

# City of Canada Bay

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

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“To create a City that is innovative, dynamic  
and sustainable through active partnership  
with the community and the environment”



City of  
**Canada Bay**

# City of Canada Bay

## General Purpose Financial Statements

for the financial year ended 30 June 2014

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### Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for City of Canada Bay.

(ii) City of Canada Bay is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

Council's Statutory Charter is detailed in Paragraph 8 of the LGA and includes giving Council;

- the ability to provide goods, services & facilities, and to carry out activities appropriate to the current & future needs of the local community and of the wider public,
- the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the area.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

(iii) All figures presented in these financial statements are presented in Australian Currency.

(iv) These financial statements were authorised for issue by the Council on 30 October 2014. Council has the power to amend and reissue these financial statements.

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## City of Canada Bay

### Notes to the Financial Statements for the financial year ended 30 June 2014

## Understanding Council's Financial Statements

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### Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their Council & Community.

### What you will find in the Statements

The financial statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2014.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting & reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

### About the Councillor/Management Statement

The financial statements must be certified by Senior staff as "presenting fairly" the Council's financial results for the year, and are required to be adopted by Council - ensuring both responsibility for & ownership of the financial statements.

### About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

#### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income & expenses.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

#### 2. The Statement of Comprehensive Income

Primarily records changes in the fair values of Council's Infrastructure, Property, Plant & Equipment.

#### 3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its Assets, Liabilities & "Net Wealth".

#### 4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "Net Wealth".

#### 5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

### About the Notes to the Financial Statements

The Notes to the financial statements provide greater detail and additional information on the 5 primary financial statements.

### About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialize in Local Government).

In NSW, the Auditor provides 2 audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance & position, &
2. Their observations on the conduct of the Audit including commentary on the Council's financial performance & financial position.

### Who uses the Financial Statements ?

The financial statements are publicly available documents & must be presented at a Council meeting between 7 days & 5 weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to 7 days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

City of Canada Bay

General Purpose Financial Statements  
for the financial year ended 30 June 2014

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:

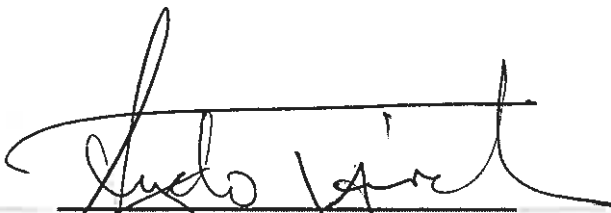
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these Financial Statements:

- present 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 the Reports false or misleading in any way.

Signed in accordance with a resolution of Council made on 02 September 2014.



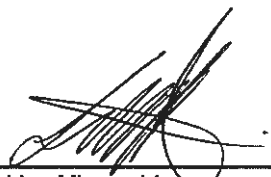
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Cr. Angelo Tsirekas  
MAYOR




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Cr. Pauline Tyrrell  
COUNCILLOR



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Ms. Lisa Miscamble  
ACTING GENERAL MANAGER



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Mr. Bruce Cook  
RESPONSIBLE ACCOUNTING OFFICER

## City of Canada Bay

## Income Statement

for the financial year ended 30 June 2014

Budget <sup>1</sup> 2014	\$ '000	Notes	Actual 2014	Actual 2013
<b>Income from Continuing Operations</b>				
<b>Revenue:</b>				
44,900	Rates & Annual Charges	3a	45,367	42,924
11,637	User Charges & Fees	3b	12,003	11,868
2,439	Interest & Investment Revenue	3c	2,744	3,525
5,331	Other Revenues	3d	9,523	9,874
3,148	Grants & Contributions provided for Operating Purposes	3e,f	4,294 <sup>2</sup>	4,881
9,864	Grants & Contributions provided for Capital Purposes	3e,f	17,524	17,743
<b>Other Income:</b>				
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
<b>77,319</b>	<b>Total Income from Continuing Operations</b>		<b>91,455</b>	<b>90,815</b>
<b>Expenses from Continuing Operations</b>				
29,318	Employee Benefits & On-Costs	4a	28,240	27,144
15	Borrowing Costs	4b	114	51
22,263	Materials & Contracts	4c	20,428	20,380
13,754	Depreciation & Amortisation	4d	11,087	10,225
-	Impairment	4d	-	-
10,596	Other Expenses	4e	12,528	12,155
-	Net Losses from the Disposal of Assets	5	256	423
<b>75,946</b>	<b>Total Expenses from Continuing Operations</b>		<b>72,653</b>	<b>70,378</b>
<b>1,373</b>	<b>Operating Result from Continuing Operations</b>		<b>18,802</b>	<b>20,437</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>1,373</b>	<b>Net Operating Result for the Year</b>		<b>18,802</b>	<b>20,437</b>
1,373	Net Operating Result attributable to Council		18,802	20,437
-	Net Operating Result attributable to Non-controlling Interests		-	-
<b>(8,491)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>1,278</b>	<b>2,694</b>

<sup>1</sup> Original Budget as approved by Council - refer Note 16

<sup>2</sup> Financial Assistance Grants for 13/14 are lower, reflecting a timing difference due to a change in how the grant is paid - refer Note 3 (e)

## City of Canada Bay

Statement of Comprehensive Income  
for the financial year ended 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
<b>Net Operating Result for the year</b> (as per Income statement)		<b>18,802</b>	<b>20,437</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	54,898	(2,190)
Adjustment to correct prior period errors		-	(326)
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>54,898</b>	<b>(2,516)</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
<b>Total Other Comprehensive Income for the year</b>		<b>54,898</b>	<b>(2,516)</b>
<b>Total Comprehensive Income for the Year</b>		<b>73,700</b>	<b>17,921</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>73,700</b>	<b>17,921</b>
<b>Total Comprehensive Income attributable to Non-controlling Interests</b>		<b>-</b>	<b>-</b>

## City of Canada Bay

## Statement of Financial Position

as at 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	3,423	29,296
Investments	6b	64,471	25,000
Receivables	7	6,241	5,627
Inventories	8	53	63
Other	8	369	754
Non-current assets classified as "held for sale"	22	-	-
<b>Total Current Assets</b>		<b>74,557</b>	<b>60,740</b>
<b>Non-Current Assets</b>			
Investments	6b	2,500	1,500
Receivables	7	-	36
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	3,479,412	3,417,198
Investments accounted for using the equity method	19	-	-
Investment Property	14	21,067	18,815
Intangible Assets	25	2,009	797
<b>Total Non-Current Assets</b>		<b>3,504,988</b>	<b>3,438,346</b>
<b>TOTAL ASSETS</b>		<b>3,579,545</b>	<b>3,499,086</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	15,227	12,798
Borrowings	10	390	368
Provisions	10	8,154	8,267
<b>Total Current Liabilities</b>		<b>23,771</b>	<b>21,433</b>
<b>Non-Current Liabilities</b>			
Payables	10	-	-
Borrowings	10	4,479	-
Provisions	10	262	320
<b>Total Non-Current Liabilities</b>		<b>4,741</b>	<b>320</b>
<b>TOTAL LIABILITIES</b>		<b>28,512</b>	<b>21,753</b>
<b>Net Assets</b>		<b>3,551,033</b>	<b>3,477,333</b>
<b>EQUITY</b>			
Retained Earnings	20	1,960,189	1,941,387
Revaluation Reserves	20	1,590,844	1,535,946
Council Equity Interest		3,551,033	3,477,333
Non-controlling Interests		-	-
<b>Total Equity</b>		<b>3,551,033</b>	<b>3,477,333</b>

## City of Canada Bay

Statement of Changes in Equity  
for the financial year ended 30 June 2014

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2014</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		1,941,387	1,535,946	3,477,333	-	3,477,333
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/13)</b>		<b>1,941,387</b>	<b>1,535,946</b>	<b>3,477,333</b>	<b>-</b>	<b>3,477,333</b>
<b>c. Net Operating Result for the Year</b>		<b>18,802</b>	<b>-</b>	<b>18,802</b>	<b>-</b>	<b>18,802</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	54,898	54,898	-	54,898
<b>Other Comprehensive Income</b>		<b>-</b>	<b>54,898</b>	<b>54,898</b>	<b>-</b>	<b>54,898</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>18,802</b>	<b>54,898</b>	<b>73,700</b>	<b>-</b>	<b>73,700</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>1,960,189</b>	<b>1,590,844</b>	<b>3,551,033</b>	<b>-</b>	<b>3,551,033</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2013</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		1,921,276	1,538,136	3,459,412	-	3,459,412
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/12)</b>		<b>1,921,276</b>	<b>1,538,136</b>	<b>3,459,412</b>	<b>-</b>	<b>3,459,412</b>
<b>c. Net Operating Result for the Year</b>		<b>20,437</b>	<b>-</b>	<b>20,437</b>	<b>-</b>	<b>20,437</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	(2,190)	(2,190)	-	(2,190)
- Other Movements	20a	(326)	-	(326)	-	(326)
<b>Other Comprehensive Income</b>		<b>(326)</b>	<b>(2,190)</b>	<b>(2,516)</b>	<b>-</b>	<b>(2,516)</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>20,111</b>	<b>(2,190)</b>	<b>17,921</b>	<b>-</b>	<b>17,921</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>1,941,387</b>	<b>1,535,946</b>	<b>3,477,333</b>	<b>-</b>	<b>3,477,333</b>



## City of Canada Bay

## Statement of Cash Flows

for the financial year ended 30 June 2014

Budget 2014	\$ '000	Notes	Actual 2014	Actual 2013
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
44,851	Rates & Annual Charges		45,231	42,955
11,504	User Charges & Fees		13,624	11,344
2,448	Investment & Interest Revenue Received		2,287	2,744
13,416	Grants & Contributions		21,337	22,426
-	Bonds, Deposits & Retention amounts received		2,561	1,112
5,314	Other		10,964	5,647
<b>Payments:</b>				
(28,472)	Employee Benefits & On-Costs		(29,149)	(26,180)
(22,234)	Materials & Contracts		(20,661)	(21,628)
(15)	Borrowing Costs		(114)	(51)
-	Bonds, Deposits & Retention amounts refunded		(2,229)	(1,157)
(10,596)	Other		(14,142)	(11,571)
<b>16,216</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>29,709</b>	<b>25,641</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investment Securities		25,000	2,006
1,300	Sale of Infrastructure, Property, Plant & Equipment		444	643
<b>Payments:</b>				
-	Purchase of Investment Securities		(65,471)	(14,750)
(18,506)	Purchase of Infrastructure, Property, Plant & Equipment		(20,056)	(16,320)
<b>(17,206)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(60,083)</b>	<b>(28,421)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
-	Proceeds from Borrowings & Advances		5,000	-
<b>Payments:</b>				
(368)	Repayment of Borrowings & Advances		(499)	(780)
<b>(368)</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>4,501</b>	<b>(780)</b>
<b>(1,358)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(25,873)</b>	<b>(3,560)</b>
29,296	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	29,296	32,856
<b>27,938</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>3,423</b>	<b>29,296</b>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	66,971	26,500
<b>Total Cash, Cash Equivalents &amp; Investments</b>			<b>70,394</b>	<b>55,796</b>

Please refer to Note 11 for additional cash flow information.

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

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n/a - not applicable

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below in order to assist in its general understanding.

Under Australian Accounting Standards (AASBs), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

##### (a) Basis of preparation

###### (i) Background

These financial statements are general purpose financial statements which have been prepared in accordance with;

- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act (1993) & Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

###### (ii) Compliance with International Financial Reporting Standards (IFRSs)

Because AASBs are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's, or
- (b) specifically exclude application by Not for Profit entities.

Accordingly in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

Under the Local Government Act (LGA), Regulations and Local Government Code of Accounting Practice & Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with AASBs.

###### (iii) New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

###### (iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates.

###### (v) Basis of Accounting

These financial statements have been prepared under the **historical cost convention** except for:

- (i) financial assets and liabilities at fair value through profit or loss, available-for-sale financial assets and investment properties which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of Infrastructure, property, plant & equipment that are accounted for at fair valuation.

The accrual basis of accounting has also been applied in their preparation.

###### (vi) Changes in Accounting Policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20(d)].

## City of Canada Bay

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

##### **(vii) Critical Accounting Estimates**

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs).

Accordingly this requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

##### **Critical accounting estimates and assumptions**

Council 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.

##### **Critical 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.

##### **(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 any estimates on historical results, taking into consideration the type of customer, 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.

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.

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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 from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, **(i)** it is probable that the economic benefits comprising the contribution will flow to the Council and **(ii)** 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).

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

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

Developer contributions may only be expended for the purposes for which the contributions were required but the Council may apply contributions according to the priorities established in work schedules.

A detailed Note relating to developer contributions can be found at Note 17.

#### User Charges, Fees and Other Income

User charges, fees and other income (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.

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

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

#### Sale of Infrastructure, Property, Plant and Equipment

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

#### Interest and Rents

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.

Interest Income from Cash & Investments is accounted for using the Effective Interest method in accordance with AASB 139.

#### (c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any Entities (or operations) that it **controls** (as at 30 June 2014) and **(ii)** all the related operating results (for the financial year ended the 30th June 2014).

The financial statements also include Council's share of the assets, liabilities, income and expenses of any **Jointly Controlled Operations** under the appropriate headings.

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

#### (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.

The following entities have been included as part of the Consolidated Fund:

- *General Purpose Operations*
- *The total income and expenditure from continuing operations of the Five Dock Leisure Centre.*

#### (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.

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

Trust monies and property subject to Council's control have been included in these statements.

Trust monies and property held by Council but not subject to the control of Council, have been excluded from these statements.

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

##### (iii) Joint Ventures

Council has no interest in any Joint Venture Entities, Assets or Operations.

##### (iv) County Councils

Council is not a member of any County Councils.

##### (v) Additional Information

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

##### (d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either a Finance Lease or an Operating Lease.

###### Finance Leases

Leases of property, plant and equipment where the Council 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 and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed 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.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of each leased asset's useful life and the lease term.

###### Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor 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 is recognised in income on a straight-line basis over the lease term.

###### (e) Cash and Cash Equivalents

Cash and cash equivalents includes;

- cash **on hand**,
- deposits held **at call** with financial institutions,
- other short-term, highly liquid investments **with 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 but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

###### (f) Investments and Other Financial Assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss**,
- **loans and receivables**,
- **held-to-maturity investments**, and
- **available-for-sale financial assets**.

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

Each classification depends on the purpose/intention for which the investment was acquired & at the time it was acquired.

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss include financial assets that are “held for trading”.

A financial asset is classified in the “held for trading” category if it is 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 primarily classified as current assets as they are primarily held for trading &/or are expected to be realised within 12 months of the balance sheet date.

##### **(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 arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

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.

##### **(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.

In contrast to the “Loans & Receivables” classification, these investments are generally quoted in an active market.

Held-to-maturity financial assets are included in non-current assets, except for 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.

Investments must be 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.

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

##### **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.

Council may also 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 or until maturity at the date of reclassification.

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.

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

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.

#### General Accounting & Measurement of Financial Instruments:

##### (i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

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

##### (ii) Subsequent Measurement

**Available-for-sale financial assets** and **financial assets at fair value through profit and loss** are subsequently carried at fair value.

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

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as "**fair value through profit or loss**" category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as "**available-for-sale**" are recognised in equity in the available-for-sale investments revaluation reserve.

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

#### 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.

##### (iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order.

Council maintains its investment Policy in compliance 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.

##### (g) 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.



## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

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.

If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

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.

#### **(h) Receivables**

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the provision is the difference between the asset's carrying amount and the

present value of estimated future cash flows, discounted at the effective interest rate.

Impairment losses are 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**

##### **Raw Materials and Stores, Work in Progress and Finished Goods**

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

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average costs.

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.

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

##### **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.

## City of Canada Bay

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

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) Infrastructure, Property, Plant and Equipment (I,PP&E)

##### Acquisition of assets

Council's non current assets are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the Division of Local Government.

At balance date, the following classes of I,PP&E were stated at their Fair Value;

- **Investment Properties** – refer Note 1(p),
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised** (External Valuation)
- **Plant and Equipment** (as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths** (/Internal Valuation)
- **Drainage Assets** (Internal Valuation)
- **Community Land** (Deprival 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)

##### Initial Recognition

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

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.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

##### Subsequent costs

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.

##### Asset Revaluations (including Indexation)

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

- Increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve.
- To the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Net decreases that reverse previous increases of the same asset class are first charged against

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

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 revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

#### Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

##### Land

- council land	100% Capitalised
- open space	100% Capitalised
- land under roads	100% Capitalised

##### Plant & Equipment

Office Furniture	> \$1,000
Office Equipment	> \$1,000
Other Plant & Equipment	> \$1,000

##### Buildings & Land Improvements

Park Furniture & Equipment	> \$10,000
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##### Building

- construction/extensions	100% Capitalised
- renovations	> \$10,000

Other Structures	> \$10,000
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##### Stormwater Assets

Drains & Culverts	> \$10,000
Other	> \$10,000

##### Transport Assets

Road construction & reconstruction	> \$10,000
Reseal/Re-sheet & major repairs:	> \$10,000

Bridge construction & reconstruction	> \$10,000
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#### Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Estimated useful lives for Council's I,PP&E include:

##### Plant & Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

##### Other Equipment

- Playground equipment	5 to 15 years
- Benches, seats etc	10 to 20 years

##### Buildings

- Buildings : Masonry	50 to 100 years
- Buildings : Other	20 to 40 years

##### Stormwater Drainage

- Drains, Channels, GPTs, Pits	60 to 100 years
- Culverts	50 to 80 years
- Pipe	100 years

##### Transportation Assets

- Sealed Roads: Wearing Course	40 years
- Sealed Roads: Road Base	50 years
- Unsealed roads	20 years
- Bridge: Concrete	80 years
- Bridge: Other	30-50 years
- Kerb, Gutter & Paths	75 years

Detailed examination of the roads data held by Council's Asset Management Section was reviewed in 2013 to accurately reflect the depreciation charge for road assets in light of the enhanced maintenance and renewal program that Council has for these assets. Amended remaining useful lives were identified for the roads network. The amended useful life is then applied to the written down value of the individual roads and a more appropriate depreciation figure calculated.

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

All asset residual values and useful lives are reviewed and adjusted (where appropriate), at each Statement of Financial Position date.

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 – refer Note 1(s) on Asset Impairment.

In 2013 Council reviewed and amended the useful lives and residual value for its road, drainage, other structure and depreciable land improvement asset classes to more accurately reflect the consumption of these assets. This change in method of incorporating both a change in useful lives and the use of residual value resulted in a decrease in depreciation expense from the previous year and now more realistically represents the consumption of these assets. This review will also be conducted in future years.

##### Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

##### (k) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community.

This classification of Land is disclosed in Note 9(a).

##### (l) Land under roads

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

Council has elected 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.

##### (m) Intangible Assets

###### IT Development and Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from 3-5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where Council has an intention and ability to use the asset.

##### (n) 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 are currently being sought across State and Local Government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

##### **(o) Investment property**

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council.

Investment property is carried at fair value, representing an open-market value determined annually by external valuers.

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of "Other Income".

Full revaluations are carried out every three years with an appropriate index utilised each year in between the full revaluations.

The last full revaluation for Council's Investment Properties was dated 30/06/13.

##### **(p) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations**

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either **(i)** their carrying amount and **(ii)** fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets "held for sale" are not depreciated or amortised while they are classified as "held for sale".

Non-current assets classified as "held for sale" are presented separately from the other assets in the balance sheet.

A Discontinued Operation is 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 geographical 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.

##### **(q) Impairment of assets**

All Council's I,PP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed 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.

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

##### (r) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

##### (s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

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.

##### (t) Borrowing costs

Borrowing costs are expensed except to the extent that they are incurred during the construction of qualifying assets.

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.

##### (u) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

- Council has a present legal or constructive obligation as a result of past events;

- it is more likely than not 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.

##### (v) Employee benefits

###### (i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

##### (ii) Other Long Term Obligations

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

These liabilities are measured at the present value of the expected future payments to be made using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are then discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

##### (iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death.

Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

##### Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the 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 expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B"

This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

The last valuation of the Scheme was performed by Mr Martin Stevenson BSC,FIA,FIAA on 20/02/13 and covers the period ended 30/06/13.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2014 the prior period deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2014 was \$526,112.

The amount of additional contributions included in the total employer contribution advised above is \$212,573.

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

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 these financial statements.

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.

#### Defined Contribution Plans

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

#### (iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/14.

#### (w) Self insurance

A provision for self-insurance has been made to recognise outstanding claims the amount of which is detailed in Note 10.

#### (x) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as 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.

#### Exceptions

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.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

#### (y) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

#### Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Cash Flow Statement are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.



## City of Canada Bay

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

##### **(z) New accounting standards and UIG interpretations**

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2014.

**Council has not adopted any of these standards early.**

Council's assessment of the impact of these new standards and interpretations is set out below.

##### **Applicable to Local Government with implications:**

***AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures (effective from 1 January 2015)***

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

***AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)***

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures.

Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.

It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements.

However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

##### **Applicable to Local Government but no implications for Council;**

***AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 132 & AASB 7] (effective 1 January 2013)***

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

The adoption of this standard will not change the reported financial position and performance of the

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (effective 1 January 2014).

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

**Applicable to Local Government but not relevant to Council at this stage;**

***AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)***

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a “partial disposal” concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

***Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)***

This revised standard on accounting for employee benefits requires the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.

This replaces the expected return on plan assets that is currently included in profit or loss.

The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits.

The amendments will have to be implemented retrospectively.

Council does not recognise defined benefit assets and liabilities for the reasons set out in paragraph (v) (iii) and so these changes will not have an impact on its reported results.

**Not applicable to Local Government per se;**

***AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle (effective 1 January 2013)***

AASB 1 - this standard clarifies that an entity can apply AASB 1 more than once. An entity can elect to apply AASB 123 from the transition date or an earlier date.

AASB 101 - clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments.

AASB 116 - clarifies the classification of servicing equipment.

AASB 132 and Interpretation 2 - clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes

AASB 134 - provides clarification about segment reporting.

The amendments arising from this standard are not expected to change the reported financial position or performance of the Council.

**There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.**

#### **(aa) Rounding of amounts**

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

#### **(ab) Comparative Figures**

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or

## City of Canada Bay

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 1. Summary of Significant Accounting Policies

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individually reported for the first time within these financial statements and/or the notes.

##### **(ac) Disclaimer**

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

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 2(a). Council Functions / Activities - Financial Information

Functions/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).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2014	2014	2013	2014	2014	2013	2014	2014	2013	2014	2013	2014	2013
Governance	-	148	13,030	999	906	3,045	(999)	(758)	9,985	144	-	5,241	317
Administration	8,797	19,155	8,172	5,976	6,315	17,906	2,821	12,840	(9,734)	83	8	100,637	97,719
Public Order & Safety	2,967	3,718	2,957	2,632	2,595	2,884	335	1,123	73	-	-	507	498
Health	170	165	155	484	416	299	(314)	(251)	(144)	11	-	114	144
Environment	15,234	15,992	15,322	17,731	16,873	15,427	(2,497)	(881)	(105)	1,731	2,185	74,243	75,326
Community Services & Education	1,776	2,010	1,854	4,419	4,256	2,694	(2,643)	(2,246)	(840)	444	434	7,786	7,884
Housing & Community Amenities	1,775	1,821	2,177	7,032	7,440	4,722	(5,257)	(5,619)	(2,545)	422	477	94,973	75,666
Recreation & Culture	6,076	6,879	7,360	21,701	20,522	13,927	(15,625)	(13,643)	(6,567)	224	2,487	2,090,933	2,089,765
Mining, Manufacturing & Construction	521	425	342	1,456	1,330	793	(935)	(905)	(451)	-	-	419	469
Transport & Communication	3,661	4,745	2,337	12,005	10,839	7,576	(8,344)	(6,094)	(5,239)	968	362	1,204,673	1,151,276
Economic Affairs	708	509	960	1,511	1,161	1,105	(803)	(652)	(145)	21	-	19	22
<b>Total Functions &amp; Activities</b>	<b>41,685</b>	<b>55,567</b>	<b>54,666</b>	<b>75,946</b>	<b>72,653</b>	<b>70,378</b>	<b>(34,261)</b>	<b>(17,086)</b>	<b>(15,712)</b>	<b>4,048</b>	<b>5,953</b>	<b>3,579,545</b>	<b>3,499,086</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income <sup>1</sup>	35,634	35,888	36,149	-	-	-	35,634	35,888	36,149	1,557	2,562	-	-
<b>Operating Result from Continuing Operations</b>	<b>77,319</b>	<b>91,455</b>	<b>90,815</b>	<b>75,946</b>	<b>72,653</b>	<b>70,378</b>	<b>1,373</b>	<b>18,802</b>	<b>20,437</b>	<b>5,605</b>	<b>8,515</b>	<b>3,579,545</b>	<b>3,499,086</b>

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), Untied General Purpose Grants & Unrestricted Interest & Investment Income.

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 2(b). Council Functions / Activities - Component Descriptions

**Details relating to the Council's functions / activities as reported in Note 2(a) are as follows:**

##### **GOVERNANCE**

Costs relating to the Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance.

##### **ADMINISTRATION**

Corporate Support and Other Support Services (not otherwise attributed to the listed functions / activities).

##### **PUBLIC ORDER & SAFETY**

Fire protection, animal control, beach control, enforcement of local government regulations, emergency services, other.

##### **HEALTH**

Inspection, immunisations, food control, health centres, other, administration.

##### **ENVIRONMENT**

Noxious plants and insect/vermin control, other environmental protection, solid waste management, street cleaning, drainage, stormwater management.

##### **COMMUNITY SERVICES & EDUCATION**

Administration, family day care, child care, youth services, other family and children, aged and disabled, migrant services, Aboriginal services, other community services, education.

##### **HOUSING & COMMUNITY AMENITIES**

Housing, town planning, street lighting, other sanitation and garbage, public cemeteries, public conveniences,

##### **WATER SUPPLIES**

##### **SEWERAGE SERVICES**

##### **RECREATION & CULTURE**

Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport and recreation.

##### **FUEL & ENERGY - Gas Supplies**

##### **AGRICULTURE**

##### **MINING, MANUFACTURING & CONSTRUCTION**

Building control, abattoirs, quarries & pits, other.

##### **TRANSPORT & COMMUNICATION**

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RMS works, other.

##### **ECONOMIC AFFAIRS**

Camping areas, caravan parks, tourism and area promotion, industrial development promotion, saleyards and markets, real estate development, commercial nurseries, other business undertakings.

## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		27,962	26,532
Business		4,525	4,333
<b>Total Ordinary Rates</b>		<b>32,487</b>	<b>30,865</b>
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		12,182	11,378
Stormwater Management Services		698	681
<b>Total Annual Charges</b>		<b>12,880</b>	<b>12,059</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>45,367</b>	<b>42,924</b>

Council has used 2012 year valuations provided by the NSW Valuer General in calculating its rates.

## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Waste Management Services (non-domestic)		557	521
<b>Total User Charges</b>		<b>557</b>	<b>521</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Building Regulation		302	270
Planning & Building Regulation		712	735
Private Works - Section 67		490	953
Registration Fees		43	24
Section 149 Certificates (EPA Act)		253	218
Section 603 Certificates		171	136
Section 611 Charges		54	53
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>2,025</b>	<b>2,389</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Admission & Service Fees		1,220	1,314
Aged Care		85	96
Child Care		1,377	1,278
Golf Course Fees		1,481	1,457
Halls & Meeting Rooms		273	275
Leaseback Fees - Council Vehicles		297	284
Leisure Centre		2,571	2,438
Library		12	11
Park Rents		291	266
Parking Fees		672	559
Restoration Charges		1,091	969
Sundry Sales		-	9
Other		50	2
<b>Total Fees &amp; Charges - Other</b>		<b>9,420</b>	<b>8,958</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>12,003</b>	<b>11,868</b>



## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		104	116
- Interest earned on Investments (interest & coupon payment income)		2,640	2,528
<b>Fair Value Adjustments</b>			
- Fair Valuation movements in Investments (at FV or Held for Trading)		-	881
<b>TOTAL INTEREST &amp; INVESTMENT REVENUE</b>		<u>2,744</u>	<u>3,525</u>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		104	116
General Council Cash & Investments		1,740	2,606
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		480	510
-Voluntary Planning Agreements		420	293
<b>Total Interest &amp; Investment Revenue Recognised</b>		<u>2,744</u>	<u>3,525</u>
<b>(d) Other Revenues</b>			
Fair Value Adjustments - Investment Properties	14	2,252	3,686
Rental Income - Investment Properties	14	243	238
Rental Income - Affordable Housing		231	225
Rental Income - Other Council Properties		2,110	2,022
Fines - Building Compliance		37	55
Fines - Parking		3,125	2,827
Fines - Other		11	8
Legal Fees Recovery - Rates & Charges (Extra Charges)		74	82
Legal Fees Recovery - Other		14	2
Bad Debts Recovered		30	88
Commissions & Agency Fees		2	4
Diesel Rebate		7	6
Energy Certificates		69	-
North Strathfield Rail Underpass Project		600	-
Sale of Abandoned Vehicles		5	13
Sales - General		315	10
Sponsorships		53	49
Waste Management Performance Bonus		231	497
Other		114	62
<b>TOTAL OTHER REVENUE</b>		<u>9,523</u>	<u>9,874</u>

## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 3. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	865	1,615	-	-
Financial Assistance - Local Roads Component	294	555	-	-
Pensioners' Rates Subsidies - General Component	398	392	-	-
<b>Total General Purpose</b>	<b>1,557</b>	<b>2,562</b>	<b>-</b>	<b>-</b>
<sup>1</sup> The Financial Assistance Grant for 13/14 reflects a one off reduction due to the fact that this grant is no longer being paid in advance by up to 50% as has occurred in previous years - it does not represent a loss of income but is instead a timing difference.				
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Domestic Waste Management	156	153	-	-
Community Care	701	674	-	-
Employment & Training Programs	12	8	-	-
Environmental Projects	208	7	1,355	2,025
Environmental Protection	32	-	-	-
Heritage & Cultural	15	46	7	-
Interest Subsidy Local Infrastructure Loan (LIRS)	52	-	-	-
Library	224	221	-	-
Planning	-	33	-	-
Recreation & Culture	-	8	190	-
Sport & Recreation	-	-	574	2,255
Street Lighting	158	158	-	-
Traffic Route Subsidy	31	27	-	-
Transport (Roads to Recovery)	287	291	-	-
Transport (Road Safety Funding)	46	47	-	-
<b>Total Specific Purpose</b>	<b>1,922</b>	<b>1,673</b>	<b>2,126</b>	<b>4,280</b>
<b>Total Grants</b>	<b>3,479</b>	<b>4,235</b>	<b>2,126</b>	<b>4,280</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	2,045	2,461	1,288	1,088
- State Funding	1,401	1,774	335	3,192
- Other Funding	33	-	503	-
	<b>3,479</b>	<b>4,235</b>	<b>2,126</b>	<b>4,280</b>

## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 3. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>				
S 93F - Contributions using Planning Agreements	-	-	7,335	6,547
S 94 - Contributions towards amenities/services	-	-	4,020	5,400
S 94A - Fixed Development Consent Levies	-	-	1,590	1,031
<b>Total Developer Contributions</b>	<b>-</b>	<b>-</b>	<b>12,945</b>	<b>12,978</b>
<b>Other Contributions:</b>				
Development Assessment Contributions	94	105	-	-
Insurance Incentive Scheme Contribution	157	56	-	-
Recreation & Culture	1	-	802	154
RMS Contributions (Regional Roads, Block Grant)	405	385	1,651	331
Other - Environmental Contributions	102	50	-	-
Other	56	50	-	-
<b>Total Other Contributions</b>	<b>815</b>	<b>646</b>	<b>2,453</b>	<b>485</b>
<b>Total Contributions</b>	<b>815</b>	<b>646</b>	<b>15,398</b>	<b>13,463</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>4,294</b>	<b>4,881</b>	<b>17,524</b>	<b>17,743</b>

\$ '000	Actual 2014	Actual 2013
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## (g) Restrictions relating to Grants and Contributions

**Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:**

Unexpended at the Close of the Previous Reporting Period	28,691	19,322
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	14,314	17,125
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	(9,764)	(7,756)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>4,550</b>	<b>9,369</b>
<b>Unexpended and held as Restricted Assets</b>	<b>33,241</b>	<b>28,691</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	1,397	2,227
- Developer Contributions	31,844	26,464
	<b>33,241</b>	<b>28,691</b>

## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		22,349	21,093
Travelling		20	16
Employee Leave Entitlements (ELE)		2,375	2,704
Superannuation - Guarantee Levy		1,859	1,734
Superannuation - Defined Benefit Plans		526	586
Workers' Compensation Insurance		573	801
Fringe Benefit Tax (FBT)		190	155
Payroll Tax		-	20
Training Costs (other than Salaries & Wages)		107	139
Protective Clothing		64	55
Maternity Leave		54	105
Other		123	103
<b>Total Employee Costs</b>		<b>28,240</b>	<b>27,511</b>
less: Capitalised Costs		-	(367)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>28,240</b>	<b>27,144</b>
Number of "Equivalent Full Time" Employees at year end		296	314
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		114	51
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>114</b>	<b>51</b>
<b>(ii) Other Borrowing Costs</b>			
Nil			
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>114</b>	<b>51</b>

## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		1,673	2,006
Contractor & Consultancy Costs			
- Cleaning		432	423
- Golf Course Management		208	211
- Information Technology		301	350
- Rate Payment Agencies		131	111
- Swimming Pool Management		150	150
- Waste Management		7,271	7,296
- Contractor & Consultancy Costs		14	-
- Other Contractor & Consultancy Costs		8,225	8,207
Auditors Remuneration <sup>(1)</sup>		47	54
Infringement Notice Contract Costs (SEINS)		430	409
Legal Expenses:			
- Legal Expenses: Planning & Development		396	213
- Legal Expenses: Debt Recovery		73	83
- Legal Expenses: Other		704	394
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments <sup>(2)</sup>		329	421
Other		44	52
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>		<b><u>20,428</u></b>	<b><u>20,380</u></b>
<b>1. Auditor Remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
<b>(i) Audit and Other Assurance Services</b>			
- Audit & review of financial statements: Council's Auditor		47	54
<b>Remuneration for audit and other assurance services</b>		<b><u>47</u></b>	<b><u>54</u></b>
<b>Total Auditor Remuneration</b>		<b><u>47</u></b>	<b><u>54</u></b>
<b>2. Operating Lease Payments are attributable to:</b>			
Buildings		4	35
Computers		303	329
Other		22	57
		<b><u>329</u></b>	<b><u>421</u></b>

## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2014	Actual 2013	Actual 2014	Actual 2013
Plant and Equipment		-	-	710	695
Office Equipment		-	-	31	31
Furniture & Fittings		-	-	68	85
Land Improvements (depreciable)		-	-	896	694
Buildings - Non Specialised		-	-	1,579	1,798
Buildings - Specialised		-	-	62	185
Other Structures		-	-	1,094	1,882
Infrastructure:					
- Roads		-	-	3,902	3,853
- Bridges		-	-	57	-
- Footpaths		-	-	1,047	-
- Stormwater Drainage		-	-	1,131	749
- Water Supply Network		-	-	-	-
- Sewerage Network		-	-	-	-
- Swimming Pools		-	-	62	-
- Other Open Space/Recreational Assets		-	-	-	-
- Other Infrastructure		-	-	-	-
Other Assets					
- Library Books		-	-	161	136
- Other		-	-	128	117
Intangible Assets	25	-	-	159	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>-</b>	<b>-</b>	<b>11,087</b>	<b>10,225</b>

## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
<b>(e) Other Expenses</b>			
Advertising		191	195
Agency Personnel		1,000	702
Bad & Doubtful Debts		23	38
Bank Charges		84	78
Child Care - Parent Fees		250	166
Computer Software Charges		878	810
Contributions/Levies to Other Levels of Government			
- Department of Planning Levy		153	149
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		106	98
- NSW Fire Brigade Levy		1,329	1,298
- Waste Levy		1,935	1,893
Councillor Expenses - Mayoral Fee		42	37
Councillor Expenses - Councillors' Fees		155	148
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		13	8
Donations, Contributions & Assistance to other organisations (Section 356)			
- Meals on Wheels Volunteers		2	6
- Donations, Contributions & Assistance		334	311
Election Expenses		-	344
Electricity & Heating		801	839
Fuel & Oil		524	503
Insurance - Premiums		1,075	1,103
Insurance - Excess		87	167
Motor Vehicle Registrations		89	87
Postage		123	116
Printing & Stationery		123	131
Strata Levies	14	19	50
Street Lighting		1,418	1,321
Subscriptions & Publications		276	236
Telephone & Communications		360	359
Valuation Fees		108	101
Water		546	352
Other		484	509
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>12,528</u></b>	<b><u>12,155</u></b>

## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2014	Actual 2013
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal - Property		-	4
less: Carrying Amount of Property Assets Sold / Written Off		-	-
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>4</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		444	639
less: Carrying Amount of P&E Assets Sold / Written Off		(538)	(731)
<b>Net Gain/(Loss) on Disposal</b>		<b>(94)</b>	<b>(92)</b>
<b>Infrastructure</b>			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(162)	(335)
<b>Net Gain/(Loss) on Disposal</b>		<b>(162)</b>	<b>(335)</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		25,000	2,006
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(25,000)	(2,006)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>(256)</u></b>	<b><u>(423)</u></b>



## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 6a. - Cash Assets and Note 6b. - Investments

\$ '000	Notes	2014	2014	2013	2013
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		1,758	-	1,568	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		1,665	-	1,962	-
- Short Term Deposits		-	-	25,766	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>3,423</b>	<b>-</b>	<b>29,296</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Long Term Deposits		63,971	1,000	25,000	1,000
- NCD's, FRN's (with Maturities > 3 months)		500	1,500	-	500
<b>Total Investments</b>		<b>64,471</b>	<b>2,500</b>	<b>25,000</b>	<b>1,500</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>67,894</b>	<b>2,500</b>	<b>54,296</b>	<b>1,500</b>

<sup>1</sup> Those Investments where time to maturity (from date of purchase) is < 3 mths.

**Cash, Cash Equivalents & Investments were classified at year end in accordance with AASB 139 as follows:**

**Cash & Cash Equivalents**

a. "At Fair Value through the Profit & Loss"		<b>3,423</b>	<b>-</b>	<b>29,296</b>	<b>-</b>
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**Investments**

b. "Held to Maturity"	6(b-ii)	64,471	2,500	25,000	1,500
<b>Investments</b>		<b>64,471</b>	<b>2,500</b>	<b>25,000</b>	<b>1,500</b>

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

**Note 6(b-ii)****Reconciliation of Investments classified as "Held to Maturity"**

Balance at the Beginning of the Year		25,000	1,500	25,000	1,500
Additions		64,471	1,000	-	-
Disposals (sales & redemptions)		(25,000)	-	-	-
<b>Balance at End of Year</b>		<b>64,471</b>	<b>2,500</b>	<b>25,000</b>	<b>1,500</b>

**Comprising:**

- Long Term Deposits		63,971	1,000	25,000	1,000
- NCD's, FRN's (with Maturities > 3 months)		500	1,500	-	500
<b>Total</b>		<b>64,471</b>	<b>2,500</b>	<b>25,000</b>	<b>1,500</b>

## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 6c. Restricted Cash, Cash Equivalents &amp; Investments - Details

\$ '000	2014	2014	2013	2013
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investments</b>	<b>67,894</b>	<b>2,500</b>	<b>54,296</b>	<b>1,500</b>
<b>attributable to:</b>				
External Restrictions (refer below)	43,661	2,500	34,248	1,500
Internal Restrictions (refer below)	14,058	-	12,795	-
Unrestricted	10,175	-	7,253	-
	<b>67,894</b>	<b>2,500</b>	<b>54,296</b>	<b>1,500</b>

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
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## Details of Restrictions

**External Restrictions - Included in Liabilities**

Specific Purpose Unexpended Loans-General (A)	-	3,500	-	3,500
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<b>External Restrictions - Included in Liabilities</b>	<b>-</b>	<b>3,500</b>	<b>-</b>	<b>3,500</b>
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**External Restrictions - Other**

Developer Contributions - General (D)	26,464	13,450	(8,070)	31,844
Specific Purpose Unexpended Grants (F)	2,227	-	(830)	1,397
Domestic Waste Management (G)	6,433	2,778	(571)	8,640
Stormwater Management (G)	499	698	(507)	690
Sustainability Levy (G)	125	-	(35)	90

<b>External Restrictions - Other</b>	<b>35,748</b>	<b>16,926</b>	<b>(10,013)</b>	<b>42,661</b>
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<b>Total External Restrictions</b>	<b>35,748</b>	<b>20,426</b>	<b>(10,013)</b>	<b>46,161</b>
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- A** Loan moneys which must be applied for the purposes for which the loans were raised.
- D** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- F** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- G** Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 6c. Restricted Cash, Cash Equivalents &amp; Investments - Details (continued)

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	706	25	-	731
Infrastructure Replacement - Parking	90	460	(525)	25
Employees Leave Entitlement	1,706	-	-	1,706
Carry Over Works	1,012	1,887	(1,341)	1,558
Deposits, Retentions & Bonds	850	100	-	950
Affordable Housing	1,130	477	(8)	1,599
Building Reserve	227	177	-	404
Concord Library and Childcare Centre	397	177	(12)	562
Concord Oval	184	-	(98)	86
Drainage Loan	-	1,500	-	1,500
Drummoyne Oval Lights Reserve	177	-	(47)	130
Election of Councillors	105	75	-	180
Energy Efficiency Reserve	-	29	-	29
Financial Assistance Grant Advance Payment	1,130	-	(1,130)	-
Financial Sustainability	2,673	691	(1,412)	1,952
Five Dock Leisure Centre	273	122	-	395
Investment Fund	1,327	15	(5)	1,337
Massey Park Golf Course	79	14	(79)	14
North Strathfield Rail Underpass	-	200	-	200
Rhodes Traffic Management Reserve	86	-	(86)	-
Risk Management Reserve	177	97	(29)	245
Strathfield Triangle Reserve	34	222	(233)	23
Workers Compensation	432	-	-	432
<b>Total Internal Restrictions</b>	<b>12,795</b>	<b>6,268</b>	<b>(5,005)</b>	<b>14,058</b>
<b>TOTAL RESTRICTIONS</b>	<b>48,543</b>	<b>26,694</b>	<b>(15,018)</b>	<b>60,219</b>

## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 7. Receivables

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		969	-	814	19
Interest & Extra Charges		111	-	74	17
User Charges & Fees		229	-	375	-
Private Works		109	-	347	-
Accrued Revenues					
- Interest on Investments		825	-	388	-
Employee Advances		34	-	41	-
General Debtors		938	-	783	-
Government Grants & Subsidies		1,421	-	936	-
Infringements		721	-	744	-
Loans to Non Profit Organisations		40	-	50	-
Property Leases		129	-	103	-
Net GST Receivable		524	-	449	-
Road Restorations		246	-	656	-
Other Debtors		11	-	16	-
<b>Total</b>		<b>6,307</b>	<b>-</b>	<b>5,776</b>	<b>36</b>
<b>less: Provision for Impairment</b>					
Other Debtors		(66)	-	(149)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(66)</b>	<b>-</b>	<b>(149)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>6,241</u></b>	<b><u>-</u></b>	<b><u>5,627</u></b>	<b><u>36</u></b>
<b>Externally Restricted Receivables</b>					
Domestic Waste Management		377	-	336	-
Stormwater Management		28	-	28	-
- Sustainability Levy		-	-	2	-
<b>Total External Restrictions</b>		<b>405</b>	<b>-</b>	<b>366</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
- Affordable Housing *		307	-	296	-
- Nth Strathfield Rail Underpass		400	-	-	-
<b>Internally Restricted Receivables</b>		<b>707</b>	<b>-</b>	<b>296</b>	<b>-</b>
<b>Unrestricted Receivables</b>		<b>5,129</b>	<b>-</b>	<b>4,965</b>	<b>36</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>6,241</u></b>	<b><u>-</u></b>	<b><u>5,627</u></b>	<b><u>36</u></b>

\* Comprising \$248K (\$240K) disclosed in Government Grants and Subsidies and \$59K (\$56K) disclosed in General Debtors (2013).

**Notes on Debtors above:**

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 9.00% (2013 10.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## City of Canada Bay

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Stores & Materials		53	-	63	-
<b>Total Inventories</b>		<b>53</b>	<b>-</b>	<b>63</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		369	-	754	-
<b>Total Other Assets</b>		<b>369</b>	<b>-</b>	<b>754</b>	<b>-</b>
<b>TOTAL INVENTORIES/OTHER ASSETS</b>		<b>422</b>	<b>-</b>	<b>817</b>	<b>-</b>

**Externally Restricted Assets**

There are no restrictions applicable to the above assets.

**Other Disclosures****(a) Inventory Write Downs**

There were no amounts recognised as an expense relating to the write down of Inventory balances held during the year.

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other assets held.

Notes to the Financial Statements  
for the financial year ended 30 June 2014

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2013					Asset Movements during the Reporting Period					as at 30/6/2014				
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Dep'n	Impairment	Value						Cost	Fair Value	Dep'n	Impairment	Value
Capital Work in Progress	1,368	-	-	-	1,368	5,737	-	-	(1,201)	-	5,904	-	-	-	5,904
Plant & Equipment	-	6,772	2,627	-	4,145	1,061	(538)	(710)	-	-	-	6,977	3,019	-	3,958
Office Equipment	-	1,215	1,003	-	212	-	-	(31)	-	-	-	1,215	1,034	-	181
Furniture & Fittings	-	1,183	724	-	459	18	-	(68)	-	-	-	1,201	792	-	409
<b>Land:</b>															
- Operational Land	-	62,380	-	-	62,380	396	-	-	-	-	-	62,776	-	-	62,776
- Community Land	-	2,035,112	-	-	2,035,112	-	-	-	-	-	-	2,035,112	-	-	2,035,112
- Land under Roads (pre 1/7/08)	-	895,327	-	-	895,327	-	-	-	-	47,539	-	942,866	-	-	942,866
- Land under Roads (post 30/6/08)	-	8,650	-	-	8,650	-	-	-	-	7,359	-	16,009	-	-	16,009
Land Improvements - non depreciable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Improvements - depreciable	-	33,385	7,334	-	26,051	740	(74)	(896)	8	-	-	34,026	8,197	-	25,829
Buildings - Non Specialised	-	101,130	50,753	-	50,377	321	(88)	(1,579)	22	-	-	100,501	51,448	-	49,053
Buildings - Specialised	-	9,906	6,908	-	2,998	-	-	(62)	-	-	-	9,906	6,970	-	2,936
Other Structures	-	128,172	87,422	-	40,750	1,752	-	(1,094)	152	-	-	130,076	88,516	-	41,560
<b>Infrastructure:</b>															
- Roads	-	271,359	81,079	-	190,280	1,792	-	(3,902)	365	-	-	273,517	84,982	-	188,535
- Bridges	-	6,800	3,094	-	3,706	5	-	(57)	-	-	-	6,805	3,151	-	3,654
- Footpaths	-	53,333	19,931	-	33,402	6,337	-	(1,047)	593	-	-	60,262	20,977	-	39,285
- Stormwater Drainage	-	109,553	53,528	-	56,025	318	-	(1,131)	61	-	-	109,931	54,658	-	55,273
- Swimming Pools	-	4,860	994	-	3,866	30	-	(62)	-	-	-	4,890	1,056	-	3,834
<b>Other Assets:</b>															
- Heritage Collections	-	-	-	-	-	9	-	-	-	-	-	9	-	-	9
- Library Books	-	2,880	2,089	-	791	323	-	(161)	-	-	-	3,204	2,251	-	953
- Other	-	2,005	706	-	1,299	105	-	(128)	-	-	-	2,110	834	-	1,276
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>1,368</b>	<b>3,734,022</b>	<b>318,192</b>	<b>-</b>	<b>3,417,198</b>	<b>18,944</b>	<b>(700)</b>	<b>(10,928)</b>	<b>-</b>	<b>54,898</b>	<b>5,904</b>	<b>3,801,393</b>	<b>327,885</b>	<b>-</b>	<b>3,479,412</b>

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$9,937K) and New Assets (\$2,559K). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other Infrastructure, Property, Plant & Equipment.

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 9b. Externally Restricted Infrastructure, Property, Plant & Equipment

Council has no Externally Restricted Infrastructure, Property, Plant & Equipment.

#### Note 9c. Infrastructure, Property, Plant & Equipment - Current Year Impairments

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

#### Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		3,868	-	2,069	-
Goods & Services - capital expenditure		-	-	137	-
Payments Received In Advance		714	-	397	-
Accrued Expenses:					
- Salaries & Wages		-	-	681	-
- Other Expenditure Accruals		1,958	-	1,159	-
Security Bonds, Deposits & Retentions		8,687	-	8,355	-
<b>Total Payables</b>		<b>15,227</b>	<b>-</b>	<b>12,798</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		390	4,479	368	-
<b>Total Borrowings</b>		<b>390</b>	<b>4,479</b>	<b>368</b>	<b>-</b>
<b>Provisions</b>					
<b>Employee Benefits:</b>					
Annual Leave		2,329	-	2,320	-
Sick Leave		285	-	368	-
Long Service Leave		5,483	262	5,522	320
Sub Total - Aggregate Employee Benefits		8,097	262	8,210	320
Self Insurance - Other		57	-	57	-
<b>Total Provisions</b>		<b>8,154</b>	<b>262</b>	<b>8,267</b>	<b>320</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>23,771</b>	<b>4,741</b>	<b>21,433</b>	<b>320</b>
<b>(i) Liabilities relating to Restricted Assets</b>					
<b>Externally Restricted Assets</b>					
Domestic Waste Management		-	681	730	-
Liabilities relating to externally restricted assets		-	681	730	-
<b>Total Liabilities relating to restricted assets</b>		<b>-</b>	<b>681</b>	<b>730</b>	<b>-</b>
<b>Total Liabilities relating to Unrestricted Assets</b>		<b>23,771</b>	<b>4,060</b>	<b>20,703</b>	<b>320</b>
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>		<b>23,771</b>	<b>4,741</b>	<b>21,433</b>	<b>320</b>

<sup>1</sup> Loans are secured over the General Rating Income of Council

## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 10a. Payables, Borrowings &amp; Provisions (continued)

\$ '000	Actual 2014	Actual 2013
<b>(ii) Current Liabilities not anticipated to be settled within the next 12 months</b>		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	5,800	5,500
Payables - Security Bonds, Deposits & Retentions	6,000	5,000
	<u>11,800</u>	<u>10,500</u>

## Note 10b. Description of and movements in Provisions

Class of Provision	2013		2014			
	Opening Balance as at 1/7/13	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/14
Annual Leave	2,320	1,632	(1,623)	-	-	2,329
Sick Leave	368	4	(87)	-	-	285
Long Service Leave	5,842	741	(838)	-	-	5,745
Self Insurance	57	-	-	-	-	57
<b>TOTAL</b>	<b>8,587</b>	<b>2,377</b>	<b>(2,548)</b>	<b>-</b>	<b>-</b>	<b>8,416</b>

- a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- b. Self Insurance Provisions represent both (i) Claims Incurred but Not reported and (ii) Claims Reported & Estimated as a result of Council's being a self insurer up to certain levels of Excess.



## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	3,423	29,296
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>3,423</b>	<b>29,296</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>18,802</b>	<b>20,437</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		11,087	10,225
Net Losses/(Gains) on Disposal of Assets		256	423
Non Cash Capital Grants and Contributions		(396)	-
<b>Losses/(Gains) recognised on Fair Value Re-measurements through the P&amp;L:</b>			
- Investments classified as "At Fair Value" or "Held for Trading"		-	(881)
- Investment Properties		(2,252)	(3,686)
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(495)	(865)
Increase/(Decrease) in Provision for Doubtful Debts		(83)	(75)
Decrease/(Increase) in Inventories		10	(23)
Decrease/(Increase) in Other Assets		385	(405)
Increase/(Decrease) in Payables		1,799	(1,225)
Increase/(Decrease) in other accrued Expenses Payable		118	1,083
Increase/(Decrease) in Other Liabilities		649	(237)
Increase/(Decrease) in Employee Leave Entitlements		(171)	870
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>29,709</b>	<b>25,641</b>

## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 11. Statement of Cash Flows - Additional Information (continued)

\$ '000	Notes	Actual 2014	Actual 2013
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
S94 Contributions "in kind"		396	-
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>396</b>	<b>-</b>
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdraft Facilities <sup>(1)</sup>		500	500
Credit Cards / Purchase Cards		150	150
<b>Total Financing Arrangements</b>		<b>650</b>	<b>650</b>
<b>Amounts utilised as at Balance Date:</b>			
- Credit Cards / Purchase Cards		24	72
<b>Total Financing Arrangements Utilised</b>		<b>24</b>	<b>72</b>

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.  
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

**(ii) Secured Loan Liabilities**

Loans are secured by a mortgage over future years Rate Revenue only.

**(e) Bank Guarantees**

Council has guaranteed an amount of \$5,000 to Agility Management Pty Ltd as security for Contract Works relating to the permanent reinstatement of road, footpath and paved surfaces and associated works in NSW. This guarantee was executed on 30 September 2004.

Council has guaranteed an amount of \$10,000 to Jemena Asset Management (4) P/L as security for Contract Works relating to the permanent reinstatement of road, footpath and paved surfaces. This guarantee was executed on 24 January 2014.

## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Buildings		13,000	2,737
Recreational Projects		4,525	2,242
Roads, Bridges & Footpaths		3,724	7,501
Stormwater Drainage		2,029	3,132
<b>Total Commitments</b>		<b>23,278</b>	<b>15,612</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		23,278	15,612
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
<b>Total Payable</b>		<b>23,278</b>	<b>15,612</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		3,574	1,963
Future Grants & Contributions		2,194	3,544
Sect 64 & 94 Funds/Reserves		13,730	6,513
Externally Restricted Reserves		500	2,860
Internally Restricted Reserves		3,280	732
<b>Total Sources of Funding</b>		<b>23,278</b>	<b>15,612</b>

## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2014	Actual 2013
<b>(b) Finance Lease Commitments</b>			
Nil			
<b>(c) Operating Lease Commitments (Non Cancellable)</b>			
<b>a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:</b>			
Within the next year		269	260
Later than one year and not later than 5 years		386	578
Later than 5 years		-	-
<b>Total Non Cancellable Operating Lease Commitments</b>		<b>655</b>	<b>838</b>

**b. Non Cancellable Operating Leases include the following assets:**

Computers and Office Equipment

Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

**Conditions relating to Operating Leases:**

- All Operating Lease Agreements are secured only against the Leased Asset.
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

**(d) Investment Property Commitments**

Nil

## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 13a(i). Statement of Performance Measurement - Indicators (Consolidated)

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 2013      2012	
<b>Local Government Industry Indicators - Consolidated</b>				
<b>1. Operating Performance Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<u>(718)</u>	<b>-1.00%</b>	-2.12%	-2.57%
Total continuing operating revenue <sup>(1)</sup> (excl. Capital Grants & Contributions)	<b>71,679</b>			
<b>2. Own Source Operating Revenue Ratio</b>				
Total continuing operating revenue <sup>(1)</sup>				
<u>(less ALL Grants &amp; Contributions)</u>	<u>67,385</u>	<b>75.54%</b>	73.77%	75.69%
Total continuing operating revenue <sup>(1)</sup>	<b>89,203</b>			
<b>3. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(2)</sup>	<u>30,491</u>	<b>2.55 : 1</b>	2.56	2.32
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	<u>11,971</u>			
<b>4. Debt Service Cover Ratio</b>				
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	<u>10,483</u>	<b>17.10</b>	10.62	
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)	<u>613</u>			
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual and Extra Charges Outstanding	<u>1,080</u>	<b>2.32%</b>	2.10%	2.25%
Rates, Annual and Extra Charges Collectible	<u>46,469</u>			
<b>6. Cash Expense Cover Ratio</b>				
Current Year's Cash and Cash Equivalents including All Term Deposits	<u>68,394</u>	<b>12.29</b>	10.81	
Payments from cash flow of operating and financing activities	<u>5,566</u>			

## Notes

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

<sup>(2)</sup> Refer Notes 6-8 inclusive.

Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

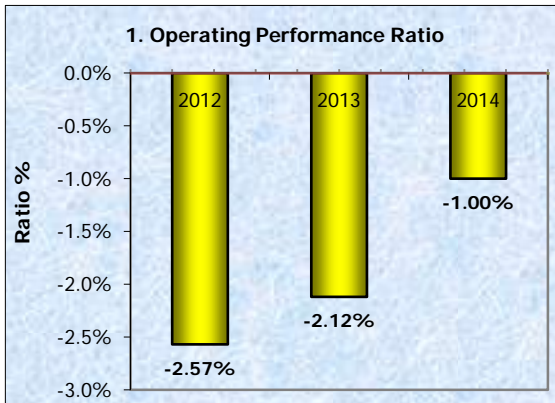
<sup>(3)</sup> Refer to Note 10(a).

<sup>(4)</sup> Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

# City of Canada Bay

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



**Purpose of Operating Performance Ratio**

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

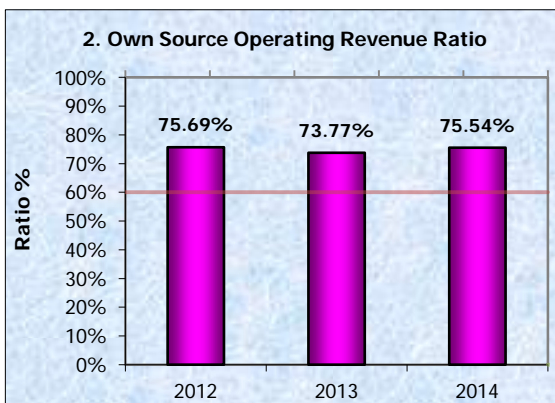
**Commentary on 2013/14 Result**

**2013/14 Ratio -1.00%**

This ratio is focussing on operating performance and hence excludes Capital Grants and Contributions. Whilst TCorp has used in its initial benchmark assessment, a benchmark of greater than negative 4% for the short term, TCorp views that Councils, for this benchmark, should be achieving at least a breakeven operating position, on average, over the long term.

— Minimum 0.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



**Purpose of Own Source Operating Revenue Ratio**

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions.

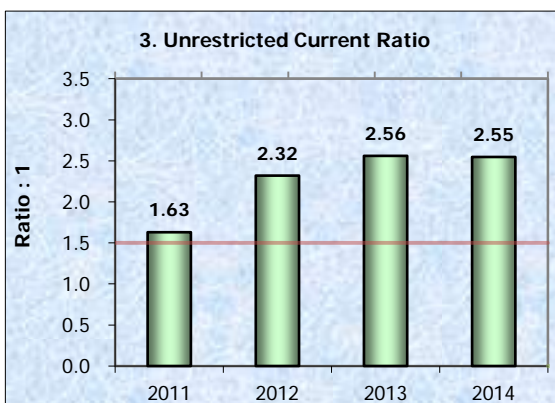
**Commentary on 2013/14 Result**

**2013/14 Ratio 75.54%**

A Council's financial flexibility improves the higher the level of its own source revenue. The Division of Local Government considers the benchmark to be 60% which Council has exceeded for the past 3 years.

— Minimum 60.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



**Purpose of Unrestricted Current Ratio**

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

**Commentary on 2013/14 Result**

**2013/14 Ratio 2.55 : 1**

The Unrestricted Current Ratio excludes cash reserves that are restricted for specific projects and which cannot be used to meet Council's other operating and borrowing costs.

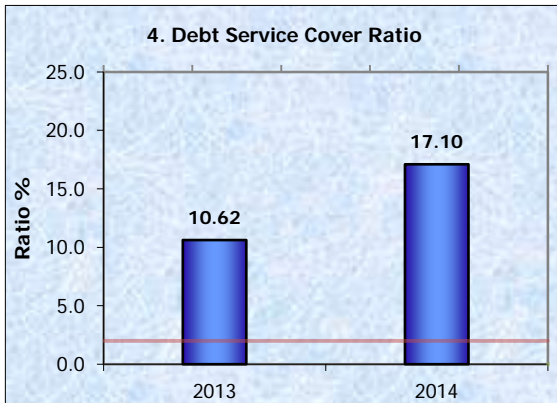
— Minimum 1.50

Source for Benchmark: Code of Accounting Practice and Financial Reporting

City of Canada Bay

Notes to the Financial Statements  
for the financial year ended 30 June 2014

Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



— Minimum 2.00

Source for Benchmark: NSW Treasury Corporation

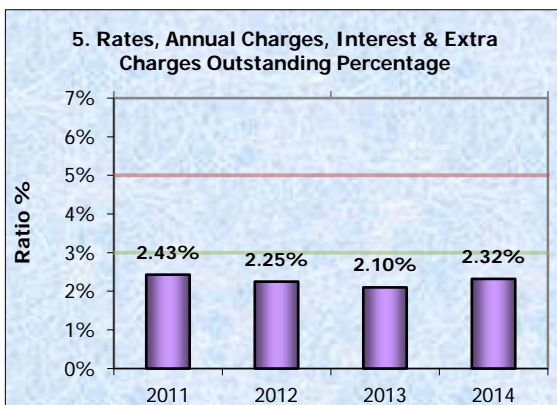
**Purpose of Debt Service Cover Ratio**

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

**Commentary on 2013/14 Result**

**2013/14 Ratio 17.10**

Council has capacity for further borrowings if required.



— Minimum 3.00%    — Maximum 5.00%

Source for Benchmark: Office of Local Govt - Comparative Information (10/11)

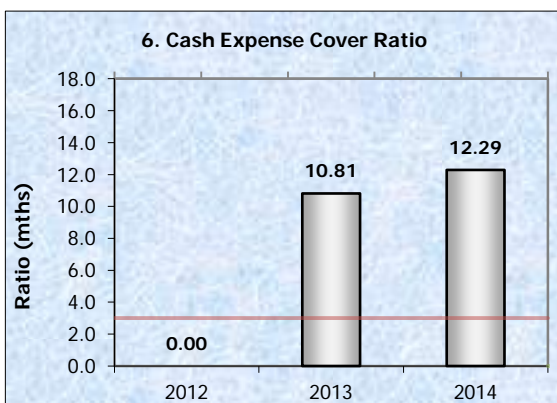
**Purpose of Rates & Annual Charges Outstanding Ratio**

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

**Commentary on 2013/14 Result**

**2013/14 Ratio 2.32%**

This result is within Council's target of 3% and is significantly better than the industry benchmark for Urban Councils of 5%. The average over the last 4 years is 2.27%



— Minimum 3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting

**Purpose of Cash Expense Cover Ratio**

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

**Commentary on Result**

**2013/14 Ratio 12.29**

Ratio is over 4 times stronger than the industry benchmark.

## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 14. Investment Properties

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Investment Properties at Fair value</b>			
<b><u>Investment Properties on Hand</u></b>		<u>21,067</u>	<u>18,815</u>
<b>Reconciliation of Annual Movement:</b>			
Opening Balance		18,815	15,129
- Net Gain/(Loss) from Fair Value Adjustments		<u>2,252</u>	<u>3,686</u>
<b>CLOSING BALANCE - INVESTMENT PROPERTIES</b>		<u><b>21,067</b></u>	<u><b>18,815</b></u>
<b>(b) Valuation Basis</b>			
The basis of valuation of Investment Properties is Fair Value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.			
The 2014 revaluations were based on Independent Assessments made by: Liquid Pacific Valuers. Principal Valuer - Martin Burns, certified and chartered practicing valuer			
<b>(c) Contractual Obligations at Reporting Date</b>			
Refer to Note 12 for disclosures relating to any Capital and Service obligations that have been contracted.			
<b>(d) Leasing Arrangements</b>			
Details of leased Investment Properties are as follows;			
Future Minimum Lease Payments receivable under non-cancellable Investment Property Operating Leases not recognised in the Financial Statements are receivable as follows:			
Within 1 year		250	243
Later than 1 year but less than 5 years		1,033	1,018
Later than 5 years		<u>267</u>	<u>263</u>
<b>Total Minimum Lease Payments Receivable</b>		<u><b>1,550</b></u>	<u><b>1,524</b></u>
<b>(e) Investment Property Income &amp; Expenditure - summary</b>			
<b>Rental Income from Investment Properties:</b>			
- Minimum Lease Payments		243	238
<b>Direct Operating Expenses on Investment Properties:</b>			
- that generated rental income		<u>(14)</u>	<u>(41)</u>
<b>Net Revenue Contribution from Investment Properties</b>		<u><b>229</b></u>	<u><b>197</b></u>
plus:			
<b>Fair Value Movement for year</b>		<u>2,252</u>	<u>3,686</u>
<b>Total Income attributable to Investment Properties</b>		<u><b>2,481</b></u>	<u><b>3,883</b></u>

Refer to Note 27- Fair Value Measurement for information regarding the fair value of investment properties held.



## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 15. Financial Risk Management

\$ '000

##### Risk Management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** 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 Council's Finance Section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2014	2013	2014	2013
<b>Financial Assets</b>				
Cash and Cash Equivalents	3,423	29,296	3,423	29,296
Investments				
- "Held to Maturity"	66,971	26,500	66,971	26,500
Receivables	6,241	5,663	6,241	5,663
<b>Total Financial Assets</b>	<b>76,635</b>	<b>61,459</b>	<b>76,635</b>	<b>61,459</b>
<b>Financial Liabilities</b>				
Payables	14,513	12,401	14,513	12,401
Loans / Advances	4,869	368	4,869	368
<b>Total Financial Liabilities</b>	<b>19,382</b>	<b>12,769</b>	<b>19,382</b>	<b>12,769</b>

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) "**at fair value through profit & loss**" or (ii) **Available for Sale** - are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of financial assets & liabilities

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (a) Cash & Cash Equivalents, Financial assets 'at fair value through the profit & Loss' "Available-for-sale" financial assets & "Held-to-maturity" Investments

Council's objective is to maximise its return on cash & investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's Finance area manages the Cash & Investments portfolio with the assistance of independent advisors.

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and it's staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

- **Price Risk** - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest Rate Risk** - the risk that movements in interest rates could affect returns and income.
- **Credit Risk** - the risk that the investment counterparty) will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

Council also seeks advice from independent advisers before placing any funds in Cash Equivalents & Investments.

The following represents a summary of the sensitivity of Council's Income Statement and Accumulated Surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2014</b>				
Possible impact of a 1% movement in Interest Rates	704	704	(704)	(704)
<b>2013</b>				
Possible impact of a 1% movement in Interest Rates	558	558	(558)	(558)

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (b) Receivables

Council's major receivables comprise **(i)** Rates & Annual charges and **(ii)** User Charges & Fees.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

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

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

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

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

	2014 Rates & Annual Charges	2014 Other Receivables	2013 Rates & Annual Charges	2013 Other Receivables
<b>(i) Ageing of Receivables - %</b>				
Current (not yet overdue)	0%	74%	0%	70%
Overdue	100%	26%	100%	30%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>(ii) Ageing of Receivables - value</b>				
Current (not yet overdue)	-	4,404	-	3,368
Past due by up to 30 days	-	176	532	469
Past due between 31 and 60 days	833	173	-	-
Past due between 61 and 90 days	-	5	-	-
Past due by more than 90 days	247	469	392	1,051
	<b>1,080</b>	<b>5,227</b>	<b>924</b>	<b>4,888</b>
<b>(iii) Movement in Provision for Impairment of Receivables</b>			2014	2013
Balance at the beginning of the year			149	224
+ new provisions recognised during the year			23	38
- amounts already provided for & written off this year			(76)	(25)
- amounts provided for but recovered during the year			(30)	(88)
<b>Balance at the end of the year</b>			<b>66</b>	<b>149</b>

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (c) Payables & Borrowings

Payables & Borrowings are both subject to liquidity risk - 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 (in extenuating circumstances) also be extended & overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the maturity table below:

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2014</b>									
Trade/Other Payables	8,687	5,826	-	-	-	-	-	14,513	14,513
Loans & Advances	-	660	660	660	660	660	3,066	6,366	4,869
<b>Total Financial Liabilities</b>	<b>8,687</b>	<b>6,486</b>	<b>660</b>	<b>660</b>	<b>660</b>	<b>660</b>	<b>3,066</b>	<b>20,879</b>	<b>19,382</b>
<b>2013</b>									
Trade/Other Payables	8,355	4,046	-	-	-	-	-	12,401	12,401
Loans & Advances	-	380	-	-	-	-	-	380	368
<b>Total Financial Liabilities</b>	<b>8,355</b>	<b>4,426</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,781</b>	<b>12,769</b>

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs & debt servicing requirements. Council manages this risk through the diversification of borrowing types, maturities & interest rate structures.

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

	2014		2013	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Loans & Advances - Fixed Interest Rate	4,869	5.6%	368	6.3%
	<u>4,869</u>		<u>368</u>	

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 13/14 was adopted by the Council on 25 June 2013.

While 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 Financial Budget on a Quarterly Basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

**Note that for Variations\* of Budget to Actual :**

Material Variations represent those variances that amount to **10%** or more of the original budgeted figure.

**F** = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$ '000	2014 Budget	2014 Actual	2014 ----- Variance* -----		
<b>REVENUES</b>					
Rates & Annual Charges	44,900	45,367	467	1%	<b>F</b>
User Charges & Fees	11,637	12,003	366	3%	<b>F</b>
Interest & Investment Revenue	2,439	2,744	305	13%	<b>F</b>
*Interest on Investment Income for the year was originally budgetted for at \$2.3M. Actual Income of \$2.6M exceeded budget by \$300K as a result of more funds being available to invest than initially forecast.					
Other Revenues	5,331	9,523	4,192	79%	<b>F</b>
*Income from the North Strathfield Rail Underpass Project amounted to \$600K. Relates to the receipt and management of clean fill from the railway project being utilised for the Crane St Park rehabilitation works. Project not anticipated at time of preparing the 2013-14 Budget.					
*Income from Parking Management exceeded original budget by \$625K.					
*Income from the EPA's Better Waste & Recycling Program amounted to \$231K which was not anticipated at the time of preparing the 2013-14 Budget.					
Operating Grants & Contributions	3,148	4,294	1,146	36%	<b>F</b>
*Family Day Care Child care assistance grant exceeded budget by \$158K. Grant represents 100% of exp incurred.					
*Concord West Industrial Precinct Contributions from property owners of \$94K not originally budgetted for.					
*Contributions received from Council's Insurer of \$97K not originally budgetted for.					
*Environmental Grants amounting to \$126K for Bush Regeneration including Native Habitat Restoration not originally budgetted for.					
*Roads to Recovery Grant of \$287K has been classified as an Operating Grant but was budgetted for as Capital.					
Capital Grants & Contributions	9,864	17,524	7,660	78%	<b>F</b>
*Contribution from Dept of Education and SOPA towards Powell's Creek School Project amounting to \$427K not originally budgetted for.					
*Developer Contributions of \$12.9M received against the original budgetted amount of \$6.3M. Contributions are restricted for specific works allowed for in the Contribution Plans.					

## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 16. Material Budget Variations (continued)

\$ '000	2014 Budget	2014 Actual	2014 Variance*		
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	<b>29,318</b>	<b>28,240</b>	<b>1,078</b>	4%	<b>F</b>
<b>Borrowing Costs</b>	<b>15</b>	<b>114</b>	<b>(99)</b>	(660%)	<b>U</b>
*Two loans were secured during 2013-14 that were not included in the original budget. \$3.5M was drawn down in Oct with interest rate fixed at 5.91% for the 10 year term of the loan. Interest payments for the two quarters amounted to \$102K. The second loan was drawn down in June 2014 with repayments commencing September 2014.					
<b>Materials &amp; Contracts</b>	<b>22,263</b>	<b>20,428</b>	<b>1,835</b>	8%	<b>F</b>
<b>Depreciation &amp; Amortisation</b>	<b>13,754</b>	<b>11,087</b>	<b>2,667</b>	19%	<b>F</b>
* Council had adopted the budget of \$13.75M for depreciation, before it was able to complete the review into the useful lives and residual values of its assets. We have adopted our current 2014/15 and future budgets to reflect the consumption of these assets more accurately					
<b>Other Expenses</b>	<b>10,596</b>	<b>12,528</b>	<b>(1,932)</b>	(18%)	<b>U</b>
*Greater than anticipated use of agency personnel during the year, \$740K Council's water bills increased significantly, greater than budget by \$150K. Fuel \$524K and Software and Hardware Costs (878K), where reclassified from Materials and Contracts to Other expenses.					
<b>Net Losses from Disposal of Assets</b>	<b>-</b>	<b>256</b>	<b>(256)</b>	0%	<b>U</b>
*Net loss on sale of property, plant and equipment amounting to \$256K not anticipated at time of budget preparation.					

## Budget Variations relating to Council's Cash Flow Statement include:

<b>Cash Flows from Operating Activities</b>	<b>16,216</b>	<b>29,709</b>	<b>13,493</b>	83.2%	<b>F</b>
*The original budget did not account for the favourable cash flows as detailed in the explanations provided above for "Interest and Investment Revenue" and "Operating and Capital Grants and Contributions".					
<b>Cash Flows from Investing Activities</b>	<b>(17,206)</b>	<b>(60,083)</b>	<b>(42,877)</b>	249.2%	<b>U</b>
*Greater than anticipated purchase of term deposit investments with maturities greater than 90 days. Overall total Investments as at 30 June have increased from \$26.5M to \$66.9M. The \$40.4M increase in "Long Term Deposits" was a result of taking advantage of more favourable interest rates being offered for longer dated investments.					
<b>Cash Flows from Financing Activities</b>	<b>(368)</b>	<b>4,501</b>	<b>4,869</b>	(1323.1%)	<b>F</b>
*Two loans were secured during 2013-14 that were not included in the original budget. \$3.5M was drawn down in Oct with interest rate fixed at 5.91% for the 10 year term of the loan. This loan is subsidised under the Local Government Infrastructure Renewal Scheme with an interest rebate of 3%. Funds will be used for Strathfield Triangle Civic Works. \$1.5M was drawn down in June 2014 with interest fixed at 5.24% for the 10 year term of the loan. Funds will be used for Stormwater Rehabilitation works in Concord.					

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions

\$ '000

Council recovers contributions, raises levies & enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions & levies and the value of all remaining funds which are "restricted" in their future use.

**SUMMARY OF CONTRIBUTIONS & LEVIES**

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	3,825	352	-	51	(2,356)	-	1,872	357	(2,229)	-	-
Parking	130	3	-	4	(6)	-	131	-	(131)	-	-
Open Space	7,033	1,566	396	180	(1,311)	-	7,468	680	(8,148)	-	-
Community Facilities	6,816	1,652	-	230	(767)	-	7,931	778	(8,709)	-	-
Administration	-	5	-	-	-	-	5	-	(5)	-	-
Community Infrastructure	-	46	-	1	-	-	47	-	(47)	-	-
Other	113	-	-	2	-	-	115	-	(115)	-	-
<b>S94 Contributions - under a Plan</b>	<b>17,917</b>	<b>3,624</b>	<b>396</b>	<b>468</b>	<b>(4,440)</b>	<b>-</b>	<b>17,569</b>	<b>1,815</b>	<b>(19,384)</b>	<b>-</b>	<b>-</b>
<b>S94A Levies - under a Plan</b>	<b>206</b>	<b>1,590</b>	<b>-</b>	<b>13</b>	<b>(550)</b>	<b>-</b>	<b>1,259</b>				<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>18,123</b>	<b>5,214</b>	<b>396</b>	<b>481</b>	<b>(4,990)</b>	<b>-</b>	<b>18,828</b>				<b>-</b>
S93F Planning Agreements	8,341	7,335	-	420	(3,080)	-	13,016				
<b>Total Contributions</b>	<b>26,464</b>	<b>12,549</b>	<b>396</b>	<b>901</b>	<b>(8,070)</b>	<b>-</b>	<b>31,844</b>	<b>1,815</b>	<b>(19,384)</b>	<b>-</b>	<b>-</b>

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

Contribution Plan - Canada Bay

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	655	31	-	14	(202)	-	498	-	(498)	-	-
Parking - Victoria Road	47	3	-	1	(6)	-	45	-	(45)	-	-
Open Space	1,423	634	-	44	(325)	-	1,776	-	(1,776)	-	-
Community Facilities	775	189	-	25	(124)	-	865	-	(865)	-	-
Community Infrastructure	-	46	-	1	-	-	47	-	(47)	-	-
Administration	-	5	-	-	-	-	5	-	(5)	-	-
<b>Total</b>	<b>2,900</b>	<b>908</b>	<b>-</b>	<b>85</b>	<b>(657)</b>	<b>-</b>	<b>3,236</b>	<b>-</b>	<b>(3,236)</b>	<b>-</b>	<b>-</b>

CONTRIBUTION PLAN - Concord Area (Rhodes)

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	3,033	316	-	34	(2,154)	-	1,229	357	(1,586)	-	-
Parking	62	-	-	2	-	-	64	-	(64)	-	-
Open Space	4,849	602	396	127	(986)	-	4,592	680	(5,272)	-	-
Community Facilities	5,159	587	-	151	(643)	-	5,254	663	(5,917)	-	-
<b>Total</b>	<b>13,103</b>	<b>1,505</b>	<b>396</b>	<b>314</b>	<b>(3,783)</b>	<b>-</b>	<b>11,139</b>	<b>1,700</b>	<b>(12,839)</b>	<b>-</b>	<b>-</b>



Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

**S94 CONTRIBUTIONS - UNDER A PLAN**

CONTRIBUTION PLAN - Concord Area (Strathfield Triangle)

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	137	5	-	3	-	-	145	-	(145)	-	-
Parking	21	-	-	1	-	-	22	-	(22)	-	-
Open Space	761	330	-	9	-	-	1,100	-	(1,100)	-	-
Community Facilities	274	156	-	23	-	-	453	-	(453)	-	-
Other	113	-	-	2	-	-	115	-	(115)	-	-
<b>Total</b>	<b>1,306</b>	<b>491</b>	<b>-</b>	<b>38</b>	<b>-</b>	<b>-</b>	<b>1,835</b>	<b>-</b>	<b>(1,835)</b>	<b>-</b>	<b>-</b>

CONTRIBUTION PLAN - Breakfast Point Community Enhancement

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Community Facilities	608	720	-	31	-	-	1,359	115	(1,474)	-	-
<b>Total</b>	<b>608</b>	<b>720</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>1,359</b>	<b>115</b>	<b>(1,474)</b>	<b>-</b>	<b>-</b>

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN NUMBER XX

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Community Facilities	206	1,590	-	13	(550)	-	1,259	-	-	-	-
<b>Total</b>	<b>206</b>	<b>1,590</b>	<b>-</b>	<b>13</b>	<b>(550)</b>	<b>-</b>	<b>1,259</b>				<b>-</b>

S93F PLANNING AGREEMENTS

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Strathfield Trianlge	488	-	-	12	-	-	500	-	(500)	-	-
Rhodes General	6,063	7,335	-	251	(2,701)	-	10,948	4,900	(15,848)	-	-
Canada Bay General	1,790	-	-	157	(379)	-	1,568	-	(1,568)	-	-
<b>Total</b>	<b>8,341</b>	<b>7,335</b>	<b>-</b>	<b>420</b>	<b>(3,080)</b>	<b>-</b>	<b>13,016</b>	<b>4,900</b>	<b>(17,916)</b>	<b>-</b>	<b>-</b>

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge & disclosure is considered relevant to the users of Council's Financial Report.

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

##### (i) Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

Member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its Defined Benefit Scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable - similar to the accounting for Defined Contributions Plans.

##### (ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to Local Government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the Net Assets or Liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the Fund Years.

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

##### (iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the Company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

##### (iv) Other Guarantees

Council has guaranteed an amount of \$5,000 to Agility Management Pty Ltd as security for Contract Works relating to the permanent reinstatement of road, footpath and paved surfaces and associated

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

##### LIABILITIES NOT RECOGNISED (continued):

##### (iv) Other Guarantees (continued)

works in NSW. This guarantee was executed on 30 September 2004. Council has guaranteed an amount of \$10,000 to Jemena Asset Management (4) P/L as security for Contract Works relating to the permanent reinstatement of road, footpath and paved surfaces. This guarantee was executed on 24 January 2014.

##### 2. Other Liabilities

##### (i) Third Party Claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its Insurance Coverage and does not expect any material liabilities to eventuate.

##### (ii) S94 Plans

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

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

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

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Councils intention to spend funds in the manner and timing set out in those Plans.

##### (iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (& subsequent land asset) from such potential acquisitions has not been possible.

##### (iv) Legal Matters

Council is defending proceedings in respect of a previous judgement handed down in the Court of Appeal on 1 April 2010 regarding lease and advertising signage.

Council was previously successful in defending the claim lodged by Phoenix Commercial Enterprises however the claim has now been lodged by the former Directors of that Company. The outcome of these current proceedings is expected to be known in November 2014.

Council is also defending a matter commenced by three related companies - Omayya Investments Pty Ltd, Omayya Holding Pty Ltd, and Arinson Pty Limited.

The matter concerns the related companies claiming a right to purchase 1A Chapman Street and /or easements over 1A Chapman Street. Judgement on this matter was handed down in May 2014. The plaintiff has since lodged an appeal against part of the judgement which will involve further expenditure by Council in defending the appeal.

## City of Canada Bay

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Note 19. Controlled Entities, Associated Entities &amp; Interests in Joint Ventures

Council has no interest in any Controlled Entities, Associated Entities or Joint Ventures.

## Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		1,941,387	1,921,276
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	(326)
d. Net Operating Result for the Year		18,802	20,437
<b>Balance at End of the Reporting Period</b>		<b><u>1,960,189</u></b>	<b><u>1,941,387</u></b>
<b>(b) Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		1,590,844	1,535,946
<b>Total</b>		<b><u>1,590,844</u></b>	<b><u>1,535,946</u></b>
<b>(ii) Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		1,535,946	1,538,136
- Revaluations for the year	9(a)	54,898	(2,190)
<b>- Balance at End of Year</b>		<b><u>1,590,844</u></b>	<b><u>1,535,946</u></b>
<b>TOTAL VALUE OF RESERVES</b>		<b><u>1,590,844</u></b>	<b><u>1,535,946</u></b>
<b>(iii) Nature &amp; Purpose of Reserves</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.			

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

\$ '000	Notes	Actual 2014	Actual 2013
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#### (c) Correction of Error/s relating to a Previous Reporting Period

Council made no correction of errors during the current reporting period.

##### **Correction of errors as disclosed in last year's financial statements:**

As part of Council's revaluation cycle to measuring all its I,PP&E at Fair Values, Council last year revalued and brought to account Fair Values for the following Asset Classes:

- Buildings - Non-Specialised Asset Class
- Buildings - Specialised Asset Class

As part of that evaluation & measurement process, the remaining useful life of each asset was reassessed to actual.

This reassessment resulted in a material difference as to where some assets actually sat in with respect to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated.

Council did not have sufficient and reliable information that would allow the restatement of information prior to 30/6/12 (the closing date for the comparative figures in last year's report).

As a result, Council adjusted the accumulated depreciation for the Asset Classes below as at 30/6/12 to reflect the correct value of accumulated depreciation;

Buildings - Non-Specialised (increase)/decrease to accumulated depreciation	63
Buildings - Specialised (increase)/decrease to accumulated depreciation	(389)

This adjustment resulted in a net increase / (decrease) in Council's Accumulated Surplus as at 30/6/12.

#### (d) Voluntary Changes in Accounting Policies

Council made no voluntary changes in any accounting policies during the year.

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 21. Financial Result & Financial Position by Fund

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Council utilises only a General Fund for its operations.

#### Note 22. "Held for Sale" Non Current Assets & Disposal Groups

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Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

#### Note 23. Events occurring after the Reporting Date

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Events that occur between the end of the reporting period (ending 30 June 2014) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 30/10/14.

Events that occur after the Reporting Period represent one of two types:

##### **(i) Events that provide evidence of conditions that existed at the Reporting Period**

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2014.

##### **(ii) Events that provide evidence of conditions that arose after the Reporting Period**

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2014 and which are only indicative of conditions that arose after 30 June 2014.

**Council is unaware of any material or significant "non-adjusting events" that should be disclosed.**

#### Note 24. Discontinued Operations

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Council has not classified any of its Operations as "Discontinued".

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 25. Intangible Assets

\$ '000	Actual 2014	Actual 2013
Intangible Assets represent identifiable non-monetary asset without physical substance.		
Intangible Assets are as follows;		
<b>Opening Values:</b>		
Gross Book Value (1/7)	797	-
Accumulated Amortisation (1/7)	-	-
Accumulated Impairment (1/7)	-	-
<b>Net Book Value - Opening Balance</b>	<b>797</b>	<b>-</b>
<b>Movements for the year</b>		
- Purchases	1,371	797
- Amortisation charges	(159)	-
<b>Closing Values:</b>		
Gross Book Value (30/6)	2,168	797
Accumulated Amortisation (30/6)	(159)	-
Accumulated Impairment (30/6)	-	-
<b><u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u></b> <sup>1</sup>	<b><u>2,009</u></b>	<b><u>797</u></b>

<sup>1</sup> The Net Book Value of Intangible Assets represent:

- Software and IT System Development Costs	2,009	797
	<b><u>2,009</u></b>	<b><u>797</u></b>

#### Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

Council has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.



## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### 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 2014	Note	Level 1 Active Market (\$000's)	Level 2 (\$) Significant observable inputs (\$000's)	Level 3 Significant unobservable inputs (\$000's)	Total (\$000's)
<b>Investment properties</b>	14	-	-	21,067	<b>21,067</b>
<b>Infrastructure, Property, Plant and Equipment</b>	9				
- Operational land		-	-	62,776	<b>62,776</b>
- Community land		-	-	2,035,112	<b>2,035,112</b>
- Land under roads		-	-	958,875	<b>958,875</b>
- Buildings (Specialised and non-specialised)		-	-	51,989	<b>51,989</b>
- Roads, Bridges, Footpaths		-	-	231,474	<b>231,474</b>
- Storm water drainage		-	-	55,273	<b>55,273</b>
- Swimming Pools		-	-	3,834	<b>3,834</b>
- Plant and Equipment				3,958	<b>3,958</b>
- Office Equipment				181	<b>181</b>
- Other Structures				41,915	<b>41,560</b>

The Council's financial assets relates to its investments in term deposits and floating rate notes. 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.

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement

##### 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 Division of Local Government. Further details of the revaluations policy is provided under note 1(j).

##### *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 2014, the fair values of the land and buildings have been determined by Liquid Pacific Valuers. Principal Valuer – Martin Burns, certified and chartered practicing valuer.

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

Council engages external, independent and qualified valuers to determine the fair value of Council's buildings. Buildings were last revalued in the 30 June 2013 financial year and the fair values were determined by Liquid Pacific Valuers.

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 Operational Land. Valuations for Community Land and Land under roads 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 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, comparable sales data is generally not available. As the Valuer General's valuation considers land in all zoning, average unit derived from Valuer's General's valuation is considered the most practicable approach to valuing Community Land and Land under roads.

Community land was last revalued at 30 June 2009. Land under Roads was revalued in the current year and Operational land was last revalued at 30 June 2013.

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, cubic metres or lineal metres.

The unit rates, which is a key unobservable input, is determined using rates stipulated in contracts with third party suppliers. Infrastructure assets were last revalued at 30 June 2010.

## City of Canada Bay

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement

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

##### Reconciliation of movements

The items classified under level 3 are investment properties and property, plant and equipment (including infrastructure assets). The reconciliation of movements in these assets are 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
<b>Investment Properties</b>	21,067	Rate per square metre and rental rate per square metre	\$270 - \$6,500 per square metre \$485 - \$8,600 per square metre	Land Component. Building Component The higher the rate, the higher the fair value.
<b>Infrastructure, Property, Plant and Equipment<sup>2</sup></b>				
- Operational land	62,776	Rate per square metre	\$270 - \$6,500 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	2,035,112	Rate per square metre	\$979 per square metre – average	The higher the rate, the higher the fair value.
- Land under roads	958,875	Rate per square metre	\$234 per square metre – average	The higher the rate, the higher the fair value.
- Buildings (Specialised and non-specialised)	55,408	Rate per square metre	\$485 - \$8,600 per square metre	The higher the rate, the higher the fair value. Significant variances in the rate is reflective of the condition of the building, nature of the building and materials used to construct the building.
- Roads, Bridges, Footpaths	231,473	Rate per square metre or cubic metre	Car Parking - \$20 - \$100 per Square Metre Footpath- \$82 to \$116 per square metre	The higher the rate, the higher the fair value.

## City of Canada Bay

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement

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
			Kerb & Gutter - \$113 per square metre - average  Road Pavement - \$100 to \$800 per cubic metre  Road Seal - \$10 to \$210 per square metre	
- Storm water drainage	55,273	Rate per lineal metre or unit	Conveyance - Pipe - \$98 to \$2,965 per Lineal Metre  Conveyance - Box Culvert \$302 to \$4,488 per lineal Metre  Node - \$1,700 to \$2,584 per item	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

All of Council's non- financial assets are considered to being utilised for their highest and best use.

## City of Canada Bay

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 28. Financial Review

\$ '000

#### Key Financial Figures of Council over the past 5 years (consolidated)

<b>Financial Performance Figures</b>	<b>2014</b>	<b>2013</b>	2012	2011	2010
<b>Inflows:</b>					
Rates & Annual Charges Revenue	<b>45,367</b>	42,924	41,000	39,224	37,583
User Charges Revenue	<b>12,003</b>	11,868	12,026	10,785	10,557
Interest & Investment Revenue (Losses)	<b>2,744</b>	3,525	3,049	1,528	1,120
Grants Income - Operating & Capital	<b>5,605</b>	8,515	6,229	6,682	6,134
Total Income from Continuing Operations	<b>91,455</b>	90,815	81,282	73,766	75,664
Sale Proceeds from I,PP&E	<b>444</b>	643	848	937	2,218
New Loan Borrowings & Advances	<b>5,000</b>	-	-	-	-
<b>Outflows:</b>					
Employee Benefits & On-cost Expenses	<b>28,240</b>	27,144	25,911	24,119	23,497
Borrowing Costs	<b>114</b>	51	94	135	178
Materials & Contracts Expenses	<b>20,428</b>	20,380	17,824	17,469	18,400
Total Expenses from Continuing Operations	<b>72,653</b>	70,378	68,361	61,163	58,963
Total Cash purchases of I,PP&E	<b>20,056</b>	16,320	8,313	9,588	12,677
Total Loan Repayments (incl. Finance Leases)	<b>499</b>	780	737	696	710
Operating Surplus/(Deficit) (excl. Capital Income)	<b>1,278</b>	2,694	(1,200)	427	(816)
<b>Financial Position Figures</b>	<b>2014</b>	<b>2013</b>	2012	2011	2010
Current Assets	<b>74,557</b>	60,740	50,788	33,344	21,969
Current Liabilities	<b>23,771</b>	21,433	21,083	19,675	18,620
Net Current Assets	<b>50,786</b>	39,307	29,705	13,669	3,349
Available Working Capital (Unrestricted Net Current Assets)	<b>1,392</b>	1,760	912	(1,039)	(1,522)
Cash & Investments - Unrestricted	<b>10,175</b>	7,253	8,987	7,035	5,144
Cash & Investments - Internal Restrictions	<b>14,058</b>	12,795	10,790	6,918	4,229
Cash & Investments - Total	<b>70,394</b>	55,796	45,731	29,051	17,487
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	<b>4,869</b>	368	1,148	1,885	2,581
Total Value of I,PP&E (excl. Land & Earthworks)	<b>750,534</b>	733,921	707,648	700,642	543,682
Total Accumulated Depreciation	<b>327,885</b>	318,192	291,334	278,560	176,972
Indicative Remaining Useful Life (as a % of GBV)	56%	57%	59%	60%	67%

**Source:** Published audited financial statements of Council (current year & prior year)

## City of Canada Bay

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 29. Council Information & Contact Details

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##### **Principal Place of Business:**

1A Marlborough Street  
Drummoyne NSW 2047

##### **Contact Details**

##### **Mailing Address:**

Locked Bag 1470  
Drummoyne NSW 2047

##### **Opening Hours:**

8:30am to 4:30pm  
Monday to Friday

**Telephone:** 02 9911 6555

**Facsimile:** 02 9911 6550

**Internet:** [www.canadabay.nsw.gov.au](http://www.canadabay.nsw.gov.au)

**Email:** [council@canadabay.nsw.gov.au](mailto:council@canadabay.nsw.gov.au)

##### **Officers**

##### **GENERAL MANAGER**

Ms. Lisa Miscamble

##### **RESPONSIBLE ACCOUNTING OFFICER**

Mr. Bruce Cook

##### **PUBLIC OFFICER**

Mr. Bob Pigott

##### **AUDITORS**

PricewaterhouseCoopers  
Darling Park Tower 2  
201 Sussex Street  
GPO Box 2650  
SYDNEY NSW 1171

##### **Elected Members**

##### **MAYOR**

Cr. Angelo Tsirekas

##### **COUNCILLORS**

Cr. Tanveer Ahmed  
Cr. Mirjana Cestar  
Cr. Tony Fasanella  
Cr. Neil Kenzler  
Cr. Helen McCaffrey  
Cr. Michael Megna  
Cr. Marian O'Connell  
Cr. Pauline Tyrrell

##### **Other Information**

**ABN:** 79 130 029 350



## **The City of Canada Bay 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 accompany financial statements of the City of Canada Bay Council, which comprise the statement of financial position as at 30 June 2014 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

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T +61 2 8266 0000, F +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.



Projections disclosed in note 17 to the financial statements, nor the attached Special Schedules, and accordingly, we express no opinion on them.

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 of 30 June 2014 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, appearing to read 'PricewaterhouseCoopers', is written above the printed name.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Peter Buchholz', is written above the printed name.

Peter Buchholz  
Partner

Sydney  
30 October 2014





**Private & Confidential**

The Mayor  
Councillor Angelo Tsirekas  
City of Canada Bay  
Locked Bag 1470  
DRUMMOYNE NSW 1470

Dear Councillor Tsirekas

**Report on the conduct of the Audit for year ended 30 June 2014 –  
Section 417(3)**

We have completed our audit of the financial reports of the Council for the year ended 30 June 2014, 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 \$20 million in the previous year to \$19 million in the current period. The net operating result before Capital Contributions was a surplus of \$1.3 million against the previous year's \$2.7 million.

***Cash position***

Council's overall cash position improved from \$56 million to \$70 million during the period under review. The following table highlights the composition of cash.

	2014 \$m	2013 \$m
Externally restricted	46	36
Internally restricted	14	13
Unrestricted	10	7
<b>Total</b>	<b>70</b>	<b>56</b>

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***Working capital***

Council’s net current assets improved from \$39 million to \$51 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.

	<b>2014</b>	<b>2013</b>
	<b>\$m</b>	<b>\$m</b>
Net current assets	51	39
Less: External restrictions	(46)	(34)
Internal restrictions	(14)	(13)
Add: Current liabilities deferred	12	11
<b>Available working capital</b>	<b>3</b>	<b>3</b>

The effective unrestricted or available working capital upon which Council could build its 2015 budget was \$3 million.

***Performance indicators***

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

	<b>2014</b>	<b>2013</b>
	<b>%</b>	<b>%</b>
Operating Performance Ratio	(1)	(2)
Own Source Operating Revenue Ratio	76	74
Unrestricted Current Ratio	255	256
Debt Service Cover Ratio	1710	1062
Rates Outstanding Ratio	2.3	2.1
Cash Expense Cover Ratio	13	11

The Operating Performance Ratio improved but remained below the industry benchmark of 0%.

The Own Source Operating Revenue Ratio improved to 76% and remained above the industry benchmark of 60%.

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

The Debt Service Cover Ratio is significantly better than the industry benchmark of 200%.

The Rates Outstanding Ratio increased but remained below the industry benchmark of 5%.

The Cash Expense Cover Ratio indicated that Council could continue to cover its operating costs for 13 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.



***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 his 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', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'P. L. Buchholz', written in a cursive style.

P L Buchholz  
Partner  
30 October 2014

# City of Canada Bay

SPECIAL SCHEDULES

for the year ended 30 June 2014

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“To create a City that is innovative, dynamic  
and sustainable through active partnership  
with the community and the environment”



# City of Canada Bay

## Special Schedules

for the financial year ended 30 June 2014

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#### Special Schedules<sup>1</sup>

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- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply Operations - incl. Income Statement	n/a
- Special Schedule No. 4	Water Supply - Statement of Financial Position	n/a
- Special Schedule No. 5	Sewerage Service Operations - incl. Income Statement	n/a
- Special Schedule No. 6	Sewerage Service - Statement of Financial Position	n/a
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<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 9).

#### Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
  - the Australian Bureau of Statistics (ABS),
  - the NSW Office of Water (NOW), and
  - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
  - the incorporation of Local Government financial figures in national statistics,
  - the monitoring of loan approvals,
  - the allocation of borrowing rights, and
  - the monitoring of the financial activities of specific services.

## City of Canada Bay

## Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	<b>906</b>	<b>2</b>	<b>146</b>	<b>(758)</b>
<b>Administration</b>	<b>6,315</b>	<b>6,155</b>	<b>13,000</b>	<b>12,840</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	233	-	-	(233)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	2,341	3,675	-	1,334
Animal Control	-	43	-	43
Other	21	-	-	(21)
<b>Total Public Order &amp; Safety</b>	<b>2,595</b>	<b>3,718</b>	<b>-</b>	<b>1,123</b>
<b>Health</b>	<b>416</b>	<b>165</b>	<b>-</b>	<b>(251)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	-	-	-	-
Other Environmental Protection	2,528	515	1,271	(742)
Solid Waste Management	10,441	13,448	-	3,007
Street Cleaning	2,389	-	-	(2,389)
Drainage	1,306	-	60	(1,246)
Stormwater Management	209	698	-	489
<b>Total Environment</b>	<b>16,873</b>	<b>14,661</b>	<b>1,331</b>	<b>(881)</b>
<b>Community Services and Education</b>				
Administration & Education	1,001	74	-	(927)
Social Protection (Welfare)	216	15	-	(201)
Aged Persons and Disabled	332	129	-	(203)
Children's Services	2,707	1,792	-	(915)
<b>Total Community Services &amp; Education</b>	<b>4,256</b>	<b>2,010</b>	<b>-</b>	<b>(2,246)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	-	-	-	-
Public Conveniences	510	-	-	(510)
Street Lighting	2,312	158	-	(2,154)
Town Planning	4,306	1,070	-	(3,236)
Other Community Amenities	312	593	-	281
<b>Total Housing and Community Amenities</b>	<b>7,440</b>	<b>1,821</b>	<b>-</b>	<b>(5,619)</b>
<b>Water Supplies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sewerage Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## City of Canada Bay

## Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	4,329	280	-	(4,049)
Museums	33	-	-	(33)
Art Galleries	-	-	-	-
Community Centres and Halls	831	294	-	(537)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	809	136	-	(673)
Sporting Grounds and Venues	7,212	3,300	-	(3,912)
Swimming Pools	707	25	-	(682)
Parks & Gardens (Lakes)	2,963	351	-	(2,612)
Other Sport and Recreation	3,638	1,720	773	(1,145)
<b>Total Recreation and Culture</b>	<b>20,522</b>	<b>6,106</b>	<b>773</b>	<b>(13,643)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	1,330	425	-	(905)
Other Mining, Manufacturing & Construction	-	-	-	-
<b>Total Mining, Manufacturing and Const.</b>	<b>1,330</b>	<b>425</b>	-	<b>(905)</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	5,223	1,760	664	(2,799)
Urban Roads - Regional	507	-	-	(507)
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads (SRR) - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	-	-	-	-
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	28	-	-	(28)
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	29	-	-	(29)
Parking Areas	122	684	-	562
Footpaths	2,853	-	1,579	(1,274)
Aerodromes	-	-	-	-
Other Transport & Communication	2,077	48	10	(2,019)
<b>Total Transport and Communication</b>	<b>10,839</b>	<b>2,492</b>	<b>2,253</b>	<b>(6,094)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	1,161	488	21	(652)
<b>Total Economic Affairs</b>	<b>1,161</b>	<b>488</b>	<b>21</b>	<b>(652)</b>
<b>Totals – Functions</b>	<b>72,653</b>	<b>38,043</b>	<b>17,524</b>	<b>(17,086)</b>
<b>General Purpose Revenues</b> <sup>(2)</sup>		<b>35,888</b>		<b>35,888</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	-		-
<b>NET OPERATING RESULT</b> <sup>(1)</sup>	<b>72,653</b>	<b>73,931</b>	<b>17,524</b>	<b>18,802</b>

(1) As reported in the Income Statement

(2) Includes: Rates &amp; Annual Charges (incl. Ex Gratia, excl. Water &amp; Sewer), Non Capital General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) &amp; Interest on overdue Rates &amp; Annual Charges

City of Canada Bay

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2014

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	368	-	<b>368</b>	5,000	499	-	-	114	390	4,479	<b>4,869</b>
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	<b>368</b>	<b>-</b>	<b>368</b>	<b>5,000</b>	<b>499</b>	<b>-</b>	<b>-</b>	<b>114</b>	<b>390</b>	<b>4,479</b>	<b>4,869</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>368</b>	<b>-</b>	<b>368</b>	<b>5,000</b>	<b>499</b>	<b>-</b>	<b>-</b>	<b>114</b>	<b>390</b>	<b>4,479</b>	<b>4,869</b>

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).



Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard <sup>(1)</sup>	Required Annual Maintenance <sup>(2)</sup>	Actual Maintenance 2013/14 <sup>(3)</sup>	Gross Book Value (GBV) <sup>(4)</sup>	Assets in Condition as a % of GBV <sup>(4), (5)</sup>				
						1	2	3	4	5
<b>Buildings</b>	Council Offices / Administration Centres	-	295	303	14,479	0%	13%	87%	0%	0%
	Childcare Centre(s)	-	55	63	8,201	0%	67%	33%	0%	0%
	Community Centres	-	173	205	28,919	53%	24%	24%	0%	0%
	Leased/Commercial	-	24	40	10,762	39%	46%	15%	0%	0%
	Operational	-	554	284	8,162	0%	4%	96%	0%	0%
	Parks	125	463	483	29,732	19%	30%	50%	2%	0%
	Public Toilets	9	7	11	2,251	0%	6%	93%	2%	0%
	Leisure Centre	-	58	52	7,901	0%	100%	0%	0%	0%
	<b>sub total</b>	<b>134</b>	<b>1,629</b>	<b>1,441</b>	<b>110,407</b>	<b>22.7%</b>	<b>32.9%</b>	<b>43.9%</b>	<b>0.6%</b>	<b>0.0%</b>
<b>Other Structures</b>	Marine - Structures	122	19	9	3,738	45%	27%	22%	0%	6%
	Marine - Sea Walls	9,649	71	38	96,580	29%	7%	29%	30%	4%
	Parks - Civil/Landscaping	131	163	184	10,474	51%	22%	22%	5%	0%
	Parks - Furniture/Monuments etc	41	81	55	8,716	63%	18%	19%	0%	1%
	Parks - Playgrounds	-	116	89	1,182	90%	10%	0%	0%	0%
	Parks - Playing Courts	-	6	27	1,345	82%	17%	1%	0%	0%
	Parks - Playing Fields etc	-	181	356	8,041	47%	52%	1%	0%	0%
	<b>sub total</b>	<b>9,943</b>	<b>637</b>	<b>758</b>	<b>130,076</b>	<b>36.0%</b>	<b>12.6%</b>	<b>25.1%</b>	<b>22.7%</b>	<b>3.6%</b>

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard <sup>(1)</sup>	Required Annual Maintenance <sup>(2)</sup>	Actual Maintenance 2013/14 <sup>(3)</sup>	Gross Book Value (GBV) <sup>(4)</sup>	Assets in Condition as a % of GBV <sup>(4), (5)</sup>				
						1	2	3	4	5
<b>Roads</b>	Sealed Roads Surface	265	845	1,233	45,036	40%	37%	20%	2%	0%
	Road Pavement	477	-	-	167,605	52%	32%	16%	1%	0%
	Bridges	32	-	-	6,805	8%	62%	29%	0%	1%
	Footpaths/Cycleways	1,136	1,314	1,059	60,262	15%	10%	68%	7%	0%
	Kerb and Gutter	2,068	118	166	44,096	9%	12%	62%	15%	2%
	Roadside Assets		320	325	-	74%	11%	14%	1%	
	Road Structures	10	167	114	3,455	66%	13%	20%	1%	0%
	Traffic Facilities	340	462	402	13,325	12%	21%	58%	7%	2%
	<b>sub total</b>	<b>4,328</b>	<b>3,226</b>	<b>3,299</b>	<b>340,584</b>	<b>35.8%</b>	<b>26.2%</b>	<b>33.4%</b>	<b>4.3%</b>	<b>0.4%</b>
<b>Stormwater Drainage</b>	Drainage Reticulation	4,442	297	195	106,476	9%	45%	31%	16%	1%
	Environmental Quality Devices	-	21	28	3,455	100%	0%	0%	0%	0%
	<b>sub total</b>	<b>4,442</b>	<b>318</b>	<b>223</b>	<b>109,931</b>	<b>11.6%</b>	<b>43.1%</b>	<b>29.6%</b>	<b>15.1%</b>	<b>0.6%</b>
<b>Open Space/</b>	Swimming Pools	20	178	236	4,890	51%	4%	44%	2%	0%
	<b>sub total</b>	<b>20</b>	<b>178</b>	<b>236</b>	<b>4,890</b>	<b>50.6%</b>	<b>3.6%</b>	<b>44.2%</b>	<b>1.6%</b>	<b>0.0%</b>
<b>TOTAL - ALL ASSETS</b>		<b>18,867</b>	<b>5,988</b>	<b>5,957</b>	<b>695,888</b>	<b>30.0%</b>	<b>27.2%</b>	<b>33.0%</b>	<b>8.8%</b>	<b>0.9%</b>

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

as at 30 June 2014

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**Notes:**

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".  
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.  
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).
- (2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard.
- (3). Actual Maintenance is what has been spent in the current year to maintain the assets.  
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Gross Book Value is in accordance with Note 9 of Council's General Purpose Financial Statements
- (5). **Infrastructure Asset Condition Assessment "Key"**

1	<b>Excellent</b>	No work required (normal maintenance)
2	<b>Good</b>	Only minor maintenance work required
3	<b>Average</b>	Maintenance work required
4	<b>Poor</b>	Renewal required
5	<b>Very Poor</b>	Urgent renewal/upgrading required

## City of Canada Bay

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2014

\$ '000	Amounts	Indicator	Prior Periods	
	2014	2014	2013	2012
<b>Infrastructure Asset Performance Indicators Consolidated</b>				
<b>1. Building and Infrastructure Renewals Ratio</b>				
Asset Renewals (Building and Infrastructure) <sup>(1)</sup>	<u>9,937</u>	<b>126.75%</b>	0.90	40.04%
Depreciation, Amortisation & Impairment	<u>7,840</u>			
<b>2. Infrastructure Backlog Ratio</b>				
Estimated Cost to bring Assets to a Satisfactory Condition	<u>18,867</u>	<b>0.03</b>	0.06	0.09
Total value <sup>(2)</sup> of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	<u>695,888</u>			
<b>3. Asset Maintenance Ratio</b>				
Actual Asset Maintenance	<u>5,957</u>	<b>0.99</b>	1.05	1.08
Required Asset Maintenance	<u>5,988</u>			
<b>4. Capital Expenditure Ratio</b>				
Annual Capital Expenditure	<u>18,944</u>	<b>1.71</b>	1.43	0.77
Annual Depreciation	<u>11,087</u>			

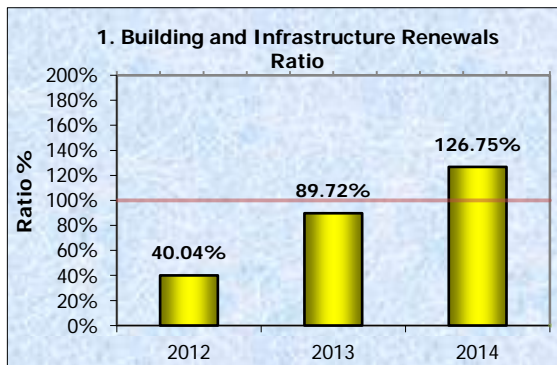
## Notes

<sup>(1)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

<sup>(2)</sup> Gross Book Value

# City of Canada Bay

## Special Schedule No. 7 - Report on Infrastructure Assets (continued) for the financial year ended 30 June 2014



— Minimum 100.00%

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

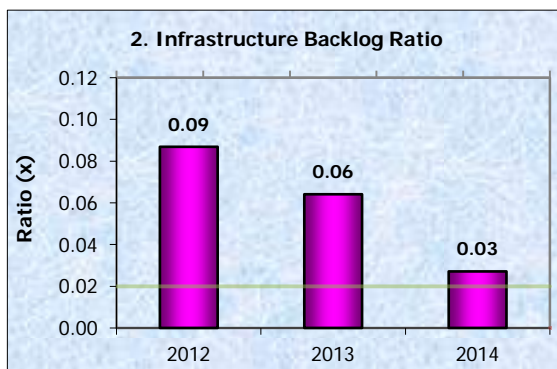
**Purpose of Asset Renewals Ratio**

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

**Commentary on 2013/14 Result**

**2013/14 Ratio 126.75%**

Council has commenced a strategic asset management programme to effectively manage Council's assets. Renewal Expenditure at levels in excess of benchmark are planned and address the legacy infrastructure backlog.



— Maximum .02

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

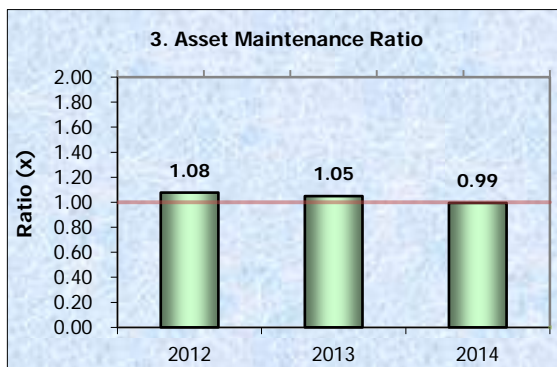
**Purpose of Infrastructure Backlog Ratio**

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

**Commentary on 2013/14 Result**

**2013/14 Ratio 0.03 x**

Council's strategic asset management programme is effectively addressing the backlog. Increasing investment in Infrastructure renewal is expected to bring the backlog ratio to benchmark in 2014/15.



— Minimum 1.00

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

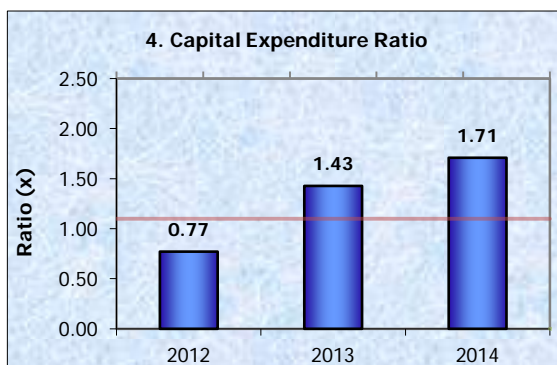
**Purpose of Asset Maintenance Ratio**

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.

**Commentary on 2013/14 Result**

**2013/14 Ratio 0.99 x**

Council has commenced a strategic asset management programme to effectively manage Council's assets.



— Minimum 1.10

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

**Purpose of Capital Expenditure Ratio**

To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.

**Commentary on 2013/14 Result**

**2013/14 Ratio 1.71 x**

The Capital Expenditure Ratio is well above benchmark which is as a result of Council's commitment to increase investment in the renewal of existing infrastructure assets along with providing new community assets to meet the needs of an increasing population.

# City of Canada Bay

## Special Schedule No. 8 - Financial Projections

as at 30 June 2014

\$'000	Actual <sup>(1)</sup> 13/14	Forecast <sup>(3)</sup> 14/15	Forecast <sup>(3)</sup> 15/16	Forecast <sup>(3)</sup> 16/17	Forecast <sup>(3)</sup> 17/18	Forecast <sup>(3)</sup> 18/19	Forecast <sup>(3)</sup> 19/20	Forecast <sup>(3)</sup> 20/21	Forecast <sup>(3)</sup> 21/22	Forecast <sup>(3)</sup> 22/23	Forecast <sup>(3)</sup> 23/24
<b>(i) OPERATING BUDGET</b>											
Income from continuing operations	91,455	83,813	82,567	86,550	92,495	95,073	100,357	101,099	103,658	106,308	109,439
Expenses from continuing operations	72,653	76,494	77,941	80,482	83,846	86,615	89,493	92,699	95,273	98,352	101,551
<b>Operating Result from Continuing Operations</b>	<b>18,802</b>	<b>7,319</b>	<b>4,626</b>	<b>6,068</b>	<b>8,649</b>	<b>8,458</b>	<b>10,864</b>	<b>8,400</b>	<b>8,385</b>	<b>7,956</b>	<b>7,888</b>
<b>(ii) CAPITAL BUDGET</b>											
New Capital Works <sup>(2)</sup>	2,559	11,500	2,000	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343
Replacement/Refurbishment of Existing Assets	16,385	13,778	13,356	9,689	15,179	14,490	19,210	19,916	20,368	20,831	21,321
<b>Total Capital Budget</b>	<b>18,944</b>	<b>25,278</b>	<b>15,356</b>	<b>11,729</b>	<b>17,260</b>	<b>16,612</b>	<b>21,375</b>	<b>22,124</b>	<b>22,620</b>	<b>23,128</b>	<b>23,664</b>
<b>Funded by:</b>											
– Loans	-	2,000	1,000	1,000	1,000	-	-	-	-	-	-
– Asset sales	444	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
– Reserves	13,896	15,510	7,520	5,082	9,049	9,271	13,899	14,511	14,866	15,229	15,603
– Grants/Contributions	4,579	2,194	3,536	2,307	3,830	3,919	4,011	4,105	4,202	4,302	4,418
– Recurrent revenue	25	4,274	-	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343
– Other	-	-	-	-	-	-	-	-	-	-	-
	<b>18,944</b>	<b>25,278</b>	<b>13,356</b>	<b>11,729</b>	<b>17,260</b>	<b>16,612</b>	<b>21,375</b>	<b>22,124</b>	<b>22,620</b>	<b>23,128</b>	<b>23,664</b>

### Notes:

(1) From 13/14 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.

## City of Canada Bay

## Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2015

\$'000		Calculation 2013/14	Calculation 2014/15
<b>Notional General Income Calculation <sup>(1)</sup></b>			
Last Year Notional General Income Yield	a	33,042	32,866
Plus or minus Adjustments <sup>(2)</sup>	b	(1,087)	714
<b>Notional General Income</b>	c	<b>31,955</b>	<b>33,580</b>
<b>Permissible Income Calculation</b>			
Special variation percentage <sup>(3)</sup>	d	0.00%	0.00%
or Rate peg percentage	e	3.40%	2.30%
or Crown land adjustment incl. rate peg percentage	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	h = c x d	-	-
or plus Rate peg amount	i = c x e	1,086	772
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
<b>sub-total</b>	k = (c+g+h+i+j)	<b>33,041</b>	<b>34,352</b>
plus (or minus) last year's Carry Forward Total	l	3	178
less Valuation Objections claimed in the previous year	m	-	-
<b>sub-total</b>	n = (l + m)	<b>3</b>	<b>178</b>
<b>Total Permissible income</b>	o = k + n	<b>33,044</b>	<b>34,531</b>
less Notional General Income Yield	p	32,866	34,525
<b>Catch-up or (excess) result</b>	q = o - p	<b>178</b>	<b>6</b>
plus Income lost due to valuation objections claimed <sup>(4)</sup>	r	-	-
less Unused catch-up <sup>(5)</sup>	s	-	-
<b>Carry forward to next year</b>	t = q + r - s	<b>178</b>	<b>6</b>

**Notes**

- <sup>1</sup> 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.
- <sup>2</sup> 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 "supplementary valuations" as defined in the Valuation of Land Act 1916.
- <sup>3</sup> The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- <sup>4</sup> 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.
- <sup>5</sup> 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.



## **The City of Canada Bay 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 Canada Bay Council ("the Council") for the year ended 30 June 2015.

#### ***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. 22. 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.

#### ***Independence***

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

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***PricewaterhouseCoopers, ABN 52 780 433 757***

*Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171  
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au*





***Audit Opinion***

In our opinion, Special Schedule No. 9 of the City of Canada Bay Council for the year ended 30 June 2015 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 'PricewaterhouseCoopers', is written above the company name.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Peter Buchholz', is written above the name.

Peter Buchholz  
Partner

Sydney  
30 October 2014