginning of the financial year		37,675	88,060
<b>Cash and cash equivalents at the end of the financial year</b>	30	<b>32,274</b>	<b>37,675</b>
Financing arrangements	31		
Restrictions on cash assets	16		

The above statement of cash flow should be read with the accompanying notes.

## Statement of Capital Works For the Year Ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
<b>Property</b>			
Land		13,586	5,057
Land improvements		-	-
<b>Total land</b>		<u>13,586</u>	<u>5,057</u>
Buildings		52,146	44,409
<b>Total buildings</b>		<u>52,146</u>	<u>44,409</u>
<b>Total property</b>		<u>65,733</u>	<u>49,466</u>
<b>Plant and equipment</b>			
Plant, machinery and equipment		2,793	2,019
Fixtures, fittings and furniture		3,701	-
Computers and telecommunications		1,431	2,137
Library books		1,545	-
<b>Total plant and equipment</b>		<u>9,470</u>	<u>4,156</u>
<b>Infrastructure</b>			
Roads		14,133	23,868
Bridges		71	126
Footpaths and cycleways		1,230	1,846
Drainage		162	1
Recreational, leisure and community facilities		6,766	2,403
Waste management		7,082	3,502
Parks, open space and streetscapes		3,069	2,185
Off street car parks		-	14
Other infrastructure		2,537	876
<b>Total infrastructure</b>		<u>35,050</u>	<u>34,820</u>
<b>Total capital works expenditure</b>		<u>110,253</u>	<u>88,442</u>
<b>Represented by:</b>			
New asset expenditure		31,010	29,307
Asset renewal expenditure		47,522	45,036
Asset expansion expenditure		193	509
Asset upgrade expenditure		31,527	13,590
<b>Total capital works expenditure</b>		<u>110,253</u>	<u>88,442</u>

The above statement of capital works should be read with the accompanying notes.

### Introduction

The Wyndham City Council was established by an Order of the Governor in Council on 15 December 1994 and is a body corporate. The Council's main office is located at 45 Princes Highway, Werribee, Victoria.

### Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

### Note 1 Significant accounting policies

#### (a) Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, whereby assets liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 1 (m) )
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 1 (n) )
- the determination of employee provisions (refer to note 1 (s) )

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

#### (b) Changes in accounting policies

There have been no changes in accounting policies from the previous period other than the capitalisation of library books. Expenditure on library books were classified as expense in prior years, but are now classified as assets.

In accordance with directives from Local Government Victoria at Department of Environment, Land, Water & Planning, comparatives have been reclassified.

#### (c) Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2015, and their income and expenses for that part of the reporting period in which control existed.

Subsidiaries are all entities over which Council has control. Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Council. They are deconsolidated from the date that control ceases.

Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.



**Note 1 Significant accounting policies (cont'd.)**

**(c) Principles of consolidation (cont'd.)**

In the process of preparing consolidated financial statements all material transactions and balances between consolidated entities are eliminated.

The entity that is consolidated into Council is Western Leisure Services Pty Ltd, which is fully owned by Wyndham City. It was established on 30 April 2014 to manage three of Wyndham City's major recreation facilities

**(d) Committees of management**

Entities controlled by Council that have material revenues, expenses, assets or liabilities, such as committees of management, are to be included in this financial report. Any transactions between these entities and Council are then eliminated in full. No committees of management have been identified for inclusion in this financial report.

**(e) Accounting for investments in associates and joint arrangements**

*Associates*

Associates are all entities over which Council has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

*Joint arrangements*

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

*(i) Joint operations*

Council recognises its direct right to, and its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate headings.

*(ii) Joint ventures*

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise Council's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

**(f) Revenue recognition**

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

*Rates and Charges*

Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

*Statutory fees and fines*

Statutory fees and fines (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.

*User fees*

User fees are recognised as revenue when the service has been provided or the payment is received, whichever first occurs.

**Note 1 Significant accounting policies (cont'd.)**

**(f) Revenue recognition (cont'd.)**

*Grants*

Grant income is recognised when Council obtains control of the contribution. This is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

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 6. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

*Contributions*

Monetary and non monetary contributions are recognised as revenue when Council obtains control over the contributed asset.

*Sale of property, infrastructure, 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*

Interest is recognised as it is earned.

*Dividends*

Dividend revenue is recognised when the Council's right to receive payment is established.

*Other Income*

Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.

**(g) Fair value measurement**

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**(h) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of less than 90 days, net of outstanding bank overdrafts.

**Note 1 Significant accounting policies (cont'd.)**

**(i) Trade and other receivables**

Receivables are carried at amortised cost using the effective interest rate method. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred.

**(j) Other financial assets**

Other financial assets are valued at fair value, being market value, at balance date. Term deposits are measured at amortised cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

**(k) Inventories**

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. Inventories are measured at the lower of cost and net realisable value.

All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where Inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

**(l) Non-current assets classified as held for sale**

A non-current asset classified as held for sale (including disposal groups) is measured at the lower of its carrying amount and fair value less costs to sell, and are not subject to depreciation. Non-current assets, disposal groups and related liabilities and assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

**(m) Recognition and measurement of property, plant and equipment, infrastructure, intangibles**

*Acquisition*

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour and an appropriate share of directly attributable variable and fixed overheads.

In accordance with Council's policy, the threshold limits detailed in Note 1 (n) have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

*Revaluation*

Subsequent to the initial recognition of assets, land, building, roads, bridges, off street car parks and drainage assets are measured at their fair value, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 22, Property, infrastructure, plant and equipment, and infrastructure.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 5 years. The valuation is performed either by experienced council officers or independent experts.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

Note 1 Significant accounting policies (cont'd.)

(m) Recognition and measurement of property, plant and equipment, infrastructure, intangibles (cont'd.)

*Land under roads*

Wyndham City recognised the value of land under roads it controlled as at 30 June 2008 at deemed cost. Deemed cost is based on site values adjusted for englobo (undeveloped and/or unserved) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. Land under roads acquired after 30 June 2008 is brought to account using the cost basis.

(n) Depreciation and amortisation of property, infrastructure, plant and equipment and intangibles

Buildings, land improvements, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Straight line depreciation is charged based on the residual useful life as determined each year.

Depreciation periods used are listed below and are consistent with the prior year unless otherwise stated.

*Asset recognition thresholds and depreciation periods*

	Depreciation Period	Threshold Limit \$'000
Property		
land	n/a	-
land improvements	20-30 years	10
Buildings		
heritage buildings	50 years	-
buildings	50 years	-
Plant and Equipment		
heritage plant and equipment	10-100 years	1
plant, machinery and equipment	4-10 years	-
fixtures, fittings and furniture	3-10 years	3
computers and telecommunications	3-10 years	3
library books	5 years	-
Infrastructure		
road surface	25 years	-
road base	55 years	-
road unsealed	20 years	-
road kerb and channel	40 years	-
bridges	80 years	-
footpaths and cycleways	40 years	-
drainage	100 years	-
recreational, leisure and community facilities	10-50 years	10
waste management	10-50 years	-
parks, open space and streetscapes	10-40 years	10
off street car parks	20-40 years	-
Intangible assets		
landfill air space	consumption	-
software	7 years	-

Note 1 Significant accounting policies (cont'd.)

(o) Repairs and maintenance

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

(p) Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(q) Trust funds and deposits

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited (refer to Note 25).

(r) Borrowings

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. Subsequently they are categorised as financial liabilities at amortised cost.

*Borrowing costs*

Borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs include interest on bank overdrafts, interest on borrowings, and finance lease charges.

(s) Employee costs and benefits

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.

*Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

*Long service leave*

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current Liability - unconditional LSL is disclosed as a current liability even when the council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months

The components of this current liability are measured at :

- present value - component that is not expected to be wholly settled within 12 months.
- nominal value - component that is expected to be wholly settled within 12 months.

*Classification of employee costs*

Non-current liability - conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non - current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value.

**Note 1 Significant accounting policies (cont'd.)**

**(t) Landfill restoration provision**

Council is obligated to restore the Refuse Disposal Facility site to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

**(u) Carbon Tax provision**

Council's Carbon Tax liability arose due to the Federal Government's Clean Energy Act 2011, which was repealed in July 2014. Council collected carbon tax to 30 June 2014 for the lifetime carbon emissions that would be generated from waste deposited at the landfill. Now that the legislation has been repealed, Council no longer has an obligation to make further payments under the Clean Energy Act 2011. The Minister for the Environment has released the Voluntary Waste Industry Protocol for the handling of early collected carbon charges in the landfill sector. Council is currently reviewing the recommendations for the Protocol.

**(v) Leases**

Finance Leases

Wyndham City has not entered into any finance lease arrangements.

Operating Leases

Lease payments for operating leases are required by the accounting standards to be recognised on a straight line basis, rather than expensed in the years in which they are incurred.

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

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(x) Contingent assets and contingent liabilities and commitments**

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value by way of note and presented inclusive of the GST payable.

**(y) Pending accounting standards**

Certain new AAS's have been issued that are not mandatory for the 30 June 2015 reporting period. Council has assessed these pending standards and has identified that no material impact will flow from the application of these standards in future reporting periods.

**(z) Rounding**

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars. Figures in the financial statement may not equate due to rounding.

## Note 2 Budget comparison

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of ten percent or \$50 million where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 07 July 2014. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

These notes are prepared to meet the requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

### a) Income and Expenditure

	Budget 2015 \$'000	Actual 2015 \$'000	Variance 2015 \$'000	Ref
<b>Income</b>				
Rates and charges	149,060	148,272	(788)	
Statutory fees and fines	6,773	9,150	2,377	1
User fees	60,107	55,644	(4,463)	2
Grants - operating	33,093	40,790	7,697	3
Grants - capital	9,094	10,331	1,237	4
Contributions - monetary	20,177	13,453	(6,724)	5
Contributions - non monetary	70,000	89,136	19,136	6
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(4,326)	(26,299)	(21,973)	7
Share of net profits/(losses) of associates and joint ventures	-	-	-	
Other income	5,845	5,411	(434)	
<b>Total income</b>	<b>349,823</b>	<b>345,888</b>	<b>(3,935)</b>	
<b>Expenses</b>				
Employee costs	92,969	95,496	(2,527)	
Materials and services	83,807	84,662	(855)	
Bad and doubtful debts	-	277	(277)	8
Depreciation and amortisation	56,183	61,343	(5,160)	
Borrowing costs	1,840	2,058	(218)	9
Other expenses	6,867	2,789	4,078	10
<b>Total expenses</b>	<b>241,666</b>	<b>246,624</b>	<b>(4,958)</b>	
<b>Surplus/(deficit) for the year</b>	<b>108,157</b>	<b>99,264</b>	<b>(8,893)</b>	

Note 2 Budget comparison (cont'd.)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Statutory fees and fines	The favourable variance of \$2.4 million is predominantly due to the increase in Infringements (especially Traffic fines and Statutory fines) and subdivision fees.
2	User fees	The budget had included \$4.1 million in User Fees for carbon tax to be collected for the government. However the carbon tax was abolished in July 2014, hence no longer collected.
3	Grants - operating	Operating Grants revenue is \$7.7 million higher than the budget due predominantly to the early receipt of \$6.2 million from Victoria Grants Commission. This payment relates to the 2015/16 financial year but was received in June 2015. In addition, the receipt of grants for the Kindergarten area is higher than budgeted by \$417K due to extra enrolments and to support aboriginal children.
4	Grants - capital	Capital Grants revenue is \$1.2 million higher than the budget due predominantly to the early receipt of \$0.9 million from Victoria Grants Commission on the Local Road funding.
5	Contributions - monetary	Monetary contributions is \$6 million unfavourable to budget due to developers opting to provide works in kind rather than cash contributions.
6	Contributions - non monetary	Non-monetary contributions is \$19.1 million higher than the budget as more subdivisions were completed and handed over to Council and an increase in the standard costs applied on asset valuations.
7	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Loss on disposal of infrastructure assets is \$22.0 million higher than budget due to unbudgeted transfer of roads assets to VicRoads (\$11.7 million) and higher than expected loss from roads assets reconstruction (\$10.5 million).
8	Bad and doubtful debts	Council currently does not budget for bad and doubtful debts. The major part of the actual bad and doubtful debts (i.e. \$250 thousand) relates to infringements (including parking, local laws and animal registration) that have been sent to court.
9	Borrowing costs	Borrowing cost is \$218 thousand higher than budget, due to higher interest paid on the MAV loan (\$167 thousand) and higher than expected unwinding cost (\$50 thousand). The difference of the MAV loan interest is due to the actual interest rate being higher than assumed in budget.
10	Other expenses	The budget had included \$4.1 million in Other Expenses for carbon tax to be paid to the government. However the carbon tax was abolished in July 2014, hence no more carbon tax expense.



Note 2 Budget comparison (cont)

b) Capital Works

	Budget 2015 \$'000	Actual 2015 \$'000	Variance 2015 \$'000	Ref
<b>Property</b>				
Land	5,000	13,586	(8,586)	1
<b>Total Land</b>	<b>5,000</b>	<b>13,586</b>	<b>(8,586)</b>	
Buildings	44,286	52,146	(7,860)	2
<b>Total Buildings</b>	<b>44,286</b>	<b>52,146</b>	<b>(7,860)</b>	
<b>Total Property</b>	<b>49,286</b>	<b>65,733</b>	<b>(16,446)</b>	
<b>Plant and Equipment</b>				
Plant, machinery and equipment	3,200	2,793	407	3
Fixtures, fittings and furniture	4,074	3,701	373	
Computers and telecommunications	1,291	1,431	(140)	4
Library books	-	1,545	(1,545)	5
<b>Total Plant and Equipment</b>	<b>8,565</b>	<b>9,470</b>	<b>(905)</b>	
<b>Infrastructure</b>				
Roads	22,080	14,133	7,947	6
Bridges	2,266	71	2,195	7
Footpaths and cycleways	1,515	1,230	285	8
Drainage	150	162	(12)	
Recreational, leisure and community facilities	5,035	6,766	(1,731)	9
Waste management	7,943	7,082	861	10
Parks, open space and streetscapes	4,110	3,069	1,042	11
Other infrastructure	3,340	2,537	803	12
<b>Total Infrastructure</b>	<b>46,439</b>	<b>35,050</b>	<b>11,390</b>	
<b>Total Capital Works Expenditure</b>	<b>104,291</b>	<b>110,253</b>	<b>(5,962)</b>	
<b>Represented by:</b>				
New asset expenditure	32,199	31,010	1,189	
Asset renewal expenditure	36,204	47,522	(11,319)	
Asset expansion expenditure	1,250	193	1,057	
Asset upgrade expenditure	34,638	31,527	3,111	
<b>Total Capital Works Expenditure</b>	<b>104,291</b>	<b>110,253</b>	<b>(5,962)</b>	

Note 2 Budget comparison (cont)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Land expenditure includes unbudgeted purchase of land in the Werribee CBD (\$5.9 million) and costs to remediate land at the Eagle Stadium site (\$5.9 million). This is offset by the unspent budget of \$3.3 million due to delay of purchase.
2	Buildings	There was higher than budget expenditure on the Aquapulse, Encore and Eagle Stadium's redevelopment projects in the 2014/15 financial year due to works budgeted in 2013/14 being delayed. These projects have now been delivered within the total project budgets.

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3	Plant, machinery and equipment	Expenditure was less than budget due mostly to vehicles being replaced later than assumed in the budget.
4	Computers and telecommunications	The variance to budget was due to delays in the reimplementation of the asset management system, with expenditure in 2014/15 that was budgeted in 2013/14.
5	Library books	Library books were assumed to be purchased from the operating budget. In the 2014/15 financial statements, the purchase of resources for the Library collection have been reclassified as a capital expenditure. The 2014/15 Library books expenditure is for the renewal of the existing collection and also establishing a collection for the new Tarneit Library that will open in 2015/16.
6	Roads	Expenditure was lower than budget due in part to four projects budgeted to be delivered by Council now being constructed by property developers as works-in-kind. Also the reconstructions of Shaws Road and Diggers Road are now being completed in 2015/16 rather than in 2014/15 as assumed in the budget.
7	Bridges	The budget assumed that the foot bridge over Skeleton Creek would be constructed in 2014/15. The project planning has taken longer than expected and the project will now be delivered in 2015/16.
8	Footpaths and cycleways	The variance to budget was due mostly to the footpath along K Road not being delivered as planned in 2014/15. The project has been delayed due to issues raised during the consultation process and is now expected to be completed in 2015/16.
9	Recreational, leisure and community facilities	The over expenditure compared to budget was due to works to complete the ovals at Clearwood Drive and Wyndham Vale Reserves being undertaken in 2014/15. These two projects were planned to be completed in 2013/14.
10	Waste management	Waste management expenditure was lower than budget due mostly to the planning activities for the new cell taking longer than expected. As a result, the construction works commenced later in 2014/15 than planned. The cell construction is anticipated to be completed in early 2016.
11	Parks, open space and streetscapes	The variance to budget is due mostly to three projects not progressing as planned. These projects were the Alison Street Park redevelopment project, the upgrade of Grahams Reserve and the completion of the Wyndham Park master plan and detailed design. These projects are now planned to be completed in 2015/16.
12	Other infrastructure	The project to replace street light bulbs with more energy efficient bulbs has been delayed as a higher number of non-standard lights have been identified through the implementation process. Non-standard lights' bulbs were planned to be replaced in 2015/16.

	2015 \$'000	2014 \$'000
<b>Note 3</b>		
<b>Rates and charges</b>		
<p>Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is its valuation of land in addition to any improvements to the land.</p> <p>The valuation base used to calculate general rates for 2014/15 was \$34,693 million (2013/14 \$32,211 million). The 2014/15 rate on developed land in the CIV dollar was 0.003215 (2013/14, 0.003265).</p>		
General Rates	125,071	115,863
Municipal charge	4,081	3,527
Waste management charge	17,145	16,589
Supplementary rates and rate adjustments	1,835	1,474
Revenue in lieu of rates	140	138
<b>Total rates and charges</b>	<b>148,272</b>	<b>137,590</b>
<p>The date of the latest general revaluation of land for rating purposes within the municipal district was 1st January 2014, and the valuation was first applied in the rating year commencing 1st July 2014.</p>		
<b>Note 4</b>		
<b>Statutory fees and fines</b>		
Infringements and costs	2,671	1,890
Court recoveries	161	174
Town planning fees	6,166	4,497
Land information certificates	152	150
<b>Total statutory fees and fines</b>	<b>9,150</b>	<b>6,710</b>
<b>Note 5</b>		
<b>User fees</b>		
Aged and health services	852	782
Leisure centre and recreation	2,759	2,390
Child care/children's programs	2,380	1,986
Registration and other permits	640	587
Building services	996	852
Waste management services	43,558	42,609
Cost recoveries	3,740	4,291
Other fees and charges	720	635
<b>Total user fees</b>	<b>55,644</b>	<b>54,133</b>

	2015 \$'000	2014 \$'000
<b>Note 6 Grants</b>		
Grants were received in respect of the following :		
<b>Summary of grants</b>		
Commonwealth funded grants	26,669	7,612
State funded grants	24,452	25,271
<b>Total</b>	<u>51,121</u>	<u>32,883</u>
<b>Operating Grants</b>		
<i>Recurrent - Commonwealth Government</i>		
Victoria Grants Commission	18,488	6,173
<i>Recurrent - State Government</i>		
Primary care partnerships	126	122
Aged care	6,653	6,018
School crossing supervisors	265	234
Libraries	1,217	1,142
Maternal and child health	2,633	2,375
Recreation	-	100
Community safety	181	87
Early Childhood & Youth	8,875	7,542
Other	24	22
<b>Total recurrent operating grants</b>	<u>38,462</u>	<u>23,815</u>
<i>Non-recurrent - State Government</i>		
Community health	1,458	1,717
Family and children	116	382
Environmental planning	12	36
Library	1	27
Transport	-	386
Strategy planning	652	709
Recreation	75	-
Other	14	65
<b>Total non-recurrent operating grants</b>	<u>2,328</u>	<u>3,322</u>
<b>Total operating grants</b>	<u>40,790</u>	<u>27,137</u>
<b>Capital Grants</b>		
<i>Recurrent - Commonwealth Government</i>		
Victoria Grants Commission - Local Roads	2,775	911
Roads to recovery	905	528
<b>Total recurrent capital grants</b>	<u>3,681</u>	<u>1,439</u>
<i>Non-recurrent - Commonwealth Government</i>		
Buildings	4,500	-
<i>Non-recurrent - State Government</i>		
Buildings	1,512	3,537
Roads	574	727
Parks, open space and streetscapes	-	41
Recreational, leisure and community facilities	(3)	3
Other	68	-
<b>Total non-recurrent capital grants</b>	<u>6,650</u>	<u>4,308</u>
<b>Total capital grants</b>	<u>10,331</u>	<u>5,746</u>
<b>Conditions on grants</b>		
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were	2,431	3,127
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were	2,857	2,228
Net increase/(decrease) in restricted assets resulting from grant revenues for the year	<u>(427)</u>	<u>899</u>

	2015 \$'000	2014 \$'000
<b>Note 7 Contributions</b>		
Monetary	13,453	10,745
Non-monetary	89,136	55,781
<b>Total contributions</b>	<b>102,589</b>	<b>66,526</b>
<i>Contributions of non monetary assets were received in relation to the following asset classes</i>		
Land	12,596	9,679
Infrastructure	76,540	46,103
Other	-	-
<b>Note 8 Net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>		
Proceeds of sale	1,021	590
Infrastructure assets transferred to VicRoads	(11,677)	-
Disposal from roads reconstruction/resheet	(13,161)	(5,018)
Other asset disposals	(2,482)	(1,313)
Write down value of assets disposed	(27,320)	(6,331)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>(26,299)</b>	<b>(5,741)</b>
<b>Note 9 Other income</b>		
Interest	5,411	5,618
Dividends	-	-
<b>Total other income</b>	<b>5,411</b>	<b>5,618</b>
<b>Note 10 (a) Employee costs</b>		
Wages and salaries	80,941	71,870
WorkCover	1,899	1,726
Casual staff	3,068	3,224
Superannuation	7,412	6,468
Fringe benefits tax	554	468
Other	1,621	1,938
<b>Total employee costs</b>	<b>95,496</b>	<b>85,693</b>

**Note 10 (b) Superannuation**

Council made actual contributions to the following funds in the current financial year

**Defined benefit fund**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	629	732
	<u>629</u>	<u>732</u>
Employer contributions payable at reporting date.	-	-

**Accumulation funds**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	4,238	3,875
Employer contributions - other funds	2,447	1,837
	<u>6,685</u>	<u>5,712</u>
Employer contributions payable at reporting date.	-	-

Wyndham City makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund Vision Super. This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in Comprehensive Income Statement when they are made or due

**Accumulation**

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2015, this was 9.5% required under Superannuation Guarantee legislation (for 2013/14, this was 9.25%)).

**Note 10 (b) Superannuation (Cont'd)**  
**Defined Benefit**

Wyndham City does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Wyndham City in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 11</b>		
<b>Materials and services</b>		
Materials and services	37,246	33,997
Contract payments	21,633	21,959
Building maintenance	988	653
General maintenance	8,167	7,567
Utilities	6,335	6,464
Office administration	1,547	1,363
Information technology	2,880	2,194
Insurance	1,310	1,290
Consultants	4,557	4,558
<b>Total materials and services</b>	<b>84,662</b>	<b>80,045</b>
<b>Note 12</b>		
<b>Bad and doubtful debts</b>		
Parking and other infringement debtors	248	237
Other debtors	28	575
<b>Total bad and doubtful debts</b>	<b>277</b>	<b>812</b>
<b>Note 13</b>		
<b>Depreciation and amortisation</b>		
Property	9,179	6,347
Plant and equipment	3,203	3,202
Infrastructure	46,328	37,919
Intangible assets	2,632	2,957
<b>Total depreciation and amortisation</b>	<b>61,343</b>	<b>50,425</b>
<i>Refer to note 22 for a more detailed breakdown of depreciation and amortisation charge</i>		
<b>Note 14</b>		
<b>Borrowing costs</b>		
Interest - Borrowings	2,058	1,396
<b>Total borrowing costs</b>	<b>2,058</b>	<b>1,396</b>
<b>Note 15</b>		
<b>Other expenses</b>		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	59	61
Auditors' remuneration - Internal	211	237
Councillors' allowances	409	389
Operating lease rentals	372	258
Grants and Contributions	1,737	1,474
<b>Total other expenses</b>	<b>2,789</b>	<b>2,419</b>

	2015 \$'000	2014 \$'000
<b>Note 16 Cash and cash equivalents</b>		
Cash on hand	35	13
Cash at bank	28,239	26,607
Term deposits	4,000	11,056
	<u>32,274</u>	<u>37,675</u>

Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

Unexpended Grants and Subsidies	2,431	3,127
Trust funds and deposits (Note 25)	7,904	8,562
Statutory Reserves	4,666	6,475
Developer Contributions	61,853	51,651
Total restricted funds	<u>76,853</u>	<u>69,815</u>
Total unrestricted cash and cash equivalents	<u>(44,579)</u>	<u>(32,139)</u>
Other financial assets	85,404	91,346
Total unrestricted cash and cash equivalents and Other financial assets	<u>40,825</u>	<u>59,207</u>

#### Intended allocations

Although not externally restricted the following amounts have been allocated for specific future purposes by Council:

Cash held to fund carried forward capital works	15,739	29,605
Total funds subject to intended allocations	<u>15,739</u>	<u>29,605</u>

#### Note 17 Trade and other receivables

##### Current

Rates debtors	11,627	10,397
Special rate assessment	39	107
Parking and other infringement debtors	4,728	3,942
Provision for doubtful debts - parking and other infringements	(1,881)	(1,633)
Other debtors	16,782	16,294
Provision for doubtful debts - other debtors	(633)	(652)
Total current trade and other receivables	<u>30,662</u>	<u>28,455</u>

##### Non-current

Special rate scheme	118	160
Loans and advances to community organisations	1,560	1,560
Total non-current trade and other receivables	<u>1,678</u>	<u>1,720</u>
<b>Total trade and other receivables</b>	<b><u>32,340</u></b>	<b><u>30,175</u></b>

##### a) Ageing of Receivables

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's trade & other receivables (excluding statutory receivables) was:

Current (not yet due)	11,418	11,245
Past due between 31 and 180 days	2,064	1,777
Past due between 181 and 365 days	61	442
Past due by more than 1 year	811	557
Total trade & other receivables	<u>16,782</u>	<u>16,294</u>

	2015 \$'000	2014 \$'000
<b>Note 17 Trade and other receivables (Contd)</b>		
<b>b) Movement in provisions for doubtful debts</b>		
Balance at the beginning of the year	2,285	1,494
New Provisions recognised during the year	295	846
Amounts already provided for and written off as uncollectible	(39)	(20)
Amounts provided for but recovered during the year	(27)	(35)
Balance at end of year	<u>2,514</u>	<u>2,285</u>
<b>c) Ageing of individually impaired Receivables</b>		
At balance date, other debtors representing financial assets with a nominal value of \$633,378 (2014: \$652,444) were impaired. The amount of the provision raised against these debtors was \$633,378 (2014: \$652,444). The individually impaired debtors have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.		
The ageing of receivables that have been individually determined as impaired at		
Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	8	150
Past due between 181 and 365 days	28	304
Past due by more than 1 year	598	198
Total trade & other receivables	<u>633</u>	<u>652</u>
<b>Note 18 Other financial assets</b>		
Term deposits	85,404	91,346
<b>Total other financial assets</b>	<u>85,404</u>	<u>91,346</u>
<b>Note 19 Inventories</b>		
Inventories held for distribution	140	123
<b>Total inventories</b>	<u>140</u>	<u>123</u>
<b>Note 20 Non current assets classified as held for sale</b>		
Cost of acquisition	23	23
<b>Total non current assets classified as held for resale</b>	<u>23</u>	<u>23</u>
<b>Note 21 Other assets</b>		
Prepayments	696	709
Accrued income	2,514	1,191
<b>Total other assets</b>	<u>3,210</u>	<u>1,900</u>



Note 22 Property, infrastructure plant and equipment

Land and Buildings	Note	Land - non specialised	Land improvements	Land under roads	Total Land	Heritage Buildings	Buildings - specialised	Buildings - non specialised	Total Buildings	Work In Progress	Total Property
At fair value 1 July 2014		508,113	2,774	124,891	635,778	1,150	119,530	29,638	150,318	50,029	836,125
Accumulated depreciation at 1 July 2014		-	(642)	-	(642)	-	-	-	-	-	(642)
		508,113	2,132	124,891	635,136	1,150	119,530	29,638	150,318	50,029	835,483
<b>Movements in fair value</b>											
Acquisition of assets at fair value		24,792	10,758	5,481	41,031	-	80,986	270	81,255	13,048	135,334
Revaluation increments/decrements		-	-	-	-	-	-	-	-	-	-
Fair value of assets disposed		(342)	(6)	-	(348)	-	-	-	-	-	(348)
Impairment losses recognised in operating result		-	-	-	-	-	-	-	-	-	-
Transfers		-	-	-	-	-	-	-	-	(38,229)	(38,229)
		24,450	10,752	5,481	40,683	-	80,986	270	81,255	(25,181)	96,757
<b>Movements in accumulated depreciation</b>											
Depreciation and amortisation		-	(7,147)	-	(7,147)	(55)	(3,497)	(945)	(4,497)	-	(11,644)
Accumulated depreciation of disposals		-	6	-	6	-	-	-	-	-	6
Impairment losses recognised in operating result		-	-	-	-	-	-	-	-	-	-
Transfers		-	-	-	-	-	-	-	-	-	-
		-	(7,140)	-	(7,140)	(55)	(3,497)	(945)	(4,497)	-	(11,638)
At fair value 30 June 2015		532,563	13,526	130,372	676,461	1,150	200,516	29,908	231,573	24,848	932,882
Accumulated depreciation at 30 June 2015		-	(7,782)	-	(7,782)	(55)	(3,497)	(945)	(4,497)	-	(12,280)
		532,563	5,744	130,372	668,679	1,095	197,019	28,962	227,076	24,848	920,603

Note 22 Property, infrastructure plant and equipment (cont'd)

Plant and Equipment	Note	Heritage and Culture	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Library books	Work In Progress	Total plant and equipment
At fair value 1 July 2014		1,340	22,050	3,430	3,044	6,424	191	36,479
Accumulated depreciation at 1 July 2014		(127)	(7,465)	(1,635)	(1,416)	(4,744)	-	(15,387)
		1,213	14,585	1,795	1,628	1,680	191	21,092
<b>Movements in fair value</b>								
Acquisition of assets at fair value		15	5,233	3,316	461	1,545	2	10,572
Revaluation increments/decrements		-	-	-	-	-	-	-
Fair value of assets disposed		(44)	(4,100)	(277)	(25)	-	-	(4,445)
Impairment losses recognised in operating result		-	-	-	-	-	-	-
Transfers		-	-	-	-	-	(149)	(149)
		(29)	1,134	3,039	436	1,545	(147)	5,977
<b>Movements in accumulated depreciation</b>								
Depreciation and amortisation		(13)	(2,383)	(215)	(392)	(200)	-	(3,203)
Accumulated depreciation of disposals		16	1,926	185	17	-	-	2,145
Impairment losses recognised in operating result		-	-	-	-	-	-	-
Transfers		-	-	-	-	-	-	-
		4	(457)	(30)	(375)	(200)	-	(1,058)
At fair value 30 June 2015		1,311	23,184	6,468	3,481	7,968	43	42,456
Accumulated depreciation at 30 June 2015		(123)	(7,922)	(1,665)	(1,790)	(4,944)	-	(16,445)
		1,188	15,262	4,803	1,690	3,024	43	26,011

Note 22 Property, infrastructure, plant and equipment (cont'd)

	Infrastructure	Note	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and Community	Waste Management	Parks open spaces and streetscapes	Off street car parks	Other Infrastructure	Work In Progress	Total Infrastructure
At fair value 1 July 2014			1,415,024	71,322	78,615	368,264	48,521	1,731	25,554	27,153	17,377	48,515	2,102,075
Accumulated depreciation at 1 July 2014			(100,277)	(7,231)	(23,750)	(52,582)	(7,461)	(372)	(3,516)	(1,211)	(3,486)	-	(199,886)
			1,314,747	64,091	54,865	315,682	41,060	1,359	22,038	25,942	13,890	48,515	1,902,189
<b>Movements in fair value</b>													
Acquisition of assets at fair value			65,401	223	6,577	15,675	4,315	619	6,636	7,694	3,469	7,283	117,892
Revaluation increments/decrements			-	-	-	-	-	-	-	-	-	-	-
Fair value of assets disposed			(26,234)	(5,250)	(61)	-	(22)	-	-	-	(78)	-	(31,645)
Impairment losses recognised in operating result			-	-	-	-	-	-	-	-	-	-	-
Transfers			-	-	-	-	-	-	-	-	-	(17,452)	(17,452)
			39,167	(5,027)	6,516	15,675	4,293	619	6,636	7,694	3,390	(10,169)	68,794
<b>Movements in accumulated depreciation</b>													
Depreciation and amortisation			(34,524)	(835)	(2,033)	(3,742)	(2,395)	(55)	(1,182)	(711)	(850)	-	(46,328)
Revaluation increments/decrements			(106)	-	-	-	-	-	-	-	-	-	(106)
Accumulated depreciation of disposals			6,525	8	44	-	21	-	-	-	32	-	6,628
Impairment losses recognised in operating result			-	-	-	-	-	-	-	-	-	-	-
Transfers			-	-	-	-	-	-	-	-	-	-	-
			(28,106)	(827)	(1,990)	(3,742)	(2,374)	(55)	(1,182)	(711)	(818)	-	(39,806)
At fair value 30 June 2015			1,454,191	66,295	85,131	383,939	52,814	2,350	32,190	34,846	20,767	38,346	2,170,870
Accumulated depreciation at 30 June 2015			(128,383)	(8,058)	(25,739)	(56,324)	(9,835)	(427)	(4,698)	(1,922)	(4,305)	-	(239,692)
			1,325,808	58,237	59,392	327,615	42,979	1,923	27,492	32,924	16,463	38,346	1,931,177

Note 22 Property, infrastructure, plant and equipment (cont'd)

*Valuation of land and buildings*

Valuation of land and buildings were undertaken by a qualified independent valuer Steve Davey (valuer registration no. 63379). The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2015 are as follows:

	Level 1	Level 2	Level 3
Land	-	532,563	-
Land Improvements	-	5,744	-
Buildings	-	28,962	197,019
Heritage Buildings	-	1,095	-
Total	-	568,364	197,019

*Valuation of infrastructure*

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken by Wyndham City. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2015 are as follows:

	Level 1	Level 2	Level 3
Roads	-	-	1,325,808
Bridges	-	-	58,237
Footpaths and cycleways	-	-	59,392
Drainage	-	-	327,615
Total	-	-	1,771,052

The decrement of \$106,340 on Roads assets was an adjustment made to the revaluation on 30 June 2014.

*Description of significant unobservable inputs into level 3*

**Specialised buildings** are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$1,250 to \$5,000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 6 years to 50 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 6 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

		2015 \$'000	2014 \$'000
<b>Note 23 Intangible assets</b>			
Software		6,216	4,308
Landfill air space		976	10,235
Work in progress		-	1,215
Total intangible assets		<u>7,192</u>	<u>15,758</u>
	Software	Landfill	Work in progress
	\$'000	\$'000	\$'000
<b>Gross carrying amount</b>			<b>Total</b>
			<b>\$'000</b>
Balance at 1 July 2013	-	13,501	9,350
Additions from internal developments	-	-	-
Other	6,012	520	(8,135)
Balance at 1 July 2014	<u>6,012</u>	<u>14,021</u>	<u>1,215</u>
Additions from internal developments	2,666	-	-
Other	-	(9,849)	(1,215)
Balance at 30 June 2015	<u>8,678</u>	<u>4,172</u>	<u>-</u>
<b>Accumulated amortisation and impairment</b>			
Balance at 1 July 2013	-	1,211	-
Amortisation expense	1,704	2,575	-
Balance at 1 July 2014	<u>1,704</u>	<u>3,786</u>	<u>-</u>
Amortisation expense	758	(590)	-
Balance at 30 June 2015	<u>2,462</u>	<u>3,196</u>	<u>-</u>
Net book value at 30 June 2014	<u>4,308</u>	<u>10,235</u>	<u>1,215</u>
Net book value at 30 June 2015	<u>6,216</u>	<u>976</u>	<u>-</u>
		2015 \$'000	2014 \$'000
<b>Note 24 Trade and other payables</b>			
Trade payables		9,659	10,468
Accrued expenses		18,308	15,479
Total trade and other payables		<u>27,967</u>	<u>25,946</u>

	2015 \$'000	2014 \$'000
<b>Note 25 Trust funds and deposits</b>		
Refundable deposits	5,871	5,977
Fire services levy	1,529	1,841
Retention amounts	504	744
<b>Total trust funds and deposits</b>	<b><u>7,904</u></b>	<b><u>8,562</u></b>

*Purpose and nature of items*

Refundable deposits - Deposits are taken by Council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities

Fire Service Levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.

Retention Amounts - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

**Note 26 Provisions**

	Landfill restoration	Carbon tax provision	Other provisions	Total
	\$ '000	\$ '000	\$ '000	\$ '000
<b>2015</b>				
Balance at beginning of the financial year	12,406	8,066	17,490	37,963
Additional provisions	569	-	9,634	10,203
Amounts used	(350)	(155)	(7,055)	(7,560)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	372	-	(603)	(231)
Balance at the end of the financial year	<b><u>12,997</u></b>	<b><u>7,911</u></b>	<b><u>19,466</u></b>	<b><u>40,374</u></b>
<b>2014</b>				
Balance at beginning of the financial year	11,344	8,581	16,235	36,160
Additional provisions	738	2,593	10,399	13,730
Amounts used	-	(3,108)	(9,922)	(13,029)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	324	-	778	1,102
Balance at the end of the financial year	<b><u>12,406</u></b>	<b><u>8,066</u></b>	<b><u>17,490</u></b>	<b><u>37,963</u></b>

	2015 \$'000	2014 \$'000
<b>Note 26 Provisions (cont'd)</b>		
<b>(a) Employee provisions</b>		
<b>Current provisions expected to be wholly settled within 12 months</b>		
Annual leave	5,728	5,314
Long service leave	526	429
	<u>6,254</u>	<u>5,743</u>
<b>Current provisions expected to be wholly settled after 12 months</b>		
Annual leave	843	765
Long service leave	8,141	7,796
	<u>8,984</u>	<u>8,561</u>
<b>Total current provisions</b>	<u>15,237</u>	<u>14,304</u>
<b>Non-current</b>		
Long service leave	3,647	3,186
Annual leave	-	-
<b>Total non-current provisions</b>	<u>3,647</u>	<u>3,186</u>
<b>Aggregate carrying amount of employee provisions:</b>		
Current	15,237	14,304
Non-current	3,647	3,186
<b>Total aggregate carrying amount of employee provisions</b>	<u>18,884</u>	<u>17,490</u>
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	4.44%	4.44%
Weighted average discount rates	2.53%	3.12%
Weighted average settlement period	13 years	13 years
<b>(b) Landfill restoration</b>		
Current	-	-
Non-current	12,996	12,406
	<u>12,996</u>	<u>12,406</u>
The following assumptions were adopted in measuring the present value of landfill restoration:		
Weighted average increase in costs	2.30%	3.00%
Weighted average discount rates	2.22%	3.00%
Weighted average settlement period (years)	5	8
<b>(c) Carbon tax provision</b>		
Current	-	333
Non-current	7,911	7,733
	<u>7,911</u>	<u>8,066</u>

	2015 \$'000	2014 \$'000
<b>Note 26 Provisions (cont'd)</b>		
<b>(d) Other Provisions</b>		
Current	-	-
Non-current	582	-
	<u>582</u>	<u>-</u>
 <b>Note 27 Interest-bearing loans and borrowings</b>		
<b>Current</b>		
Borrowings - secured	-	40,321
<b>Non-current</b>		
Borrowings - secured	40,000	-
<b>Total</b>	<u>40,000</u>	<u>40,321</u>
 a) The maturity profile for Council's borrowings is:		
Not later than one year	-	40,321
Later than one year and not later than five years	-	-
Later than five years	40,000	-
	<u>40,000</u>	<u>40,321</u>
 c) Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	-	40,321
Non-current	40,000	-
	<u>40,000</u>	<u>40,321</u>



Note 28 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
(a) Asset revaluation reserves	\$'000	\$'000	\$'000
<b>2015</b>			
<b>Property</b>			
Land	295,028	-	295,028
Buildings	29,671	-	29,671
	<u>324,698</u>	-	<u>324,698</u>
<b>Infrastructure</b>			
Roads	835,797	(106)	835,691
Bridges	48,254	-	48,254
Footpaths and cycleways	18,509	-	18,509
Drainage	113,786	-	113,786
Off street car parks	12,044	-	12,044
Other infrastructure	-	-	-
	<u>1,028,391</u>	<u>(106)</u>	<u>1,028,285</u>
<b>Total asset revaluation reserves</b>	<b><u>1,353,090</u></b>	<b><u>(106)</u></b>	<b><u>1,352,984</u></b>
<b>2014</b>			
<b>Property</b>			
Land	252,979	42,049	295,028
Buildings	41,860	(12,190)	29,671
	<u>294,839</u>	<u>29,859</u>	<u>324,698</u>
<b>Infrastructure</b>			
Roads	432,409	403,389	835,797
Bridges	10,138	38,116	48,254
Footpaths and cycleways	18,152	358	18,509
Drainage	113,786	-	113,786
Off street car parks	695	11,349	12,044
Other infrastructure	-	-	-
	<u>575,180</u>	<u>453,211</u>	<u>1,028,391</u>
<b>Total asset revaluation reserves</b>	<b><u>870,019</u></b>	<b><u>483,071</u></b>	<b><u>1,353,090</u></b>

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

Note 28 Reserves (Cont'd)

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	\$'000	\$'000	\$'000	\$'000
<b>(b) Other reserves</b>				
<b>2015</b>				
Asset replacement and development reserves	61,253	17,435	(9,738)	68,950
<b>Total Other reserves</b>	<b>61,253</b>	<b>17,435</b>	<b>(9,738)</b>	<b>68,950</b>
<b>2014</b>				
Asset replacement and development reserves	55,134	15,486	(9,367)	61,253
<b>Total Other reserves</b>	<b>55,134</b>	<b>15,486</b>	<b>(9,367)</b>	<b>61,253</b>

The purpose of the Asset Development Reserve is to assist in the construction of new infrastructure to meet the growing needs of the municipality. Inflows generally come from developer contributions.

The Asset Replacement Reserve is established to fund the replacement of non standard street lighting and the Victoria University of Technology Athletics Track.

	2015 \$'000	2014 \$'000
<b>Note 29 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
Surplus/(deficit) for the year	99,264	76,929
Depreciation/amortisation	61,343	50,425
Profit/(loss) on disposal of property, infrastructure, plant and equipment	26,299	5,741
Contributions - Non-monetary assets	(89,136)	(55,781)
Finance cost	2,058	1,396
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	(2,165)	4,085
Decrease in prepayments	(1,310)	139
Increase/(decrease) in accrued income	641	(3,366)
Increase/(decrease) in trade and other payables	1,225	6,461
Increase/(decrease) in trust and deposits	(658)	419
(Decrease)/increase in other liabilities	-	206
(Increase)/decrease in inventories	(17)	98
Increase/(Decrease) in provisions	2,567	1,802
Finance cost		
Net cash provided by/(used in) operating activities	<b>100,110</b>	<b>88,555</b>

Note 30 Reconciliation of cash and cash equivalents

Cash and cash equivalents (see note 16)	32,274	37,675
Less bank overdraft	-	-
	<b>32,274</b>	<b>37,675</b>

Note 31 Financing arrangements

Bank overdraft	-	500
Credit card facility	525	500
Used facilities	(106)	(92)
Unused facilities	<b>419</b>	<b>908</b>

**Note 32 Commitments**

The Council has entered into the following commitments

2015	Not later than 1	Later than 1 year	Later than 2 years	Later than	Total
	year	and not later than 2 years	and not later than 5 years	5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
Garbage collection	-	-	-	-	-
Open space management	436	114	-	-	550
Consultancies	798	407	98	-	1,302
Cleaning contracts for council buildings	1,954	529	522	-	3,005
Other	280	148	102	-	530
<b>Total</b>	<b>3,467</b>	<b>1,198</b>	<b>722</b>	<b>-</b>	<b>5,387</b>
<b>Capital</b>					
Property	15,541	-	-	-	15,541
Plant and Equipment	2,166	-	-	-	2,166
Infrastructure	16,378	-	-	-	16,378
<b>Total</b>	<b>34,084</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,084</b>

2014	Not later than 1	Later than 1 year	Later than 2 years	Later than	Total
	year	and not later than 2 years	and not later than 5 years	5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
Garbage collection	7,754	8,292	14,753	-	30,799
Open space management	169	173	549	-	892
Consultancies	870	341	-	-	1,211
Cleaning contracts for council buildings	1,132	1,200	-	-	2,332
Meals for delivery	385	-	-	-	385
<b>Total</b>	<b>10,310</b>	<b>10,006</b>	<b>15,303</b>	<b>-</b>	<b>35,619</b>
<b>Capital</b>					
Property	49,630	893	-	-	50,523
Plant and equipment	760	-	-	-	760
Infrastructure	8,093	-	-	-	8,093
<b>Total</b>	<b>58,483</b>	<b>893</b>	<b>-</b>	<b>-</b>	<b>59,376</b>

	2015	2014
	\$'000	\$'000
<b>Note 33 Operating leases</b>		
<b>(a) Operating lease commitments</b>		
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):		
Not later than one year	311	285
Later than one year and not later than five years	528	718
Later than five years	-	-
	839	1,003
<b>(b) Operating lease receivables</b>		
The Council has entered into commercial property leases on its property, consisting of surplus freehold office complexes. These properties held under operating leases can have remaining lease terms of between 1 and 10 years		
Future minimum rentals receivable under non-cancellable operating leases are as follows:		
Not later than one year	96	89
Later than one year and not later than five years	80	158
Later than five years	-	-
	177	247

**Note 34 Contingent liabilities and contingent assets**

**(a) Contingent liabilities relating to superannuation**

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme to ensure that the liabilities of the fund are covered by the assets of the fund. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is no known if additional contributions will be required, their timing or potential amount.

***Funding arrangements***

Wyndham City makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary.

The Fund's latest actuarial investigation was held as at 30 June 2014 and it was determined that the vested benefit index (VBI) of the defined benefit category of which Wyndham City is a contributing employer was 103.4%. To determine the VBI, the fund Actuary used the following long-term assumptions:

Net investment returns 7.5% pa  
Salary information 4.25% pa  
Price inflation (CPI) 2.75% pa.

Vision Super has advised that the estimated VBI at 30 June 2015 was 105.8%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the actuarial investigation determined the defined benefit category was in a satisfactory financial position and that no change was necessary to the defined benefit category's funding arrangements from prior years.

Note 34 Contingent liabilities and contingent assets (cont'd.)

(a) Contingent liabilities relating to superannuation (cont'd)

*Employer contributions*

Regular contributions

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 30 June 2014, Wyndham City makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2015, this rate was 9.5% of members' salaries. This rate will increase in line with any increase to the Superannuation Guarantee (SG) contribution rate

In addition, Wyndham City reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

If the defined benefit category is in an unsatisfactory financial position at actuarial investigation or the defined benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the defined benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Wyndham City) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's defined benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

*Latest actuarial investigation surplus amounts*

The Fund's latest actuarial investigation as at 30 June 2014 identified the following in the defined benefit category of which Wyndham City is a contributing employer:

A VBI surplus of \$77.1 million; and a total service liability surplus of \$236 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2014.

The total service liability surplus means that the current value of the assets in the Fund's defined benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

Wyndham City was notified of the results of the actuarial investigation during January 2015.

Note 34 Contingent liabilities and contingent assets (cont'd.)

(a) Contingent liabilities relating to superannuation (cont'd)

*Superannuation contributions*

Contributions by Wyndham City (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2015 are detailed below:

Scheme	Type of scheme	Rate	2015 \$'000	2014 \$'000
Vision Super	Defined benefits	9.5%	629	732
Vision Super	Accumulation	9.5%	4,238	3,875
Other Funds	Accumulation	9.5%	2,447	1,837

Wyndham City has not paid unfunded liability payments to Vision Super during the 2014/15 year

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2015.

The expected contributions to be paid to the defined benefit category of Vision Super for the year ending 30 June 2016 is \$ 678,467

(b) Contingent liabilities relating to landfill

Council operates a landfill. Council is required to cover the remedial action cost in the unlikely event of potential pollution of the environment. At this moment, the amount of this obligation cannot be measured with sufficient reliability.

(c) Contingent assets

Wyndham City acquires infrastructure assets, such as local roads, footpaths, kerb and channel and drains etc, from developers, as subdivisional contributions. The amount and value of assets acquired depends on the size of the development and the level of growth within the municipality. Council estimates \$124 million of subdivisional contribution from developers in future years. The estimate is based on the number of subdivisions as at 30 June 2015, that have commenced that Wyndham City will acquire over time at the average value of the subdivisions that were recognised in the 2014/2015 financial year.

## Note 35 Financial Instruments

### (a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

### (b) Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Council's exposures to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

#### *Interest rate risk*

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. We manage interest rate risk by adopting an investment policy that ensures:

- diversification of investment product,
- monitoring of return on investment, and
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

### (c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on some financial assets included in our balance sheet. To help manage this risk

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 34

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

Note 35 Financial Instruments (cont'd.)

**(d) Liquidity risk**

Liquidity risk includes the risk that, as a result of our operational liquidity requirements or we will not have sufficient funds to settle a transaction when required, we will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained
- have readily accessible standby facilities and other funding arrangements in place
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet, and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 27.

**e) Fair value**

Unless otherwise stated, the carrying amount of financial instruments reflect their fair value.

*Fair value hierarchy*

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

**(f) Sensitivity disclosure analysis**

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of +1.0% and -1.0 % in market interest rates (AUD) from year-end rates.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.



**Note 36 Related party transactions**

**(i) Responsible Persons**

Names of persons holding the position of a Responsible Person at the Council at any time during the year are:

<b>Councillors</b>	Peter Maynard (Mayor: Oct 2014 to current)
	Robert Fairclough (Mayor: Jul to Oct 2014)
	Adele Hegedich
	Gautam Gupta
	Glenn Goodfellow
	Heather Marcus
	Intaj Khan
	John Gibbons
	Marie Brittan
	Michele Wharrie
	Peter Gibbons
<b>Chief Executive Officer</b>	Kerry Thompson

**(ii) Remuneration of Responsible Persons**

The numbers of Responsible Persons whose total remuneration from Council and any related entities, excluding retirement benefits, fall within the following bands:

	2015 No.	2014 No.
\$1 - \$9,999	-	1
\$20,000 - \$29,999	1	9
\$30,000 - \$39,999	8	-
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	1	-
\$70,000 - \$79,999	-	1
\$80,000 - \$89,999	1	-
\$360,000 - \$369,999	-	1
\$380,000 - \$389,999	1	-
	<u>12</u>	<u>13</u>

Total Remuneration for the reporting year for Responsible Persons included above amounted to:

\$	790,633	\$	748,583
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(iii) **Senior Officers Remuneration**

A Senior Officer other than a Responsible Person, is an officer of Council who:  
a) has management responsibilities and reports directly to the Chief Executive; or  
b) whose total annual remuneration exceeds \$136,000

The number of Senior Officers other than the Responsible Persons, are shown below in their relevant income bands:

Income Range:	2015 No.	2014 No.
<\$136,000	1	-
\$136,000 - \$139,999	2	5
\$140,000 - \$149,999	6	4
\$150,000 - \$159,999	2	3
\$160,000 - \$169,999	7	7
\$170,000 - \$179,999	5	6
\$180,000 - \$189,999	6	5
\$190,000 - \$199,999	3	2
\$200,000 - \$209,999	2	-
\$230,000 - \$239,999	-	2
\$240,000 - \$249,999	1	2
\$250,000 - \$259,999	2	-
	<u>37</u>	<u>36</u>

Total Remuneration for the reporting year for Senior Officers included above, amounted to \$ 6,451,881 \$ 6,200,650

(iv) **Responsible persons retirement benefits**

No retirement benefits have been made by Wyndham City to a Responsible Person during the reporting year (2014 - Nil).

(v) **Loans to responsible persons**

No loans have been made by Wyndham City to a Responsible Person during the reporting year (2014 - Nil).

(vi) **Transactions with responsible persons**

	2015 \$	2014 \$
Tim Marcus Family Trust	25,916	4,465
Squires Coaches Pty Ltd	4,985	2,110

**Note 37 Events occurring after balance date**

The CEO, Kerry Thompson, tendered her resignation on 6 July 2015. Kelly Grigsby will be the Acting CEO from 24 August 2015 following Kerry's last day on 21 August 2015 until the appointment of a new CEO is made.

## Certification of the Financial Statements

In my opinion the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Planning and Reporting) Regulations 2014*, Australian Accounting Standards and other mandatory professional reporting requirements.



Steven Lambert  
Principal Accounting Officer  
Date: 17/9/15

45 Princes Highway, Werribee, Victoria

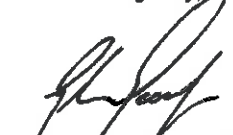
In our opinion the accompanying financial statements present fairly the financial transactions of Wyndham City Council for the year ended 30 June 2015 and the financial position of the Council as at that date.

As at the date of signing, we are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.



Peter Maynard  
Mayor  
Date: 18/9/15  
45 Princes Highway, Werribee, Victoria



Glenn Goodfellow, GAICD  
Councillor  
Date: 18/9/15  
45 Princes Highway, Werribee, Victoria



Kelly Grigsby  
Acting Chief Executive Officer  
Date: 17/9/15  
45 Princes Highway, Werribee, Victoria

## INDEPENDENT AUDITOR'S REPORT

### To the Councillors, Wyndham City Council

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2015 of the Wyndham City Council which comprises the comprehensive income statement, balance sheet, statement of changes in equity, statement of cash flows, statement of capital works, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial statements has been audited. The financial report is the consolidated financial statements of the consolidated entity, comprising the Wyndham City Council and the entity it controlled at the year's end or from time to time during the financial year as disclosed in note 1(c) to the consolidated financial statements.

#### *The Councillors' Responsibility for the Financial Report*

The Councillors of the Wyndham City Council are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

The Councillors are responsible for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the *Audit Act 1994* and the *Local Government Act 1989*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Councillors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Independent Auditor's Report (continued)

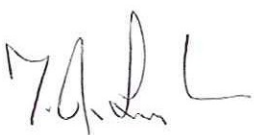
### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

### *Opinion*

In my opinion the financial report presents fairly, in all material respects, the financial position of the Wyndham City Council as at 30 June 2015 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

MELBOURNE  
21 September 2015

  
John Doyle M.Acc FCA  
Auditor-General