

**Meeting Date:** Tuesday 27 October 2020  
**Location:** Online Audio Visual Meeting  
**Time:** 7.00pm


**ATTACHMENTS FOR COUNCIL MEETING**

**Item**

- 6      2019/2020 DRAFT FINANCIAL STATEMENTS**  
Attachment 1    2019/2020 Draft Financial Statements



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A horizontal bar composed of many small, multi-colored rectangular segments in shades of pink, purple, blue, green, yellow, orange, and red.

# **Draft General and Special Purpose Financial Statements**

Year Ended 30 June 2020



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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)

**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 27 October 2020.

Councillor Jerome Laxale  
**Mayor**

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Councillor

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

George Dedes  
**General Manager**

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

Pavle Kuzmanovski  
**Responsible Accounting Officer**

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## INCOME STATEMENT

Original unaudited Budget 2020 (\$'000)		Notes	Actual 2020 (\$'000)	Actual 2019 (\$'000)
<b>INCOME FROM CONTINUING OPERATIONS</b>				
91,670	Rates and annual charges	3(a)	94,617	90,131
18,882	User charges and fees	3(b)	15,091	16,937
5,574	Interest and investment revenue	4	5,775	7,149
8,882	Other revenues	3(c)	6,829	10,705
9,898	Grants & contributions provided for operating purposes	3(d&e)	8,859	8,288
20,464	Grants & contributions provided for capital purposes	3(d&e)	34,085	42,281
<b>Other Income:</b>				
-	Net gain from the disposal of assets	6	-	647
-	Fair value increment on investment properties	11	2,545	1,005
2,453	Rental Income	13	2,539	-
<b>157,823</b>	<b>TOTAL INCOME FROM CONTINUING OPERATIONS</b>		<b>170,340</b>	<b>177,143</b>
<b>EXPENSES FROM CONTINUING OPERATIONS</b>				
52,723	Employee benefits and on-costs	5(a)	53,554	50,431
75	Borrowing costs	5(b)	226	90
37,806	Materials and contracts	5(c)	36,593	34,288
19,902	Depreciation and amortisation	5(d)	20,068	17,847
18,969	Other expenses	5(e)	16,281	16,715
-	Net loss from the disposal of assets	6	1,912	-
-	Revaluation decrement/impairment of IPPE	5(e)	96,745	3,440
<b>129,475</b>	<b>TOTAL EXPENSES FROM CONTINUING OPERATIONS</b>		<b>225,379</b>	<b>122,811</b>
<b>28,348</b>	<b>OPERATING RESULT FROM CONTINUING OPERATIONS</b>		<b>(55,039)</b>	<b>54,332</b>
<b>28,348</b>	<b>NET OPERATING RESULT FOR THE YEAR</b>		<b>(55,039)</b>	<b>54,332</b>
28,348	Net operating result for the year attributable to Council		(55,039)	54,332
7,884	Net operating result for the year before grants and contributions provided for capital purposes		(89,124)	12,051

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

## STATEMENT OF COMPREHENSIVE INCOME

	Notes	2020 (\$'000)	2019 (\$'000)
<b>Net operating result for the year - from Income Statement</b>		(55,039)	54,332
<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	10	<u>116,347</u>	<u>321</u>
<b>Total other comprehensive income for the year</b>		<u>116,347</u>	<u>321</u>
<b>Total comprehensive income for the year</b>		<u><u>61,308</u></u>	<u><u>54,653</u></u>
Attributable to:			
- Council		61,308	54,653

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



## STATEMENT OF FINANCIAL POSITION

	Notes	2020 (\$'000)	2019 (\$'000)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7(a)	27,449	15,591
Investments	7(b)	75,200	94,048
Receivables	8	11,944	14,631
Inventories	9	695	746
Other	9	2,164	2,951
<b>Total current assets</b>		<u>117,452</u>	<u>127,967</u>
<b>Non-current assets</b>			
Investments	7(b)	130,765	126,573
Receivables	8	22	22
Infrastructure, property, plant and equipment	10	1,242,592	1,179,875
Right of Use Assets	13	6,052	7,618
Investment property	11	120,715	118,170
<b>Total non-current assets</b>		<u>1,500,146</u>	<u>1,432,258</u>
<b>TOTAL ASSETS</b>		<u><u>1,617,598</u></u>	<u><u>1,560,225</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	14	29,446	32,584
Contract Liabilities	12	3,129	273
Income received in advance	14	-	50
Lease Liabilities	13	1,925	1,783
Borrowings	14	317	302
Provisions	15	15,272	14,397
<b>Total current liabilities</b>		<u>50,089</u>	<u>49,389</u>
<b>Non-current liabilities</b>			
Contract Liabilities	12	5,573	5,765
Lease Liabilities	13	3,839	7,997
Borrowings	14	1,091	1,408
Provisions	15	294	262
<b>Total non-current liabilities</b>		<u>10,797</u>	<u>15,432</u>
<b>TOTAL LIABILITIES</b>		<u><u>60,886</u></u>	<u><u>64,821</u></u>
<b>NET ASSETS</b>		<u><u>1,556,712</u></u>	<u><u>1,495,404</u></u>
<b>EQUITY</b>			
Accumulated Surplus		1,200,071	1,255,110
Revaluation reserves		<u>356,641</u>	<u>240,294</u>
Council interest		<u>1,556,712</u>	<u>1,495,404</u>
<b>TOTAL EQUITY</b>		<u><u>1,556,712</u></u>	<u><u>1,495,404</u></u>

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

## STATEMENT OF CHANGES IN EQUITY

	2020 (\$'000)				2019 (\$'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	1,262,823	240,294	1,503,117	1,503,117	1,208,491	239,973	1,448,464	1,448,464
Correction of errors	-	-	-	-	-	-	-	-
Changes due to AASB16 adoption	(7,713)		(7,713)	(7,713)			-	-
Changes in accounting policies	-	-	-	-	-	-	-	-
Restated opening balance	1,255,110	240,294	1,495,404	1,495,404	1,208,491	239,973	1,448,464	1,448,464
Net operating result for the year	(55,039)	-	(55,039)	(55,039)	54,332	-	54,332	54,332
Other comprehensive income								
Gain (loss) on revaluation of infrastructure, property, plant and equipment	-	116,347	116,347	116,347	-	321	321	321
Total comprehensive income	(55,039)	116,347	61,308	61,308	54,332	321	54,653	54,653
Transfers between Equity Items								
Closing balance	1,200,071	356,641	1,556,712	1,556,712	1,262,823	240,294	1,503,117	1,503,117

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

## STATEMENT OF CASH FLOWS

Original unaudited Budget* 2020 (\$'000)		Notes	Actual 2020 (\$'000)	Actual 2019 (\$'000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
91,670	Rates & annual charges		95,594	88,944
20,397	User charges & fees		16,413	17,585
5,574	Investment revenue and interest		6,575	6,874
10,215	Grants and contributions		26,135	51,731
-	Bonds, deposits and retentions received		3,436	3,604
11,966	Other		107,346	12,955
<b>Payments</b>				
(52,850)	Employee benefits and on-costs		(52,862)	(49,319)
(40,481)	Materials and contracts		(48,699)	(39,065)
(75)	Borrowing costs		(233)	(92)
-	Bonds, deposits and retentions refunded		(2,285)	(2,948)
(20,371)	Other		(111,531)	(17,004)
26,044	<b>Net cash provided from (or used) in operating activities</b>	17(b)	39,889	73,265
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
94,048	Sale of investments		65,327	68,147
1,375	Sale of infrastructure, property, plant and equipment		1,352	1,517
<b>Payments</b>				
(94,048)	Purchase of investments		(49,353)	(85,078)
(58,867)	Purchase of infrastructure, property, plant and equipment		(45,055)	(48,888)
(57,492)	<b>Net cash provided from (or used) in investing activities</b>		(27,729)	(64,302)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
-	Proceeds from borrowings and advances		-	-
<b>Payments</b>				
(302)	Repayments of borrowings and advances		(302)	(911)
(302)	<b>Net cash provided from (or used) in financing activities</b>		(302)	(911)
(31,749)	Net increase/(decrease) in cash & cash equivalents		11,858	8,052
15,591	Cash & cash equivalents at beginning of reporting period		15,591	7,539
(16,158)	<b>Cash &amp; Cash Equivalents at end of Reporting Period</b>	17(a)	27,449	15,591

\* Original budget as approved by Council - Refer Note 21

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

## NOTE 1 BASIS OF PREPARATION

These financial statements were authorised for issue by Council on 27/10/2020. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the 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.

Council has closely monitored the economic impacts (both locally and globally) arising from the outbreak of the COVID-19 pandemic and the implications in preparing these financial statements. Council will continue to monitor the actions and directives issued by both State and Federal Government's to ensure that the spread of COVID-19 is eradicated and assist local economic recovery in a fiscally responsible manner.

Council is closely monitoring the developments and implications of the COVID-19 pandemic in the coming financial year through the detailed scenarios and business continuity planning to minimise operational business interruptions.

No other matters have arisen subsequent to the balance date that would require these Financial Statements to be amended.

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) 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.

### (ii) 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 11
- (ii) Estimated fair values of infrastructure, property, plant and equipment – refer Note 10
- (iii) Estimated remediation provision of old landfill site – refer Note 19
- (iv) Employee benefit provisions – refer Note 15

#### 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 8.

## 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 responsible for administering the process for managing the value of Council's infrastructure assets. Council has revalued its infrastructure assets using a combination of external valuers and in house valuations, dependant on the asset class. The same staff are also responsible for estimating the useful lives of infrastructure assets for each asset class.

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

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.

### Volunteer Services

Council offers a variety of services, events and programs that are fulfilled with the generosity of volunteers who offer their time and skills. Such services include bushcare, festivals, library and multicultural programs. The nature of such activities would not be purchased if not donated, and is not reliably measured. As such, Council does not recognise these services in the income statement.

### 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 2019 (i.e. for the year ending 30 June 2020).

### New accounting standards adopted during the year

During the year, Council adopted all standards which were mandatorily effective for the first time at 30 June 2020. The standards which had an impact on reported position, performance or disclosure have been discussed in Note 16.

## 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		CARRYING AMOUNT OF ASSETS	
	Actual 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
<b>Programs</b>										
Catchment program	106	150	4,763	4,627	(4,657)	(4,477)			190,532	204,225
Centres and Neighbourhood program	5,258	735	3,502	3,935	1,756	(3,200)	371	364	11,032	11,382
Community and Cultural program	1,833	2,102	6,725	6,178	(4,892)	(4,076)	713	767	111	230
Customer and Community Relations program	15	14	3,787	3,422	(3,772)	(3,408)				
Economic Development program	6	4	771	257	(765)	(253)	2			
Environmental program	82	10	1,074	701	(992)	(691)	73			
Foreshore program	(6)	31	100	112	(106)	(81)	(6)	31		
Governance and Civic program	129	13	4,274	4,080	(4,145)	(4,067)	120			
Internal Corporate Services program	10,102	9,251	116,147	17,487	(106,045)	(8,236)	272	35	706,431	564,994
Land Use Planning program	26,850	38,509	2,459	2,118	24,391	36,391	904	750		
Library program	(139)	1,142	5,986	6,053	(6,125)	(4,911)	368	297	2	1,262
Open Space, Sport & Recreation program	6,456	9,958	19,911	19,577	(13,455)	(9,619)	1,321	2,540	254,305	267,305
Organisational Development program	7	7	254	486	(247)	(479)				
Paths and Cycleways program	938	1,281	2,555	2,522	(1,617)	(1,241)	771	1,097		
Property Portfolio program	2,187	2,777	4,127	6,211	(1,940)	(3,434)			120,715	118,170
Regulatory program	9,569	10,102	9,487	8,662	82	1,440				
Risk Management program	446	528	4,603	4,135	(4,157)	(3,607)				
Roads program	3,825	1,998	11,512	10,040	(7,687)	(8,042)	1,915	965	333,368	391,087
Strategic City program			366	277	(366)	(277)				
Traffic & Transport program	1,599	1,585	3,112	3,119	(1,513)	(1,534)	666	569		
Waste and Recycling program	24,301	23,544	19,864	18,812	4,437	4,732		34	1,102	1,570
<b>Total Functions &amp; Activities</b>	<b>93,564</b>	<b>103,741</b>	<b>225,379</b>	<b>122,811</b>	<b>(131,815)</b>	<b>(19,070)</b>	<b>7,490</b>	<b>7,449</b>	<b>1,617,598</b>	<b>1,560,225</b>
<b>General Purpose Income</b>	<b>76,776</b>	<b>73,402</b>			<b>76,776</b>	<b>73,402</b>	<b>2,659</b>	<b>2,708</b>		
<b>Totals</b>	<b>170,340</b>	<b>177,143</b>	<b>225,379</b>	<b>122,811</b>	<b>(55,039)</b>	<b>54,332</b>	<b>10,149</b>	<b>10,157</b>	<b>1,617,598</b>	<b>1,560,225</b>

## 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.

## **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.



**NOTE 3 REVENUE FROM CONTINUING OPERATIONS**

	AASB*	2020 (\$'000)	2019 (\$'000)
<b>(a) Rates and Annual Charges</b>			
<b>Ordinary rates</b>			
Residential	1058(1)	32,145	30,196
Business	1058(1)	17,701	17,346
Environmental management levy	1058(1)	7,578	7,203
Less: Pensioner rebates (mandatory)		(690)	(749)
Less: Pensioner rebates (council)		(16)	(19)
<b>Rates levied to ratepayers</b>		<b>56,718</b>	<b>53,977</b>
Pensioner rate subsidies received	1058(1)	623	415
<b>Total ordinary rates</b>		<b>57,341</b>	<b>54,392</b>
<b>Special rates</b>			
Macquarie Park	1058(1)	1,480	1,455
Infrastructure special rate	1058(1)	12,873	12,163
<b>Total special rates</b>		<b>14,353</b>	<b>13,618</b>
<b>Annual charges (pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</b>			
Domestic waste management services	1058(1)	22,073	20,969
Non-rateable waste management charges	1058(1)	120	114
Stormwater management service charge	1058(1)	1,098	1,065
Section 611 charges		63	150
Less: Pensioner rebates (mandatory)		(422)	(374)
Less: Pensioner rebates (council)		(9)	(10)
<b>Total annual charges</b>		<b>22,923</b>	<b>21,914</b>
Pensioner subsidies received (Domestic waste management)		-	207
<b>Total rates and annual charges</b>		<b>94,617</b>	<b>90,131</b>

Council has used 2019 valuations provided by the NSW Valuer General in calculating its rates.

\* **AASB:** The revenue recognition pattern for the material streams of Council revenue are identified as:

- 15(1)** Revenue recognised at a point in time under AASB15
- 15(2)** Revenue recognised over time under AASB15
- 1058(1)** Revenue recognised at a point in time under AASB1058
- 1058(2)** Revenue recognised over time under AASB1058

**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 which is the beginning of the rating period to which they relate.

Prepaid rates are recognised as a financial liability until the beginning of the rating period.

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 and are in substance a rates payment.

**2019 accounting policy**

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.

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

	AASB*	2020 (\$'000)	2019 (\$'000)
<b>(b) User charges and fees</b>			
<b>User charges (pursuant to s.502)</b>			
Aquatic centre	15(1)	3,934	5,691
Sports facility rental	15(1)	488	1,049
Hall hire	15(1)	350	460
Road restorations	15(1)	2,067	1,214
Gutter crossings		75	42
Commercial waste service	15(1)	1,295	1,463
Other	15(1)	127	97
<b>Total user charges</b>		8,336	10,016
<b>Fees</b>			
Regulatory/statutory fees	1058(1)	2,439	1,455
Section 10.7 certificates (EP&A Act)	15(1)	329	294
s603 certificates	15(1)	206	177
Discretionary			
- Parking fees	15(1)	1,679	1,956
- Environmental planning	15(1)	1,488	2,126
- Private works		27	27
- Home maintenance & modification	15(1)	105	45
- Other	15(1)	482	841
<b>Total fees</b>		6,755	6,921
<b>Total user charges and fees</b>		15,091	16,937

\* **AASB:** The revenue recognition pattern for the material streams of Council revenue are identified as:

- 15(1)** Revenue recognised at a point in time under AASB15
- 15(2)** Revenue recognised over time under AASB15
- 1058(1)** Revenue recognised at a point in time under AASB1058
- 1058(2)** Revenue recognised over time under AASB1058

**Accounting policy for user charges and fees**

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods/services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 14 days of the provision of services or in some cases the customer is required to pay up front. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as aquatic centre membership and sports facility rental the fee is recognised on a straight line basis over the expected life of the charge.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

**2019 accounting policy**

User charges and fees are recognised as revenue when the service has been provided.

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

	AASB*	2020 (\$'000)	2019 (\$'000)
<b>(c) Other revenues</b>			
Rental income:			
- Investment property		-	759
- Commercial Property		-	1,998
- Other property		-	332
Parking fines	1058(1)	3,839	4,375
Other fines		27	38
Ex gratia payments		-	47
Materials recycling	15(1)	628	933
Lease - telecommunications		76	119
Legal fees recoveries			
- Rates		-	-
- Other	1058(1)	399	235
Insurance claims recoveries		1	109
Staff vehicle leases and other payments	15(1)	789	807
Sundry sales		69	112
Other	15(1)	1,001	841
<b>Total other revenue</b>		<b><u>6,829</u></b>	<b><u>10,705</u></b>

\* **AASB:** The revenue recognition pattern for the material streams of Council revenue are identified as:

**15(1)** Revenue recognised at a point in time under AASB15

**15(2)** Revenue recognised over time under AASB15

**1058(1)** Revenue recognised at a point in time under AASB1058

**1058(2)** Revenue recognised over time under AASB1058

**Accounting policy for other revenues**

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods/services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier.

**2019 accounting policy**

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.

## NOTE 3 REVENUE FROM CONTINUING OPERATIONS (CONTINUED)

	AASB*	OPERATING		CAPITAL	
		2020 (\$'000)	2019 (\$'000)	2020 (\$'000)	2019 (\$'000)
<b>(d) Grants</b>					
<b>General purpose (untied)</b>					
Financial assistance	1058(1)	3,618	3,673	-	-
Total general purpose (untied)		<u>3,618</u>	<u>3,673</u>	<u>-</u>	<u>-</u>
<b>Specific purpose</b>					
Skate facilities construction	1058(2)	-	-	-	400
Library	1058(1)	368	297	-	-
Home maintenance & modification	1058(1)	460	531	-	-
Passive parks expansion	1058(2)	-	-	100	565
Sportsground amenities renewal	1058(2)	-	-	-	700
Playground renewals/upgrades	1058(2)	-	-	-	700
LEP grant	1058(1)	904	750	-	-
Community staff funding	1058(1)	242	212	-	-
Street & traffic lighting	1058(1)	371	364	-	-
Roads to recovery	1058(2)	-	-	656	-
Transport	1058(2)	-	-	1,356	1,567
Work Health & Safety incentive rebate	1058(1)	273	36	-	-
Local infrastructure renewal scheme subsidy		72	59	-	-
Other	1058(1)	689	241	1,040	62
Total specific purpose		<u>3,379</u>	<u>2,490</u>	<u>3,152</u>	<u>3,994</u>
<b>Total grants</b>		<b><u>6,997</u></b>	<b><u>6,163</u></b>	<b><u>3,152</u></b>	<b><u>3,994</u></b>
<b>Comprising:</b>					
- Commonwealth funding		3,618	4,375	-	-
- State funding		3,379	1,788	3,152	3,994
- Other funding		-	-	-	-
		<u>6,997</u>	<u>6,163</u>	<u>3,152</u>	<u>3,994</u>

\* **AASB:** The revenue recognition pattern for the material streams of Council revenue are identified as:

**15(1)** Revenue recognised at a point in time under AASB15

**15(2)** Revenue recognised over time under AASB15

**1058(1)** Revenue recognised at a point in time under AASB1058

**1058(2)** Revenue recognised over time under AASB1058

## NOTE 3 REVENUE FROM CONTINUING OPERATIONS (CONTINUED)

	AASB*	OPERATING		CAPITAL	
		2020 (\$'000)	2019 (\$'000)	2020 (\$'000)	2019 (\$'000)
<b>(e) Contributions</b>					
Developer contributions (s7.11) - Cash					
- Open space	1058(1)	-	-	5,173	24,060
- Drainage	1058(1)	-	-	401	1,353
- Traffic facilities	1058(1)	-	-	823	3,773
- Other	1058(1)	-	-	38	169
- Community facilities	1058(1)	-	-	1,671	7,555
Voluntary planning agreements (s7.4) - Cash	1058(1)	-	-	4,873	1,127
<b>Non-cash contributions</b>					
s7.11 affordable housing		-	-	17,815	-
<b>Total developer contributions</b>		<u>-</u>	<u>-</u>	<u>30,794</u>	<u>38,037</u>
<b>Other Contributions</b>					
Other councils	1058(1)	753	733	-	-
Community events	15(1)	56	273	-	-
Old landfill sites subsidence program	1058(1)	-	-	-	150
Other	1058(1)	245	22	110	70
RMS contributions					
- Roads & bridges	1058(1)	407	399	-	-
- Other	1058(1)	274	157	-	-
Customer/resident contributions		-	-	29	30
LSL contributions from other councils	1058(1)	127	396	-	-
DWM better waste and recycling fund	1058(1)	-	145	-	-
<b>Total other contributions</b>		<u>1,862</u>	<u>2,125</u>	<u>139</u>	<u>250</u>
<b>Total contributions</b>		<u>1,862</u>	<u>2,125</u>	<u>30,933</u>	<u>38,287</u>
<b>Total Grants &amp; Contributions (e) &amp; (f)</b>		<u>8,859</u>	<u>8,288</u>	<u>34,085</u>	<u>42,281</u>

**Accounting policy for grants and contributions**

Grants and contributions are now assessed in accordance with AASB 1058 or AASB 15 and revenue recognised in accordance with these standards.

**Accounting policy from 1 July 2019****Grant income under AASB15**

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligation is satisfied.

The performance obligations are varied based on the agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit

## NOTE 3 REVENUE FROM CONTINUING OPERATIONS (CONTINUED)

### Accounting policy for grants and contributions (continued)

#### Grant income

Assets arising from grants in the scope of AASB 1058 are recognised at the assets fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received

#### Capital grants

Capital grants received to enable Council to acquire or construct an item of infrastructure, property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

#### Contributions

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of s7.4, 7.11 and 7.12 of the Environmental Planning and Assessment Act 1979.

While NSW 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.

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.

#### Accounting policy prior to 1 July 2019

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and revenue is recognised at this time and is valued at the fair value of the granted or contributed asset at the date of transfer.

Where grants or contributions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(f) and funds restricted accordingly.

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 reporting date.

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

	<b>2020 (\$'000)</b>	<b>2019 (\$'000)</b>
<b>(f) 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	985	897
- 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	(804)	(163)
<b>Capital Grants</b>		
Capital grants recognised as income in the current reporting period that:		
- have not been spent	614	1,450
- 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	(1,040)	(87)
<b>Contributions</b>		
Contributions recognised as income in the current reporting period that:		
- have not been spent	14,641	40,778
- 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	(22,162)	(24,036)

**NOTE 4 INTEREST AND INVESTMENT INCOME**

	<b>2020</b> <b>(\$'000)</b>	<b>2019</b> <b>(\$'000)</b>
<b>Interest and investment revenue</b>		
Interest on financial assets measured at amortised cost		
- Overdue rates & annual charges	197	230
- Cash, cash equivalents and investments:		
- Externally restricted	1,662	2,741
- Unrestricted	3,869	4,143
Amortisation of discounts and premiums:		
- Debt securities at amortised cost/held to maturity	47	35
<b>Total interest and investment revenue</b>	<u><b>5,775</b></u>	<u><b>7,149</b></u>

**Accounting policy for interest and interest revenue**

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

Dividends are recognised as income in profit or loss when the shareholders right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment.

Council did not recognise any dividends during the current financial year.



**NOTE 5 EXPENSES FROM CONTINUING OPERATIONS**

	<b>2020</b>	<b>2019</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
<b>(a) Employee Benefits &amp; On Costs</b>		
Salaries and wages	42,577	38,558
Employee leave entitlements	10,791	11,591
Superannuation	5,155	5,003
Workers' compensation insurance	786	609
Fringe benefits tax (FBT)	193	167
Training costs (excluding salaries)	239	185
Other	547	506
Less: capitalised costs	<u>(6,734)</u>	<u>(6,188)</u>
<b>Total employee costs expensed</b>	<b><u>53,554</u></b>	<b><u>50,431</u></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.

**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.

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 – refer to Note 19 for more information.

**NOTE 5 EXPENSES FROM CONTINUING OPERATIONS (CONTINUED)**

	<b>2020</b>	<b>2019</b>
<b>(b) Borrowing costs</b>	<b>(\$'000)</b>	<b>(\$'000)</b>
Interest on loans	61	90
Interest on leases	165	-
<b>Total borrowing costs expensed</b>	<b><u>226</u></b>	<b><u>90</u></b>

**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 as incurred.

Interest on leases are expensed in accordance with AASB16. Refer to Note 13 Leases.

**NOTE 5 EXPENSES FROM CONTINUING OPERATIONS (CONTINUED)**

	<b>2020</b>	<b>2019</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
<b>(c) Materials and Contracts</b>		
Raw materials and consumables	1,081	1,023
Contractor Costs		
- Roads and Footpaths Maintenance	2,049	2,047
- Parks Maintenance	1,482	1,565
- Waste Disposal, Collection and Recycling	13,390	12,957
- Construction Recycling	237	612
- Building Cleaning & Maintenance	1,018	992
- Temporary and Agency Staff	2,895	3,134
- Repairs and Maintenance	564	553
- Electrical	980	743
- Community Research	154	242
- Heritage	158	214
- Events	392	494
- Bush Regeneration	531	570
- Labour Hire	167	261
- Security	441	475
- Home Modification and Maintenance Service	187	107
- Drainage	129	66
- Parking Meter	190	162
- Plant Hire External	119	144
Other Contractor Costs	4,878	3,559
Consultancy Costs		
- Town Planning	1,346	1,315
- Project Development Design	38	93
- Ryde Central	-	394
- Property	93	9
- Risk Management	141	103
Other Consultancy Costs	2,144	1,161
Remuneration of auditors	91	95
Legal Fees:		
- Planning & Development	510	576
- Other	1,476	712
Infringement Notice Contract (SEINS)	483	501
Other		
- IT Licenses	1,204	1,325
Less: capitalised costs	(1,975)	(1,916)
<b>Total Materials &amp; Contracts</b>	<b>36,593</b>	<b>34,288</b>

**Accounting policy**

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

**NOTE 5 EXPENSES FROM CONTINUING OPERATIONS (CONTINUED)**

	2020 (\$'000)	2019 (\$'000)
<b>Auditor's Remuneration</b>		
Auditors of the City of Ryde: NSW Auditor-General		
(i) Audit and other assurance services		
Audit and review of financial statements	91	95
Other assurance services	-	-
<b>Total remuneration for audit and other assurance services</b>	<u>91</u>	<u>95</u>
<b>Total Fees paid to or payable to the Auditor General</b>	<u><b>91</b></u>	<u><b>95</b></u>
<b>(d) Depreciation, Amortisation and Impairment of non-financial assets</b>	<b>2020 (\$'000)</b>	<b>2019 (\$'000)</b>
<b>Depreciation and Amortisation</b>		
Plant and equipment	2,261	2,443
Office Equipment	1,022	692
Furniture & fittings	216	101
Land improvements (depreciable)	517	517
Buildings - specialised	888	888
- non-specialised	1,737	1,704
Infrastructure:		
- Roads, Bridges and Footpaths, Other Road Assets	7,924	7,597
- Stormwater Drainage	1,856	1,823
- Open space/recreational assets	1,235	1,236
- Other Structures	427	405
Other Assets:		
- Library Books	453	505
Right of use assets	1,582	-
Total Depreciation Costs	<u>20,118</u>	<u>17,911</u>
Less: Capitalised Depreciation	<u>(50)</u>	<u>(64)</u>
<b>Total Depreciation, Amortisation and Impairment for non-financial assets</b>	<u><b>20,068</b></u>	<u><b>17,847</b></u>

**Accounting policy for depreciation, amortisation and impairment expenses for non-financial assets****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 13 for right of use assets.

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

**Impairment of non-financial assets**

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

## NOTE 5 EXPENSES FROM CONTINUING OPERATIONS (CONTINUED)

### **Accounting policy for depreciation, amortisation and impairment expenses for non-financial assets (continued)**

Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

**NOTE 5 EXPENSES FROM CONTINUING OPERATIONS (CONTINUED)**

<b>(e) Other Expenses</b>	<b>2020</b>	<b>2019</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
Fair value adjustment on assets <sup>(1)</sup>	96,745	3,440
Bad & doubtful debts	21	58
Mayoral fee	69	67
Councillors' fees	309	302
Councillors' (incl. Mayor) expenses	107	100
Insurance	1,352	1,276
Street lighting	1,877	2,038
Communications costs	312	355
Contribution to fire control	1,793	1,603
Contribution to Dept of Planning	281	275
Contributions & donations - community grants	1,434	789
Waste development tax	4,409	3,486
Membership fees	239	219
Valuation fees	172	172
Electricity & heating	1,114	1,436
Water rates	359	385
Bank fees & charges	263	264
Operating Lease (2019 Only)	-	2,252
Property lease costs	539	-
Postage & courier costs	385	390
Advertising	582	612
Other expenses	650	646
Less: capitalised costs	14	(10)
<b>Total other expenses from continuing operations</b>	<b><u>113,026</u></b>	<b><u>20,155</u></b>

<sup>(1)</sup> 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.

**Operating leases (2019 only)**

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

**NOTE 6 GAIN OR LOSS FROM THE DISPOSAL, REPLACEMENT AND DE-RECOGNITION OF ASSETS**

	Notes	2020 (\$'000)	2019 (\$'000)
<b>Gain (or loss) on disposal of plant &amp; equipment</b>	10		
Proceeds from disposal		1,352	1,517
Less: Carrying amount of assets sold		(887)	(979)
<b>Gain (or loss) on disposal</b>		<b>465</b>	<b>538</b>
<b>Gain (or loss) on disposal of real estate assets</b>	10		
Proceeds from sales		-	-
Less: Cost of sales		(452)	(92)
<b>Gain (or loss) on disposal</b>		<b>(452)</b>	<b>(92)</b>
<b>Gain (or loss) on disposal of library books</b>	10		
Proceeds from disposal		-	-
Less: Carrying amount of assets sold		(1,372)	-
<b>Gain (or loss) on disposal</b>		<b>(1,372)</b>	<b>-</b>
<b>Gain (or loss) on disposal of drainage assets</b>	10		
Proceeds from disposal		-	-
Less: Carrying amount of assets disposed		-	(6)
<b>Gain (or loss) on disposal</b>		<b>-</b>	<b>(6)</b>
<b>Gain (or loss) on disposal of Furniture &amp; Fittings</b>	10		
Proceeds from disposal		-	-
Less: Carrying amount of assets sold		(1,832)	-
<b>Gain (or loss) on disposal</b>		<b>(1,832)</b>	<b>-</b>
<b>Gain (or loss) on disposal of RBF - roads, bridges &amp; footpaths</b>	10		
Proceeds from disposal		-	-
Less: Carrying amount of assets disposed		-	(236)
<b>Gain (or loss) on disposal</b>		<b>-</b>	<b>(236)</b>
<b>Gain (or loss) on disposal of investments</b>	7		
Proceeds from disposal <sup>(1)</sup>		3,279	6,435
Less: Carrying value of investments <sup>(2)</sup>		(2,000)	(5,992)
<b>Gain (or loss) on disposal</b>		<b>1,279</b>	<b>443</b>
<b>NET GAIN (OR LOSS) ON DISPOSAL OF ASSETS</b>		<b>(1,912)</b>	<b>647</b>

<sup>(1)</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:

Proceeds from disposal (Statement of cashflows)

Less: Carrying value of financial assets

**Gain (or loss) on disposal**

**Notes**

CF 65,327 68,147

7 (64,048) (67,704)

**1,279 443**

<sup>(2)</sup> The 2019/2020 figure includes the settlement from legal action.

**Accounting policy for disposal of assets**

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the Income Statement.

The gain 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.

**NOTE 7(a) CASH AND CASH EQUIVALENTS**

	2020 (\$'000)	2019 (\$'000)
Cash at bank and on hand	8,990	576
Deposits at call <sup>(1)</sup>	18,459	15,015
	<u>27,449</u>	<u>15,591</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 7(b) INVESTMENTS**

The following financial assets are held as investments:

	2020		2019	
	<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	75,200	130,765	94,048	126,573
<b>Total</b>	<u>75,200</u>	<u>130,765</u>	<u>94,048</u>	<u>126,573</u>
<b>Debt securities at amortised cost/held to maturity</b>				
<b>Comprising of:</b>				
- FRNs	12,700	37,142	9,548	37,942
- Fixed Bonds	-	48,623	-	35,631
- Term Deposits <sup>(2)</sup>	62,500	45,000	84,500	53,000
<b>TOTAL</b>	<u>75,200</u>	<u>130,765</u>	<u>94,048</u>	<u>126,573</u>

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



## NOTE 7(b) INVESTMENTS (CONTINUED)

### Accounting policy for investments

#### Accounting policy under AASB 9

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
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVTOCI – equity)

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.

## NOTE 7(b) INVESTMENTS (CONTINUED)

### Accounting policy for investments (continued)

#### 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.

#### 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.

## NOTE 7(c) RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

	2020		2019	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Total cash, cash equivalents and investments</b>	<b>102,649</b>	<b>130,765</b>	<b>109,639</b>	<b>126,573</b>
External restrictions (refer below)	74,603	53,676	48,544	84,829
Internal restrictions (refer below)	23,667	77,089	56,766	41,744
Unrestricted	4,379	-	4,329	-
<b>Total</b>	<b>102,649</b>	<b>130,765</b>	<b>109,639</b>	<b>126,573</b>

**DETAILS OF RESTRICTIONS**

	<b>Opening Balance 30 June 2019</b>	<b>Transfers To Restriction</b>	<b>Transfers From Restriction</b>	<b>Closing Balance 30 June 2020</b>
	\$'000	\$'000	\$'000	\$'000
<b><u>External restrictions</u></b>				
Developer contributions (A)	103,389	14,641	(22,162)	95,868
Specific purpose unexpended grants (B)	8,270	1,182	(1,426)	8,026
Domestic waste management	14,920	22,047	(19,120)	17,847
Stormwater management	1,179	1,101	(497)	1,783
Affordable housing contribution	172	64	-	236
Macquarie Park special rate	2,252	1,512	(2,406)	1,358
Infrastructure special rate reserve	3,190	12,873	(12,902)	3,161
<b>Total external restrictions</b>	<b>133,372</b>	<b>53,420</b>	<b>(58,513)</b>	<b>128,279</b>
Total restricted grants and contributions (A + B)	111,659	15,823	(23,588)	103,894

- (A) Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans and voluntary planning agreements (VPAs) (See separate Note 24).
- (B) Grants which are not yet expended for the purposes for which the grants were obtained.
- (C) Domestic Waste Management funds are externally restricted assets which must be applied for the purposes for which they were raised.

NOTE 7(c) RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS  
(CONTINUED)

	Opening Balance 30 June 2019 \$'000	Transfers To Restriction \$'000	Transfers From Restriction \$'000	Closing Balance 30 June 2020 \$'000
<b>Internal restrictions</b>				
Plant replacement reserve	3,720	2,353	(2,938)	3,135
Employee leave entitlements	4,487	1,539	(959)	5,067
Incomplete/carry over works and projects	72	296	(72)	296
Refundable deposits	15,975	1,621	-	17,596
Asset replacement reserve	17,906	6,110	(6,012)	18,004
Ryde Aquatic Leisure Centre	1,243	3,626	(4,859)	10
Investment property reserve	21,507	1,393	(1,088)	21,812
Accommodation reserve	8,912	-	(2,480)	6,432
Merger & transition reserve	166	-	(94)	72
Refundable fee reserve	1,594	-	(1,594)	-
Ryde Central reserve	15,953	6,023	(2,905)	19,071
Council election reserve	337	220	-	557
Insurance fluctuation reserve	566	-	(22)	544
Heritage reserve	500	-	-	500
Workers compensation	1,450	1,000	-	2,450
Other	4,123	3,306	(2,219)	5,210
<b>Total internal restrictions</b>	<b>98,511</b>	<b>27,487</b>	<b>(25,242)</b>	<b>100,756</b>
<b>Total restrictions</b>	<b>231,883</b>	<b>80,907</b>	<b>(83,755)</b>	<b>229,035</b>

## NOTE 8 RECEIVABLES

<u>Purpose</u>	2020		2019	
	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
Rates and annual charges	3,337	-	4,314	-
Rates interest & extra charges	362	-	360	-
User charges & fees				
Environmental & health	734	-	767	-
Restorations	914	-	448	-
Recreational facilities	101	-	307	-
Property & infrastructure works	542	-	785	-
Advertising	-	-	56	-
Home modification service	54	-	15	-
Ryde Aquatic Leisure Centre	21	-	42	-
Interest on investments	1,329	-	2,176	-
Contributions to works	6	-	207	-
Government grants & subsidies	1,691	-	1,718	-
Commercial waste	475	-	553	-
Net GST receivable	2,345	-	2,277	-
Asset sales	152	-	233	-
Workers compensation	37	-	35	-
Voluntary planning agreement	27	-	-	-
Fines	125	-	377	-
Other	73	22	339	22
Total <sup>(1)</sup>	12,325	22	15,009	22
Less: <u>provision for impairment</u>				
- User charges and fees	381	-	378	-
	<b>11,944</b>	<b>22</b>	<b>14,631</b>	<b>22</b>

<sup>(1)</sup> Total refers to Note 20

**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.

## NOTE 8 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 14 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.

## NOTE 8 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.

Rates and annual charges outstanding are secured against the property.

**NOTE 9 INVENTORIES AND OTHER ASSETS**

	2020		2019	
	<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	695	-	746	-
<b>Total inventories</b>	<b>695</b>	<b>-</b>	<b>746</b>	<b>-</b>
<b>(II) Inventories not expected to be realised within the next 12 months<sup>(1)</sup></b>	<b>544</b>	<b>-</b>	<b>506</b>	<b>-</b>
<b>(c) Other Assets</b>				
Prepayments	1,424	-	1,221	-
Prepayments - salaries and wages	-	-	990	-
Prepayments - waste alliance	740	-	740	-
<b>Total other assets</b>	<b>2,164</b>	<b>-</b>	<b>2,951</b>	<b>-</b>

**EXTERNALLY RESTRICTED INVENTORIES AND OTHER ASSETS**

NIL

<sup>(1)</sup> 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.



## NOTE 10 INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

\$000's	At 30 June 2019			MOVEMENTS DURING THE YEAR							At 30 June 2020		
	Gross Carrying Amount	Accumulated Depreciation & Impairment	Net Carrying Amount	Renewals	New Assets	Transfers From WIP	Carrying Value of Disposals	Depreciation & Impairment	Asset Revaluation		Gross Carrying Amount	Accumulated Depreciation & Impairment	Net Carrying Amount
									Gross Book Value	Accumulated Depreciation & Impairment			
ASSET CLASS													
Plant and Equipment	28,571	17,974	10,597	869	3,075	-	(887)	(2,261)	-	-	30,149	18,756	11,393
Office Equipment	11,244	8,006	3,238	1,431	271	680	-	(1,022)	-	-	13,625	9,027	4,598
Furniture and Fittings	5,918	3,982	1,936	73	39	-	(1,832)	(216)	-	-	-	-	-
Leased Plant & Equipment	163	163	-	-	-	-	-	-	-	-	163	163	-
Land													
- Operational Land	220,018	-	220,018	-	11,313	-	-	-	106,022	-	337,353	-	337,353
- Community Land	104,652	-	104,652	-	-	-	-	-	(5,636)	-	99,016	-	99,016
- Crown	42,659	-	42,659	-	-	-	-	-	3,544	-	46,203	-	46,203
- Land Improvements (non-depr'n)	10,265	-	10,265	1,050	213	71	-	-	(11,599)	-	-	-	-
- Land Improvements (depr'n)	20,201	14,465	5,736	15	368	-	-	(517)	(20,584)	14,982	-	-	-
- Land Under Roads	1,155	-	1,155	-	-	-	-	-	79	-	1,234	-	1,234
Buildings													
- Non-specialised	127,575	75,106	52,469	1,086	6,809	475	(452)	(1,737)	26,931	(12,858)	159,861	87,138	72,723
Other Structures													
- Carparks	13,299	1,917	11,382	11	-	-	-	(360)	(1)	-	13,309	2,277	11,032
- Foreshore Assets	5,406	1,152	4,254	120	-	24	-	(62)	8,083	(3,153)	13,633	4,367	9,266
- Roadside Structures	14,390	3,863	10,527	94	213	10	-	(348)	3,325	1,037	18,791	3,933	14,858
- Other	260	12	248	-	-	-	-	(5)	(1)	-	260	18	242
Infrastructure													
- Roads, Bridges and Footpaths													
- Road Pavement	307,178	76,741	230,437	6,974	187	349	-	(6,101)	(43,749)	(14,756)	270,939	97,598	173,341
- Traffic Facilities and Devices	7,398	3,998	3,400	1,363	672	660	-	(148)	13,758	(1,141)	23,092	4,528	18,564
- Bridges	4,179	1,750	2,429	94	-	-	-	(45)	-	-	4,273	1,795	2,478
- Footpaths and Cycleways	64,878	11,135	53,743	1,894	3,488	4,996	-	(585)	44,727	(50,336)	119,983	62,056	57,927
- Kerb & Guttering	104,522	15,126	89,396	2,282	1	497	-	(697)	7,855	(34,369)	115,157	50,192	64,965
- Stormwater Drainage	271,512	67,346	204,166	3,152	90	3,282	-	(1,856)	10,206	(28,554)	288,242	97,756	190,486
- Aquatic Leisure Centre	53,168	15,068	38,100	89	-	-	-	(888)	6,780	(2,013)	60,037	17,969	42,068
- Recreation and Land Improvements	77,357	11,526	65,831	823	190	475	-	(1,235)	2,207	(1,064)	81,052	13,825	67,227
Other Assets													
- Heritage Collections	229	-	229	-	-	-	-	-	(119)	-	110	-	110
- Library Books	3,229	1,969	1,260	355	210	-	(1,372)	(453)	-	-	-	-	-
Capital Works in Progress	11,748	-	11,748	-	17,279	(11,519)	-	-	-	-	17,508	-	17,508
<b>TOTALS</b>	<b>1,511,174</b>	<b>331,299</b>	<b>1,179,875</b>	<b>21,775</b>	<b>44,418</b>	<b>-</b>	<b>(4,543)</b>	<b>(18,536)</b>	<b>151,828</b>	<b>(132,225)</b>	<b>1,713,990</b>	<b>471,398</b>	<b>1,242,592</b>

## NOTE 10 INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

\$000's	At 30 June 2018			MOVEMENTS DURING THE YEAR							At 30 June 2019		
	Gross Carrying Amount	Accumulated Depreciation & Impairment	Net Carrying Amount	Renewals	New Assets	Transfers From WIP	Carrying Value of Disposals	Depreciation & Impairment	Asset Revaluation		Gross Carrying Amount	Accumulated Depreciation & Impairment	Net Carrying Amount
									Gross Book Value	Accumulated Depreciation & Impairment			
ASSET CLASS													
Plant and Equipment	28,312	17,447	10,865	-	3,154	-	(979)	(2,443)	-	-	28,571	17,974	10,597
Office Equipment	10,314	7,791	2,523	512	122	773	-	(692)	-	-	11,244	8,006	3,238
Furniture and Fittings	4,741	3,882	859	190	41	947	-	(101)	-	-	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	73,597	52,337	2,068	858	1,647	(92)	(1,704)	(2,645)	-	127,575	75,106	52,469
Other Structures													
- Carparks	11,814	1,583	10,231	96	-	-	-	(335)	1,388	2	13,299	1,917	11,382
- Foreshore Assets	5,333	1,174	4,159	766	1	1,460	-	(62)	(2,154)	84	5,406	1,152	4,254
- Road Ancillary	11,976	3,678	8,298	20	763	1,210	-	(239)	420	55	14,390	3,863	10,527
- 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)	9,083	307,178	76,741	230,437
- Road Ancillaries	7,157	3,863	3,294	358	585	573	-	(143)	(1,275)	8	7,398	3,998	3,400
- Bridges	4,129	1,724	2,405	-	-	-	-	(45)	50	19	4,179	1,750	2,429
- Footpaths and Cycleways	62,479	11,001	51,478	3,233	3,281	2,022	(236)	(551)	(5,900)	416	64,878	11,135	53,743
- Kerb & Guttering	102,816	14,591	88,225	1,198	-	355	-	(685)	153	150	104,522	15,126	89,396
- Stormwater Drainage	266,750	65,888	200,862	1,369	190	1,037	(6)	(1,823)	2,172	365	271,512	67,346	204,166
- Aquatic Leisure Centre	53,168	14,180	38,988	265	-	-	-	(888)	(265)	-	53,168	15,068	38,100
- Other Open Space/Recreational assets	69,342	11,315	58,027	1,752	5,052	3,444	-	(1,236)	(2,234)	1,026	77,357	11,526	65,831
Other Assets													
- Heritage Collections	229	-	229	-	-	-	-	-	-	-	229	-	229
- Library Books	3,285	2,064	1,221	544	-	-	-	(505)	-	-	3,229	1,969	1,260
Capital Works in Progress	20,464	-	20,464	4,765	6,141	(19,622)	-	-	-	-	11,748	-	11,748
<b>TOTALS</b>	<b>1,477,798</b>	<b>327,783</b>	<b>1,150,015</b>	<b>25,864</b>	<b>26,339</b>	<b>-</b>	<b>(1,313)</b>	<b>(17,911)</b>	<b>(14,327)</b>	<b>11,208</b>	<b>1,511,174</b>	<b>331,299</b>	<b>1,179,875</b>

**NOTE 10 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 30 June 2020 and Community Land has been valued using the Valuer General rates with a base date of 1/7/2019.

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.

## NOTE 10 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 at significantly below fair value, 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.

**NOTE 11 INVESTMENT PROPERTIES**

<b>Owned Investment Property</b>	<b>2020 (\$'000)</b>	<b>2019 (\$'000)</b>
<b>At fair value</b>		
Opening balance at 1 July	118,170	117,165
Net gain (loss) from fair value adjustment	<u>2,545</u>	<u>1,005</u>
<b>Closing balance at 30 June</b>	<b><u>120,715</u></b>	<b><u>118,170</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 annually 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.

## NOTE 12 CONTRACT ASSETS AND LIABILITIES

	30 June 2020 (\$'000)
<b>(a) Contract assets</b>	
Nil	
<b>Total</b>	<u><u>-</u></u>
<b>(b) Contract liabilities</b>	
Funds to construct Council controlled assets	(i)
- Other Revenue	504
- Grants and Contributions	5,573
Funds received prior to performance obligation being satisfied (upfront payments) - AASB15	(ii) 2,451
Deposits received in advance of services provided (e.g. caravan park fees, hire fees)	
Upfront fees - leisure centre	(iii) <u>174</u>
<b>Total</b>	<u><u>8,702</u></u>

(i) Council has received funding to construct assets including sporting facilities, bridges, library and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

#### Significant changes in contract assets and liabilities

The contract liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously income received in advance was recognised for reciprocal contracts. The increase in a contract liability is primarily due to grants in the scope of AASB 15 and capital grants received by Council to acquire or construct assets which will be under Council's control. Previously, revenue was recognised on receipt of the funds.

#### Accounting policy for contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before the payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.

When an amount of consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

**NOTE 13 LEASES**

The Council has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

**Council as a lessee**

Council has leases over a range of assets including land and buildings, vehicles, machinery and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

*Terms and conditions of leases**Buildings*

Council holds two leases for the administrative building at Richardson Place, North Ryde (NRO). The original lease terms were to 30 April 2021 and have been renewed with terms for a further 5 years including a renewal option and an early termination allowance.

The building leases contain an annual pricing mechanism based on a fixed increase at each anniversary of the lease inception.

**Extension options**

At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the early termination or extension options will be exercised.

There is \$5,193k in potential future lease payments which are not included in lease liabilities as Council has assessed that the exercise of the early termination is reasonably certain.

**Council as a lessee****(a) Right-of-use assets**

	Land & Buildings \$'000	Vehicles \$'000	Office & IT Equipment \$'000	Other \$'000	Total \$'000
Adoption of AASB16 at 1 July 2019	7,634				7,634
Additions to Right-of-use assets					
Adjustments to right-of-use assets due to re-measurement of lease					
Depreciation charge	(1,582)				(1,582)
Impairment of right-of-use assets					
Balance at 30 June 2020	6,052				6,052

Other assets such as Vehicles, Office equipment and IT equipment are owned by Council.

**(b) Lease liabilities**

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

< 1 year \$'000	1-5 years \$'000	>5 years \$'000	Total \$'000	Total per statement of financial position \$'000
1,925	3,839			5,764

**NOTE 13 LEASES (CONTINUED)****(c) Income statement**

The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:

	<b>\$'000</b>
Interest on lease liabilities	165
Variable lease payments based on usage not included in the measurement of lease liabilities	
Income from sub-leasing right-of-use assets	
Depreciation of right-of-use assets	1,582
Expenses relating to short-term leases	
Expenses relating to low-value assets	1,747

**(d) Statement of cash flows**

	<b>\$'000</b>
Total cash outflows for leases	(1,952)

**Accounting policies under AASB16 – applicable from 1 July 2019**

At inception of a contract, Council assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

At the lease commencement, Council recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where Council believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured when there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. annual indexation).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.



**NOTE 13 LEASES (CONTINUED)****Accounting policies under AASB16 – applicable from 1 July 2019 (continued)***Exceptions to lease accounting*

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

*Leases at significantly below market value / Concessionary leases*

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

**Accounting policy under AASB 117 and associated Accounting Interpretations (2019 only)**

Refer to Note 5c and Note 14.

**Council as lessor**

The amount recognised in the Income Statement relating to operating leases where Council is a lessor are shown below

	<b>\$'000</b>
<b>Operating Lease Income</b>	
Lease income (excluding variable lease payments not dependent on an index or rate)	278
Lease income relating to variable lease payments not dependent on an index or rate	2,261
<b>Total income relating to operating leases</b>	<b>2,539</b>

	<b>\$'000</b>
<b>Operating Lease Expenses</b>	
Direct operating expenses from property that generated rental income	(165)
<b>Total expenses relating to operating leases</b>	<b>(165)</b>

Maturity analysis of lease receivable showing the undiscounted lease payments to be received after reporting date for operating leases:

	<b>\$'000</b>
<1 year	378
1-2 years	350
2-3 years	363
3-4 years	377
4-5 years	112
>5 years	0
<b>Total undiscounted lease receivable</b>	<b>1,578</b>

## NOTE 13 LEASES (CONTINUED)

### Accounting policy

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 15 Revenue from Contracts with Customers.

The lease income is recognised on a straight-line basis over the lease term.

## NOTE 14 PAYABLES AND BORROWINGS

	2020		2019	
	Current (\$'000)	Non-Current (\$'000)	Current (\$'000)	Non-Current (\$'000)
<b>Payables</b>				
Goods and services	7,873	-	10,371	-
Accrued expenses	3,159	-	3,656	-
Interest expenses	10	-	17	-
Deposits and retentions	17,219	-	15,975	-
Government departments and agencies	-	-	136	-
Refundable fees	248	-	1,594	-
Prepaid Rates	872	-	808	-
Other	65	-	27	-
<b>Total payables</b>	<b>29,446</b>	<b>-</b>	<b>32,584</b>	<b>-</b>
<b>Income received in advance (2019 only)</b>				
Payments received in advance	-	-	50	-
	<b>-</b>	<b>-</b>	<b>50</b>	<b>-</b>
<b>Borrowings</b>				
Loans - secured <sup>(1)</sup>	317	1,091	302	1,408
<b>Total borrowings</b>	<b>317</b>	<b>1,091</b>	<b>302</b>	<b>1,408</b>
<b>(a) Current payables not expected to be settled within the next 12 months</b>	<b>13,775</b>	<b>-</b>	<b>12,780</b>	<b>-</b>

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

**NOTE 14 PAYABLES AND BORROWINGS (CONTINUED)****(b) Changes in liabilities arising from financial activities**

Total Liabilities from financing activities	2019 (\$'000)	Cash Flows (\$'000)	Non Cash Changes			2020 (\$'000)
			Acquisition (\$'000)	Fair Value Changes (\$'000)	Other Non-Cash Investment (\$'000)	
Loans -secured						
Financial Institutions	1,710	(302)				1,408
<b>Total</b>	<b>1,710</b>	<b>(302)</b>				<b>1,408</b>

Total Liabilities from financing activities	2018 (\$'000)	Cash Flows (\$'000)	Non Cash Changes			2,019 (\$'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>

	(\$'000)	(\$'000)
<b>(c) Financing Arrangements</b>		
<b>Total Facilities <sup>(1)</sup></b>		
The amount of total financing facilities available to council at the reporting date is:		
Corporate credit cards	103	60
	<u>103</u>	<u>60</u>
<b>Drawn Facilities</b>		
The financing facilities drawn down at the reporting date is:		
Corporate credit cards	-	13
	<u>-</u>	<u>13</u>
<b>Undrawn Facilities</b>		
The amount of undrawn financing facilities available to council at the reporting date is:		
Corporate credit cards	103	47
	<u>103</u>	<u>47</u>

<sup>(1)</sup> Council has no bank overdraft facility

**Breaches and defaults**

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

## NOTE 14 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.

The financial liabilities of the Council comprise trade payables, bank and other loans and lease liabilities.

### 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

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.

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 (2019 only)

Council has no current finance leases.

## NOTE 15 PROVISIONS

	2020		2019	
	Current (\$'000)	Non-Current (\$'000)	Current (\$'000)	Non-Current (\$'000)
<b>Employee benefit provisions</b>				
Annual & other accrued leave	4,689	-	4,141	-
Sick leave	178	-	185	-
Long service leave	9,798	294	9,482	262
Other employee provisions	607	-	589	-
<b>Total provisions</b>	<b>15,272</b>	<b>294</b>	<b>14,397</b>	<b>262</b>
<b>Current provisions not expected to be settled within the next 12 months</b>	<b>7,963</b>	<b>-</b>	<b>7,740</b>	<b>-</b>

**(a) Description of and movements in employee benefit 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	4,141	3,607	3,059	-	4,689
Sick Leave	185	1,537	1,544	-	178
Long service leave	9,744	1,700	1,352	-	10,092
Other employee provisions	589	1,999	1,981	-	607
<b>Total</b>	<b>14,659</b>	<b>8,843</b>	<b>7,936</b>	<b>-</b>	<b>15,566</b>

**NOTE 15 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.

## NOTE 16 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.

#### (ii) Available-for-sale investments revaluation reserve

Changes in fair value are taken to the available-for-sale investments revaluation reserve, amounts are recognised in profit and loss when the associated assets are sold or impaired.

### (b) Changes in accounting policy due to adoption of new Accounting Standards

During the year ended 30 June 2020, the Council has adopted AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-profit Entities and AASB 16 Leases using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 Construction Contracts, AASB 117 Leases, AASB 118 Revenue, AASB 1004 Contributions and associated Accounting Interpretations.

All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

The impacts of adopting these standards and associated transition disclosures are provided below:

#### **AASB 15 and AASB 1058**

The following approach has been applied on transition to AASB 15 and AASB 1058:

- Council has not adopted the completed contract expedient and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former accounting standards and pronouncements
- Council has retrospectively restated contracts for modifications that occurred before 1 July 2019 unless such contract modifications were minor.

[Council is required to outline the nature of any changes in accounting policies resulting from the adoption of AASB 15 and AASB 1058].

The information provided below is for illustrative purposes only and council needs to consider their revenue streams carefully and tailor these disclosures to suit – these disclosures are not exhaustive.

#### Costs incurred in fulfilling customer contracts

Prior to adopting AASB 15 Council would recognise direct costs associated with fulfilling customer contracts as expenses when incurred, as they did not qualify for recognition as assets under any other accounting standards. Under AASB 15, as these costs relate directly to the contracts, generate resources used in satisfying the contracts, and are expected to be recovered, they are capitalised as 'costs to fulfil a contract' assets and released through profit and loss on the same basis as the revenue is recognised.



**NOTE 16 ACCUMULATED SURPLUS, REVALUATION RESERVES, CHANGES IN ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS (CONTINUED)**

**Upfront fees – Ryde aquatic leisure centre**

Prior to adopting AASB 15, the Council recognised membership joining fees on receipt. Under AASB 15, since the fees do not relate to a performance obligation, they are combined with other goods and services transferred to the customer and therefore they are now spread over the expected life of the contract with the customer (i.e. school swim program). Revenue is raised each school term and should a term overlap the financial year by a week, materiality will be considered.

**Revenue recognition from contract modifications**

In relation to contract modifications, AASB 15 requires customer approval, which is a more prudent criteria than the probability requirement in the previous standards and has resulted in deferral of revenue where unapproved works have been performed.

**Transfer of control to a customer – over time or at a point in time**

AASB 15 has specific criteria regarding whether control is transferred over time or at a point in time. Council has reviewed its contracts and concluded that the criteria for recognition over time is not met in some circumstances. In such cases, revenue and related production costs will be recognised at the delivery of each separate performance obligation instead of over the contract using a single margin.

**Principal v agent**

Prior to adoption of AASB 15, the Council had assessed that they were a principal in transactions where another party was involved in providing the goods or services including pass-through grants.

Under AASB 15, the indicators of a principal have changed and there are now a number of performance obligations within grant agreements where the Council is acting as an agent since the only obligation is to transfer the funds to a third party. The result is that Council can only recognise the “commission” to which they are entitled rather than the gross revenue and expenses. There is no change to reported profit.

**Licences**

Council has reviewed the licences it grants and considers that all licences are either short-term or low value and elects to recognise all revenue from licences up-front rather than spreading them over the life of the licence.

**Prepaid rates**

Under AASB 1004, rates were recorded as revenue at the earliest of receipt of the funds from the ratepayer and the beginning of the rating period. Under AASB 1058, prepaid rates are recognised as a financial liability until the beginning of the rating period.

**Grants – operating**

Under AASB 1004, most grant income was recognised as revenue on receipt. Under AASB 15, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed, or recognised at the point in time that the control of the services passes to the customer.

## NOTE 16 ACCUMULATED SURPLUS, REVALUATION RESERVES, CHANGES IN ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS (CONTINUED)

### Grants – capital

Under AASB 1004, most grant monies were recorded as revenue on receipt. Under AASB 1058, where Council has received assets (including cash) to acquire or construct a non-financial asset, the asset is to be controlled by Council and the contract is enforceable, then the asset is recognised as a contract liability on receipt and recorded as revenue as the performance obligation to acquire or construct the asset is completed.

### Opening contract balances as 1 July 2019

	Balance at 1 July 2019 \$'000
<b>Contract assets</b>	
- Under AASB 15	0
- Under AASB 1058	0
<b>Total contract assets</b>	
<b>Contract liabilities</b>	
- Under AASB 15	
- Under AASB 1058	8,270
<b>Total contract liabilities</b>	

### Comparison of financial statement line items under AASB 15 compared to previous standards for the current year

The following tables show the impact of adopting AASB15 and AASB 1058 on the Councils financial statements for the year ended 30 June 2020.

### Statement of financial position as at 30 June 2020

	Carrying amount per Statement of Financial position under AASB15 and AASB 1058 \$'000	Reclassification \$'000	Remeasurement \$'000	Carrying amount under previous revenue standards \$'000	Note
<b>Current liabilities</b>					
Income received in advance	0	527		527	(ii)
Contract liabilities	3,129	(527)	(2,602)	0	(ii)
<b>Non-current liabilities</b>					
Contract Liabilities	5,573		(5,573)	0	
<b>Net Assets</b>	<b>1,556,712</b>	<b>0</b>	<b>(8,175)</b>	<b>1,548,537</b>	
<b>Equity</b>					
Accumulated surplus	1,200,071		(8,175)	1,191,896	
Revaluation Reserve	356,641			356,641	
<b>Total Equity</b>	<b>1,556,712</b>		<b>(8,175)</b>	<b>1,548,537</b>	

(i) Elimination of contract cost asset which arises under AASB 15

(ii) Transfer of part of the contract liability to income received in advance and elimination of contract liability which arises under AASB 15 for funds received to construct an asset to be controlled by Council and other funds under AASB 15 which have been received prior to the satisfaction of performance obligations.

**NOTE 16 ACCUMULATED SURPLUS, REVALUATION RESERVES, CHANGES IN ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS (CONTINUED)**

**Income statement for the year ended 30 June 2020**

	Income statement and comprehensive income under AASB 15 and AASB1058 \$'000	Reclassification \$'000	Remeasurement \$'000	Income statement and comprehensive income under previous revenue standards	Note
Revenue	170,340		8,024	178,364	(i)
Other income	116,347			116,347	
Expenses	225,379		1,615	226,994	(ii)
<b>Profit/ (Loss) for the year</b>	(55,039)		6,409	(48,630)	
<b>Total comprehensive income</b>	61,308		6,409	67,717	

(i) Difference in revenue between recognition on receipt under the old standards and as / when performance obligations are met under new standards.

(ii) Difference in costs incurred to fulfil a contract and the amortisation during the year.

**Statement of cashflows for the year ended 30 June 2020**

The adoption of AASB15 and AASB1058 has not materially changed the statement of cash flows for the year ended 30 June 2020

**NOTE 17 STATEMENT OF CASH FLOW INFORMATION**

<b>(a) Reconciliation of Cash and cash equivalents</b>	<b>Notes</b>	<b>2020 (\$'000)</b>	<b>2019 (\$'000)</b>
Total cash and cash equivalents	7	27,449	15,591
<u>Less:</u> bank overdraft	14	-	-
Balances as per statement of cash flow		<u><u>27,449</u></u>	<u><u>15,591</u></u>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>		<b>2020 (\$'000)</b>	<b>2019 (\$'000)</b>
Net operating result from income statement		(55,039)	54,332
Depreciation, amortisation and impairment	5	20,068	17,847
Loss/(gain) on sale of assets	6	1,912	(647)
Amortisation of discounts & premiums recognised	3,5	(47)	(35)
Fair value (gains)/losses to investment property	5,11	94,200	2,435
<i>Movement in operating assets and liabilities</i>			
Increase/(decrease) in provision for doubtful debts	8	3	(75)
Increase/(decrease) in provision for employee benefits	15	907	1,227
(Increase)/decrease in receivables	8	2,684	(2,206)
(Increase)/decrease in inventories	9	51	82
(Increase)/decrease in other current assets	9	787	(473)
Increase/(decrease) in payables	14	(7,815)	(1,280)
Increase/(decrease) in accrued interest payable	14	(7)	(2)
Increase/(decrease) in other current liabilities/accruals	14	-	2,060
Other	3,5	-	-
Amortisation of discounts & premiums recognised			
Non cash capital grants & contributions	3	(17,815)	-
<b>Net cash provided by (used in) operating activities</b>		<u><u>39,889</u></u>	<u><u>73,265</u></u>

**NOTE 18 COMMITMENTS**

	2020 (\$'000)	2019 (\$'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:		
Land	700	-
Buildings	124,325	333
Other Structures	135	-
Infrastructure	1,811	264
<b>Total</b>	<b><u>126,971</u></b>	<b><u>597</u></b>

Major commitments include the Ryde Central project, Kings Park Landscaping and civil works, construction of seawall in Banjo Patterson Park, Upgrade to Pittwater Rd and Ryde River Boardwalk.

**(b) Non-cancellable operating lease commitments (2019 only)**

Commitments under non-cancellable operating leases at 30 June 2020 but not recognised in the financial statements are payable as follows:

- Not later than one year	n/a	2,170
- Later than one year and not later than 5 years	n/a	1,741
- Later than 5 years	n/a	-
<b>Total</b>	<b><u>-</u></b>	<b><u>3,911</u></b>

Refer to Note 13 for information relating to leases for 2020

**NOTE 19 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 member contributions for non-180 Point members: Nil for 180 Point Members *
Division C	2.5% salaries
Division D	1.64 times employee contributions

\* For 180 Point Members, Employers are required to contribute 7% of salaries to these members' accumulation accounts, which are paid in addition to members' defined benefits

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 2019 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. 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.

**NOTE 19 CONTINGENCIES AND OTHER LIABILITIES/ASSETS NOT RECOGNISED (CONTINUED)**

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.

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 for the year ending 30 June 2020 was \$721,706.97.

Council's expected contributions to the Fund for the next annual reporting period is \$713,214.28.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2020 is:

Employer reserves only *	\$ millions	Asset Coverage
Assets	1,695.2	
Past Service Liabilities	1,773.2	95.6%
Vested Benefits	1,757.5	96.5%

\* 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 December 2020.

Council's additional lump sum contribution is around 0.95% of the total additional lump sum contributions for all Pooled Employers (of \$40m each year from 1 July 2019 to 30 June 2021) provides an indication of the level of participation of Council compared with other employers in the Pooled Employer sub-group.

## NOTE 19 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 (also known as the retro-paid loss scheme) 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.



## NOTE 19 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.

**NOTE 20 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	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Financial assets measured at amortised cost</b>				
Cash and cash equivalents	27,449	15,591	27,449	15,591
Receivables	9,621	12,376	9,621	12,376
Held-to-maturity investments	205,965	220,621	208,927	222,607
	<b>243,035</b>	<b>248,588</b>	<b>245,997</b>	<b>250,574</b>
<b>Financial liabilities measured at amortised cost</b>				
Payables	29,446	32,584	29,446	32,584
Borrowings	1,408	1,710	4,470	5,811 <sup>(1)</sup>
	<b>30,854</b>	<b>34,294</b>	<b>33,916</b>	<b>38,395</b>

**Note:**

Refer to Note 22 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.

**NOTE 20 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.

	30/06/2020	30/06/2019
	\$'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	2,334	2,362
- Income statement	2,334	2,362

**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.

**NOTE 20 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**

	2020 (\$'000)	2019 (\$'000)
<b>Notes</b>		
- Current	75%	71%
- Overdue debts	25%	29%

**Analysis of overdue debts - rates and annual charges**

	\$'000	\$'000
Less than 1 year	2,770	3,331
1 to 2 years	434	674
2 to 5 years	418	588
Greater than 5 years	77	81
<b>8</b>	<b>3,699</b>	<b>4,674</b>

**Analysis of overdue debts - nonrates and annual charges**

	\$'000	\$'000
0 - 30 days overdue	7,347	9,008
31 - 60 days overdue	300	258
61 - 90 days overdue	153	106
>91 days overdue	848	985
<b>8</b>	<b>8,648</b>	<b>10,357</b>

**Movement in provision for**

	2020	2019
Balance at the beginning of the year	378	453
Plus: New provisions recognised during the year	25	11
Less: Amounts already provided for & written off	(22)	(86)
<b>Balance at the end of the year</b>	<b>381</b>	<b>378</b>

**NOTE 20 FINANCIAL RISK MANAGEMENT (CONTINUED)****(c) Liquidity risk**

Payables, lease liabilities 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 for non-lease liabilities and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

<b>2020</b> <b>\$'000</b>	<b>Weighted Average Interest rate %</b>	<b>Due Within 1 Year</b>	<b>Due Between 1 and 5 Years</b>	<b>Due After 5 Years</b>	<b>Total Contractual CashFlows</b>	<b>Carrying Values</b>
<b>Payables</b>		29,446	-	-	29,446	29,446
<b>Borrowings</b>	2.65%	367	1,167	-	1,534 <sup>(3)</sup>	1,408
		<b>29,813</b>	<b>1,167</b>	<b>-</b>	<b>30,980</b>	<b>30,854</b>
<b>2019</b> <b>\$'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>		32,584	-	-	32,584	32,584
<b>Borrowings</b>	4.56%	359	1,444	48	1,851 <sup>(3)</sup>	1,710
		<b>32,943</b>	<b>1,444</b>	<b>48</b>	<b>34,435</b>	<b>34,294</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 22 for fair value information.

**NOTE 21 MATERIAL BUDGET VARIATIONS**

Council's Original Budget was incorporated as part of the 2019-2023 Delivery Plan adopted by the Council on 25 June 2019. 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 2019/20 financial year and, where appropriate, have been incorporated into the 2020/21 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****User charges and fees -\$3,791K (-20%) (U)**

Council received user charges and fees revenue of \$15,091k which was below the original budget by -\$3,791k (-20%).

The reduction of income within this revenue class is predominantly related to a downturn of business activity as a result of the COVID 19 pandemic. The closure of Council's Aquatic Centre resulted in an unfavourable of \$2,026k based on the Council's original budget. Development related income also amounted in an unfavourable variance of \$404k reduction to original budget as did Commercial Waste (\$144k). As part of Council's small business support package, a number of fees were waived during COVID 19 resulting in the above reduction.

**Other revenues -\$2,053K (-23%) (U)**

Council received other revenues of \$6,829k which was below the original budget by -\$2,053k (-23%).

The contributing factors to this unfavourable variance was predominately via Council not achieving revenue targets for Bus Shelter Advertising (\$1,230K) as a result of contract negotiations ceasing through the COVID 19 pandemic period. As part of Council's small business support package, a number of fees were waived during COVID 19 resulting in the above reduction.

**Grants & contributions provided for operating purposes -\$1,039K (-10%) (U)**

Council Operating Grants and Contributions of \$8,859k was below the original budget by -\$1,039k (-10%).

This was predominately driven by a change in account standards for Revenue that are tied to contracts. Although Council received \$2,250K for of the Local Environment Planning grant during the financial year, under revised accounting standards, Council accounted for \$1,450K of the \$2,250K and the balance treated as a contract liability with the balance of funds to be spent in the following financial year. Other smaller grants captured under this revised accounting standard made up the balance of the unfavourable variance. The majority of these types of grants are tied to have matching expenditure meaning there is no net impact on working capital.

**Grants & contributions provided for capital purposes \$13,621K (67%) (F)**

Council received capital income of \$34,085k which was above the original budget by \$13,621k (67%).

This favourable variance was predominately made up of Developer Contributions (\$5,921K) and Voluntary Planning Agreement (\$4,873k). Other grants not originally budgeted for but received and expended during the year include Roads and Maritime Services grants relating to capital projects. All grants funding received is restricted in nature and can not be used other than the purpose that it has been received for.

## NOTE 21 MATERIAL BUDGET VARIATIONS (CONTINUED)

### Expenses

#### **Borrowing costs \$151K (201%) (U)**

Council incurred borrowing costs of \$226k which was above the original budget by \$151k (201%). This variance was a result of a change in accounting standards (AASB 16) for Leases that was not factored into Council's original budget.

#### **Other expenses -\$2,688K (-14%) (F)**

Council paid other expenses of \$16,281k which was below the original budget by -\$2,688k (-14%). This variance was predominately a result from a change in accounting standards (AASB 16) Leases that was not factored into Council's original budget.

## NOTE 22 FAIR VALUE MEASUREMENT

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

- Infrastructure, property plant and equipment
- Investment property

During the 2019/20 financial year, Council has undertaken a comprehensive data collection and valuation of its asset classes. This is in preparation for an upgraded asset management system which will enable Council to transact against each asset within each asset class. The data collection and revaluation will continue to be reviewed to ensure it aligns with Council's asset management practices and ensures compliance with accounting standards.

### 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).



**NOTE 22 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 2020	Note	Level 2 Significant observable inputs (\$000's)	Level 3 Significant unobservable inputs (\$000's)	Total (\$000's)
Investment properties	11	120,715	-	120,715
Infrastructure, Property, Plant and Equipment	10			
- Operational land		337,353	-	337,353
- Community land		145,219	-	145,219
- Land under roads		-	1,234	1,234
- Buildings (Specialised and non-specialised)		114,791	-	114,791
- Roads, Bridges, Footpaths		317,275	-	317,275
- Stormwater drainage		190,486	-	190,486
<b>Subtotal I,PP &amp; E</b>			<b>1,234</b>	<b>1,106,358</b>
<b>TOTALS</b>		<b>1,225,839</b>	<b>1,234</b>	<b>1,227,073</b>

30 June 2019	Note	Level 2 Significant observable inputs (\$000's)	Level 3 Significant unobservable inputs (\$000's)	Total (\$000's)
Investment properties	11	118,170	-	118,170
Infrastructure, Property, Plant and Equipment	10			
- 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>

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

## NOTE 22 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 10.

#### **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 2020, the fair values of the properties 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 30 June 2020 as determined by Scott Fullarton Valuations Pty Ltd.

##### 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 2020 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.

#### **Level 3 measurements**

##### Land (Community and Land under road)

Community Land has been valued by the Valuer General as at 1 July 2019. 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 2020.

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.

**NOTE 22 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>2020 (\$000's)</b>	<b>2019 (\$000's)</b>
Balance at 1 July	822,606	802,378
Total gains or losses for the period	-	-
Recognised in profit or loss – realised (refer to Note 5)	-	-
Recognised in other comprehensive income – revaluation surplus	(79,532)	(1,706)
Other movements	(12,057)	(11,773)
Purchases	38,440	34,041
Sales	(452)	(334)
Transfers into Level 3	-	-
Transfers out of Level 3	-	-
<b>Balance at 30 June</b>	<b>769,005</b>	<b>822,606</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>2020 (\$000's)</b>	<b>2019 (\$000's)</b>
Balance at 1 July	338,188	337,183
Total gains or losses for the period	2,545	1,005
Recognised in other comprehensive income – revaluation surplus	106,022	-
Purchases	11,313	-
<b>Balance at 30 June</b>	<b>458,068</b>	<b>338,188</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.

**NOTE 23 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	2020 (\$000's)	2019 (\$000's)
Short-term benefits	2,079	1,973
Post-employment benefits	105	106
Other long-term benefits	58	56
Termination benefits	0	507
<b>Total</b>	<b>2,243</b>	<b>2,642</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>2020</b>					
Nil	-	-	-	-	-
<b>2019</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>2020</b>						
Nil	-	-	-	-	-	-
<b>2019</b>						
Nil	-	-	-	-	-	-

## NOTE 24 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>(3)</sup> \$'000	Held as restricted asset <sup>(2)/(4)</sup> \$'000	Cumulative Internal Borrowings due/(payable) \$'000
		Cash \$'000	Non-cash \$'000					
Community & Culture	22,948	1,671	-	437	1,258	-	23,798	-
Open Space & Public Domain	69,501	5,173	-	1,282	3,666	(9,290)	63,000	9,572
Roads, Traffic, Carparks & Cycleways	-	823	-	(89)	9,786	9,052	-	(9,311)
Stormwater Management	2,598	401	-	35	1,841	-	1,193	-
Administration	-	38	-	(3)	273	238	-	(261)
<b>TOTAL UNDER PLAN 7.11</b>	<b>95,047</b>	<b>8,106</b>	<b>-</b>	<b>1,662</b>	<b>16,824</b>	<b>-</b>	<b>87,991</b>	<b>-</b>
Planning agreements	8,342	4,873	-	-	5,338	-	7,877	-
<b>TOTAL CONTRIBUTIONS</b>	<b>103,389</b>	<b>12,979</b>	<b>-</b>	<b>1,662</b>	<b>22,162</b>	<b>-</b>	<b>95,868</b>	<b>-</b>

(1) Reconcilable with Note 3

(2) Reconcilable with Note 7 (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 7(c) as External Restrictions, whereas the total balance of planning agreements (Voluntary Planning Agreements) is restricted in Note 7(c) as Internal.

## NOTE 25 STATEMENT OF PERFORMANCE MEASURES - CONSOLIDATED RESULTS

	Amounts (\$'000)	Indicators			Benchmark
		2020	2019	2018	
<b>1. Operating performance</b>					
Total continuing operating revenue <sup>1</sup> excluding capital grants and contributions – operating expenses <sup>2</sup>	6,988	5.23%	10.39%	12.99%	> 0%
Total continuing operating revenue <sup>1</sup> excluding capital grants and contributions	133,710				
<b>2. Own source operating revenue</b>					
Total continuing operating revenue <sup>1</sup> excluding all grants and contributions	124,851	74.41%	71.18%	77.30%	> 60%
Total continuing operating revenue <sup>1</sup> inclusive of all grants and contributions	167,795				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	42,305	1.49x	2.73x	3.06x	> 1.5x
Current liabilities less specific purpose liabilities	28,351				
<b>4. Debt service cover ratio</b>					
Operating results <sup>1</sup> before capital excluding interest and depreciation/impairment/amortisation (EBITDA)	27,282	51.67x	31.74x	33.20x	> 2x
Principal repayments (from the statement of cash flows) + borrowing interest costs (from the income statement)	528				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	3,699	3.72%	5.03%	3.88%	< 5%
Rates and annual charges collectable	99,488				
<b>6. Cash expense cover ratio</b>					
Current year's cash, cash equivalents + Term Deposits x 12	134,949 x	7.50	16.80	17.50	> 3
Payments from cash flow of operating and financing activities	215,912	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

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# **Draft Special Purpose Financial Statements**

Year Ended 30 June 2020

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**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 27 October 2020.

Councillor Jerome Laxale  
**Mayor**

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

Councillor

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

George Dedes  
**General Manager**

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

Pavle Kuzmanovski  
**Responsible Accounting Officer**

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

## INCOME STATEMENT OF OTHER BUSINESS ACTIVITIES

	Ryde Aquatic Leisure Centre		Commercial Waste Management	
	(Category 1)		(Category 2)	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Income from continuing operations</b>				
Annual Charges	-	-	-	-
User Charges	3,850	5,583	1,295	1,463
Other income	20	20	-	-
<b>Total Income From Continuing Operations</b>	<b>3,870</b>	<b>5,603</b>	<b>1,295</b>	<b>1,463</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on costs	3,355	3,511	50	49
Materials and Contracts	490	578	309	357
Depreciation, amortisation and impairment	2,013	1,297	-	-
Calculated Taxation Equivalents	183	191	-	-
Other expenses	59	76	276	268
<b>Total Expenses From Continuing Operations</b>	<b>6,100</b>	<b>5,653</b>	<b>635</b>	<b>674</b>
<b>Surplus (Deficit) from Continuing Operations before capital amounts</b>	<b>(2,230)</b>	<b>(50)</b>	<b>660</b>	<b>789</b>
<b>Surplus (Deficit) from Continuing Operations after capital amounts</b>	<b>(2,230)</b>	<b>(50)</b>	<b>660</b>	<b>789</b>
<b>Surplus (Deficit) from All Operations before Tax</b>	<b>(2,230)</b>	<b>(50)</b>	<b>660</b>	<b>789</b>
Less Corporate Taxation Equivalent (30%) [based on Operating result before capital]	-	-	198	237
<b>Surplus (Deficit) After Tax</b>	<b>(2,230)</b>	<b>(50)</b>	<b>462</b>	<b>552</b>
<b>Opening Accumulated Surplus</b>	<b>34,072</b>	<b>33,931</b>	<b>200</b>	<b>200</b>
Adjustments for Amounts Unpaid:-				
Taxation Equivalent Payments	183	191	-	-
Corporate Taxation Equivalent	-	-	198	237
Less: TER Dividend payment (non restricted activities)	-	-	(198)	(237)
Less: Surplus Dividend payment (non restricted activities)	-	-	(462)	(552)
<b>Closing Accumulated Surplus</b>	<b>32,025</b>	<b>34,072</b>	<b>200</b>	<b>200</b>
<b>RETURN ON CAPITAL (%)</b>	<b>-4.99%</b>	<b>-0.13%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Required return on capital (%)</b>	<b>5.00%</b>	<b>5.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>SUBSIDY FROM COUNCIL</b>	<b>4,466</b>	<b>2,047</b>	<b>-</b>	<b>-</b>

## Calculation of Dividend Payable

Surplus (Deficit) after tax	(2,230)	(50)	462	552
Less: Capital grants & contributions	-	-	-	-
Surplus for dividend calculation purposes	(2,230)	(50)	462	552
<b>Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>	<b>462</b>	<b>552</b>

## FINANCIAL POSITION OF OTHER BUSINESS ACTIVITIES

	Ryde Aquatic Leisure Centre		Commercial Waste Management	
	(Category 1)		(Category 2)	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>CURRENT ASSETS</b>				
Cash Asset and cash equivalents	10	1,243	-	-
Receivables	9	8	464	542
Inventories	12	12	-	-
Other	9,141	7,514	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>9,172</b>	<b>8,777</b>	<b>464</b>	<b>542</b>
<b>NON-CURRENT ASSETS</b>				
Infrastructure, Property, Plant & Equipment	44,725	39,932	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>44,725</b>	<b>39,932</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>53,897</b>	<b>48,709</b>	<b>464</b>	<b>542</b>
<b>CURRENT LIABILITIES</b>				
Payables	377	367	61	50
Income received in advance	18	18	-	-
Interest Bearing Liabilities	333	316	179	269
Provisions	850	893	13	12
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,578</b>	<b>1,594</b>	<b>253</b>	<b>331</b>
<b>NON-CURRENT LIABILITIES</b>				
Interest Bearing Liabilities	-	334	-	-
Provisions	16	16	11	11
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>16</b>	<b>350</b>	<b>11</b>	<b>11</b>
<b>NET ASSETS</b>	<b>52,302</b>	<b>46,765</b>	<b>200</b>	<b>200</b>
<b>EQUITY</b>				
Accumulated Surplus	32,025	34,072	200	200
Revaluation Reserves	12,693	12,693	-	-
<b>TOTAL EQUITY</b>	<b>44,718</b>	<b>46,765</b>	<b>200</b>	<b>200</b>

## 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):

**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

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# Draft Special Schedules

Year Ended 30 June 2020

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## SPECIAL SCHEDULE 1 - NET COST OF SERVICES

Function or Activity	Expenses from continuing operations	Income from continuing operations (non-capital)	Income from continuing operations (capital)	Net cost of services
	\$'000	\$'000	\$'000	\$'000
<b>Governance</b>	<b>4,759</b>	<b>167</b>		<b>(4,592)</b>
<b>Administration</b>	<b>123,588</b>	<b>4,402</b>		<b>(119,186)</b>
<b>Public Order &amp; Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	2,532	143		(2,389)
Animal Control	388	74		(314)
Enforcement of Local Govt Regs	661	1,087		426
Other Public Order & Safety	2,555	5,587	90	3,122
<b>Total Public Order &amp; Safety</b>	<b>6,136</b>	<b>6,891</b>	<b>90</b>	<b>845</b>
<b>Health</b>	<b>879</b>	<b>498</b>		<b>(381)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	124			(124)
Other Environment Protection	1,134	82		(1,052)
Solid Waste Management	20,056	24,114		4,058
Stormwater Management	4,724	1,178	29	(3,517)
<b>Total Environment</b>	<b>26,038</b>	<b>25,374</b>	<b>29</b>	<b>(635)</b>
<b>Community Services &amp; Education</b>				
Administration & Education	1,544	192		(1,352)
Social Protection (Welfare)	2,507	465		(2,042)
Aged Persons and Disabled	438	565		127
Children's Services	186	50		(136)
<b>Total Community Services &amp; Education</b>	<b>4,675</b>	<b>1,272</b>		<b>(3,403)</b>
<b>Housing &amp; Community Amenities</b>				
Public Conveniences	1,051	184		(867)
Street Lighting	2,119	379		(1,740)
Town Planning	9,068	17,598	4,873	13,403
Other Community Amenities	77	140	17,815	17,878
<b>Total Housing &amp; Community Amenities</b>	<b>12,315</b>	<b>18,301</b>	<b>22,688</b>	<b>28,674</b>
<b>Recreation &amp; Culture</b>				
Public Libraries	6,098	(139)		(6,237)
Community Centres and Halls	1,534	241		(1,293)
Other Cultural Services	1,160	142		(1,018)
Sporting Grounds and Venues	1,199	486	820	107
Swimming Pools	6,592	4,269		(2,323)
Parks & Gardens (Lakes)	9,956	101	340	(9,515)
Other Sport & Recreation	177	81		(96)
<b>Total Recreation &amp; Culture</b>	<b>26,716</b>	<b>5,181</b>	<b>1,160</b>	<b>(20,375)</b>

## 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	1,058	176		(882)
<b>Total Mining, Manufacturing &amp; Construction</b>	<b>1,058</b>	<b>176</b>		<b>(882)</b>
<b>Transport &amp; Communication</b>				
Urban Roads : Local	14,067	5,309	10,118	1,360
Bridges on Urban Roads : Local	49			(49)
Footpaths	2,203			(2,203)
Parking Areas	552			(552)
Other	823	93		(730)
<b>Total Transport &amp; Communication</b>	<b>17,694</b>	<b>5,402</b>	<b>10,118</b>	<b>(2,174)</b>
<b>Economic Affairs</b>				
Other Economic Affairs	1,521	1,907		386
<b>Total Economic Affairs</b>	<b>1,521</b>	<b>1,907</b>		<b>386</b>
<b>TOTALS - FUNCTIONS</b>	<b>225,379</b>	<b>69,571</b>	<b>34,085</b>	<b>(121,723)</b>
<b>GENERAL PURPOSE REVENUES <sup>(1)</sup></b>		66,684		66,684
<b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES BEFORE EXTRAORDINARY ITEMS <sup>(2)</sup></b>	<b>225,379</b>	<b>136,255</b>	<b>34,085</b>	<b>(55,039)</b>
<b>SURPLUS/(DEFICIT) FROM ALL ACTIVITIES <sup>(2)</sup></b>	<b>225,379</b>	<b>136,255</b>	<b>34,085</b>	<b>(55,039)</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

## SPECIAL SCHEDULE 2 - PERMISSIBLE INCOME FOR GENERAL RATES

	2019/2020 Calculation \$'000	2020/2021 Calculation \$'000
<b>Notional General Income Calculation <sup>(1)</sup></b>		
Last Year Notional General Income Yield	68,467	70,973
Plus or minus Adjustments <sup>(2)</sup>	<u>1,110</u>	<u>2,047</u>
Notional General Income	<b>69,577</b>	<b>73,020</b>
<b>Permissible Income Calculation</b>		
Special variation percentage <sup>(3)</sup>	-	-
OR Rate peg percentage	2.70%	2.60%
OR Crown land adjustment incl. rate peg percentage	-	-
Less expiring special variation amount	-	-
Plus special variation amount	-	-
OR Plus rate peg amount	1,879	1,899
OR Plus crown land adjustment and rate peg amount	<u>-</u>	<u>-</u>
Sub-total	<b>71,456</b>	<b>74,919</b>
Plus or minus last year's Carry Forward Total	187	483
Less Valuation Objections claimed in the previous year	<u>-</u>	<u>-</u>
Sub-total	<b>187</b>	<b>483</b>
<b>Total Permissible income</b>	<b>71,643</b>	<b>75,402</b>
Less Notional General Income Yield	<u>70,973</u>	<u>75,401</u>
Catch-up or (excess) result	<b>670</b>	<b>1</b>
Plus Income lost due to valuation objections claimed <sup>(4)</sup>		-
Less Unused catch-up <sup>(5)</sup>	<u>187</u>	<u>-</u>
Carry forward to next year	<b>483</b>	<b>1</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 Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- (4) Reduction in Valuation are unexpected changes in land values issued by the Valuer-General. Councils can claim the value of the income lost due to changes in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.

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**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					
	General Buildings	61	7,214	5,354	72,723	159,861	27.06%	5.18%	38.57%	6.79%	22.40%
	<b>Sub total</b>	<b>61</b>	<b>7,214</b>	<b>5,354</b>	<b>72,723</b>	<b>159,861</b>					
<b>Other Structures</b>	Other Structures	122	165	246	20,298	26,942	6.81%	57.95%	20.65%	14.15%	0.44%
	<b>Sub total</b>	<b>122</b>	<b>165</b>	<b>246</b>	<b>20,298</b>	<b>26,942</b>					
<b>Roads</b>	Sealed Roads Surface	872	419	481	68,829	97,829	30.52%	39.72%	20.89%	7.97%	0.89%
	Sealed Roads Structure	1,268	-	-	104,512	173,110	31.27%	39.54%	20.08%	8.23%	0.88%
	Unsealed Roads	-	-	-	-	-					
	Bridges	0	54	4	2,478	4,273	11.54%	57.92%	30.54%	0.00%	0.00%
	Footpaths and Cycleways	354	1,697	1,739	57,927	119,983	11.09%	21.80%	59.04%	7.78%	0.30%
	Kerb and Gutter	3	773	1,108	64,965	115,157	0.33%	27.74%	71.86%	0.06%	0.00%
	Other Road Assets	285	1,898	1,927	33,422	41,883	30.71%	56.35%	11.59%	0.67%	0.68%
	<b>Sub total</b>	<b>2,782</b>	<b>4,841</b>	<b>5,258</b>	<b>332,133</b>	<b>552,236</b>					
<b>Stormwater Drainage</b>	Retarding Basins	-	-	-	983	1,083	7.50%	92.50%			
	Outfalls	-	-	-	-	-					
	Stormwater Conduits	10,188	769	680	136,976	216,248	6.00%	46.35%	29.48%	13.46%	4.71%
	Inlet and Junction Pits	399	-	-	41,388	52,208	14.89%	64.98%	13.06%	6.31%	0.76%
	Head Walls	-	-	-	-	-					
	Outfall Structures	-	-	-	-	-					
	Stormwater Converters	-	-	-	-	-					
	Other	-	167	179	11,139	18,702	15.52%	31.71%	37.88%	14.89%	
	<b>Sub total</b>	<b>10,586</b>	<b>936</b>	<b>859</b>	<b>190,486</b>	<b>288,242</b>					
<b>Open Space/Recreational Assets</b>	Swimming Pools	-	1,609	1,325	42,068	60,037			100.00%		
	Other Open Space/ Recreational Assets	610	7,035	6,824	67,227	81,052	48.59%	38.90%	11.10%	0.65%	0.75%
	<b>Sub total</b>	<b>610</b>	<b>8,644</b>	<b>8,149</b>	<b>109,295</b>	<b>141,089</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>14,161</b>	<b>21,800</b>	<b>19,866</b>	<b>724,935</b>	<b>1,168,369</b>	<b>15.60%</b>	<b>60.37%</b>	<b>18.01%</b>	<b>4.57%</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 2006). It does not include any planned 'enhancements' to the asset. Condition 5 assets are taken as being overdue for renewal, as the end of Condition 4 is the intervention point, useful life of the asset, at which time it should be renewed or disposed of.

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

For condition 5 assets that remain in service, there is a low residual life 5%, but indefinite RUL (remaining useful life)

The backlog refers to asset renewals that have been deferred due to insufficient funds. Any asset in condition 5 is considered to have been deferred and overdue for renewal and therefore part of the backlog.

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.

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

Infrastructure Asset Performance Indicators – Consolidated	Amounts \$'000	Current year	2019	2018	2017	Benchmark
<b>Buildings Infrastructure Renewals Ratio</b>						
Asset Renewals (building, infrastructure & other structures)	\$19,058	157%	219%	181%	194%	>100%
Depreciation, amortisation and impairment	\$12,109					
<b>Infrastructure backlog ratio (WDV)</b>						
Estimated cost to bring assets to a satisfactory condition (overdue renewals)	\$14,161	2.0%	1.6%	1.8%	3%	< 2%
Net carrying amount of infrastructure assets	\$724,935					
<b>Asset maintenance ratio</b>						
Actual asset maintenance	\$19,866	91%	102%	93%	93%	>100%
Required asset maintenance	\$21,800					
<b>Cost to bring assets to agreed service level</b>						
Estimated cost to bring assets to a satisfactory condition (overdue renewals)	\$14,161	1.2%	1.2%	1.3%	2%	< 2%
Total value of infrastructure, building, other structures and depreciable land improvement assets (GBV)	\$1,168,369					



