

**ATTACHMENTS FOR: AGENDA NO. 12/19  
COUNCIL MEETING**


**Meeting Date:** Tuesday 22 October 2019  
**Location:** Council Chambers, Level 1A, 1 Pope Street, Ryde  
**Time:** 7.00pm

**ATTACHMENTS FOR COUNCIL MEETING**


<b>Item</b>		<b>Page</b>
<b>6</b>	<b>2018/2019 DRAFT FINANCIAL STATEMENTS</b>	
	Attachment 1 2018-2019 Draft Financial Statements .....	1

**ITEM 6 (continued)**

**ATTACHMENT 1**

 City of Ryde

Lifestyle and opportunity @ your doorstep



**Draft General and Special  
Purpose Financial  
Statements**

Year Ended 30 June 2019

**ITEM 6 (continued)**

**ATTACHMENT 1**



**ITEM 6 (continued)**

**ATTACHMENT 1**

**Draft General Purpose Financial Statements – Year Ended 30 June 2019**

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Council of the City of Ryde is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

Council of the City of Ryde  
Level 1, Building 0  
Binary Centre  
3 Richardson Place  
North Ryde NSW 2113

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: [www.ryde.nsw.gov.au](http://www.ryde.nsw.gov.au)

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**STATEMENT BY COUNCILLORS AND MANAGEMENT**  
made pursuant to Section 413 (2c) of the Local Government Act 1993 (NSW)  
(as amended)

The attached general purpose financial statements have been prepared in accordance with:

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

To the best of our knowledge and belief, these statements:

- presents fairly the council's operating result and financial position for the year, and
- accords with council's accounting and other records

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

Signed in accordance with a resolution of Council made on 22 October 2019.

Councillor Jerome Laxale  
**Mayor**

\_\_\_\_/\_\_\_\_/\_\_\_\_

Councillor Shuo (Simon) Zhou  
**Deputy Mayor**

\_\_\_\_/\_\_\_\_/\_\_\_\_

George Dedes  
**General Manager**

\_\_\_\_/\_\_\_\_/\_\_\_\_

Pavle Kuzmanovski  
**Responsible Accounting Officer**

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**ITEM 6 (continued)**

**ATTACHMENT 1**

**Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**INCOME STATEMENT**

Original unaudited Budget 2019 (\$'000)	Notes	Actual 2019 (\$'000)	Actual 2018 (\$'000)
<b>INCOME FROM CONTINUING OPERATIONS</b>			
87,949	Rates and annual charges 3(a)	90,131	84,384
17,863	User charges and fees 3(b)	16,937	18,865
4,574	Interest and investment revenue 3(c)	7,149	6,096
12,538	Other revenues 3(d)	10,705	10,207
7,360	Grants & contributions provided for operating purposes 3(e&f)	8,288	6,650
20,780	Grants & contributions provided for capital purposes 3(e&f)	42,281	28,448
<b>Other income:</b>			
-	Net gain from the disposal of assets 5	647	-
-	Fair value increment on investment properties 10	1,005	1,625
<b>151,064</b>	<b>TOTAL INCOME FROM CONTINUING OPERATIONS</b>	<b>177,143</b>	<b>156,275</b>
<b>EXPENSES FROM CONTINUING OPERATIONS</b>			
49,974	Employee benefits and on-costs 4(a)	50,431	46,127
133	Borrowing costs 4(b)	90	110
36,062	Materials and contracts 4(c)	34,288	31,632
19,416	Depreciation and amortisation 4(d)	17,847	16,699
16,391	Other expenses 4(e)	16,715	15,244
-	Net loss from the disposal of assets 5	-	14,231
-	Revaluation decrement/impairment of IPPE 4(e)	3,440	-
<b>121,976</b>	<b>TOTAL EXPENSES FROM CONTINUING OPERATIONS</b>	<b>122,811</b>	<b>124,043</b>
<b>29,088</b>	<b>OPERATING RESULT FROM CONTINUING OPERATIONS</b>	<b>54,332</b>	<b>32,232</b>
<b>29,088</b>	<b>NET OPERATING RESULT FOR THE YEAR</b>	<b>54,332</b>	<b>32,232</b>
29,088	Net operating result for the year attributable to Council	54,332	32,232
<hr/>			
8,308	Net operating result for the year before grants and contributions provided for capital purposes	12,051	3,784

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

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**STATEMENT OF COMPREHENSIVE INCOME**

	Notes	2019 (\$'000)	2018 (\$'000)
<b>Net operating result for the year - from Income Statement</b>		54,332	32,232
<b>Other comprehensive income</b>			
<b>Amounts which will not be reclassified subsequently to operating result</b>			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	9	321	(12,639)
<b>Total other comprehensive income for the year</b>		321	(12,639)
<b>Total comprehensive income for the year</b>		<u>54,653</u>	<u>19,593</u>
Attributable to:			
- Council		54,653	19,593

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

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**STATEMENT OF FINANCIAL POSITION**

	Notes	2019 (\$'000)	2018 (\$'000)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6(a)	15,591	7,539
Investments	6(b)	94,048	94,712
Receivables	7	14,566	12,228
Inventories	8	746	828
Other	8	2,951	2,478
<b>Total current assets</b>		<u>127,902</u>	<u>117,785</u>
<b>Non-current assets</b>			
Investments	6(b)	126,573	108,499
Receivables	7	22	79
Infrastructure, property, plant and equipment	9	1,179,875	1,150,015
Investment property	10	118,170	117,165
<b>Total non-current assets</b>		<u>1,424,640</u>	<u>1,375,758</u>
<b>TOTAL ASSETS</b>		<u>1,552,542</u>	<u>1,493,543</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	11	31,988	27,526
Income received in advance	11	1,068	1,500
Borrowings	11	302	911
Provisions	12	14,397	13,269
<b>Total current liabilities</b>		<u>47,755</u>	<u>43,206</u>
<b>Non-current liabilities</b>			
Borrowings	11	1,408	1,710
Provisions	12	262	163
<b>Total non-current liabilities</b>		<u>1,670</u>	<u>1,873</u>
<b>TOTAL LIABILITIES</b>		<u>49,425</u>	<u>45,079</u>
<b>NET ASSETS</b>		<u>1,503,117</u>	<u>1,448,464</u>
<b>EQUITY</b>			
Accumulated Surplus		1,262,823	1,208,491
Revaluation reserves		240,294	239,973
Council interest		1,503,117	1,448,464
<b>TOTAL EQUITY</b>		<u>1,503,117</u>	<u>1,448,464</u>

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



**ITEM 6 (continued)**

**ATTACHMENT 1**

Draft General Purpose Financial Statements – Year Ended 30 June 2019

**STATEMENT OF CHANGES IN EQUITY**

	2019 (\$'000)				2018 (\$'000)			
	Accumulated Surplus	IPP&E Revaluation Reserve	Council Equity Interest	Total Equity	Accumulated Surplus	IPP&E Revaluation Reserve	Council Equity Interest	Total Equity
Opening balance	1,208,491	239,973	1,448,464	1,448,464	1,176,259	252,612	1,428,871	1,428,871
Correction of errors	-	-	-	-	-	-	-	-
Changes in accounting policies	-	-	-	-	-	-	-	-
Restated opening balance	1,208,491	239,973	1,448,464	1,448,464	1,176,259	252,612	1,428,871	1,428,871
Net operating result for the year	54,332	-	54,332	54,332	32,232	-	32,232	32,232
Other comprehensive income								
Gain (loss) on revaluation of infrastructure, property, plant and equipment	-	321	321	321	-	(12,639)	(12,639)	(12,639)
Total comprehensive income	54,332	321	54,653	54,653	32,232	(12,639)	19,593	19,593
Transfers between Equity Items								
Closing balance	1,262,823	240,294	1,503,117	1,503,117	1,208,491	239,973	1,448,464	1,448,464

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

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**STATEMENT OF CASH FLOWS**

Original unaudited Budget* 2019 (\$'000)		Notes	Actual 2019 (\$'000)	Actual 2018 (\$'000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
87,949	Rates & annual charges		88,944	83,376
19,304	User charges & fees		17,585	19,943
4,574	Investment revenue and interest		6,874	5,878
7,670	Grants and contributions		51,731	35,970
-	Bonds, deposits and retentions received		3,604	4,331
13,288	Other		12,955	8,347
<b>Payments</b>				
(50,098)	Employee benefits and on-costs		(49,319)	(45,439)
(37,152)	Materials and contracts		(39,065)	(33,421)
(133)	Borrowing costs		(92)	(113)
-	Bonds, deposits and retentions refunded		(2,948)	(1,782)
(19,604)	Other		(17,004)	(11,385)
<u>25,798</u>	<b>Net cash provided from (or used) in operating activities</b>	14(b)	<u>73,265</u>	<u>65,705</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
94,712	Sale of investments		68,147	71,694
1,320	Sale of infrastructure, property, plant and equipment		1,517	1,633
<b>Payments</b>				
(94,712)	Purchase of investments		(85,078)	(95,178)
(49,103)	Purchase of infrastructure, property, plant and equipment		(48,888)	(42,248)
<u>(47,783)</u>	<b>Net cash provided from (or used in) investing activities</b>		<u>(64,302)</u>	<u>(64,099)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
700	Proceeds from borrowings and advances		-	-
<b>Payments</b>				
(951)	Repayments of borrowings and advances		(911)	(890)
<u>(251)</u>	<b>Net cash provided from (or used in) financing activities</b>		<u>(911)</u>	<u>(890)</u>
<u>(22,236)</u>	Net increase/(decrease) in cash & cash equivalents		<u>8,052</u>	<u>716</u>
<u>7,539</u>	Cash & cash equivalents at beginning of reporting period		<u>7,539</u>	<u>6,823</u>
<u>(14,697)</u>	<b>Cash &amp; Cash Equivalents at end of Reporting Period</b>	14(a)	<u>15,591</u>	<u>7,539</u>

\* Original budget as approved by Council - Refer Note 18

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

ITEM 6 (continued)

ATTACHMENT 1

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

NOTE 1 BASIS OF PREPARATION

These financial statements were authorised for issue by Council on 22/10/2019. Council has the power to amend and reissue these financial statements.

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.

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. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

(i) New and amended standards adopted by Council

The following new standards and amendments are effective for the first time for the financial year ended 30 June 2019 and were adopted in the financial statements. They have no impact for the Council:

- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments
- AASB 2014-1 Amendments to Australian Accounting Standards
- AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9
- AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9
- AASB 2016-6 Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts
- AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions

(ii) 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 infrastructure, property, plant and equipment and investment property.

(iii) 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.

Critical accounting estimates and assumptions

City of Ryde makes estimates and assumptions of future events. 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 – refer Note 10
- (ii) Estimated fair values of infrastructure, property, plant and equipment – refer Note 9
- (iii) Estimated remediation provision of old landfill site – refer Note 16
- (iv) Employee benefit provisions – refer Note 12

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.

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**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 1 BASIS OF PREPARATION (CONTINUED)**

- (ii) Valuation of infrastructure assets:  
Council employs a number of staff who possess Tertiary qualifications in Engineering. These staff are also responsible for estimating the cost of construction of infrastructure projects, especially for works done in-house. Applying this methodology, Council has revalued its infrastructure assets to the cost of replacing those assets using this approach. 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.

**Monies and other assets received by Council**

*(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 must be held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

The Consolidated Fund has been included in the financial statements of City of Ryde.

*(ii) The Trust Fund*

In accordance with the provisions of Section 411 of the Local Government Act 1993 (NSW), 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.

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

**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.

**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.

City of Ryde has not applied any pronouncements before their operative date in the annual reporting period beginning 1 July 2018 (i.e. for the year ending 30 June 2019).

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

**AASB 16 Leases**

Council staff have reviewed all of Council's leasing arrangements over the last 12 months taking into consideration the new lease accounting rules in AASB 16 (applicable from 1/7/19). AASB 16 will (on the whole) affect Council's accounting for existing operating lease agreements that are in place as at 30/6/19.

At the end of this reporting period, Council has non-cancellable operating lease commitments of \$4,017K (refer Note 15). For these commitments, Council anticipates it will recognise lease liabilities (on its statement



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ATTACHMENT 1

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

**NOTE 1 BASIS OF PREPARATION (CONTINUED)**

of financial position) of \$7,532K (after adjustments for prepayments and accrued lease payments recognised as at 30 June 2019) and also recognise complimentary right-of-use assets (on its statement of financial position) totalling \$7,342K on 1 July 2019.

From a financial position standpoint, as a result of recognising the above lease liabilities and right-of-use assets, Council's net assets (as at 1 July 2019) will be approximately \$205K lower while net current assets will be \$1,799K lower due to the presentation of a portion of the lease liability as a current liability.

From a financial performance standpoint, Council expects that net operating result will decrease by approximately \$205K for the 2019/20 financial year as a result of adopting the standard. Operating cash flows will increase and financing cash flows decrease by approximately \$1,784K as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

**AASB 15 Revenue from Contracts with Customers, and associated amending standards**

Council has reviewed the implications of this accounting standard and will apply AASB 15 in the next financial reporting period in accordance with the timeframes set by the Accounting Standards Board. Any unrecognised revenue as at 30 June 2019 has been recognised as a liability.

**AASB 1058 Income of NFP Entities**

Council has reviewed the implications of this accounting standard and will apply AASB 1058 in the next financial reporting period in accordance with the timeframes set by the Accounting Standards Board.

**AASB2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities**

Council has elected to measure right-of-use assets relating to right-of-use assets at cost.

**AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements Cycle 2015 – 2017 Cycle**

No impact on Council.

**AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures**

No impact on Council.

**Effective for annual reporting periods beginning on or after 1 January 2022**

**AASB2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.**  
**AASB2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128.**

**AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections**

The full impact of these standards has yet to be ascertained or quantified but will be assessed during the 2019/20 financial year.

**Disclaimer**

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

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**ATTACHMENT 1**

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019  
**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 FROM CONTINUING OPERATIONS		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Programs</b>										
Catchment program	150	1,096	4,627	3,877	(4,477)	(2,781)			204,225	200,909
Centres and Neighbourhood program	735	387	3,935	3,980	(3,200)	(3,593)	364	364	11,382	10,230
Community and Cultural program	2,102	1,974	6,178	5,333	(4,078)	(3,359)	767	673	230	230
Customer and Community Relations program	14	13	3,422	2,944	(3,408)	(2,931)				
Economic Development program	4	6	257	386	(253)	(380)		2		
Environmental program	10	9	701	547	(691)	(538)				
Foreshore program	31	60	112	91	(81)	(31)	31	60		
Governance and Civic program	13	13	4,080	4,136	(4,067)	(4,123)				
Internal Corporate Services program	9,251	8,191	17,487	12,506	(8,236)	(4,315)	35	57	567,311	536,456
Land Use Planning program	38,509	24,779	2,118	1,469	36,391	23,310	750			
Library program	1,142	1,126	6,053	5,779	(4,911)	(4,653)	297	295	1,262	1,222
Open Space, Sport & Recreation program	9,958	7,189	18,577	17,340	(9,619)	(10,751)	2,540	80	267,305	249,903
Organisational Development program	7	10	486	253	(479)	(243)				
Paths and Cycleways program	1,281	765	2,522	2,182	(1,241)	(1,417)	1,097	765		
Property Portfolio program	2,777	2,626	6,211	5,494	(3,434)	(2,868)			118,170	117,165
Regulatory program	10,102	12,252	8,862	7,947	1,440	4,305				
Risk Management program	528	140	4,135	3,608	(3,607)	(3,468)				
Roads program	1,998	2,500	10,040	24,394	(8,042)	(21,894)	965	1,662	391,087	378,202
Strategic City program			277	296	(277)	(296)				
Traffic & Transport program	1,585	2,407	3,119	2,515	(1,534)	(108)	569	1,166		
Waste and Recycling program	23,544	22,761	18,812	18,366	4,732	4,305	34	40	1,570	1,226
<b>Total Functions &amp; Activities</b>	<b>103,741</b>	<b>88,394</b>	<b>122,811</b>	<b>124,043</b>	<b>(19,070)</b>	<b>(35,739)</b>	<b>7,449</b>	<b>5,184</b>	<b>1,562,542</b>	<b>1,493,543</b>
<b>General Purpose Income</b>	<b>73,402</b>	<b>67,971</b>			<b>73,402</b>	<b>67,971</b>	<b>2,708</b>	<b>2,480</b>		
<b>Totals</b>	<b>177,143</b>	<b>156,278</b>	<b>122,811</b>	<b>124,043</b>	<b>54,332</b>	<b>32,232</b>	<b>10,157</b>	<b>7,664</b>	<b>1,562,542</b>	<b>1,493,543</b>

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**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.

**Library program**

Delivering 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.

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

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

**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.



**ITEM 6 (continued)**

**ATTACHMENT 1**

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

**NOTE 3 INCOME FROM CONTINUING OPERATIONS**

	2019 (\$'000)	2018 (\$'000)
<b>(a) Rates and Annual Charges</b>		
<b>Ordinary rates</b>		
Residential	30,196	30,202
Business	17,346	15,900
Environmental management levy	7,203	7,126
Less: Pensioner rebates (mandatory)	(749)	(760)
Less: Pensioner rebates (council)	(19)	(22)
<b>Rates levied to ratepayers</b>	<b>53,977</b>	<b>52,446</b>
Pensioner rate subsidies received	415	398
<b>Total ordinary rates</b>	<b>54,392</b>	<b>52,844</b>
<b>Special rates</b>		
Macquarie Park	1,455	1,378
Infrastructure special rate	12,163	8,692
<b>Total special rates</b>	<b>13,618</b>	<b>10,070</b>
<b>Annual charges (pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</b>		
Domestic waste management services	20,969	20,341
Non-rateable waste management charges	114	125
Stormwater management service charge	1,065	1,044
Section 611 charges	150	148
Less: Pensioner rebates (mandatory)	(374)	(372)
Less: Pensioner rebates (council)	(10)	(12)
<b>Total annual charges</b>	<b>21,914</b>	<b>21,274</b>
Pensioner subsidies received (Domestic waste management)	207	196
<b>Total rates and annual charges</b>	<b>90,131</b>	<b>84,384</b>

Council has used 2016 valuations provided by the NSW Valuer General in calculating its rates.

**Accounting policy for rates and annual charges**

Rates and annual charges are recognised as revenues when the Council obtains control over the assets comprising these receipts.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates.

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.

**ITEM 6 (continued)**

**ATTACHMENT 1**

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

**NOTE 3 INCOME FROM CONTINUING OPERATIONS (CONTINUED)**

	2019 (\$'000)	2018 (\$'000)
<b>(b) User charges and fees</b>		
<b>User charges (pursuant to s.502)</b>		
Aquatic centre	5,691	5,656
Sports facility rental	1,049	880
Hall hire	460	478
Road restorations	1,214	904
Gutter crossings	42	65
Commercial waste service	1,463	1,348
Other	97	211
<b>Total user charges</b>	<u>10,016</u>	<u>9,542</u>
<b>Fees</b>		
Regulatory/statutory fees	1,455	3,449
Section 10.7 certificates (EP&A Act)	294	361
s603 certificates	177	160
Discretionary		
- Parking fees	1,956	1,772
- Environmental planning	2,126	2,839
- Private works	27	60
- Home maintenance & modification	45	66
- Other	841	616
<b>Total fees</b>	<u>6,921</u>	<u>9,323</u>
<b>Total user charges and fees</b>	<u>16,937</u>	<u>18,865</u>

**Accounting policy for 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.

	2019 (\$'000)	2018 (\$'000)
<b>(c) Interest and investment revenue</b>		
Interest on financial assets measured at amortised cost		
- Overdue rates & annual charges	230	206
- Cash, cash equivalents and investments:		
- Externally restricted	2,741	1,979
- Unrestricted	4,143	3,888
Amortisation of discounts and premiums:		
- Debt securities at amortised cost/held to maturity (2018)	35	23
<b>Total interest and investment revenue</b>	<u>7,149</u>	<u>6,096</u>

**Accounting policy for interest and investment revenue**

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

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 3 INCOME FROM CONTINUING OPERATIONS (CONTINUED)**

	2019 (\$'000)	2018 (\$'000)
<b>(d) Other revenues</b>		
Rental income:		
- Investment property	759	700
- Commercial Property	1,998	1,919
- Other property	332	387
Parking fines	4,375	4,095
Other fines	38	44
Ex gratia payments	47	232
Materials recycling	933	891
Lease - telecommunications	119	108
Legal fees recoveries		
- Rates	-	7
- Other	235	72
Insurance claims recoveries	109	1
Staff vehicle leases and other payments	807	781
Sundry sales	112	60
Other	841	910
<b>Total other revenue</b>	<b>10,705</b>	<b>10,207</b>

**Accounting policy for other revenues**

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:

Other revenues (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.

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

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

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 3 INCOME FROM CONTINUING OPERATIONS (CONTINUED)**

	OPERATING		CAPITAL	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
Financial assistance	3,673	3,395	-	-
Total general purpose (untied)	3,673	3,395	-	-
<b>Specific purpose</b>				
Skate facilities construction	-	-	400	-
Library	297	295	-	-
Home maintenance & modification	531	368	-	-
Passive parks expansion	-	-	565	-
Sportsground amenities renewal	-	-	700	-
Playground renewals/upgrades	-	-	700	-
LEP grant	750	-	-	-
Community staff funding	212	271	-	-
Street & traffic lighting	364	364	-	-
Roads to recovery	-	-	-	749
Transport	-	-	1,567	1,945
Work Health & Safety incentive rebate	36	58	-	-
Local infrastructure renewal scheme subsidy	59	67	-	-
Other	241	144	62	8
Total specific purpose	2,490	1,567	3,994	2,702
<b>Total grants</b>	<b>6,163</b>	<b>4,962</b>	<b>3,994</b>	<b>2,702</b>
<b>Comprising:</b>				
- Commonwealth funding	4,375	3,626	-	749
- State funding	1,788	1,336	3,994	1,953
- Other funding	-	-	-	-
	<b>6,163</b>	<b>4,962</b>	<b>3,994</b>	<b>2,702</b>

ITEM 6 (continued)

ATTACHMENT 1

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

NOTE 3 INCOME FROM CONTINUING OPERATIONS (CONTINUED)

	OPERATING		CAPITAL	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
<b>(f) Contributions</b>				
Developer contributions (s7.11) - Cash				
- Open space	-	-	24,060	17,070
- Drainage	-	-	1,353	889
- Traffic facilities	-	-	3,773	1,865
- Other	-	-	169	141
- Community facilities	-	-	7,555	4,731
Voluntary planning agreements (s7.4) - Cash	-	-	1,127	-
<b>Total developer contributions</b>	<b>-</b>	<b>-</b>	<b>38,037</b>	<b>24,696</b>
<b>Other Contributions</b>				
Other councils	733	722	-	-
Community events	273	138	-	-
Old landfill sites subsidence program	-	-	150	-
Other	22	80	70	1,048
RMS contributions				
- Roads & bridges	399	392	-	-
- Other	157	70	-	-
Customer/resident contributions	-	-	30	2
LSL contributions from other councils	396	142	-	-
DWM better waste and recycling fund	145	144	-	-
<b>Total other contributions</b>	<b>2,125</b>	<b>1,688</b>	<b>250</b>	<b>1,050</b>
<b>Total contributions</b>	<b>2,125</b>	<b>1,688</b>	<b>38,287</b>	<b>25,746</b>
<b>Total Grants &amp; Contributions (e) &amp; (f)</b>	<b>8,288</b>	<b>6,650</b>	<b>42,281</b>	<b>28,448</b>

**Accounting policy for grants and contributions**

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.

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979*.

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

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.

**ITEM 6 (continued)**

**ATTACHMENT 1**

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

**NOTE 3 INCOME FROM CONTINUING OPERATIONS (CONTINUED)**

	2019 (\$'000)	2018 (\$'000)
<b>(g) Unspent grants and contributions</b>		
Certain grants and contributions are obtained by Council on the condition that they be spent in a specified manner:		
<b>Operating Grants</b>		
Operating grants recognised as income in the current reporting period that:		
- have not been spent	897	440
- were received for the provision of goods and services in a future period	-	-
Operating grants recognised in previous reporting periods which have been spent in the current reporting period	(163)	(234)
<b>Capital Grants</b>		
Capital grants recognised as income in the current reporting period that:		
- have not been spent	1,450	11
- were received for the provision of goods and services in a future period	-	-
Capital grants recognised in previous reporting periods which have been spent in the current reporting period	(87)	(2,380)
<b>Contributions</b>		
Contributions recognised as income in the current reporting period that:		
- have not been spent	40,778	26,675
- were received for the provision of goods and services in a future period	-	-
Contributions recognised in previous reporting periods which have been spent in the current reporting period	(24,036)	(16,430)



**ITEM 6 (continued)**

**ATTACHMENT 1**

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

**NOTE 4 EXPENSES FROM CONTINUING OPERATIONS**

	2019 (\$'000)	2018 (\$'000)
<b>(a) Employee Benefits &amp; On Costs</b>		
Salaries and wages	38,558	36,210
Employee leave entitlements	11,591	9,668
Superannuation	5,003	4,700
Workers' compensation insurance	609	576
Fringe benefits tax (FBT)	167	177
Training costs (excluding salaries)	185	322
Other	506	535
Less: capitalised costs	(6,188)	(6,061)
<b>Total employee costs expended</b>	<b>50,431</b>	<b>46,127</b>

**Accounting policy for employee benefits & on-costs**

Employee benefit expenses are recorded when the service has been provided by the employee.

**Retirement benefit obligations**

All employees of 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 Superannuation 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. Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore 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. Further disclosures are in Contingencies and other liabilities/assets not recognised.

Defined Contribution Superannuation 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. Refer to Note 16.

**ITEM 6 (continued)**

**ATTACHMENT 1**

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

**NOTE 4 EXPENSES FROM CONTINUING OPERATIONS (CONTINUED)**

<b>(b) Borrowing costs</b>	<b>2019 (\$'000)</b>	<b>2018 (\$'000)</b>
Interest on loans	90	110
<b>Total borrowing costs expensed</b>	<u>90</u>	<u>110</u>

**Accounting policy for 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. Other borrowing costs are expensed.



ITEM 6 (continued)

ATTACHMENT 1

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

NOTE 4 EXPENSES FROM CONTINUING OPERATIONS (CONTINUED)

	2019 (\$'000)	2018 (\$'000)
<b>(c) Materials and Contracts</b>		
Raw materials and consumables	1,023	1,846
Contractor Costs		
- Roads and Footpaths Maintenance	2,047	1,754
- Parks Maintenance	1,565	1,747
- Waste Disposal, Collection and Recycling	12,957	13,506
- Construction Recycling	612	710
- Building Cleaning & Maintenance	992	913
- Temporary and Agency Staff	3,134	3,113
- Repairs and Maintenance	553	432
- Electrical	743	922
- Community Research	242	115
- Heritage	214	-
- Events	494	451
- Bush Regeneration	570	20
- Labour Hire	261	263
- Security	475	338
- Home Modification and Maintenance Service	107	134
- Project Design & Construction	-	13
- Drainage	66	-
- Parking Meter	162	140
- Plant Hire External	144	74
Other Contractor Costs	3,559	2,575
Consultancy Costs		
- Town Planning	1,315	874
- Project Development Design	93	78
- Ryde Central	394	121
- Property	9	37
- Risk Management	103	342
Other Consultancy Costs	1,161	889
Remuneration of auditors	95	96
Legal Fees:		
- Planning & Development	576	163
- Other	712	771
Infringement Notice Contract (SEINS)	501	497
Other		
- IT Licenses	1,325	1,039
Less: capitalised costs	(1,916)	(2,341)
<b>Total Materials &amp; Contracts</b>	<b>34,288</b>	<b>31,632</b>
<b>Auditor's Remuneration</b>	<b>2019</b>	<b>2018</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
Auditors of the City of Ryde: NSW Auditor-General		
(i) Audit and other assurance services		
Audit and review of financial statements	95	96
Other assurance services	-	-
<b>Total remuneration for audit and other assurance services</b>	<b>95</b>	<b>96</b>
<b>Total Fees paid to or payable to the Auditor General</b>	<b>95</b>	<b>96</b>

**ITEM 6 (continued)**

**ATTACHMENT 1**

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

**NOTE 4 EXPENSES FROM CONTINUING OPERATIONS (CONTINUED)**

	2019	2018
(d) Depreciation, Amortisation and Impairment	(\$'000)	(\$'000)
<b>Depreciation and Amortisation</b>		
Plant and equipment	2,443	2,230
Office Equipment	692	710
Furniture & fittings	101	76
Land improvements (depreciable)	517	517
Buildings - specialised	888	888
- non-specialised	1,704	1,704
Infrastructure:		
- Roads, Bridges and Footpaths, Other Road Assets	7,597	7,000
- Stormwater Drainage	1,823	1,821
- Open space/recreational assets	1,236	1,219
- Other Structures	405	161
Other Assets:		
- Library Books	505	444
<b>Total Depreciation Costs</b>	<u>17,911</u>	<u>16,770</u>
Less: Capitalised Depreciation	<u>(64)</u>	<u>(71)</u>
<b>Total Depreciation and Amortisation</b>	<u>17,847</u>	<u>16,699</u>

**Accounting policy for depreciation, amortisation and impairment expenses**

**Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 10 for IPPE assets and Note 12 for intangible assets.

Depreciation is capitalised where in-house assets have contributed to new assets.

**ITEM 6 (continued)**

**ATTACHMENT 1**

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

**NOTE 4 EXPENSES FROM CONTINUING OPERATIONS (CONTINUED)**

<b>(e) Other Expenses</b>	<b>2019</b>	<b>2018</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
Fair value adjustment on assets <sup>(1)</sup>	3,440	-
Bad & doubtful debts	58	6
Mayoral fee	67	68
Councillors' fees	302	296
Councillors' (Incl. Mayor) expenses	100	89
Election costs (excl. employee costs)	-	473
Insurance	1,276	1,265
Street lighting	2,038	1,835
Communications costs	355	265
Contribution to fire control	1,603	1,653
Contribution to Dept of Planning	275	280
Contributions & donations - community grants	789	671
Waste development tax	3,486	2,397
Membership fees	219	165
Valuation fees	172	168
Electricity & heating	1,436	1,254
Water rates	385	448
Bank fees & charges	264	272
Property lease costs	2,252	2,259
Postage & courier costs	390	418
Advertising	612	454
Other expenses	646	513
Less: capitalised costs	(10)	(5)
<b>Total other expenses from continuing operations</b>	<b>20,155</b>	<b>15,244</b>

(1) Fair value adjustment loss greater than the revaluation reserve balance

**Accounting policy for Other Expenses**

Other expenses are recorded on an accruals basis as the council receives the goods or services.

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 5 GAIN OR LOSS FROM THE DISPOSAL, REPLACEMENT AND DE-RECOGNITION OF ASSETS**

	Notes	2019 (\$'000)	2018 (\$'000)
<b>Gain (or loss) on disposal of community land</b>	9		
Proceeds from disposal		-	259
Less: Carrying amount of assets sold		-	-
<b>Gain (or loss) on disposal</b>		<b>-</b>	<b>259</b>
<b>Gain (or loss) on disposal of plant &amp; equipment</b>	9		
Proceeds from disposal		1,517	1,374
Less: Carrying amount of assets sold		(979)	(978)
<b>Gain (or loss) on disposal</b>		<b>538</b>	<b>396</b>
<b>Gain (or loss) on disposal of real estate assets</b>	9		
Proceeds from sales		-	-
Less: Cost of sales		(92)	-
<b>Gain (or loss) on disposal</b>		<b>(92)</b>	<b>-</b>
<b>Gain (or loss) on disposal of office equipment</b>	9		
Proceeds from disposal		-	-
Less: Carrying amount of assets disposed		-	(15)
<b>Gain (or loss) on disposal</b>		<b>-</b>	<b>(15)</b>
<b>Gain (or loss) on disposal of drainage assets</b>	9		
Proceeds from disposal		-	-
Less: Carrying amount of assets disposed		(6)	-
<b>Gain (or loss) on disposal</b>		<b>(6)</b>	<b>-</b>
<b>Gain (or loss) on disposal of RBF -roads, bridges &amp; footpaths</b>	9		
Proceeds from disposal		-	-
Less: Carrying amount of assets disposed		(236)	(14,848)
<b>Gain (or loss) on disposal</b>		<b>(236)</b>	<b>(14,848)</b>
<b>Gain (or loss) on disposal of works in progress</b>	9		
Proceeds from disposal		-	-
Less: Carrying value of Works in Progress		-	(99)
<b>Gain (or loss) on disposal</b>		<b>-</b>	<b>(99)</b>
<b>Gain (or loss) on disposal of investments</b>	6		
Proceeds from disposal <sup>(1)</sup>		6,435	10,056
Less: Carrying value of investments <sup>(2)</sup>		(5,992)	(9,980)
<b>Gain (or loss) on disposal</b>		<b>443</b>	<b>76</b>
<b>NET GAIN (OR LOSS) ON DISPOSAL OF ASSETS</b>		<b>647</b>	<b>(14,231)</b>

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

<sup>(2)</sup> This does not include investments that are rolled over, in full, with the same authorised deposit-taking institution.

**Gross amount including rolled over investments:**

	Notes	2019 (\$'000)	2018 (\$'000)
Proceeds from disposal (Statement of cashflows)	CF	68,147	71,594
Less: Carrying value of financial assets	6	(67,704)	(71,518)
<b>Gain (or loss) on disposal</b>		<b>443</b>	<b>76</b>

<sup>(2)</sup> The 2017/2018 figure includes the settlement from legal action.

**Accounting policy for disposal of assets**

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

**ITEM 6 (continued)**

**ATTACHMENT 1**

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

**NOTE 6(a) CASH AND CASH EQUIVALENTS**

	2019 (\$'000)	2018 (\$'000)
Cash at bank and on hand	576	809
Deposits at call <sup>(1)</sup>	15,015	6,730
	<u>15,591</u>	<u>7,539</u>

<sup>(1)</sup> Includes term deposits with a term of less than 3 months

**Accounting policy for 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.

**NOTE 6(b) INVESTMENTS**

The following financial assets are held as investments:

	2019		2018	
	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
Debt securities at amortised cost/held-to-maturity investments (2018)	94,048	126,573	94,712	108,499
<b>Total</b>	<u>94,048</u>	<u>126,573</u>	<u>94,712</u>	<u>108,499</u>
<b>Debt securities at amortised cost/held to maturity (2018)</b>				
<b>Comprising of:</b>				
- FRNs	9,548	37,942	8,600	42,337
- Fixed Bonds	-	35,631	-	24,162
- Term Deposits <sup>(2)</sup>	84,500	53,000	86,112	42,000
<b>TOTAL</b>	<u>94,048</u>	<u>126,573</u>	<u>94,712</u>	<u>108,499</u>

<sup>(2)</sup> Does not include term deposits with a term of less than 3 months

ITEM 6 (continued)

ATTACHMENT 1

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

NOTE 6(b) INVESTMENTS (CONTINUED)

**Accounting policy for investments**

Accounting policy under AASB 9 – applicable from 1 July 2018

Financial instruments are recognised initially on the date that the council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

**Financial Assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Classification**

On initial recognition, City of Ryde classifies its financial assets into the following categories – those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition.

**Amortised cost**

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

City of Ryde financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

City of Ryde has no financial assets measured as FVTPL or FVOCI-equity.



ITEM 6 (continued)

ATTACHMENT 1

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

NOTE 6(b) INVESTMENTS (CONTINUED)

**Accounting policy for investments (continued)**

Accounting policy under AASB 139 – applicable for 2018 comparatives only

**Classification**

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss, 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 held at fair value with changes in value taken through profit or loss at each reporting period.

*(ii)* 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.

*(iii)* 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.

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 6(b) INVESTMENTS (CONTINUED)**

**Accounting policy for investments (continued)**

**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.

**Impairment of financial assets**

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.

**Impairment of available-for-sale investments**

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.



**ITEM 6 (continued)**

**ATTACHMENT 1**

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

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

	2019		2018	
	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
<b>Total cash, cash equivalents and investments</b>	<b>109,639</b>	<b>126,573</b>	<b>102,251</b>	<b>108,499</b>
External restrictions (refer below)	48,544	84,828	44,173	67,930
Internal restrictions (refer below)	56,766	41,745	54,575	40,569
Unrestricted	4,329	-	3,503	-
<b>Total</b>	<b>109,639</b>	<b>126,573</b>	<b>102,251</b>	<b>108,499</b>

**DETAILS OF RESTRICTIONS**

	<u>Opening Balance</u> 30 June 2018 \$'000	<u>Transfers To</u> <u>Restriction</u> \$'000	<u>Transfers From</u> <u>Restriction</u> \$'000	<u>Closing Balance</u> 30 June 2019 \$'000
<b>External restrictions</b>				
Developer contributions (A)	86,647	40,778	(24,036)	103,389
Specific purpose unexpended grants (B)	9,040	2,520	(3,290)	8,270
Domestic waste management	12,083	20,972	(18,135)	14,920
Stormwater management	1,225	1,068	(1,114)	1,179
Affordable housing contribution	139	33	-	172
Macquarie Park special rate	1,995	1,479	(1,222)	2,252
Infrastructure special rate reserve	974	12,163	(9,947)	3,190
<b>Total external restrictions</b>	<b>112,103</b>	<b>79,013</b>	<b>(57,744)</b>	<b>133,372</b>
Total restricted grants and contributions (A + B)	95,687	43,298	(27,326)	111,659

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

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

	Opening Balance 30 June 2018 \$'000	Transfers To Restriction \$'000	Transfers From Restriction \$'000	Closing Balance 30 June 2019 \$'000
<b><u>Internal restrictions</u></b>				
Plant replacement reserve	3,300	2,335	(1,915)	3,720
Employee leave entitlements	4,752	499	(764)	4,487
Incomplete/carry over works and projects	50	72	(50)	72
Refundable deposits	15,534	441	-	15,975
Asset replacement reserve	19,157	6,639	(7,890)	17,906
Ryde Aquatic Leisure Centre	1,296	4,248	(4,301)	1,243
Investment property reserve	21,565	518	(576)	21,507
Accommodation reserve	11,184	-	(2,272)	8,912
Merger & transition reserve	299	-	(133)	166
Refundable fee reserve	-	1,594	-	1,594
Ryde Central reserve	12,765	3,774	(586)	15,953
Council election reserve	117	220	-	337
Insurance fluctuation reserve	650	100	(184)	566
Heritage reserve	-	500	-	500
Workers compensation	500	950	-	1,450
Other	3,975	2,255	(2,107)	4,123
<b>Total internal restrictions</b>	<b>95,144</b>	<b>24,145</b>	<b>(20,778)</b>	<b>98,511</b>
<b>Total restrictions</b>	<b>207,247</b>	<b>103,158</b>	<b>(78,522)</b>	<b>231,883</b>

**ITEM 6 (continued)**

**ATTACHMENT 1**

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

**NOTE 7 RECEIVABLES**

<u>Purpose</u>	2019		2018	
	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
Rates and annual charges	4,249	-	3,010	52
Rates interest & extra charges	360	-	311	5
User charges & fees				
Environmental & health	767	-	704	-
Restorations	448	-	155	-
Recreational facilities	307	-	199	-
Property & infrastructure works	785	-	299	-
Advertising	56	-	122	-
Home modification service	15	-	22	-
Ryde Aquatic Leisure Centre	42	-	94	-
Interest on investments	2,176	-	1,936	-
Contributions to works	207	-	6	-
Government grants & subsidies	1,718	-	2,447	-
Commercial waste	553	-	569	-
Net GST receivable	2,277	-	1,857	-
Asset sales	233	-	138	-
Workers compensation	35	-	19	-
Fines	377	-	391	-
Other	339	22	402	22
<b>Total <sup>(1)</sup></b>	<b>14,944</b>	<b>22</b>	<b>12,681</b>	<b>79</b>
<u>Less: provision for impairment</u>				
- User charges and fees	378	-	453	-
	<b>14,566</b>	<b>22</b>	<b>12,228</b>	<b>79</b>
<b><u>Restricted/unrestricted receivables (included above)</u></b>				
Unrestricted receivables	14,566	22	12,228	79
<b>Total Receivables</b>	<b>14,566</b>	<b>22</b>	<b>12,228</b>	<b>79</b>

<sup>(1)</sup> Total refers to Note 17

**Notes on the above Debtors:**

Rates and annual charges are secured by underlying properties.

User fees and charges are unsecured. A provision for impairment (doubtful debts) has already been provided.

ITEM 6 (continued)

ATTACHMENT 1

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

NOTE 7 RECEIVABLES (CONTINUED)

**Accounting Policy for receivables**

**Recognition and measurement**

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.

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.

**Impairment**

**Accounting policy under AASB 9 applicable from 1 July 2018**

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on council's historical experience and informed credit assessment, and including forward-looking information.

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

For non-rates debtors, council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

Council uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the council in full, without recourse by the council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

ITEM 6 (continued)

ATTACHMENT 1

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

NOTE 7 RECEIVABLES (CONTINUED)

**Accounting Policy for receivables (continued)**

Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no economic or realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are of a value where recovery is no longer economically viable.

None of the receivables that have been written off are subject to enforcement activity.

Where Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

**Accounting policy under AASB 139 – Applicable for 2018 comparatives only**

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.

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that the 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. When a receivable for which an impairment allowance had been recognised becomes uncollectable 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.

Rates and annual charges outstanding are secured against the property.

**ITEM 6 (continued)**

**ATTACHMENT 1**

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

**NOTE 8 INVENTORIES AND OTHER ASSETS**

	2019		2018	
	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
<b>(a) Inventories (at cost)</b>				
Stores and materials	746	-	828	-
<b>Total inventories</b>	<u>746</u>	<u>-</u>	<u>828</u>	<u>-</u>
<b>(b) Inventories not expected to be realised within the next 12 months<sup>(1)</sup></b>	<u>506</u>	<u>-</u>	<u>539</u>	<u>-</u>
<b>(c) Other Assets</b>				
Prepayments	1,221	-	949	-
Prepayments - salaries and wages	990	-	789	-
Prepayments - waste alliance	740	-	740	-
<b>Total other assets</b>	<u>2,951</u>	<u>-</u>	<u>2,478</u>	<u>-</u>

**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.

**Accounting policy for inventories and other assets**

**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.

**Inventory held for distribution**

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



**ITEM 6 (continued)**

**ATTACHMENT 1**

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

**NOTE 9 INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT**

ASSET CLASS	At 30 June 2018			MOVEMENTS DURING THE YEAR							At 30 June 2019		
	Gross Carrying Amount	Accumulated Depreciation & Impairment	Net Carrying Amount	Reversals	New Assets	Transfers From WP	Carrying Value of Disposals	Depreciation & Impairment	Asset Revaluation		Gross Carrying Amount	Accumulated Depreciation & Impairment	Net Carrying Amount
									Gross Reval Value	Accumulated Depreciation & Impairment			
Plant and Equipment	28,312	17,447	10,865	-	3,154	-	(978)	(2,443)	-	-	28,571	17,974	10,597
Office Equipment	10,314	7,791	2,523	512	122	773	-	(892)	-	-	11,244	8,006	3,238
Furniture and Fittings	4,741	3,662	1,079	190	41	947	-	(107)	-	-	5,918	3,982	1,936
Leased Plant & Equipment	163	163	-	-	-	-	-	-	-	-	163	163	-
Land													
- Operational Land	220,018	-	220,018	-	-	-	-	-	-	-	220,018	-	220,018
- Community Land	99,628	-	99,628	-	5,024	-	-	-	-	-	104,652	-	104,652
- Crown	42,659	-	42,659	-	-	-	-	-	-	-	42,659	-	42,659
- Land Improvements (non-depr'n)	9,294	-	9,294	155	369	447	-	-	-	-	10,265	-	10,265
- Land Improvements (depr'n)	15,141	13,948	1,193	75	313	4,672	-	(517)	-	-	20,201	14,465	5,736
- Land Under Roads	1,155	-	1,155	-	-	-	-	-	-	-	1,155	-	1,155
Buildings													
- Non-specialised	125,934	73,997	52,337	2,069	868	1,647	(92)	(1,704)	(2,645)	-	127,575	75,106	52,469
Other Structures													
- Carparks	11,814	1,583	10,231	99	-	-	-	(335)	1,388	2	13,299	1,917	11,382
- Foreshore Assets	5,333	1,174	4,159	706	1	1,460	-	(82)	(2,154)	84	5,406	1,182	4,224
- Road Ancillary	11,876	3,678	8,298	20	763	1,210	-	(239)	420	55	14,390	3,883	10,507
- Other	260	4	256	-	-	-	-	(8)	-	-	260	12	248
Infrastructure													
- Roads, Bridges and Footpaths													
- Road Pavement	301,237	79,890	221,347	8,498	445	1,035	-	(5,934)	(4,037)	8,093	307,178	76,741	230,437
- Road Ancillaries	7,157	3,863	3,294	358	585	573	-	(143)	(1,275)	8	7,396	3,988	3,408
- Bridges	4,129	1,724	2,405	-	-	-	-	(45)	50	19	4,179	1,700	2,479
- Footpaths and Cycleways	62,479	11,001	51,478	3,233	3,281	2,022	(238)	(551)	(5,900)	416	64,678	11,135	53,543
- Kerb & Guttering	102,816	14,591	88,225	1,190	-	395	-	(885)	153	150	104,022	15,128	88,894
- Stormwater Drainage	286,790	65,888	220,902	1,369	190	1,037	(8)	(1,823)	2,172	365	271,512	67,346	204,166
- Aquatic Leisure Centre	53,168	14,180	38,988	265	-	-	-	(888)	(285)	-	53,168	15,066	38,102
- Other Open Space/Recreational assets	89,342	11,315	78,027	1,752	5,052	3,444	-	(1,230)	(2,234)	1,026	77,357	11,526	65,831
Other Assets													
- Heritage Collections	229	-	229	-	-	-	-	-	-	-	229	-	229
- Library Books	3,285	2,094	1,221	344	-	-	-	(593)	-	-	3,229	1,969	1,260
Capital Works in Progress	20,484	-	20,484	4,765	6,141	(19,622)	-	-	-	-	11,748	-	11,748
<b>TOTALS</b>	<b>1,477,798</b>	<b>327,763</b>	<b>1,150,035</b>	<b>25,864</b>	<b>26,336</b>	<b>-</b>	<b>(1,313)</b>	<b>(17,911)</b>	<b>(14,127)</b>	<b>11,208</b>	<b>1,511,174</b>	<b>331,299</b>	<b>1,179,875</b>

**ITEM 6 (continued)**

**ATTACHMENT 1**

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019  
**NOTE 9 INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

ASSET CLASS	At 30 June 2017			MOVEMENTS DURING THE YEAR								At 30 June 2018		
	Gross Carrying Amount	Accumulated Depreciation & Impairment	Net Carrying Amount	Receivable	New Assets	Transfers From/To	Carrying Value at Disposal	Depreciation & Impairment	Events in nature		Gross Carrying Amount	Accumulated Depreciation & Impairment	Net Carrying Amount	
									Gross Book Value	Accumulated Depreciation & Impairment				
Plant and Equipment	27,430	10,579	16,851	70	3,428	19	(678)	(2,200)	-	-	28,312	17,447	10,865	
Office Equipment	9,169	7,725	1,443	603	173	450	(15)	(710)	-	579	10,314	7,701	2,613	
Furniture and Fittings	4,459	3,811	648	27	153	102	-	(78)	-	5	4,741	3,882	859	
Leased Plant & Equipment	163	163	-	-	-	-	-	-	-	-	163	163	-	
Land														
- Operational Land	220,018	-	220,018	-	-	-	-	-	-	-	220,018	-	220,018	
- Community Land	142,287	-	142,287	-	-	-	-	-	-	-	142,287	-	142,287	
- Land Improvements (non-depr't)	9,073	-	9,073	53	142	20	-	-	-	-	9,294	-	9,294	
- Land Improvements (depr't)	14,521	13,431	1,090	157	104	359	-	(517)	-	-	15,141	13,048	1,993	
- Land Under Roads	1,155	-	1,155	-	-	-	-	-	-	-	1,155	-	1,155	
Buildings														
- Non-specialised	125,804	71,893	54,041	200	143	9,822	-	(1,704)	(8,256)	-	125,804	73,507	52,337	
Other Structures														
- Carparks	11,990	1,479	10,111	(40)	-	-	-	(97)	(198)	(7)	11,814	1,680	10,231	
- Footpaths Assets	5,300	1,102	4,231	-	-	411	-	(62)	(410)	(11)	5,339	1,174	4,159	
- Road Ancillary	11,516	3,473	8,043	319	1,232	1,824	-	(272)	(2,915)	87	11,976	3,678	8,298	
- Other	253	2	251	-	-	7	-	(2)	-	-	260	4	256	
Infrastructure														
- Roads, Bridges and Footpaths														
- Road Pavement	301,237	79,899	222,391	8,239	-	998	(4,099)	(5,312)	-	-	301,237	79,899	221,347	
- Road Ancillaries	7,072	2,707	4,365	180	311	303	(724)	(145)	-	-	7,157	3,883	3,274	
- Bridges	4,129	1,679	2,450	134	-	69	(303)	(45)	-	-	4,129	1,724	2,405	
- Footpaths and Cycleways	62,006	10,610	51,499	1,981	908	4,442	(5,705)	(545)	-	-	62,479	11,001	51,478	
- Kerb & Guttering	102,702	13,973	88,919	1,779	-	576	(2,260)	(895)	-	-	102,816	14,501	88,225	
- Stormwater Drainage	266,526	63,707	202,828	2,703	1	1,910	(1,821)	(4,459)	(360)	(360)	266,750	65,688	201,062	
- Aquatic Leisure Centre	53,169	13,262	39,907	135	-	117	-	(888)	(202)	-	53,169	14,190	38,980	
- Other Open Space/Recreational assets	86,293	10,857	54,436	995	349	2,234	(1,218)	(1,218)	814	761	69,342	11,315	58,027	
Other Assets														
- Heritage Collections	229	-	229	-	-	-	-	-	-	-	229	-	229	
- Library/Books	3,262	2,087	1,175	(490)	-	-	-	(444)	-	-	3,285	2,064	1,221	
Capital Works in Progress	22,894	-	22,894	7,221	10,108	(19,898)	(99)	-	-	-	20,484	-	20,484	
<b>TOTALS</b>	<b>1,471,610</b>	<b>319,605</b>	<b>1,152,004</b>	<b>28,515</b>	<b>16,946</b>	<b>-</b>	<b>(19,940)</b>	<b>(16,770)</b>	<b>(13,673)</b>	<b>1,034</b>	<b>1,477,799</b>	<b>327,783</b>	<b>1,150,016</b>	



ITEM 6 (continued)

ATTACHMENT 1

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

NOTE 9 INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

**Accounting policy for infrastructure, property, plant and equipment**

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 – (Valuer General).
- Land Improvements (as approximated by depreciated historical cost).
- Other structures (as approximated by depreciated historical cost).
- Other assets (as approximated by depreciated historical cost).

Depreciation is represented by straight line depreciation over the useful life.

The following table sets out the range of useful lives and depreciation.

Asset Category	Useful Life (years)	Depreciation Rate
Drainage assets	40 - 200	0.50% - 2.50%
Land Improvements	25 - 25	4.00% - 4.00%
Other assets	20 - 50	2.00% - 5.00%
Other structures	20 - 150	0.67% - 5.00%
Road assets – roads, bridges and footpaths	15 - 200	0.50% - 6.67%
Plant & Equipment	5 - 50	2.00% - 20.00%
Buildings - Specialised/Non Specialised	40-100	1.00% - 2.50%

Operational land was last valued as at 31 May 2017 and Community Land has been valued using the Valuer General rates with a base date of 1/7/2016.

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.

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 9 INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

**Accounting policy for infrastructure, property, plant and equipment (con't)**

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.

When infrastructure, property, plant and equipment are acquired by council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

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 only if material.

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

**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.

**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. Councils has no control of any Rural Fire Services assets.

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 10 INVESTMENT PROPERTIES**

	<b>2019</b>	<b>2018</b>
	(\$'000)	(\$'000)
<b>At fair value</b>		
Opening balance at 1 July	117,185	115,540
Net gain (loss) from fair value adjustment	1,005	1,625
<b>Closing balance at 30 June</b>	<b><u>118,170</u></b>	<b><u>117,165</u></b>
<b>(a) Amounts recognised in profit and loss for investment property</b>		
Rental income	759	700
Net gain (loss) from fair value adjustment	1,005	1,625
Direct operating expenses from property that generated rental income	(171)	(399)
<b>Total</b>	<b><u>1,593</u></b>	<b><u>1,926</u></b>
<b>(b) Leasing arrangements - Council as lessor</b>		
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 properties not recognised in the financial statements are receivable as follows:		
- Not later than one year	413	312
- Later than one year and not later than 5 years	1,247	951
- Later than 5 years	94	308
<b>Total</b>	<b><u>1,754</u></b>	<b><u>1,571</u></b>

**Accounting policy for 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, as determined by an independent valuation from Scott Fullarton Valuations Pty Ltd. It 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.

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 11 PAYABLES AND BORROWINGS**

	2019		2018	
	Current (\$'000)	Non-Current (\$'000)	Current (\$'000)	Non-Current (\$'000)
<b>Payables</b>				
Goods and services	10,371	-	9,067	-
Accrued expenses	3,656	-	2,471	-
Interest expenses	17	-	19	-
Deposits and retentions	15,975	-	15,533	-
Government departments and agencies	136	-	190	-
Refundable fees	1,594	-	-	-
Deferred lease expense	212	-	220	-
Other	27	-	26	-
<b>Total payables</b>	<b>31,988</b>	<b>-</b>	<b>27,526</b>	<b>-</b>
<b>Income received in advance</b>				
Payments received in advance	325	-	788	-
Payments received in advance - rates	743	-	712	-
	<b>1,068</b>	<b>-</b>	<b>1,500</b>	<b>-</b>
<b>Borrowings</b>				
Loans - secured <sup>(1)</sup>	302	1,408	911	1,710
<b>Total borrowings</b>	<b>302</b>	<b>1,408</b>	<b>911</b>	<b>1,710</b>
<b>(a) Restricted and Unrestricted liabilities</b>				
Liabilities relating to unrestricted assets	33,358	1,408	29,937	1,710
<b>Total</b>	<b>33,358</b>	<b>1,408</b>	<b>29,937</b>	<b>1,710</b>
<b>(b) Current payables not expected to be settled within the next 12 months</b>	<b>12,780</b>	<b>-</b>	<b>12,426</b>	<b>-</b>

<sup>(1)</sup> Loans are secured by the rating income of Council.

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 11 PAYABLES AND BORROWINGS (CONTINUED)**

**(c) Changes in liabilities arising from financial activities**

Total Liabilities from financing activities	2018 (\$'000)	Cash Flows (\$'000)	Non Cash Changes			2019 (\$'000)
			Acquisition (\$'000)	Fair Value Changes (\$'000)	Other Non-Cash Investment (\$'000)	
Loans -secured						
Financial Institutions	2,621	(911)				1,710
<b>Total</b>	<b>2,621</b>	<b>(911)</b>				<b>1,710</b>

Total Liabilities from financing activities	2017 (\$'000)	Cash Flows (\$'000)	Non Cash Changes			2018 (\$'000)
			Acquisition (\$'000)	Fair Value Changes (\$'000)	Other Non-Cash Investment (\$'000)	
Loans -secured						
Financial Institutions	3,511	(890)				2,621
<b>Total</b>	<b>3,511</b>	<b>(890)</b>				<b>2,621</b>

	2019 (\$'000)	2018 (\$'000)
<b>(d) Financing Arrangements</b>		
<b>Total facilities</b>		
The amount of total financing facilities available to council at the reporting date is:		
Corporate credit cards	60	60
	<u>60</u>	<u>60</u>
<b>Drawn Facilities</b>		
The financing facilities drawn down at the reporting date is:		
Corporate credit cards	13	11
	<u>13</u>	<u>11</u>
<b>Undrawn Facilities</b>		
The amount of undrawn financing facilities available to council at the reporting date is:		
Corporate credit cards	47	49
	<u>47</u>	<u>49</u>

**Breaches and defaults**

During the current and prior year, there were no defaults or breaches on any of the loans

ITEM 6 (continued)

ATTACHMENT 1

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

NOTE 11 PAYABLES AND BORROWINGS (CONTINUED)

**Accounting policy for payables and borrowings**

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

**Payables**

These amounts represent liabilities for goods and services provided to Council prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 14 days of recognition.

**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 drawdown 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.

**Finance Leases**

Council has no current finance leases.



**ITEM 6 (continued)**

**ATTACHMENT 1**

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

**NOTE 12 PROVISIONS**

	2019		2018	
	Current (\$'000)	Non-Current (\$'000)	Current (\$'000)	Non-Current (\$'000)
<b>Employee benefit provisions</b>				
Annual & other accrued leave	4,141	-	3,870	-
Sick leave	185	-	193	-
Long service leave	9,482	262	8,608	163
Other employee provisions	589	-	598	-
<b>Total provisions</b>	<b>14,397</b>	<b>262</b>	<b>13,269</b>	<b>163</b>
<b>Current provisions not expected to be settled within the next 12 months</b>	<b>7,740</b>	<b>-</b>	<b>6,905</b>	<b>-</b>

**(a) 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	3,870	3,516	3,245	-	4,141
Sick Leave	193	1,540	1,548	-	185
Long service leave	8,771	2,484	1,511	-	9,744
Other employee provisions	598	1,907	1,916	-	589
<b>Total</b>	<b>13,432</b>	<b>9,447</b>	<b>8,220</b>	<b>-</b>	<b>14,659</b>

ITEM 6 (continued)

ATTACHMENT 1

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

NOTE 12 PROVISIONS (CONTINUED)

**Accounting policy for provisions**

**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.

**Employee benefits**

**Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related 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.

**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.

**On-costs**

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods. These amounts include superannuation and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

The obligations are presented as current liabilities in the Statement of Financial Position if 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.

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 13 ACCUMULATED SURPLUS, REVALUATION RESERVES, CHANGES IN ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS**

**(a) Nature and purpose of reserves**

*(i) Revaluation reserve*

The infrastructure, property, plant and equipment revaluation reserve is used to record increments and decrements in the revaluation of non-current assets.

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 14 STATEMENT OF CASH FLOW INFORMATION**

<b>(a) Reconciliation of Cash Assets</b>	<b>Notes</b>	<b>2019 (\$'000)</b>	<b>2018 (\$'000)</b>
Total cash and cash equivalents	6	15,591	7,539
<u>Less: bank overdraft</u>	11	<u>-</u>	<u>-</u>
Balances as per statement of cash flow		<b><u>15,591</u></b>	<b><u>7,539</u></b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>		<b>2019 (\$'000)</b>	<b>2018 (\$'000)</b>
Net operating result from income statement		54,332	32,232
Depreciation, amortisation and impairment	3	17,847	16,699
Loss/(gain) on sale of assets	5	(647)	14,231
Amortisation of discounts & premiums recognised	3,4	(35)	(23)
Fair value (gains)/losses to investment property	4,10	2,435	(1,625)
<i>Movement in operating assets and liabilities</i>			
Increase/(decrease) in provision for doubtful debts	7	(75)	1
Increase/(decrease) in provision for employee benefits	11	1,227	746
(Increase)/decrease in receivables	7	(2,206)	(1,111)
(Increase)/decrease in inventories	8	82	66
(Increase)/decrease in other current assets	8	(473)	317
Increase/(decrease) in payables	11	(1,280)	1,249
Increase/(decrease) in accrued interest payable	11	(2)	(3)
Increase/(decrease) in other current liabilities/accruals	11	2,060	2,926
<b>Net cash provided by (used in) operating activities</b>		<b><u>73,265</u></b>	<b><u>65,705</u></b>

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 15 COMMITMENTS**

	2019 (\$'000)	2018 (\$'000)
<b>(a) Capital commitments (exclusive of GST)</b>		
Capital expenditure contracted for at the reporting date but not recognised in the financial statements as liabilities:		
Plant & Equipment	-	115
Office Equipment	-	182
Land	-	99
Buildings	333	434
Other Structures	-	565
Infrastructure	264	3,041
<b>Total</b>	<b>597</b>	<b>4,437</b>

Major commitments include the Coulter St Upgrade, Eastwood multideck carparking development and 741 Victoria Rd development.

**(b) Non-cancellable operating lease commitments**

Commitments under non-cancellable operating leases at 30 June 2019 but not recognised in the financial statements are payable as follows:

- Not later than one year	2,170	2,170
- Later than one year and not later than 5 years	1,741	3,830
- Later than 5 years	-	-
<b>Total <sup>(1)</sup></b>	<b>3,911</b>	<b>5,999</b>

<sup>(1)</sup> This represents the leased premises at the North Ryde office which comprise of:  
 1 x 5 year lease commencing 1 May 2016, with 3 options of 5 years,  
 1 x 4 years and 9 months lease commencing 1 August 2016, with 3 options of 5 years.

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 16 CONTINGENCIES AND OTHER LIABILITIES/ASSETS NOT RECOGNISED**

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position 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:

**CONTINGENT LIABILITIES**

**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 is a defined benefit plan that has been determined to be a "multi-employer fund" for the purposes of AASB 119 and hence 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.

Member councils are treated as Pooled Employers for the purposes of AASB119. Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Fund.

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million per annum from 1 July 2018 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2018. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

As stated above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses. However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding past service contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

There is no provision for the allocation of any surplus which may be present at the date of withdrawal of an employer.



**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 16 CONTINGENCIES AND OTHER LIABILITIES/ASSETS NOT RECOGNISED (CONTINUED)**

The plan is a defined benefit plan. However, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses (to the extent that they are not borne by members). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

The amount of Council employer contributions to the defined benefit section of the Fund and recognised as an expense and disclosed as part of superannuation expenses at Note 4 (a) for the year ending 30 June 2019 was \$92,092.

Council's expected contributions to the Fund for the next annual reporting period is \$85,000.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2019 is:

Employer reserves only *	\$ millions	Asset Coverage
Assets	1,798.7	
Past Service Liabilities	1,784.2	100.8%
Vested Benefits	1,792.0	100.4%

\* excluding member accounts and reserves in both assets and liabilities.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	5.75% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

\* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program, however any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note that the estimated employer reserves financial position above is a preliminary calculation and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed around November/December 2019.

Councils additional lump sum contribution is around 1.89% of the total additional lump sum contributions for all Pooled Employers (of \$40m each year from 1 July 2018 to 30 June 2021) provides an indication of the level of participation of Council compared with other employers in the Pooled Employer sub-group.

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 16 CONTINGENCIES AND OTHER LIABILITIES/ASSETS NOT RECOGNISED  
(CONTINUED)**

**(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 June 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's Loss Prevention and Recovery (LPR) model which aligns the premiums to the Council's experience and success in implementing injury prevention, management and return to work strategies. Council has a contingent liability where caps on claims may be greater and premium adjustments are based on claim costs.

**(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.

**(ii) s7.11 Plans**

Council levies s7.11 plans 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.

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 16 CONTINGENCIES AND OTHER LIABILITIES/ASSETS NOT RECOGNISED  
(CONTINUED)**

**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.

**CONTINGENT ASSETS**

**(i) 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.

**(ii) 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.

This represents a contingent asset that will become Council's assets at the end of the lease.

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 17 FINANCIAL 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	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Financial assets measured at amortised cost</b>				
Cash and cash equivalents	15,591	7,539	15,591	7,539
Receivables	12,311	10,450	12,311	10,450
Held-to-maturity investments	220,621	203,211	222,607	203,527
	<b>248,523</b>	<b>221,200</b>	<b>250,509</b>	<b>221,516</b>
<b>Financial liabilities measured at amortised cost</b>				
Payables	31,988	27,526	31,988	27,526
Borrowings	1,710	2,621	4,470	5,811 <sup>(1)</sup>
	<b>33,698</b>	<b>30,147</b>	<b>36,458</b>	<b>33,337</b>

**Note:**

Refer to Note 19 for fair value information.

<sup>(1)</sup> 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.

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 Ministerial Investment Order 625. 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 as required by local government regulations.

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.

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 17 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(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.

	30/06/2019	30/06/2018
	\$'000	\$'000
Estimated impact of a 10% <sup>(2)</sup> 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		
- Equity	2,362	2,108
- Income statement	2,362	2,108

**Note:**

<sup>(2)</sup> 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 impact of interest rate movement on investments is calculated only on tradable investments.

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 17 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 was:

**Percentage of Rates and Annual charges**

	2019 (\$'000)	2018 (\$'000)
<b>Notes</b>		
- Current	71%	64%
- Overdue debts	29%	36%
<b>Analysis of overdue debts - rates and annual charges</b>	<b>\$'000</b>	<b>\$'000</b>
Less than 1 year	3,266	2,170
1 to 2 years	674	625
2 to 5 years	588	538
Greater than 5 years	81	45
7	<b>4,609</b>	<b>3,378</b>
<b>Analysis of overdue debts - nonrates and annual charges</b>	<b>\$'000</b>	<b>\$'000</b>
0 - 30 days overdue	9,008	8,120
31 - 60 days overdue	258	279
61 - 90 days overdue	106	47
>91 days overdue	985	936
7	<b>10,357</b>	<b>9,382</b>



**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 17 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.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

2019 \$'000	Weighted Average Interest rate %	Due Within 1 Year	Due Between 1 and 5 Years	Due After 5 Years	Total Contractual CashFlows	Carrying Values
<b>Payables</b>		31,988	-	-	31,988	31,988
<b>Borrowings</b>	3.94%	359	1,444	48	1,851 <sup>(3)</sup>	1,710
		<b>32,347</b>	<b>1,444</b>	<b>48</b>	<b>33,839</b>	<b>33,698</b>
<b>2018 \$'000</b>		<b>Due Within 1 Year</b>	<b>Due Between 1 and 5 Years</b>	<b>Due After 5 Years</b>	<b>Total Contractual Cash Flows</b>	<b>Carrying Values</b>
<b>Payables</b>		27,526	-	-	27,526	27,526
<b>Borrowings</b>	4.25%	1,003	1,415	420	2,838 <sup>(3)</sup>	2,621
		<b>28,529</b>	<b>1,415</b>	<b>420</b>	<b>30,364</b>	<b>30,147</b>

<sup>(3)</sup> 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.

Refer to Note 19 for fair value information.

ITEM 6 (continued)

ATTACHMENT 1

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

NOTE 18 MATERIAL BUDGET VARIATIONS

Council's Original Budget was incorporated as part of the 2018-2022 Delivery Plan adopted by the Council on 26 June 2018. It is not required to be audited.

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 2018/19 financial year and, where appropriate, have been incorporated into the 2019/20 Original Budget in order to frame a more rigorous and robust budget.

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**

**Interest and investment revenue \$2,575K (56%) (F)**

Council received interest revenue of \$7,149k which was above the original budget by \$2,575k (56%). Whilst interest rates have been reasonably steady over the last 12 months, the pool of funds available for investment have increased due to higher than expected Section 7.11 contributions and other Internal Reserves. It should be noted that these Section 7.11 funds, and the interest earned on their investment, cannot be applied to Council's general fund and they are restricted in Council's reserves to be used for construction of new works under the Section 7.11 plan they were collected under.

**Other revenues -\$1,833K (-15%) (U)**

Council received other revenues of \$10,705k which was below the original budget by -\$1,833k (-15%). A reduction of \$3,000k for Bus Shelter Advertising reflects a recent Council resolution to rescind the decision to enter into a contract with a previous tendered party. Additional income derived from the sale of recycled construction materials amounted to \$575k. An additional \$323k in rental income, \$227k risk management rebate, \$208k legal cost recovery and \$94k stormwater and asset integration model also contributed to this variation.

**Grants & contributions provided for operating purposes \$928K (13%) (F)**

Council Operating Grants and Contributions of \$8,288k was above the original budget by \$928k (13%). Council received \$396k LSL contributions from other Councils which is unbudgeted due to the unknown potential expense. A new grant of \$750k was received in relation to the LEP Review Project. A reduction of budgeted grant funding includes \$59k for Traffic Route Lighting subsidy, \$50k Voluntary agency grant and \$69k for road related grants.

**Grants & contributions provided for capital purposes \$21,501K (103%) (F)**

Council received capital income of \$42,281k which was above the original budget by \$21,501k (103%). Council received \$16,900k in Section 7.11 Developer Contributions over and above its Original Budget estimate of \$20M. In addition, Council received VPA contributions from developers totalling \$1,127k, OLG grants of \$1,915k for sports and playground upgrades, an RMS cycleway construction grant of \$1M and pedestrian grant of \$512k which was not included in the Original Budget. Funds have been restricted accordingly.

ITEM 6 (continued)

ATTACHMENT 1

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

NOTE 18 MATERIAL BUDGET VARIATIONS (CONTINUED)

Expenses

**Borrowing costs** -\$43K (-32%) (F)

Council incurred borrowing costs of \$90k which was below the original budget by -\$43k (-32%). Council's interest rates on loans are largely variable and with interest rates still relatively low, borrowing costs were less than anticipated.

**Other expenses** \$324K (2%) (U)

Council paid other expenses of \$16,715k which was above the original budget by \$324k (2%). Additional expenditure incurred was a result of a fair value adjustment loss of \$3,440k as per Note 4. Other expense variations were minor across numerous programs.

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 19 FAIR VALUE MEASUREMENT**

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

- Infrastructure, property plant and equipment
- Investment property

**Fair Value Hierarchy**

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 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).

ITEM 6 (continued)

ATTACHMENT 1

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

NOTE 19 FAIR VALUE MEASUREMENT (CONTINUED)

The table below shows the assigned level for each asset and liability held at fair value by the Council:

30 June 2019	Note	Level 2 Significant observable inputs (\$000's)	Level 3 Significant unobservable inputs (\$000's)	Total (\$000's)
Investment properties	10	118,170	-	118,170
Infrastructure, Property, Plant and Equipment	9			
- Operational land		220,018	-	220,018
- Community land		-	147,311	147,311
- Land under roads		-	1,155	1,155
- Buildings (Specialised and non-specialised)		-	90,569	90,569
- Roads, Bridges, Footpaths		-	379,405	379,405
- Stormwater drainage		-	204,166	204,166
<b>Subtotal I, PP &amp; E</b>			<b>822,606</b>	<b>1,042,624</b>
<b>TOTALS</b>		<b>338,188</b>	<b>822,606</b>	<b>1,160,794</b>

30 June 2018	Note	Level 2 Significant observable inputs (\$000's)	Level 3 Significant unobservable inputs (\$000's)	Total (\$000's)
Investment properties	10	117,165	-	117,165
Infrastructure, Property, Plant and Equipment	9			
- Operational land		220,018	-	220,018
- Community land		-	142,287	142,287
- Land under roads		-	1,155	1,155
- Buildings (Specialised and non-specialised)		-	91,325	91,325
- Roads, Bridges, Footpaths		-	366,749	366,749
- Stormwater drainage		-	200,862	200,862
<b>Subtotal I, PP &amp; E</b>			<b>802,378</b>	<b>1,022,396</b>
<b>TOTALS</b>		<b>337,183</b>	<b>802,378</b>	<b>1,139,561</b>

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

ITEM 6 (continued)

ATTACHMENT 1

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

**NOTE 19 FAIR VALUE MEASUREMENT (CONTINUED)**

**Valuation Techniques**

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 9.

**Level 2 measurements**

Investment properties

On an annual basis, Council engages external, independent and qualified valuers to determine the fair value of its investment properties. As at 30 June 2019, the fair values of the land have been determined by Scott Fullarton Valuations Pty Ltd.

All investment property valuations are included in level 2 of the hierarchy. The value of investment property has been determined using the market approach.

Land (Operational)

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.

Operational Land was last revalued as at 31 May 2017 as determined by Scott Fullarton Valuations Pty Ltd.

**Level 3 measurements**

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.

With the exception of the Civic Centre which is impaired and currently under review, the 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 (Community and Land under road)

Community Land has been valued by the Valuer General as at 1 July 2016. Council has resolved to not recognise Land Under Roads (LUR) acquired before 1 July 2008.

The key unobservable input to the valuation is a discount rate of 90% (englobo method) on the council/municipal average value.

Infrastructure assets

Valuations for infrastructure assets are performed internally by 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 2016 with the exception of specialised buildings.

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.



**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 19 FAIR VALUE MEASUREMENT (CONTINUED)**

**Reconciliation of movements**

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

<b>Level 3</b>	<b>2019 (\$000's)</b>	<b>2018 (\$000's)</b>
Balance at 1 July	802,378	808,701
Total gains or losses for the period	-	-
Recognised in profit or loss – realised (refer to Note 5)	-	-
Recognised in other comprehensive income – revaluation surplus	(1,706)	(11,325)
Other movements	(11,773)	(11,141)
Purchases	34,041	30,992
Sales	(334)	(14,849)
Transfers into Level 3	-	-
Transfers out of Level 3	-	-
<b>Balance at 30 June</b>	<b>822,606</b>	<b>802,378</b>

A reconciliation of the movements in recurring fair value measurements allocated to Level 2 of the hierarchy is provided below:

<b>Level 2</b>	<b>2019 (\$000's)</b>	<b>2018 (\$000's)</b>
Balance at 1 July	337,183	335,558
Total gains or losses for the period	1,005	1,625
<b>Balance at 30 June</b>	<b>338,188</b>	<b>337,183</b>

**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.

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 20 RELATED PARTY DISCLOSURES**

**Key Management Personnel**

Key management personnel (KMP) of council are those persons having the authority and responsibility for planning, directing and controlling the activities of Council, directly or indirectly. 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	2019 (\$000's)	2018 (\$000's)
Short-term benefits	1,973	1,893
Post-employment benefits	106	98
Other long-term benefits	56	54
Termination benefits	507	0
<b>Total</b>	<b>2,642</b>	<b>1,861</b>

**Other transactions with KMP and their related entities**

Council has determined that transactions at arms lengths between KMP and Council as part of KMP using Council services (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)	Outstanding balances, including commitments at year end (\$'000)	Terms and conditions	Provisions for impairment of receivables related to the amount of outstanding balances (\$'000)	The expense recognised during the period relating to bad or doubtful debts due from related parties (\$'000)
<b>2019</b>					
Nil	-	-	-	-	-
<b>2018</b>					
Nil	-	-	-	-	-

**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 impairment of receivables related to the amount of outstanding balances	The expense recognised during the period relating to bad or doubtful debts due from related parties
<b>2019</b>						
Nil	-	-	-	-	-	-
<b>2018</b>						
Nil	-	-	-	-	-	-

**ITEM 6 (continued)**

**ATTACHMENT 1**

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

**NOTE 21 STATEMENT OF DEVELOPER CONTRIBUTIONS**

PURPOSE	Opening Balance \$'000	Contributions Received During Year <sup>(1)</sup>		Interest & investment income earned during year \$'000	Expended during year \$'000	Internal Borrowings (To/From) <sup>(2)</sup> \$'000	Held as restricted asset <sup>(3)(4)</sup> \$'000
		Cash \$'000	Non-cash \$'000				
Community & Culture	15,491	7,555	-	631	729	-	22,948
Open Space & Public Domain	57,214	24,060	-	2,005	13,583	(195)	69,501
Roads, Traffic, Carparks & Cycleways	-	3,773	-	-	3,944	171	-
Stormwater Management	3,799	1,353	-	105	2,659	-	2,598
Administration	29	169	-	-	222	24	-
<b>TOTAL UNDER PLAN 7.11</b>	<b>76,533</b>	<b>36,910</b>	<b>-</b>	<b>2,741</b>	<b>21,137</b>	<b>-</b>	<b>95,047</b>
Planning agreements	10,114	1,127	-	-	2,899	-	8,342
<b>TOTAL CONTRIBUTIONS</b>	<b>86,647</b>	<b>38,037</b>	<b>-</b>	<b>2,741</b>	<b>24,036</b>	<b>-</b>	<b>103,389</b>

(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.

**ITEM 6 (continued)**

**ATTACHMENT 1**

Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

**NOTE 22 STATEMENT OF PERFORMANCE MEASURES - CONSOLIDATED RESULTS**

	Amounts (\$'000)	Indicators			Benchmark
		2019	2018	2017	
<b>1. Operating performance</b>					
Total continuing operating revenue <sup>1</sup> excluding capital grants and contributions – operating expenses <sup>2</sup>	13,839	10.39%	12.99%	11.47%	> 0%
Total continuing operating revenue <sup>1</sup> excluding capital grants and contributions	133,210				
<b>2. Own source operating revenue</b>					
Total continuing operating revenue <sup>1</sup> excluding all grants and contributions	124,922	71.18%	77.30%	75.83%	> 60%
Total continuing operating revenue <sup>1</sup> inclusive of all grants and contributions	175,491				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	78,852	2.90x	3.06x	3.44x	> 1.5x
Current liabilities less specific purpose liabilities	27,235				
<b>4. Debt service cover ratio</b>					
Operating results <sup>1</sup> before capital excluding interest and depreciation/impairment/amortisation (EBITDA)	31,776	31.74x	33.2x	27.65x	> 2x
Principal repayments (from the statement of cash flows) + borrowing interest costs (from the income statement)	1,001				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	4,609	4.92%	3.88%	3.63%	< 5%
Rates and annual charges collectable	93,739				
<b>6. Cash expense cover ratio</b>					
Current year's cash, cash equivalents + Term Deposits x 12	153,091 x	16.80	17.50	15.92	> 3
Payments from cash flow of operating and financing activities	109,339	months	months	months	months

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

<sup>2</sup> Excludes impairment/revaluation decrements, net loss on sale of assets, and net loss on share of interests in joint ventures and associates

**ITEM 6 (continued)**

**ATTACHMENT 1**


Notes to the Draft General Purpose Financial Statements – Year Ended 30 June 2019

Reserved for Audit Report

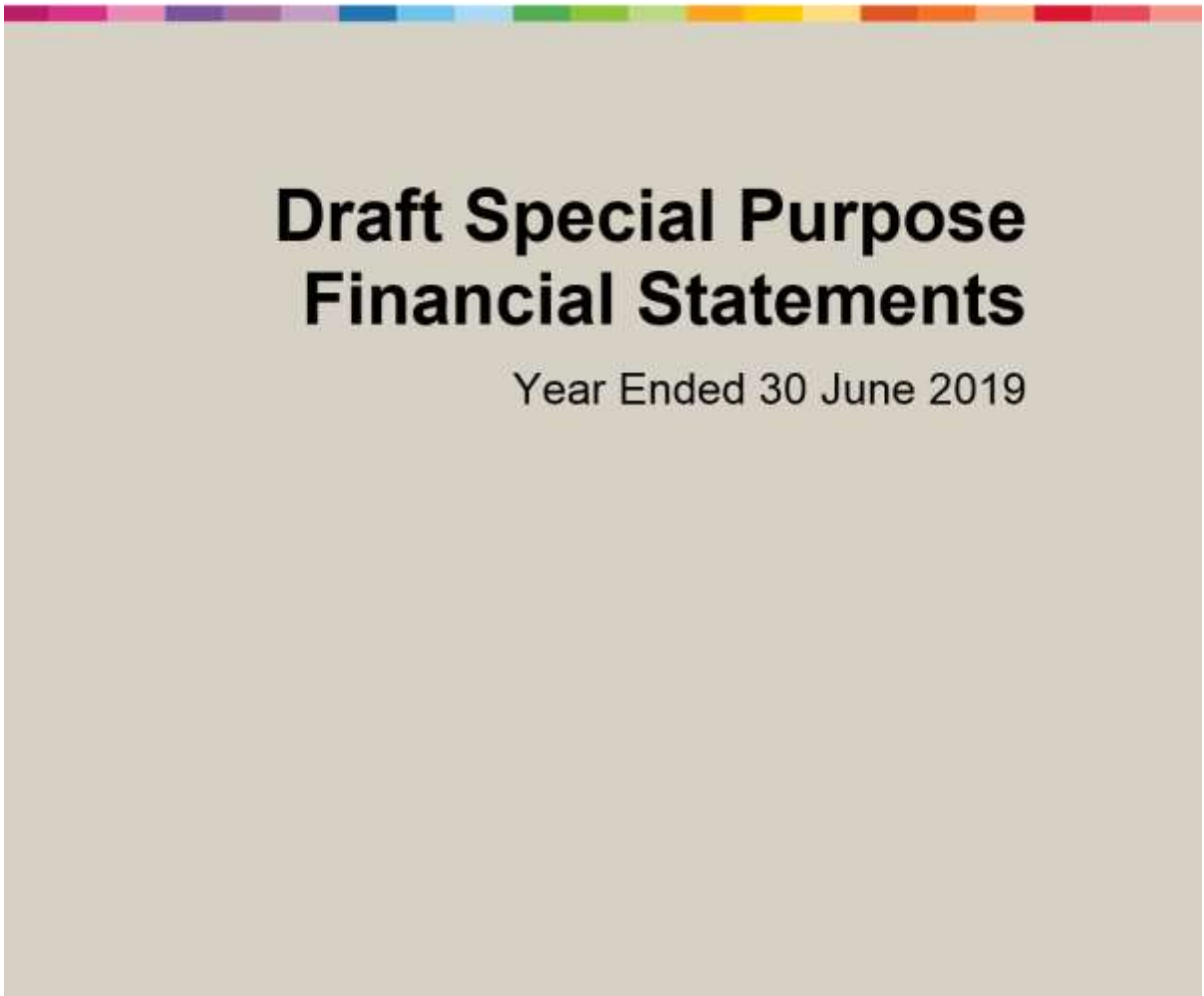
**ITEM 6 (continued)**

**ATTACHMENT 1**



 City of Ryde

Lifestyle and opportunity @ your doorstep





**ITEM 6 (continued)**

**ATTACHMENT 1**

**Draft Special Purpose Financial Statements – Year Ended 30 June 2019**

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**ITEM 6 (continued)**

**ATTACHMENT 1**

**Draft Special Purpose Financial Statements – Year Ended 30 June 2019**

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

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

- the NSW Government Policy Statement, Application of National Competition Policy to Local Government
- the Division of Local Government Guidelines, Pricing & Costing for Council Businesses: A guide to Competitive Neutrality
- the Local Government Code of Accounting Practice and Financial Reporting

To the best of our knowledge and belief, these statements:

- presents fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accords with Council's accounting and other records

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

Signed in accordance with a resolution of Council made on 22 October 2019.

Councillor Jerome Laxale

**Mayor**

\_\_\_\_/\_\_\_\_/\_\_\_\_

Councillor Shuo (Simon) Zhou

**Deputy Mayor**

\_\_\_\_/\_\_\_\_/\_\_\_\_

George Dedes

**General Manager**

\_\_\_\_/\_\_\_\_/\_\_\_\_

Pawe Kuzmanovski

**Responsible Accounting Officer**

\_\_\_\_/\_\_\_\_/\_\_\_\_

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Draft Special Purpose Financial Statements – Year Ended 30 June 2019**

**INCOME STATEMENT OF OTHER BUSINESS ACTIVITIES**

	Ryde Aquatic Leisure Centre (Category 1)		Commercial Waste Management (Category 2)	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<b>Income from continuing operations</b>				
Annual Charges	-	-	-	-
User Charges	5,583	5,558	1,463	1,473
Other income	20	19	-	-
<b>Total Income From Continuing Operations</b>	<b>5,603</b>	<b>5,577</b>	<b>1,463</b>	<b>1,473</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on costs	3,511	3,480	49	55
Materials and Contracts	578	548	357	344
Depreciation, amortisation and impairment	1,297	1,088	-	-
Calculated Taxation Equivalents	191	190	-	-
Other expenses	76	81	268	254
<b>Total Expenses From Continuing Operations</b>	<b>5,653</b>	<b>5,387</b>	<b>674</b>	<b>653</b>
<b>Surplus (Deficit) from Continuing Operations before capital amounts</b>	<b>(50)</b>	<b>190</b>	<b>789</b>	<b>820</b>
<b>Surplus (Deficit) from Continuing Operations after capital amounts</b>	<b>(50)</b>	<b>190</b>	<b>789</b>	<b>820</b>
<b>Surplus (Deficit) from All Operations before Tax</b>	<b>(50)</b>	<b>190</b>	<b>789</b>	<b>820</b>
Less Corporate Taxation Equivalent (30%) [based on Operating result before capital]	-	57	237	246
<b>Surplus (Deficit) After Tax</b>	<b>(50)</b>	<b>133</b>	<b>552</b>	<b>574</b>
<b>Opening Accumulated Surplus</b>	<b>33,931</b>	<b>33,551</b>	<b>200</b>	<b>200</b>
Adjustments for Amounts Unpaid:-				
Taxation Equivalent Payments	191	190	-	-
Corporate Taxation Equivalent	-	57	237	246
Less: TER Dividend payment (non restricted activities)	-	-	(237)	(246)
Less: Surplus Dividend payment (non restricted activities)	-	-	(552)	(574)
<b>Closing Accumulated Surplus</b>	<b>34,072</b>	<b>33,931</b>	<b>200</b>	<b>200</b>
<b>RETURN ON CAPITAL (%)</b>	<b>-0.13%</b>	<b>0.56%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Required return on capital (%)</b>	<b>5.00%</b>	<b>5.17%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>SUBSIDY FROM COUNCIL</b>	<b>2,047</b>	<b>1,549</b>	<b>-</b>	<b>-</b>

**Calculation of Dividend Payable**

Surplus (Deficit) after tax	(50)	133	552	574
Less: Capital grants & contributions	-	-	-	-
Surplus for dividend calculation purposes	(50)	133	552	574
<b>Dividend calculated from surplus</b>	<b>-</b>	<b>133</b>	<b>552</b>	<b>574</b>

**ITEM 6 (continued)**

**ATTACHMENT 1**

Draft Special Purpose Financial Statements – Year Ended 30 June 2019

**FINANCIAL POSITION OF OTHER BUSINESS ACTIVITIES**

	Ryde Aquatic Leisure Centre		Commercial Waste Management	
	(Category 1)		(Category 2)	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<b>CURRENT ASSETS</b>				
Cash Asset and cash equivalents	1,243	1,296	-	-
Receivables	8	94	542	522
Inventories	12	12	-	-
Other	7,514	6,521	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>8,777</b>	<b>7,923</b>	<b>542</b>	<b>522</b>
<b>NON-CURRENT ASSETS</b>				
Infrastructure, Property, Plant & Equipment	39,932	33,646	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>39,932</b>	<b>33,646</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>48,709</b>	<b>41,569</b>	<b>542</b>	<b>522</b>
<b>CURRENT LIABILITIES</b>				
Payables	367	320	50	50
Income received in advance	18	363	-	-
Interest Bearing Liabilities	316	300	269	211
Provisions	893	885	12	14
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,594</b>	<b>1,868</b>	<b>331</b>	<b>275</b>
<b>NON-CURRENT LIABILITIES</b>				
Interest Bearing Liabilities	334	650	-	-
Provisions	16	11	11	47
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>350</b>	<b>661</b>	<b>11</b>	<b>47</b>
<b>NET ASSETS</b>	<b>46,765</b>	<b>39,040</b>	<b>200</b>	<b>200</b>
<b>EQUITY</b>				
Accumulated Surplus	34,072	33,931	200	200
Revaluation Reserves	12,693	5,109	-	-
<b>TOTAL EQUITY</b>	<b>46,765</b>	<b>39,040</b>	<b>200</b>	<b>200</b>

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft Special Purpose Financial Statements – Year Ended 30 June 2019**

**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 Council and Office of Local Government. For the purposes of these statements, the Council is non-reporting not-for-profit entity.

The figures presented in the special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in the special purpose financial statements have been prepared in accordance with the Local Government Act 1993 (NSW), the Local Government (General) Regulation 2005, and the Local Government Code of Accounting Practice and Financial Reporting.

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.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

**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 – Business activities with a gross operating turnover more than \$2 million**

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

**Category 2 – Business activities with a gross operating turnover less than \$2 million**

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 dollars and are rounded to the nearest thousand dollars.

**Taxation Equivalent Charges**

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just 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 special purpose financial statements. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Notes to the Draft Special Purpose Financial Statements – Year Ended 30 June 2019**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Tax	Notional Rate Applied %
Corporate Tax Rate	30%
Land Tax	1.6% of the value in excess of \$692,000 but less than \$4,321,000. 2% of the value in excess of \$4,321,000
Payroll Tax	5.45% of total labour payments for the individual business activity in excess of \$850,000
Stamp Duty	Statutory rates as published by Revenue NSW

**Income Tax**

An income tax equivalent has been applied on the profits of the business activities. 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 SPFS. 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 NCP 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. The rate of return is disclosed for each of Council's business activities on the Income Statement.

(iii) Dividends

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

END OF AUDITED SPECIAL PURPOSE FINANCIAL STATEMENTS



**ITEM 6 (continued)**

**ATTACHMENT 1**

Notes to the Draft Special Purpose Financial Statements – Year Ended 30 June 2019

Reserved for audit report

**ITEM 6 (continued)**


**ATTACHMENT 1**

Notes to the Draft Special Purpose Financial Statements – Year Ended 30 June 2019

**ITEM 6 (continued)**

**ATTACHMENT 1**



 City of Ryde

Lifestyle and opportunity @ your doorstep



**ITEM 6 (continued)**

**ATTACHMENT 1**

**Draft Special Schedules – Year Ended 30 June 2019**

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**ITEM 6 (continued)**

**ATTACHMENT 1**

**Draft Special Schedules – Year Ended 30 June 2019**

**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
<b>Governance</b>	<b>3,694</b>	<b>247</b>		<b>(3,447)</b>
<b>Administration</b>	<b>27,362</b>	<b>2,770</b>	<b>5</b>	<b>(24,587)</b>
<b>Public Order &amp; Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	2,396	16		(2,380)
Animal Control	329	72		(257)
Enforcement of Local Govt Regs	917	3,589		2,672
Other Public Order & Safety	2,211	4,547	30	2,366
<b>Total Public Order &amp; Safety</b>	<b>5,853</b>	<b>8,224</b>	<b>30</b>	<b>2,401</b>
<b>Health</b>	<b>588</b>	<b>410</b>		<b>(178)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	129			(129)
Other Environment Protection	691	10		(681)
Solid Waste Management	19,015	23,456		4,441
Stormwater Management	4,600	1,187	30	(3,383)
<b>Total Environment</b>	<b>24,435</b>	<b>24,653</b>	<b>30</b>	<b>248</b>
<b>Community Services &amp; Education</b>				
Administration & Education	1,311	40		(1,271)
Social Protection (Welfare)	2,648	668		(1,980)
Aged Persons and Disabled	442	618		176
Children's Services	210	25		(185)
<b>Total Community Services &amp; Education</b>	<b>4,611</b>	<b>1,351</b>		<b>(3,260)</b>
<b>Housing &amp; Community Amenities</b>				
Public Conveniences	1,192	242		(950)
Street Lighting	2,280	378		(1,902)
Town Planning	8,988	15,930	1,127	8,069
Other Community Amenities	46	87		41
<b>Total Housing &amp; Community Amenities</b>	<b>12,506</b>	<b>16,637</b>	<b>1,127</b>	<b>5,258</b>
<b>Recreation &amp; Culture</b>				
Public Libraries	6,185	1,146		(5,039)
Community Centres and Halls	1,421	303		(1,118)
Other Cultural Services	992	327		(665)
Sporting Grounds and Venues	1,213	1,156	2,155	2,098
Swimming Pools	6,669	5,842		(827)
Parks & Gardens (Lakes)	9,327	125		(9,202)
Other Sport & Recreation	232	72	400	240
<b>Total Recreation &amp; Culture</b>	<b>26,039</b>	<b>8,971</b>	<b>2,555</b>	<b>(14,513)</b>

**ITEM 6 (continued)**

**ATTACHMENT 1**

**Draft Special Schedules – Year Ended 30 June 2019**

**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
<b>Mining, Manufacturing &amp; Construction</b>				
Building Control	679	140		(539)
<b>Total Mining, Manufacturing &amp; Construction</b>	<b>679</b>	<b>140</b>		<b>(539)</b>
<b>Transport &amp; Communication</b>				
Urban Roads : Local	12,642	4,216	38,522	30,096
Bridges on Urban Roads : Local	56			(56)
Footpaths	2,061			(2,061)
Parking Areas	548			(548)
Other	302	189	12	(101)
<b>Total Transport &amp; Communication</b>	<b>15,609</b>	<b>4,405</b>	<b>38,534</b>	<b>27,330</b>
<b>Economic Affairs</b>				
Other Economic Affairs	1,435	2,397		962
<b>Total Economic Affairs</b>	<b>1,435</b>	<b>2,397</b>		<b>962</b>
<b>TOTALS - FUNCTIONS</b>	<b>122,811</b>	<b>70,205</b>	<b>42,281</b>	<b>(10,325)</b>
<b>GENERAL PURPOSE REVENUES <sup>(1)</sup></b>		64,657		64,657
<b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES BEFORE EXTRAORDINARY ITEMS <sup>(2)</sup></b>	<b>122,811</b>	<b>134,862</b>	<b>42,281</b>	<b>54,332</b>
<b>SURPLUS/(DEFICIT) FROM ALL ACTIVITIES <sup>(2)</sup></b>	<b>122,811</b>	<b>134,862</b>	<b>42,281</b>	<b>54,332</b>

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



**ITEM 6 (continued)**

**ATTACHMENT 1**

**Draft Special Schedules – Year Ended 30 June 2019**

**SPECIAL SCHEDULE 2 - PERMISSIBLE INCOME FOR GENERAL RATES**

	2018/2019 Calculation \$'000	2019/2020 Calculation \$'000
<b>Notional General Income Calculation <sup>(1)</sup></b>		
Last Year Notional General Income Yield	63,151	68,467
Plus or minus Adjustments <sup>(2)</sup>	560	1,110
<b>Notional General Income</b>	<b>63,711</b>	<b>69,577</b>
<b>Permissible Income Calculation</b>		
Special variation percentage <sup>(3)</sup>	7.29%	
OR Rate peg percentage	2.30%	2.70%
OR Crown land adjustment incl. rate peg percentage	-	-
Less expiring special variation amount	-	-
Plus special variation amount	4,645	
OR Plus rate peg amount	-	1,879
OR Plus crown land adjustment and rate peg amount	-	
<b>Sub-total</b>	<b>68,356</b>	<b>71,456</b>
Plus or minus last year's Carry Forward Total	331	187
Less Valuation Objections claimed in the previous year	(33)	
<b>Sub-total</b>	<b>298</b>	<b>187</b>
<b>Total Permissible income</b>	<b>68,653</b>	<b>71,643</b>
Less Notional General Income Yield	68,467	70,973
<b>Catch-up or (excess) result</b>	<b>298</b>	<b>670</b>
Plus Income lost due to valuation objections claimed <sup>(4)</sup>		-
Less Unused catch-up <sup>(5)</sup>	-	187
<b>Carry forward to next year</b>	<b>298</b>	<b>483</b>

**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 Act 1916.
- (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.

**ITEM 6 (continued)**

**ATTACHMENT 1**

Draft Special Schedules – Year Ended 30 June 2019

**Audit Report**

ITEM 6 (continued)

ATTACHMENT 1

Draft Special Schedules – Year Ended 30 June 2019  
SPECIAL SCHEDULE 7 - REPORT ON INFRASTRUCTURE ASSETS  
NOT AUDITED

Asset Class	Asset Category	Estimated Cost to bring to a satisfactory standard (overdue renewals)	Required Annual Maintenance Expense	Current Annual Maintenance	Net Carrying Amount	Gross Replacement Cost (GRC)	Assets in Condition as a % of Gross Replacement Cost					
							1	2	3	4	5	
		\$'000	\$'000	\$'000	\$'000	\$'000						
<b>Buildings</b>	Council Offices/ Administration Centres	-	2,364	2,807	-	17,774			100.00%			
	Council Works Dept	-	392	348	1,941	9,141	19.70%	80.30%				
	Council Public Halls	-	-	-	762	9,904	0.00%	12.20%	87.80%			
	Libraries	-	733	688	4,779	9,285		100.00%				
	Cultural Facilities	-	845	970	7,757	19,879	35.24%	50.04%	14.71%			
	Amenities/Toilets	81	294	622	11,574	21,738	20.47%	57.47%	17.73%	4.04%	0.28%	
	Other Buildings	0	1,992	1,660	25,652	39,927	65.14%	11.90%	2.29%	13.11%	7.55%	
	Specialised Buildings	-	-	-	38,100	53,168		100.00%				
	<b>Sub total</b>	<b>81</b>	<b>8,829</b>	<b>7,096</b>	<b>90,989</b>	<b>180,744</b>						
<b>Other Structures</b>	Other Structures	2,762	8,793	8,577	91,999	110,452	34.63%	25.19%	27.73%	9.34%	2.99%	
	<b>Sub total</b>	<b>2,762</b>	<b>8,793</b>	<b>8,577</b>	<b>91,999</b>	<b>110,452</b>						
<b>Roads</b>	Sealed Roads Surface	6,872	406	463	230,436	307,178	21.86%	57.71%	13.15%	9.02%	2.24%	
	Bridges	0	53	11	2,429	4,179	11.54%	57.92%	30.04%	0.00%	0.00%	
	Footpaths	86	1,516	1,488	53,743	64,879	9.20%	87.32%	8.77%	2.13%	0.19%	
	Cycle ways	-	147	129	-	-						
	Verb and Gutter	13	1,483	1,732	80,398	104,527	1.74%	82.12%	14.06%	2.08%	0.91%	
	Other Road Assets	1,421	1,768	1,962	3,400	7,390	6.21%	36.42%	18.97%	19.20%	19.29%	
	<b>Sub total</b>	<b>8,408</b>	<b>5,402</b>	<b>5,619</b>	<b>279,404</b>	<b>488,135</b>						
<b>Stormwater Drainage</b>	Retarding Basins	-	-	-	940	1,083	10.00%	95.00%				
	Stormwater Conduits	817	983	211	148,768	167,299	2.98%	77.53%	15.88%	3.30%	0.44%	
	Inlet and Junction Pits	134	-	-	45,940	68,147	3.24%	55.32%	37.97%	3.42%	0.15%	
	Other	-	-	-	8,579	14,989	13.50%	24.85%	45.24%	16.56%		
	<b>Sub total</b>	<b>929</b>	<b>983</b>	<b>211</b>	<b>204,166</b>	<b>271,812</b>						
<b>Open Space/Recreational Assets</b>	Swimming Pools	-	1,962	1,906	-	-						
	Other Open Space/ Recreational Assets	-	-	-	-	-						
	<b>Sub total</b>	<b>-</b>	<b>1,962</b>	<b>1,906</b>	<b>-</b>	<b>-</b>						
<b>Other Infrastructure Assets</b>		-	-	-	-	-						
	<b>Sub total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>						
<b>Total classes</b>	<b>Total – all assets</b>	<b>12,148</b>	<b>20,739</b>	<b>21,209</b>	<b>786,134</b>	<b>1,050,862</b>	<b>15.80%</b>	<b>65.37%</b>	<b>18.01%</b>	<b>4.67%</b>	<b>1.44%</b>	

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 2008). 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.

Current Annual Maintenance, included in the table above, includes maintenance and operating costs, excluding depreciation, as the differentiation and tracking of costs has not been previously done and there is insufficient information to estimate this. Required Annual Maintenance is what should be spent to maintain and operate assets in a satisfactory standard that are already in satisfactory standard.

**ITEM 6 (continued)**

**ATTACHMENT 1**

Draft Special Schedules – Year Ended 30 June 2019

**SPECIAL SCHEDULE 7 - REPORT ON INFRASTRUCTURE ASSETS (CONTINUED)**  
**NOT AUDITED**

**\*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. In June 2017, Council resolved that Denistone East Bowling Club would become a passive and active recreation space. Subsequently, no renewal will occur for the component in Condition 5 for Other Buildings.

**\*\*Public Roads** Included within the "Public Roads" group of assets is Urban Roads, Footpaths, and Kerb and Gutter

**Urban Roads** 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 \$307M. Council's footpath network has a current replacement value of \$65M. Council has designed and implemented a Footpath Management System, where every footpath is inspected and rated on a 1 to 5 rating basis.

**Footpaths**

**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 \$105M.

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

Infrastructure Asset Performance Indicators – Consolidated	Amounts \$'000	Current year	2018	2017	2016	Benchmark
<b>Buildings Infrastructure Renewals Ratio</b>						
Asset Renewals (building, infrastructure & other structures)	\$24,380	219%	181%	184%	134%	>100%
Depreciation, amortisation and impairment	\$11,134					
<b>Infrastructure backlog ratio (WDV)</b>						
Estimated cost to bring assets to a satisfactory condition (overdue renewals)	\$12,148	1.6%	1.8%	2.7%	3%	< 2%
Net carrying amount of infrastructure assets	\$766,134					
<b>Asset maintenance ratio</b>						
Actual asset maintenance	\$21,209	102%	93%	93%	88%	>100%
Required asset maintenance	\$20,759					
<b>Cost to bring assets to agreed service level</b>						
Estimated cost to bring assets to a satisfactory condition (overdue renewals)	\$12,148	1.3%	1.3%	2.0%	3%	< 2%
Total value of infrastructure, building, other structures and depreciable land improvement assets (GBV)	\$1,850,862					