

**WYNDHAM CITY  
CONSOLIDATED ANNUAL FINANCIAL REPORT**

*For the Year Ended 30 June 2016*

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## Comprehensive Income Statement For the Year Ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>Income</b>			
Rates and charges	3	161,026	148,272
Statutory fees and fines	4	11,778	9,150
User fees	5	72,491	55,644
Grants - operating	6	27,676	40,790
Grants - capital	6	10,436	10,331
Contributions - monetary	7	33,875	13,453
Contributions - non monetary	7	139,823	89,136
Net gain on disposal of property, infrastructure, plant and equipment	8	862	-
Other income	9	5,217	5,411
<b>Total income</b>		<b>463,184</b>	<b>372,186</b>
<b>Expenses</b>			
Employee costs	10(a)	111,596	95,496
Materials and services	11	101,499	84,662
Bad and doubtful debts	12	2,889	277
Depreciation and amortisation	13	65,364	61,343
Borrowing costs	14	1,868	2,058
Net loss on disposal of property, infrastructure, plant and equipment	8	-	26,299
Other expenses	15	2,992	2,789
<b>Total expenses</b>		<b>286,208</b>	<b>272,923</b>
<b>Surplus/(deficit) for the year</b>		<b>176,976</b>	<b>99,264</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	109,078	(106)
<b>Total comprehensive result</b>		<b>286,054</b>	<b>99,157</b>

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

## Balance Sheet As at 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	16,910	32,274
Trade and other receivables	17	30,583	30,662
Other financial assets	18	152,938	85,404
Inventories	19	200	140
Non-current assets classified as held for sale	20	10,782	23
Other assets	21	2,266	3,210
<b>Total current assets</b>		<b>213,679</b>	<b>151,713</b>
<b>Non-current assets</b>			
Trade and other receivables	17	1,639	1,678
Property, infrastructure, plant and equipment	22	3,124,085	2,877,792
Intangible assets	23	11,967	7,193
<b>Total non-current assets</b>		<b>3,137,691</b>	<b>2,886,663</b>
<b>Total assets</b>		<b>3,351,370</b>	<b>3,038,376</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	24	21,945	27,967
Trust funds and deposits	25	12,100	7,904
Provisions	26	22,452	15,237
<b>Total current liabilities</b>		<b>56,497</b>	<b>51,108</b>
<b>Non-current liabilities</b>			
Provisions	26	31,689	25,137
Interest-bearing loans and borrowings	27	55,000	40,000
<b>Total non-current liabilities</b>		<b>86,689</b>	<b>65,137</b>
<b>Total liabilities</b>		<b>143,186</b>	<b>116,245</b>
<b>Net assets</b>		<b>3,208,184</b>	<b>2,922,130</b>
<b>Equity</b>			
Accumulated surplus		1,657,655	1,500,197
Reserves	28	1,550,529	1,421,933
<b>Total Equity</b>		<b>3,208,184</b>	<b>2,922,130</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 2016

2016	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		2,922,130	1,500,197	1,352,984	68,949
Surplus/(deficit) for the year		176,976	176,976		
Net asset revaluation increment/(decrement)	28(a)	109,078	-	109,078	-
Transfers to other reserves	28(b)	(19,518)	(19,518)	-	-
Transfers from other reserves	28(b)	19,518	-	-	19,518
<b>Balance at end of the financial year</b>		<b>3,208,184</b>	<b>1,657,655</b>	<b>1,462,062</b>	<b>88,467</b>

2015		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>

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

## Statement of Cash Flows For the Year Ended 30 June 2016

	Note	2016 Inflows/ (Outflows) \$'000	2015 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and charges		158,968	147,151
Statutory fees and fines		7,038	9,150
User fees		82,523	55,568
Grants - operating		28,960	42,531
Grants - capital		10,920	10,772
Contributions - monetary		33,875	13,453
Interest received		5,217	5,411
Trust funds and deposits taken		55,279	35,457
Net GST refund/payment		9,357	13,693
Employee costs		(107,721)	(93,038)
Materials and services		(116,866)	(103,922)
Trust funds and deposits repaid		(51,083)	(36,116)
<b>Net cash provided by/(used in) operating activities</b>	29	<u><b>116,467</b></u>	<u><b>100,110</b></u>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(81,126)	(110,095)
Proceeds from sale of property, infrastructure, plant and equipment		3,697	1,021
Net payments for acquisition of/proceeds from sale of other financial assets		(67,534)	5,942
<b>Net cash provided by/(used in) investing activities</b>		<u><b>(144,963)</b></u>	<u><b>(103,132)</b></u>
<b>Cash flows from financing activities</b>			
Finance costs		(1,868)	(2,058)
Proceeds from borrowings		15,000	40,000
Repayment of borrowings		-	(40,321)
<b>Net cash provided by/(used in) financing activities</b>		<u><b>13,132</b></u>	<u><b>(2,379)</b></u>
Net increase (decrease) in cash and cash equivalents		(15,364)	(5,401)
Cash and cash equivalents at the beginning of the financial year		32,274	37,675
<b>Cash and cash equivalents at the end of the financial year</b>	30	<u><b>16,910</b></u>	<u><b>32,274</b></u>
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 2016

	Note	2016 \$'000	2015 \$'000
<b>Property</b>			
Land		4,045	13,586
Land improvements		8,527	-
<b>Total land</b>		<u>12,572</u>	<u>13,586</u>
Buildings		24,435	52,146
Building improvements		963	-
<b>Total buildings</b>		<u>25,398</u>	<u>52,146</u>
<b>Total property</b>		<u>37,970</u>	<u>65,733</u>
<b>Plant and equipment</b>			
Plant, machinery and equipment		1,983	2,793
Fixtures, fittings and furniture		2,131	3,701
Computers and telecommunications		1,571	1,431
Library books		1,420	1,545
<b>Total plant and equipment</b>		<u>7,105</u>	<u>9,470</u>
<b>Infrastructure</b>			
Roads		17,788	14,133
Bridges		392	71
Footpaths and cycleways		2,005	1,230
Drainage		133	162
Recreational, leisure and community facilities		6,324	6,766
Waste management		198	7,082
Parks, open space and streetscapes		2,822	3,069
Off street car parks		491	-
Other infrastructure		5,141	2,537
<b>Total infrastructure</b>		<u>35,294</u>	<u>35,050</u>
<b>Total capital works expenditure</b>		<u>80,369</u>	<u>110,253</u>
<b>Represented by:</b>			
New asset expenditure		28,984	31,010
Asset renewal expenditure		14,210	47,522
Asset expansion expenditure		2,154	193
Asset upgrade expenditure		35,021	31,527
<b>Total capital works expenditure</b>		<u>80,369</u>	<u>110,253</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.

#### (c) Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2016, 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. No associates have been identified for inclusion in this financial report.

*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. No investment in joint arrangements have been identified for inclusion in this financial report.

*(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 90 days or less, 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 unserviced) 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. The measurement basis subsequent to initial recognition has been categorised as financial liabilities at amortised cost. The Council determines the classification of its interest bearing liabilities at initial recognition.

*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 released the Voluntary Waste Industry Protocol in July 2015 for the handling of early collected carbon charges in the landfill sector. Council has signed up to the voluntary protocol, which involves refunding Council customers and using the remaining funds for carbon abatement projects. This process is expected to be completed by 30 June 2017.

**(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 respectively.

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 2016 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 applied a materiality threshold of the lower of ten percent or \$10 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 22 June 2015. 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 2016 \$'000	Actual 2016 \$'000	Variance 2016 \$'000	Ref
<b>Income</b>				
Rates and charges	162,717	161,026	(1,691)	
Statutory fees and fines	8,552	11,778	3,226	1
User fees	69,913	72,491	2,578	
Grants - operating	34,647	27,676	(6,971)	2
Grants - capital	7,266	10,436	3,170	3
Contributions - monetary	13,123	33,875	20,752	4
Contributions - non monetary	59,000	139,823	80,823	5
Net gain on disposal of property, infrastructure, plant and equipment	-	862	862	6
Other income	4,440	5,217	777	7
<b>Total income</b>	<b>359,658</b>	<b>463,184</b>	<b>103,526</b>	
<b>Expenses</b>				
Employee costs	108,544	111,596	(3,052)	
Materials and services	89,504	101,499	(11,995)	8
Bad and doubtful debts	100	2,889	(2,789)	9
Depreciation and amortisation	64,027	65,364	(1,337)	
Borrowing costs	2,885	1,868	1,017	10
Net loss on disposal of property, infrastructure, plant and equipment	4,254	-	4,254	6
Other expenses	3,026	2,992	34	
<b>Total expenses</b>	<b>272,340</b>	<b>286,208</b>	<b>(13,868)</b>	
<b>Surplus/(deficit) for the year</b>	<b>87,318</b>	<b>176,976</b>	<b>89,658</b>	

Note 2 Budget comparison (cont'd.)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Statutory fees and fines	The favourable variance was due predominantly to higher fees associated with monitoring and certifying subdivision, with significant growth experienced in 2015/16. Lower subdivision activity was anticipated in setting the budget. However, demand for land in Wyndham has shown continued strength.
2	Grants - operating	Operating Grants revenue is \$6.97m less than budget due to the early receipt of half of the 15/16 financial assistance grant on the last day of the 14/15 year, therefore the recognition of this revenue in 2014/15.
3	Grants - capital	The Grants - Capital result was better than budget due to the receipt of a number of state and federal grants for buildings, roads and parks that were not included in the budget as they were not confirmed at that time.
4	Contributions - monetary	Contributions - monetary are higher than budget due to a higher level of Developer Contributions resulting from an increased rate of subdivision development.
5	Contributions - non monetary	Contributions - non monetary is significantly higher than budget due to the level of gifted assets resulting from the higher than expected rate of subdivision development.
6	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	The net gain of \$0.86 million was due to the sale of vehicles and plant items. The budget had assumed a net loss of \$4.25 million result from the road assets being reconstructed. However, the written down value of renewed road assets was adjusted against the asset revaluation reserves due to the nature of the works undertaken.
7	Other income	The favourable other revenue position was due to higher interest received from the late payment of rate instalments (\$0.39 million) and higher interest revenue earned from cash invested in short term deposits (\$0.32 million).
8	Materials and services	Materials and services was \$12.00 million higher than budget, due mostly to landfill related costs and provisions.
9	Bad and doubtful debts	The variance of bad and doubtful debts was due to a review of provisioning, based on historical analysis of debt recovery.
10	Borrowing costs	The borrowing cost was \$1.02 million favourable to budget mainly due to the later than anticipated draw-down of the additional \$15 million loan. This \$15 million loan was budgeted to be drawn early in the financial year 2015-16 however it occurred at the end of the 2015/16 financial year.



Note 2 Budget comparison (cont)

b) Capital Works

	Budget 2016 \$'000	Actual 2016 \$'000	Variance 2016 \$'000	Ref
<b>Property</b>				
Land	7,455	4,045	3,410	1
Land improvements	6,540	8,527	(1,987)	2
<b>Total Land</b>	<b>13,995</b>	<b>12,572</b>	<b>1,423</b>	
Buildings	27,387	24,435	2,952	3
Building improvements	1,397	963	434	4
<b>Total Buildings</b>	<b>28,784</b>	<b>25,398</b>	<b>3,386</b>	
<b>Total Property</b>	<b>42,779</b>	<b>37,970</b>	<b>4,809</b>	
<b>Plant and Equipment</b>				
Plant, machinery and equipment	3,143	1,983	1,160	5
Fixtures, fittings and furniture	2,183	2,131	52	
Computers and telecommunications	2,157	1,571	586	6
Library books	-	1,420	(1,420)	7
<b>Total Plant and Equipment</b>	<b>7,483</b>	<b>7,105</b>	<b>378</b>	
<b>Infrastructure</b>				
Roads	19,060	17,788	1,272	
Bridges	1,800	392	1,408	8
Footpaths and cycleways	1,150	2,005	(855)	9
Drainage	100	133	(33)	10
Recreational, leisure and community facilities	8,771	6,324	2,447	11
Waste management	450	198	252	12
Parks, open space and streetscapes	4,172	2,822	1,350	13
Off street car parks	1,645	491	1,154	14
Other infrastructure	3,842	5,141	(1,299)	15
<b>Total Infrastructure</b>	<b>40,990</b>	<b>35,294</b>	<b>5,696</b>	
<b>Total Capital Works Expenditure</b>	<b>91,252</b>	<b>80,369</b>	<b>10,883</b>	
<b>Represented by:</b>				
New asset expenditure	34,804	28,984	5,820	
Asset renewal expenditure	11,790	14,210	(2,420)	
Asset expansion expenditure	2,719	2,154	565	
Asset upgrade expenditure	41,939	35,021	6,918	
<b>Total Capital Works Expenditure</b>	<b>91,252</b>	<b>80,369</b>	<b>10,883</b>	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	The budget assumed that land would be purchased for the construction of Ison Road through a compulsory acquisition process. The acquisition of this land is now expected to be finalised in 2016/17.
2	Land improvements	The higher actual expenditure relates to the timing of the landfill cell construction. The works were budgeted to be completed over the 2014/15 and 2015/16 financial years. The planning stages of the project took longer than expected, resulting in a larger portion of the expenditure falling into the 2015/16 financial year.
3	Buildings	The Eagle Stadium redevelopment project was delivered for less than assumed in the budget. Also, the planning for the Truganina South Kindergarten project has taken longer than expected with construction now planned for 2016/17 rather than 2015/16 as assumed in the budget.
4	Building improvements	The construction aspects of the Neighbourhood Hub augmentation project and the upgrade of the Cultural Centre have not commenced and will now occur in 2016/17.
5	Plant, machinery and equipment	The variance was due mostly to the deferral of the purchase of a street sweeper and five trucks due to their condition being better than assumed when the budget was prepared.
6	Computers and telecommunications	Lower expenditure is due to the irrigation control system and the asset management information system development works budgeted in 2015/16 not progressing as fast as budgeted and now being completed in 2016/17.
7	Library books	The variance was due to a change in accounting policy in 2014/15, where the cost of replenishing the library collection is now being capitalised rather than expensed. The 2015/16 budget was set before this policy change was implemented.
8	Bridges	The design of the walk bridge over Skeleton Creek has taken longer than assumed in the budget. The construction aspect of the project will now be completed in 2016/17.
9	Footpaths and cycleways	The higher than budget expenditure was due to a larger program of work being completed in 2015/16 as Council received a grant through the Infrastructure Growth Fund to install additional bicycle paths.
10	Drainage	The higher than budget expenditure was due to design for Ballan Road drainage works being undertaken in preparation for construction works to be undertaken in 2016/17. This project was not in the 2015/16 budget.
11	Recreational, leisure and community facilities	Favourable variance due mostly to the Mainview Sporting Reserve now being constructed by the estate developer as a works in kind project.
12	Waste management	The favourable variance to budget was due mostly to the RDF Water Mains upgrade project not proceeding in 2015/16 as budgeted. Discussions are still being finalised with City West Water on the available options.

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Variance Ref	Item	Explanation
13	Parks, open space and streetscapes	Favourable variance mostly due to the Grahams Reserve project not proceeding and the Regatta Cove project construction works carrying over into 2016/17 rather than being completed in 2015/16 as assumed in the budget.
14	Off street car parks	The favourable variance reflects the decision made to construct an interim standard ground level car park for approximately 1/3rd of the budgeted cost. This provides car park in the short term and leaves flexibility for the site to be considered for future Werribee CBD developments.
15	Other infrastructure	2015/16 Public Lighting Bulk Bulb replacement expenditure included works that were delayed from the 2014/15 budgeted works program.

	2016 \$'000	2015 \$'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 2015/16 was \$36,008 million (2014/15 \$34,693 million). The 2015/16 rate on developed land in the CIV dollar was 0.003392 (2014/15 0.003215).</p>		
General Rates	134,991	125,071
Municipal charge	4,445	4,081
Waste management charge	18,029	17,145
Supplementary rates and rate adjustments	3,404	1,835
Revenue in lieu of rates	157	140
<b>Total rates and charges</b>	<b>161,026</b>	<b>148,272</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	3,123	2,671
Court recoveries	256	161
Town planning fees	8,194	6,166
Land information certificates	205	152
<b>Total statutory fees and fines</b>	<b>11,778</b>	<b>9,150</b>
<b>Note 5</b>		
<b>User fees</b>		
Aged and health services	892	852
Leisure centre and recreation*	11,025	2,759
Child care/children's programs	2,696	2,380
Registration and other permits	694	640
Building services	1,021	996
Waste management services	48,533	43,558
Cost recoveries	5,607	3,740
Other fees and charges	2,023	720
<b>Total user fees</b>	<b>72,491</b>	<b>55,644</b>

\*The increase in User Fees is primarily driven by revenue from Western Leisure Services which has now been in operation for a full financial year (Note 39)

	2016 \$'000	2015 \$'000
<b>Note 6 Grants</b>		
Grants were received in respect of the following :		
<b>Summary of grants</b>		
Commonwealth funded grants	13,655	26,669
State funded grants	24,457	24,452
<b>Total</b>	38,112	51,121
<b>Operating Grants</b>		
<i>Recurrent - Commonwealth Government</i>		
Victoria Grants Commission	6,477	18,488
<i>Recurrent - State Government</i>		
Primary care partnerships	234	126
Aged care	5,494	6,653
School crossing supervisors	290	265
Libraries	1,202	1,217
Maternal and child health	2,703	2,633
Community safety	68	181
Early Childhood & Youth	9,758	8,875
Other	39	24
<b>Total recurrent operating grants</b>	26,265	38,462
<i>Non-recurrent - State Government</i>		
Community health	330	1,458
Family and children	615	116
Environmental planning	124	12
Library	-	1
Strategy planning	219	652
Recreation	8	75
Other	115	14
<b>Total non-recurrent operating grants</b>	1,411	2,328
<b>Total operating grants</b>	27,676	40,790
<b>Capital Grants</b>		
<i>Recurrent - Commonwealth Government</i>		
Victoria Grants Commission - Local Roads	977	2,775
Roads to recovery	2,600	905
<b>Total recurrent capital grants</b>	3,577	3,681
<i>Non-recurrent - Commonwealth Government</i>		
Buildings	3,600	4,500
<i>Non-recurrent - State Government</i>		
Buildings	1,697	1,512
Roads	620	574
Footpaths and cycleways	900	-
Recreational, leisure and community facilities	30	(3)
Other	12	68
<b>Total non-recurrent capital grants</b>	6,859	6,650
<b>Total capital grants</b>	10,436	10,331
<b>Unspent grants received on condition that they be spent in a specific manner</b>		
Balance at start of year	2,431	3,127
Received during the financial year and remained unspent at balance date	902	2,187
Received in prior years and spent during the financial year	1,866	2,883
<b>Balance at year end</b>	1,467	2,431

	2016 \$'000	2015 \$'000
<b>Note 7 Contributions</b>		
Monetary	33,875	13,453
Non-monetary	139,823	89,136
<b>Total contributions</b>	<b>173,698</b>	<b>102,589</b>
<i>Contributions of non monetary assets were received in relation to the following asset classes.</i>		
Land	17,247	12,596
Land Under Roads	10,863	5,481
Drainage	27,841	14,597
Roads	81,342	56,238
Other	2,530	223
<b>Total non-monetary contributions</b>	<b>139,823</b>	<b>89,136</b>
<b>Note 8 Net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>		
Proceeds of sale	3,697	1,021
Infrastructure assets transferred to VicRoads at nil value	-	(11,677)
Disposal from roads reconstruction	-	(13,161)
Other asset disposals	(2,835)	(2,482)
Write down value of assets disposed	(2,835)	(27,320)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>862</b>	<b>(26,299)</b>
<b>Note 9 Other income</b>		
Interest	5,217	5,411
Dividends	-	-
<b>Total other income</b>	<b>5,217</b>	<b>5,411</b>
<b>Note 10 (a) Employee costs</b>		
Wages and salaries	94,052	80,941
WorkCover	2,299	1,899
Casual staff	2,966	3,068
Superannuation	8,428	7,412
Fringe benefits tax	580	554
Other	3,271	1,621
<b>Total employee costs</b>	<b>111,596</b>	<b>95,496</b>
<b>Note 10 (b) Superannuation</b>		
Council made actual cash contributions to the following funds in the current financial year:		
<b>Defined benefit fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	590	629
	590	629
Employer contributions payable at reporting date.	-	-
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	4,890	4,238
Employer contributions - other funds	2,879	2,447
	7,769	6,685
Employer contributions payable at reporting date.	-	-

Refer to note 34 for further information relating to Council's superannuation obligations.

	2016	2015
	\$'000	\$'000
<b>Note 11</b>		
<b>Materials and services</b>		
Contract payments	73,730	58,879
Building maintenance	1,306	988
General maintenance	8,992	8,167
Utilities	7,563	6,335
Office administration	1,623	1,547
Information technology	2,418	2,880
Insurance	1,064	1,310
Consultants	4,803	4,557
<b>Total materials and services</b>	<b>101,499</b>	<b>84,662</b>
<b>Note 12</b>		
<b>Bad and doubtful debts</b>		
Parking and other infringement debtors	2,826	248
Other debtors	63	28
<b>Total bad and doubtful debts</b>	<b>2,889</b>	<b>277</b>
<b>Note 13</b>		
<b>Depreciation and amortisation</b>		
Property	9,309	9,179
Plant and equipment	4,052	3,203
Infrastructure	49,495	46,328
<b>Total depreciation</b>	<b>62,856</b>	<b>58,711</b>
Intangible assets	2,508	2,632
<b>Total depreciation and amortisation</b>	<b>65,364</b>	<b>61,343</b>
<i>Refer to note 22 and 23 for a more detailed breakdown of depreciation and amortisation charges</i>		
<b>Note 14</b>		
<b>Borrowing costs</b>		
Interest - Borrowings	1,868	2,058
<b>Total borrowing costs</b>	<b>1,868</b>	<b>2,058</b>
<b>Note 15</b>		
<b>Other expenses</b>		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	73	59
Auditors' remuneration - Internal	243	211
Councillors' allowances	415	409
Operating lease rentals	419	372
Grants and Contributions	1,842	1,737
<b>Total other expenses</b>	<b>2,992</b>	<b>2,789</b>

<b>Note 16 Cash and cash equivalents</b>	<b>2016</b> <b>\$'000</b>	<b>2015</b> <b>\$'000</b>
Cash on hand	22	35
Cash at bank	16,888	28,239
Term deposits	-	4,000
	<u>16,910</u>	<u>32,274</u>

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

Unexpended Grants and Subsidies	1,467	2,431
Trust funds and deposits (Note 25)	12,100	7,904
Statutory Reserves	6,350	4,666
Developer Contributions	80,650	61,853
Total restricted funds	<u>100,567</u>	<u>76,853</u>
Total unrestricted cash and cash equivalents	<u>(83,657)</u>	<u>(44,579)</u>
Other financial assets	152,938	85,404
Total unrestricted cash and cash equivalents and Other financial assets	<u>69,281</u>	<u>40,825</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	20,423	15,739
Total funds subject to intended allocations	<u>20,423</u>	<u>15,739</u>

Refer also to Note 18 for details of other financial assets held by Council.

#### Note 17 Trade and other receivables

##### Current

Rates debtors	13,725	11,627
Special rate assessment	39	39
Parking and other infringement debtors	5,299	4,728
Provision for doubtful debts - parking and other infringements	(4,684)	(1,881)
Other debtors	16,869	16,782
Provision for doubtful debts - other debtors	(665)	(633)
Total current trade and other receivables	<u>30,583</u>	<u>30,662</u>

##### Non-current

Special rate scheme	79	118
Loans and advances to community organisations	1,560	1,560
Total non-current trade and other receivables	<u>1,639</u>	<u>1,678</u>
<b>Total trade and other receivables</b>	<u><b>32,222</b></u>	<u><b>32,340</b></u>

##### 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)	11,074	11,418
Past due by up to 30 days	3,370	2,429
Past due between 31 and 180 days	1,327	2,064
Past due between 181 and 365 days	391	61
Past due by more than 1 year	707	811
Total trade & other receivables	<u>16,869</u>	<u>16,782</u>



	2016 \$'000	2015 \$'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	2,514	2,285
New Provisions recognised during the year	2,910	295
Amounts already provided for and written off as uncollectible	(55)	(39)
Amounts provided for but recovered during the year	(20)	(27)
Balance at end of year	<u>5,349</u>	<u>2,514</u>
<b>c) Ageing of individually impaired Receivables</b>		
At balance date, other debtors representing financial assets with a nominal value of \$664,705 (2015: \$633,378) were impaired. The amount of the provision raised against these debtors was \$664,705 (2015: \$633,378). 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 reporting date was:		
Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	5	8
Past due between 181 and 365 days	52	28
Past due by more than 1 year	608	598
Total trade & other receivables	<u>665</u>	<u>633</u>
<b>Note 18 Other financial assets</b>		
Term deposits	152,938	85,404
<b>Total other financial assets</b>	<u>152,938</u>	<u>85,404</u>
<b>Note 19 Inventories</b>		
Inventories held for distribution	200	140
<b>Total inventories</b>	<u>200</u>	<u>140</u>
<b>Note 20 Non current assets classified as held for sale</b>		
Cost of acquisition (land)	10,782	23
<b>Total non current assets classified as held for resale</b>	<u>10,782</u>	<u>23</u>
<b>Note 21 Other assets</b>		
Prepayments	936	696
Accrued income	1,330	2,514
<b>Total other assets</b>	<u>2,266</u>	<u>3,210</u>

**Note 22 Property, infrastructure plant and equipment**

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

	At Fair Value 30 June 2016	Revaluation/ Impairment	Accumulated Depreciation	WDV 30 June 2016	At Fair Value 30 June 2015	Revaluation/ Impairment	Accumulated Depreciation	WDV 30 June 2015	
Land	696,028	113,858	1,698	808,188	676,461		7,782	668,679	
Buildings	246,049	3,311	-	249,360	231,573		4,497	227,076	
Plant and Equipment	45,495		18,881	26,614	42,413		16,445	25,968	
Infrastructure	2,301,294	(8,091)	284,459	2,008,744	2,132,636	(106)	239,698	1,892,832	
Work in progress	31,179		-	31,179	63,237		-	63,237	
	<u>3,320,045</u>	<u>109,078</u>	<u>305,038</u>	<u>3,124,085</u>	<u>3,146,320</u>	<u>-</u>	<u>106</u>	<u>268,422</u>	<u>2,877,792</u>

**Summary of Work in Progress**

	Opening WIP	Additions	Transfers	Write Offs	Closing WIP
Buildings	24,848	7,950	(15,397)	-	17,401
Plant and Equipment	43	332	(42)	-	333
Infrastructure	38,346	9,793	(34,694)	-	13,445
Total	<u>63,237</u>	<u>18,075</u>	<u>(50,133)</u>	<u>-</u>	<u>31,179</u>

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

<b>Land and Buildings</b>	<b>Note</b>	Land - non specialised	Land - 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 2015		532,563	-	13,526	130,372	<b>676,461</b>	1,150	200,516	29,908	<b>231,574</b>	24,848	<b>932,883</b>
Accumulated depreciation at 1 July 2015		-	-	(7,782)	-	<b>(7,782)</b>	(55)	(3,497)	(945)	<b>(4,497)</b>	-	<b>(12,279)</b>
		<b>532,563</b>	<b>-</b>	<b>5,744</b>	<b>130,372</b>	<b>668,679</b>	<b>1,095</b>	<b>197,019</b>	<b>28,963</b>	<b>227,077</b>	<b>24,848</b>	<b>920,604</b>
<b>Movements in fair value</b>												
Acquired assets at fair value		670	-	10,686	15	<b>11,371</b>	-	25,160	71	<b>25,231</b>	7,950	<b>44,552</b>
Contributed assets at fair value		17,247	-	-	10,863	<b>28,110</b>	-	-	-	<b>-</b>	-	<b>28,110</b>
Revaluation increments/decrements		113,858	-	-	-	<b>113,858</b>	(145)	(9,681)	2,381	<b>(7,445)</b>	-	<b>106,413</b>
Fair value of assets disposed		(5)	-	(9,150)	-	<b>(9,155)</b>	-	-	-	<b>-</b>	-	<b>(9,155)</b>
Impairment losses recognised in operating result		-	-	-	-	<b>-</b>	-	-	-	<b>-</b>	-	<b>-</b>
Transfers		(530,306)	519,547	-	-	<b>(10,759)</b>	-	(31,582)	31,582	<b>-</b>	(15,397)	<b>(26,156)</b>
		<b>(398,536)</b>	<b>519,547</b>	<b>1,536</b>	<b>10,878</b>	<b>133,425</b>	<b>(145)</b>	<b>(16,103)</b>	<b>34,034</b>	<b>17,786</b>	<b>(7,447)</b>	<b>143,764</b>
<b>Movements in accumulated depreciation</b>												
Depreciation and amortisation		-	-	(3,050)	-	<b>(3,050)</b>	(55)	(5,256)	(949)	<b>(6,260)</b>	-	<b>(9,310)</b>
Accumulated depreciation of disposals		-	-	9,134	-	<b>9,134</b>	-	-	-	<b>-</b>	-	<b>9,134</b>
Revaluation increments/decrements		-	-	-	-	<b>-</b>	110	8,753	1,894	<b>10,757</b>	-	<b>10,757</b>
Transfers		-	-	-	-	<b>-</b>	-	-	-	<b>-</b>	-	<b>-</b>
		<b>-</b>	<b>-</b>	<b>6,084</b>	<b>-</b>	<b>6,084</b>	<b>55</b>	<b>3,497</b>	<b>945</b>	<b>4,497</b>	<b>-</b>	<b>10,581</b>
At fair value 30 June 2016		134,027	519,547	15,062	141,250	<b>809,886</b>	1,005	184,413	63,942	<b>249,360</b>	17,401	<b>1,076,647</b>
Accumulated depreciation at 30 June 2016		-	-	(1,698)	-	<b>(1,698)</b>	-	-	-	<b>-</b>	-	<b>(1,698)</b>
		<b>134,027</b>	<b>519,547</b>	<b>13,364</b>	<b>141,250</b>	<b>808,188</b>	<b>1,005</b>	<b>184,413</b>	<b>63,942</b>	<b>249,360</b>	<b>17,401</b>	<b>1,074,949</b>

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

<b>Plant and Equipment</b>	<b>Note</b>	Heritage and Culture	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Library books	Work In Progress	<b>Total plant and equipment</b>
At fair value 1 July 2015		1,311	23,184	6,468	3,481	7,968	43	<b>42,455</b>
Accumulated depreciation at 1 July 2015		(123)	(7,922)	(1,665)	(1,790)	(4,944)	-	<b>(16,444)</b>
		<u>1,188</u>	<u>15,262</u>	<u>4,803</u>	<u>1,691</u>	<u>3,024</u>	<u>43</u>	<u><b>26,011</b></u>
<b>Movements in fair value</b>								
Acquired assets at fair value		3	1,978	2,842	110	1,292	332	<b>6,557</b>
Revaluation increments/decrements		-	-	-	-	-	-	-
Fair value of assets disposed		-	(2,241)	(901)	-	-	-	<b>(3,142)</b>
Impairment losses recognised in operating result		-	-	-	-	-	-	-
Transfers		-	-	-	-	-	(42)	<b>(42)</b>
		<u>3</u>	<u>(263)</u>	<u>1,941</u>	<u>110</u>	<u>1,292</u>	<u>290</u>	<u><b>3,373</b></u>
<b>Movements in accumulated depreciation</b>								
Depreciation and amortisation		(12)	(2,463)	(850)	(378)	(350)	-	<b>(4,053)</b>
Accumulated depreciation of disposals		-	1,240	376	-	-	-	<b>1,616</b>
Impairment losses recognised in operating result		-	-	-	-	-	-	-
Transfers		-	-	-	-	-	-	-
		<u>(12)</u>	<u>(1,223)</u>	<u>(474)</u>	<u>(378)</u>	<u>(350)</u>	<u>-</u>	<u><b>(2,437)</b></u>
At fair value 30 June 2016		1,314	22,921	8,409	3,591	9,260	333	<b>45,828</b>
Accumulated depreciation at 30 June 2016		(135)	(9,145)	(2,139)	(2,168)	(5,294)	-	<b>(18,881)</b>
		<u><b>1,179</b></u>	<u><b>13,776</b></u>	<u><b>6,270</b></u>	<u><b>1,423</b></u>	<u><b>3,966</b></u>	<u><b>333</b></u>	<u><b>26,947</b></u>

Notes to the Financial Report  
For the Year Ended 30 June 2016

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 2015		1,454,191	66,295	85,131	383,939	52,814	2,357	32,190	34,846	20,767	38,346	2,170,876
Accumulated depreciation at 1 July 2015		(128,383)	(8,058)	(25,739)	(56,324)	(9,835)	(434)	(4,698)	(1,922)	(4,305)	-	(239,698)
		1,325,808	58,237	59,392	327,615	42,979	1,923	27,492	32,924	16,462	38,346	1,931,178
<b>Movements in fair value</b>												
Acquired assets at fair value		30,531	-	12,112	1,109	6,230	-	4,247	3,224	5,621	9,793	72,867
Contributed assets at fair value		81,342	2,530	-	27,841	-	-	-	-	-	-	111,713
Revaluation increments/decrements		-	-	-	-	-	-	-	-	-	-	-
Fair value of assets disposed		-	-	0	-	(1,528)	-	(41)	(993)	(81)	-	(2,643)
Impairment losses recognised in Asset Revaluation Reserve		(11,325)	-	(146)	-	-	-	-	-	-	-	(11,471)
Transfers		-	-	-	-	-	-	-	-	-	(34,694)	(34,694)
		100,548	2,530	11,966	28,950	4,702	-	4,206	2,231	5,540	(24,901)	135,772
<b>Movements in accumulated depreciation</b>												
Depreciation and amortisation		(36,318)	(857)	(2,301)	(3,960)	(2,573)	(70)	(1,411)	(893)	(1,114)	-	(49,497)
Revaluation increments/decrements		-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation of disposals		0	-	(0)	-	1,249	-	11	46	50	-	1,356
Impairment losses recognised in Asset Revaluation Reserve		3,321	-	59	-	-	-	-	-	-	-	3,380
Transfers		-	-	-	-	-	-	-	-	-	-	-
		(32,997)	(857)	(2,242)	(3,960)	(1,324)	(70)	(1,400)	(847)	(1,064)	-	(44,761)
At fair value 30 June 2016		1,554,739	68,825	97,097	412,889	57,516	2,357	36,396	37,077	26,307	13,445	2,306,648
Accumulated depreciation at 30 June 2016		(161,380)	(8,915)	(27,981)	(60,284)	(11,159)	(504)	(6,098)	(2,769)	(5,369)	-	(284,459)
		1,393,359	59,910	69,116	352,605	46,357	1,853	30,298	34,308	20,938	13,445	2,022,189

**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 Alvin Lee (valuer registration no. 62944). 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 surplus for the year in the comprehensive income statement.

Level 2 assets include non specialised land and non specialised buildings and are valued based on observable inputs such as comparable market sales

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2016 are as follows:

	Level 1	Level 2	Level 3
Land	-	134,027	519,547
Land Improvements	-	-	13,364
Buildings	-	63,942	184,413
Heritage Buildings	-	1,005	-
Total	-	198,974	717,324

*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 2016 are as follows:

	Level 1	Level 2	Level 3
Roads	-	-	1,393,359
Bridges	-	-	59,910
Footpaths and cycleways	-	-	69,116
Drainage	-	-	352,605
Total	-	-	1,874,990

Note that land under roads is excluded from the table above as it is valued at deemed cost. (Refer to Note 1m)

*Description of significant unobservable inputs into level 3 valuations*

**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 \$450 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 15 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.

		2016 \$'000	2015 \$'000	
<b>Note 23 Intangible assets</b>				
Software		6,116	6,216	
Landfill air space		5,774	977	
Work in progress		77	-	
Total intangible assets		<u>11,967</u>	<u>7,193</u>	
	<b>Software</b>	<b>Landfill</b>	<b>Work in progress</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
	<b>Total</b>		<b>\$'000</b>	
<b>Gross carrying amount</b>				
Balance at 1 July 2014	6,012	14,021	1,215	21,248
Additions from internal developments and acquisitions	2,666	-	-	2,666
Other	-	(9,848)	(1,215)	(11,063)
Balance at 1 July 2015	<u>8,678</u>	<u>4,173</u>	<u>-</u>	<u>12,851</u>
Additions from internal developments	-	6,209	-	6,209
Additions from acquisitions	997	-	-	997
Other	-	(4,173)	77	(4,096)
Balance at 30 June 2016	<u>9,675</u>	<u>6,209</u>	<u>77</u>	<u>15,961</u>
<b>Accumulated amortisation and impairment</b>				
Balance at 1 July 2014	1,704	3,786	-	5,490
Amortisation expense	758	(590)	-	168
Balance at 1 July 2015	<u>2,462</u>	<u>3,196</u>	<u>-</u>	<u>5,658</u>
Amortisation expense	1,097	(2,761)	-	(1,664)
Balance at 30 June 2016	<u>3,559</u>	<u>435</u>	<u>-</u>	<u>3,994</u>
Net book value at 30 June 2015	<u>6,216</u>	<u>977</u>	<u>-</u>	<u>7,193</u>
Net book value at 30 June 2016	<u>6,116</u>	<u>5,774</u>	<u>77</u>	<u>11,967</u>
		2016 \$'000	2015 \$'000	
<b>Note 24 Trade and other payables</b>				
Trade payables		4,283	9,659	
Accrued expenses		17,662	18,308	
Total trade and other payables		<u>21,945</u>	<u>27,967</u>	

	2016 \$'000	2015 \$'000
<b>Note 25 Trust funds and deposits</b>		
Refundable deposits	10,367	5,871
Fire services levy	1,529	1,529
Retention amounts	204	504
<b>Total trust funds and deposits</b>	<b>12,100</b>	<b>7,904</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**

	Employee \$ '000	Landfill restoration \$ '000	Other \$ '000	Total \$ '000
<b>2016</b>				
Balance at beginning of the financial year	18,884	12,997	8,493	40,374
Additional provisions	14,729	13,863	-	28,592
Amounts used	(12,095)	-	(2,103)	(14,198)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	(619)	(8)	-	(627)
Balance at the end of the financial year	<b>20,899</b>	<b>26,852</b>	<b>6,390</b>	<b>54,141</b>
<b>2015</b>				
Balance at beginning of the financial year	17,490	12,406	8,066	37,962
Additional provisions	9,052	569	582	10,203
Amounts used	(7,055)	(350)	(155)	(7,561)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	(603)	372	-	(231)
Balance at the end of the financial year	<b>18,884</b>	<b>12,997</b>	<b>8,493</b>	<b>40,374</b>



	2016 \$'000	2015 \$'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	6,343	5,728
Long service leave	829	526
	<u>7,172</u>	<u>6,254</u>
<b>Current provisions expected to be wholly settled after 12 months</b>		
Annual leave	906	843
Long service leave	8,494	8,141
	<u>9,400</u>	<u>8,984</u>
Total current provisions	<u>16,572</u>	<u>15,237</u>
<b>Non-current</b>		
Long service leave	4,327	3,647
Annual leave	-	-
Total non-current provisions	<u>4,327</u>	<u>3,647</u>
Aggregate carrying amount of employee provisions:		
Current	16,572	15,237
Non-current	4,327	3,647
Total aggregate carrying amount of employee provisions	<u>20,899</u>	<u>18,884</u>
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	4.13%	4.44%
Weighted average discount rates	1.79%	2.53%
Weighted average settlement period	13 years	13 years
<b>(b) Landfill restoration</b>		
Current	-	-
Non-current	26,852	12,997
	<u>26,852</u>	<u>12,997</u>
The following assumptions were adopted in measuring the present value of landfill restoration:		
Weighted average increase in costs	1.60%	2.30%
Weighted average discount rates	1.67%	2.22%
Weighted average settlement period (years)	5	5
<b>(c) Other provisions - carbon tax</b>		
Current	5,880	-
Non-current	-	7,911
	<u>5,880</u>	<u>7,911</u>

	2016 \$'000	2015 \$'000
<b>Note 26 Provisions (cont'd)</b>		
<b>(d) Other provisions - sundry creditors</b>		
Current	-	-
Non-current	510	582
	<u>510</u>	<u>582</u>
<b>Note 27 Interest-bearing loans and borrowings</b>		
<b>Current</b>		
Borrowings - secured (1)	-	-
<b>Non-current</b>		
Borrowings - secured (1)	55,000	40,000
<b>Total</b>	<u>55,000</u>	<u>40,000</u>
(1) Borrowings are secured by a mortgage over general rates.		
a) The maturity profile for Council's borrowings is:		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	55,000	40,000
	<u>55,000</u>	<u>40,000</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>2016</b>			
<b>Property</b>			
Land	295,028	113,858	408,886
Buildings	29,671	3,311	32,982
	<u>324,699</u>	<u>117,169</u>	<u>441,868</u>
<b>Infrastructure</b>			
Roads	835,691	(8,004)	827,687
Bridges	48,254	-	48,254
Footpaths and cycleways	18,509	(87)	18,422
Drainage	113,786	-	113,786
Off street car parks	12,045	-	12,045
Other infrastructure	-	-	-
	<u>1,028,285</u>	<u>(8,091)</u>	<u>1,020,194</u>
<b>Total asset revaluation reserves</b>	<b><u>1,352,984</u></b>	<b><u>109,078</u></b>	<b><u>1,462,062</u></b>
<b>2015</b>			
<b>Property</b>			
Land	295,028	-	295,028
Buildings	29,671	-	29,671
	<u>324,698</u>	<u>-</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	-	12,045
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>

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>2016</b>				
Asset replacement and development reserves	68,949	36,718	(17,200)	88,467
<b>Total Other reserves</b>	<b>68,949</b>	<b>36,718</b>	<b>(17,200)</b>	<b>88,467</b>
<b>2015</b>				
Asset replacement and development reserves	61,253	17,435	(9,739)	68,949
<b>Total Other reserves</b>	<b>61,253</b>	<b>17,435</b>	<b>(9,739)</b>	<b>68,949</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.

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

	2016 \$'000	2015 \$'000
<b>Note 29 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
Surplus/(deficit) for the year	176,976	99,264
Depreciation/amortisation	65,364	61,343
Profit/(loss) on disposal of property, infrastructure, plant and equipment	(862)	26,299
Contributions - Non-monetary assets	(139,823)	(89,136)
Finance cost	1,868	2,058
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	118	(2,165)
Decrease in prepayments	944	(1,310)
Increase/(decrease) in accrued income	1,836	641
Increase/(decrease) in trade and other payables	(9,887)	1,225
Increase/(decrease) in trust and deposits	4,196	(658)
(Decrease)/increase in other liabilities	-	-
(Increase)/decrease in inventories	(60)	(17)
Increase/(Decrease) in provisions	15,797	2,567
Finance cost		
Net cash provided by/(used in) operating activities	<b>116,467</b>	<b>100,110</b>

**Note 30 Reconciliation of cash and cash equivalents**

Cash and cash equivalents (see note 16)	16,910	32,274
Less bank overdraft	-	-
	<b>16,910</b>	<b>32,274</b>

**Note 31 Financing arrangements**

Credit card facility	525	525
Used facilities	(120)	(106)
Unused facilities	<b>405</b>	<b>419</b>

**Note 32 Commitments**

The Council has entered into the following commitments

2016	Not later than 1	Later than 1 year	Later than 2 years	Later than	Total
	year	and not later than	and not later than	5 years	
	\$'000	2 years	5 years	5 years	\$'000
		\$'000	\$'000	\$'000	
<b>Operating</b>					
Open space management	1,740	1,581	2,914	-	6,235
Consultancies	1,499	396	286	-	2,181
Cleaning contracts for council buildings	2,051	2,080	4,869	-	9,000
Other	369	264	353	-	986
<b>Total</b>	<b>5,659</b>	<b>4,321</b>	<b>8,422</b>	<b>-</b>	<b>18,402</b>
<b>Capital</b>					
Property	13,325	-	-	-	13,325
Plant and Equipment	1,471	-	-	-	1,471
Infrastructure	13,151	-	-	-	13,151
<b>Total</b>	<b>27,947</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,947</b>

2015	Not later than 1	Later than 1 year	Later than 2 years	Later than	Total
	year	and not later than	and not later than	5 years	
	\$'000	2 years	5 years	5 years	\$'000
		\$'000	\$'000	\$'000	
<b>Operating</b>					
Open space management	436	114	-	-	550
Consultancies	798	407	98	-	1,303
Cleaning contracts for council buildings	1,954	529	522	-	3,005
Meals for delivery	280	148	102	-	530
<b>Total</b>	<b>3,468</b>	<b>1,198</b>	<b>722</b>	<b>-</b>	<b>5,388</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>34,085</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,085</b>

	2016 \$'000	2015 \$'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	352	311
Later than one year and not later than five years	185	528
Later than five years	-	-
	537	839
<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	92	96
Later than one year and not later than five years	-	80
Later than five years	-	-
	92	176

**Note 34 Superannuation**

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). 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 the Comprehensive Income Statement when they are made or due.

**Accumulation**

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive 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 2016, this was 9.5% as required under Superannuation Guarantee legislation).

**Defined Benefit**

Council 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 Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

**Funding arrangements**

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

As at 30 June 2015, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 105.8%. To determine the VBI, the fund Actuary used the following long-term assumptions:

Net investment returns 7.0% pa  
Salary information 4.25% pa  
Price inflation (CPI) 2.5% pa.

Vision Super has advised that the estimated VBI at 30 June 2016 was 102%. The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2015 interim 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.

### **Employer contributions**

#### **Regular contributions**

On the basis of the results of the 2015 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2016, this rate was 9.5% of members' salaries (9.5% in 2014/2015). This rate will increase in line with any increase to the contribution rate. In addition, Council 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 an 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 Council) 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.

#### **2015 Interim actuarial investigation surplus amounts**

The Fund's interim actuarial investigation as at 30 June 2015 identified the following in the defined benefit category of which Council is a contributing employer:

- A VBI surplus of \$130.8 million; and
- A total service liability surplus of \$239 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 2015. 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. Council was notified of the 30 June 2015 VBI during August 2015.

#### **Future superannuation contributions**

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2017 is \$577,119.

**Note 35 Contingent liabilities and contingent assets**

**Contingent liabilities**

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined in Note 34. 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 not known if additional contributions will be required, their timing or potential amount.

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.

**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 \$185 million of subdivisional contribution from developers in future years. The estimate is based on the number of subdivisions as at 30 June 2016, that have commenced that Wyndham City will acquire over time using the average value of the subdivisions that were recognised in the 2015/2016 financial year.



## Note 36 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 35.

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 36 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:

- has a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- has readily accessible standby facilities and other funding arrangements in place;
- has a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitors budget to actual performance on a regular basis; and
- sets 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**

*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 37 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>	Adele Hegedich (Mayor: Oct 2015 to current)
	Peter Maynard (Mayor: Jul to Oct 2015)
	Gautam Gupta
	Glenn Goodfellow
	Heather Marcus
	Intaj Khan
	John Gibbons
	Marie Brittan
	Michele Wharrie
	Peter Gibbons
	Robert Fairclough
<b>Chief Executive Officer</b>	Kerry Thompson (Jul to Aug 2015)
	Kelly Grigsby (Aug 2015 to current)

**(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:

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
\$20,000 - \$29,999	1	1
\$30,000 - \$39,999	8	8
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	-	1
\$80,000 - \$89,999	1	1
\$230,000 - \$239,999	1	-
\$370,000 - \$379,999	1	-
\$380,000 - \$389,999	-	1
	<u>13</u>	<u>12</u>

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

\$ 1,025,374	\$ 790,633
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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 \$139,000

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

	2016	2015
Income Range:	No.	No.
\$139,000 - \$139,999	2	-
\$140,000 - \$149,999	9	6
\$150,000 - \$159,999	10	2
\$160,000 - \$169,999	3	7
\$170,000 - \$179,999	7	5
\$180,000 - \$189,999	5	6
\$190,000 - \$199,999	-	3
\$200,000 - \$209,999	-	2
\$230,000 - \$239,999	1	-
\$240,000 - \$249,999	-	1
\$250,000 - \$259,999	1	
\$260,000 - \$269,999	1	
\$270,000 - \$279,999	1	
\$360,000 - \$369,999	1	
\$380,000 - \$389,999	1	
\$460,000 - \$469,999	1	
\$480,000 - \$489,999	1	
\$550,000 - \$559,999	1	2
	<u>45</u>	<u>34</u>

Total Remuneration for the reporting year for Senior Officers included above, amounted to \$ 8,636,897 \$ 6,451,881

(iv) **Responsible persons retirement benefits**

No retirement benefits have been made by Wyndham City to a Responsible Person during the reporting year (2015 - Nil).

(v) **Loans to responsible persons**

No loans have been made by Wyndham City to a Responsible Person during the reporting year (2015 - Nil).

(vi) **Transactions with responsible persons**

During the period Council entered into the following transactions with responsible persons or related parties of responsible persons.

	2016	2015
	\$	\$
Tim Marcus Family Trust - photography services	11,565	25,916
Squires Coaches Pty Ltd - shuttle bus services	1,110	4,985

**Note 38 Events occurring after balance date**

No matters have occurred after balance date that require disclosure in the financial report.

**Note 39 Investment in Subsidiaries**

**Subsidiaries**

Western Leisure Services Pty Ltd.

*Western Leisure Services was created by Wyndham City to manage three of its major recreation facilities and is fully owned by Wyndham City.*

**Summarised financial information**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Summarised statement of comprehensive income</b>		
Total income	11,562	2,488
Total expenses	(10,801)	(2,727)
Surplus/(deficit) for the year	<u>761</u>	<u>(239)</u>
Other comprehensive income	-	-
<b>Total comprehensive result</b>	<u><b>761</b></u>	<u><b>(239)</b></u>
<b>Summarised balance sheet</b>		
Current assets	3,032	2,400
Non-current assets	-	-
Total assets	<u>3,032</u>	<u>2,400</u>
Current liabilities	1,994	2,135
Non-current liabilities	16	4
Total liabilities	<u>2,010</u>	<u>2,139</u>
<b>Net Assets</b>	<u><b>1,022</b></u>	<u><b>261</b></u>
<b>Summarised statement of cash flows</b>		
Net cash provided by / (used in) operating activities	379	1,790
Net cash provided by / (used in) investing activities	-	-
Net cash provided by / (used in) financing activities	-	500
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u><b>379</b></u>	<u><b>2,290</b></u>

## 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: 19/9/16

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 2016 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.



Adele Hegedich

Mayor

Date: 15.09.2016

45 Princes Highway, Werribee, Victoria



Glenn Goodfellow, GAICD

Councillor

Date: 15-9-16

45 Princes Highway, Werribee, Victoria



Kelly Grigsby

Chief Executive Officer

Date: 19/9/16

45 Princes Highway, Werribee, Victoria

## INDEPENDENT AUDITOR'S REPORT

### To the Councillors, Wyndham City Council

#### *The Financial Report*

I have audited the accompanying financial report for the year ended 30 June 2016 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. The financial report is the consolidated financial statements of the consolidated entity, comprising the Wyndham City Council and the entities 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)

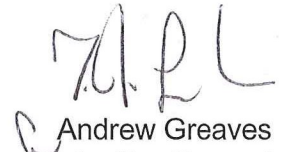
### *Independence*

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, I and my staff and delegates complied with the applicable independence requirements of the Australian Auditing Standards and relevant ethical pronouncements.

### *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 2016 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  
20 September 2016

  
Andrew Greaves  
Auditor-General