

**ATTACHMENTS FOR: AGENDA NO. 7/17
Council Meeting**

Meeting Date: Tuesday 22 August 2017
Location: Council Chambers, Level 1A, 1 Pope Street, Ryde
Time: 7.00pm


ATTACHMENTS FOR COUNCIL MEETING

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City of Ryde

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Draft General and Special Purpose Financial Statements

Year Ended 30 June 2017

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STATEMENT BY COUNCILLORS AND MANAGEMENT

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

INCOME STATEMENT

| Budget* | | | Actual | Actual |
|--|--|--------------|-----------------|-----------------|
| 2017 | | Notes | 2017 | 2016 |
| (\$'000) | | | (\$'000) | (\$'000) |
| INCOME FROM CONTINUING OPERATIONS | | | | |
| 76,178 | Rates and annual charges | 3(a) | 77,630 | 71,821 |
| 14,556 | User charges and fees | 3(b) | 17,178 | 17,142 |
| 4,093 | Interest and investment revenue | 3(c) | 5,625 | 5,420 |
| 7,735 | Other revenues | 3(d) | 10,755 | 32,171 |
| | Grants & contributions provided for | | | |
| 6,947 | operating purposes | 3(e&f) | 9,064 | 7,218 |
| | Grants & contributions provided | | | |
| 6,058 | for capital purposes | 3(e&f) | 25,420 | 43,578 |
| | Other Income: | | | |
| - | Net gain from the disposal of assets | 5 | - | 2,075 |
| - | Net share of interests in joint ventures and associates using the equity method | 19 | - | - |
| 115,567 | TOTAL INCOME FROM CONTINUING OPERATIONS | | 145,672 | 179,425 |
| EXPENSES FROM CONTINUING OPERATIONS | | | | |
| 45,558 | Employee benefits and on-costs | 4(a) | 43,945 | 43,124 |
| 172 | Borrowing costs | 4(b) | 139 | 218 |
| 31,207 | Materials and contracts | 4(c) | 29,604 | 28,600 |
| 15,897 | Depreciation, amortisation and impairment | 4(d) | 15,121 | 15,723 |
| 20,770 | Other expenses | 4(e) | 15,821 | 13,826 |
| - | Interest and investment losses | 3(c) | - | - |
| - | Net loss from the disposal of assets | 5 | 1,020 | - |
| - | Share of interests in joint ventures and associates using the equity method | 19 | - | - |
| 113,604 | TOTAL EXPENSES FROM CONTINUING OPERATIONS | | 105,650 | 101,491 |
| 1,963 | OPERATING RESULT FROM CONTINUING OPERATIONS | | 40,022 | 77,934 |
| - | Operating result from discontinued operations | 24 | - | - |
| 1,963 | NET OPERATING RESULT FOR THE YEAR | | 40,022 | 77,934 |
| (4,095) | NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS & CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES | | 14,602 | 34,356 |

* Original budget as approved by Council - Refer Note 16

The above Income Statement should be read in conjunction with the accompanying notes.

STATEMENT OF COMPREHENSIVE INCOME

| | Notes | 2017 (\$'000) | 2016 (\$'000) |
|--|--------------|--------------------------|--------------------------|
| Net operating result for the year - from Income Statement | | 40,022 | 77,934 |
| Other comprehensive income | | | |
| Amounts which will not be reclassified subsequently to operating result | | | |
| Gain (loss) on revaluation of infrastructure, property, plant and equipment | 20(b) | 28,081 | (10,786) |
| Adjustment to correct prior period adjustments | 20(d) | | (17,248) |
| Amounts which will be reclassified subsequently to operating result when specific conditions are met. | | | |
| Realised available-for-sale investment gains recognised in revenue | 20(b) | | |
| Gain (loss) on revaluation of available-for-sale investments | 20(b) | - | - |
| Total other comprehensive income for the year | | 28,081 | (28,034) |
| Total comprehensive income for the year | | <u>68,103</u> | <u>49,900</u> |
| Attributable to: | | | |
| - Council | | 68,103 | 49,900 |
| - Non-controlling interests | | - | - |

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

| | Notes | 2017 | | 2016 | |
|--|-------|-----------|------------------|-----------|------------------|
| | | (\$'000) | (\$'000) | (\$'000) | (\$'000) |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 6(a) | 6,823 | | 9,464 | |
| Investments | 6(b) | 89,250 | | 91,248 | |
| Receivables | 7 | 10,811 | | 8,835 | |
| Inventories | 8 | 894 | | 646 | |
| Other | 8 | 2,795 | | 3,020 | |
| Non-current assets classified as held for sale | 22 | - | | - | |
| Total current assets | | | 110,573 | | 113,213 |
| Non-current assets | | | | | |
| Investments | 6(b) | 90,379 | | 77,331 | |
| Receivables | 7 | 72 | | 936 | |
| Inventories | 8 | - | | - | |
| Infrastructure, property, plant and equipment | 9 | 2,305,926 | | 2,250,192 | |
| Investments accounted for using equity method | 19 | - | | - | |
| Investment property | 14 | 115,540 | | 113,165 | |
| Intangible assets | 25 | - | | - | |
| Other | 8 | - | | - | |
| Total non-current assets | | | 2,511,917 | | 2,441,624 |
| TOTAL ASSETS | | | <u>2,622,490</u> | | <u>2,554,837</u> |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Payables | 10(a) | 23,237 | | 23,937 | |
| Income received in advance | 10(a) | 1,477 | | 964 | |
| Borrowings | 10(a) | 891 | | 873 | |
| Provisions | 10(a) | 12,516 | | 11,897 | |
| Total current liabilities | | | 38,121 | | 37,671 |
| Non-current liabilities | | | | | |
| Payables | 10(a) | - | | - | |
| Borrowings | 10(a) | 2,620 | | 3,503 | |
| Provisions | 10(a) | 170 | | 187 | |
| Total non-current liabilities | | | 2,790 | | 3,690 |
| TOTAL LIABILITIES | | | <u>40,911</u> | | <u>41,361</u> |
| NET ASSETS | | | <u>2,581,579</u> | | <u>2,513,476</u> |
| EQUITY | | | | | |
| Retained earnings | 20 | 1,901,731 | | 1,861,709 | |
| Revaluation reserves | 20 | 679,848 | | 651,767 | |
| Council equity interest | | | 2,581,579 | | 2,513,476 |
| Minority equity interest | | | - | | - |
| TOTAL EQUITY | | | <u>2,581,579</u> | | <u>2,513,476</u> |

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

| | Note | 2017 (\$'000) | | | | | | 2016 (\$'000) | | | | | |
|-----------------------------------|------|-------------------|---------------------------|----------------|-------------------------|--------------------------|--------------|-------------------|---------------------------|----------------|-------------------------|--------------------------|--------------|
| | | Retained Earnings | Asset Revaluation Reserve | Other Reserves | Council Equity Interest | Non-controlling Interest | Total Equity | Retained Earnings | Asset Revaluation Reserve | Other Reserves | Council Equity Interest | Non-controlling Interest | Total Equity |
| Opening balance | 20 | 1,861,709 | 651,767 | | 2,513,476 | - | 2,513,476 | 1,783,775 | 679,801 | | 2,463,576 | - | 2,463,576 |
| Correction of errors | 20 | | - | | - | | - | | (17,248) | | (17,248) | | (17,248) |
| Changes in accounting policies | | | | | - | | - | | | | - | | - |
| Restated opening balance | 20 | 1,861,709 | 651,767 | - | 2,513,476 | - | 2,513,476 | 1,783,775 | 662,553 | - | 2,446,328 | - | 2,446,328 |
| Net operating result for the year | 20 | 40,022 | | | 40,022 | | 40,022 | 77,934 | | | 77,934 | | 77,934 |
| Other comprehensive income | 20 | | 28,081 | | 28,081 | | 28,081 | | (10,786) | | (10,786) | | (10,786) |
| Total comprehensive income | 20 | 40,022 | 28,081 | - | 68,103 | - | 68,103 | 77,934 | (10,786) | - | 67,148 | - | 67,148 |
| Closing balance | 20 | 1,901,731 | 679,848 | - | 2,581,579 | - | 2,581,579 | 1,861,709 | 651,767 | - | 2,513,476 | - | 2,513,476 |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

| Original Budget* | Notes | 2017 | 2016 |
|---|-------|--------------|--------------|
| 2017 | | | |
| (\$'000) | | (\$'000) | (\$'000) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| 76,133 Rates & annual charges | | 77,401 | 71,737 |
| 14,939 User charges & fees | | 18,599 | 18,509 |
| 4,093 Investment revenue and interest | | 5,555 | 5,034 |
| 7,409 Grants and contributions | | 34,214 | 51,445 |
| - Deposits and retentions | | 3,346 | 4,477 |
| 8,867 Other | | 7,761 | 6,354 |
| Payments | | | |
| (46,641) Employee benefits and on-costs | | (43,503) | (42,171) |
| (30,557) Materials and contracts | | (32,714) | (28,776) |
| (172) Borrowing costs | | (144) | (244) |
| - Deposits and retentions | | (3,579) | (1,540) |
| (22,894) Other | | (13,813) | (13,918) |
| Net cash provided (or used) in operating activities | 11(b) | 53,123 | 70,907 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Receipts | | | |
| 91,248 Sale of investments | | 57,301 | 47,736 |
| 1,183 Sale of infrastructure, property, plant and equipment | | 1,325 | 1,398 |
| - Sale of interests in joint ventures/associates | | - | - |
| Proceeds from boundary Adjustment | | - | - |
| - Other | | - | - |
| Payments | | | |
| (91,248) Purchase of investments | | (68,276) | (91,074) |
| (36,070) Purchase of property, plant and equipment | | (45,249) | (31,950) |
| - Purchase of interests in joint ventures/associates | | - | - |
| - Other | | - | - |
| Net cash provided by (or used in) investing activities | | (54,899) | (73,890) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Receipts | | | |
| 350 Borrowings and advances | | - | - |
| - Other | | - | - |
| Payments | | | |
| (1,049) Borrowings and advances | | (865) | (1,858) |
| - Lease liabilities | | - | - |
| - Other | | - | - |
| Net cash provided by (or used in) financing activities | | (865) | (1,858) |
| (24,409) Net increase (decrease) in cash & cash equivalents | | (2,641) | (4,841) |
| 9,464 Cash & cash equivalents at beginning reporting pd | 11(a) | 9,464 | 14,305 |
| Cash & Cash Equivalents at end of Reporting Pd | 11(a) | 6,823 | 9,464 |

* Original budget as approved by Council - Refer Note 16

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

(i) New and amended standards adopted by Council

AASB 124 Related Party Disclosures was adopted during the year. The impact of this standard had no impact on reporting financial position or performance. However, Note 28 has been added.

AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11] – the adoption of this standard has had no impact for the council.

(ii) Early adoption of standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2016.

(iii) Historical cost convention

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

(iv) Significant accounting estimates and judgements

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

(v) Critical accounting estimates and assumptions

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

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

(vi) Significant judgements in applying the entity's accounting policies

- (i) Impairment of Receivables
Council has made a significant judgement about the impairment of a number of its receivables in Note 7.
- (ii) Valuation of Infrastructure assets
Council employs a number of staff that possess Tertiary qualifications in Engineering. Those staff are also responsible for estimating the cost of construction of new infrastructure works, especially for works done in-house. Using this expertise Council has revalued its infrastructure assets to the cost of replacing those assets in-house. Those estimates are based on recent actual costs to replace infrastructure assets by Council.

The same staff are also responsible for estimating the useful lives of infrastructure assets, based on their experiences and similar assets in other Council areas.

The changes, based on these judgements, impact the amount of depreciation.

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of transaction and the specifics of each arrangement.

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

Rates, annual charges, grants and contributions

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

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

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

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

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

User charges and fees

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

Sale of plant, property, infrastructure and equipment

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

Interest

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

Rent

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

Dividend income

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

Other income

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

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

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

(ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (NSW) (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of, or in accordance with the trusts relating to those monies. Trust monies and property subject to Council's control have been included in these reports.

Trust monies and property held by Council but not subject to the control of Council have been excluded from these reports. A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

(iii) Interest in Other Entities**Subsidiaries**

Council has no interest in any subsidiaries.

Joint Arrangements

Council has no interest in any joint arrangements.

(d) Leases

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

Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that Council will obtain ownership at the end of the lease term.

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

Lease income from operating leases where Council is a lessor is recognised as income on a straight-line basis over the lease term.

(e) Impairment of assets

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

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

(f) Cash and cash equivalents

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

Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

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

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour, and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Inventory held for distribution

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

(iii) Land held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

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

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

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

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

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

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

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines

the classification of its investments at initial recognition and, in the case of assets classified as held to maturity, re-evaluates this designation at each reporting date.

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

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

(ii) Loans and receivables

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

Loans and receivables are included in other receivables (note 8) and receivables (note 7) in the Statement of Financial Position.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, that are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

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

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

Subsequent measurement

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

Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

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

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost

For loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Council may measure impairment on the basis of an instrument's fair value using an observable market price.

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of the impairment loss is recognised in the income statement within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Investment Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act 1993 (NSW) and Clause 212 of the Local Government (General) Regulation 2005 (NSW).

Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it, or its representatives, exercise the care, diligence and skill that a prudent person would exercise in investing Council funds.

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

(j) Fair value estimation – financial instruments

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

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(k) Infrastructure, property, plant and equipment (IPPE)

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

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

Council utilises a condition basis for calculating depreciation, which determines the remaining useful life and loss of future benefit, based on its condition. To support this, Council has also commenced a rolling inspection of its infrastructure assets, plus reviews as part of its ongoing maintenance works, so that condition data is kept as current as possible.

Whilst this is not true "condition based" depreciation, Council, in adopting this new method of depreciation, has broken each of its asset categories into five condition ratings. Within each of these condition ratings, Council has reviewed and determined both the useful life and loss of future benefit, while the asset traverses through that condition rating. Therefore in each condition rating the asset will have a straight line depreciation, which will increase as the condition rating increases and the condition of the asset decreases. Condition 5 represents those assets that are due for renewal, but are still in service.

Depreciation is no longer a representation of the inter-generational funding that is required for asset renewal, this funding model is represented by straight line depreciation over the useful life to the intervention point, being the end of Condition 4.

The following table sets out the range of useful lives and depreciation within each condition rating by asset category.

| Asset Category | Useful life (range of years) | | | | | Total |
|--|------------------------------|----------|---------|--------|--------|----------|
| | 1 | 2 | 3 | 4 | 5 | |
| Buildings – Specialised/Non Specialised | 10 | 60 | 20 | 5 - 10 | 1 - 5 | 96 - 100 |
| Drainage assets | 5 - 20 | 15 - 130 | 10 - 40 | 5 - 15 | 5 - 10 | 40 - 200 |
| Land Improvements | 5 | 5 | 5 | 5 | 5 | 25 |
| Other assets | 1 - 5 | 1 - 25 | 1 - 10 | 1 - 5 | 1 - 5 | 5 - 50 |
| Other structures | 5 - 20 | 5 - 80 | 2 - 40 | 3 - 15 | 5 | 20 - 150 |
| Plant and equipment * | | | | | | 2 - 20 |
| Road assets – roads, bridges and footpaths | 5 - 20 | 2 - 130 | 2 - 50 | 3 - 20 | 5 - 20 | 17 - 200 |

| Asset Category | Depreciation (range of %) | | | | | Total |
|--|---------------------------|----------------|----------------|----------------|-------|----------------|
| | 1 | 2 | 3 | 4 | 5 | |
| Buildings – Specialised/Non Specialised | 0.50% | 0.83% | 1.25% | 1.50% - 3.00% | | 0.50% - 3.00% |
| Drainage assets | 0.25% - 1.00% | 0.38% - 1.67% | 0.63% - 3.00% | 1.00% - 7.00% | | 0.25% - 7.00% |
| Land Improvements | 1.00% | 9.00% | 5.00% | 3.00% | 2.00% | 1.00% - 9.00% |
| Other assets | 1.00% - 5.00% | 1.40% - 20.00% | 2.00% - 30.00% | 7.00% - 50.00% | | 1.00% - 50.00% |
| Other structures | 0.25% - 1.00% | 0.63% - 2.00% | 0.63% - 5.00% | 1.00% - 23.33% | | 0.25% - 23.33% |
| Plant and equipment * | | | | | | 5.00% - 20.00% |
| Road assets – roads, bridges and footpaths | 0.25% - 1.67% | 0.38% - 5.00% | 0.50% - 5.00% | 0.75% - 23.33% | | 0.25% - 23.33% |

* Note: There are no condition ratings for Plant and Equipment assets

Operational land was last valued as at June 2014. Council is of the opinion that the carrying amount of the asset would not differ materially had a revaluation occurred at the reporting date.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and will revalue the asset to that amount. Full revaluations are undertaken for all assets on a 5 year cycle.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. In determining the useful lives and unit rates for each asset type, an "evidence" based approach has been taken. For most assets, there is no ready "tradeable" market, and councils are the major if not only provider of such assets (e.g. local roads and their drainage). In-house technical expertise is available and is used. The major exceptions are land and buildings, which are valued externally.

Where a condition review of assets discloses an error in the quantity of the asset, this will be adjusted as a prior period adjustment.

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

(I) Investment property

Investment property, principally comprising freehold buildings, car parks and blocks of units, are held for development to generate long-term rental yields and are not occupied by the Council.

Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available,

Council uses alternative valuation methods such as recent prices in less active markets, or discounted cash flow projections. Changes in fair values are recorded in the income statement as part of other income.

Properties that are under construction for future use as investment properties are regarded as investment properties. These are also carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete.

(m) Payables

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

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

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

(o) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(p) Provisions

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

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

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

(q) Employee benefits

(i) Short-term obligations

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

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

(ii) Other Long term employee benefit obligations

The liability for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

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

Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the Statement of Financial Position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments that arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable.

Defined Contribution Plans

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

(r) Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB1051 Land Under Roads.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB116 Property, Plant and Equipment

(s) Self-insurance

Council does not self-insure.

(t) Intangible assets

Council has not classified any assets as intangible.

(u) Crown reserves

Crown Reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

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

(v) Provisions for close down and restoration and for environmental clean-up costs - Tips and quarries**(i) Restoration**

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

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

Other movements in the provisions for close down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

(ii) Rehabilitation

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

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date. These costs are charged to the income statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost. Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

Specific information about Council's provisions relating to close down, restoration and remediation costs can be found at Note 26.

(w) Goods and Services Tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which that are recoverable from, or payable to the taxation authority are presented as operating cash flows.

(x) New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

As at the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

Effective for annual reporting periods beginning on or after 1 January 2017

AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15

AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15

AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities

AASB 2016-7 Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities

Effective for annual reporting periods on or after 13 February 2017

AASB 2017/2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014- 16 Cycle

Effective for annual reporting periods beginning on or after 13 December 2017

AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments

Effective for annual reporting periods beginning on or after 1 January 2018

AASB 9 Financial Instruments (December 2009)

AASB 15 Revenue from Contracts with Customers

AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)

AASB 2014-1 Amendments to Australian Accounting Standards (Part E)

AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) AASB 1057 Application of Australian Accounting Standards

AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15

AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions

AASB 2016-6 Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts

Effective for annual reporting periods beginning on or after 1 January 2019

AASB 16 Leases

AASB 16 Leases (Appendix D)

AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities

AASB 1058 Income of Not-for-Profit Entities

AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities

The full impact of these standards has yet to be ascertained or quantified but will range from additional and/or revised disclosures to changes in how certain transactions and balances are accounted for.

(y) Rounding of amounts

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

(z) Comparative figures

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

(aa) Disclaimer

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

NOTE 2(a) FUNCTIONS OR ACTIVITIES

| INCOME, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS / ACTIVITIES DETAILS OF THESE FUNCTIONS / ACTIVITIES ARE PROVIDED IN NOTE 2(b) | | | | | | | | | | | | | | | |
|--|-----------------------------------|----------------|----------------|-------------------------------------|----------------|----------------|--|-----------------|---------------|---------------------------|--------------|------------------|---|---------------|------------------|
| FUNCTIONS/ACTIVITIES | INCOME FROM CONTINUING OPERATIONS | | | EXPENSES FROM CONTINUING OPERATIONS | | | OPERATING RESULTS FROM CONTINUING OPERATIONS | | | GRANTS INCLUDED IN INCOME | | | TOTAL ASSETS HELD (CURRENT & NON-CURRENT) | | |
| | Original Budget 2017 | Actual 2017 | Actual 2016 | Original Budget 2017 | Actual 2017 | Actual 2016 | Original Budget 2017 | Actual 2017 | Actual 2016 | Actual 2017 | Actual 2016 | Actual 2017 | Depreciat on 2017 | Capital 2017 | Actual 2016 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | | \$'000 | \$'000 |
| Programs | | | | | | | | | | | | | | | |
| Catchment Program | 29 | 155 | 508 | 3,733 | 3,753 | 3,705 | (3,704) | (3,598) | (3,197) | | 407 | 202,870 | 1,689 | 9,005 | 204,594 |
| Centres And Neighbourhood Program | 423 | 2,396 | 583 | 4,360 | 3,665 | 3,673 | (3,937) | (1,269) | (3,090) | 364 | 544 | | | 3,305 | |
| Community And Cultural Program | 1,675 | 1,845 | 1,809 | 4,352 | 4,355 | 4,243 | (2,677) | (2,510) | (2,434) | 734 | 701 | 230 | 280 | 202 | 230 |
| Customer And Community Relations Program | 15 | 37 | 15 | 3,306 | 3,096 | 2,993 | (3,291) | (3,059) | (2,978) | | | | 8 | | |
| Economic Development Program | 6 | 4 | 4 | 439 | 340 | 239 | (434) | (336) | (235) | 5 | | | | | |
| Environmental Program | 10 | 8 | 6 | 632 | 556 | 547 | (622) | (548) | (541) | | | | | | |
| Foreshore Program | | 18 | | 175 | 91 | 163 | (175) | (73) | (163) | 18 | | | 54 | 29 | |
| Governance And Civic Program | 5 | 6 | 6 | 4,189 | 3,464 | 3,395 | (4,184) | (3,458) | (3,389) | | | | | 309 | |
| Internal Corporate Services Program | 4,529 | 7,546 | 30,996 | 16,299 | 13,022 | 13,025 | (11,768) | (5,476) | 17,971 | 169 | 190 | 408,383 | 2,939 | 6,922 | 442,055 |
| Land Use Planning Program | 127 | 15,348 | 40,541 | 1,751 | 1,552 | 1,178 | (1,624) | 13,796 | 39,363 | | | | | | |
| Library Program | 1,083 | 1,110 | 1,036 | 6,506 | 5,640 | 5,564 | (5,423) | (4,530) | (4,528) | 291 | 283 | 1,187 | 450 | 610 | 1,088 |
| Open Space, Sport & Recreation Program | 10,581 | 12,201 | 6,895 | 16,720 | 16,704 | 17,142 | (6,139) | (4,503) | (10,247) | 5,094 | 3 | 1,505,051 | 2,585 | 9,156 | 1,482,878 |
| Organisational Development Program | 5 | 39 | 13 | 340 | 286 | 294 | (335) | (247) | (281) | | | | | | |
| Paths And Cycleways Program | 57 | 229 | 252 | 2,652 | 2,266 | 2,178 | (2,594) | (2,037) | (1,926) | 228 | 252 | | 463 | 1,944 | |
| Property Portfolio Program | 2,387 | 2,294 | 2,108 | 6,596 | 6,555 | 4,430 | (4,208) | (4,261) | (2,322) | | | 115,540 | 502 | 698 | 34,058 |
| Regulatory Program | 7,766 | 10,361 | 10,779 | 7,639 | 8,004 | 7,544 | 127 | 2,357 | 3,235 | | | | 5 | | |
| Risk Management Program | 145 | 109 | 267 | 3,227 | 3,109 | 2,842 | (3,083) | (3,000) | (2,575) | | | | | | |
| Roads Program | 3,966 | 6,159 | 3,562 | 9,464 | 9,361 | 9,239 | (5,498) | (3,202) | (5,676) | 2,982 | 1,583 | 388,109 | 5,700 | 9,867 | 388,919 |
| Strategic City Program | 13 | | | 312 | 188 | 366 | (299) | (188) | (366) | | | | | 5 | |
| Traffic & Transport Program | 820 | 1,869 | 1,560 | 1,366 | 2,205 | 1,903 | (546) | (336) | (343) | 1,080 | 631 | | 524 | 2,664 | |
| Waste And Recycling Program | 20,308 | 21,809 | 20,400 | 19,547 | 17,438 | 16,829 | 761 | 4,371 | 3,571 | 217 | 226 | 1,120 | 12 | 547 | 1,016 |
| Total Functions & Activities | 53,950 | 83,543 | 121,340 | 113,604 | 105,650 | 101,491 | (59,653) | (22,107) | 19,849 | 11,182 | 4,821 | 2,622,490 | 15,211 | 45,262 | 2,554,837 |
| General Purpose Revenue | 61,616 | 62,129 | 58,085 | | | | 61,616 | 62,129 | 58,085 | 3,997 | 3,685 | | | | |
| Totals | 115,567 | 145,672 | 179,425 | 113,604 | 105,650 | 101,491 | 1,963 | 40,022 | 77,934 | 15,179 | 8,506 | 2,622,490 | 15,211 | 45,262 | 2,554,837 |

NOTE 2(b) COMPONENTS OF FUNCTIONS OR ACTIVITIES

The activities relating to the Council's functions and activities reported on in Note 2 (a) are as follows:

Catchment program

Managing, monitoring and maintaining water quality and reuse of our stormwater and natural waterways.

Centres and Neighbourhood program

Developing, delivering, maintaining and managing our public domain infrastructure, facilities and place management.

Community and Cultural program

Managing all community services, community development, community buildings and events and driving cultural development.

Customer and Community Relations program

Engaging with our community, all media and community relations, branding and marketing our city and developing and managing all our customer services.

Economic Development program

Business sector and economic development.

Environmental program

Monitoring and managing our environmental performance, developing environmental policy and making our community aware of environmental impact.

Foreshore program

Managing all aspects of our foreshore.

Governance and Civic program

Supporting our mayor and councillors; through council process and civic events; and providing guidance on governance to support other areas of council.

Internal Corporate Services program

Developing and managing our information, records and corporate knowledge; implementing information technology, communications, business, financial and HR infrastructure and services. Managing our fleet and plant; planning and developing assets; all project management and administrative support.

Land Use Planning program

Planning, delivering and managing our land and urban design and enhancing and informing on our heritage.

NOTE 2(b) COMPONENTS OF FUNCTIONS OR ACTIVITIES (CONTINUED)

Library program

Delivering all our library services.

Open Space, Sport & Recreation program

Developing, delivering, maintaining and managing all our sports, recreation, outdoor, open spaces and natural areas infrastructure, services and facilities.

Organisational Development program

Addressing workforce planning, driving culture and performance, assessing process efficiency and overseeing all corporate communications.

Paths and Cycleways program

Developing, managing and maintaining our footpaths and cycleways.

Property Portfolio program

Developing, managing and maintaining our portfolio of corporate, commercial and civic properties.

Regulatory program

Delivering all our regulatory assessments and activities, including building regulations, environmental regulations, road, parking and footpath enforcement and animal management.

Risk Management program

Managing all legal services, procurement and internal auditing, assessing and managing business continuity, risk and disaster management.

Roads program

Managing and maintaining our roads, bridges and retaining walls.

Strategic City program

Providing strategic direction and planning; and managing the reporting on our corporate performance.

Traffic & Transport program

Managing our transport, traffic and car parking; developing sustainable transport options.

Waste and Recycling program

Managing our domestic and commercial waste services, educating on and facilitating recycling and disposal services.

NOTE 3 INCOME FROM CONTINUING OPERATIONS

| | 2017 (\$'000) | 2016 (\$'000) |
|---|------------------|------------------|
| (a) Rates and Annual Charges | | |
| Ordinary rates | | |
| Residential | 27,967 | 27,560 |
| Business | 15,928 | 15,023 |
| Environmental management levy | 6,690 | 6,605 |
| Total ordinary rates | 50,585 | 49,188 |
| Special rates | | |
| Macquarie park | 1,347 | 1,331 |
| Infrastructure special rate levy | 5,157 | 2,362 |
| Total special rates | 6,504 | 3,693 |
| Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611) | | |
| Domestic waste management services | 19,152 | 17,653 |
| Non-rateable waste management charges | 137 | 139 |
| Stormwater management service charge | 1,029 | 1,018 |
| Section 611 charges | 223 | 130 |
| Total annual charges | 20,541 | 18,940 |
| Total rates and annual charges | 77,630 | 71,821 |
| Council has used 2013 valuations provided by the NSW Valuer General in calculating its rates. | | |
| (b) User charges and fees | | |
| User charges (pursuant to s.502) | | |
| Aquatic centre | 5,850 | 5,472 |
| Sports facility rental | 709 | 713 |
| Hall hire | 430 | 457 |
| Road restorations | 767 | 905 |
| Gutter crossings | 81 | 388 |
| Commercial waste service | 1,303 | 1,232 |
| Other | 100 | 167 |
| Total user charges | 9,240 | 9,334 |
| Fees | | |
| Regulatory/statutory fees | 3,253 | 2,772 |
| s603 certificates | 169 | 161 |
| Discretionary | | |
| - Parking fees | 1,600 | 1,256 |
| - Environmental planning | 2,212 | 3,038 |
| - Private works | 147 | 129 |
| - Home maintenance & modification | 67 | 82 |
| - Other | 490 | 370 |
| Total fees | 7,938 | 7,808 |
| Total user charges and fees | 17,178 | 17,142 |
| (c) Interest and investment revenue (losses) | | |
| Overdue rates & charges | 197 | 168 |
| Cash, cash equivalents and investments: | | |
| - Externally restricted | 1,922 | 1,608 |
| - Internally restricted | - | - |
| - Unrestricted | 3,484 | 3,619 |
| Amortisation of discounts and premiums: | | |
| - Investments held to maturity | 22 | 25 |
| Total interest and investment revenue | 5,625 | 5,420 |

NOTE 3 INCOME FROM CONTINUING OPERATIONS (CONTINUED)

| | 2017 (\$'000) | 2016 (\$'000) | | |
|---|------------------|------------------|-----------------|-----------------|
| (d) Other revenues | | | | |
| Fair value increments - investment properties | 2,375 | 23,300 | | |
| Rental income: | | | | |
| - Investment property | 568 | 560 | | |
| - Other property | 1,976 | 1,876 | | |
| Parking fines | 3,716 | 4,044 | | |
| Other fines | 63 | 47 | | |
| Ex gratia rates | 40 | 48 | | |
| Fuel tax credit | - | 61 | | |
| Materials recycling | 272 | 442 | | |
| Lease - telecommunications | 107 | 112 | | |
| Legal fees recoveries | | | | |
| - Rates | 1 | 15 | | |
| - Other | 72 | 118 | | |
| Insurance claims | 1 | - | | |
| Staff vehicle leases and other payments | 674 | 609 | | |
| Eastwood plaza | 43 | 54 | | |
| Sundry sales | 59 | 46 | | |
| Other | 788 | 839 | | |
| Total other revenue | 10,755 | 32,171 | | |
| | OPERATING | | CAPITAL | |
| | 2017 | 2016 | 2017 | 2016 |
| | (\$'000) | (\$'000) | (\$'000) | (\$'000) |
| (e) Grants | | | | |
| General purpose (untied) | | | | |
| Financial assistance | 4,872 | 3,194 | - | - |
| Pensioner rebate subsidy - rates | 443 | 491 | - | - |
| Total general purpose (untied) | 5,315 | 3,685 | - | - |
| Specific purpose | | | | |
| Pensioner rebate subsidy - domestic waste | 217 | 226 | - | - |
| Macquarie park construction | - | - | 5,000 | - |
| Library | 291 | 283 | - | - |
| Home maintenance & modification | 410 | 436 | - | - |
| Stormwater improvement projects | - | - | - | 317 |
| DEEWR - Apprentice rebate scheme | 3 | 6 | - | - |
| Community staff funding | 267 | 259 | - | - |
| Street & traffic lighting | 364 | 364 | - | - |
| Roads To recovery | - | - | 1,365 | 1,182 |
| RMS transport | - | - | 1,535 | 1,167 |
| Parks grants | - | - | - | - |
| Waste education | - | - | - | - |
| Ryde Parramatta river walk | - | - | - | - |
| Environmental projects | - | - | - | 100 |
| WH&S incentive rebate | 164 | 100 | - | - |
| LIRS subsidy | 75 | 82 | - | - |
| Other | 147 | 129 | 26 | 170 |
| Total specific purpose | 1,938 | 1,885 | 7,926 | 2,936 |
| Total grants | 7,253 | 5,570 | 7,926 | 2,936 |
| Comprising: | | | | |
| - Commonwealth funding | 5,163 | 3,477 | 1,365 | 317 |
| - State funding | 2,090 | 2,093 | 6,561 | 2,619 |
| - Other funding | - | - | - | - |
| | 7,253 | 5,570 | 7,926 | 2,936 |

NOTE 3 INCOME FROM CONTINUING OPERATIONS (CONTINUED)

| | OPERATING | | CAPITAL | |
|---|-----------------|-----------------|---------------|---------------|
| | 2017 | 2016 | 2017 | 2016 |
| | (\$'000) | (\$'000) | (\$'000) | (\$'000) |
| (f) Contributions | | | | |
| Developer contributions (s94) | | | | |
| - Open space | - | - | 10,381 | 26,636 |
| - Parking | - | - | - | - |
| - Drainage | - | - | 444 | 894 |
| - Traffic facilities | - | - | 1,515 | 3,637 |
| - Other | - | - | 56 | 163 |
| - Community facilities | - | - | 2,778 | 7,220 |
| Voluntary planning agreements | - | - | 2,021 | 1,875 |
| Other councils | 706 | 650 | - | - |
| Community facilities | - | - | - | - |
| Community events | 175 | 84 | - | - |
| Community Bus Service | 109 | - | - | - |
| North Ryde Office Fitout | - | - | 50 | - |
| Other | 7 | 84 | 181 | 183 |
| RMS contributions | | | | |
| - Roads & bridges | 386 | 379 | - | - |
| - Other | 68 | 66 | - | - |
| Buildings & property (in kind) | - | - | - | - |
| Buildings & property (in kind) - s94 | - | - | - | - |
| Customer/resident contributions | - | - | 68 | 34 |
| LSL contributions from other councils | 100 | 126 | - | - |
| s94F affordable housing | - | - | - | - |
| DWM better waste and recycling fund | 260 | 259 | - | - |
| Total Contributions | 1,811 | 1,648 | 17,494 | 40,642 |
| Total Grants & Contributions | 9,064 | 7,218 | 25,420 | 43,578 |
| | 2017 | 2016 | | |
| | (\$'000) | (\$'000) | | |
| (g) Restrictions relating to grants and contributions | | | | |
| Certain grants and contributions are obtained by Council on the condition that they be spent in a specified manner: | | | | |
| Grants and contributions recognised in the current reporting period which have not been spent | 24,490 | | 42,654 | |
| Less: | | | | |
| Grants and contributions recognised in previous reporting periods which have been spent in the current reporting period | 17,413 | | 12,754 | |
| Net increase/(decrease) in restricted grants and contributions | 7,077 | | 29,900 | |

NOTE 4 EXPENSES FROM CONTINUING OPERATIONS

| | 2017 (\$'000) | 2016 (\$'000) |
|---|--------------------------------|--------------------------------|
| (a) Employee Benefits & On Costs | | |
| Salaries and wages | 32,851 | 31,982 |
| Employee leave entitlements | 8,721 | 9,102 |
| Superannuation | 4,307 | 4,194 |
| Workers' compensation insurance | 1,603 | 1,069 |
| Fringe benefits tax (FBT) | 172 | 167 |
| Training costs (excluding salaries) | 382 | 289 |
| Other | 511 | 350 |
| Less: capitalised costs | (4,602) | (4,029) |
| Total employee costs expensed | 43,945 | 43,124 |
| (b) Borrowing costs | | |
| Interest on overdrafts | - | - |
| Interest on loans | 139 | 218 |
| Charges on finance leases | - | - |
| Discounts recognised on financial instrument transactions | | |
| Amortisation of discounts and premiums | | |
| - Investments held to maturity | - | - |
| - Remediation | | |
| Less: capitalised costs | | |
| Total borrowing costs expensed | 139 | 218 |

NOTE 4 EXPENSES FROM CONTINUING OPERATIONS (CONTINUED)

| | 2017 (\$'000) | 2016 (\$'000) |
|--|--------------------------------|--------------------------------|
| (c) Materials and Contracts | | |
| Raw materials and consumables | 1,398 | 1,011 |
| Contractor Costs | | |
| - Roads and Footpaths Maintenance | 1,921 | 2,332 |
| - Parks Maintenance | 1,602 | 1,874 |
| - Waste Disposal, Collection and Recycling | 11,476 | 11,247 |
| - Building Cleaning & Maintenance | 886 | 875 |
| - Temporary and Agency Staff | 2,986 | 2,419 |
| - Repairs and Maintenance | 676 | 709 |
| - Electrical | 727 | 615 |
| - Events | 343 | 384 |
| - Labour Hire | 348 | 378 |
| - Security | 316 | 426 |
| - Project Design & Construction | 330 | 400 |
| - Parking Meter | 290 | 121 |
| - Plant Hire External | 50 | 256 |
| Other Contractor Costs | 2,691 | 3,256 |
| Consultancy Costs | | |
| - Town Planning | 1,166 | 792 |
| - Ryde Civic Hub Design Competition | 516 | 214 |
| - Project Development Design | 258 | 173 |
| - Property | 109 | 225 |
| - Risk Management | 195 | 157 |
| Other Consultancy Costs | 1,011 | 691 |
| Audit Fees: | | |
| - Audit Services | 75 | 58 |
| - Other ⁽¹⁾ | - | - |
| Legal Fees: | | |
| - Planning & Development | 14 | 22 |
| - Other | 544 | 326 |
| Infringement Notice Contract (SEINS) | 567 | 424 |
| Other | - | - |
| - IT Licenses | 1,116 | 1,046 |
| Less: capitalised costs | (2,007) | (1,831) |
| Total Materials & Contracts | 29,604 | 28,600 |

NOTE 4 EXPENSES FROM CONTINUING OPERATIONS (CONTINUED)

| | 2017 (\$'000) | 2016 (\$'000) |
|---|------------------|------------------|
| (1) During the year the following fees were paid or payable for services provided by the Auditor General | | |
| (i) Audit and other assurance services | | |
| Audit and review of financial statements | 75 | - |
| Other assurance services: | | |
| – Audit of regulatory returns | - | - |
| – Due diligence services | - | - |
| Total remuneration for audit and other assurance services | <u>75</u> | <u>-</u> |
| (ii) Other non-assurance services | | |
| Tax compliance services | - | - |
| Total remuneration for taxation services | <u>-</u> | <u>-</u> |
| Total Fees paid to or payable to the Auditor General | <u><u>75</u></u> | <u><u>-</u></u> |
| (1) During the year the following fees were paid or payable for services provided by PriceWaterhouseCoopers | | |
| (i) Audit and other assurance services | | |
| Audit and review of financial statements | - | 58 |
| Other assurance services: | | |
| – Audit of regulatory returns | - | - |
| – Due diligence services | - | - |
| Total remuneration for audit and other assurance services | <u>-</u> | <u>58</u> |
| (ii) Other non-assurance services | | |
| Tax compliance services | - | - |
| Total remuneration for taxation services | <u>-</u> | <u>-</u> |
| Total Fees paid to or payable to PriceWaterhouseCoopers | <u><u>-</u></u> | <u><u>58</u></u> |

NOTE 4 EXPENSES FROM CONTINUING OPERATIONS (CONTINUED)

| | 2017 | 2016 |
|--|-----------------|-----------------|
| (d) Depreciation, Amortisation and Impairment | (\$'000) | (\$'000) |
| Depreciation and Amortisation | | |
| Plant and equipment | 2,249 | 2,439 |
| Office Equipment | 863 | 1,235 |
| Furniture & fittings | 220 | 131 |
| Property, plant and equipment leased | - | - |
| Land improvements (depreciable) | 517 | 517 |
| Buildings - specialised | 650 | 650 |
| - non-specialised | 958 | 919 |
| Infrastructure: | | |
| - Roads, Bridges and Footpaths, Other Road Assets | 6,381 | 6,364 |
| - Stormwater Drainage | 1,689 | 1,630 |
| - Open space/recreational assets | 953 | 1,214 |
| - Other Structures | 353 | 223 |
| Other Assets: | | |
| - Heritage Collections | - | - |
| - Library Books | 378 | 567 |
| Total Depreciation Costs | 15,211 | 15,889 |
| Less: Capitalised Costs | (90) | (166) |
| Total Depreciation, Amortisation and Impairment | 15,121 | 15,723 |

| (e) Other Expenses | 2017 | 2016 |
|--|-----------------|-----------------|
| | (\$'000) | (\$'000) |
| Other expenses for the year | | |
| include the following:- | | |
| Fair value decrements - investment properties | - | - |
| Bad & doubtful debts | 1 | 30 |
| Mayoral fee | 61 | 62 |
| Councillors' fees | 255 | 280 |
| Councillors' (incl. Mayor) expenses | 45 | 88 |
| Election costs (excl. employee costs) | - | - |
| Insurance | 1,135 | 1,228 |
| Insurance - Statewide Mutual provision | - | - |
| Street lighting | 1,881 | 1,923 |
| Communications costs | 187 | 171 |
| Contribution to fire control | 1,598 | 1,583 |
| Contribution to Dept of Planning | 263 | 256 |
| Contributions & donations - community grants | 978 | 628 |
| Waste development tax | 4,153 | 4,212 |
| Membership fees | 78 | 191 |
| Valuation fees | 173 | 164 |
| Electricity & heating | 1,134 | 1,149 |
| Water rates | 388 | 367 |
| Bank fees & charges | 224 | 270 |
| Property lease costs | 2,219 | 313 |
| Postage & courier costs | 376 | 344 |
| Advertising | 408 | 351 |
| Other expenses | 272 | 231 |
| Less: capitalised costs | (8) | (15) |
| Total other expenses from continuing operations | 15,821 | 13,826 |

NOTE 5 GAIN OR LOSS FROM THE DISPOSAL OF ASSETS

| | 2017 (\$'000) | 2016 (\$'000) |
|---|------------------|-------------------|
| GAIN (OR LOSS) ON DISPOSAL OF STRATUM LAND | | |
| Proceeds from disposal | - | - |
| Less: Carrying amount of assets sold | - | - |
| Gain (or loss) on disposal | <u>-</u> | <u>-</u> |
| GAIN (OR LOSS) ON DISPOSAL OF OPERATIONAL LAND | | |
| Proceeds from disposal | - | - |
| Less: Carrying amount of assets sold | - | - |
| Gain (or loss) on disposal | <u>-</u> | <u>-</u> |
| GAIN (OR LOSS) ON DISPOSAL OF COMMUNITY LAND | | |
| Proceeds from disposal | - | 55 ⁽¹⁾ |
| Less: Carrying amount of assets sold | - | - |
| Gain (or loss) on disposal | <u>-</u> | <u>55</u> |
| GAIN (OR LOSS) ON DISPOSAL OF PROPERTY | | |
| Proceeds from disposal | - | - |
| Less: Carrying amount of assets sold | - | - |
| Gain (or loss) on disposal | <u>-</u> | <u>-</u> |
| GAIN (OR LOSS) ON DISPOSAL OF PLANT & EQUIPMENT | | |
| Proceeds from disposal | 1,325 | 1,343 |
| Less: Carrying amount of assets sold | (793) | (1,058) |
| Gain (or loss) on disposal | <u>532</u> | <u>285</u> |
| GAIN (OR LOSS) ON DISPOSAL OF REAL ESTATE ASSETS HELD FOR SALE | | |
| Proceeds from sales | - | - |
| Less: Cost of sales | - | - |
| Gain (or loss) on disposal | <u>-</u> | <u>-</u> |
| GAIN (OR LOSS) ON DISPOSAL OF OFFICE EQUIPMENT | | |
| Proceeds from disposal | - | - |
| Less: Carrying amount of assets sold | - | (9) |
| Gain (or loss) on disposal | <u>-</u> | <u>(9)</u> |

⁽¹⁾ This includes the sale of land under roads, which is Community Land.

NOTE 5 GAIN OR LOSS FROM THE DISPOSAL OF ASSETS (CONTINUED)

| | 2017 (\$'000) | 2016 (\$'000) |
|--|------------------|------------------|
| GAIN (OR LOSS) ON DISPOSAL OF LIBRARY BOOKS | | |
| Proceeds from disposal | - | - |
| Less: Carrying amount of assets sold | - | - |
| Gain (or loss) on disposal | - | - |
| GAIN (OR LOSS) ON DISPOSAL OF OTHER STRUCTURES - ROAD ANCILLARY | | |
| Proceeds from disposal | - | - |
| Less: Carrying amount of assets sold | - | (25) |
| Gain (or loss) on disposal | - | (25) |
| GAIN (OR LOSS) ON DISPOSAL OF OTHER STRUCTURES - PARKS | | |
| Proceeds from disposal | - | - |
| Less: Carrying amount of assets disposed | (1,388) | - |
| Gain (or loss) on disposal | (1,388) | - |
| GAIN (OR LOSS) ON DISPOSAL OF RBF - FOOTPATHS & CYCLEWAYS | | |
| Proceeds from disposal | - | - |
| Less: Carrying value of Works in Progress | - | - |
| Gain (or loss) on disposal | - | - |
| GAIN (OR LOSS) ON DISPOSAL OF WORKS IN PROGRESS | | |
| Proceeds from disposal | - | - |
| Less: Carrying value of Works in Progress | (217) | - |
| Gain (or loss) on disposal | (217) | - |
| GAIN (OR LOSS) ON DISPOSAL OF FINANCIAL ASSETS | | |
| Proceeds from disposal ⁽²⁾ | 8,053 | 5,766 |
| Less: Carrying value of financial assets ⁽³⁾ | (8,000) | (3,997) |
| Gain (or loss) on disposal | 53 | 1,769 |
| NET GAIN (OR LOSS) ON DISPOSAL OF ASSETS | (1,020) | 2,075 |

⁽²⁾ This does not include investments that are rolled over, in full, with the same ADI.

Gross amount including rolled over investments:

| | Notes | | |
|--|-------|-----------------|-----------------|
| Proceeds from disposal | CF | | |
| Less: Carrying value of financial assets | 6 | 57,301 | 47,736 |
| Gain (or loss) on disposal | | (57,248) | (45,967) |
| | | 53 | 1,769 |

⁽³⁾ This includes the settlement from legal action in regards to CDO investments.

NOTE 6(a) CASH AND CASH EQUIVALENTS

| Notes | 2017 (\$'000) | 2016 (\$'000) |
|---------------------------------|------------------|------------------|
| Cash at bank and on hand | 450 | 1,639 |
| Deposits at call ⁽¹⁾ | 6,373 | 7,825 |
| | 6,823 | 9,464 |

⁽¹⁾ Includes term deposits with a term of less than 3 months

NOTE 6(b) INVESTMENTS

The following financial assets are held as investments:

| | 2017 | | 2016 | |
|---|-----------------|--------------------|-----------------|--------------------|
| | <u>Current</u> | <u>Non-Current</u> | <u>Current</u> | <u>Non-Current</u> |
| | <u>(\$'000)</u> | <u>(\$'000)</u> | <u>(\$'000)</u> | <u>(\$'000)</u> |
| Financial Assets at Fair Value through Profit and Loss | - | - | - | - |
| Held to Maturity Investments | 89,250 | 90,379 | 91,248 | 77,331 |
| Available for Sale Financial Assets | - | - | - | - |
| Total | 89,250 | 90,379 | 91,248 | 77,331 |
| Held to Maturity Investments | | | | |
| Comprising of: | | | | |
| - FRNs | 7,000 | 41,414 | 3,000 | 50,108 |
| - Fixed Bonds | - | 10,965 | 1,998 | 6,973 |
| - Term Deposits ⁽²⁾ | 82,250 | 38,000 | 86,250 | 20,250 |
| TOTAL | 89,250 | 90,379 | 91,248 | 77,331 |

⁽²⁾ Does not include term deposits with a term of less than 3 months

NOTE 6(c) RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

| | 2017 | | 2016 | |
|---|----------------------------|--------------------------------|----------------------------|--------------------------------|
| | <u>Current</u> (\$'000) | <u>Non-Current</u> (\$'000) | <u>Current</u> (\$'000) | <u>Non-Current</u> (\$'000) |
| Total cash, cash equivalents and investments | 96,073 | 90,379 | 100,712 | 77,331 |
| External restrictions | 37,779 | 62,727 | 23,263 | 67,489 |
| Internal restrictions | 51,744 | 27,652 | 73,071 | 9,842 |
| Unrestricted | 6,550 | - | 4,378 | - |
| Total | 96,073 | 90,379 | 100,712 | 77,331 |

MOVEMENT IN RESTRICTIONS

| | Opening Balance 30 June 2016 \$'000 | Transfers To Restriction \$'000 | Transfers From Restriction \$'000 | Closing Balance 30 June 2017 \$'000 |
|---|--|--|--|--|
| <u>External restrictions</u> | | | | |
| <i>Included in liabilities</i> | | | | |
| Nil | | | | |
| <i>External restrictions -other</i> | | | | |
| Developer contributions (A) | 73,894 | 19,117 | (16,615) | 76,396 |
| Specific purpose unexpended grants (B) | 6,626 | 5,373 | (796) | 11,203 |
| Domestic waste management (C) | 6,976 | 19,424 | (17,072) | 9,328 |
| Stormwater management | 1,054 | 1,032 | (914) | 1,172 |
| Affordable housing contribution | 139 | - | - | 139 |
| LIRS | 877 | - | (606) | 271 |
| Macquarie Park special rate | 1,164 | 1,349 | (1,206) | 1,307 |
| Infrastructure special rate reserve | 20 | 5,157 | (4,487) | 690 |
| External works drainage contributions (D) | 2 | - | (2) | - |
| Total external restrictions | 90,752 | 51,452 | (41,698) | 100,506 |
| Total restricted grants and contributions (A + B + D only) | 80,522 | 24,490 | (17,413) | 87,599 |

NOTE 6(c) RESTRICTED CASH, CASH EQUIVALENT AND INVESTMENT (CONTINUED)

| | Opening Balance 30 June 2016 \$'000 | Transfers To Restriction \$'000 | Transfers From Restriction \$'000 | Closing Balance 30 June 2017 \$'000 |
|---|--|--|--|--|
| Internal restrictions | | | | |
| Plant replacement reserve | 3,375 | 2,230 | (2,188) | 3,417 |
| Employee leave entitlements | 3,155 | 1,636 | (969) | 3,822 |
| Incomplete/carry over works and projects | 1,209 | 169 | (1,209) | 169 |
| Refundable deposits | 12,984 | - | (145) | 12,839 |
| Asset replacement reserve | 19,292 | 7,568 | (7,920) | 18,940 |
| Ryde Aquatic Leisure Centre | 624 | 4,421 | (3,838) | 1,207 |
| Investment property reserve | 18,367 | 1,000 | (3,334) | 16,033 |
| Accommodation reserve | 15,419 | 3,400 | (5,342) | 13,477 |
| Merger & transition reserve | 5,267 | - | (1,111) | 4,156 |
| Civic Centre precinct redevelopment reserve | 617 | 1,000 | (719) | 898 |
| Council Election Reserve | 533 | 150 | (23) | 660 |
| Insurance fluctuation reserve | 799 | 10 | - | 809 |
| Risk rebate reserve | 111 | - | - | 111 |
| Other | 1,161 | 1,953 | (256) | 2,858 |
| Total internal restrictions | 82,913 | 23,537 | (27,054) | 79,396 |
| Total restrictions | 173,665 | 74,989 | (68,752) | 179,902 |

- (A) Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans and voluntary planning agreements (VPAs)(See separate Note 17).
- (B) Grants which are not yet expended for the purposes for which the grants were obtained.
- (C) Domestic Waste Management funds are externally restricted assets which must be applied for the purposes for which they were raised.

NOTE 7 RECEIVABLES

| <u>Purpose</u> | 2017 | | 2016 | |
|---------------------------------------|----------------------------|--------------------------------|----------------------------|--------------------------------|
| | <u>Current</u> (\$'000) | <u>Non-Current</u> (\$'000) | <u>Current</u> (\$'000) | <u>Non-Current</u> (\$'000) |
| Rates and annual charges | 2,603 | 45 | 1,572 | 847 |
| Rates interest & extra charges | 264 | 5 | 166 | 89 |
| User charges & fees | | | | |
| Environmental & health | 558 | - | 601 | - |
| Restorations | 190 | - | 138 | - |
| Recreational facilities | 258 | - | 251 | - |
| Property & infrastructure works | 108 | - | 97 | - |
| Home modification service | 22 | - | 21 | - |
| Ryde Aquatic Leisure Centre | 30 | - | 40 | - |
| Interest on investments | 1,741 | - | 1,693 | - |
| Contributions to works | 11 | - | 1 | - |
| Government grants & subsidies | 2,094 | - | 1,300 | - |
| Commercial waste | 568 | - | 461 | - |
| GST | 1,929 | - | 1,669 | - |
| Asset sales | 203 | - | 45 | - |
| Workers compensation | 19 | - | 24 | - |
| Staff payments | - | - | - | - |
| Voluntary planning agreement | - | - | - | - |
| Fines | - | - | 275 | - |
| Other | 665 | 22 | 887 | - |
| Total⁽¹⁾ | 11,263 | 72 | 9,241 | 936 |
| Less: <u>provision for impairment</u> | | | | |
| - Rates and annual charges | - | - | - | - |
| - Interest and extra charges | | | | |
| - User charges and fees | 452 | - | 406 | - |
| - Government grants & subsidies | - | - | - | - |
| | 10,811 | 72 | 8,835 | 936 |

EXTERNALLY RESTRICTED RECEIVABLES (Included Above)

| | | | | |
|--|---------------|-----------|--------------|------------|
| Domestic waste management ⁽²⁾ | - | - | - | - |
| TOTAL RESTRICTED RECEIVABLES | - | - | - | - |
| UNRESTRICTED RECEIVABLES | 10,811 | 72 | 8,835 | 936 |
| TOTAL RECEIVABLES | 10,811 | 72 | 8,835 | 936 |

⁽¹⁾ Total refers to Note 15

⁽²⁾ Receivables for Domestic Waste are included in the transfers to/from the cash reserve, and if shown here would result in a duplication of the restriction.

NOTE 7 RECEIVABLES (CONTINUED)

Rates and Annual Charges

Rates are secured by underlying properties.

Interest is charged on overdue rates at 8.0% (2016 8.5%). Rates are due for payment on 31 August, 30 November, 28 February and 31 May in each financial year. Overdue rates are those not paid within 1 day of the due date. The amount of the overdue debts upon which interest is charged is \$2,648,000 (2016 \$2,419,000)

User Charges and Fees

User charges and fees are unsecured. The credit risk for this class of debtor is 100% of the carrying value. A provision for doubtful debts in respect of the class of debtor has already been provided in an amount of \$452,000.

Government Grants

Government grants and subsidies (subject to terms and conditions of the relevant agreement) have been guaranteed.

NOTE 8 INVENTORIES & OTHER ASSETS

| | 2017 | | 2016 | |
|--|-----------------|--------------------|-----------------|--------------------|
| | <u>Current</u> | <u>Non-Current</u> | <u>Current</u> | <u>Non-Current</u> |
| | <u>(\$'000)</u> | <u>(\$'000)</u> | <u>(\$'000)</u> | <u>(\$'000)</u> |
| (a) Inventories | | | | |
| Real estate | - | - | - | - |
| Stores and materials | 894 | - | 646 | - |
| Other | - | - | - | - |
| Total inventories | 894 | - | 646 | - |
| (b) Inventories not expected to be realised within the next 12 months⁽¹⁾ | 379 | - | 446 | - |
| (c) Other Assets | | | | |
| Prepayments | 1,370 | - | 1,571 | - |
| Prepayments - salaries and wages | 800 | - | 824 | - |
| Prepayments - waste alliance | 625 | - | 625 | - |
| Total other assets | 2,795 | - | 3,020 | - |

EXTERNALLY RESTRICTED INVENTORIES AND OTHER ASSETS

NIL

⁽¹⁾ This represents a stockpile of material that is held at Porters Creek, made from recycled building materials and it will take more than 12 months for this to be used.

NOTE 9(a) & (b) INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

| \$000's | MOVEMENTS DURING THE YEAR | | | | | | | | | | At 30 June 2017 | | | | |
|---------|--|-----------------------|---------------------------------------|---------------------|----------|------------|--------------------|-----------------------------|---------------------------|---------------------------|------------------|---------------------------------------|-----------------------|---------------------------------------|---------------------|
| | ASSET CLASS | Gross Carrying Amount | Accumulated Depreciation & Impairment | Net Carrying Amount | Renewals | New Assets | Transfers From WIP | Carrying Value of Disposals | Transfers and Adjustments | Depreciation & Impairment | Gross Book Value | Accumulated Depreciation & Impairment | Gross Carrying Amount | Accumulated Depreciation & Impairment | Net Carrying Amount |
| | Plant and Equipment | 26,322 | 15,902 | 10,420 | 29 | 3,102 | 42 | (793) | - | (2,249) | - | - | 27,430 | 16,879 | 10,551 |
| | Office Equipment | 9,230 | 7,040 | 2,190 | 99 | 17 | - | - | - | (863) | - | - | 9,168 | 7,725 | 1,443 |
| | Furniture and Fittings | 4,459 | 3,591 | 868 | - | - | - | - | - | (220) | - | - | 4,459 | 3,811 | 648 |
| | Leased Plant & Equipment | 163 | 163 | - | - | - | - | - | - | - | - | - | 163 | 163 | - |
| | Land | | | | | | | | | | | | | | |
| | - Operational Land | 102,333 | - | 102,333 | - | 206 | - | - | - | - | - | - | 102,539 | - | 102,539 |
| | - Community Land | 1,394,978 | - | 1,394,978 | - | 5,590 | - | - | - | - | - | - | 1,400,568 | - | 1,400,568 |
| | - Land Improvements (non-deprn) | 8,899 | - | 8,899 | 142 | 18 | 14 | - | - | - | - | - | 9,073 | - | 9,073 |
| | - Land Improvements (deprn) | 14,116 | 12,914 | 1,202 | 368 | 9 | 28 | - | - | (517) | - | - | 14,521 | 13,431 | 1,090 |
| | - Land Under Roads | 11,552 | - | 11,552 | - | - | - | - | - | - | - | - | 11,552 | - | 11,552 |
| | Buildings | | | | | | | | | | | | | | |
| | - Non-specialised | 106,245 | 69,788 | 36,457 | 685 | 668 | 1,472 | - | - | (958) | 25,956 | (8,417) | 135,026 | 79,163 | 55,863 |
| | Other Structures | | | | | | | | | | | | | | |
| | - Carparks | 11,590 | 1,664 | 9,926 | 76 | - | - | - | - | (297) | (76) | 482 | 11,590 | 1,479 | 10,111 |
| | - Foreshore Assets | 5,333 | 1,362 | 3,971 | 31 | - | 87 | - | - | (54) | (118) | 314 | 5,333 | 1,102 | 4,231 |
| | - Road Ancillary | 11,048 | 3,003 | 8,045 | - | 81 | 60 | - | - | (262) | 328 | (209) | 11,516 | 3,473 | 8,043 |
| | - Other | 96 | - | 96 | - | - | 157 | - | - | (2) | - | - | 253 | 2 | 251 |
| | Infrastructure | | | | | | | | | | | | | | |
| | - Roads, Bridges and Footpaths | | | | | | | | | | | | | | |
| | - Road Pavement | 300,759 | 80,398 | 220,361 | 7,492 | 108 | 12 | - | - | (4,858) | (7,135) | 6,401 | 301,237 | 78,856 | 222,381 |
| | - Road Ancillaries | 7,072 | 3,582 | 3,490 | 1,624 | 161 | 56 | - | - | (123) | (1,841) | (2) | 7,072 | 3,707 | 3,365 |
| | - Bridges | 4,335 | 1,797 | 2,538 | - | - | - | - | - | (54) | (206) | 172 | 4,129 | 1,679 | 2,450 |
| | - Footpaths and Cycleways | 62,009 | 10,021 | 51,988 | 1,821 | 1,265 | 614 | - | - | (431) | (3,700) | (58) | 62,009 | 10,510 | 51,499 |
| | - Kerb & Guttering | 102,792 | 13,348 | 89,444 | 121 | 141 | - | - | - | (653) | (262) | 28 | 102,792 | 13,973 | 88,819 |
| | - Stormwater Drainage | 266,500 | 61,946 | 204,554 | 2,261 | - | 1,248 | - | - | (1,689) | (3,474) | (72) | 266,535 | 63,707 | 202,828 |
| | - Swimming Pools | 27,908 | 10,323 | 17,585 | - | - | - | - | - | (650) | 25,260 | (2,319) | 53,168 | 13,292 | 39,876 |
| | - Other Open Space/Recreational assets | 66,675 | 11,968 | 54,707 | 772 | 3,112 | 1,158 | (1,388) | - | (953) | (4,338) | 1,367 | 65,294 | 10,857 | 54,437 |
| | Other Assets | | | | | | | | | | | | | | |
| | - Heritage Collections | 229 | - | 229 | - | - | - | - | - | - | - | - | 229 | - | 229 |
| | - Library/Books | 3,204 | 2,119 | 1,085 | 478 | - | - | - | - | (378) | - | - | 3,252 | 2,067 | 1,185 |
| | Capital Works in Progress | 13,274 | - | 13,274 | - | 14,785 | (4,948) | (217) | - | - | - | - | 22,894 | - | 22,894 |
| | TOTALS | 2,581,121 | 310,929 | 2,250,192 | 15,999 | 29,263 | - | (2,398) | - | (15,211) | 30,394 | (2,313) | 2,631,802 | 325,876 | 2,305,926 |

NOTE 9(b) RESTRICTED INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

| Includes DWM Restricted Assets | 263 | 746 | - | - | - | - | - | - | - | - | - | - | - | - | - |
|--------------------------------|-----|-----|---|---|---|---|---|---|---|---|---|---|---|---|---|
|--------------------------------|-----|-----|---|---|---|---|---|---|---|---|---|---|---|---|---|

Notes:

Excludes investment properties and non-current assets held for sale.

Renewals are defined as replacements of existing assets as opposed to the acquisition of new assets.

Impairment of CwC Centre of \$5,241K is included in Depreciation and Impairment for FY2016

NOTE 10(a) PAYABLES, BORROWINGS & PROVISIONS

| | 2017 | | 2016 | |
|--|---------------------|-------------------------|---------------------|-------------------------|
| | Current (\$'000) | Non-Current (\$'000) | Current (\$'000) | Non-Current (\$'000) |
| Payables | | | | |
| Goods and services | 7,569 | - | 8,247 | - |
| Accrued expenses | 2,636 | - | 2,619 | - |
| Interest expenses | 22 | - | 27 | - |
| Deposits and retentions | 12,840 | - | 12,985 | - |
| Deferred lease expense | 155 | - | 21 | - |
| Other | 15 | - | 38 | - |
| Total payables | 23,237 | - | 23,937 | - |
| Income received in advance | | | | |
| Payments received in advance | 922 | - | 474 | - |
| Payments received in advance - rates | 555 | - | 490 | - |
| | 1,477 | - | 964 | - |
| Current payables not expected to be settled within the next 12 months | 10,272 | - | 10,388 | - |
| Borrowings | | | | |
| Bank overdraft | - | - | - | - |
| Loans - secured ⁽¹⁾ | 891 | 2,620 | 873 | 3,503 |
| Loans - unsecured | - | - | - | - |
| Finance lease liability | - | - | - | - |
| Deferred payment liabilities | - | - | - | - |
| Total borrowings | 891 | 2,620 | 873 | 3,503 |
| Provisions⁽²⁾ | | | | |
| Annual & other accrued leave | 3,505 | - | 3,161 | - |
| Sick leave | 192 | - | 202 | - |
| Long service leave | 8,297 | 170 | 8,006 | 187 |
| Employee leave entitlements on costs | - | - | - | - |
| Self insurance liabilities | - | - | - | - |
| Other employee provisions | 522 | - | 528 | - |
| Total provisions | 12,516 | 170 | 11,897 | 187 |
| Total payables, borrowings and provisions | 48,393 | 2,790 | 48,059 | 3,690 |
| Current provisions not expected to be settled within the next 12 months | 6,682 | - | 6,425 | - |
| Liabilities relating to restricted assets | | | | |
| Domestic waste management | - | - | - | - |
| Total restricted liabilities | - | - | - | - |
| Liabilities relating to unrestricted assets | 38,121 | 2,790 | 37,671 | 3,690 |
| Total | 38,121 | 2,790 | 37,671 | 3,690 |

⁽¹⁾ Loans are secured by the rating income of Council.

⁽²⁾ Vested ELE is all carried as a current provision.

NOTE 10(b) DESCRIPTION OF AND MOVEMENTS IN PROVISIONS

The movement in each class of provision is presented in the table below.

| Class of Provision | Opening Balance (\$'000) | Increase in Provision (\$'000) | Payments (\$'000) | Re- Measurement (\$'000) | Closing Balance (\$'000) |
|------------------------------|---|---|------------------------------|---|---|
| Annual & Other Accrued Leave | 3,161 | 2,774 | 2,430 | - | 3,505 |
| Sick Leave | 202 | 1,325 | 1,335 | - | 192 |
| Long service leave | 8,193 | 1,262 | 988 | - | 8,467 |
| Other employee provisions | 528 | 1,713 | 1,719 | - | 522 |
| Total | 12,084 | 7,074 | 6,472 | - | 12,686 |

NOTE 11 RECONCILIATION OF OPERATING RESULT TO NET CASH MOVEMENT FROM OPERATING ACTIVITIES

(a) Reconciliation of Cash Assets

| | Notes | 2017 (\$'000) | 2016 (\$'000) |
|--|-------|------------------|------------------|
| Total cash and cash equivalents | 6(a) | 6,823 | 9,464 |
| <u>Less:</u> bank overdraft | 10 | - | - |
| Balances as per statement of cash flow | | <u>6,823</u> | <u>9,464</u> |

(b) Reconciliation of net operating result to cash provided from operating activities

| | | 2017 (\$'000) | 2016 (\$'000) |
|--|-----|----------------------|----------------------|
| Net operating result from income statement | | 40,022 | 77,934 |
| Add: | | | |
| Depreciation and impairment | 4 | 15,121 | 15,723 |
| Impairment of investments | 3 | - | - |
| Decrements from revaluations/(Reversal of previous revaluation decrements) | 3,4 | - | - |
| Loss (gain) on sale of assets | 5 | 1,020 | (2,075) |
| Amortisation of discounts & premiums recognised | 3,4 | (22) | (25) |
| Non cash contributions and dedications | | - | - |
| Fair value (gains)/losses to investment property | 4 | (2,375) | (23,300) |
| Fair value adjustments to financial assets at fair value through profit and loss | 6 | - | - |
| Increase/(decrease) in provision for doubtful debts | 7 | 46 | 136 |
| Increase/(decrease) in provision for leave entitlements | 10 | 602 | 1,060 |
| Increase/(decrease) in other provisions | 10 | - | - |
| (Increase)/decrease in receivables | 7 | (1,158) | (529) |
| (Increase)/decrease in inventories | 8 | (248) | (28) |
| (Increase)/decrease in other current assets | 8 | 225 | (2,222) |
| Increase/(decrease) in payables | 10 | (136) | 2,440 |
| Increase/(decrease) in accrued interest payable | 10 | (5) | (26) |
| Increase/(decrease) in other current liabilities | 10 | 31 | 1,819 |
| Other | 3,4 | - | - |
| Non cash capital grants & contributions | 3 | - | - |
| Net cash provided by (used in) operating activities | | <u>53,123</u> | <u>70,907</u> |

NOTE 11 RECONCILIATION OF OPERATING RESULT TO NET CASH MOVEMENT FROM OPERATING ACTIVITIES (CONTINUED)

| | 2017 (\$'000) | 2016 (\$'000) |
|--|------------------|------------------|
| (c) Non-Cash Financing and Investing Activities | | |
| Acquisition of plant & equipment by means of finance leases | - | - |
| S.94 contributions in kind | - | - |
| Dedications | - | - |
| | <u>-</u> | <u>-</u> |
| (d) Financing Arrangements | | |
| Unrestricted access was available at balance date to the following lines of credit: | | |
| Bank overdrafts facility | - | - |
| Corporate credit cards | 60 | 40 |
| | <u>60</u> | <u>40</u> |

NOTE 12 COMMITMENTS FOR EXPENDITURE

| | 2017 (\$'000) | 2016 (\$'000) |
|---|------------------|------------------|
| (a) Capital commitments (exclusive of GST) | | |
| Capital expenditure contracted for at the reporting date but not recognised in the financial statements as liabilities: | | |
| Buildings | - | 1,500 |
| Plant & equipment | - | - |
| Construction services | 947 | 1,650 |
| Tree planting | - | 55 |
| Park improvements | 3,744 | 5,700 |
| Seawall improvements | - | - |
| Street furniture | - | 166 |
| Streetscape upgrade | - | - |
| Granite paving | - | 300 |
| Stormwater/drainage | 212 | - |
| Total | 4,903 | 9,371 |
| These expenditures are payable: | | |
| - Not later than one year | 4,903 | 7,871 |
| - Later than one year and not later than 5 years | - | 1,500 |
| - Later than 5 years | - | - |
| Total | 4,903 | 9,371 |
| (b) Finance lease commitments | | |
| Commitments under finance leases at the reporting date are payable as follows: | | |
| - Not later than one year | - | - |
| - Later than one year and not later than 5 years | - | - |
| - Later than 5 years | - | - |
| Total | - | - |
| Minimum lease payments | - | - |
| Less: future finance charge | - | - |
| Lease liability | - | - |
| Representing lease liabilities: | | |
| - Current | - | - |
| - Non-Current | - | - |
| Total | - | - |

NOTE 12 COMMITMENTS FOR EXPENDITURE (CONTINUED)

| | 2017 (\$'000) | 2016 (\$'000) |
|---|--------------------------|--------------------------|
| (c) Non-cancellable operating lease commitments | | |
| Commitments under non-cancellable operating leases at 30 June 2017 but not recognised in the financial statements are payable as follows: | | |
| - Not later than one year | 2,192 | 2,146 |
| - Later than one year and not later than 5 years | 6,211 | 8,327 |
| - Later than 5 years | - | - |
| Total⁽¹⁾ | 8,404 | 10,473 |
| (d) Repairs and maintenance: investment property | | |
| Contractual obligations for future repairs and maintenance | - | - |
| Total | - | - |

⁽¹⁾ This represents the leased premises at the North Ryde office.

NOTE 13(a) STATEMENT OF PERFORMANCE MEASURES – CONSOLIDATED RESULTS

| | Amounts (\$'000) | Current Year Indicators | 2016 | 2015 |
|--|---------------------|-------------------------------|--------|--------|
| 1. Operating performance | | | | |
| Total continuing operating revenue ¹ excluding capital grants and contributions – operating expenses | 13,247 | 11.24% | 8.13% | 8.53% |
| Total continuing operating revenue ¹ excluding capital grants and contributions | 117,877 | | | |
| 2. Own source operating revenue | | | | |
| Total continuing operating revenue ¹ excluding all grants and contributions | 108,813 | 75.94% | 67.03% | 71.44% |
| Total continuing operating revenue ¹ inclusive of all grants and contributions | 143,297 | | | |
| 3. Unrestricted current ratio | | | | |
| Current assets less all external restrictions | 72,415 | 3.42x | 4.29x | 5.03x |
| Current liabilities less specific purpose liabilities | 21,167 | | | |
| 4. Debt service cover ratio | | | | |
| Operating results ¹ before capital excluding interest and depreciation/impairment/amortisation (EBITDA) | 28,507 | 28.39x | 12x | 20.86x |
| Principal repayments (from the statement of cash flows) + borrowing interest costs (from the income statement) | 1,004 | | | |
| 5. Rates and annual charges outstanding percentage | | | | |
| Rates and annual charges outstanding | 2,917 | 3.62% | 3.59% | 3.84% |
| Rates and annual charges collectible | 80,502 | | | |
| 6. Cash expense cover ratio | | | | |
| Current year's cash, cash equivalents + Term Deposits x 12 | 127,073 x 12 | 16.12 | 15.72 | 15.68 |
| Payments from cash flow of operating and financing activities | 94,618 | months | months | months |

¹ Excludes fair value adjustments, reversal of revaluation decrements, net gain/loss on sale of assets and net share/loss of interests in joint ventures

NOTE 14 INVESTMENT PROPERTIES

| | Notes | 2017 (\$'000) | 2016 (\$'000) |
|---|-------|------------------|------------------|
| At fair value | | | |
| Opening balance at July 1 2016 | | 113,165 | 105,628 |
| Correction of prior years errors | | - | (17,248) |
| Acquisitions | | - | 1,485 |
| Transferred from Note 9 | | - | - |
| Classified as held for disposals | | - | - |
| Net gain (loss) from fair value adjustment | | 2,375 | 23,300 |
| Transfer (to) from inventories and other occupied property | | - | - |
| Closing balance at 30 June 2017 | | 115,540 | 113,165 |
| (a) Amounts recognised in profit and loss for investment property | | | |
| Rental income | 3 (d) | 568 | 566 |
| Net gain (loss) from fair value adjustment | 3 (d) | 2,375 | 23,300 |
| Direct operating expenses from property that generated rental income | | (282) | (261) |
| Direct operating expenses from property that did not generate rental income | | - | - |
| Total | | 2,661 | 23,605 |

(b) Valuation basis

The basis of the valuation of investment properties is at fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition subject to similar leases. The 2017 revaluations were based on independent assessments made by Scott Fullarton Valuations Pty Ltd, a member of the Australian Property Institute.

(c) Contractual obligations

Refer to Note 12 for disclosure of any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

(d) Leasing arrangements - Council as Lessor

The investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows.

| | | | |
|---|--|--------------|--------------|
| Minimum lease payments under non-cancellable operating leases of investment | | | |
| - Not later than one year | | 421 | 285 |
| - Later than one year and not later than 5 years | | 951 | 566 |
| - Later than 5 years | | 195 | 182 |
| Total | | 1,567 | 1,033 |

Refer to note 27 Fair value measurement for information regarding the fair value of investment properties held.

NOTE 15 FINANCIAL RISK MANAGEMENT**Risk Management**

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

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

Financial risk management is carried out by the Finance Department under policies approved by the Council.

Council held the following financial instruments at balance date:

| | Carrying Value | | Fair Value | |
|---|-----------------------|----------------|-------------------|----------------------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 6,823 | 9,464 | 6,823 | 9,464 |
| Receivables | 10,883 | 9,771 | 10,883 | 9,771 |
| Financial assets at fair value through profit or loss | - | - | - | - |
| Available-for-sale financial assets | - | - | - | - |
| Held-to-maturity investments | 179,629 | 168,579 | 180,009 | 168,654 |
| | 197,335 | 187,814 | 197,715 | 187,889 |
| Financial liabilities | | | | |
| Payables | 23,237 | 23,937 | 23,237 | 23,937 |
| Borrowings | 3,511 | 4,376 | 4,470 | 5,811 ⁽¹⁾ |
| | 26,748 | 28,313 | 27,707 | 29,748 |

Note:

Refer to Note 27 for fair value information.

⁽¹⁾ The fair value represents the present value of the total payments (principal and interest) for the remaining term of the loans, with the amount of interest estimated for those loans with variable rates, discounted by the bond rates used for employee leave entitlement discounting.

NOTE 15 FINANCIAL RISK MANAGEMENT (CONTINUED)**(a) Cash and cash equivalents****Financial assets at fair value through profit and loss****Available-for-sale financial assets****Held-to-maturity investments**

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The Finance Department manages the cash and investments portfolio with the assistance of independent investment advisers. Council has an investment policy which complies with the Local Government Act and Minister's Order. The policy is regularly reviewed by Council and an Investment Report provided to Council monthly setting out the make-up and performance of the portfolio.

The risk associated with investments held are:

- Price risk – the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or factors affecting similar instruments traded in a market.
- Interest rate risk – the risk that movements in interest rates could affect returns
- Credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from its independent advisers before placing any cash and investments.

(a) Market risk - price risk and interest rate risk

The following represents a summary of the sensitivity of Council's Income Statement and accumulated surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable. It is assumed that the change in interest rates would have been constant throughout the reporting period.

| | 30/06/2017 \$'000 | 30/06/2016 \$'000 |
|--|----------------------|----------------------|
| Estimated impact of a 10% ⁽²⁾ movement in price of investments: | | |
| – Equity | n/a | n/a |
| – Income statement | n/a | n/a |
| Estimated impact of a 1% movement in interest rates on cash and investments: | | |
| – Equity | 1,865 | 1,780 |
| – Income statement | 1,865 | 1,780 |

Note:

⁽²⁾ Movements in the price of investments is not calculated, as tradable investments are purchased with the intent to hold to maturity, at which point they are redeemed at face value. Movement in price of investments is calculated only on tradable investments.

NOTE 15 FINANCIAL RISK MANAGEMENT (CONTINUED)**(b) Credit risk**

Council's major receivables comprise rates and annual charges and user charges and fees. Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery policies.

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

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

Council makes suitable provision for doubtful receivables as required.

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

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

| | Notes | 2017 | 2016 |
|--|--------------|---------------|---------------|
| Percentage of rates and annual charges | | | |
| - Current | | 65% | 69% |
| - Overdue debts | | 35% | 31% |
| Analysis of overdue debts | | | |
| | | \$'000 | \$'000 |
| Less than 1 year | | 1,901 | 1,839 |
| 1 to 2 years | | 534 | 437 |
| 2 to 5 years | | 464 | 394 |
| Greater than 5 years | | 18 | 4 |
| | 7 | 2,917 | 2,674 |
| Percentage of other receivables | | | |
| | | 2017 | 2016 |
| - Current | | 85% | 87% |
| - Overdue debts | | 15% | 13% |
| Analysis of overdue debts | | | |
| | | \$'000 | \$'000 |
| 0 - 30 days overdue | | 7,189 | 6,496 |
| 31 - 60 days overdue | | 200 | 260 |
| 61 - 90 days overdue | | 108 | 75 |
| 91+ days overdue | | 921 | 672 |
| | 7 | 8,418 | 7,503 |
| (ii) Movement in provision for impairment for receivables | | | |
| | | 2017 | 2016 |
| Balance at the beginning of the year | | 406 | 270 |
| Plus: New provisions recognised during the year | | 1 | 140 |
| Less: Amounts already provided for & written off | | 45 | (4) |
| Balance at the end of the year | | 452 | 406 |

NOTE 15 FINANCIAL RISK MANAGEMENT (CONTINUED)**(c) Liquidity risk**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon in extenuating circumstances.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the maturity table below.

| 2017 \$'000 | Due Within 1 Year | Due Between 1 and 5 Years | Due After 5 Years | Total Contractual Cash Flows | Carrying Values |
|------------------------|------------------------------|--------------------------------------|------------------------------|---|----------------------------|
| Payables | 23,237 | - | - | 23,237 | 23,237 |
| Borrowings | 986 | 2,022 | 784 | 3,792 ⁽³⁾ | 3,511 |
| | 24,223 | 2,022 | 784 | 27,029 | 26,748 |

| 2016 \$'000 | Due Within 1 Year | Due Between 1 and 5 Years | Due After 5 Years | Total Contractual Cash Flows | Carrying Values |
|------------------------|------------------------------|--------------------------------------|------------------------------|---|----------------------------|
| Payables | 24,901 | - | - | 24,901 | 24,901 |
| Borrowings | 993 | 2,610 | 1,141 | 4,744 ⁽³⁾ | 4,376 |
| | 25,894 | 2,610 | 1,141 | 29,645 | 29,277 |

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. The Finance Department regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

| | 30 June 2017 | | 30 June 2016 | |
|--------------------------------------|---|----------------|---|----------------|
| | Weighted average interest rate | Balance | Weighted average interest rate | Balance |
| | % | \$'000 | % | \$'000 |
| Overdraft | N/A | - | N/A | - |
| Bank loans – variable ⁽⁴⁾ | 2.80% | 2,353 | 2.90% | 2,353 |
| Bank loans – fixed | 4.95% | 1,158 | 4.95% | 1,158 |
| | | 3,511 | | 3,511 |

Note:

⁽³⁾ This represents the total payments (principal and interest) for the remaining term of the loans, with the amount of interest estimated for those loans with variable rates.

⁽⁴⁾ The interest rate risk applicable to variable rate bank loans is not considered significant.

Refer to note 27 for fair value information

NOTE 16 MATERIAL BUDGET VARIATIONS

Council's Original Budget was incorporated as part of the 2016-2020 Delivery Plan adopted by the Council on 28 June 2016.

Whilst the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act requires Council to review its original budget on a quarterly basis, so that it is able to manage the various variations between actuals and budget that invariably occur throughout the year. Many of the variances below have been adjusted during budget reviews throughout the 2016/17 financial year and, where appropriate, have been incorporated into the 2017/18 Original Budget in order to frame a more rigorous and robust budget.

In accordance with section 407 of the Local Government Act 1993, variations to Council's budget are reported to Council on a quarterly basis as part of the Quarterly Budget Review Report. These documents can be viewed on Council's website at www.ryde.nsw.gov.au

This Note sets out the details of material variations between the Original Budget and actual results for the Income Statement. Material favourable (F) and unfavourable (U) variances represent amounts of 10% or more of the budgeted amount, or if considered appropriate to comment.

Revenues

User charges and fees \$2,622K (18%) (F)

Council received user charges and fees revenue of \$17,178k which was above the original budget by \$2,622k (18%).

The additional income received was predominantly related to development related income amounting to an additional \$1,670k over budget. This is a reflection of the level of activity in the current local development market. Additional income derived from Environmental Enforcement Levies amounted to \$784k more than budgeted expectations. Macquarie Park Parking Scheme income exceeded budgeted expectations by \$527k. Demand (via growth) resulted in Commercial Waste income exceeding budgeted expectations by \$249k and the Ryde Aquatic Leisure Centre generated an additional \$265k more income than budgeted expectations.

Interest and investment revenue \$1,532K (37%) (F)

Council received interest revenue of \$5,625k which was above the original budget by \$1,532k (37%).

Whilst Interest rates have been reasonably flat over the last 12 months, the pool of funds available for investment have increased due to higher than expected Section 94 contributions and other Internal Reserves. It should be noted that these Section 94 funds, and the interest earned on their investment, cannot be applied to Council's normal operations and they are restricted in Council's reserves to be used for construction of new works under the Section 94 plan they were collected under.

Other revenues \$3,020K (39%) (F)

Council received other revenues of \$10,755k which was above the original budget by \$3,020k (39%).

Additional income of \$2,375k relates to the fair value increments on investment properties, as required under AASB 140 (75). Changes in fair value are recorded in profit/loss as part of 'Other Income'.

NOTE 16 MATERIAL BUDGET VARIATIONS (CONTINUED)**Grants & contributions provided for operating purposes \$2,117K (30%) (F)**

Council Operating Grants and Contributions of \$9,064k was above the original budget by \$2,117k (30%).

The variance was largely due to the prepayment of \$1,630k in 2017/18 Financial Assistant Grants. An additional \$126k was received from the State Government for the Emergency Services Property Levy Implementation project, an additional contribution of \$109k was received for the "Shop Ryder" Community Bus Service project, \$112k was received for Events - Community program and \$100k for Long Services Leave received from other Councils.

Grants & contributions provided for capital purposes \$19,362K (320%) (F)

Council received capital income of \$25,420k which was above the original budget by \$19,362k (320%).

Council only budgets, as part of its Original Budget, for known grants and contributions towards capital works, it does not budget for Section 94 Contributions as these vary greatly. Council received \$15,170k in Section 94 Contributions during 2016/17.

During 2016/17, Council received \$2,020k for Voluntary Planning Agreements and additional grants for Shrimptons Creek Corridor Embellishment projects (\$1,000k), Morrison Road LATM project (\$708k), Pedestrian Infrastructure Safety Around Schools Program project (\$100k). Additionally, Council also received \$540k in transport grants from RMS for road resurfacing, road kerb renewal, cycleway construction.

Expenses**Borrowing costs -\$33K (-19%) (F)**

Council incurred borrowing costs of \$139k which was below the original budget by -\$33k (-19%).

Council's interest rates on loans are largely variable and with interest rates decreasing, borrowing costs were less than anticipated.

Other expenses -\$4,949K (-24%) (F)

Council paid other expenses of \$15,821k which was below the original budget by -\$4,949k (-24%).

The majority of budgeted savings relate to street lighting charges (\$660k), utilities - power (\$725k), waste development tax (\$449k), insurance premiums (\$415k), water rates (\$249k), IT licenses (\$135k), telecommunications (\$117k) and contributions & donations - fire control (\$107k). The balance of expenditure savings in this area is the sum of minor savings across the entire organisation which, in part, has transpired from the prospect of an imminent merge and therefore Council's cautionary commitment to discretionary expenditure.

NOTE 17 STATEMENT OF DEVELOPER CONTRIBUTIONS

| PURPOSE | OPENING BALANCE \$'000 | CONTRIBUTIONS RECEIVED DURING YEAR ⁽¹⁾ | | INTEREST & INVESTMENT INCOME EARNED DURING YEAR \$'000 | EXPENDED DURING YEAR \$'000 | INTERNAL BORROWINGS (TO/FROM) ⁽³⁾ \$'000 | EXPENDITURE RECLASSIFIED \$'000 | HELD AS RESTRICTED ASSET ⁽²⁾⁽⁴⁾ \$'000 | WORKS PROVIDED TO DATE \$'000 | CUMULATIVE INTERNAL BORROWINGS due/(payable) \$'000 |
|--------------------------------------|------------------------------|---|--------------------|---|-----------------------------------|--|---------------------------------------|--|--|---|
| | | CASH \$'000 | NON-CASH \$'000 | | | | | | | |
| Community & Culture | 10,381 | 2,778 | - | 323 | 2,068 | - | - | 11,414 | 779 | - |
| Open Space & Public Domain | 44,721 | 10,381 | - | 1,352 | 9,949 | - | - | 46,505 | 14,684 | - |
| Roads, Traffic, Carparks & Cycleways | 2,781 | 1,515 | - | 68 | 2,570 | - | - | 1,794 | 4,061 | - |
| Stormwater Management | 6,402 | 444 | - | 174 | 1,718 | - | - | 5,302 | 4,903 | - |
| Administration | 231 | 56 | - | 5 | 199 | - | - | 93 | 493 | - |
| TOTAL UNDER PLANS | 64,516 | 15,174 | - | 1,922 | 16,504 | - | - | 65,108 | 24,920 | - |
| Planning agreements | 9,378 | 2,021 | - | - | 111 | - | - | 11,288 | - | - |
| TOTAL CONTRIBUTIONS | 73,894 | 17,195 | - | 1,922 | 16,615 | - | - | 76,396 | - | - |

City of Ryde Council adopted the single Section 94 Development Contributions Plan 2007 - 11 December 2007. This development contribution Plan repealed previous plans.

(1) Reconcilable with Note 3

(2) Reconcilable with Note 6 (Restricted assets excludes 'amounts expended in advance')

(3) Cumulative balance of borrowing within and between plans

(4) The total balance under plans are restricted and reflected in Note 6(c) as External Restrictions, whereas the total balance of planning agreements (Voluntary Planning Agreements) is restricted in Note 6 (c) as Internal.

Note:

Council has resolved to move to a new Section 94A Developer Contribution Plan, and is awaiting approval of that plan. Once approved the current Section 94 Plan will cease.

NOTE 18 CONTINGENCIES

The following assets and liabilities do not qualify for recognition in the Balance Sheet but knowledge of those items is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources:

LIABILITIES NOT RECOGNISED**1 Guarantees****(i) Defined Benefits Superannuation Contribution Plans**

Council participates in an employer sponsored Defined Benefits Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees. Member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due. The Scheme's most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Scheme's Defined Benefit member category with member councils required to make significantly higher contributions in future years. The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its defined benefit scheme obligations in accordance with AASB119. Future contributions made to the defined benefits scheme to rectify the net deficit position will be recognised as an expense when they become payable - similar to the accounting for defined contributions plans.

(ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to Local Government. Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years. The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity. StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council. Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA. These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

(iv) Other Guarantees

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

2 Other liabilities**(i) Third Party Claims**

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services. Council believes that it is appropriately covered for all claims through its insurance coverage and does not expect any material liabilities to eventuate.

NOTE 18 CONTINGENCIES (CONTINUED)**(ii) S94 Plans**

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

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

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

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

3 Remediation works**(i) Old landfill sites**

The Council has a number of old landfill sites that were used for the purpose of disposal of domestic and other waste, which have since been converted to playing fields. No known liability arises from any potential toxicity or subterranean leakage, but there will be ongoing remediation works that may be required from time to time to reinstate the playing surfaces, due to subsidence following further settling of the waste within the landfill.

Council has not, as yet, been able to reliably determine the quantum of liability for this future works, but has estimated that it could cost approximately \$200,000 per annum.

ASSETS NOT RECOGNISED**(i) Land under roads**

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

(ii) Infringement Notices/Fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau. Council's revenue recognition policy for such income is to account for it as revenue on receipt. Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices. Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

NOTE 18 CONTINGENCIES (CONTINUED)

(iii) Pedestrian Bridge and Tunnel, Top Ryde

Council, as part of the approval of a Development Application for the Top Ryde City Shopping Centre entered into an agreement with the owners and developers, Bevillesta Pty Ltd, where a monetary contribution was paid for the purchase of a tract of land at the front of Council's Administration Centre, 1 Devlin St, Ryde. Also one of the conditions of the Development Application was a long-term lease of 49 years, with a 50 year option, between Council and the developers, where Council leased to the developer the airspace in which a number of assets were to be constructed.

NOTE 19 INTERESTS IN OTHER ENTITIES

Council has no interests in any controlled entities, joint ventures or associates.

NOTE 20 REVALUATION RESERVES AND RETAINED EARNINGS

| | 2017 (\$'000) | 2016 (\$'000) |
|---|--------------------------------|--------------------------------|
| (a) Retained earnings | | |
| Movements in retained earnings were as follows: | | |
| At beginning of year | 1,861,709 | 1,783,775 |
| Adjustment to correct prior years errors (Note 20 (d)) | - | - |
| Net operating result for the year | 40,022 | 77,934 |
| At end of year | <u>1,901,731</u> | <u>1,861,709</u> |
| (b) Revaluation reserves | | |
| Infrastructure, property, plant and equipment revaluation reserve | 679,848 | 651,768 |
| Available-for-sale investments revaluation reserve | - | - |
| Other Reserves | - | - |
| Total assets | <u>679,848</u> | <u>651,768</u> |
| Movements: | | |
| <i>Property, plant and equipment revaluation reserve</i> | | |
| At beginning of year | 651,767 | 679,801 |
| Revaluation - gross | 30,394 | (4,158) |
| Adjustment to correct prior years errors (Note 20 (d)) | - | (17,248) |
| Impairment ⁽¹⁾ | - | (5,241) |
| Depreciation transfer - gross | (2,313) | (1,387) |
| Other Reserves | - | - |
| At end of year | <u>679,848</u> | <u>651,767</u> |
| <i>Available-for-sale investments revaluation reserve</i> | | |
| At beginning of year | - | - |
| Revaluation - gross | - | - |
| Transfer to net profit - gross | - | - |
| At end of year | <u>-</u> | <u>-</u> |
| (c) Nature and purpose of reserves | | |
| <i>(i) Infrastructure, property, plant and equipment revaluation reserve</i> | | |
| The infrastructure, property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. | | |
| (d) Correction of errors in previous years | | |
| Write off of values for structures on investment properties | - | (17,248) |
| Correct revaluation amount for asset write ons/offs | - | - |
| Properties duplicated between Infrastructure Assets and Investment Properties | - | - |
| | <u>-</u> | <u>(17,248)</u> |

⁽¹⁾During the 2015/16 financial year, Council vacated its administration centre at 1 Devlin Street Ryde due to health and safety issues identified throughout the building. In consideration of AASB 136 – Impairment of Assets, Council engaged independent and qualified valuers to value the administration centre and attached civic hall. The valuers determined that the buildings are rapidly approaching the end of their useful lives. The residual structure value of the buildings provided is \$Nil and as a consequence the assets have been recognised as being impaired.

NOTE 21 RESULTS BY FUND

Council has only one consolidated fund.

NOTE 22 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

| | 2017 (\$'000) | 2016 (\$'000) |
|------------------|------------------|------------------|
| Operational Land | - | - |
| Buildings | - | - |
| Total | <u>-</u> | <u>-</u> |

Refer to note 27 for fair value measurement information.

NOTE 23 EVENTS OCCURRING AFTER BALANCE SHEET DATE**Council Amalgamation**

On 27 July 2017 the Premier of NSW, Gladys Berejiklian, announced that the NSW Government will no longer continue the Government's merger policy with the council amalgamations before the court. As such, the proposed merger of the City of Ryde with Hunters Hill and Lane Cove Councils will not proceed.

NOTE 24 DISCONTINUED OPERATIONS

Council has not classified any of its operations as 'discontinued'.

NOTE 25 INTANGIBLE ASSETS

Council is unaware of any control over intangible assets that warrant recognition in the financial statements, including either internally generated and developed assets or purchased assets.

NOTE 26 REINSTATEMENT, REHABILITATION AND RESTORATION LIABILITIES

The Council has a number of old landfill sites that were used for the purpose of disposal of domestic and other waste, which have since been converted to playing fields. No known liability arises from any potential toxicity or subterranean leakage, but there will be ongoing remediation works that may be required from time to time to reinstate the playing surfaces, due to subsidence following further settling of the waste within the landfill.

Council has not, as yet, been able to reliably determine the quantum of liability for this future works, but has estimated that it could cost approximately \$200,000 per annum.

NOTE 27 FAIR VALUE MEASUREMENT

Council measures the following assets and liabilities at fair value on a recurring basis:

- Infrastructure, property, plant and equipment
- Investment property
- Financial assets

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

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

- Level 1* - Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2* - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3* - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following Fair Value Measure Hierarchy table shows the assigned level for each asset and liability held at fair value by the Council:

Fair Value Measure Hierarchy table

| 30 June 2017 | Note | Level 2 Significant observable inputs (\$000's) | Level 3 Significant observable inputs (\$000's) | Total (\$000's) |
|--|-------------|--|--|----------------------------|
| Investment properties | 14 | - | 115,540 | 115,540 |
| Infrastructure, Property, Plant and Equipment | 9 | | | |
| - Operational land | | - | 102,539 | 102,539 |
| - Community land | | - | 1,400,568 | 1,400,568 |
| - Land under roads | | - | 11,552 | 11,552 |
| - Buildings (Specialised and non-specialised) | | - | 95,739 | 95,739 |
| - Roads, Bridges, Footpaths | | - | 368,514 | 368,514 |
| - Stormwater drainage | | - | 202,828 | 202,828 |
| Subtotal I,PP & E | | | 2,181,740 | 2,181,740 |
| TOTALS | | - | 2,297,280 | 2,297,280 |
| 30 June 2016 | Note | Level 2 Significant observable inputs (\$000's) | Level 3 Significant observable inputs (\$000's) | Total (\$000's) |
| Investment properties | 14 | - | 113,165 | 113,165 |
| Infrastructure, Property, Plant and Equipment | 9 | | | |
| - Operational land | | - | 102,333 | 102,333 |
| - Community land | | - | 1,394,978 | 1,394,978 |
| - Land under roads | | - | 11,552 | 11,552 |
| - Buildings (Specialised and non-specialised) | | - | 54,042 | 54,042 |
| - Roads, Bridges, Footpaths | | - | 367,821 | 367,821 |
| - Stormwater drainage | | - | 204,554 | 204,554 |
| Subtotal I,PP & E | | | 2,135,280 | 2,135,280 |
| TOTALS | | - | 2,248,445 | 2,248,445 |

NOTE 27 FAIR VALUE MEASUREMENT (CONTINUED)

The Council's financial assets relates to its investments in term deposits and FRN's. The information included under 6(b) is considered sufficient to meet the Fair Value disclosures requirements hence additional information is not included under this note.

The Council does not have any liabilities which are fair valued.

Valuation processes

Council's non-current assets are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the Office of Local Government. Further details of the revaluations policy is provided under note 1(k).

Level 3 measurements***Investment properties***

On an annual basis, the Council engages external, independent and qualified valuers to determine the fair value of its investment properties. As at 30 June 2017, the fair values of the land have been determined by Scott Fullarton Valuations Pty Ltd.

All investment property valuations are included in level 3 of the hierarchy. The value of investment property has been determined using either using the capitalisation of rental income or with reference to value of similar properties within the area. The key unobservable input to the valuation is the rent or price per square metre.

Buildings

The Council engages external, independent and qualified valuers to determine the fair value of the Council's buildings. Buildings were revalued in the 30 June 2017 financial year and the fair values were determined by Scott Fullarton Valuations Pty Ltd.

Gross Value of each building is obtained by applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost, which is the lowest cost of replacing the economic benefits of the existing asset using modern technology. The key unobservable input being the rate square metre has been benchmarked to construction costs of similar properties across the industry.

Land (Operational, Community and Land under road)

The Council engages external, independent and qualified valuers to determine the fair value of the Council's Community Land. Valuation of Operational Land and Land Under Roads (LUR) is performed by the Council's internal valuations team.

The fair value of Operational land has been determined by referencing it to current prices in an active market for similar properties. Where such information is not available, current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences are considered. Appropriate adjustments are also made for the inherent features of the property such as fire-prone, flood zonings and usability of the land.

Community Land was last revalued at 30 June 2014. Council has resolved to not value Land Under Roads (LUR) and Operational Land was last revalued at 30 June 2015.

The key unobservable input to the valuation is the rate per square metre.

NOTE 27 FAIR VALUE MEASUREMENT (CONTINUED)Infrastructure assets

Valuations for infrastructure assets are performed internally by the Council's engineering team. The gross value of the infrastructure assets are determined by unit rate to total volume which is normally square metres, lineal metres or individual items.

The unit rate, which is a key unobservable input, is determined using an assessment of average historical internal costs, and rates from contracts with third party suppliers. Infrastructure assets were last revalued at 30 June 2013.

The information presented in the Fair Value Measure Hierarchy table on unobservable input has been limited to significant components of the infrastructure assets as it is impracticable to provide information for all components.

Reconciliation of movements

The items classified under level 3 are investment properties and property, plant and equipment (including infrastructure assets). The reconciliation of movements in these assets is presented under note 14 and 9 respectively.

Transfers between levels of the hierarchy

There were no transfers of assets and liabilities between the hierarchies.

Highest and Best Use

Current use of the assets noted above reflects the highest and best use as Operational Assets, and in accordance with current planning restrictions, the exceptions being the Investment Properties, which are to be developed, and may require planning changes to allow the development.

NOTE 28 RELATED PARTY DISCLOSURES**Key Management Personnel**

Key management personnel (KMP) of the Council are those persons having the authority and responsibility for planning, directing and controlling the activities of the Council, directly or indirectly. The City of Ryde KMP's are identified as the Councillors, General Manager and Directors.

The aggregate amount of KMP compensation included in the Income Statement is:

| Compensation | 2017 (\$000's) |
|--------------------------|----------------|
| Short-term benefits | 1,561 |
| Post-employment benefits | 0 |
| Other long-term benefits | 0 |
| Termination benefits | 0 |
| Total | 1,561 |

Other transactions with KMP and their related entities

Council has determined that transactions at arms lengths between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

| Nature of the Transaction | Amount of the transactions during the year (\$000's) | Outstanding balances, including commitments at year end | Terms and conditions | Provisions for doubtful debts related to the amount of outstanding balances | The expense recognised during the period relating to bad or doubtful debts due from related parties |
|---------------------------|--|---|--|---|---|
| Grant Funding | 70 | 0 | KMP is a Board member where a Grant was provided as part of the Community Aid Grant for FY2016 & FY2017 paid by Council. | 0 | 0 |

Other Related Parties

| Type of related party: subsidiary/ associate/ joint ventures/ other | Nature of the Transactions | Amount of the transactions during the year | Outstanding balances, including commitments at year end | Terms and conditions | Provisions for doubtful debts related to the amount of outstanding balances | The expense recognised during the period relating to bad or doubtful debts due from related parties |
|---|----------------------------|--|---|----------------------|---|---|
| Nil | | | | | | |

Leave Blank for Audit Performance Report



City of Ryde

Lifestyle and opportunity @ your doorstep



Draft Special Purpose Financial Statements

Year Ended 30 June 2017

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Notes to the Special Purpose Financial Statements

Note 1 Significant accounting policies

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STATEMENT BY COUNCILLORS AND MANAGEMENT
made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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INCOME STATEMENT OF OTHER BUSINESS ACTIVITIES

| | Ryde Aquatic Leisure Centre | | Commercial Waste Management | |
|--|-----------------------------|---------------|-----------------------------|--------------|
| | (Category 1) | | (Category 2) | |
| | 2017 | 2016 | 2017 | 2016 |
| Income from continuing operations | | | | |
| Annual Charges | - | - | - | - |
| User Charges | 5,754 | 5,373 | 1,440 | 1,371 |
| Fees | - | - | - | - |
| Interest | - | - | - | - |
| Other income | 18 | 20 | - | - |
| Grants & Contributions provided for Non-Capital Purposes | - | - | - | - |
| Profit from the sale of assets | - | - | - | - |
| Total Income From Continuing Operations | 5,772 | 5,393 | 1,440 | 1,371 |
| Expenses from continuing operations | | | | |
| Employee benefits and on costs | 3,368 | 3,363 | - | - |
| Materials and Contracts | 597 | 586 | 387 | 323 |
| Borrowing costs | - | 45 | - | - |
| Depreciation, amortisation and impairment | 849 | 650 | - | - |
| Loss on sale of assets | - | - | - | - |
| Calculated Taxation Equivalents | 184 | 183 | - | - |
| Other expenses | 71 | 157 | 273 | 266 |
| Total Expenses From Continuing Operations | 5,069 | 4,984 | 660 | 589 |
| Surplus (Deficit) from Continuing Operations before capital amounts | 703 | 409 | 780 | 782 |
| Grants & Contributions provided for Capital Purposes | - | - | - | - |
| Surplus (Deficit) from Continuing Operations after capital amounts | 703 | 409 | 780 | 782 |
| Surplus (Deficit) from Discontinued Operations | - | - | - | - |
| Surplus (Deficit) from All Operations before Tax | 703 | 409 | 780 | 782 |
| Less Corporate Taxation Equivalent (30%) [based on Operating result before capital] | 211 | 123 | 234 | 235 |
| Surplus (Deficit) After Tax | 492 | 286 | 546 | 547 |
| Opening Retained profits | 32,664 | 32,072 | 200 | 200 |
| Adjustments for Amounts Unpaid:- | | | | |
| Taxation Equivalent Payments | 184 | 183 | - | - |
| Corporate Taxation Equivalent | 211 | 123 | 234 | 235 |
| Plus: Equity Contributions | - | - | - | - |
| Less: Equity Withdrawals | - | - | - | - |
| Less: TER Dividend payment (non restricted activities) | - | - | (234) | (235) |
| Less: Surplus Dividend payment (non restricted activities) | - | - | (546) | (547) |
| Closing Retained Profits | 33,551 | 32,664 | 200 | 200 |
| RETURN ON CAPITAL (%) | 2.03% | 1.15% | 0.00% | 0.00% |
| Required return on capital (%) | 5.61% | 5.35% | 0.00% | 0.00% |
| SUBSIDY FROM COUNCIL | 1,240 | 1,486 | - | - |

Calculation of Dividend Payable

| | | | | |
|---|------------|------------|------------|------------|
| Surplus (Deficit) after tax | 492 | 286 | 546 | 547 |
| Less: Capital grants & contributions | - | - | - | - |
| Surplus for dividend calculation purposes | 492 | 286 | 546 | 547 |
| Dividend calculated from surplus | 492 | 286 | 546 | 547 |

FINANCIAL POSITION OF OTHER BUSINESS ACTIVITIES

| | Ryde Aquatic Leisure Centre | | Commercial Waste Management | |
|---|-----------------------------|---------------|-----------------------------|------------|
| | (Category 1) | | (Category 2) | |
| | 2017 | 2016 | 2017 | 2016 |
| CURRENT ASSETS | | | | |
| Cash Asset and cash equivalents | 1,207 | 624 | - | - |
| Investments | - | - | - | - |
| Receivables | 30 | 40 | 516 | 409 |
| Inventories | 12 | 12 | - | - |
| Other | 5,567 | 4,633 | - | 121 |
| TOTAL CURRENT ASSETS | 6,816 | 5,309 | 516 | 530 |
| NON-CURRENT ASSETS | | | | |
| Investments | - | - | - | - |
| Receivables | - | - | - | - |
| Inventories | - | - | - | - |
| Infrastructure, Property, Plant & Equipment | 34,639 | 35,446 | - | - |
| Other | - | - | - | - |
| TOTAL NON-CURRENT ASSETS | 34,639 | 35,446 | - | - |
| TOTAL ASSETS | 41,455 | 40,755 | 516 | 530 |
| CURRENT LIABILITIES | | | | |
| Payables | 344 | 281 | 77 | 281 |
| Income received in advance | 335 | 332 | - | - |
| Interest Bearing Liabilities | 285 | 271 | 190 | - |
| Provisions | 868 | 849 | - | - |
| TOTAL CURRENT LIABILITIES | 1,832 | 1,733 | 267 | 281 |
| NON-CURRENT LIABILITIES | | | | |
| Payables | - | - | - | - |
| Interest Bearing Liabilities | 951 | 1,236 | - | - |
| Provisions | 12 | 13 | 49 | 49 |
| TOTAL NON-CURRENT LIABILITIES | 963 | 1,249 | 49 | 49 |
| NET ASSETS | 38,660 | 37,773 | 200 | 200 |
| EQUITY | | | | |
| Retained Earnings | 33,551 | 32,664 | 200 | 200 |
| Revaluation Reserves | 5,109 | 5,109 | - | - |
| Council Equity interest | - | - | - | - |
| Minority Equity interest | - | - | - | - |
| TOTAL EQUITY | 38,660 | 37,773 | 200 | 200 |

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Report (SPFS) for National Competition Policy reporting purposes follows.

These financial statements are a SPFS prepared for use by the Council and Office of Local Government. For the purposes of these statements, the Council is not a reporting entity.

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition criteria of applicable Australian Accounting Standards, other authoritative pronouncements of the AASB and Australian Accounting Interpretation. The disclosures in these special purpose financial statements have been prepared in accordance with the Local Government Act and Regulation and the Local Government Code of Accounting Practice and Financial Reporting.

This special purpose financial report, unless otherwise stated, has been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the Local Government Act and Regulations, the Local Government Code of Accounting Practice and Financial Reporting and the Local Government Asset Accounting Manual.

The statements are also prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government". The "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality" issued by the Office of Local Government in July 1997 has also been adopted.

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

Declared Business Activities

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

Category 1

| Name | Brief Description of Activity |
|-----------------------------|--|
| Ryde Aquatic Leisure Centre | Provision of aquatic and dry court sports and leisure facilities |

Category 2

| Name | Brief Description of Activity |
|--------------------------|--|
| Commercial Waste Removal | Commercial waste collection, recycling and disposal. |

Monetary Amounts

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

Taxation Equivalent Payments

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations (General Purpose Financial Statement) like all other costs. However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council nominated business activities and are reflected in the SPFS. For the purposes of disclosing comparative information relevant to the private sector equivalent the following taxation equivalents have been applied to all Council nominated business activities:

| Tax | Notional Rate Applied % |
|--------------------|--|
| Corporate Tax Rate | 30% |
| Land Tax | 1.6% of the value in excess of \$549,000 but less than \$3,357,000. 2% of the value in excess of \$3,357,000 |
| Payroll Tax | 5.45% of total labour payments for the individual business activity in excess of \$750,000 |
| Stamp Duty | Statutory rates as published by the Office of State Revenue. |

Income Tax

An income tax equivalent has been applied on the profits of the business. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level (gain/ (loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional, that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the Council.

Accordingly, there is no need for disclosure of internal charges in the GPFR. The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

Local Government Rates & Charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned or exclusively used by the business activity.

Loan and Debt Guarantee Fees

The debt guarantee fee is designed to ensure that Council business activities face "true" commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

(i) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the income statement of Business Activities.

(ii) Return on Investments (Rate of Return)

The Policy statement requires that Councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field". Funds are subsequently available for meeting commitments or financing future investment strategies. Where a business activity has required the investment of capital assets, the rate of return on investment is disclosed in the income statement of Business Activities.

(iii) Dividends

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

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City of Ryde

Lifestyle and opportunity @ your doorstep



Draft Special Schedules

Year Ended 30 June 2017

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SPECIAL SCHEDULE 1 – NET COST OF SERVICES

| Function or Activity | Expenses from continuing operations | Income from continuing operations (non-capital) | Income from continuing operations (capital) | Net cost of services |
|--|-------------------------------------|---|---|----------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Governance | 2,608 | 137 | | (2,471) |
| Administration | 22,255 | 3,603 | 50 | (18,602) |
| Public Order & Safety | | | | |
| Fire Service Levy, Fire Protection, Emergency Services | 2,338 | 14 | | (2,324) |
| Animal Control | 297 | 57 | | (240) |
| Beach Control | | | | |
| Enforcement of Local Govt Regs | 1,045 | 2,885 | | 1,840 |
| Emergency Services | | | | |
| Other Public Order & Safety | 1,916 | 3,908 | | 1,992 |
| Total Public Order & Safety | 5,596 | 6,864 | | 1,268 |
| Health | 543 | 484 | | (59) |
| Environment | | | | |
| Noxious Plants and Insect/Vermin Control | | | | |
| Other Environment Protection | 574 | 8 | | (566) |
| Solid Waste Management | 17,753 | 21,549 | | 3,796 |
| Street Cleaning | | | | |
| Drainage | | | | |
| Stormwater Management | 3,712 | 1,119 | 68 | (2,525) |
| Total Environment | 22,039 | 22,676 | 68 | 705 |
| Community Services & Education | | | | |
| Administration & Education | 786 | 40 | | (746) |
| Social Protection (Welfare) | 1,927 | 654 | | (1,273) |
| Aged Persons and Disabled | 508 | 537 | | 29 |
| Children's Services | 255 | 83 | | (172) |
| Total Community Services & Education | 3,476 | 1,314 | | (2,162) |
| Housing & Community Amenities | | | | |
| Public Cemeteries | | | | |
| Public Conveniences | 1,077 | 183 | | (894) |
| Street Lighting | 2,202 | 371 | | (1,831) |
| Town Planning | 7,509 | 9,803 | 7,021 | 9,315 |
| Other Community Amenities | 47 | 8 | | (39) |
| Total Housing & Community Amenities | 10,835 | 10,365 | 7,021 | 6,551 |
| Water Supplies | | | | |
| Sewerage Services | | | | |
| Recreation & Culture | | | | |
| Public Libraries | 5,740 | 1,110 | | (4,630) |
| Museums | | | | |
| Art Galleries | | | | |
| Community Centres and Halls | 633 | 298 | | (335) |
| Performing Arts Venues | | | | |
| Other Performing Arts | | | | |
| Other Cultural Services | 673 | 210 | | (463) |
| Sporting Grounds and Venues | 525 | 683 | 128 | 286 |
| Swimming Pools | 6,128 | 5,993 | | (135) |
| Parks & Gardens (Lakes) | 8,473 | 10 | | (8,463) |
| Other Sport & Recreation | 263 | 89 | | (174) |
| Total Recreation & Culture | 22,435 | 8,393 | 128 | (13,914) |

Special Schedule 1 – NET COST OF SERVICES (CONTINUED)

| Function or Activity | Expenses from continuing operations | Income from continuing operations (non-capital) | Income from continuing operations (capital) | Net cost of services |
|---|-------------------------------------|---|---|----------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Fuel & Energy | | | | |
| Agriculture | | | | |
| Mining, Manufacturing & Construction | | | | |
| Building Control | 657 | 189 | | (468) |
| Other Mining, Manufacturing & Construction | | | | |
| Total Mining, Manufacturing & Construction | 657 | 189 | | (468) |
| Transport & Communication | | | | |
| Urban Roads : Local | 11,223 | 3,766 | 18,135 | 10,678 |
| Urban Roads : Regional | | | | |
| Sealed Rural Roads : Local | | | | |
| Bridges on Urban Roads : Local | 59 | | | (59) |
| Bridges on Urban Roads : Regional | | | | |
| Bridges on Urban Roads : Other | | | | |
| Footpaths | 1,746 | | | (1,746) |
| Aerodromes | | | | |
| Parking Areas | 452 | | | (452) |
| Other | 205 | 174 | 18 | (13) |
| Total Transport & Communication | 13,685 | 3,940 | 18,153 | 8,408 |
| Economic Affairs | | | | |
| Camping Areas and Caravan Parks | | | | |
| Other Economic Affairs | 1,521 | 1,863 | | 342 |
| Total Economic Affairs | 1,521 | 1,863 | | 342 |
| TOTALS - FUNCTIONS | 105,650 | 59,828 | 25,420 | (20,402) |
| GENERAL PURPOSE REVENUES ⁽¹⁾ | | 60,424 | | 60,424 |
| SHARE OF GAIN(DEFICIT) FROM ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING EQUITY METHOD ⁽²⁾ | | | | |
| CORRECTION OF FUNDAMENTAL ERROR ⁽²⁾ | | | | |
| SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES BEFORE EXTRAORDINARY ITEMS ⁽²⁾ | 105,650 | 120,252 | 25,420 | 40,022 |
| EXTRAORDINARY ITEMS ⁽²⁾ | | | | |
| SURPLUS/(DEFICIT) FROM ALL ACTIVITIES ⁽²⁾ | 105,650 | 120,252 | 25,420 | 40,022 |

NOTE : 1 The definition of general purpose income for the purposes of disclosure in Note 2(a) is the aggregation of specific income items disclosed in Note 3 of the GPFS: ordinary rates; general purpose untied grants; interest on overdue rates and annual charges, internally restricted assets, and general council cash and investments and ex gratia rates.

2. As reported on the Income Statement

SPECIAL SCHEDULE 2(a) – STATEMENT OF LONG-TERM DEBT (ALL PURPOSES)

(\$,000)

| Classification of Debt | Principal Outstanding at beginning of Year | | | New Loans Raised during the year | Debt Redemption during the year | | Interest Applicable For Year | Principal Outstanding at end of Year | | |
|-----------------------------|--|--------------|--------------|----------------------------------|---------------------------------|---------------|------------------------------|--------------------------------------|--------------|--------------|
| | Current | Non-Current | Total | | From Revenue | Sinking Funds | | Current | Non-Current | Total |
| LOANS (By Source) | | | | | | | | | | |
| Commonwealth Bank | | | | | | | | | | |
| NSW Treasury Corporation | | | | | | | | | | |
| Other State Government | | | | | | | | | | |
| Public Subscriptions | | | | | | | | | | |
| Financial Institutions | 873 | 3,503 | 4,376 | - | 865 | - | 139 | 891 | 2,620 | 3,511 |
| Other | | | | | | | | | | |
| TOTAL LOANS | 873 | 3,503 | 4,376 | - | 865 | - | 139 | 891 | 2,620 | 3,511 |
| OTHER LONG TERM DEBT | | | | | | | | | | |
| Ratepayer's Advances | | | | | | | | | | |
| Government Advances | | | | | | | | | | |
| Finance Leases | | | | | | | | | | |
| Deferred Payments | | | | | | | | | | |
| TOTAL LONG TERM DEBT | 873 | 3,503 | 4,376 | - | 865 | - | 139 | 891 | 2,620 | 3,511 |

SPECIAL SCHEDULE 2(b) – STATEMENT OF INTERNAL LOANS

(\$'000)

SUMMARY OF INTERNAL LOANS

| Borrower (by Purpose) | Amount Originally Raised ⁽²⁾ | Total Repaid During the Year Principal & Interest | Principal Outstanding at End of Year |
|---------------------------|--|--|---|
| General | | | |
| Water | | | |
| Sewerage | | | |
| Domestic Waste Management | | | |
| Gas | | | |
| Other (1) | 2,711 | - | 2,711 |
| TOTALS | 2,711 | - | 2,711 |

DETAILS OF INDIVIDUAL INTERNAL LOANS

| Borrower (by purpose) | Lender (by Purpose) | Date of Minister's Approval | Date Raised | Dates of Maturity | Rate of Interest | Amount Originally Raised ⁽²⁾ | Total Repaid During the Year Principal & Interest | Principal Outstanding at End of Year |
|--------------------------|------------------------|-----------------------------------|----------------|----------------------|---------------------|---|--|---|
| RALC (2) - Surf Ryder | | | | | | 2,711 | - | 2,711 |
| TOTALS | | | | | | 2,711 | - | 2,711 |

⁽¹⁾ This includes Internal Loans from Internally Restricted Reserves, and not just those from Externally Restricted Reserves

⁽²⁾ The amount raised to the beginning of the year, was drawn down over a number of years:

| | | |
|--------------|-----------|------------------|
| 2011/2012 | \$ | 364,737 |
| 2012/2013 | \$ | 323,123 |
| 2013/2014 | \$ | 1,321,378 |
| 2014/2015 | \$ | 701,919 |
| TOTAL | \$ | 2,711,157 |

SPECIAL SCHEDULE 7 – REPORT ON INFRASTRUCTURE ASSETS

| Asset Class | Asset Category | Estimated Cost to bring to a satisfactory standard (overdue renewals) | Required Annual Maintenance Expense | Current Annual Maintenance | Carrying Value | Gross Replacement Cost (GRC) | Assets in Condition as a % of Gross Replacement Cost | | | | |
|---------------------------------------|---|---|-------------------------------------|----------------------------|----------------|------------------------------|--|--------------|--------------|-------------|-------------|
| | | | | | | | 1 | 2 | 3 | 4 | 5 |
| Buildings | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | | | | | |
| | Council Offices/ Administration Centres | - | 422 | 364 | 2,295 | 9,141 | 19.7% | 80.3% | | | |
| | Council Works Depot | - | 2,862 | 2,670 | - | 17,774 | | | 100.0% | | |
| | Council Public Halls | - | - | - | 489 | 1,223 | | | 100.0% | | |
| | Libraries | - | 696 | 713 | 3,897 | 14,767 | | 49.4% | 50.6% | | |
| | Cultural Facilities | - | 729 | 775 | 9,851 | 23,013 | 30.4% | 57.0% | 12.7% | | |
| | Museum/Art Gallery | - | - | - | - | - | | | | | |
| | Amenities/Toilets | - | 309 | 409 | 10,528 | 20,094 | 12.6% | 62.2% | 20.6% | 4.4% | 0.3% |
| | Other Buildings | - | 1,706 | 1,562 | 28,803 | 49,014 | 56.8% | 9.7% | 1.9% | 25.5% | 6.2% |
| | Specialised Buildings | - | - | - | 39,876 | 53,168 | | 100.0% | | | |
| | Sub total | - | 6,724 | 6,493 | 95,740 | 188,194 | | | | | |
| Other Structures | | 3,349 | 6,461 | 5,888 | 76,822 | 93,733 | 28.0% | 25.9% | 31.7% | 10.8% | 3.6% |
| | Sub total | 3,349 | 6,461 | 5,888 | 76,822 | 93,733 | | | | | |
| Roads | | 14,009 | 505 | 430 | 222,381 | 301,237 | 27.6% | 47.1% | 13.7% | 6.9% | 4.7% |
| | Sealed Roads Surface | - | - | - | - | - | | | | | |
| | Unsealed Roads | - | - | - | - | - | | | | | |
| | Bridges | 0 | 53 | 4 | 2,449 | 4,129 | 12.7% | 59.3% | 28.0% | 0.0% | 0.0% |
| | Footpaths | 195 | 1,733 | 1,316 | 51,499 | 62,009 | 14.3% | 75.5% | 7.0% | 2.9% | 0.3% |
| | Cycle ways | - | 56 | 112 | - | - | | | | | |
| | Kerb and Gutter | 64 | 1,336 | 1,421 | 88,819 | 102,792 | 1.5% | 82.1% | 14.3% | 2.1% | 0.1% |
| | Other Road Assets | 1,401 | 1,871 | 1,790 | 3,365 | 7,072 | 13.3% | 27.5% | 19.6% | 19.8% | 19.8% |
| | Sub total | 15,669 | 5,553 | 5,072 | 368,514 | 477,239 | | | | | |
| Stormwater Drainage | | 0 | - | - | 942 | 1,064 | 9.6% | 90.4% | 0.0% | 0.0% | 0.0% |
| | Retarding Basins | - | - | - | - | - | | | | | |
| | Outfalls | - | - | - | - | - | | | | | |
| | Stormwater Conduits | 877 | 175 | 189 | 147,625 | 183,802 | 13.4% | 66.6% | 16.1% | 3.4% | 0.5% |
| | Inlet and Junction Pits | 103 | - | - | 45,648 | 66,874 | 11.0% | 46.6% | 38.5% | 3.8% | 0.2% |
| | Head Walls | - | - | - | - | - | | | | | |
| | Outfall Structures | - | - | - | - | - | | | | | |
| | Stormwater Converters | - | - | - | - | - | | | | | |
| | Other | 0 | - | - | 8,613 | 14,795 | 13.5% | 24.7% | 45.2% | 16.6% | 0.0% |
| | Sub total | 979 | 175 | 189 | 202,828 | 266,535 | | | | | |
| Open Space/Recreational Assets | | - | - | 1,343 | - | - | | | | | |
| | Swimming Pools | - | 1,514 | 1,343 | - | - | | | | | |
| | Other Open Space/ Recreational Assets | - | - | - | - | - | | | | | |
| | Sub total | - | 1,514 | 1,343 | - | - | | | | | |
| Other Infrastructure Assets | | - | - | - | - | - | | | | | |
| | Sub total | - | - | - | - | - | | | | | |
| Total classes | Total – all assets | 19,997 | 20,427 | 18,985 | 743,903 | 1,025,701 | 19.0% | 54.4% | 18.4% | 6.0% | 2.2% |

SPECIAL SCHEDULE 7 – REPORT ON INFRASTRUCTURE ASSETS (CONTINUED)

Notes:
Satisfactory condition refers to an asset that is not due for renewal, where a condition rating scale from 1 (Very Good Condition) to 5 (Asset Unserviceable) is utilised (Source: *International Infrastructure Management Manual 2006*). It does not include any planned 'enhancements' to the asset. Condition 5 assets are taken as being overdue for renewal, as the end of Condition 4 is the intervention point, useful life of the asset, at which time it should be renewed or disposed of.

| Condition Rating | Condition Description |
|------------------|--|
| 1 | new or equivalent |
| 2 | good condition without visible blemishes or deterioration |
| 3 | usable & safe condition, with visible signs of wear or deterioration, e.g. cracks in footpaths |
| 4 | usable condition with defects that interfere with use or reduce asset life e.g. extensive road cracking. At the end of Condition 4, the asset will be due for renewal or disposal. |
| 5 | requires major repairs or is not suitable to remain in use due to a significant safety hazard, i.e. it is overdue for renewal. |

For condition 5 assets that remain in service, there is a low residual life 5%, but indefinite RUL (remaining useful life)
The backlog refers to asset renewals that have been deferred due to insufficient funds. Any asset in condition 5 is considered to have been deferred and overdue for renewal and therefore part of the backlog.

***Buildings**

In assessing the condition of the building assets, an overall condition rating is applied to the building. When a building is noted as satisfactory, this should be interpreted that the majority of assets within the building (i.e. building components) are in a satisfactory condition. However there may be individual assets within the building that may be in an unsatisfactory condition.

****Public Roads**

Urban Roads

Included within the "Public Roads" group of assets is Urban Roads, Footpaths, and Kerb and Gutter
Council has adopted the use of a Pavement Management System (PMS) and condition data has been collected since 1991. The current replacement cost of the road assets is \$301M.

Footpaths

Council's footpath network has a current replacement value of \$62M. Council has designed and implemented a Footpath Management System, where every footpath is inspected and rated on a 1 to 5 rating basis.

Kerb & Gutter

Council manages kerb & gutter as part of the pavement management system, with condition rating done in conjunction with pavements. The current replacement value is \$103M.

Bridges

The current replacement cost of bridges is \$4M.

SPECIAL SCHEDULE 7 – REPORT ON INFRASTRUCTURE ASSETS (CONTINUED)

| Infrastructure Asset Performance Indicators – Consolidated | Amounts \$'000 | Current year indicators | 2016 | 2015 | 2014 | Benchmark |
|--|-------------------|----------------------------|------|------|------|-----------|
| Buildings & Infrastructure Renewals Ratio | | | | | | |
| Asset Renewals (building, infrastructure & other structures) | \$21,829 | 194% | 134% | 89% | 123% | > 100% |
| Depreciation, amortisation and impairment | \$11,274 | | | | | |
| Infrastructure backlog ratio (WDV) | | | | | | |
| Estimated cost to bring assets to a satisfactory condition (overdue renewals) | \$19,997 | 2.7% | 3.4% | 3.4% | 8.6% | < 2% |
| Net carrying amount of infrastructure assets | \$743,903 | | | | | |
| Asset maintenance ratio | | | | | | |
| Actual asset maintenance | \$18,985 | 93% | 88% | 108% | 91% | > 100% |
| Required asset maintenance | \$20,427 | | | | | |
| Cost to bring assets to agreed service level | | | | | | |
| Estimated cost to bring assets to a satisfactory condition (overdue renewals) | \$19,997 | 1.9% | 2.5% | 2.5% | 6.1% | < 2% |
| Total value of infrastructure, building, other structures and depreciable land improvement assets (GBV) | \$1,025,701 | | | | | |

SPECIAL SCHEDULE 8 – PERMISSIBLE INCOME FOR GENERAL RATES

| | 2016/2017 Calculation \$'000 | 2017/2018 Calculation \$'000 |
|---|------------------------------------|------------------------------------|
| Notional General Income Calculation ⁽¹⁾ | | |
| Last Year Notional General Income Yield | 53,866 | 57,941 |
| Plus or minus Adjustments ⁽²⁾ | 332 | 1,358 |
| Notional General Income | 54,198 | 59,299 |
| Permissible Income Calculation | | |
| Special variation percentage ⁽³⁾ | 7.00% | 7.00% |
| OR Rate peg percentage | 1.80% | 1.50% |
| OR Crown land adjustment incl. rate peg percentage | | |
| Less expiring special variation amount | | |
| Plus special variation amount | 3,794 | 4,151 |
| OR Plus rate peg amount | | |
| OR Plus crown land adjustment and rate peg amount | | |
| Sub-total | 57,992 | 63,450 |
| Plus or minus last year's Carry Forward Total | -52 | 3 |
| Less Valuation Objections claimed in the previous year | | -1 |
| Sub-total | 57,941 | 1 |
| Total Permissible income | 57,941 | 63,451 |
| Less Notional General Income Yield | 57,941 | 63,151 |
| Catch-up or (excess) result | 0 | 300 |
| Plus Income lost due to valuation objections claimed ⁽⁴⁾ | | 33 |
| Less Unused catch-up ⁽⁵⁾ | | |
| Carry forward to next year | 0 | 334 |

Notes

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

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