



City of Ryde

Lifestyle and opportunity @ your doorstep



General and Special Purpose Financial Statements

Year Ended 30 June 2015



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

The attached General Purpose Financial Statements have been prepared in accordance with:

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

To the best of our knowledge and belief, this Report:

- 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.

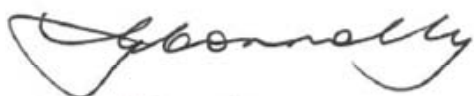
Signed in accordance with a resolution of Council made on 25 August 2015.



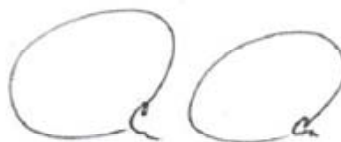
Councillor Bill Pickering
Mayor



Councillor Roy Maggio
Deputy Mayor



Ms Gail Connolly
General Manager



Mr John Todd
Chief Financial Officer
(Responsible Accounting Officer)

INCOME STATEMENT

Original Budget* 2015 (\$'000)		Notes	Actual 2015 (\$'000)	Actual 2014 (\$'000)
INCOME FROM CONTINUING OPERATIONS				
66,100	Rates and Annual Charges	3(a)	66,641	63,259
14,825	User Charges and Fees	3(b)	14,861	13,988
3,347	Interest and Investment Revenue	3(c)	4,811	4,331
7,061	Other Revenues	3(d)	8,939	8,932
6,563	Grants & Contributions provided for operating purposes	3(e&f)	6,932	5,549
424	Grants & Contributions provided for capital purposes	3(e&f)	30,959	14,229
	Other Income:			
-	Net gain from the disposal of assets	5	915	64
-	Net share of interests in joint ventures and associates using the equity method	19	-	-
98,320	TOTAL INCOME FROM CONTINUING OPERATIONS		134,058	110,352
EXPENSES FROM CONTINUING OPERATIONS				
42,666	Employee Benefits and On-costs	4(a)	39,538	39,789
234	Borrowing Costs	4(b)	256	146
26,654	Materials and Contracts	4(c)	25,618	25,590
15,088	Depreciation, Amortisation and Impairment	4(d)	14,778	16,559
17,224	Other Expenses	4(e)	12,865	12,697
-	Interest and Investment Losses	3(c)	-	-
-	Net Loss from the disposal of assets	5	-	-
-	Share of interests in joint ventures and associates using the equity method	19	-	-
101,866	TOTAL EXPENSES FROM CONTINUING OPERATIONS		93,055	94,781
(3,546)	OPERATING RESULT FROM CONTINUING OPERATIONS		41,003	15,571
-	Operating result from discontinued operations	24	-	-
(3,546)	NET OPERATING RESULT FOR THE YEAR	2(a)	41,003	15,571
(3,970)	NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS & CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES		10,044	1,342

* Original budget as approved by Council - Refer Note 16

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

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2015 (\$'000)	2014 (\$'000)
Net operating result for the year - from Income Statement		41,003	15,571
Other comprehensive income			
Amounts which will not be reclassified subsequently to operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	20(b)	77,909	347,819
Adjustment to correct prior period errors	20(d)	(6,434)	1,832
Amounts which will be reclassified subsequently to operating result when specific conditions are met.			
Realised available-for-sale investment gains recognised in revenue	20(b)	-	-
Gain (loss) on revaluation of available-for-sale investments	20(b)	-	-
Total other comprehensive income for the year		71,475	349,651
Total comprehensive income for the year		<u>112,478</u>	<u>365,222</u>
Attributable to:			
- Council		112,478	365,222
- Non-controlling Interests		-	-

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

STATEMENT OF FINANCIAL POSITION

	Notes	2015		2014	
		(\$'000)	(\$'000)	(\$'000)	(\$'000)
ASSETS					
Current Assets					
Cash and Cash Equivalents	6(a)	14,305		15,793	
Investments	6(b)	90,704		51,500	
Receivables	7	8,314		7,713	
Inventories	8	618		489	
Other	8	798		315	
Non-Current assets classified as held for Sale	22	-		-	
Total Current Assets			114,739		75,810
Non-Current Assets					
Investments	6(b)	32,743		38,665	
Receivables	7	1,064		962	
Inventories	8	-		-	
Infrastructure, Property, Plant and Equipment	9	2,245,889		2,268,131	
Investments accounted for using equity method	19	-		-	
Investment Property	14	105,628		2,800	
Intangible assets	25	-		-	
Other	8	-		-	
Total Non-Current Assets			2,385,324		2,310,558
TOTAL ASSETS			<u>2,500,063</u>		<u>2,386,368</u>
LIABILITIES					
Current Liabilities					
Payables	10(a)	19,229		19,205	
Borrowings	10(a)	993		793	
Provisions	10(a)	10,868		10,314	
Total Current Liabilities			31,090		30,312
Non-Current Liabilities					
Payables	10(a)	-		-	
Borrowings	10(a)	5,241		4,822	
Provisions	10(a)	156		136	
Total Non-Current Liabilities			5,397		4,958
TOTAL LIABILITIES			<u>36,487</u>		<u>35,270</u>
NET ASSETS			<u>2,463,576</u>		<u>2,351,098</u>
EQUITY					
Retained Earnings	20	1,783,775		1,742,772	
Revaluation reserves	20	679,801		608,326	
Council equity interest			2,463,576		2,351,098
Minority equity interest			-		-
TOTAL EQUITY			<u>2,463,576</u>		<u>2,351,098</u>

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

STATEMENT OF CHANGES IN EQUITY

	Note	2015 (\$'000)						2014 (\$'000)					
		Retained Earnings	Asset Revaluation Reserve	Other Reserves	Council Equity Interest	Non-controlling Interest	Total Equity	Retained Earnings	Asset Revaluation Reserve	Other Reserves	Council Equity Interest	Non-controlling Interest	Total Equity
Opening Balance	20	1,742,772	608,326		2,351,098	-	2,351,098	1,725,369	260,507		1,985,876	-	1,985,876
Correction of errors							-						-
Changes in Accounting Policies							-						-
Restated Opening Balance	20	1,742,772	608,326	-	2,351,098	-	2,351,098	1,725,369	260,507	-	1,985,876	-	1,985,876
Net Operating Result for the Year	20	41,003					41,003	15,571			15,571		15,571
Other Comprehensive Income	20		71,475				71,475	1,832	347,819		349,651		349,651
Total Comprehensive Income	20	41,003	71,475	-		-	112,478	17,403	347,819	-	365,222	-	365,222
Closing Balance	20	1,783,775	679,801	-	2,463,576	-	2,463,576	1,742,772	608,326	-	2,351,098	-	2,351,098

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

STATEMENT OF CASH FLOWS

Original Budget*	Notes	2015 (\$'000)	2014 (\$'000)
2015 (\$'000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
66,100 Rates & Annual Charges		66,383	63,366
16,110 User Charges & Fees		16,307	15,335
3,347 Investment Revenue and Interest		4,742	3,896
6,838 Grants and Contributions		39,483	18,726
- Deposits and Retentions		2,359	2,359
7,351 Other		6,506	7,944
Payments			
(42,772) Employee Benefits and on-costs		(39,393)	(39,223)
(28,901) Materials and Contracts		(28,518)	(24,886)
(234) Borrowing Costs		(256)	(94)
- Deposits and Retentions		(1,426)	(1,426)
(18,577) Other		(11,464)	(10,602)
Net cash provided (or used) in Operating Activities	11(b)	54,723	35,395
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
51,500 Sale of Investments		18,761	32,034
- Sale of Investment Property		-	-
- Sale of Real Estate Assets		-	894
1,265 Sale of Infrastructure, Property, Plant and Equipment		3,224	1,466
- Sale of Interests in Joint Ventures/Associates		-	-
- Proceeds from Boundary Adjustment		-	-
- Other		-	-
Payments			
(90,704) Purchase of Investments		(52,000)	(46,050)
- Purchase of Investment property		(1,150)	-
(21,656) Purchase of Property, Plant and Equipment		(25,665)	(25,944)
- Purchase of Real Estate		-	-
- Purchase of Interests in Joint Ventures/Associates		-	-
- Other		-	-
Net cash provided by (or used in) Investing Activities		(56,830)	(37,600)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
1,500 Borrowings and Advances		1,500	2,700
- Other		-	-
Payments			
(885) Borrowings and Advances		(881)	(507)
- Lease Liabilities		-	-
- Other		-	-
Net cash provided by (or used in) Financing Activities		619	2,193
(49,716) Net Increase (Decrease) in Cash & Cash Equivalents		(1,488)	(12)
15,793 Cash & Cash Equivalents at beginning Reporting Pd	11(a)	15,793	15,805
(33,923) Cash & Cash Equivalents at end of Reporting Pd	11(a)	14,305	15,793

* Original budget as approved by Council - Refer Note 16

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

(i) New and amended standards adopted by Council

During the current year, the following relevant standards became mandatory for Council and have been adopted:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosures of Interests in Other Entities

AASB 10 introduced a new definition of control based on the substance of the relationship and required Councils to consider their involvement with other entities regardless of whether there was a financial interest.

AASB 11 classified joint arrangements into either joint ventures (equity accounting) or joint operations (accounting for share of assets and liabilities).

AASB 12 has increased the level of disclosures required where Council has any interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

These have had no significant impact on Council's Financial Statements.

(ii) Early adoption of standards

City of Ryde has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

(iii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(iv) Significant accounting estimates and judgements

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

(v) Critical accounting estimates and assumptions

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

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

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

- (i) **Impairment of Receivables**
Council has made a significant judgement about the impairment of a number of its receivables in Note 7.
- (ii) **Projected Section 94 Commitments**
Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.
- (iii) **Valuation of Infrastructure assets**
Council employs a number of staff that possess Tertiary qualifications in Engineering. Those staff are also responsible for estimating the cost of construction of new infrastructure works, especially for works done in-house. Using this expertise Council has revalued its infrastructure assets to the cost of replacing those assets in-house. Those estimates are based on the actual costs to replace infrastructure assets by Council recently.

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

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

(b) Revenue recognition

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

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

Rates, annual charges, grants and contributions

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

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

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

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

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

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

User charges and fees

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

Sale of plant, property, infrastructure and equipment

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

Interest and rents

Interest and rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

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

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund. The consolidated fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

(ii) The Trust Fund

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

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

(d) Leases

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance cost. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that Council will obtain ownership at the end of the lease term.

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

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

(e) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets. Cost is measured as the fair value of the assets given, plus costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(f) Impairment of assets

Whilst Council does not currently hold any Goodwill and intangible assets, there may be some that relate to software or trademarks in the future, and if so, these assets that have an indefinite useful life are not subject to amortisation and will be tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's

fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Cash and cash equivalents

For cash flow statement 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 balance sheet.

(h) Receivables

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.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

(i) Inventories

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

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs include the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw material. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

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

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

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

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

fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

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

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

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation in a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

(k) Investments and other financial assets

Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held to maturity, re-evaluates this designation at each reporting date.

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

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables (note 7) in the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held to maturity financial assets are included in non-current asset, except those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available for sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Financial assets - reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, Council may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future and until maturity at the date of classification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

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

Subsequent measurement

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

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when Council's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit and loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities reclassified as available-for-sale are recognised in equity.

Details of how the fair value of financial instruments is determined are disclosed in note 1(I).

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost

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

loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

Investment Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act and s212 of the LG (General) Regulations 2005. 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 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, arising from the Cole Inquiry recommendations. Certain investments that Council held are no longer prescribed, Council has either divested itself of these, or they have matured with Council suffering a loss of principal, which was recognised in the appropriate period.

(l) Fair value estimation

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

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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

(m) 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 – (External Valuation).
- Land Improvements (as approximated by depreciated historical cost).
- Other structures (as approximated by depreciated historical cost).
- Other assets (as approximated by depreciated historical cost).

As at 30 June 2013 Council had revised the useful lives of its Infrastructure and Building assets and their remaining lives, effective 1 July 2013.

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

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

Condition 5 represents those assets that are due for renewal, but are still in service, so will hold a residual value until renewed.

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

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

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

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

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

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Land, other than land under roads, is classified as either operational or community in accordance with Part 2 of Chapter 6 of the Local Government Act (1993). This classification is made in Note 9(a).

(n) Investment property

Investment property, principally comprising freehold buildings, car parks and blocks of units, are held for development to generate long-term rental yields and are not occupied by the Council. Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location, or condition of the specific asset. If this information is not available, Council uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. These valuations are reviewed annually by a member of the Australian Property Institute. Changes in fair values are recorded in profit and loss as part of other income.

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

(o) Payables

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

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet 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 the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(q) Borrowing costs

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

(r) 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. Provisions are not recognised for future operating losses.

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.

(s) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other Long term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be 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 the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

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

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans (see below).

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities. As a result, they have asked for significant increases in contributions to recover that deficiency. Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has, however, disclosed a contingent liability in note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

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.

(t) Rounding of amounts

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

(u) Land under roads

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

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

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

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

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

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

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

(ii) Rehabilitation

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

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

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

(w) Allocation between current and non-current assets and liabilities

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

(x) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. NSW Council's assessment of the impact of the new standards and interpretations relevant to them is set out below.

(i) AASB 9 Financial Instruments and associated amending standards

Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value.

Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.

Impairment of assets is now based on expected losses in AASB 9 which requires entities to measure:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); of full lifetime
- expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The effective date is the annual reporting periods beginning on or after 1 January 2018.

The available-for-sale investments held will be classified as fair value through OCI and will no longer be subject to impairment testing. The impairment loss recognised in the current year financial statements in relation to these statements was Nil.

Other impacts on the reported financial position and performance have not yet been determined.

(ii) AASB 15 Revenue from contracts with customers and associated amending standards

AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services

Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element

AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements

The effective date is the annual reporting periods beginning on or after 1 January 2017.

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.

(y) 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 the reserves are recognised within Council's Income Statement.

Representations from both State and Local Government are being sought to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

(z) 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 balance sheet.

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

NOTE 2(a) FUNCTIONS OR ACTIVITIES

INCOME, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS / ACTIVITIES DETAILS OF THESE FUNCTIONS / ACTIVITIES ARE PROVIDED IN NOTE 2(b)													
FUNCTIONS/ACTIVITIES	INCOME FROM CONTINUING OPERATIONS			EXPENSES FROM CONTINUING OPERATIONS			OPERATING RESULTS FROM CONTINUING OPERATIONS			GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Original Budget 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Programs													
Catchment Program	27	65	326	3,743	3,171	2,774	(3,716)	(3,106)	(2,448)		250	200,680	181,890
Centres And Neighbourhood Program	401	593	3,670	4,147	3,782	3,019	(3,746)	(3,188)	651	364	364		
Community And Cultural Program	1,733	1,832	1,570	4,461	3,951	4,201	(2,729)	(2,120)	(2,631)	705	666	230	230
Customer And Community Relations Program	14	14	15	3,459	3,041	3,072	(3,445)	(3,028)	(3,057)				
Economic Development Program	6	5	5	266	235	269	(260)	(230)	(264)				
Environmental Program	23	8	78	754	465	572	(731)	(457)	(495)	68			
Foreshore Program				145	99	126	(145)	(99)	(126)				
Governance And Civic Program	10	3	5	3,492	3,320	3,192	(3,482)	(3,317)	(3,188)				
Internal Corporate Services Program	3,882	7,335	4,595	14,036	12,629	12,298	(10,154)	(5,294)	(7,703)	152	111	410,732	369,761
Land Use Planning Program	120	28,108	9,239	1,223	1,134	1,350	(1,103)	26,975	7,889	6,066	34		
Library Program	942	959	930	6,063	5,393	5,186	(5,120)	(4,434)	(4,256)	280	274	1,210	1,347
Open Space, Sport & Recreation Program	7,216	6,706	6,252	15,806	15,031	15,248	(8,591)	(8,325)	(8,996)	25	61	1,475,164	1,474,059
Organisational Development Program	5	13	9	267	266	195	(262)	(253)	(186)				
Paths And Cycleways Program	35	1,900	125	1,953	2,057	3,041	(1,918)	(157)	(2,917)	1,701	124	28,006	2,800
Property Portfolio Program	2,188	2,171	2,165	3,831	3,506	3,098	(1,643)	(1,335)	(933)				
Regulatory Program	7,292	10,834	9,748	7,718	7,595	6,780	(426)	3,239	2,968				
Risk Management Program	340	366	234	2,757	2,350	2,962	(2,417)	(1,984)	(2,728)				
Roads Program	2,022	2,595	2,323	7,797	7,830	8,930	(5,775)	(5,235)	(6,607)	559	758	383,093	355,389
Strategic City Program	12	5		282	135	223	(269)	(130)	(223)				
Traffic & Transport Program	553	853	1,535	1,320	1,349	2,898	(767)	(497)	(1,364)	129	900	950	891
Waste And Recycling Program	17,783	15,515	16,984	18,347	15,715	15,347	(564)	(201)	1,637	226	245		
Total Functions & Activities	44,603	79,879	59,807	101,866	93,055	94,781	(57,263)	(13,176)	(34,977)	10,207	3,856	2,500,063	2,386,368
General Purpose Revenue	53,717	54,179	50,545				53,717	54,179	50,545	3,704	2,142		
Totals	98,320	134,058	110,352	101,866	93,055	94,781	(3,546)	41,003	15,568	13,911	5,998	2,500,063	2,386,368

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, our stormwater and natural waterways.

Centres and Neighbourhood program

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

Community and Cultural program

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

Customer and Community Relations program

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

Economic Development program

Business sector and economic development.

Environmental program

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

Foreshore program

Managing all aspects of our foreshore.

Governance and Civic program

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

Internal Corporate Services program

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

Land Use Planning program

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

NOTE 2(b) Components of Functions or Activities (continued)

Library program

Delivering all our library services.

Open Space, Sport & Recreation program

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

Organisational Development program

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

Paths and Cycleways program

Developing, managing and maintaining our footpaths and cycleways.

Property Portfolio program

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

Regulatory program

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

Risk Management program

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

Roads program

Managing and maintaining our roads, bridges and retaining walls.

Strategic City program

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

Traffic & Transport program

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

Waste and Recycling program

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

NOTE 3 INCOME FROM CONTINUING OPERATIONS

	2015 (\$'000)	2014 (\$'000)
(a) Rates and Annual Charges		
Ordinary Rates		
Residential	27,389	26,351
Business	13,959	13,268
Environmental Management Levy	6,388	6,166
Total Ordinary Rates	47,736	45,785
Special Rates		
Macquarie Park	1,299	1,277
Total Special Rates	1,299	1,277
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic Waste Management Services	16,343	14,949
Non-Rateable Waste Management Charges	135	135
Stormwater Management Service Charge	1,007	990
Section 611 Charges	121	123
Total Annual Charges	17,606	16,197
Total Rates and Annual Charges	66,641	63,259
Council has used 2013 valuations provided by the NSW Valuer General in calculating its rates.		
(b) User Charges and Fees		
User Charges (pursuant to s.502)		
Aquatic Centre	5,171	5,028
Sports Facility Rental	673	579
Hall Hire	502	457
Road Restorations	576	1,040
Gutter Crossings	374	257
Commercial Waste Service	1,047	991
Other	89	46
Total User Charges	8,432	8,398
Fees		
Regulatory/Statutory Fees	2,691	2,122
s603 Certificates	171	163
Discretionary		
- Parking fees	1,171	1,142
- Environmental Planning	1,719	1,808
- Private Works	199	119
- Vacation Care	-	-
- Home Maintenance & Modification	104	83
- Other	374	153
Total Fees	6,429	5,590
Total User Charges and Fees	14,861	13,988
(c) Interest and Investment Revenue (Losses)		
Overdue Rates & Charges	177	191
Cash, cash equivalents and investments:		
- Externally restricted	929	1,033
- Internally restricted	-	-
- Unrestricted	3,673	3,074
Impairment Losses		
- Investments	-	-
Premiums recognised on financial instrument transactions		
Amortisation of discounts and premiums:		
- Investments held to maturity	32	33
Total Interest and Investment Revenue	4,811	4,331

NOTE 3 Income from Continuing Operations (continued)

	2015 (\$'000)	2014 (\$'000)
(d) Other Revenues		
Fair value adjustments - investment properties	450	180
Rental income:		
- Investment Property	483	239
- Other Property	1,838	1,946
Parking Fines	3,741	4,857
Other Fines	58	42
Ex Gratia rates	-	-
Fuel Tax Credit	176	-
Materials Recycling	336	293
Lease - Telecommunications	121	84
Legal Fees Recoveries		
- Rates	18	-
- Other	43	48
Insurance Claims	154	2
Staff Vehicle Leases and Other Payments	515	544
Eastwood Plaza	66	54
Sundry Sales	22	32
Other	918	611
Total Other Revenue	8,939	8,932

	OPERATING		CAPITAL	
	2015 (\$'000)	2014 (\$'000)	2015 (\$'000)	2014 (\$'000)
(e) Grants				
General Purpose (Untied)				
Financial Assistance	3,203	1,618	-	-
Pensioner Rebate Subsidy - Rates	501	524	-	-
Total General Purpose (Untied)	3,704	2,142	-	-
Specific Purpose				
Pensioner Rebate Subsidy - Domestic Waste	223	216	-	-
Vacation Care	-	-	-	-
Macquarie Park Construction	-	-	6,000	-
Library	280	274	-	-
Home Maintenance & Modification	377	362	-	-
Meadowbank/Gladesville Traffic Study	-	86	-	-
DEEWR - Apprentice Rebate Scheme	-	34	-	-
Community Staff Funding	271	246	-	-
Street & Traffic Lighting	364	364	-	-
Roads To Recovery	-	-	492	424
RMS Transport	-	-	354	1,193
Parks Grants	-	39	-	7
Waste Education	3	29	-	-
Ryde Parramatta River Walk	-	-	1,488	-
Environmental Projects	-	68	-	-
WH&S Incentive Rebate	115	76	-	-
LIRS Subsidy	66	-	-	-
Other	154	156	20	282
Total Specific Purpose	1,853	1,950	8,354	1,906
Total Grants	5,557	4,092	8,354	1,906
Comprising:				
- Commonwealth funding	3,486	2,007	-	-
- State funding	2,071	2,085	8,354	1,906
- Other funding	-	-	-	-
	5,557	4,092	8,354	1,906

NOTE 3 Income from Continuing Operations (continued)

	OPERATING		CAPITAL	
	2015 (\$'000)	2014 (\$'000)	2015 (\$'000)	2014 (\$'000)
(f) Contributions				
Developer Contributions (s94)				
- Open Space	-	-	12,669	5,779
- Parking	-	-	-	-
- Drainage	-	-	760	417
- Traffic Facilities	-	-	2,027	619
- Other	-	-	100	38
- Community Facilities	-	-	4,217	1,860
Voluntary Planning Agreements	-	-	2,275	3,575
Other Councils	583	570	-	-
Community Facilities	-	-	-	-
Community Events	76	43	-	-
Other	-	43	370	5
RMS Contributions				
- Roads & Bridges	305	299	-	-
- Other	114	114	-	-
Buildings & Property (In Kind)	-	-	-	-
Buildings & Property (In Kind) - s94	-	-	-	-
Customer/Resident Contributions	-	-	48	30
LSL Contributions from other Councils	38	98	-	-
s94F Affordable Housing	-	-	139	-
DWM Better Waste and Recycling Fund	259	290	-	-
Waste Performance Improvement Program	-	-	-	-
Total Contributions	1,375	1,457	22,605	12,323
Total Grants & Contributions	6,932	5,549	30,959	14,229
	2015	2014		
	(\$'000)	(\$'000)		
(g) Restrictions relating to Grants and Contributions				
Certain grants and contributions are obtained by Council on the condition that they be spent in a specified manner:				
Grants and contributions recognised in the current reporting period which have not been spent	29,432		13,852	
Less:				
Grants and contributions recognised in previous reporting periods which have been spent in the current reporting period	15,666		5,636	
Net increase/(decrease) in Restricted Grants and Contributions	13,766		8,216	

NOTE 4 EXPENSES FROM CONTINUING OPERATIONS

	2015 (\$'000)	2014 (\$'000)
(a) Employee Benefits & On Costs		
Salaries and Wages	29,706	28,379
Employee Leave Entitlements	7,817	8,541
Superannuation	3,907	3,768
Workers' Compensation Insurance	1,134	1,670
Fringe Benefits Tax (FBT)	178	209
Training Costs (excluding salaries)	219	211
Other	278	370
Less: Capitalised Costs	(3,701)	(3,359)
Total Employee Costs Expensed	<u>39,538</u>	<u>39,789</u>
Number of FTE Employees	441	440
(b) Borrowing Costs		
Interest on overdrafts	-	-
Interest on loans	256	146
Charges on finance leases	-	-
Discounts recognised on financial instrument transactions		
Amortisation of discounts and premiums		
- Investments held to maturity	-	-
- Remediation		
Less: Capitalised Costs		
Total Borrowing Costs Expensed	<u>256</u>	<u>146</u>

NOTE 4 Expenses from Continuing Operations (continued)

	2015 (\$'000)	2014 (\$'000)
(c) Materials and Contracts		
Raw materials and consumables	1,420	607
Contractor and Consultancy Costs	25,172	25,049
Audit Fees:		
- Audit Services	77	63
- Other ⁽¹⁾	-	20
Legal Fees:		
- Planning & Development	32	164
- Other	90	509
Operating leases		
- Computers	-	-
Infringement Notice Contract (SEINS)	521	511
Other	-	-
Less: Capitalised Costs	(1,694)	(1,333)
Total Materials & Contracts	<u>25,618</u>	<u>25,590</u>
 ⁽¹⁾ During the year the following fees were paid or payable for services provided by the Council's auditor – Pricewaterhouse Coopers (PwC)		
(i) Audit and other assurance services		
Audit and review of financial statements	57	63
Other assurance services:		
– Audit of regulatory returns	-	-
– Due diligence services	-	-
Total remuneration for audit and other assurance services	<u>57</u>	<u>63</u>
(ii) Taxation services		
Tax compliance services	-	-
Total remuneration for taxation services	<u>-</u>	<u>-</u>
(iii) Other Services		
Advice on Financial Projections	20	20
Attendance of Council meetings	-	-
Total remuneration for other services	<u>20</u>	<u>20</u>
Total remuneration of PricewaterhouseCoopers	<u>77</u>	<u>83</u>

NOTE 4 Expenses from Continuing Operations (continued)

	2015 (\$'000)	2014 (\$'000)	2015 (\$'000)	2014 (\$'000)
(d) Depreciation, Amortisation and Impairment				
Plant and Equipment	2,498	2,601		
Office Equipment	1,075	1,005		
Furniture & Fittings	212	227		
Property Plant and Equipment Leased	-	-		
Land Improvements (Depreciable)	517	968		
Buildings - Specialised	650	650		
- Non-specialised	875	925		
Other Structures	1,532	2,242		
Infrastructure:				
- Roads, Bridges and Footpaths	5,456	6,060		
- Stormwater Drainage *	1,507	1,507		
Other Assets:				
- Heritage Collections	-	-		
- Library Books	561	504		
Total Depreciation Costs	14,883	16,689	-	-
Less: Capitalised Costs/Impairment reversals	(105)	(130)		
Total Depreciation and Total Impairment	14,778	16,559	-	-

* Refer to Note 9, Review ed Unit Rates for 2013/14.

	2015 (\$'000)	2014 (\$'000)
(e) Other Expenses		
Other expenses for the year		
include the following:-		
Fair Value decrements - Investment Properties	-	-
Bad & Doubtful Debts	86	100
Mayoral Fee	61	59
Councillors' Fees	258	267
Councillors' (incl. Mayor) Expenses	97	101
Election Costs (excl. Employee Costs)	128	-
Interest on Refundable Deposits	352	65
Insurance	992	974
Insurance - Statewide Mutual Provision	-	-
Street Lighting	1,960	2,186
Communications Costs	145	203
Contribution to Fire Control	1,528	1,516
Contribution to Dept of Planning	249	245
Contributions & Donations - Community Grants	519	725
Waste Development Tax	3,220	3,028
Membership Fees	148	149
Valuation Fees	241	187
Electricity & Heating	1,348	1,498
Water Rates	392	440
Bank Fees & Charges	195	222
Property Lease Costs	4	4
Postage & Courier Costs	323	266
Advertising	469	342
Operating Leases	-	-
Parking Infringement Collection	-	-
Remediation	-	-
Green Waste Collection Charges	-	-
Other Expenses	161	126
Less: Capitalised Costs	(11)	(6)
Total Other Expenses From Continuing Operations	12,865	12,697

NOTE 5 GAIN OR LOSS FROM THE DISPOSAL OF ASSETS

	2015 (\$'000)	2014 (\$'000)
GAIN (OR LOSS) ON DISPOSAL OF STRATUM LAND		
Proceeds from disposal	-	-
Less: Carrying amount of assets sold	-	-
Gain (or loss) on disposal	<u>-</u>	<u>-</u>
GAIN (OR LOSS) ON DISPOSAL OF OPERATIONAL LAND		
Proceeds from disposal	-	5
Less: Carrying amount of assets sold	-	-
Gain (or loss) on disposal	<u>-</u>	<u>5</u>
GAIN (OR LOSS) ON DISPOSAL OF COMMUNITY LAND		
Proceeds from disposal	834	172 ⁽¹⁾
Less: Carrying amount of assets sold	-	-
Gain (or loss) on disposal	<u>834</u>	<u>172</u>
GAIN (OR LOSS) ON DISPOSAL OF PROPERTY		
Proceeds from disposal	-	-
Less: Carrying amount of assets sold	-	-
Gain (or loss) on disposal	<u>-</u>	<u>-</u>
GAIN (OR LOSS) ON DISPOSAL OF PLANT & EQUIPMENT		
Proceeds from disposal	2,392	1,289
Less: Carrying amount of assets sold	(2,293)	(1,121)
Gain (or loss) on disposal	<u>99</u>	<u>168</u>
GAIN (OR LOSS) ON DISPOSAL OF REAL ESTATE ASSETS HELD FOR SALE		
Proceeds from sales	-	894 ⁽²⁾
Less: Cost of sales	(28)	(910)
Gain (or loss) on disposal	<u>(28)</u>	<u>(16)</u>
GAIN (OR LOSS) ON DISPOSAL OF OFFICE EQUIPMENT		
Proceeds from disposal	(2)	-
Less: Carrying amount of assets sold	-	(24)
Gain (or loss) on disposal	<u>(2)</u>	<u>(24)</u>

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

⁽²⁾ This includes the net proceeds from the sale of the asset (\$910k) less the commission on sale (\$16k). This asset was revalued as at 30 June 2013.

NOTE 5 Gain or Loss from the disposal of assets (continued)

	2015 (\$'000)	2014 (\$'000)
GAIN (OR LOSS) ON DISPOSAL OF LIBRARY BOOKS		
Proceeds from disposal	-	-
Less: Carrying amount of assets sold	-	-
Gain (or loss) on disposal	<u>-</u>	<u>-</u>
GAIN (OR LOSS) ON DISPOSAL OF RBF - ROAD PAVEMENTS		
Proceeds from disposal	-	-
Less: Carrying value of Works in Progress	-	(10)
Gain (or loss) on disposal	<u>-</u>	<u>(10)</u>
GAIN (OR LOSS) ON DISPOSAL OF RBF - FOOTPATHS & CYCLEWAYS		
Proceeds from disposal	-	-
Less: Carrying value of Works in Progress	-	(72)
Gain (or loss) on disposal	<u>-</u>	<u>(72)</u>
GAIN (OR LOSS) ON DISPOSAL OF WORKS IN PROGRESS		
Proceeds from disposal	-	-
Less: Carrying value of Works in Progress	-	(203) ⁽³⁾
Gain (or loss) on disposal	<u>-</u>	<u>(203)</u>
GAIN (OR LOSS) ON DISPOSAL OF FINANCIAL ASSETS		
Proceeds from disposal	1,011	3,035 ⁽⁴⁾
Less: Carrying value of Financial assets	(999)	(2,991)
Gain (or loss) on disposal	<u>12</u>	<u>44</u>
NET GAIN (OR LOSS) ON DISPOSAL OF ASSETS	<u>915</u>	<u>64</u>

⁽³⁾ This represents the write off of the costs incurred for the Redevelopment of the Civic Centre Precinct, as resolved by Council in September 2012.

⁽⁴⁾ This does not include investments that are rolled over, in full, with the same ADI.

Gross amount including rolled over investments:

Proceeds from disposal	CF	18,761	32,034
Less: Carrying value of Financial assets	6	(18,749)	(31,990)
Gain (or loss) on disposal		<u>12</u>	<u>44</u>

NOTE 6(a) CASH AND CASH EQUIVALENTS

Notes	2015 (\$'000)	2014 (\$'000)
Cash at bank and on hand	567	947
Deposits at call ⁽¹⁾	13,738	14,846
	<u>14,305</u>	<u>15,793</u>

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

NOTE 6(b) INVESTMENTS

The following financial assets are held as investments:

	2015		2014	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
	<u>(\$'000)</u>	<u>(\$'000)</u>	<u>(\$'000)</u>	<u>(\$'000)</u>
Financial Assets at Fair Value				
through Profit and Loss	-	-	-	-
Held to Maturity Investments	90,704	32,743	51,500	38,665
Available for Sale Financial Assets	-	-	-	-
Total	90,704	32,743	51,500	38,665
Financial Assets at Fair Value				
 Through Profit and Loss				
At beginning of year	-	-	-	-
Revaluation to income statement	-	-	-	-
Additions	-	-	-	-
Disposals (Sale/Redemption)	-	-	-	-
Reclassification				
At end of year	-	-	-	-
Held for Trading:				
- Managed funds	-	-	-	-
- CDOs				
- FRNs				
- Listed equity securities				
TOTAL	-	-	-	-
Held to Maturity Investments				
At beginning of year	51,500	38,665	46,450	29,622
Amortisation of discounts & premiums	-	32	-	33
Additions	33,250	18,750	28,050	18,000
Disposals	(17,750)	(999)	(29,000)	(2,990)
Impairment	-	-	-	-
Transfer to Current	23,704	(23,704)	6,000	(6,000)
At end of year	90,704	32,744	51,500	38,665
Comprising of:				
- CDOs	-	-	-	-
- FRNs	8,954	19,747	-	17,921
- Fixed Bonds	-	1,996	-	1,994
- Term Deposits ⁽²⁾	81,750	11,000	51,500	18,750
TOTAL	90,704	32,743	51,500	38,665

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

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

	2015		2014	
	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)	<u>Current</u> (\$'000)	<u>Non-Current</u> (\$'000)
Total cash, cash equivalents and investments	105,009	32,743	67,293	38,665
External restrictions	27,000	32,743	11,187	32,926
Internal restrictions	73,214	-	50,061	5,739
Unrestricted	4,795	-	6,045	-
Total	105,009	32,743	67,293	38,665
	Opening Balance	Transfers To	Transfers From	Closing Balance
	30 June 2014	Restriction	Restriction	30 June 2015
	\$'000	\$'000	\$'000	\$'000
<u>External Restrictions</u>				
<i>Included in liabilities</i>				
Specific purpose unexpended loans				
RTA Advances				
Self-Insurance Claims				
Other				
	-	-	-	-
<i>Other</i>				
Developer Contributions (A)	35,548	22,977	(15,127)	43,398
Specific Purpose Unexpended Grants (B)	1,079	6,357	(767)	6,669
Domestic Waste Management (C)	4,912	18,063	(17,235)	5,740
Stormwater Management	1,215	1,010	(1,476)	749
Affordable Housing Contribution	-	139	-	139
LIRS	-	1,346	-	1,346
Macquarie Park Special Rate	1,130	1,300	(1,283)	1,147
External Works Drainage Contributions	229	98	228	555
Total External Restrictions	44,113	51,290	(35,660)	59,743
Total Restricted Grants and Contributions for Note 3 (g) comparisons	36,856	29,432	(15,666)	50,622

NOTE 6(c) Restricted Cash, Cash Equivalents and Investments (continued)

	Opening Balance 30 June 2014 \$'000	Transfers To Restriction \$'000	Transfers From Restriction \$'000	Closing Balance 30 June 2015 \$'000
<u>Internal Restrictions</u>				
Plant Replacement Reserve	2,462	2,168	(1,756)	2,874
Employee Leave Entitlements	2,998	520	(1,062)	2,456
Incomplete/Carry Over Works and Projects	2,721	873	(2,721)	873
Refundable Deposits	8,974	725	-	9,699
Asset Replacement Reserve	15,362	20,044	(2,078)	33,328
Ryde Aquatic Leisure Centre	585	3,982	(4,429)	138
Investment Property Reserve	16,403	-	(1,998)	14,405
Civic Centre Precinct Redevelopment Reserve	822	-	125	947
Financial Security Reserve	3,438	-	-	3,438
Insurance Fluctuation Reserve	563	188	-	751
Fit for the Future Reserve	-	3,000	(288)	2,712
Sale of Roads Reserve	-	889	(889)	-
Risk Rebate Reserve	40	68	(29)	79
Other	1,432	382	(300)	1,514
Total Internal Restrictions	55,800	32,839	(15,425)	73,214
 Total Restrictions	 99,913	 84,129	 (51,085)	 132,957

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

NOTE 7 RECEIVABLES

<u>Purpose</u>	2015		2014	
	<u>Current</u> <u>(\$'000)</u>	<u>Non-Current</u> <u>(\$'000)</u>	<u>Current</u> <u>(\$'000)</u>	<u>Non-Current</u> <u>(\$'000)</u>
Rates and Annual Charges	1,401	934	1,246	831
Rates Interest & Extra Charges	195	130	197	131
User Charges & Fees				
Environmental & Health	409	-	410	-
Restorations	130	-	354	-
Recreational Facilities	241	-	254	-
Property & Infrastructure Works	94	-	22	-
Home Modification Service	28	-	15	-
Ryde Aquatic Leisure Centre	40	-	103	-
Interest on Investments	1,332	-	1,295	-
Contributions to Works	220	-	135	-
Government Grants & Subsidies	1,234	-	2,382	-
Commercial Waste	363	-	354	-
GST	1,180	-	403	-
Asset Sales	1,640	-	-	-
Workers Compensation	5	-	17	-
Staff Payments	-	-	-	-
Voluntary Planning Agreement	-	-	-	-
Fines	-	-	329	-
Other	72	-	454	-
Total⁽¹⁾	8,584	1,064	7,970	962
Less: Provision for Doubtful Debts				
- Rates and Annual Charges	-	-	-	-
- Interest and extra charges				
- User Charges and Fees	270	-	257	-
- Government Grants & Subsidies	-	-	-	-
	8,314	1,064	7,713	962

EXTERNALLY RESTRICTED RECEIVABLES (Included Above)

Domestic Waste Management ⁽²⁾	-	-	-	-
TOTAL RESTRICTED RECEIVABLES	-	-	-	-
UNRESTRICTED RECEIVABLES	8,314	1,064	7,713	962
TOTAL RECEIVABLES	8,314	1,064	7,713	962

⁽¹⁾ Total refers to Note 15

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

NOTE 7 Receivables (continued)

Rates and Annual Charges

Rates are secured by underlying properties.

Interest is charged on overdue rates at 8.5% (2014 9.0%). Rates are due for payment on 31 August, 30 November, 28 February and 31 May in each financial year. Overdue rates are those not paid within 1 day of the due date. The amount of the overdue debts upon which interest is charged is \$2,335,000 (2014 \$2,077,000)

User Charges and Fees

User charges and fees are unsecured. The credit risk for this class of debtor is 100% of the carrying value. A provision for doubtful debts in respect of the class of debtor has already been provided in an amount of \$270,000.

Government Grants

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

NOTE 8 INVENTORIES & OTHER ASSETS

	2015		2014	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
	<u>(\$'000)</u>	<u>(\$'000)</u>	<u>(\$'000)</u>	<u>(\$'000)</u>
(a) Inventories				
Real Estate	-	-	-	-
Stores and Materials (refer ⁽¹⁾ below)	618	-	489	-
Other	-	-	-	-
Total Inventories	618	-	489	-

Note: The following assets although disclosed as current, are not expected to be realised within the next 12 months

(b) Inventories not expected to be realised within the next 12 months⁽¹⁾	329	-	267	-
(c) Other Assets				
Prepayments	798	-	315	-
Total Other Assets	798	-	315	-

EXTERNALLY RESTRICTED INVENTORIES AND OTHER ASSETS

NIL

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

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

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

\$'000's	ASSET TYPE	At 30 June 2014				MOVEMENTS DURING THE YEAR						At 30 June 2015				
		Cost	Fair Value	Accumulated Depreciation & Impairment	Written Down Value (WDV)	Asset Purchases	Transfers From WIP	WDV of Disposals	Transfers and Adjustments	Depreciation & Impairment	Gross Book Value	Accumulated Depreciation	Cost	Fair Value	Accumulated Depreciation & Impairment	Written Down Value (WDV)
	Plant and Equipment		25,275	13,667	11,608	4,351	-	2,293	-	2,498	-	-	-	26,026	14,858	11,168
	Office Equipment		9,967	7,566	2,401	612	191	-	-	1,075	-	-	-	10,451	8,322	2,129
	Furniture and Fittings		4,457	3,249	1,208	2	-	-	-	212	-	-	-	4,459	3,461	998
	Leased Plant & Equipment		209	209	-	-	-	-	-	-	-	-	-	163	163	-
	Land															
	- Operational Land		164,239	-	164,239	-	-	-	(86,662)	-	24,756	-	-	102,333	-	102,333
	- Community Land		1,393,318	-	1,393,318	-	-	-	-	-	-	-	-	1,393,318	-	1,393,318
	- Land Improvements (non-depr'n)		8,293	-	8,293	222	2	-	-	-	-	-	-	8,517	-	8,517
	- Land Improvements (depr'n)		12,920	11,880	1,040	538	260	-	-	517	-	-	-	13,718	12,397	1,321
	- Land Under Roads		11,552	-	11,552	-	-	-	-	-	-	-	-	11,552	-	11,552
	Buildings															
	- Non-specialised		105,849	61,692	44,157	3,596	84	28	(4,900)	875	1,149	(51)	-	105,616	62,382	43,234
	Other Structures															
	- Carports		23,323	3,277	20,046	-	-	-	(12,348)	95	387	(1,886)	-	11,362	1,486	9,876
	- Foreshore Assets		4,990	2,088	2,902	198	-	-	-	56	51	(455)	-	5,239	1,689	3,550
	- Road Ancillary		9,703	2,405	7,298	166	10	-	(224)	305	860	242	-	10,516	2,953	7,563
	- Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Infrastructure															
	- Roads, Bridges and Footpaths															
	- Road Pavement		281,043	48,923	232,120	3,990	1	-	(79)	4,133	10,485	23,182	-	295,441	76,239	219,202
	- Road Ancillaries		6,128	3,139	2,989	474	10	-	(15)	107	350	173	-	6,947	3,420	3,527
	- Bridges		4,129	1,608	2,521	40	-	-	-	52	166	83	-	4,335	1,743	2,592
	- Footpaths and Cycleways		57,482	14,242	43,240	1,906	10	-	(1,528)	511	1,559	(5,511)	-	59,428	9,241	50,187
	- Kerbs & Guttering		96,155	40,484	55,671	380	-	-	(2)	653	4,437	(28,634)	-	100,971	12,504	88,467
	- Stormwater Drainage		244,973	63,125	181,848	1,664	206	-	(70)	1,507	12,616	(5,876)	-	259,390	58,757	200,633
	- Swimming Pools		27,908	9,023	18,885	-	-	-	-	650	-	-	-	27,908	9,673	18,235
	- Other Open Space/Recreational assets		62,282	9,766	52,516	1,535	262	-	(1,832)	1,076	3,092	732	-	65,339	11,574	53,765
	Other Assets															
	- Heritage Collections		229	-	229	-	-	-	-	-	-	-	-	229	-	229
	- Library Books		3,248	1,903	1,345	424	-	-	-	561	-	-	-	3,182	1,974	1,208
	Capital Works in Progress		8,706	-	8,706	4,614	(1,035)	-	-	-	-	-	12,285	-	-	12,285
	TOTALS		8,706	2,557,672	298,246	2,268,132	24,712	1	2,321	14,883	59,908	(18,001)	12,285	2,526,440	292,836	2,245,889

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

NOTE 9(a) RESTRICTED INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT															
		1,052	253	799	48	-	27	74	-	-	1,009	-	263	746	
	Includes DWM Restricted Assets														

Notes:

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

Additions to Buildings and Infrastructure are made up of Asset Renewals (\$57 - \$9,109) and New Assets (\$10,214). Renewals are defined as replacements of existing assets with equivalent capacity or performance as opposed to the acquisition of new assets.

NOTE 10(a) PAYABLES, BORROWINGS & PROVISIONS

	2015		2014	
	Current	Non-Current	Current	Non-Current
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Payables				
Goods and Services	6,201	-	7,495	-
Payments Received in Advance	278	-	281	-
Payments received in advance - Rates	340	-	284	-
Accrued Expenses	982	-	1,048	-
Advances	-	-	-	-
Interest Expenses	53	-	53	-
Deposits and Retentions	9,996	-	8,975	-
Staff Taxation Payments	-	-	-	-
Staff Salaries & Wages	-	-	316	-
Trust Account Deposits	-	-	-	-
Domestic Waste	1,354	-	695	-
Other Contributions	-	-	-	-
Other	25	-	58	-
Total Payables	19,229	-	19,205	-
Current Payables not expected to be settled within the next 12 months	7,747	-	6,956	-
Borrowings				
Bank Overdraft	-	-	-	-
Loans - secured ⁽¹⁾	993	5,241	793	4,822
Loans - unsecured	-	-	-	-
Government Advances	-	-	-	-
Ratepayers advances	-	-	-	-
Finance lease liability	-	-	-	-
Deferred payment liabilities	-	-	-	-
Total Interest Bearing Liabilities	993	5,241	793	4,822
Provisions⁽²⁾				
Annual & Other Accrued Leave	3,302	-	3,350	-
Sick Leave	198	-	201	-
Long Service Leave	7,368	156	6,763	136
Employee Leave Entitlements On Costs	-	-	-	-
Site Remediation (see Note 26)	-	-	-	-
Self Insurance Liabilities	-	-	-	-
Other Employee Provisions	-	-	-	-
Total Provisions	10,868	156	10,314	136
Current provisions not expected to be settled within the next 12 months	5,963	-	5,431	-
Liabilities relating to restricted assets				
Domestic Waste Management	-	-	-	-
Total restricted liabilities	-	-	-	-
Liabilities relating to unrestricted assets	31,090	5,397	30,312	4,958
Total	31,090	5,397	30,312	4,958

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

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

NOTE 10(b) DESCRIPTION AND MOVEMENTS IN PROVISIONS

Class of Provision	Opening Balance (\$'000)	Increase in Provision (\$'000)	Payments (\$'000)	Re- Measurement (\$'000)	Closing Balance (\$'000)
Annual & Other Accrued Leave	3,350	2,330	2,378	-	3,302
Sick Leave	201	1,107	1,110	-	198
Long Service Leave	6,899	1,566	941	-	7,524
Total	10,450	5,003	4,429	-	11,024

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

(a) Reconciliation of Cash Assets

	Notes	2015 (\$'000)	2014 (\$'000)
Total Cash and Cash Equivalents	6(a)	14,305	15,793
<u>Less: Bank Overdraft</u>	10	-	-
Balances as per Statement of Cash Flow		<u>14,305</u>	<u>15,793</u>

(b) Reconciliation of net Operating Result to Cash Provided from Operating Activities

		2015 (\$'000)	2014 (\$'000)
Net Operating Result from Income Statement		41,003	15,571
Add:			
Depreciation and Impairment	4	14,778	16,559
Impairment of investments	3	-	-
Increase in provision for doubtful debts	7	13	72
Increase in provision for leave entitlements	10	574	417
Increase in Other Provisions	10	-	-
Decrease in receivables	7	-	-
Decrease in inventories	8	-	-
Decrease in other current assets	8	-	73
Increase in payables	10	-	3,282
Increase in accrued interest payable	10	-	52
Increase in other current liabilities	10	1,703	1,734
Decrements from revaluations	4	-	-
Loss on sale of assets	5	-	-
Fair value adjustments to investment property	4	-	-
Amortisation of discounts & premiums recognised	3,4	-	-
Other	3,4	-	-
Less:			
Decrease in provision for doubtful debts	7	-	-
Decrease in employee leave entitlements	10	-	-
Decrease in Other Provisions	10	-	-
Increase in receivables	7	(716)	(2,046)
Increase in inventories	8	(129)	(42)
Increase in other current assets	8	(483)	-
Decrease in payables	10	(623)	-
Decrease in accrued interest payable	10	-	-
Decrease in other current liabilities	10	-	-
Reversal of previous revaluation decrements		-	-
Non cash contributions and dedications		-	-
Gain on sale of Assets	5	(915)	(64)
Fair value adjustments to financial assets at fair value through profit and loss	6	-	-
Fair value adjustments to investment properties	3	(450)	(180)
Amortisation of discounts & premiums recognised	3	(32)	(33)
Non Cash Capital Grants & Contributions	3	-	-
Net cash provided by (used in) operating activities		<u>54,723</u>	<u>35,395</u>

NOTE 11 Reconciliation of Operating Result to Net Cash Movement from Operating Activities (continued)

	2015 (\$'000)	2014 (\$'000)
(c) Non-Cash Financing and Investing Activities		
Acquisition of Plant & Equipment by means of finance leases	-	-
S.94 contributions in kind	-	-
Dedications	-	-
	<u>-</u>	<u>-</u>
(d) Financing Arrangements		
Unrestricted access was available at balance date to the following lines of credit:		
Bank Overdrafts Facility	-	-
Corporate credit cards	40	45
	<u>40</u>	<u>45</u>

NOTE 12 COMMITMENTS FOR EXPENDITURE

	2015 (\$'000)	2014 (\$'000)
(a) Capital Commitments (exclusive of GST)		
Capital expenditure contracted for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	-	-
Plant & Equipment	-	-
Construction Services	1,269	-
Architectural Services - Surf Attraction	-	250
LED Upgrade	113	-
Parks Restorations	138	-
Traffic Signal Installation	-	88
Seawall Improvements	206	-
Street Furniture	100	-
Streetscape Upgrade	60	-
Granite Paving	375	221
Stormwater/Drainage	100	3
Total	2,361	561
These expenditures are payable:		
- Not later than one year	2,361	561
- Later than one year and not later than 5 years	-	-
- Later than 5 years	-	-
Total	2,361	561
(b) Finance lease commitments		
Commitments under finance leases at the reporting date are payable as follows:		
- Not later than one year	-	-
- Later than one year and not later than 5 years	-	-
- Later than 5 years	-	-
Total	-	-
Minimum lease payments	-	-
Less: future finance charge	-	-
Lease liability	-	-
Representing lease liabilities:		
- Current	-	-
- Non-Current	-	-
Total	-	-

NOTE 12 Commitments for Expenditure (continued)

	2015 (\$'000)	2014 (\$'000)
(c) Non-cancellable operating lease commitments		
Commitments under non-cancellable operating leases at 30 June 2015 but not recognised in the financial statements are payable as follows:		
- Not later than one year	-	-
- Later than one year and not later than 5 years	-	-
- Later than 5 years	-	-
Total	<u>-</u>	<u>-</u>
(d) Repairs and maintenance: investment property		
Contractual obligations for future repairs and maintenance	-	-
Total	<u>-</u>	<u>-</u>

NOTE 13 STATEMENT OF PERFORMANCE MEASURES – CONSOLIDATED RESULTS

		Current Year			
	Amounts (\$'000)	Indicators	2014	2013	Bench -mark
1. Operating performance					
Total continuing operating revenue ¹ excluding capital grants and contributions – operating expenses	8,679	8.53%	1.15%	-6.60%	> 0.00%
Total continuing operating revenue ¹ excluding capital grants and contributions	101,734				
2. Own source operating revenue					
Total continuing operating revenue ¹ excluding all grants and contributions	94,802	71.44%	82.04%	66.46%	> 60.00%
Total continuing operating revenue ¹ inclusive of all grants and contributions	132,693				
3. Unrestricted current ratio					
Current assets less all external restrictions	87,410	5.03x	3.59x	3.03x	> 1.5x
Current liabilities less specific purpose liabilities	17,381				
4. Debt service cover ratio					
Operating results ¹ before capital excluding interest and depreciation/impairment/amortisation (EBITDA)	23,713	20.86x	27.26x	28.29x	> 2x
Principal repayments (from the statement of cash flows) + borrowing interest costs (from the income statement)	1,137				
5. Rates and Annual Charges Outstanding Percentage					
Rates and Annual Charges Outstanding	2,660	3.84%	3.65%	3.93%	< 5.00%
Rates and Annual Charges Collectible	69,241				
6. Cash expense cover ratio					
Current year's cash, cash equivalents + Term Deposits x 12	107,055 x 12	15.68	13.46	10.00	> 3
Payments from cash flow of operating and financing activities	81,938	months	months	months	months

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

NOTE 14 INVESTMENT PROPERTIES

	2015 (\$'000)	2014 (\$'000)
At Fair Value		
Opening balance at July 1 2014	2,800	2,620
Acquisitions	1,150	
Transferred from Note 9	101,228	
Classified as held for disposals	-	
Net gain (loss) from fair value adjustment	450	180
Transfer (to) from inventories and other occupied property	-	
Closing Balance at 30 June 2015	105,628	2,800

(a) Amounts Recognised in Profit and Loss for Investment Property

Rental income	3 (d) 483	239
Net gain (loss) from fair value adjustment	3 (d) 450	180
Direct operating expenses from property that generated rental income	(137)	(20)
Total	796	399

(b) Valuation Basis

The basis of the valuation of investment properties is at fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition subject to similar leases. The May 2015 revaluations were based on independent assessments made by Scott Fullarton Valuations Pty Ltd, a member of the Australian Property Institute.

(c) Contractual obligations

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

(d) Leasing Arrangements

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

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

- Not later than one year	383	240
- Later than one year and not later than 5 years	685	492
- Later than 5 years	253	16
Total	1,321	748

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

NOTE 15 FINANCIAL RISK MANAGEMENT**Risk Management**

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

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

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

Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	14,305	15,793	14,305	15,793
Receivables	9,378	8,675	9,378	8,675
Financial assets at fair value through profit or loss	-	-	-	-
Available-for-sale financial assets	-	-	-	-
Held-to-maturity investments	123,447	90,165	123,714	90,529
	<u>147,130</u>	<u>114,633</u>	<u>147,397</u>	<u>114,997</u>
Financial liabilities				
Payables	19,229	19,205	19,229	19,205
Borrowings	6,234	5,615	5,811	2,889 ⁽¹⁾
	<u>25,463</u>	<u>24,820</u>	<u>25,040</u>	<u>22,094</u>

Note:

Refer to Note 27 for fair value information.

⁽¹⁾ The fair value represents the Present Value of the total payments (principal and interest) for the remaining term of the loans, with the amount of interest estimated for those loans with variable rates, discounted by the Bond rates used for Employee Leave Entitlement discounting.

NOTE 15 Financial Risk Management (continued)**(a) Cash and cash equivalents****Financial assets at fair value through profit and loss****Available-for-sale financial assets****Held-to-maturity investments**

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

The risk associated with investments held are:

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

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

The impact on result for the year and equity of a reasonably possible movement in the price of investments held is shown below. The reasonably possible movement was determined based on historical movements and economic conditions in place at the reporting date.

	30/06/2015 \$'000	30/06/2014 \$'000
Estimated Impact of a 10% ⁽²⁾ movement in price of investments:		
– Equity	-	-
– Income statement	-	-
Estimated Impact of a 1% ⁽²⁾ movement in interest rates on cash and investments:		
– Equity	1,378	1,060
– Income statement	1,378	1,060

Note:

⁽²⁾ Sensitivity percentages based on management's expectation of future possible market movements. (Price movements calculated on investments subject to fair value adjustments. Interest rate movements calculated on cash, cash equivalents, managed funds, and FRNs.) Recent market volatility has seen larger market movements for certain types of investments.

NOTE 15 Financial Risk Management (continued)**(b) Receivables**

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing stringent debt recovery policies.

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

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

Council makes suitable provision for doubtful receivables as required.

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

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

Percentage of Rates and Annual Charges	2015	2014
- Current	63%	59%
- Overdue Debts	37%	41%

Analysis of overdue debts	\$'000	\$'000
Less than 1 year	1,672	1,430
1 to 2 years	468	434
2 to 5 years	425	413
Greater than 5 years	95	128
7	2,660	2,405

Percentage of Other Receivables	2015	2014
- Current	92%	81%
- Overdue Debts	8%	19%

Analysis of overdue debts	\$'000	\$'000
0 - 30 days overdue	6,458	5,316
31 - 60 days overdue	89	325
61 - 90 days overdue	24	25
91+ days overdue	417	861
7	6,988	6,527

	2015	2014
(ii) Movement in Provision for Impairment for Receivables		
Balance at the beginning of the year	257	185
Plus: New provisions recognised during the year	80	100
Less: Amounts already provided for & written off	(67)	(28)
Balance at the end of the year	270	257

NOTE 15 Financial Risk Management (continued)**Borrowings**

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

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

2015 \$'000	Due Within 1 Year	Due Between 1 and 5 Years	Due After 5 Years	Total Contractual Cash Flows	Carrying Values
Payables	19,229	-	-	19,229	19,229
Borrowings	1,193	4,075	1,667	6,935 ⁽⁴⁾	6,234
	20,422	4,075	1,667	26,164	25,463

2014 \$'000	Due Within 1 Year	Due Between 1 and 5 Years	Due After 5 Years	Total Contractual Cash Flows	Carrying Values
Payables	19,205	-	-	19,205	19,205
Borrowings	995	4,144	1,378	6,517 ⁽⁴⁾	5,615
	20,200	4,144	1,378	25,722	24,820

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

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

	30 June 2015		30 June 2014	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$'000	%	\$'000
Overdraft	N/A	-	N/A	-
Bank Loans – Variable ⁽⁵⁾	3.06%	3,769	3.41%	4,415
Bank Loans – Fixed	5.07%	2,465	5.24%	1,200
		<u>6,234</u>		<u>5,615</u>

Note:

⁽⁴⁾ 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.

⁽⁵⁾ The interest rate risk applicable to Variable Rate Bank Loans is not considered significant.

Refer to note 27 for Fair Value information

NOTE 16 MATERIAL BUDGET VARIATIONS

Council's original budget was incorporated as part of the 2014-2018 Delivery Plan adopted by the Council on 24 June 2014.

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.

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

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

Revenues**Interest and Investment Revenue \$1,464K (44%) (F)**

Council received interest revenue of \$4,811k which was above the original budget by \$1,464k (44%).

Whilst Interest rates have declined slightly, they flattened out for the remainder of the year.. With higher than expected Section 94 contributions, Council has received additional interest income, improving Council's operating result. These funds are not usable by Council for normal operations as Council is required to restrict them, with the funds only be used for construction of new works under the Section 94 plan.

Other Revenues \$1,878K (27%) (F)

Council received other revenues of \$8,939k which was above the original budget by \$1,878k (27%).

The most significant increase is an unbudgeted Fair Value adjustment for Council's Investment Properties, where the Accumulated Depreciation on the assets were written back to the Income Statement, as they were derecognised as Non-Current Assets and recognised as Investment Properties, following a resolution of Council. Four of the properties are either in the process of being developed or in the preliminary stages of development, and will be funded 50/50 by external loans and from the Investment Property Reserve. This is to assist in reducing Council's reliance on rating income.

Other items include: Private Works \$0.16m, Insurance Claims \$0.16m, Fuel Tax Rebate \$0.13m, Porters Creek Material Sales \$0.10m, Regulated Parking \$0.40m, Building and Land Use Enforcement \$0.47m.

Grants & Contributions provided for operating purposes \$369K (6%) (F)

Council received other revenues of \$6,932k which was above the original budget by \$369k (6%).
above

The favourable result relates to the Federal Financial Assistance Grant that was greater than the amount budget by \$0.13m.

Council also received a grant from the Better Waste and Recycling Fund for \$0.26m, which was not budgeted.

NOTE 16 Material Budget Variations (continued)**Grants & Contributions provided for capital purposes \$30,535K (7202%) (F)**

Council received capital income of \$30,959k which was above the original budget by \$30,535k (7202%).

Council only budgets as part of its original budget for known grants and contributions towards capital works, it does not budget for Section 94 contributions, as these vary greatly. Council had, until two years ago, only received on average \$1.5 million per annum.

This year Council received \$2.64m for Voluntary Planning Agreements, contributions towards construction works on sportsgrounds in the amount of \$0.37m, a contribution for Affordable Housing of \$0.14m, a grant for the construction of open space in Macquarie Park of \$6.00m, a grant for the construction of the Parramatta River Walkway of \$1.44m, funding from RMS in the amount of \$0.35m and Section 94 contributions of \$19.77m.

Expenses**Employee Benefits and On-costs -\$3,128K (-7%) (F)**

Council incurred employee costs of \$39,538k which was below the original budget by -\$3,128k (-7%).

Council as part of its Special Rating Variation application, identified a number of vacant positions, that were to be removed from the organisational structure of Council. This was due to commence 1 July 2015, to coincide with the commencement of the SRV funding, but it was done as part of the September 2014 Quarterly Review, with the savings of \$1.5m being recognised at that review.

In addition to that Council has also saved on Casuals \$0.27m, Temporary Staff \$0.25m, Training \$0.20m, Workers Compensation Insurance \$0.58m, Fringe Benefits Tax (FBT) \$0.10m.

Other Expenses -\$4,359K (-25%) (F)

Council paid other expenses of \$12,865k which was below the original budget by -\$4,359k (-25%).

The budgeted savings are due to; Insurances Premiums \$0.40m (transferred to a self-funded insurance reserve), IT Licence Costs \$0.19m, Street Lighting \$0.45m, Utilities - Power \$0.51m, Waste Development Tax \$0.65m, Water Rates \$0.18m, Strata Fees \$0.07m, Contributions \$0.29m, Carbon Tax \$0.33m (removed at September Quarterly Review).

NOTE 17 STATEMENT OF DEVELOPER CONTRIBUTIONS

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR ⁽¹⁾		INTEREST & INVESTMENT INCOME EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROWINGS (TO/FROM) ⁽³⁾ \$'000	EXPENDITURE RECLASSIFIED \$'000	HELD AS RESTRICTED ASSET ^{(2),(4)} \$'000	WORKS PROVIDED TO DATE \$'000	PROJECTED FUTURE CONTRIBUTIONS \$'000	PROJECTED COST OF WORKS STILL OUTSTANDING \$'000	PROJECTED OVER/(UNDER) FUNDING \$'000	CUMULATIVE INTERNAL BORROWINGS due/(payable) \$'000
		CASH \$'000	NON-CASH \$'000										
Community & Culture	6,458	4,217	-	175	5,020	-	-	5,830	779	40,775	54,969	(8,364)	-
Open Space & Public Domain	13,464	12,669	-	475	6,637	-	-	19,971	14,684	106,349	130,779	(4,459)	-
Roads, Traffic, Carparks & Cycleways	3,508	2,027	-	88	2,909	-	-	2,714	4,061	27,059	31,352	(1,579)	-
Stormwater Management	5,957	760	-	179	286	-	-	6,610	4,903	940	5,699	1,851	-
Administration	496	100	-	12	275	-	-	333	493	79	278	134	-
TOTAL UNDER PLANS	29,883	19,773	-	929	15,127	-	-	35,458	24,920	175,202	223,077	(12,417)	-
Planning agreements	5,665	2,275	-	-	-	-	-	7,940	-	-	-	-	-
TOTAL CONTRIBUTIONS	35,548	22,048	-	929	15,127	-	-	43,398	-	-	-	-	-

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

(1) Reconcilable with Note 3

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

(3) Cumulative balance of borrowing within and between plans

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

Note:

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

NOTE 18 CONTINGENCIES

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

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

The Local Government Superannuation Scheme – Pool B (the Scheme) is a defined benefit plan that has been deemed to be a “multi-employer fund” for purposes of AASB119. As such it has an exemption from many of the reporting requirements associated with AASB119.

The expected contributions to the Scheme by Council for the next annual reporting period is \$31,937.

The implication for Council is that additional contributions are estimated to remain in place until 30 June 2016 (\$342,059 p.a.).

The amount of employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2015 was \$885,114. The last valuation of the Fund was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20th February 2013.

(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 2015 may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity. StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council. Council has a contingent liability to contribute further equity in the event of the erosion of the Company's capital base as a result of the Company's past performance and/or claims experience or as a result of any increase prudential requirements of APRA. These future equity contributions would be required to maintain the Company's level of Net Assets in accordance with its Licence Requirements.

2 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 liability arises from any potential toxicity or subterranean leakage, but there will be ongoing remediation works that may be required from time to time to reinstate the playing surfaces, due to subsidence following further settling of the waste within the landfill.

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

NOTE 18 Contingencies (continued)**ASSETS NOT RECOGNISED****(i) Infringement Notices/Fines**

Fines & 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 Devin 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 the airspace in which a number of assets were to be constructed.

The assets consisted of:

Two pedestrian bridges across Devin Street.

The tunnels into the Top Ryde City Shopping Centre, plus the tunnels towards the Civic Centre site.

These represent a contingent assets that will become Council's assets at the end of the lease.

NOTE 19 INTERESTS IN JOINT VENTURES AND ASSOCIATES

Council has no interests in joint ventures or associates.

NOTE 20 REVALUATION RESERVES AND RETAINED EARNINGS

	2015 (\$'000)	2014 (\$'000)
(a) Retained earnings		
Movements in retained earnings were as follows:		
At beginning of year	1,742,772	1,725,369
Adjustment to correct prior years errors (Note 20 (d))	-	-
Net operating result for the year	41,003	15,571
At end of year	<u>1,783,775</u>	<u>1,740,940</u>
(b) Revaluation reserves		
Infrastructure, property, plant and equipment revaluation reserve	679,801	608,326
Available-for-sale investments revaluation reserve	-	-
Total assets	<u>679,801</u>	<u>608,326</u>
Movements:		
<i>Property, plant and equipment revaluation reserve</i>		
At beginning of year	608,326	260,507
Revaluation - gross	59,908	326,038
Adjustment to correct prior years errors (Note 20 (d))	(6,434)	-
Depreciation transfer - gross	18,001	21,782
At end of year	<u>679,801</u>	<u>608,326</u>
<i>Available-for-sale investments revaluation reserve</i>		
At beginning of year	-	-
Revaluation - gross	-	-
Transfer to net profit - gross	-	-
At end of year	<u>-</u>	<u>-</u>
(c) Nature and purpose of reserves		
<i>(i) Infrastructure, property, plant and equipment revaluation reserve</i>		
The infrastructure, property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.		
(d) Correction of errors in previous years		
Write on of previously excluded assets - Other Structures Parks	-	1,832
Correct revaluation amount for asset write ons/off FY 2014	(3,752)	-
Properties duplicated between Infrastructure Assets and Investment Properties	(2,682)	-
	<u>(6,434)</u>	<u>1,832</u>

NOTE 21 RESULTS BY FUND

Council has only one consolidated fund.

NOTE 22 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	2015 (\$'000)	2014 (\$'000)
Operational Land	-	-
Buildings	-	-
Total	-	-

Refer to note 27 for fair value measurement information.

NOTE 23 EVENTS OCCURRING AFTER BALANCE SHEET DATE

There has been no events occurring after the Balance Sheet Date that directly affect the results for the 2014/2015 Financial Year, the following two events, that either happened before the Balance Date, will affect Council's ongoing financial statements and are significant to require disclosure.

Special Rating Variation

Council applied for an increase in its rating base through a Special Rating Variation (SRV) to the Independent Pricing and Regulatory Tribunal (IPART). The application was for a 7%, cumulative increase over four years, with a total accumulated increase of 31.8%, including rate pegging estimated at 3% per annum.

The application was approved by IPART and the Minister on 19 May 2015, and takes effect from 1 Jul 2015. Because of this approval, Council has maintained the inclusion of Special Schedule 8 in its Special Schedules.

All additional funds, over the rate peg amount, are to be raised as a Special Infrastructure Rate, and will be reported on separately, as an external restriction.

NSW State Government Review of Local Government

The NSW State Government issued the Independent Local Government Review Panel (ILGRP) report in 2012, in which it was recommended that the City of Ryde either be split or form part of a Joint Regional Organisation.

The NSW State Government has progressed this further and in November 2014 issued its review of the performance and sustainability of local government through its Fit for the Future (FFTF) initiative. Under the FFTF Councils need to demonstrate that they meet the Scale and Capacity criteria in the ILGRP report, as a threshold question, to be deemed Fit for the Future.

Once they pass that test, they are required to demonstrate how they will be capable of meeting the seven financial sustainability criteria, to ensure that they will become sustainable, provide effective and efficient services. Should they not meet the criteria immediately, Councils are required to prepare an Action Implementation Plan to ensure that they meet the criteria by the end of 2018/2019.

The NSW State Government appointed IPART to receive and review submissions from Council in relation to FFTF. Submissions were to be submitted by 30 June 2015.

The City of Ryde resolved to stand alone as a Council and make a submission to IPART to that affect. Also the City of Ryde also resolved to make a Joint Submission to IPART, with Hunter's Hill Council and Lane Cove Council for a Joint Regional Authority (JRA), where certain powers would be vested in the JRA and executed on behalf of Council. Those powers mainly relate to certain planning powers.

IPART are due to hand down their report on the submissions received, to the NSW State Government by 16 October 2015. Until that happens, Council is unable to determine the impact of the FFTF initiative.

NOTE 24 DISCONTINUED OPERATIONS

There were no operations discontinued by Council during the year.

NOTE 25 INTANGIBLE ASSETS

Council has no Intangible Assets to report.

NOTE 26 REINSTATEMENT, REHABILITATION AND RESTORATION LIABILITIES

Council has a liability for the reinstatement, rehabilitation and restoration of sporting fields, which were old landfill sites. Whilst it would be preferable to be able to access and list the actual sites and the cost for such works, it is not possible to do so.

What Council has been able to estimate, based on historical events, is that an amount of \$200,000 is required per annum to top dress those fields that were old landfill sites. This amount has been included in future projects, and is funded from the Domestic Waste Management Charge each year.

NOTE 27 FAIR VALUE MEASUREMENT

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

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

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 within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3* - Unobservable inputs for the asset or liability.

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

30 June 2015	Note	Level 2 Significant observable inputs (\$000's)	Level 3 Significant observable inputs (\$000's)	Total (\$000's)
Investment properties	14	-	105,628	105,628
Infrastructure, Property, Plant and Equipment	9			
- Operational land		-	102,333	102,333
- Community land		-	1,393,318	1,393,318
- Land under roads		-	11,552	11,552
- Buildings (Specialised and non-specialised)		-	61,469	61,469
- Roads, Bridges, Footpaths		-	363,975	363,975
- Stormwater drainage		-	200,633	200,633
TOTALS		-	2,238,908	2,238,908
30 June 2014	Note	Level 2 Significant observable inputs (\$000's)	Level 3 Significant observable inputs (\$000's)	Total (\$000's)
Investment properties	14	-	2,800	2,800
Infrastructure, Property, Plant and Equipment	9			
- Operational land		-	164,239	164,239
- Community land		-	1,393,318	1,393,318
- Land under roads		-	11,552	11,552
- Buildings (Specialised and non-specialised)		-	63,042	63,042
- Roads, Bridges, Footpaths		-	336,541	336,541
- Stormwater drainage		-	181,848	181,848
TOTALS		-	2,153,340	2,153,340

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

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

Valuation processes

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

Level 3 measurements

Investment properties

On an annual basis, the Council engages external, independent and qualified valuers to determine the fair value of its investment properties. As at 30 June 2015, the fair values of the land have been determined by Scott Fullarton Valuations Pty Ltd.

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

Buildings

The Council engages external, independent and qualified valuers to determine the fair value of the Council's buildings. Buildings were last revalued in the 30 June 2012 financial year and the fair values were determined by SPM Asset Pty Ltd.

Gross Value of each building, which 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.

Further details relating to the rate per square metre has been provided below

Land (Operational, Community and Land under road)

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

The fair value of 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.

The fair value for Community Land and Land Under Roads (LUR) has been determined using a unit rate per square metre, derived from the Valuer General's valuation performed for rating purposes, and applying to the total area. Given the nature of Community Land and Land Under Roads (LUR), comparable sales data is generally not available. As the Valuer General's valuation considers land in all zoning, average unit derived from Valuer General's valuation is considered the most practicable approach to valuing Community Land and Land Under Roads (LUR).

Community Land was last revalued at 30 June 2009. Council has resolved to not value Land Under Roads (LUR) and Operational Land was last revalued at 30 June 2015.

The key unobservable input to the valuation is the rate per square metre, for which, further details have been provided below

Infrastructure assets

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

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

The information presented below on unobservable input has been limited to significant components of the infrastructure assets as it impracticable to provide information for all components.

Reconciliation of movements

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

Asset / Liability Category	Carrying amount (At fair value) (\$000's)	Key Unobservable inputs	Expected range of inputs	Description of how changes in inputs will affect the fair value
Investment Properties	104,478	Rate per square metre and rental rate per square metre	\$750 - \$2,975 per square metre	The higher the rate, the higher the fair value.
Infrastructure, Property, Plant and Equipment				
- Operational land	103,019	Rate per square metre	\$109 - \$2,038 per square metre	The higher the rate, the higher the fair value. Significant variances in the rate per square metre is reflective of the inherent features of the land such as zoning and useability,
- Community land	1,393,318	Rate per square metre	\$109 per square metre – average	The higher the rate, the higher the fair value.
- Land under roads	11,552	Rate per square metre	\$109 per square metre – average	Council has resolved not to value Land Under Roads, except those parcels received since 2008.

Asset / Liability Category	Carrying amount (At fair value) (\$000's)	Key Unobservable inputs	Expected range of inputs	Description of how changes in inputs will affect the fair value
- Buildings (Specialised and non-specialised)	61,933	Rate per square metre	\$ 750 - \$ 2,975 per square metre	The higher the rate, the higher the fair value. Significant variances in the rate are reflective of the condition of the building, nature of the building and materials used to construct the building.
- Roads, Bridges, Footpaths	363,975	Rate per unit of measure	Footpath- \$75 to \$565 (granite) per square metre average Kerb & Gutter - \$150 per lineal metre - average Road & car parking Pavement - \$100 to \$200 per square metre average Bridges - \$3,300 to \$35,000 per square metre average	The higher the rate, the higher the fair value.
- Storm water drainage	200,633	Rate per lineal metre or unit	Conveyance - Pipe - \$350 to \$2,000 per Lineal Metre average Pits - \$5,000 to \$8,000 per item average	The higher the rate, the higher the fair value.

Transfers between levels of the hierarchy

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

Highest and Best Use

Current use of all 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.



The City of Ryde Council

Independent auditor's report to the Council – s417(2) Report on the general purpose financial statements

Report on the financial statements

We have audited the accompanying financial statements of the City of Ryde Council, which comprise the statement of financial position as at 30 June 2015 and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, accompanying notes to the financial statements and the Statement by Councillors and Management in the approved form as required by Section 413(2) of the Local Government Act 1993.

Councillors' responsibility for the financial statements

The Councillors of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1993 and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Councillors, as well as evaluating the overall presentation of the financial statements.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial statements.

Our audit responsibility does not extend to the Original Budget Figures included in the Income Statement, Statement of Cash Flows and the Original Budget disclosures in notes 2(a) and 16 and the Projections disclosed in note 17 to the financial statements, nor the attached Special Schedules, and accordingly, we express no opinion on them.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Auditor's opinion:

In our opinion:

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13 part 3 Division 2 (the Division); and
- (b) the financial statements:
 - (i) have been presented, in all material respects, in accordance with the requirements of this Division
 - (ii) are consistent with the Council's accounting records
 - (iii) present fairly, in all material respects, the Council's financial position as at 30 June 2015 and its Financial Performance and its Cash Flows for the year then ended in accordance with Australian Accounting Standards
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that have come to light during the course of the audit.

A handwritten signature in blue ink, likely representing a PricewaterhouseCoopers representative.

PricewaterhouseCoopers

A handwritten signature in blue ink, likely representing Peter Buchholz.

Peter Buchholz
Partner

Sydney
28 September 2015

**Private & Confidential**

The Mayor
Councillor Jerome Laxale
Council of City of Ryde
DX 8403
RYDE

Dear Councillor Laxale

Report on the conduct of the Audit for year ended 30 June 2015 – Section 417(3)

We have completed our audit of the financial reports of the Council for the year ended 30 June 2015, in accordance with Section 415 of the Local Government Act 1993.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial reports are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial reports, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial reports are presented fairly in accordance with Australian Accounting Standards as well as statutory requirements so as to present a view which is consistent with our understanding of the Council's financial position, the results of its operations and its cash flows.

This report should be read in conjunction with our audit opinion on the general purpose financial statements provided under Section 417(2) of the Local Government Act 1993.

Flowing from our audit, there are a number of comments we wish to raise concerning the trends in Council's finances. These are set out below.

Operating result

Council's operating surplus declined from \$95 million in the previous year to \$93 million in the current period. The net operating result before capital contributions was a surplus of \$10 million against the previous year's surplus of \$1.3 million

Cash position

Council's overall cash position increased from \$106 million to \$138 million during the period under review. The following table highlights the composition of cash.

	2015 \$m	2014 \$m
Externally restricted	60	44
Internally restricted	73	56
Unrestricted	5	6
Total	138	106

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Working capital

Council's net current assets increased from \$45 million to \$84 million during the period under review. The value of net current assets needs to be adjusted in order to establish the available working capital position.

	2015 \$m	2014 \$m
Net current assets	84	45
Less: External restrictions	(27)	(11)
Internal restrictions	(73)	(50)
Add: Current liabilities deferred	20	20
Available working capital	4	4

The effective unrestricted or available working capital upon which Council could build its 2016 budget was \$4 million.

Performance indicators

The financial reports disclose of a number of indicators in Note 13 and these are detailed below:

	2015 %	2014 %
Operating Performance Ratio	9	1
Own Source Operating Revenue Ratio	71	82
Unrestricted Current Ratio	503	359
Debt Service Cover Ratio	2086	2726
Rates Outstanding Ratio	3.8	3.7
Cash Expense Cover Ratio	16	13

The Operating Performance Ratio improved to 9% and remained above the industry benchmark of 0%.

The Own Source Operating Revenue Ratio declined to 71% but remained above the industry benchmark of 60%.

The Unrestricted Current Ratio improved and remained above the industry benchmark of 150%.

The Debt Service Cover Ratio declined but remained well above the industry benchmark of 200%.

The Rates Outstanding Ratio increased slightly but remained better than the industry benchmark of 5%.

The Cash Expense Cover Ratio indicated that Council could continue to cover its operating costs for 16 months should cash inflows cease. This compares very favourably with the industry benchmark of 3 months.



Council is considered to be in a sound and stable financial position. All the financial indicators are better than accepted industry benchmarks.

General

The books of accounts and records inspected by us have been kept in an accurate and conscientious manner. We thank the General Manager and her staff for the cooperation and courtesy extended to us during the course of our audit.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'P L Buchholz'.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'P L Buchholz'.

P L Buchholz
Partner
28 September 2015

Sydney



City of Ryde

Lifestyle and opportunity @ your doorstep



Special Purpose Financial Statements

Year Ended 30 June 2015

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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:

- NSW Government Policy Statement *"Application of National Competition Policy to Local Government"*
- Office of Local Government Guidelines *"Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality"*
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water, Department of Environment, Climate Change and Water Guidelines.

To the best of our knowledge and belief, these Statements

- presents fairly the Council's 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 25 August 2015.



Councillor Bill Pickering
Mayor



Councillor Roy Maggio
Deputy Mayor



Ms Gail Connolly
General Manager



Mr John Todd
Chief Financial Officer
(Responsible Accounting Officer)

INCOME STATEMENT OF OTHER BUSINESS ACTIVITIES

(\$000's)

	Ryde Aquatic Leisure Centre		Commercial Waste Management	
	(Category 1)		(Category 2)	
	2015	2014	2015	2014
Income from continuing operations				
Annual Charges	-	-	-	-
User Charges	5,078	4,661	1,182	811
Fees	-	-	-	-
Interest	-	-	-	-
Other income	16	120	-	-
Grants & Contributions provided for Non-Capital Purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Total Income From Continuing Operations	5,094	4,781	1,182	811
Expenses from continuing operations				
Employee benefits and on costs	3,104	2,703	-	-
Materials and Contracts	634	742	242	391
Borrowing costs	-	-	-	-
Depreciation and impairment	650	1,167	-	-
Loss on sale of assets	-	-	-	-
Calculated Taxation Equivalents	169	147	-	-
Other expenses	168	44	180	206
Total Expenses From Continuing Operations	4,725	4,803	422	597
Surplus (Deficit) from Continuing Operations before capital amounts	369	(22)	760	214
Grants & Contributions provided for Capital Purposes	-	-	-	-
Surplus (Deficit) from Continuing Operations after capital amounts	369	(22)	760	214
Surplus (Deficit) from Discontinued Operations	-	-	-	-
Surplus (Deficit) from All Operations before Tax	369	(22)	760	214
Less Corporate Taxation Equivalent (30%) [based on Operating result before capital]	111	-	228	64
Surplus (Deficit) After Tax	258	(22)	532	150
Opening Retained profits *	31,534	31,409	200	200
Adjustments for Amounts Unpaid:-				
Taxation Equivalent Payments	169	147	-	-
Corporate Taxation Equivalent	111	-	228	64
Plus: Equity Contributions	-	-	-	-
Less: Equity Withdrawals	-	-	-	-
Less: TER Dividend payment (non restricted activities)	-	-	(228)	(64)
Less: Surplus Dividend payment (non restricted activities)	-	-	(532)	(150)
Closing Retained Profits	32,072	31,534	200	200
RETURN ON CAPITAL (%)	1.13%	-0.07%	0.00%	0.00%
Required return on capital (%)	5.34%	5.00%	0.00%	0.00%
SUBSIDY FROM COUNCIL	1,376	1,501	-	-

FINANCIAL POSITION OF OTHER BUSINESS ACTIVITIES

(\$000's)

	Ryde Aquatic Leisure Centre		Commercial Waste Management	
	(Category 1)		(Category 2)	
	2015	2014	2015	2014
CURRENT ASSETS				
Cash Asset and cash equivalents	585	1,752	-	-
Investments	-	-	-	-
Receivables	40	72	311	288
Inventories	12	12	-	-
Other	8,533	6,136	393	51
TOTAL CURRENT ASSETS	9,170	7,972	704	339
NON-CURRENT ASSETS				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, Property, Plant & Equipment	32,687	29,587	-	-
Other	-	-	-	-
TOTAL NON-CURRENT ASSETS	32,687	29,587	-	-
TOTAL ASSETS	41,857	37,559	704	339
CURRENT LIABILITIES				
Payables	676	257	447	82
Interest Bearing Liabilities	391	-	-	-
Provisions	780	647	-	-
TOTAL CURRENT LIABILITIES	1,847	904	447	82
NON-CURRENT LIABILITIES				
Payables	-	-	-	-
Interest Bearing Liabilities	2,818	-	-	-
Provisions	11	12	57	57
TOTAL NON-CURRENT LIABILITIES	2,829	12	57	57
NET ASSETS	37,181	36,643	200	200
EQUITY				
Retained Earnings	32,072	31,534	200	200
Revaluation Reserves	5,109	5,109	-	-
Council Equity interest	-	-	-	-
Minority Equity interest	-	-	-	-
TOTAL EQUITY	37,181	36,643	200	200

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

National Competition Policy

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

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

Declared Business Activities

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

Category 1

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

Category 2

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

Monetary Amounts

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

Taxation Equivalent Payments

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

Tax	Notional Rate Applied %
Corporate Tax Rate	30%
Land Tax	1.6% of the value in excess of \$387,000 but less than \$2,366,000. 2% of the value in excess of \$2,366,000
Payroll Tax	5.48% of total labour payments for the individual business activity in excess of \$658,000
Stamp Duty	Statutory rates as published by the Office of State Revenue.

Income Tax

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

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

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

Local Government Rates & Charges

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

Loan and Debt Guarantee Fees

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

(i) Subsidies

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

(ii) Return on Investments (Rate of Return)

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

(iii) Dividends

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



The City of Ryde Council

Independent auditor's report Report on the special purpose financial statements

Report on the financial statements

We have audited the accompanying financial statements, being the special purpose financial statements, of the City of Ryde Council (the Council), which comprises the Statement of Financial Position by Business Activity for the year ended 30 June 2015, the Income Statements by Business Activity for the year then ended, Notes to the financial statements for the Business Activities identified by Council and the Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting for the year ended 30 June 2015.

Councillors' responsibility for the financial report

The Councillors of the Council are responsible for the preparation and fair presentation of the financial statements and have determined that the accounting policies described in note 1 to the financial statements which form part of the financial statements, are appropriate to meet the requirements of the Local Government Code of Accounting Practice and Financial Reporting. The Councillors responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Councillors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Auditor's opinion:

In our opinion, the financial statements presents fairly, in all material respects, the financial position by Business Activity of The City of Ryde Council as of 30 June 2015 and its financial performance by Business Activity for the year then ended in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 to the financial statements, and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describe the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the Local Government Code of Accounting Practice and Financial Reporting. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Council.

A handwritten signature in blue ink, appearing to read 'P. Buchholz'.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'P. Buchholz'.

Peter Buchholz
Partner

Sydney
28 September 2015



City of Ryde

Lifestyle and opportunity @ your doorstep



Special Schedules

Year Ended 30 June 2015

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SPECIAL SCHEDULE 1 – NET COST OF SERVICES

Function or Activity	Expenses from continuing operations	Income from continuing operations (non-capital)	Income from continuing operations (capital)	Net cost of services
	\$'000	\$'000	\$'000	\$'000
Governance	2,533	187		(2,346)
Administration	18,324	3,011		(15,313)
Public Order & Safety				
Fire Service Levy, Fire Protection, Emergency Services	2,217	16		(2,201)
Animal Control	252	34		(218)
Beach Control				
Enforcement of Local Govt Regs	803	2,575		1,772
Emergency Services				
Other Public Order & Safety	1,935	3,961		2,026
Total Public Order & Safety	5,207	6,586		1,379
Health	430	371		(59)
Environment				
Noxious Plants and Insect/Vermin Control				
Other Environment Protection	491	8		(483)
Solid Waste Management	15,998	18,155		2,157
Street Cleaning				
Drainage				
Stormwater Management	3,215	1,026	49	(2,140)
Total Environment	19,704	19,189	49	(466)
Community Services & Education				
Administration & Education	905	31		(874)
Social Protection (Welfare)	1,903	782		(1,121)
Aged Persons and Disabled	537	538		1
Children's Services	169	28		(141)
Total Community Services & Education	3,514	1,379		(2,135)
Housing & Community Amenities				
Public Cemeteries				
Public Conveniences	839	200		(639)
Street Lighting	2,261	365		(1,896)
Town Planning	6,775	3,879	8,275	5,379
Other Community Amenities			139	139
Total Housing & Community Amenities	9,875	4,444	8,414	2,983
Water Supplies				
Sewerage Services				
Recreation & Culture				
Public Libraries	5,480	959		(4,521)
Museums				
Art Galleries				
Community Centres and Halls	620	274	54	(292)
Performing Arts Venues				
Other Performing Arts				
Other Cultural Services	285	101		(184)
Sporting Grounds and Venues	369	615	315	561
Swimming Pools	5,906	5,325	20	(561)
Parks & Gardens (Lakes)	7,395	84	1,488	(5,823)
Other Sport & Recreation	324	66		(258)
Total Recreation & Culture	20,379	7,424	1,877	(11,078)

Special Schedule 1 – Net Cost of Services (continued)

Function or Activity	Expenses from continuing operations	Income from continuing operations (non-capital)	Income from continuing operations (capital)	Net cost of services
	\$'000	\$'000	\$'000	\$'000
Fuel & Energy				
Agriculture				
Mining, Manufacturing & Construction				
Building Control	615	188		(427)
Other Mining, Manufacturing & Construction				
Total Mining, Manufacturing & Construction	615	188		(427)
Transport & Communication				
Urban Roads : Local	8,895	2,924	20,620	14,649
Urban Roads : Regional	12	78		66
Sealed Rural Roads : Local				
Bridges on Urban Roads : Local	57			(57)
Bridges on Urban Roads : Regional				
Bridges on Urban Roads : Other				
Footpaths	1,772			(1,772)
Aerodromes				
Parking Areas	346			(346)
Other	180	152		(28)
Total Transport & Communication	11,262	3,154	20,620	12,512
Economic Affairs				
Camping Areas and Caravan Parks				
Other Economic Affairs	1,212	1,744		532
Total Economic Affairs	1,212	1,744		532
TOTALS - FUNCTIONS	93,055	47,677	30,960	(14,418)
GENERAL PURPOSE REVENUES ⁽¹⁾		55,421		55,421
SHARE OF GAIN(DEFICIT) FROM ASSOCIATES AND JOINT VENTURES USING EQUITY METHOD ⁽²⁾				
CORRECTION OF FUNDAMENTAL ERROR ⁽²⁾				
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES BEFORE EXTRAORDINARY ITEMS ⁽²⁾	93,055	103,098	30,960	41,003
EXTRAORDINARY ITEMS ⁽²⁾				
SURPLUS/(DEFICIT) FROM ALL ACTIVITIES ⁽²⁾	93,055	103,098	30,960	41,003

NOTE : 1 Includes:

- Rates and Annual Charges (incl. Ex-Gratia)
- Non-Capital General Purpose Grants
- Interest on Investments

2. As reported on the Income Statement

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

(\$,000)										
Classification of Debt	Principal Outstanding at beginning of Year			New Loans Raised during the year	Debt Redemption during the year		Interest Applicable For Year	Principal Outstanding at end of Year		
	Current	Non-Current	Total		From Revenue	Sinking Funds		Current	Non-Current	Total
LOANS (By Source)										
Commonwealth Bank										
Treasury Corporation										
Other State Government										
Public Subscriptions										
Financial Institutions	793	4,822	5,615	1,500	881	-	256	993	5,241	6,234
Other										
TOTAL LOANS	793	4,822	5,615	1,500	881	-	256	993	5,241	6,234
OTHER LONG TERM DEBT										
Ratepayer's Advances										
Government Advances										
Finance Leases										
Deferred Payments										
TOTAL LONG TERM DEBT	793	4,822	5,615	1,500	881	-	256	993	5,241	6,234

SPECIAL SCHEDULE 2(b) – STATEMENT OF INTERNAL LOANS

(\$'000)

SUMMARY OF INTERNAL LOANS

Borrower (by Purpose)	Amount Originally Raised ⁽²⁾	Total Repaid During the Year Principal & Interest ⁽³⁾	Principal Outstanding at End of Year
General Water Sewerage Domestic Waste Management Gas Other (1)	2,009	(702)	2,711
TOTALS	2,009	(702)	2,711

DETAILS OF INDIVIDUAL INTERNAL LOANS

Borrower (by purpose)	Lender (by Purpose)	Date of Minister's Approval	Date Raised	Dates of Maturity	Rate of Interest	Amount Originally Raised ⁽²⁾	Total Repaid During the Year Principal & Interest ⁽³⁾	Principal Outstanding at End of Year
RALC (4) - Surf Ryder						2,009	(702)	2,711
TOTALS						2,009	(702)	2,711

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

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

2011/2012 \$ 364,737

2012/2013 \$ 323,123

2013/2014 \$ 1,321,378

TOTAL \$ 2,009,238

⁽³⁾ An additional amount of \$701,919, including interest, was drawn down in 2014/2015, to complete the Surf Ryder Project

SPECIAL SCHEDULE 7 – CONDITION OF PUBLIC WORKS

Asset Class	Asset Category	Estimated Cost to bring to a satisfactory standard (overdue renewals)	Required Annual Maintenance Expense	Current Annual Maintenance	WDV	GBV	Assets in Condition as a % of Gross Book Value				
							1	2	3	4	5
Buildings	Council Offices/ Administration Centres	-	-	-	-	\$'000	-	-	-	-	-
	Council Works Depot	12	303	347	11,494	25,862	16.6%	65.6%	15.8%	2.0%	0.0%
	Council Public Halls	48	-	-	3,719	10,232	1.0%	87.5%	9.6%	1.4%	0.5%
	Libraries	4	-	-	6,353	9,740	44.4%	55.3%	0.2%	0.0%	0.0%
	Cultural Facilities	31	-	-	3,954	10,654	0.0%	89.7%	8.9%	1.1%	0.3%
	Museum/Art Gallery	-	-	-	-	-	-	-	-	-	-
	Amenities/Toilets	-	300	374	-	-	-	-	-	-	-
	Other Buildings	73	946	629	21,927	53,341	0.4%	90.5%	7.6%	1.4%	0.1%
	Specialised Buildings	-	-	-	-	-	-	-	-	-	-
	Sub total	168	1,549	1,350	47,448	109,830	-	-	-	-	-
Other Structures	Other Structures	4,622	-	-	87,102	104,805	18.9%	36.5%	29.8%	10.4%	4.4%
	Sub total	4,622	-	-	87,102	104,805	-	-	-	-	-
Roads	Sealed Roads Surface	17,118	348	305	219,203	295,441	36.0%	34.6%	15.3%	8.3%	5.8%
	Sealed Roads Structure	-	-	-	-	-	-	-	-	-	-
	Unsealed Roads	-	-	-	-	-	-	-	-	-	-
	Bridges	0	43	5	2,592	4,335	10.2%	59.3%	30.5%	0.0%	0.0%
	Footpaths	330	1,238	1,261	50,188	59,428	19.1%	70.0%	7.2%	3.1%	0.6%
	Cycle ways	-	81	131	-	-	-	-	-	-	-
	Kerb and Gutter	90	1,302	1,155	88,468	100,971	1.9%	81.5%	14.3%	2.1%	0.1%
	Other Road Assets	1,384	872	1,715	3,527	6,947	20.3%	19.9%	19.9%	19.9%	19.9%
	Sub total	18,922	3,884	4,572	363,977	467,123	-	-	-	-	-
	Retarding Basins	0	-	-	939	1,045	9.6%	90.4%	0.0%	0.0%	0.0%
Stormwater Drainage	Outfalls	-	-	-	-	-	-	-	-	-	-
	Stormwater Conduits	872	114	117	147,214	180,181	23.2%	56.6%	16.2%	3.5%	0.5%
	Inlet and Junction Pits	101	-	-	45,802	65,599	18.2%	39.3%	38.5%	3.8%	0.2%
	Head Walls	-	-	-	-	-	-	-	-	-	-
	Outfall Structures	-	-	-	-	-	-	-	-	-	-
	Stormwater Converters	-	-	-	-	-	-	-	-	-	-
	Other	0	-	-	6,678	12,565	0.0%	28.5%	52.3%	19.2%	0.0%
	Sub total	973	114	117	200,633	259,390	-	-	-	-	-
	Swimming Pools	0	-	-	18,235	27,908	0.0%	100.0%	0.0%	0.0%	0.0%
	Other Open Space/ Recreational Assets	-	-	-	-	-	-	-	-	-	-
Other Infrastructure Assets	Sub total	0	-	-	18,235	27,908	-	-	-	-	-
	Sub total	-	83	43	-	-	-	-	-	-	-
	Sub total	-	83	43	-	-	-	-	-	-	-
	Total – all assets	24,686	5,630	6,081	717,396	969,055	21.0%	53.4%	17.5%	5.5%	2.5%

Special Schedule 7 – Condition of Public Works (continued)

Notes:

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

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.

Council undertook a major review of its Asset Management practices for Buildings, Roads and Drainage Assets in 2006/2007, further reviews were undertaken in 2007/2008 for Land and Other Structures. A condition audit of Council's footpath network during the 2008/2009 financial year. A new audit was commenced in 2014, with the results reflected in this schedule.

The condition of public roads infrastructure has been updated to reflect known works since the 2008/9 audit, which captures changes that materially affect the status of the network.

The system for differentiating and tracking activities on the basis of renewal, upgrade, maintenance and operating, was being implemented in 2014/2015, but has not extended to budgeting, as yet.

***Buildings**

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

****Public Roads**

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

Council has adopted the use of a Pavement Management System (PMS) and condition data has been collected since 1991. The current replacement cost of the road assets is \$290M.

Footpaths

Council's footpath network has a current replacement value of \$58M. Council has designed and implemented a Footpath Management System, where every footpath is inspected and rated on a 1 to 5 rating basis.

**Kerb & Gutter
Bridges**

Council manages kerb & gutter as part of the pavement management system, with condition rating done in conjunction with pavements. The current replacement value is \$99M. The current replacement cost of bridges is \$4M.

Special Schedule 7 – Condition of Public Works (continued)

Infrastructure Asset Performance Indicators – Consolidated	Amounts \$'000	Current year indicators	2014	2013	2012	Benchmark
Buildings & Infrastructure Renewals Ratio						> 1.00
Asset Renewals (building, infrastructure & other structures)	\$9,109	0.89	1.23	0.94	0.80	
Depreciation, amortisation and impairment (building, infrastructure & other structures)	\$10,215					
Infrastructure backlog ratio (WDV)						< 2%
Estimated cost to bring assets to a satisfactory condition (overdue renewals)	\$24,686	3.4%	8.6%	8.4%	12.0%	
Total value of infrastructure, building, other structures and depreciable land improvement assets (WDV)	\$717,396					
Infrastructure backlog ratio (GBV)						< 2%
Estimated cost to bring assets to a satisfactory condition (overdue renewals)	\$24,686	2.5%	6.1%	6.0%	6.3%	
Total value of infrastructure, building, other structures and depreciable land improvement assets (GBV)	\$969,055					
Asset maintenance ratio						> 1.00
Actual asset maintenance	\$6,081	1.08	0.91	2.28	0.69	
Required asset maintenance	\$5,630					
Capital Expense Ratio						> 1.10
Annual Capital expenditure	\$24,712	1.66	1.52	1.26	1.89	
Annual Depreciation	\$14,883					

SPECIAL SCHEDULE 8 – FINANCIAL PROJECTIONS

	2015 ⁽¹⁾ (\$'000)	2016 (\$'000)	2017 (\$'000)	2018 ⁽⁴⁾ (\$'000)	2019 (\$'000)	2020 (\$'000)	2021 (\$'000)	2022 (\$'000)	2023 (\$'000)	2024 (\$'000)	2025 (\$'000)
Operating Budget											
Income From Continuing Operations	158,813	104,277	108,986	114,534	120,417	124,062	127,827	131,716	135,734	139,885	144,179
Expenditure From Continuing Operations	93,055	107,521	109,049	112,393	115,303	118,955	122,386	126,460	130,100	134,581	139,113
Operating Result From Continuing Operations	65,758	(3,244)	(63)	2,142	5,115	5,107	5,440	5,256	5,634	5,304	5,066
Operating Result before Capital Contributions	34,799	(4,050)	(609)	1,595	4,568	4,544	4,861	4,659	5,019	4,670	4,413
Capital Budget											
New Capital Works ⁽²⁾	10,594	18,512	12,183	10,465	9,456	6,299	6,488	6,682	6,883	7,089	7,302
Replacement/refurbishment of existing assets	14,018	14,279	13,111	14,819	18,329	18,276	18,825	19,389	19,971	20,568	21,187
	24,612	32,791	25,295	25,284	27,784	24,575	25,312	26,072	26,854	27,657	28,489
Funded By ⁽³⁾:											
Loans	-	425	900	-	-	-	-	-	-	-	-
Asset Sales	1,000	925	1,075	900	1,000	1,026	1,053	1,080	1,108	1,137	1,167
Reserves	5,643	14,428	13,706	8,625	10,550	6,566	8,086	6,873	8,473	7,196	8,880
Grants & Contributions	1,836	424	884	474	474	469	482	494	507	520	534
General Revenue	16,133	16,589	8,730	15,285	15,760	16,514	15,691	17,625	16,766	18,804	17,908
Other	-	-	-	-	-	-	-	-	-	-	-
	24,612	32,791	25,295	25,284	27,784	24,575	25,312	26,072	26,854	27,657	28,489

⁽¹⁾ From income statement⁽²⁾ New capital works are major non-recurrent projects⁽³⁾ Projections based on the adopted Delivery Plan and revised Long Term Financial Plan (LTFP)⁽⁴⁾ Last Year of the Special Rating Variation, approved on 19 May 2015.**Note:**

Council is no longer required to complete this Special Schedule, by the Office of Local Government, as the data is collected in another way.

The Council has determined that the information in this schedule is relevant as it shows Council's future progress in becoming Financially Sustainable, following approval by the Independent Pricing and Regulatory Tribunal (IPART) on 19 May 2015 of Council's Special Rating Variation (SRV) application.

The SRV was approved as 7% per annum, over four years, cumulative, as an ongoing permanent increase in Council's rating yield.

SPECIAL SCHEDULE 9 – PERMISSIBLE INCOME

	2014/15 Calculation \$'000	2015/16 Calculation \$'000
Notional General Income Calculation ⁽¹⁾		
Last Year Notional General Income Yield	48,283	49,803
Plus or minus Adjustments ⁽²⁾	402	471
Notional General Income	48,685	50,274
Permissible Income Calculation		
Special variation percentage ⁽³⁾		7.00%
OR Rate peg percentage	2.30%	2.40%
OR Crown land adjustment incl. rate peg percentage		
Less expiring special variation amount		
Plus special variation amount		3,519
OR Plus rate peg amount	1,120	
OR Plus crown land adjustment and rate peg amount		
Sub-total	49,805	53,793
Plus or minus last year's Carry Forward Total	18	20
Less Valuation Objections claimed in the previous year		
Sub-total	18	20
Total Permissible income	49,823	53,813
Less Notional General Income Yield	49,803	53,866
Catch-up or (excess) result	20	-52
Plus Income lost due to valuation objections claimed ⁽⁴⁾		
Less Unused catch-up ⁽⁵⁾		
Carry forward to next year	20	-52

Notes

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



City of Ryde Council

Independent auditor's report Report on the Special Schedules No. 7 & 8

Report on the Special Schedules No. 7 & 8

We were engaged to audit the accompanying Special Schedules 7 & 8 comprising the Condition of Public Works and Financial Projections, respectively for the City of Ryde Council as at the year ended 30 June 2015.

Responsibility of Council for Special Schedules No. 7 & 8

The Council is responsible for the preparation and fair presentation of Special Schedules No. 7 & 8 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 23. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 7 & 8 that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on Special Schedule No. 7 & 8 based on our audit. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Special Schedules 7 & 8 are based in forecast expenditure over the useful life of public works in the case of Special Schedule 7 and forecast revenue and expenditure of Council for a period of 10 years in the case of Special Schedule 8. Any of the estimates used in preparing these forecasts could be inaccurate and therefore we can provide no assurance the forecast information in Special Schedule 7 & 8 will eventuate. In the light of significant uncertainties inherent in forward looking statements, we disclaim from forming an audit opinion on these Special Schedules.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on Special Schedules 7 & 8.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

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Liability limited by a scheme approved under Professional Standards Legislation.



Restriction on distribution

Without modifying our opinion, we advise that Special Schedules 7 & 8 have been prepared for distribution to the Office of Local Government for the purposes of informing the Council's the Condition of Public Works and Financial Projections. As a result, the schedules may not be suitable for another purpose. Our report is intended solely for the council and the Division of Local Government.

A handwritten signature in blue ink, likely representing a PricewaterhouseCoopers representative.

PricewaterhouseCoopers

A handwritten signature in blue ink, likely representing Peter Buchholz.

Peter Buchholz
Partner

Sydney
28 September 2015



The City of Ryde Council

Independent auditor's report Report on the Special Schedule No. 9

Report on the Special Schedule No. 9

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of The City of Ryde Council ("the Council") for the year ending 30 June 2016.

Responsibility of Council for Special Schedule No. 9

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 23. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, Special Schedule No. 9 of The City of Ryde Council for the year ending 30 June 2016 is properly drawn up in all material respects in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

Restriction on distribution

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose. Our report is intended solely for the council and the Division of Local Government.

A handwritten signature in blue ink, appearing to read 'Peter Buchholz'.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Peter Buchholz'.

Peter Buchholz
Partner

Sydney
28 September 2015