

The Former
Holroyd
City Council

Annual Financial
Statements

1 July 2015 to 12 May 2016

The former Holroyd City Council

General Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the operations for the former Holroyd City Council.
- (ii) The former Holroyd City Council 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 1993 (LGA).

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

- the ability to provide goods, services and facilities, and to carry out activities appropriate to the current and 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 Cumberland Council on 02 November 2016. Council has the power to amend and reissue these financial statements.
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The former Holroyd City Council

General Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Understanding Council's financial statements

Introduction

Each year, individual local governments across New South Wales are required to present a set of audited financial statements to their council and community.

What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the reporting period 1/7/15 to 12/5/16.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and 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 period, and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

1. The Income Statement

This statement summarises Council's financial performance for the period, listing all income and expenses.

2. The Statement of Comprehensive Income

This statement primarily records changes in the fair values of Council's infrastructure, property, plant and equipment.

3. The Statement of Financial Position

This statement is an end of period snapshot of Council's financial position indicating its assets, liabilities and equity ('net wealth').

4. The Statement of Changes in Equity

The overall change for the reporting period (in dollars) of Council's 'net wealth'.

5. The Statement of Cash Flows

This statement indicates where Council's cash came from and where it was spent.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialise 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 and position, and
2. Their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the financial statements?

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

The public can make submissions to Council up to seven 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.

The former Holroyd City Council

General Purpose Financial Statements for the period 1 July 2015 to 12 May 2016

Statement by Councillors and Management made pursuant to Section 413(2)(c) of the *Local Government Act 1993 (NSW)* (as amended)

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

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

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

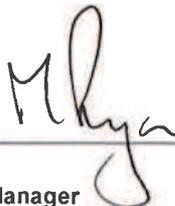
- present fairly the Council's operating result and financial position for the period, and
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Cumberland Council made on 02 November 2016.



Viv May
Administrator



Malcolm Ryan
Interim General Manager



Darrell Jefferys
Responsible Accounting Officer

The former Holroyd City Council

Income Statement

for the period 1 July 2015 to 12 May 2016

Budget ¹			Actual	Actual
1/7/15 to 30/6/16	\$ '000	Notes	1/7/15 to 12/5/16	1/7/14 to 30/6/15
Income from continuing operations				
Revenue:				
n/a	Rates and annual charges	3a	59,948	58,714
n/a	User charges and fees	3b	12,809	12,937
n/a	Interest and investment revenue	3c	2,058	2,715
n/a	Other revenues	3d	3,175	3,123
n/a	Grants and contributions provided for operating purposes	3e,f	13,099	14,746
n/a	Grants and contributions provided for capital purposes	3e,f	17,302	11,751
Other income:				
n/a	Net gains from the disposal of assets	5	295	161
n/a	Net share of interests in joint ventures and associates using the equity method	19	181	34
– Total income from continuing operations			108,867	104,181
Expenses from continuing operations				
n/a	Employee benefits and on-costs	4a	38,398	41,563
n/a	Materials and contracts	4c	16,232	18,382
n/a	Depreciation and amortisation	4d	12,195	13,388
n/a	Other expenses	4e	16,756	18,580
– Total expenses from continuing operations			83,581	91,913
– Operating result from continuing operations			25,286	12,268
– Net operating result for the period			25,286	12,268
– Net operating result for the period before grants and contributions provided for capital purposes			7,984	517
Alternative net operating result for the period before grants and contributions provided for capital purposes ²			1,999	517

¹ Original budget as approved by Council is not required for these financial statements

² Alternative Net operating result before capital income if rates income had been pro rata'd for the period 1/7/15 - 12/5/16

The former Holroyd City Council

Statement of Comprehensive Income

for the period 1 July 2015 to 12 May 2016

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Net operating result for the period (as per Income Statement)		25,286	12,268
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	(22,518)	–
Adjustment to correct prior period errors		(4,837)	(615)
Total other comprehensive income for the period		(27,355)	(615)
Total comprehensive income for the period		(2,069)	11,653

The former Holroyd City Council

Statement of Financial Position
as at 12 May 2016

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
ASSETS			
Current assets			
Cash and cash equivalents	6a	16,433	9,278
Investments	6b	40,219	49,516
Receivables	7	13,641	4,420
Inventories	8	338	288
Total current assets		70,631	63,502
Non-current assets			
Investments	6b	21,990	8,980
Receivables	7	160	261
Infrastructure, property, plant and equipment	9	938,332	955,731
Investments accounted for using the equity method	19	1,856	1,675
Total non-current assets		962,338	966,647
TOTAL ASSETS		1,032,969	1,030,149
LIABILITIES			
Current liabilities			
Payables	10	22,709	18,807
Provisions	10	11,358	10,806
Total current liabilities		34,067	29,613
Non-current liabilities			
Provisions	10	1,711	1,276
Total non-current liabilities		1,711	1,276
TOTAL LIABILITIES		35,778	30,889
Net assets		997,191	999,260
EQUITY			
Retained earnings	20	734,863	714,414
Revaluation reserves	20	262,328	284,846
Council equity interest		997,191	999,260
Total equity		997,191	999,260

The former Holroyd City Council

Statement of Changes in Equity

for the period 1 July 2015 to 12 May 2016

\$ '000	Notes	Retained earnings	Reserves (Refer 20b)	Council interest	Non- controlling Interest	Total equity
1/7/15 to 12/5/16						
Opening balance (as per last year's audited accounts)		714,414	284,846	999,260	–	999,260
a. Correction of prior period errors	20 (c)		–	–		–
b. Changes in accounting policies (prior year effects)	20 (d)	–		–		–
Revised opening balance (as at 1/7/15)		714,414	284,846	999,260	–	999,260
c. Net operating result for the period		25,286		25,286	–	25,286
d. Other comprehensive income						
– Revaluations: IPP&E asset revaluation rsve	20b (ii)		(22,518)	(22,518)		(22,518)
– Other movements (adjustments to prior periods)	20a	(4,837)		(4,837)		(4,837)
Other comprehensive income		(4,837)	(22,518)	(27,355)	–	(27,355)
Total comprehensive income (c&d)		20,449	(22,518)	(2,069)	–	(2,069)
Equity – balance at end of the reporting period		734,863	262,328	997,191	–	997,191

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
1/7/14 to 30/6/15						
Opening balance (as per last year's audited accounts)		702,761	284,846	987,607	–	987,607
a. Correction of prior period errors	20 (c)		–	–		–
b. Changes in accounting policies (prior year effects)	20 (d)	–	–	–		–
Revised opening balance (as at 1/7/14)		702,761	284,846	987,607	–	987,607
c. Net operating result for the year		12,268	–	12,268	–	12,268
d. Other comprehensive income						
– Other movements (adjustments to prior periods)	20a	(615)	–	(615)		(615)
Other comprehensive income		(615)	–	(615)	–	(615)
Total comprehensive income (c&d)		11,653	–	11,653	–	11,653
Equity – balance at end of the year		714,414	284,846	999,260	–	999,260

The former Holroyd City Council

Statement of Cash Flows

for the period 1 July 2015 to 12 May 2016

Budget ¹ 1/7/15 to 30/6/16	\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Cash flows from operating activities				
Receipts:				
n/a	Rates and annual charges		51,398	58,610
n/a	User charges and fees		14,962	12,976
n/a	Investment and interest revenue received		2,462	2,633
n/a	Grants and contributions		30,320	26,827
n/a	Bonds, deposits and retention amounts received		1,367	1,147
n/a	Other		2,200	3,093
Payments:				
n/a	Employee benefits and on-costs		(37,411)	(41,185)
n/a	Materials and contracts		(15,106)	(17,794)
n/a	Other		(17,580)	(18,372)
–	Net cash provided (or used in) operating activities	11b	32,612	27,935
Cash flows from investing activities				
Receipts:				
n/a	Sale of investment securities		33,109	22,000
n/a	Sale of infrastructure, property, plant and equipment		899	975
n/a	Other investing activity receipts		4	–
Payments:				
n/a	Purchase of investment securities		(37,131)	(32,158)
n/a	Purchase of infrastructure, property, plant and equipment		(22,338)	(17,359)
–	Net cash provided (or used in) investing activities		(25,457)	(26,542)
–	Net increase/(decrease) in cash and cash equivalents		7,155	1,393
n/a	Plus: cash and cash equivalents – beginning of reporting period	11a	9,278	7,885
–	Cash and cash equivalents – end of reporting period	11a	16,433	9,278
	plus: Investments on hand – end of reporting period	6b	62,209	58,496
	Total cash, cash equivalents and investments		78,642	67,774

¹ The original budget as approved by Council is not required for these financial statements

Please refer to Note 11 for information on the following:

- Non-cash financing and investing activities
- Financing arrangements
- Net cash flow disclosures relating to any discontinued operations

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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

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 IFRSs, 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)*, Regulation and Local Government Code of Accounting Practice and 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

There have been no new accounting standards adopted in this year's financial statements which have had any material impact on reported financial position, performance or cash flows.

(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 2015, except for AASB2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities, which has reduced the fair value disclosures for Level 3 assets.

For summary information relating to the effects of standards with future operative dates refer further to paragraph (aa).

(v) Basis of accounting

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

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets, 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 non-current assets (eg. infrastructure, property, plant and equipment and investment property) 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 periods presented, unless otherwise stated.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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

(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 Council 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) Preparation of the financial statements on a going concern basis

AASB 101 states that an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

Whilst the former **Holroyd City Council** has been amalgamated into **Cumberland Council** from 13 May 2016, Council believes that the going concern basis for preparation of the financial statements for the period 1 July 2015 to 12 May 2016 is appropriate for the following reasons:

- The business of the Council is continuing through the **Cumberland Council**

- The Local Government (Council Amalgamations) Proclamation 2016 ensures:

- all relevant staff, assets, rights, liabilities and responsibilities of former councils are transferred to new councils
- new councils can commence operations on day one with minimal disruption to the delivery of services, council operations and staff duties
- any reference in any document to a former council is to be read as a reference to the new council, and that anything done by a former council before the amalgamation is taken to have been done by the new council.

- The former Holroyd City Council has not been liquidated nor has trading ceased.

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

(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 it, 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:

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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.

Rates are recognised as revenue for the period 1 July to 30 June 2016. Adjustments have not been made for rates not earned during the period 13/05/2016 to 30/06/2016.

Council has also recognised 100% of the Federal Assistance Grants (FAGs) revenue as grants are recognised upon receipt or upon earlier notification that the grant has been secured.

As a consequence, these financial statements include all the rates and FAGs revenue for the period from 1 July 2015 to 30 June 2016 but expenditure obligations only for the period 1 July 2015 to 12 May 2016.

Expenditure obligations for the period from 13 May 2016 to 30 June 2016 will be included in the financial statements of the new Council.

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).

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 period.

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.

The former Holroyd City Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

Interest and rents

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

Interest income from cash and investments is accounted for using the effective interest rate at the date that interest is earned.

Dividend income

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

Other Income

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

(c) Principles of consolidation

These consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

(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
- Park committees

(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 that must be applied only for the purposes of or in accordance with the trusts relating to those monies.

Trust monies and property subject to Council's control have been included in these 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) Interests in other entities

Subsidiaries

Council has no interest in any subsidiaries

Associates

Where Council has the power to participate in the financial and operating decisions of another entity, (i.e. where Council is deemed to have 'significant influence' over another entities' operations but neither controls nor jointly controls the entity), then Council accounts for such interests using the equity method of accounting – in a similar fashion to joint ventures.

Such entities are usually termed associates.

Any interests in Associates are accounted for using the equity method and are carried at cost.

Detailed information relating to Council's interest in associates can be found at Note 19 (b).

The results of all joint associates for the financial year to 30 June 2016 have been used in determined the result for equity accounting purposes.

County councils

Council is not a member of any county councils.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

(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

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, cash and cash equivalents includes;

- cash on hand,
- deposits held at call with financial institutions,
- other short-term, highly liquid investments with **original maturities of three months or less** that are readily convertible to known amounts of cash and that 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 and 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.**

Each classification depends on the purpose or intention for which the investment was acquired and 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.

Assets in this category are primarily classified as current assets as they are primarily held for trading and/or are expected to be realised within 12 months of the balance sheet date.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

(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 and 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.

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 and 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.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

(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.

If there is evidence of impairment for any of Council's financial assets carried at amortised cost (eg. loans and receivables), the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable

interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

(iii) Types of investments

Council has an approved Investment Policy in order to invest 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. Certain investments that Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

(g) Fair value estimation – financial instruments

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

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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 and 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 that are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (i.e. an allowance account) relating to receivables is established when objective evidence shows that 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

(i) 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.

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

Land held for resale is stated at the lower of cost and net realisable value.

Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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 Office of Local Government.

At balance date, the following classes of I,PP&E were stated at their fair value:

- **Plant and equipment**
(as approximated by depreciated historical cost)
- **Operational land** (internal valuation)
- **Buildings – specialised/non-specialised**
(external valuation)
- **Other structures**
(as approximated by depreciated historical cost)
- **Roads assets including roads, bridges and footpaths**
(both external and internal valuation)
- **Stormwater drainage** (internal valuation)
- **Swimming pools**
(external valuation)
- **Other open space/recreational assets**
(external valuation)
- **Other assets**
(as approximated by depreciated historical cost)

Due to the proclamation date of 12 May 2016, the Council had not completed revaluations for the 2015 / 2016 reporting period and therefore the following assets have not been revalued for these financial statements:

- Community Land

Council has assessed the current carrying values of the above Asset Classes and do not believe that (at balance date) it is materially different from their fair value.

Initial recognition

On initial recognition, an asset's 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 (i.e. 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 and equipment:

- increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve,

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

- 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 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 (purchases after 30/6/08)	100% Capitalised

Plant and Equipment

Office Furniture	> \$5,000
Office Equipment	> \$5,000

Other Plant and Equipment > \$5,000

Buildings and Land Improvements

Park Furniture and Equipment > \$5,000

Building

- construction/extensions	100% Capitalised
- renovations	> \$5,000
Other Structures	> \$5,000

Stormwater Assets

Drains and Culverts	> \$5,000
Other	> \$5,000

Transport Assets

Road construction and reconstruction	> \$5,000
Reseal/Re-sheet and major repairs	> \$5,000

Bridge construction and reconstruction > \$5,000

Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight-line method in order to allocate an asset's 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 and Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	3 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 Assets

- Drains	80 to 100 years
- Culverts	50 to 80 years

Transportation Assets

- Sealed Roads : Surface	20 years
- Sealed Roads : Structure	50 years
- Unsealed roads	20 years
- Bridge : Concrete	100 years
- Bridge : Other	50 years
- Road Pavements	60 years
- Kerb, Gutter and Paths	40 years

Other Infrastructure Assets

- Bulk earthworks	Infinite
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The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

All asset residual values and useful lives are reviewed and adjusted (if appropriate) at each reporting 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.

Disposal and derecognition

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

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

(m) Intangible assets

Council has not classified any assets as intangible.

(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 to 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.

(o) Investment property

Investment property comprises land and/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'.

(p) Provisions for close down, restoration and for environmental clean-up costs – including tips and quarries

Close down, restoration and remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas.

Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

Provisions for close down and restoration costs do not include any additional obligations that are expected to arise from future disturbance.

Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down, restoration and remediation costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations.

Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the Income Statement in each accounting period.

This amortisation of the discount is disclosed as a borrowing cost in Note 4 (b).

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

These costs are then depreciated over the lives of the assets to which they relate.

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

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the balance sheet date.

These costs are charged to the Income Statement.

Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwind of the discount, which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations.

The expected timing of expenditure can also change, for example, in response to changes in quarry reserves or production rates.

As a result there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

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

(q) Non-current assets (or disposal groups) 'held for sale' and 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 12 May and the replacement assets were already purchased and accounted for as at 12 May.

For any assets or disposal groups classified as non-current assets 'held for sale', an impairment loss is

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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 Council 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.

(r) 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 and other intangible assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

(s) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of reporting period that are unpaid.

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

(t) 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.

(u) Borrowing costs

Borrowing costs are expensed. Council however has no borrowing costs.

(v) 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,

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

- 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.

(w) 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 wholly 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.

All other short-term employee benefit obligations are presented as payables.

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

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

Wages and 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 wholly 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

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

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 Richard Boyfield (FIAA) on 24/02/16 and covers the period ended 30/06/15.

However the position is monitored annually and the actuary has estimated that as at 12 May 2016 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 period ending 12 May 2016 was \$852,537.

The amount of additional contributions included in the total employer contribution advised above is \$371,248.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$690,483 as at 12 May 2016.

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 period 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 12/05/16.

(x) Self-insurance

Council does not self-insure.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

(y) Allocation between current and non-current assets and 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 it is 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.

(z) 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 and 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, i.e. they are inclusive of GST where applicable.

Investing and financing cash flows are treated on a net basis (where recoverable from the ATO), i.e. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows that 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.

(aa) New accounting standards and Interpretations issued (not yet effective)

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 12 May 2016.

Council has not adopted any of these standards early.

Apart from the AASB disclosures below, there are no other standards that are 'not yet effective' that are expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

Council's assessment of the impact of upcoming new standards and interpretations that are likely to have an effect are set out below.

AASB 9 – Financial Instruments

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets and financial liabilities.

These requirements are designed to improve and simplify the approach for classification and

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

measurement of financial assets compared with the requirements of AASB 139.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

- fair value, and
- amortised cost (where financial assets will only be able to be measured at amortised cost when very specific conditions are met).

Council is yet to undertake a detailed assessment of the impact of AASB 9.

AASB 15 – Revenue from Contracts with Customers and associated amending standards

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

AASB 15 will introduce a 5-step process for revenue recognition with the core principle of the new standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements, as well as additional disclosures.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2018.

Council is yet to undertake a detailed assessment of the impact of AASB 15.

AASB ED 260 Income of Not-for-Profit Entities

The AASB previously issued exposure draft AASB ED 260 on Income of Not-for-Profit Entities in April 2015.

The exposure draft proposed specific not-for-profit entity requirements and guidance when applying the

principles of AASB 15 to income from certain transactions.

Much of the material in AASB 1004 is expected to be replaced by material included in AASB ED 260.

Specific revenue items that may considerably change are Grants and Contributions.

The most likely financial statement impact is the deferred recognition of Grants and Contributions (i.e. recognition as unearned revenue [liability]) until Council has met the associated performance obligation/s relating to the Grants or Contribution.

At this stage there is no specific date of release for a standard nor a date of applicability.

AASB16 – Leases

AASB 116 Leases replaces AASB 117 Leases and some associated lease-related Interpretations.

AASB 16 introduces a single lease accounting model (for lessees) that will require all leases to be accounted for on the balance sheet (ie. recognition of both a right-of-use asset and a corresponding lease) for all leases with a term of more than 12 months unless the underlying assets are determined to be of 'low value'. There will also be detailed disclosure requirements for all lessees.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2019.

Council is yet to undertake a detailed assessment of the accounting impacts from AASB 16. However, based on preliminary assessments, impacts from the first time adoption of the standard are likely to include:

- a significant increase in lease assets and financial liabilities recognised on the balance sheet,
- a reduction in reported equity as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities,
- lower operating cash outflows and higher financing cash flows in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities.

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Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Summary of significant accounting policies (continued)

AASB2015-6 – Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties (and fall under the related party reporting requirements).

AASB 2014 – 10 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not).

A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2018.

This standard will only impact Council where there has been a sale or contribution of assets between the entity and the associate/joint venture.

(ab) Rounding of amounts

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

(ac) Comparative figures

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

(ad) Disclaimer

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

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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 ¹	Actual	Actual	Original budget ¹	Actual	Actual	Original budget ¹	Actual	Actual	Actual	Actual	Actual	Actual	
	1/7/15 to 12/5/16	1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 12/5/16	1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 12/5/16	1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 12/5/16	1/7/14 to 30/6/15	
General Manager	n/a	59	20	n/a	2,881	3,006	n/a	(2,822)	(2,986)			103	143	
Library and Community Services	n/a	12,677	12,519	n/a	16,026	17,607	n/a	(3,349)	(5,088)	6,280	6,939	36,992	45,336	
Environmental and Planning Services	n/a	22,512	22,598	n/a	21,526	24,254	n/a	986	(1,656)	259	347	3,326	5,283	
Engineering Services	n/a	8,093	7,468	n/a	20,907	34,336	n/a	(12,814)	(26,868)	2,779	3,026	894,761	905,732	
Corporate and Financial Services	n/a	17,180	15,066	n/a	22,241	12,710	n/a	(5,061)	2,356			95,356	71,980	
Total functions and activities	–	60,522	57,671	–	83,581	91,913	–	(23,059)	(34,243)	9,366	10,312	1,031,113	1,028,474	
Share of gains/(losses) in associates and joint ventures (using the equity method)	n/a	181	34	n/a		–	n/a	181	34		–	1,856	1,675	
General purpose income ¹	n/a	48,164	46,476	n/a		–	n/a	48,164	46,476	4,782	4,832		–	
Operating result from continuing operations	–	108,867	104,181	–	83,581	91,913	–	25,286	12,268	14,148	15,144	1,032,969	1,030,149	

1. Includes: rates and annual charges (incl. ex-gratia), untied general purpose grants and unrestricted interest and investment income.

2. Original Budget disclosures are not required for these financial statements.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

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:

GENERAL MANAGER

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, together with related administration costs, human resources, function centres, events, public relations.

LIBRARY AND COMMUNITY SERVICES

Public libraries, administration, family day care, childrens services, youth services, aged and disabled, migrant services, aboriginal services, other community services.

ENVIRONMENTAL AND PLANNING SERVICES

Administration and inspection, immunisations, food control, insect/vermin control, noxious plants, fire protection, animal control, enforcement of local government regulations, town planning, domestic waste management services, environmental protection, building services, emergency services, health centres.

ENGINEERING SERVICES

Urban roads, sealed rural roads, bridges, footpaths, parking areas, bus shelters and services, RTA works, street lighting, urban stormwater drainage, street cleaning, public conveniences, parks and gardens, swimming centres, sporting grounds.

CORPORATE AND FINANCIAL SERVICES

Records, property, management and financial accounting, purchasing, rating, information technology, risk management, customer services, corporate planning.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(a) Rates and annual charges ^{1,2}			
Ordinary rates			
Residential		28,611	26,462
Business		13,235	12,467
Total ordinary rates		41,846	38,929
Special rates			
Infrastructure – business		839	793
Infrastructure – residential		1,891	1,756
Stormwater management services (S496(A))		946	941
Total special rates		3,676	3,490
Annual charges (pursuant to s.496, s.496B, s.501 & s.611)			
Domestic waste management services		14,426	16,295
Total annual charges		14,426	16,295
<u>TOTAL RATES AND ANNUAL CHARGES</u>		<u>59,948</u>	<u>58,714</u>

¹ Council has used 2013 year valuations provided by the NSW Valuer General in calculating its rates.

² Rates are recognised as revenue at the commencement of the rating year for the period 1/7/15 to 30/6/16. No adjustments have been made for rates not earned during the period 13/05/16 to 30/06/16.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(b) User charges and fees			
Specific user charges (per s.502 – specific 'actual use' charges)			
Waste management services (non-domestic)		102	99
Total user charges		102	99
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation		321	428
Registration fees		39	36
Section 149 certificates (EPA Act)		267	293
Section 603 certificates		128	160
Town planning		2,021	2,221
Total fees and charges – statutory/regulatory		2,776	3,138
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Administration		58	96
Child care/family day care		5,071	5,142
Community centres		562	638
Community services		245	273
Function centres		436	618
Health		313	343
Housing and community amenities		148	98
Lease rentals		175	153
Libraries		67	73
Park rents		483	297
Recreation and culture		3	1
Restoration charges		731	592
Swimming centres		740	721
Transport and communication		625	355
Other		274	299
Total fees and charges – other		9,931	9,700
TOTAL USER CHARGES AND FEES		12,809	12,937

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(c) Interest and investment revenue (including losses)			
Interest			
– Interest on overdue rates and annual charges (incl. special purpose rates)		115	120
– Interest earned on investments (interest and coupon payment income)		2,252	2,615
Fair value adjustments			
– Fair valuation movements in investments (at fair value or held for trading)		(309)	(20)
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>		<u>2,058</u>	<u>2,715</u>
Interest revenue is attributable to:			
Unrestricted investments/financial assets:			
Overdue rates and annual charges (general fund)		115	120
General Council cash and investments		1,421	2,143
Restricted investments/funds – external:			
Development contributions			
– Section 94		459	373
Other externally restricted assets (SEPP 59 agreement)		63	79
Total interest and investment revenue recognised		<u>2,058</u>	<u>2,715</u>
(d) Other revenues			
Rental income – other council properties		18	22
Fines – parking		1,105	1,484
Fines – other		409	247
Legal fees recovery – rates and charges (extra charges)		87	121
Community services and education		23	37
Insurance claim recoveries		8	–
Recycling income (non-domestic)		6	5
Other		1,519	1,207
<u>TOTAL OTHER REVENUE</u>		<u>3,175</u>	<u>3,123</u>

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	1/7/15 to 12/5/16 Operating	1/7/14 to 30/6/15 Operating	1/7/15 to 12/5/16 Capital	1/7/14 to 30/6/15 Capital
(e) Grants				
General purpose (untied)				
Financial Assistance ¹	4,222	4,248	–	–
Pensioners' Rates Subsidies – General Component	560	584	–	–
Total general purpose	4,782	4,832	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Domestic Waste Management	274	250	–	–
Public Order & Safety	13	14	–	–
Health Services	75	–	–	–
Immunisation	26	31	–	–
Child Care/Family Day Care	4,408	5,194	–	–
Community Services	1,441	1,406	–	–
Housing and Community Amenities	386	432	–	–
Library – per capita	206	201	–	–
Library – special projects	155	68	70	70
Recreation and Culture	30	–	96	225
Traffic Route Lighting Subsidy	325	325	–	–
Transport (Roads to Recovery)	–	838	1,214	–
Transport (Other Roads and Bridges funding)	617	640	25	618
Other	5	–	–	–
Total specific purpose	7,961	9,399	1,405	913
Total grants	12,743	14,231	1,405	913
Grant revenue is attributable to:				
– Commonwealth funding	9,465	11,033	1,355	457
– State funding	3,278	3,198	50	456
	12,743	14,231	1,405	913

¹ Council recognised 100% of the Federal Assistance Grants (FAGs) revenue, as grants are recognised upon receipt or upon earlier notification that the grant has been secured

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	1/7/15 to 12/5/16 Operating	1/7/14 to 30/6/15 Operating	1/7/15 to 12/5/16 Capital	1/7/14 to 30/6/15 Capital
(f) Contributions				
Developer contributions:				
(s93 & s94 – EP&A Act, s64 of the LGA):				
S 94 – contributions towards amenities/services	–	–	15,126	10,093
Other developer contributions (sepp 59 agreements)	–	–	354	563
Total developer contributions	–	–	15,480	10,656
	17			
Other contributions:				
Dedications (other than by S94)	–	–	417	182
Fuel tax rebate	66	128	–	–
Sponsorship	49	32	–	–
Other	241	355	–	–
Total other contributions	356	515	417	182
Total contributions	356	515	15,897	10,838
TOTAL GRANTS AND CONTRIBUTIONS	13,099	14,746	17,302	11,751

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 3. Income from continuing operations (continued)

\$ '000	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(g) Restrictions relating to grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the close of the previous reporting period	25,605	16,890
Add: grants and contributions recognised in the current period but not yet spent:	17,098	12,232
Less: grants and contributions recognised in a previous reporting period now spent:	(9,381)	(3,517)
Net increase (decrease) in restricted assets during the period	7,717	8,715
Unexpended and held as restricted assets	33,322	25,605
Comprising:		
– Specific purpose unexpended grants	3,106	3,337
– Developer contributions	30,216	22,268
– Other contributions	–	–
	33,322	25,605

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(a) Employee benefits and on-costs			
Salaries and wages		27,020	29,218
Travel expenses		614	883
Employee leave entitlements (ELE)		5,322	5,381
Superannuation		3,369	3,816
Workers' compensation insurance		1,121	1,245
Fringe benefit tax (FBT)		380	444
Training costs (other than salaries and wages)		489	467
Protective clothing		83	109
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>38,398</u>	<u>41,563</u>
Number of 'full-time equivalent' employees (FTE) as at 12/5/2016		507	485

(b) Borrowing costs

Nil

(i) Interest bearing liability costs

Nil

(ii) Other borrowing costs

Nil

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(c) Materials and contracts			
Raw materials and consumables		10,533	14,285
Contractor and consultancy costs		3,628	1,707
– Waste disposal tipping fees		1,149	1,454
Auditors remuneration ⁽¹⁾		48	55
Legal expenses:			
– Legal expenses: planning and development		179	267
– Legal expenses: debt recovery		59	162
– Legal expenses: other		489	302
Operating leases:			
– Operating lease rentals: minimum lease payments ⁽²⁾		114	127
– Operating lease rentals: sub lease payments ⁽²⁾		33	23
<u>TOTAL MATERIALS AND CONTRACTS</u>		<u>16,232</u>	<u>18,382</u>
1. Auditor remuneration			
During the period, the following fees were incurred for services provided by the Council's Auditor:			
(i) Audit and other assurance services			
– Audit and review of financial statements: Council's Auditor		48	55
Total Auditor remuneration		<u>48</u>	<u>55</u>
2. Operating lease payments are attributable to:			
Photocopiers		104	85
Other		43	65
		<u>147</u>	<u>150</u>

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Impairment costs		Depreciation/amortisation	
		Actual	Actual	Actual	Actual
		1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 12/5/16	1/7/14 to 30/6/15
Plant and equipment		–	–	1,643	1,813
Office equipment		–	–	365	243
Furniture and fittings		–	–	74	60
Land improvements (depreciable)		–	–	19	5
Infrastructure:					
– Buildings – non-specialised		–	–	218	269
– Buildings – specialised		–	–	1,375	1,520
– Roads		–	–	4,018	4,472
– Bridges		–	–	153	177
– Footpaths		–	–	574	647
– Stormwater drainage		–	–	1,534	1,762
– Swimming pools		–	–	272	314
– Other open space/recreational assets		–	–	1,605	1,714
Other assets					
– Library books		–	–	345	392
Total depreciation and impairment costs		–	–	12,195	13,388
TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED		–	–	12,195	13,388

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
(e) Other expenses			
Other expenses for the period include the following:			
Agency fees		63	72
Bad and doubtful debts		155	112
Bank charges		109	104
– Department of planning levy		140	124
– NSW fire brigade levy		1,022	975
– Other contributions/levies		296	298
Councillor expenses – mayoral fee		33	39
Councillor expenses – councillors' fees		184	215
Councillors' expenses (incl. mayor) – other (excluding fees above)		70	99
Donations, contributions and assistance to other organisations (Section 356)		54	42
Electricity and heating		399	600
Furniture and fittings maintenance and repairs		203	173
Gas charges		104	141
Information technology fees		1,119	1,151
Insurance		1,271	1,163
Postage		171	170
Printing and stationery		302	347
Publicity, promotions, events		652	687
Street lighting		1,029	1,416
Subscriptions and publications		127	139
Telephone and communications		279	312
Valuation fees		167	164
Waste disposal tipping fees		8,133	9,341
Water rates and charges		536	582
Other		138	114
Total other expenses		16,756	18,580
TOTAL OTHER EXPENSES		16,756	18,580

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Plant and equipment			
Proceeds from disposal – plant and equipment		899	975
Less: carrying amount of plant and equipment assets sold/written off		(604)	(814)
Net gain/(loss) on disposal		295	161
Financial assets *			
Proceeds from disposal/redemptions/maturities – financial assets		33,109	22,000
Less: carrying amount of financial assets sold/redeemed/matured		(33,109)	(22,000)
Net gain/(loss) on disposal		–	–
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>295</u>	<u>161</u>

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 6a. – Cash assets and Note 6b. – investments

\$ '000	Notes	12/5/16	12/5/16	30/6/15	30/6/15
		Actual Current	Actual Non-current	Actual Current	Actual Non-current
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		3,240	–	916	–
Cash-equivalent assets ¹					
– Deposits at call		13,193	–	8,362	–
Total cash and cash equivalents		16,433	–	9,278	–
Investments (Note 6b)					
– Long term deposits		23,170	21,990	28,180	8,980
– NCD's, FRN's (with maturities > 3 months)		17,049	–	21,336	–
Total investments		40,219	21,990	49,516	8,980
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		56,652	21,990	58,794	8,980

¹ Those investments where time to maturity (from date of purchase) is < 3 mths.

Cash, cash equivalents and investments were classified at end of period in accordance with AASB 139 as follows:

Cash and cash equivalents

a. 'At fair value through the profit and loss'		16,433	–	9,278	–
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Investments

a. 'At fair value through the profit and loss'					
– 'Held for trading'	6(b-i)	17,049		21,336	–
b. 'Held to maturity'	6(b-ii)	23,170	21,990	28,180	8,980
Investments		40,219	21,990	49,516	8,980

Refer to Note 27. Fair value measurement for information regarding the fair value of investments held.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 6b. investments (continued)

\$ '000	12/5/16	12/5/16	30/6/15	30/6/15
	Actual Current	Actual Non-current	Actual Current	Actual Non-current
Note 6(b-i)				
Reconciliation of investments classified as 'at fair value through the profit and loss'				
Balance at beginning of period	21,336	–	17,358	–
Revaluations (through the Income Statement)	(309)		(20)	–
Additions	1,131	–	10,998	–
Disposals (sales and redemptions)	(5,109)		(7,000)	–
Balance at end of period	17,049	–	21,336	–
Comprising:				
– NCD's, FRN's (with maturities > 3 months)	17,049		21,336	–
Total	17,049	–	21,336	–
Note 6(b-ii)				
Reconciliation of investments classified as 'held to maturity'				
Balance at beginning of period	28,180	8,980	15,000	16,000
Additions	26,990	9,010	14,180	6,980
Disposals (sales and redemptions)	(28,000)		(15,000)	–
Transfers between current/non-current	(4,000)	4,000	14,000	(14,000)
Balance at end of period	23,170	21,990	28,180	8,980
Comprising:				
– Long term deposits	23,170	21,990	28,180	–
– Other long term financial assets	–	–	–	8,980
Total	23,170	21,990	28,180	8,980

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 6c. Restricted cash, cash equivalents and investments – details

\$ '000	12/5/16	12/5/16	30/6/15	30/6/15
	Actual Current	Actual Non-current	Actual Current	Actual Non-current
Total cash, cash equivalents and investments	56,652	21,990	58,794	8,980
attributable to:				
External restrictions (refer below)	23,665	21,990	26,722	8,980
Internal restrictions (refer below)	16,091	–	17,685	–
Unrestricted	16,896	–	14,387	–
	56,652	21,990	58,794	8,980

1/7/15 to 12/5/16	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
\$ '000				

Details of restrictions

External restrictions – included in liabilities

Nil

External restrictions – other

Developer contributions – general	(D)	22,268	16,002	(8,054)	30,216
Specific purpose unexpended grants	(F)	3,337	–	(231)	3,106
Domestic waste management	(G)	6,825	1,781		8,606
Domestic Waste management ELE		967	89		1,056
Stormwater management	(G)	1,174	386		1,560
Other special levies	(G)	–	11		11
Holroyd gardens – future works		547			547
Traffic management projects		584	(31)		553
External restrictions – other		35,702	18,238	(8,285)	45,655
Total external restrictions		35,702	18,238	(8,285)	45,655

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 6c. Restricted cash, cash equivalents and investments – details (continued)

1/7/15 to 12/5/16 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
Internal restrictions				
Employees Leave Entitlement (ELE)	2,664	789		3,453
Childrens Services ELE	452	255		707
Capital Works Reserve	3,245		(1,134)	2,111
Carry-Over Works	2,098		(757)	1,341
Childrens OOSH Services	845		(59)	786
Community Bus Replacement	403	43		446
Election Reserve	242	117		359
Future Fund	2,232		(1,485)	747
Goods Received Not Invoiced	375	217		592
Guildford Community Centre	227	7		234
Holroyd Gardens Sales	908			908
Information Technology	220		(58)	162
Insurance/Public Risk	77	269		346
Loan Funds Unexpended	98		(51)	47
Long Day Care	431		(163)	268
Meals on Wheels	85		(68)	17
Off-Street Parking	197	16	–	213
Property Reserve	252	120		372
Sales of Land	275			275
Sports Grounds	698	199		897
Street Car Parking	1,349	25	–	1,374
Tennis Court Funds	133	19	–	152
Waste Performance	90		(90)	–
Wenty Childrens Centre Building	–	226	–	226
Other	89	–	(31)	58
Total internal restrictions	17,685	2,302	(3,896)	16,091
TOTAL RESTRICTIONS	53,387	20,540	(12,181)	61,746

- A Loan moneys which must be applied for the purposes for which the loans were raised.
- B Advances by roads and maritime services for (RMS) works on the State's classified roads.
- C Self insurance liability resulting from reported claims or incurred claims not yet reported.
- D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- E RMS contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1 (b))
- G Water, sewerage, domestic waste management (DWM) and other special rates/levies/charges are externally restricted assets and must be applied for the purposes for which they were raised.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 7. Receivables

\$ '000	Notes	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
Purpose					
Rates and annual charges		9,780	92	1,157	165
Interest and extra charges		–	68	53	92
User charges and fees		237	–	207	–
Contributions to works		83	–	55	–
Accrued revenues					
– Interest on investments		1,115	–	1,133	–
– Other income accruals		891	–	–	–
Childrens and community services		196	–	68	–
Government grants and subsidies		223	–	559	–
Lease/rental of properties		83	–	158	–
Net GST receivable		853	–	821	–
Restoration charges		169	–	95	–
Workers' compensation insurance		71	–	76	–
Other debtors		111	–	100	–
Total		13,812	160	4,482	257
Less: provision for impairment					
Other debtors		(171)	–	(62)	–
Total provision for impairment – receivables		(171)	–	(62)	–
TOTAL NET RECEIVABLES		13,641	160	4,420	257
Externally restricted receivables					
Domestic waste management		2,872	31	488	59
Infrastructure rates		441		70	8
Stormwater management		153	2	27	3
Other					
– Government grants and subsidies		234		559	–
Total external restrictions		3,700	33	1,144	70
Internally restricted receivables					
– Function centres		39		54	–
– Childrens and community services		176		36	–
Internally restricted receivables		215	–	90	–
Unrestricted receivables		9,726	127	3,186	187
TOTAL NET RECEIVABLES		13,641	160	4,420	257

Notes on debtors above:

- (i) Rates and 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 and charges at 8.50% (2015 8.50%).
Generally all other receivables are non-interest bearing.
- (iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 8. Inventories and other assets

\$ '000	Notes	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
(a) Inventories					
(i) Inventories at cost					
Stores and materials		128	–	90	–
Loose tools		210	–	198	–
Total inventories at cost		338	–	288	–
(ii) Inventories at net realisable value (NRV)					
Nil					
<u>TOTAL INVENTORIES</u>		<u>338</u>	<u>–</u>	<u>288</u>	<u>–</u>
(b) Other assets					
Nil					
Externally restricted assets					
There are no restrictions applicable to the above assets.					
Total unrestricted assets		338	–	288	–
TOTAL INVENTORIES AND OTHER ASSETS		<u>338</u>	<u>–</u>	<u>288</u>	<u>–</u>

Notes to the Financial Statements
for the period 1 July 2015 to 12 May 2016

Note 9a. Infrastructure, property, plant and equipment

	as at 30/6/2015					Asset movements during the reporting period							as at 12/5/2016			
	At cost	At fair value	Accumulated		Carrying value	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation Adjustments to equity (ARR)	At cost	At fair value	Accumulated depreciation	Carrying value
			depreciation	impairment												
\$ '000																
Capital work in progress	1,636	–	–	–	1,636	1,684				(169)			3,153	–	–	3,153
Plant and equipment	–	23,669	14,511	–	9,158	2,263	(602)	(1,643)					–	23,711	14,536	9,175
Office equipment	–	7,083	6,146	–	937	47		(365)					–	7,129	6,511	618
Furniture and fittings	–	3,056	2,554	–	502	308		(74)					–	3,364	2,628	736
Land:																
– Operational land	–	53,637	–	–	53,637		4,514						–	58,151	–	58,151
– Community land	–	190,357	–	–	190,357								–	190,357	–	190,357
– Land under roads (post 30/6/08)	–	436	–	–	436								–	436	–	436
Land improvements – non-depreciable	–	1,581	–	–	1,581	649					(2,230)		–	–	–	–
Land improvements – depreciable	–	180	19	–	161	77		(19)			(218)		–	–	–	–
Infrastructure:																
– Buildings – non-specialised	–	17,717	2,332	–	15,385	448		(218)					–	18,165	2,550	15,615
– Buildings – specialised	–	83,360	9,413	–	73,947	1,639		(1,375)	169	(1,143)			–	81,836	8,603	73,234
– Roads	–	347,179	95,474	–	251,705	7,652	115	(4,018)		(6,307)			–	357,023	107,873	249,150
– Bridges	–	12,901	4,393	–	8,508			(153)			5,758		–	20,322	6,209	14,113
– Footpaths	–	72,525	30,071	–	42,454	766	270	(574)			(7,223)		–	71,102	35,408	35,694
– Stormwater drainage	–	315,469	90,484	–	224,985	934	32	(1,534)		1,761			–	318,824	92,648	226,176
– Swimming pools	–	12,377	5,262	–	7,115	46		(272)		852			–	13,184	5,444	7,740
– Other open space/recreational assets	–	97,852	25,504	–	72,348	1,113		(1,605)		2,448	(21,054)		–	94,292	41,041	53,251
Other assets:																
– Library books	–	7,327	6,448	–	879		198	(345)					–	7,526	6,792	734
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	1,636	1,246,706	292,611	–	955,731	17,626	5,128	(602)	(12,195)	–	(4,837)	(22,518)	3,153	1,265,422	330,243	938,332

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 and equipment.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 9b. Externally restricted infrastructure, property, plant and equipment

\$ '000	Actual 12/5/16				Actual 30/6/15			
	At cost	At fair value	A/Dep & impairm't	Carrying value	At cost	At fair value	A/Dep & impairm't	Carrying value
Plant and equipment		8,323	4,022	4,301	–	7,833	4,286	3,547
TOTAL RESTRICTED I,PP&E	–	8,323	4,022	4,301	–	7,833	4,286	3,547

Note 9c. Infrastructure, property, plant and equipment – current period impairments

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

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
Payables					
Goods and services – operating expenditure		3,405	–	2,229	–
Payments received In advance		2,183	–	–	–
Accrued expenses:					
– Other expenditure accruals		1,526	–	1,623	–
Security bonds, deposits and retentions		15,345	–	13,978	–
Other		250	–	977	–
Total payables		22,709	–	18,807	–
Borrowings					
Nil					
Provisions					
Employee benefits:					
Annual leave		3,955	–	3,990	–
Sick leave		451	–	538	–
Long service leave		6,952	1,711	6,278	1,276
Total provisions		11,358	1,711	10,806	1,276
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		34,067	1,711	29,613	1,276
(i) Liabilities relating to restricted assets					
		12/5/16 Current	12/5/16 Non-current	30/6/15 Current	30/6/15 Non-current
Externally restricted assets					
Domestic waste management		511	545	448	519
Liabilities relating to externally restricted assets		511	545	448	519
Total liabilities relating to restricted assets		511	545	448	519
Total liabilities relating to unrestricted assets		33,556	1,166	29,165	757
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		34,067	1,711	29,613	1,276

¹: Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 15.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 10a. Payables, borrowings and provisions (continued)

\$ '000	Actual 12/5/16	Actual 30/6/15
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(ii) Current liabilities not anticipated to be settled within the next twelve months

The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.

Provisions – employees benefits	5,335	5,030
Payables – security bonds, deposits and retentions	<u>13,805</u>	<u>12,317</u>
	<u>19,140</u>	<u>17,347</u>

Note 10b. Description of and movements in provisions

Nil

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	16,433	9,278
Balance as per the Statement of Cash Flows		16,433	9,278
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		25,286	12,268
Adjust for non-cash items:			
Depreciation and amortisation		12,195	13,388
Net losses/(gains) on disposal of assets		(295)	(161)
Non-cash capital grants and contributions		(417)	(182)
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Investments classified as 'at fair value' or 'held for trading'		309	20
Share of net (profits) or losses of associates/joint ventures		(181)	(34)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(9,233)	315
Increase/(decrease) in provision for doubtful debts		109	–
Decrease/(increase) in inventories		(50)	(5)
Increase/(decrease) in payables		1,176	593
Increase/(decrease) in other accrued expenses payable		(97)	224
Increase/(decrease) in other liabilities		2,823	1,131
Increase/(decrease) in employee leave entitlements		987	378
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		32,612	27,935

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 11. Statement of cash flows – additional information (continued)

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(c) Non-cash investing and financing activities			
Other dedications		417	182
Total non-cash investing and financing activities		417	182
(d) Financing arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank overdraft facilities ⁽¹⁾		1,000	1,000
Credit cards/purchase cards		90	90
Total financing arrangements		1,090	1,090

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 and other payables are disclosed in Note 15.

(f) Net cash flows attributable to discontinued operations

Please refer to Note 24 for details of cash flows that relate to discontinued operations

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 12. Commitments for expenditure

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(a) Capital commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, plant and equipment			
Buildings		7,500	–
Total commitments		7,500	–
These expenditures are payable as follows:			
Within the next year		7,500	–
Total payable		7,500	–
Sources for funding of capital commitments:			
Internally restricted reserves		7,500	–
Total sources of funding		7,500	–

(b) Finance lease commitments

Nil

(c) Operating lease commitments (non-cancellable)

a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:

Within the next year	104	88
Later than one year and not later than 5 years		283
Total non-cancellable operating lease commitments	104	371

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.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 13a(i). Statement of performance measurement – indicators (consolidated)

\$ '000	Amounts	Indicator	Prior periods	
	12/5/16	12/5/16	30/6/15	30/6/14
Local government industry indicators – consolidated				
1. Operating performance ratio				
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	<u>7,817</u>	8.55%	0.37%	-3.92%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>91,398</u>			
2. Own source operating revenue ratio				
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>78,299</u>	72.03%	74.52%	81.77%
Total continuing operating revenue ⁽¹⁾	<u>108,700</u>			
3. Unrestricted current ratio				
Current assets less all external restrictions ⁽²⁾	<u>43,266</u>	3.00x	3.02x	2.58x
Current liabilities less specific purpose liabilities ^(3, 4)	<u>14,416</u>			
4. Debt service cover ratio				
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>20,012</u>	0.00x	0.00x	0.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	–			
5. Rates, annual charges, interest and extra charges outstanding percentage				
Rates, annual and extra charges outstanding	<u>9,940</u>	16.13%	2.43%	2.45%
Rates, annual and extra charges collectible	<u>61,617</u>			
6. Cash expense cover ratio				
Current period's cash and cash equivalents plus all term deposits	<u>61,593</u>	10.54 mths	7.2 mths	6.3 mths
Payments from cash flow of operating and financing activities	<u>5,841</u>			

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

Also excludes any real estate and land for resale not expected to be sold in the next 12 months.

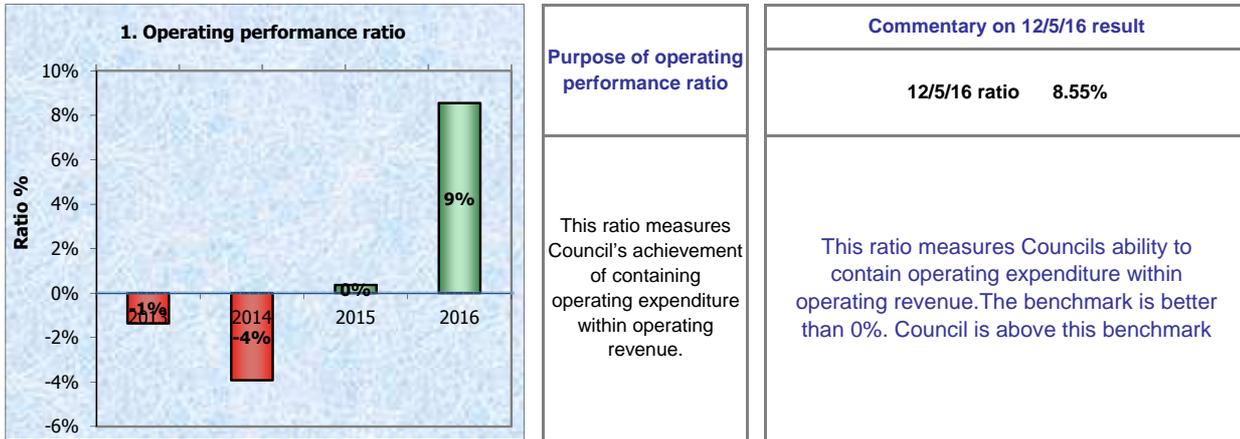
⁽³⁾ Refer to Note 10(a).

⁽⁴⁾ Refer to Note 10(a)(ii) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

The former Holroyd City Council

Notes to the Financial Statements
for the period 1 July 2015 to 12 May 2016

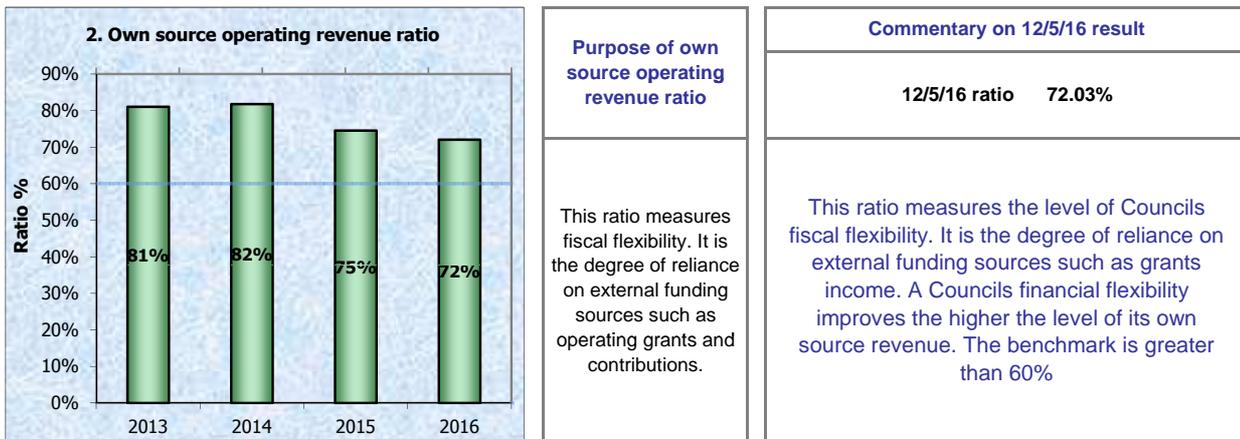
Note 13a(ii). Local government industry indicators – graphs (consolidated)



Benchmark: — Minimum $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

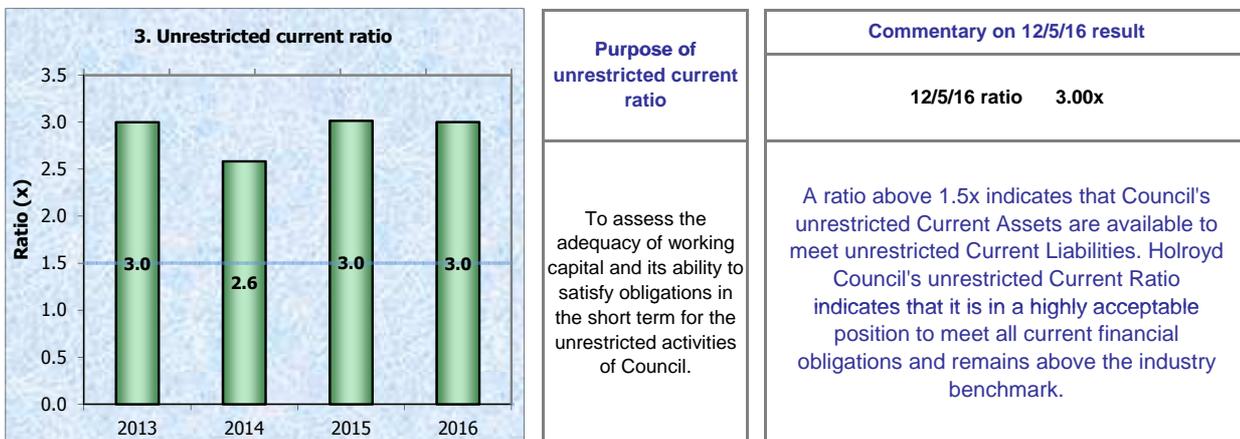
Ratio achieves benchmark
 Ratio is outside benchmark



Benchmark: — Minimum $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark
 Ratio is outside benchmark



Benchmark: — Minimum ≥ 1.50

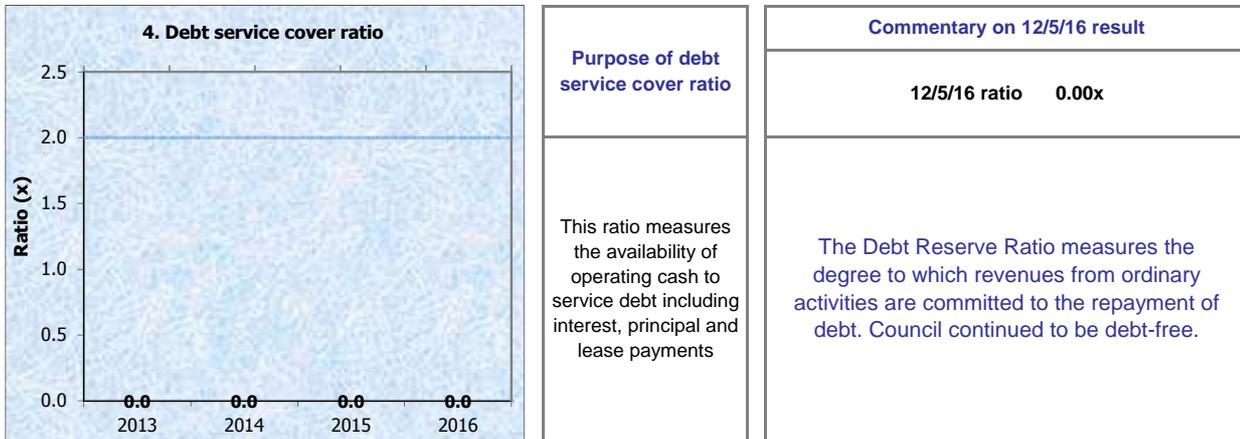
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark
 Ratio is outside benchmark

The former Holroyd City Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

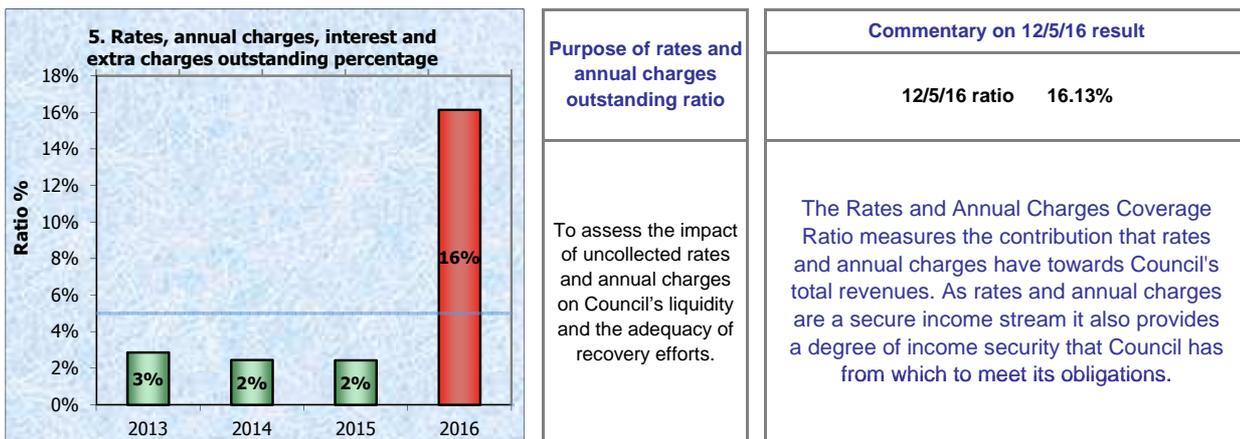
Note 13a(ii). Local government industry indicators – graphs (consolidated)



Benchmark: — Minimum ≥ 2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

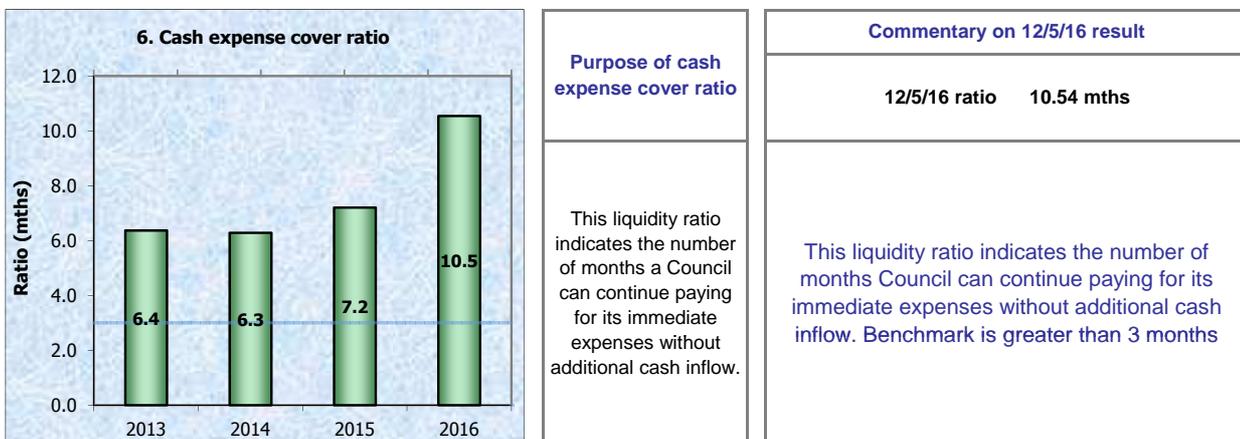
Ratio achieves benchmark
 Ratio is outside benchmark



Benchmark: — Maximum $< 5.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio is within Benchmark
 Ratio is outside Benchmark



Benchmark: — Minimum ≥ 3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark
 Ratio is outside benchmark

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 13c(i). Statement of performance measurement – indicators (consolidated)

\$ '000	Amounts	Indicator	Prior periods	
	12/5/16	12/5/16	30/6/15	30/6/14
Local government industry indicators – consolidated				
Alternative indicators (excluding rates and annual charges income from 13/5/16 – 30/6/16)				
1. Operating performance ratio				
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	<u>1,832</u>	2.14% ⁽⁵⁾	0.37%	-3.92%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>85,413</u>			
2. Own source operating revenue ratio				
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>72,314</u>	70.40% ⁽⁵⁾	74.52%	81.77%
Total continuing operating revenue ⁽¹⁾	<u>102,715</u>			
3. Unrestricted current ratio				
Current assets less all external restrictions ⁽²⁾	<u>37,281</u>	2.59x ⁽⁵⁾	3.02x	2.58x
Current liabilities less specific purpose liabilities ^(3, 4)	<u>14,416</u>			
4. Debt service cover ratio				
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>14,027</u>	0.00x ⁽⁵⁾	0.00x	0.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>–</u>			
5. Rates, annual charges, interest and extra charges outstanding percentage				
Rates, annual and extra charges outstanding	<u>1,771</u>	2.87%	2.43%	2.45%
Rates, annual and extra charges collectible	<u>61,617</u>			
6. Cash expense cover ratio				
Current period's cash and cash equivalents plus all term deposits	<u>61,593</u>	10.54 mths	7.2 mths	6.3 mths
Payments from cash flow of operating and financing activities	<u>5,841</u>			

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

Also excludes any real estate and land for resale not expected to be sold in the next 12 months.

⁽³⁾ Refer to Note 10(a).

⁽⁴⁾ Refer to Note 10(a)(ii) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

⁽⁵⁾ This ratio reflects excluding the "pro rata" of rates and annual charges income applicable to 13/5/16 – 30/6/16.

The former Holroyd City Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 13c(ii). Local government industry indicators – graphs (consolidated)

Alternative indicators (excluding rates and annual charges income from 13/5/16 – 30/6/16)

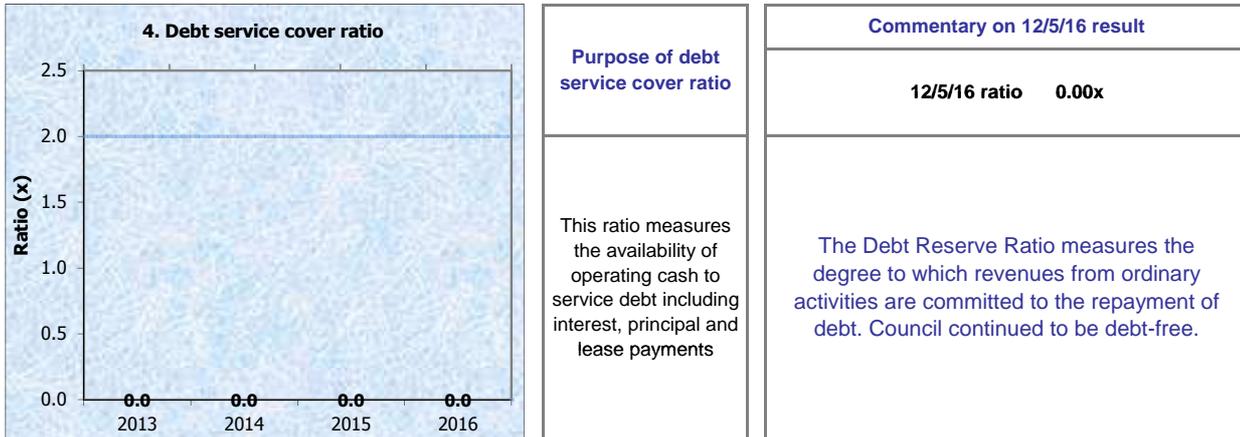
<p>1. Operating performance ratio</p> <p>Benchmark: — Minimum $\geq 0.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p>Purpose of operating performance ratio</p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p>Commentary on 12/5/16 result</p> <p>12/5/16 ratio 2.14%</p> <p>This ratio measures Council's ability to contain operating expenditure within operating revenue. The benchmark is better than 0%. Council is above this benchmark</p> <p>■ Ratio achieves benchmark ■ Ratio is outside benchmark</p>
<p>2. Own source operating revenue ratio</p> <p>Benchmark: — Minimum $\geq 60.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p>Purpose of own source operating revenue ratio</p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.</p>	<p>Commentary on 12/5/16 result</p> <p>12/5/16 ratio 70.40%</p> <p>This ratio measures the level of Council's fiscal flexibility. It is the degree of reliance on external funding sources such as grants income. A Council's financial flexibility improves the higher the level of its own source revenue. The benchmark is greater than 60%</p> <p>■ Ratio achieves benchmark ■ Ratio is outside benchmark</p>
<p>3. Unrestricted current ratio</p> <p>Benchmark: — Minimum ≥ 1.50 Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p>Purpose of unrestricted current ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 12/5/16 result</p> <p>12/5/16 ratio 2.59x</p> <p>A ratio above 1.5x indicates that Council's unrestricted Current Assets are available to meet unrestricted Current Liabilities. Holroyd Council's unrestricted Current Ratio indicates that it is in a highly acceptable position to meet all current financial obligations and remains above the industry benchmark.</p> <p>■ Ratio achieves benchmark ■ Ratio is outside benchmark</p>

The former Holroyd City Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 13c(ii). Local government industry indicators – graphs (consolidated)

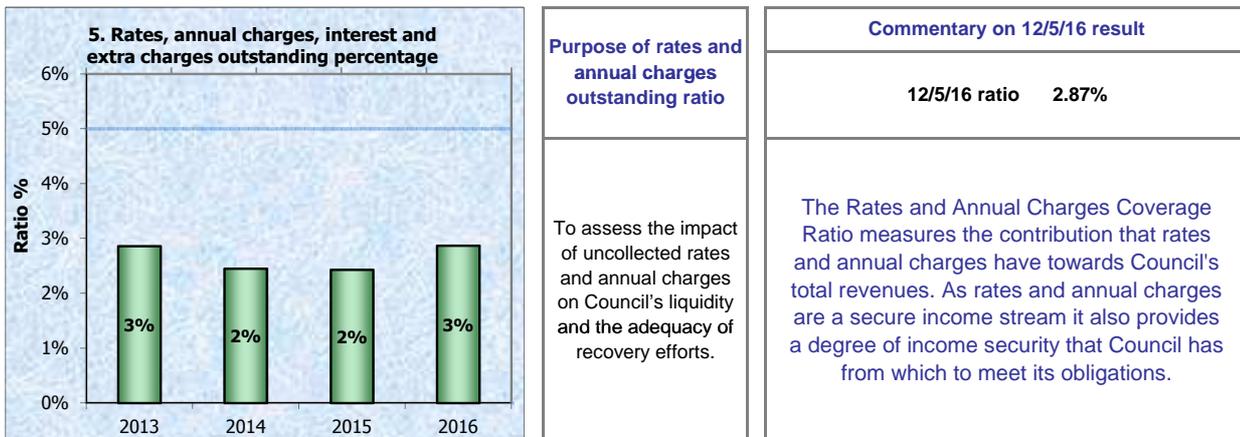
Alternative indicators (excluding rates and annual charges income from 13/5/16 – 30/6/16)



Benchmark: Minimum >=2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

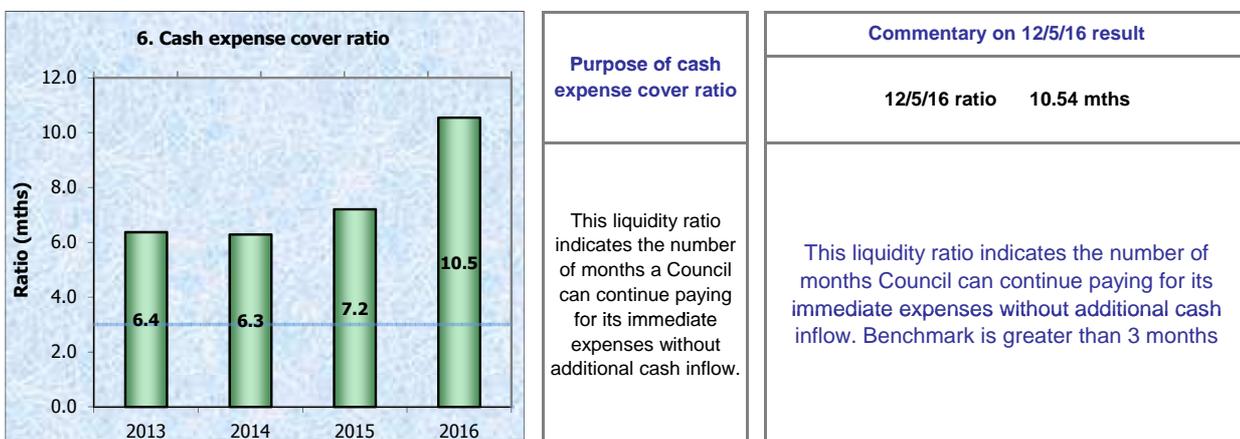
Ratio achieves benchmark
 Ratio is outside benchmark



Benchmark: Maximum <5.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio is within Benchmark
 Ratio is outside Benchmark



Benchmark: Minimum >=3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark
 Ratio is outside benchmark

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 14. Investment properties

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
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Council has not classified any land or buildings as 'investment properties'.

Note 15. Financial risk management

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 and financial liabilities recognised in the financial statements is presented below.

	Carrying value		Fair value	
	12/5/16	30/6/15	12/5/16	30/6/15
Financial assets				
Cash and cash equivalents	16,433	9,278	16,433	9,278
Investments				
– 'Held for trading'	17,049	21,336	17,049	21,336
– 'Held to maturity'	45,160	37,160	45,160	37,160
Receivables	13,801	4,677	13,801	4,677
Total financial assets	92,443	72,451	92,443	72,451
Financial liabilities				
Payables	20,526	18,807	20,526	18,807
Total financial liabilities	20,526	18,807	20,526	18,807

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) '**at fair value through profit and 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 and liabilities.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 15. Financial risk management (continued)

\$ '000

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

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the *Local Government Act 1993* and Minister's investment order. This policy is regularly reviewed by Council and its 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 these 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 and investments.

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

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
1/7/15 to 12/5/16				
Possible impact of a 10% movement in market values	1,705	1,705	(1,705)	(1,705)
Possible impact of a 1% movement in interest rates	616	616	(616)	(616)
1/7/14 to 30/6/15				
Possible impact of a 10% movement in market values	2,134	2,134	(2,134)	(2,134)
Possible impact of a 1% movement in interest rates	464	464	(464)	(464)

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 15. Financial risk management (continued)

\$ '000

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and 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 and 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:

	12/5/16	12/5/16	30/6/15	30/6/15
	Rates and	Other	Rates and	Other
	annual	receivables	annual	receivables
	charges		charges	
(i) Ageing of receivables – %				
Current (not yet overdue)	99%	69%	1%	87%
Overdue	1%	31%	99%	13%
	100%	100%	100%	100%

		Rates and	Other	Rates and	Other
		annual	receivables	annual	receivables
		charges		charges	
(ii) Ageing of receivables – value					
Rates and annual charges	Other receivables				
Current	Current	9,872	3,323	1,467	2,844
< 1 year overdue	0 – 30 days overdue		178		
1 – 2 years overdue	30 – 60 days overdue		129		428
2 – 5 years overdue	60 – 90 days overdue		470		
		9,872	4,100	1,467	3,272

	12/5/16	30/6/15
(iii) Movement in provision for impairment of receivables		
Balance at the beginning of the period	62	–
+ new provisions recognised during the period	109	62
Balance at the end of the period	171	62

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 15. Financial risk management (continued)

\$ '000

(c) Liquidity risk

Payables and 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 and overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and 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		
1/7/15 to 12/5/16									
Trade/other payables	15,345	5,181						20,526	20,526
Total financial liabilities	15,345	5,181	-	-	-	-	-	20,526	20,526
1/7/14 to 30/6/15									
Trade/other payables	13,978	4,829	-	-	-	-	-	18,807	18,807
Total financial liabilities	13,978	4,829	-	-	-	-	-	18,807	18,807

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

The following interest rates were applicable to Council's borrowings at balance date:	12/5/16	12/5/16	30/6/15	30/6/15
	Carrying value	Average interest rate	Carrying value	Average interest rate
Trade/other payables	20,526		18,807	
	<u>20,526</u>		<u>18,807</u>	

Note 16. Material budget variations

In accordance with the Supplementary Code 24(a), this note is not applicable for "former Councils".

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 17. Statement of developer contributions

\$ '000

Council recovers contributions, raises levies and 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 and levies and the value of all remaining funds which are 'restricted' in their future use.

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the period		Interest earned during period	Expenditure during period	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Community facilities	593	136	–	13	–	–	742	–
Open space – local	2,814	48	–	20	(1,709)	–	1,173	–
Open space – district	1,062	104	–	21	(1)	–	1,186	–
Open space – regional	342	100	–	7	–	–	449	–
Studies	37	15	–	1	–	–	53	–
Contribution plan no. 2	11,339	14,723	–	350	(6,165)	–	20,247	–
Merrylands town centre	2,568	–	–	45	–	–	2,613	–
Other	36	–	–	1	–	–	37	–
Total S94 revenue under plans	18,791	15,126	–	458	(7,875)	–	26,500	–
S94 not under plans	51	–	–	1	–	–	52	–
Sepp 59 agreements	3,426	354	–	63	(179)	–	3,664	–
Total contributions	22,268	15,480	–	522	(8,054)	–	30,216	–

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN NUMBER 1

PURPOSE	Opening balance	Contributions received during the period		Interest earned during period	Expenditure during period	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space – local	2,814	48		20	(1,709)		1,173	
Open space – district	1,062	104		21	(1)		1,186	
Open space – regional	342	100		7			449	
Community facilities	593	136		13			742	
Studies	37	15		1			53	
Other	36			1			37	
Total	4,884	403	–	63	(1,710)	–	3,640	–

CONTRIBUTION PLAN No. 2

PURPOSE	Opening balance	Contributions received during the period		Interest earned during period	Expenditure during period	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Contribution plan no. 2	11,339	14,723		350	(6,165)		20,247	
Total	11,339	14,723	–	350	(6,165)	–	20,247	–

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – UNDER A PLAN

MERRYLANDS TOWN CENTRE

PURPOSE	Opening balance	Contributions received during the period		Interest earned during period	Expenditure during period	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Merrylands town centre	2,568			45			2,613	
Total	2,568	-	-	45	-	-	2,613	-

S94 CONTRIBUTIONS – NOT UNDER A PLAN

PURPOSE	Opening balance	Contributions received during the period		Interest earned during period	Expenditure during period	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	51			1			52	
Total	51	-	-	1	-	-	52	-

The former Holroyd City Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 18. Contingencies and other assets/liabilities not recognised

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and 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 12/5/2016 may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

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

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

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

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

(iv) Other guarantees

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

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 18. Contingencies and other assets/liabilities not recognised (continued)

LIABILITIES NOT RECOGNISED (continued):

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 Council's 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 (and subsequent land asset) from such potential acquisitions has not been possible.

ASSETS NOT RECOGNISED:

(i) Land under roads

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

(ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at end of period, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 19. Interests in other entities

\$ '000

Council's objectives can and in some cases are best met through the use of separate entities and operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other councils, bodies and other outside organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of council's (i) interest and (ii) control and the type (form) of entity/operation, as follows;

Controlled entities (subsidiaries)

Note 19(a)

Operational arrangements where Council's control (but not necessarily interest) exceeds 50%.

Joint ventures and associates

Note 19(b)

Joint ventures are operational arrangements where the parties that have joint control have rights to the net assets of the arrangement.

Associates are separate entities where Council has significant influence over the operations (but neither controls nor jointly controls them).

Joint operations

Note 19(c)

Operational arrangements where the parties that have joint control have rights to specific assets and obligations for specific liabilities relating to the arrangement rather than a right to the net assets of the arrangement.

Unconsolidated structured entities

Note 19(d)

Unconsolidated structured entities represent "special vehicles" that Council has an interest in but which are not controlled by Council and therefore not consolidated as a subsidiary, joint arrangement or associate. Attributes of structured entities include restricted activities, a narrow and well-defined objective and insufficient equity to finance its activities without financial support.

Subsidiaries, joint arrangements and associates not recognised

Note 19(e)

Accounting recognition:

(i) Subsidiaries disclosed under Note 19(a) and joint operations disclosed at Note 19(c) are accounted for on a 'line by line' consolidation basis within the Income Statement and Statement of Financial Position.

(ii) Joint ventures and associates as per Note 19(b) are accounted for using the equity accounting method and are disclosed as a 1 line entry in both the Income Statement and Statement of Financial Position.

	Council's share of net income		Council's share of net assets	
	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15	Actual 12/5/16	Actual 30/6/15
Joint ventures	181	34	1,856	1,675
Total	181	34	1,856	1,675

The former Holroyd City Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 19. Interests in other entities (continued)

\$ '000

(a) Controlled entities (subsidiaries) – being entities and operations controlled by Council

Council has no interest in any controlled entities (subsidiaries).

(b) Joint ventures and associates

Council has incorporated the following joint ventures and associates into its consolidated financial statements.

(a) Net carrying amounts – Council's share

Name of entity	Nature of relationship	Measurement method	12/5/16	30/6/15
United Independent Pools	Joint venture	Equity accounting	315	327
Metro Pool	Joint venture	Equity accounting	1,541	1,348
Total carrying amounts – material joint ventures and associates			1,856	1,675

(b) Details

Name of entity	Principal activity	Place of business
United Independent Pools	Risk management and insurance pooling to councils	Penrith NSW
Metro Pool	Public liability and professional indemnity coverage to councils	Penrith NSW

(c) Relevant interests and fair values

Name of entity	Interest in outputs		Interest in ownership		Proportion of voting power	
	2016	2015	2016	2015	2016	2015
United Independent Pools	4%	4%	4%	4%	5%	5%
Metro Pool	16%	16%	16%	16%	11%	11%

(d) Summarised financial information for joint ventures and associates

Reporting dates of joint ventures and associates

The financial position and performance of joint ventures and associated for the financial year ended 30 June 2016 have been used in these consolidated financial statements.

The joint ventures and arrangements did not have any significant transactions occurring in the period from 13 May 2016 to 30 June 2016 that would have materially affected the consolidated financial statements.

Statement of financial position	United Independent Pools		Metro Pool	
	12/5/16	30/6/15	12/5/16	30/6/15
Current assets				
Other current assets	4,347	6,027	6,025	4,762
Total current assets	4,347	6,027	6,025	4,762
Non-current assets	8,539	5,760	16,408	15,491
Current liabilities				
Other current liabilities	3,146	1,808	1,865	1,238
Total current liabilities	3,146	1,808	1,865	1,238
Non-current liabilities	2,454	2,462	11,147	10,644
Net assets	7,286	7,517	9,421	8,371

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 19. Interests in other entities (continued)

\$ '000

Reconciliation of the carrying amount

Opening net assets (1 July)	7,517	6,906	8,371	8,327
Profit/(loss) for the period	(231)	611	1,050	44
Closing net assets	7,286	7,517	9,421	8,371
Council's share of net assets (%)	4.3%	4.4%	16.4%	16.1%
Council's share of net assets (\$)	313	327	1,545	1,348

United Independent Pools**Metro Pool**

	1/7/15 to 12/5/16	1/7/14 to 30/6/15	1/7/15 to 12/5/16	1/7/14 to 30/6/15
Statement of comprehensive income				
Income	8,551	9,896	3,590	3,528
Interest income	423	388	774	953
Other expenses	(9,205)	(9,673)	(3,313)	(4,437)
Profit/(loss) from continuing operations	(231)	611	1,051	44
Share of income – Council (%)	5.0%	3.0%	18.4%	36.5%
Profit/(loss) – Council (\$)	(12)	18	193	16
Total comprehensive income – Council (\$)	(12)	18	193	16

(c) Joint operations

Council has no interest in any joint operations.

(d) Unconsolidated structured entities

Council has no unconsolidated structured entities

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
(a) Retained earnings			
Movements in retained earnings were as follows:			
Balance at beginning of period (from previous year's audited accounts)		714,414	702,761
c. Other comprehensive income (excl. direct to reserves transactions)		(4,837)	(615)
d. Net operating result for the period		25,286	12,268
Balance at end of the reporting period		734,863	714,414

(b) Revaluation reserves**(i) Reserves are represented by:**

– Infrastructure, property, plant and equipment revaluation reserve		262,328	284,846
Total		262,328	284,846

(ii) Reconciliation of movements in reserves:

Infrastructure, property, plant and equipment revaluation reserve			
– Opening balance		284,846	284,846
– Revaluations for the period	9(a)	(22,518)	–
– Balance at end of period		262,328	284,846
TOTAL VALUE OF RESERVES		262,328	284,846

(iii) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve
– The infrastructure, property, plant and equipment revaluation reserve is used to record increments/decrements of non-current asset values due to their revaluation.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Notes	Actual 12/5/16	Actual 30/6/15
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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.

(d) Voluntary changes in accounting policies

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

(e) Changes in accounting estimates

Council made no changes in accounting estimates during the reporting period.

Note 21. Financial result and financial position by fund

Council utilises only a general fund for its operations.

Note 22. 'Held for sale' non-current assets and disposal groups

Council did not classify any non-current assets or disposal groups as 'held for sale'.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 23. Events occurring after the reporting date

\$ '000

Events that occur between the end of the reporting period (12 May 2016) 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 02/11/16.

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 12 May 2016.

(ii) Events that provide evidence of conditions that arose after the reporting period

These financial statements (and figures therein) do not incorporate any 'non-adjusting events' that have occurred after 12 May 2016 and which are only indicative of conditions that arose after 12 May 2016.

Council is aware of the following 'non-adjusting events' that merit disclosure:

Amalgamation of operations for the former Holroyd City Council to form Cumberland Council

On 12 May 2016, the Local Government (Council Amalgamations) Proclamation 2016 announced that effective from midnight on 12 May 2016, the operations of the former Holroyd City Council would be amalgamated with other Council/s to form the new council Cumberland Council.

The proclamation automatically transferred the assets, rights and liabilities of the former Holroyd City Council to Cumberland Council on 13 May 2016.

The proclamation ensures that any reference in any document to the former Holroyd City Council is to be read as a reference to Cumberland Council, and that anything done by the former Holroyd City Council before the amalgamation is taken to have been done by Cumberland Council.

These proclamation clauses provide for the transfer of physical assets (such as cars, buildings, plant and equipment) along with intangible assets and liabilities (such as service contracts and outstanding debts).

This ensures the general business and operations of former councils are preserved, including contracts and services.

These financial statements have been drawn up to reflect the closing financial position as at 12 May 2016 of the former Holroyd City Council and its financial performance for the period 1 July 2015 to 12 May 2016.

The former Holroyd City Council

Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016

Note 24. Discontinued operations

\$ '000

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

Note 25. Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance.

Note 26. Reinstatement, rehabilitation and restoration liabilities

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

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement

\$ '000

The Council measures the following asset and liability classes at fair value on a recurring basis:

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

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

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

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values:

1/7/15 to 12/5/16	Date	Fair value measurement hierarchy			Total
		Level 1	Level 2	Level 3	
Recurring fair value measurements	Date of latest valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Financial assets					
Investments					
– 'Held for trading'	12/05/16			17,049	17,049
Total financial assets		–	–	17,049	17,049
Infrastructure, property, plant and equipment					
Plant and equipment	12/05/16			9,175	9,175
Office equipment	12/05/16			618	618
Furniture and fittings	12/05/16			736	736
Operational land	12/05/16			58,151	58,151
Community land	12/05/16			190,357	190,357
Land under roads (post 30/6/08)	12/05/16			436	436
Buildings – specialised	12/05/16			73,234	73,234
Buildings – non-specialised	12/05/16			15,615	15,615
Roads	12/05/16			249,150	249,150
Bridges	12/05/16			14,113	14,113
Footpaths	12/05/16			35,694	35,694
Stormwater drainage	12/05/16			226,176	226,176
Other open space/recreational assets	12/05/16			53,251	53,251
Swimming pools	12/05/16			7,740	7,740
Library books	12/05/16			734	734
Other/WIP	12/05/16			3,153	3,153
Total infrastructure, property, plant and equipment		–	–	938,332	938,332

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement

\$ '000

1/7/14 to 30/6/15	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Financial assets					
Investments					
– 'Held for trading'	30/06/15			21,336	21,336
Total financial assets		–	–	21,336	21,336
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/15			9,158	9,158
Office equipment	30/06/15			937	937
Furniture and fittings	30/06/15			502	502
Operational land	30/06/15			53,637	53,637
Community land	30/06/15			190,357	190,357
Land under roads (post 30/6/08)	30/06/15			436	436
Land improvements – non-depreciable	30/06/15			1,581	1,581
Land improvements – depreciable	30/06/15			161	161
Buildings – specialised	30/06/15			73,947	73,947
Buildings – non-specialised	30/06/15			15,385	15,385
Roads	30/06/15			251,705	251,705
Bridges	30/06/15			8,508	8,508
Footpaths	30/06/15			42,454	42,454
Stormwater drainage	30/06/15			224,985	224,985
Other open space/recreational assets	30/06/15			72,348	72,348
Swimming pools	30/06/15			7,115	7,115
Library books	30/06/15			879	879
Other/WIP	30/06/15			1,636	1,636
Total infrastructure, property, plant and equipment		–	–	955,731	955,731

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

(2) Transfers between level 1 and level 2 fair value hierarchies

During the period, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

(3) Valuation techniques used to derive level 2 and level 3 fair values

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

Financial assets

At fair value through profit and loss are represented by Floating Rate Notes, Covered Bonds and Term Deposits. Council obtains valuations from its Investment Advisor on a monthly basis and at the end of each accounting period to ensure the financial statements reflect the most up to date valuation. The valuations of Floating Rate Notes are sourced from UBS based on mid-market prices. That is, valuations are marked at the mid-point of the bid and ask prices in the secondary market. This price represents a general market value for the asset. There has been no change to the valuation techniques during the reporting period. Australian Stock Exchange (ASX) retail listed securities are listed on the ASX. Valuations are sourced directly on the ASX using the closing price at the end of the reporting period

Infrastructure, property, plant and equipment (IPP&E)

The purchase cost of Plant & Equipment, Office Equipment and Furniture & Fittings are taken as their fair value. That costs being the invoice or contract costs. Council assumes that the carrying amount reflects the fair value of the assets due to their nature.

Operational Land

Council obtains its fair values for operational land from an external valuer every 5 years (last valuation being 2013) using Level 3 inputs.

Operational land has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in settling the price, including but not limited to:

- *The land's description and/or dimensions;
- *Planning and other constraints on development; and
- *The potential for alternative use.

Sales of land throughout the surrounding Council areas are used to adopt a rate per square metre, after taking into consideration zoning, location, area and configuration.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

Community Land

Council's community land was valued based on the Land Value (LV) provided by the Valuer-General in 2012.

Land Under Roads

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051. Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment. Values were determined by valuation of road segments at the average unit value of properties adjoining the relevant road segment.

Buildings - Non specialised and Specialised

Council's buildings were valued based on the condition survey approach described in IPWEA's Practice Note 3 for Buildings and were used to determine the expected life ranges and criticality factors to produce the Depreciated Replacement Cost (DRC) Values and associated depreciation by component. While all buildings were physically inspected inputs such as estimates of residual value and pattern of consumption required.

Roads and Bridges

The roads asset class includes roads, defined as the trafficable portion of a road, between but not including the kerb and gutter. Other road assets including Bridges, Carparks, Kerb and Gutter, Traffic facilities and Footpaths are also included.

The cost approach was utilised with inputs such as estimates pattern of consumption, residual value, asset condition and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value.

Stormwater Drainage

Assets within this class comprise pits, pipes, open channels, and various types of water quality devices. The Level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement

Swimming Pools

While some elements of gross replacement values could be supported from market evidence other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

Open Space Assets

Assets within this class comprise Tennis Courts, Synthetic Surfaces, BBQs, Regional Sporting Facilities and Playgrounds. All assets in this class were valued in-house by experienced engineering & asset management staff. While some elements of gross replacement values could be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period. There has been no change to the valuation process during the reporting period.

Library Books

This asset category comprises of assets such as library books, journals, magazines, Cd's and Dvd's. The library books are reported at Fair value in the notes however, due to the nature of these items they are valued at cost. There are no major variances between the fair value and carrying amount of these assets. The cost of these assets are based on current invoices and contracts, which are based on observable inputs, however the remaining useful life and residual value is based on internal factors which are unobservable in the market making it a Level 3 asset. Valuation techniques remain the same for this reporting period.

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (level 3)

a. The following tables present the changes in level 3 fair value asset classes.

	Plant and equipment	Office equipment	Furniture and fittings	Operational land	Total
Opening balance – 1/7/14	8,559	712	505	56,637	66,413
Purchases (GBV)	3,226	468	57	–	3,751
Disposals (WDV)	(814)	–	–	–	(814)
Depreciation and impairment	(1,813)	(243)	(60)	–	(2,116)
WIP transfers	–	138	–	–	138
Closing balance – 30/6/15	9,158	1,075	502	56,637	67,373
Purchases (GBV)	2,263	47	308	4,514	7,132
Disposals (WDV)	(602)	–	–	–	(602)
Depreciation and impairment	(1,643)	(365)	(74)	–	(2,082)
Closing balance – 12/5/16	9,177	758	736	61,151	71,821

	Community land	Land under roads (post 30/6/08)	Land improv. - non depreciable	Land improv. - depreciable	Total
Opening balance – 1/7/14	190,357	436	993	166	191,952
Purchases (GBV)	–	–	588	–	588
Depreciation and impairment	–	–	–	(5)	(5)
Closing balance – 30/6/15	190,357	436	1,581	161	192,535
Purchases (GBV)	–	–	649	77	726
Depreciation and impairment	–	–	–	(19)	(19)
Adjustments and Transfers	–	–	(2,230)	(218)	(2,448)
Closing balance – 12/5/16	190,357	436	(0)	1	190,794

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (level 3) (continued)

a. The following tables present the changes in level 3 fair value asset classes. (continued)

	Buildings - non specialised	Buildings - specialised	Roads	Bridges	Total
Opening balance – 1/7/14	15,654	72,152	245,969	8,444	342,219
Purchases (GBV)	–	1,105	6,717	6	7,828
Depreciation and impairment	(269)	(1,520)	(4,472)	(176)	(6,437)
Adjustments and transfers	–	2,133	3,491	235	5,859
WIP transfers	–	77	–	–	77
Closing balance – 30/6/15	15,385	73,947	251,705	8,509	349,546
Purchases (GBV)	448	1,639	7,767	–	9,854
Depreciation and impairment	(218)	(1,375)	(4,018)	(153)	(5,764)
Adjustments and transfers	–	(1,143)	(6,307)	–	(7,450)
WIP transfers	–	169	–	–	169
Revaluation Adjustments	–	–	–	5,758	5,758
Closing balance – 12/5/16	15,615	73,236	249,148	14,114	352,113
	Footpaths	Stormwater drainage	Pools and open space recreational	Library books	Total
Opening balance – 1/7/14	43,965	229,630	80,758	973	355,326
Purchases (GBV)	943	798	1,719	298	3,758
Depreciation and impairment	(647)	(1,762)	(2,029)	(392)	(4,830)
Adjustments and transfers	(1,807)	(3,681)	(986)	–	(6,474)
Closing balance – 30/6/15	42,454	224,985	79,462	880	347,781
Purchases (GBV)	1,037	966	1,158	198	3,359
Depreciation and impairment	(574)	(1,534)	(1,877)	(345)	(4,330)
Adjustments and transfers	–	1,761	3,300	–	5,061
Revaluation Adjustments	(7,223)	–	(21,054)	–	(28,276)
Closing balance – 12/5/16	35,694	226,178	60,990	732	323,594

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 27. Fair value measurement (continued)

\$ '000

(5). Highest and best use

Community based assets

Council undertakes a number of services with a strong focus of providing community benefits to its constituents. These services are based meeting essential community needs and are not of a nature that would be provided in a commercially competitive environment.

Land under the asset class Community Land comprises Crown land under Council's care and control as well as Council-owned land that has been classified as community land under the provisions of the Local Government Act 1993. Furthermore, Council has a number of buildings that are applied in delivering community services. The restrictions on the land and the community use of the buildings in delivering community based services is considered to be the 'highest and best use' of those assets to Councils.

END OF AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS

The former Holroyd City Council

Notes to the Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 28. Council information and contact details

Principal place of business:

16 Memorial Avenue
Merrylands NSW 2160

Contact details**Mailing address:**

PO Box 42
Merrylands NSW 2160

Opening hours:

Monday to Friday | 8:00am to 4:30pm

Telephone: 02 9840 9840

Facsimile: 02 9840 9734

Internet: www.holroyd.nsw.gov.au

Email: hcc@holroyd.nsw.gov.au

Officers**INTERIM GENERAL MANAGER**

Malcolm Ryan

RESPONSIBLE ACCOUNTING OFFICER

Darrell Jefferys

PUBLIC OFFICER

Richard Sheridan

AUDITORS

PricewaterhouseCoopers

Members**ADMINISTRATOR**

Viv May



The Former Holroyd City Council

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

Report on the financial statements

We have audited the accompanying financial statements of The Former Holroyd City Council (the Council), which comprise the Statement of Financial Position as at 12 May 2016 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, nor the attached Special Schedules, and accordingly, we express no opinion on them.

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

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

Auditor's opinion:

In our opinion:

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13 part 3 Division 2 (the Division); and
- (b) the financial statements:
 - (i) have been presented, in all material respects, in accordance with the requirements of this Division
 - (ii) are consistent with the Council's accounting records
 - (iii) present fairly, in all material respects, the Council's financial position as at 12 May 2016 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 black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Marc Upcroft'.

Marc Upcroft
Partner

Sydney
30 November 2016



The Administrator
Mr Viv May
Cumberland Council
DX 25408
MERRYLANDS NSW

Dear Mr May

Report on the conduct of the Audit for period ended 12 May 2016 – Section 417(3) in respect of the former Holroyd City Council

We have completed our audit of the financial reports of the Council for the period ended 12 May 2016, 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 improved from \$12 million in the previous year to \$25 million in the current period. The net operating result before Capital Contributions was a surplus of \$8 million against the previous year's surplus of \$0.5 million.

Cash position

Council's overall cash position improved from \$68 million to \$79 million during the period under review. The following table highlights the composition of cash.

	2016	2015
	\$m	\$m
Externally restricted	46	36
Internally restricted	16	18
Unrestricted	17	14
Total	79	68

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

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Working capital

Council’s net current assets improved from \$34 million to \$37 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.

	2016	2015
	\$m	\$m
Net current assets	37	34
Less: External restrictions	(24)	(27)
Internal restrictions	(16)	(18)
Add: Current liabilities deferred	19	17
Available working capital	16	6

The effective unrestricted or available working capital upon which Council could build its 2017 budget was \$16 million.

Performance indicators

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

	2016	2015
	%	%
Operating Performance Ratio	9	1
Own Source Operating Revenue Ratio	72	75
Unrestricted Current Ratio	300	302
Debt Service Cover Ratio	----	----
Rates Outstanding Ratio	16.1	2.4
Cash Expense Cover Ratio	11	7

The Operating Performance Ratio improved to remain above the industry benchmark of 0%.

The Own Source Operating Revenue Ratio declined to 72% but remained above the industry benchmark of 60%.

The Unrestricted Current Ratio declined but remained above the industry benchmark of 150%.

The Debt Service Cover Ratio reflects the fact that Council is debt free.

The Rates Outstanding Ratio increased to above the industry benchmark of 5%. This was due to the shortened accounting period which did not allow the usual payment cycle to transpire. Collections to 30 June pushed the ratio to below the benchmark.

The Cash Expense Cover Ratio indicated that Council could continue to cover its operating costs for 11 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 Interim 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 black ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Marc Upcroft', written in a cursive style.

Marc Upcroft
Partner

Sydney
30 November, 2016

The Former
Holroyd
City Council



Special Purpose Financial
Statements

1 July 2015 to 12 May 2016

The former Holroyd City Council

Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

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Background

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.

(ii) The principle of competitive neutrality is based on the concept of a ‘level playing field’ between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

(iii) For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

(iv) In preparing these financial statements for Council’s self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council’s borrowing position by comparison with commercial rates).

The former Holroyd City Council

Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

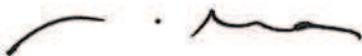
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

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

- present fairly the operating result and financial position for each of Council's declared business activities for the period, and
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Cumberland Council made on 02 November 2016.



Viv May
Administrator



Malcolm Ryan
Interim General Manager



Darrell Jefferys
Responsible Accounting Officer

The former Holroyd City Council

Income Statement of Council's Other Business Activities

for the period 1 July 2015 to 12 May 2016

	Long Day Care Centres		Swimming Centres	
	Category 1		Category 2	
	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
\$ '000				
Income from continuing operations				
Fees	2,680	2,824	668	648
Grants and contributions provided for non-capital purposes	2,111	2,295	–	–
Other income	88	30	88	96
Total income from continuing operations	4,879	5,149	756	744
Expenses from continuing operations				
Employee benefits and on-costs	4,057	4,234	897	832
Materials and contracts	143	171	753	783
Depreciation and impairment	139	180	368	1
Calculated taxation equivalents	164	169	–	–
Other expenses	938	1,104	376	438
Total expenses from continuing operations	5,441	5,858	2,394	2,054
Surplus (deficit) from continuing operations before capital amounts	(562)	(709)	(1,638)	(1,310)
SURPLUS (DEFICIT) AFTER TAX	(562)	(709)	(1,638)	(1,310)
Plus opening retained profits	(6,071)	(5,531)	(12,887)	(11,577)
Plus adjustments for amounts unpaid:				
– Taxation equivalent payments	164	169	–	–
Closing retained profits	(6,469)	(6,071)	(14,525)	(12,887)
Return on capital %	-12.1%	-21.3%	-21.2%	n/a
Subsidy from Council	669	809	1,817	1,310

The former Holroyd City Council

Income Statement of Council's Other Business Activities

for the period 1 July 2015 to 12 May 2016

\$ '000	Function Centres		Commercial Waste	
	Category 2		Category 2	
	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15	Actual 1/7/15 to 12/5/16	Actual 1/7/14 to 30/6/15
Income from continuing operations				
User charges	815	995	100	97
Other income	4	38	3	2
Total income from continuing operations	819	1,033	103	99
Expenses from continuing operations				
Employee benefits and on-costs	533	619	13	14
Materials and contracts	337	327	8	60
Depreciation and impairment	143	107	–	2
Other expenses	200	237	54	10
Total expenses from continuing operations	1,213	1,290	75	86
Surplus (deficit) from continuing operations before capital amounts	(394)	(257)	28	13
SURPLUS (DEFICIT) AFTER TAX	(394)	(257)	20	9
Plus opening retained profits	(2,260)	(2,003)	(204)	(217)
– Corporate taxation equivalent	–	–	8	4
Closing retained profits	(2,654)	(2,260)	(176)	(204)
Return on capital %	-12.1%	-6.8%	155.6%	162.5%
Subsidy from Council	469	371	–	–

The former Holroyd City Council

Statement of Financial Position – Council's Other Business Activities

as at 12 May 2016

\$ '000	Long Day Care Centres		Swimming Centres	
	Category 1		Category 2	
	Actual 12/5/16	Actual 30/6/15	Actual 12/5/16	Actual 30/6/15
ASSETS				
Current assets				
Receivables	17	8	–	–
Total Current Assets	17	8	–	–
Non-current assets				
Infrastructure, property, plant and equipment	4,650	3,321	7,741	–
Total non-current assets	4,650	3,321	7,741	–
TOTAL ASSETS	4,667	3,329	7,741	–
LIABILITIES				
Current liabilities				
Payables	12	27	26	–
Due to Council	7,980	6,391	21,766	12,869
Provisions	868	785	420	–
Total current liabilities	8,860	7,203	22,212	12,869
Non-current liabilities				
Provisions	154	102	54	18
Total non-current liabilities	154	102	54	18
TOTAL LIABILITIES	9,014	7,305	22,266	12,887
NET ASSETS	(4,347)	(3,976)	(14,525)	(12,887)
EQUITY				
Retained earnings	(6,469)	(6,071)	(14,525)	(12,887)
Revaluation reserves	2,095	2,095	–	–
TOTAL EQUITY	(4,374)	(3,976)	(14,525)	(12,887)

The former Holroyd City Council

Statement of Financial Position – Council's Other Business Activities

as at 12 May 2016

\$ '000	Function Centres		Commercial Waste	
	Category 2		Category 2	
	Actual 12/5/16	Actual 30/6/15	Actual 12/5/16	Actual 30/6/15
ASSETS				
Current assets				
Receivables	39	44	10	5
Total Current Assets	39	44	10	5
Non-current assets				
Infrastructure, property, plant and equipment	3,243	3,788	18	8
Total non-current assets	3,243	3,788	18	8
TOTAL ASSETS	3,282	3,832	28	13
LIABILITIES				
Current liabilities				
Payables	144	3	–	–
Due to Council	2,693	2,990	204	221
Provisions	206	213	–	–
Total current liabilities	3,043	3,206	204	221
Non-current liabilities				
Provisions	12	5	–	–
Total non-current liabilities	12	5	–	–
TOTAL LIABILITIES	3,055	3,211	204	221
NET ASSETS	227	621	(176)	(208)
EQUITY				
Retained earnings	(2,654)	(2,260)	(176)	(208)
Revaluation reserves	2,881	2,881	–	–
TOTAL EQUITY	227	621	(176)	(208)

The former Holroyd City Council

Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	8

The former Holroyd City Council

Notes to the Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Significant accounting policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Office of Local Government.

These financial statements have been prepared for the period 1 July 2015 – 12 May 2016, comparatives are for the year ended 30 June 2015.

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in the SPFS, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and
- Australian Accounting Interpretations.

The disclosures in the SPFS have been prepared in accordance with:

- the Local Government Act (1993) NSW,
- the Local Government (General) Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 government policy statement, *Application of National Competition Policy to Local Government*.

The *Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality*, issued by the Office of Local Government in July 1997, has also been adopted.

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

Declared business activities

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

Category 1

(where gross operating turnover is over \$2 million)

a. Child Care Centres

Provision of Child Long Day Care Service.

Category 2

(where gross operating turnover is less than \$2 million)

a. Swimming Centres

Swimming Centre Activities.

b. Function Centres

Hall Hire for Functions/Weddings including Catering.

c. Commercial Waste

Collection and Disposal of Commercial Waste.

Monetary amounts

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

(i) Taxation-equivalent charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these

The former Holroyd City Council

Notes to the Special Purpose Financial Statements

for the period 1 July 2015 to 12 May 2016

Note 1. Significant accounting policies (continued)

statements as a cost of operations just like all other costs.

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council-nominated business activities and are reflected in these financial statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – **30%**

Land tax – the first **\$482,000** of combined land values attracts **0%**. For that valued from \$482,001 to \$2,947,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,947,000, a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$750,000.

Income tax

An income tax equivalent has been applied on the profits of each reported business activity.

While income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain or loss from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since this taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business

operations, it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in Council's General Purpose Financial Statements.

The 30% rate applied is the equivalent company tax rate prevalent as at balance date.

Local government rates and charges

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

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

(ii) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

(iii) Return on investments (rate of return)

The former Holroyd City Council

Notes to the Special Purpose Financial Statements for the period 1 July 2015 to 12 May 2016

Note 1. Significant accounting policies (continued)

The policy statement requires that councils with category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The rate of return on capital is calculated as follows:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 12 May

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.31% at 12/5/16.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

(iv) Dividends

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



The Former Holroyd City Council

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

Report on the financial statements

We have audited the accompanying financial statements, being the special purpose financial statements, of The Former Holroyd City Council (the Council), which comprises the Statement of Financial Position by Business Activity for the year ended 12 May 2016, the Income Statements by Business Activity for the year then ended, notes to the financial statements for the Business Activities identified by Council and the Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting for the year ended 12 May 2016.

Councillors' responsibility for the financial report

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

Auditor's responsibility

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

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

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



Auditor's opinion:

In our opinion, the financial statements presents fairly, in all material respects, the financial position by Business Activity of The Former Holroyd City Council as of 12 May 2016 and its financial performance by Business Activity for the year then ended in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 to the financial statements, and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting and Restriction on Distribution and Use

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

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Marc Upcroft'.

Marc Upcroft
Partner

Sydney
30 November 2016

The Former
**Holroyd
City Council**



Special Schedules

1 July 2015 to 12 May 2016

The former Holroyd City Council

Special Schedules

for the period 1 July 2015 to 12 May 2016

Contents		Page
Special Schedules¹		
Special Schedule 1	Net Cost of Services	2
Special Schedule 7	Report on Infrastructure Assets	4

¹ Special Schedules are not audited.

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.

The former Holroyd City Council

Special Schedule 1 – Net Cost of Services

for the period 1 July 2015 to 12 May 2016

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	1,338	–	–	(1,338)
Administration	16,117	3,002	120	(12,995)
Public order and safety				
Fire service levy, fire protection, emergency services	861	27	–	(834)
Enforcement of local government regulations	934	1,172	–	238
Animal control	257	57	–	(200)
Total public order and safety	2,052	1,256	–	(796)
Health	907	555	–	(352)
Environment				
Other environmental protection	283	–	–	(283)
Solid waste management	12,289	17,613	–	5,324
Street cleaning	1,702	–	–	(1,702)
Drainage	2,017	–	32	(1,985)
Stormwater management	374	109	–	(265)
Total environment	16,665	17,722	32	1,089
Community services and education				
Administration and education	1,118	247	–	(871)
Aged persons and disabled	1,318	1,504	–	186
Children's services	10,194	9,559	–	(635)
Total community services and education	12,630	11,310	–	(1,320)
Housing and community amenities				
Street lighting	1,029	282	–	(747)
Town planning	3,118	2,816	15,479	15,177
Other community amenities	166	52	223	109
Total housing and community amenities	4,313	3,150	15,702	14,539

The former Holroyd City Council

Special Schedule 1 – Net Cost of Services (continued)

for the period 1 July 2015 to 12 May 2016

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	3,026	457	70	(2,499)
Community centres and halls	154	31	–	(123)
Sporting grounds and venues	12	–	466	454
Swimming pools	1,827	670	–	(1,157)
Parks and gardens (lakes)	7,858	420	–	(7,438)
Other sport and recreation	665	40	–	(625)
Total recreation and culture	13,542	1,618	536	(11,388)
Mining, manufacturing and construction				
Building control	1,368	810	–	(558)
Total mining, manufacturing and const.	1,368	810	–	(558)
Transport and communication				
Urban roads (UR) – local	5,382	2,451	642	(2,289)
Urban roads – regional	268	276	–	8
Footpaths	153	–	270	117
Other transport and communication	5,871	69	–	(5,802)
Total transport and communication	11,674	2,796	912	(7,966)
Economic affairs				
Other economic affairs	2,975	1,001	–	(1,974)
Total economic affairs	2,975	1,001	–	(1,974)
Totals – functions	83,581	43,220	17,302	(23,059)
General purpose revenues ⁽¹⁾		48,164		48,164
Share of interests – joint ventures and associates using the equity method	–	181		181
NET OPERATING RESULT ⁽²⁾	83,581	91,565	17,302	25,286

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges

(2) As per the Income Statement

The former Holroyd City Council

Special Schedule 7 – Report on Infrastructure Assets as at 12 May 2016

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	2015/16 Required maintenance ^a	2015/16 Actual maintenance to 12/5/16	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
							1	2	3	4	5
Buildings	Council Offices / Administration Centres	22	284	188	15,534	17,717	47%	38%	14%	0%	0%
	Council Works Depot	23	128	55	6,619	7,620	55%	39%	6%	0%	1%
	Council Public Halls	9	146	214	7,221	8,297	41%	50%	8%	1%	0%
	Libraries	13	91	160	8,207	8,788	77%	20%	1%	1%	0%
	Cultural Facilities	767	447	259	19,899	20,807	50%	27%	15%	2%	7%
	Other Buildings	25	504	836	31,367	36,771	41%	54%	5%	0%	0%
	Sub-total	860	1,600	1,712	88,848	100,001	48.2%	41.0%	8.5%	0.8%	1.6%
Roads	Sealed roads	3,465	1,868	1,566	154,235	201,430	49%	21%	15%	10%	4%
	Bridges	878	5	0	14,113	20,322	54%	31%	1%	14%	0%
	Footpaths	850	147	113	35,694	71,103	2%	12%	77%	9%	0%
	Kerb and Gutter	72	58	52	78,014	128,959	7%	20%	73%	0%	0%
	Carparks	70	–	–	3,756	6,351	29%	39%	28%	4%	0%
	Traffic Facility	425	49	27	7,428	11,746	17%	29%	44%	9%	0%
	Roadside General	109	369	379	5,717	8,537	9%	77%	12%	1%	1%
	Sub-total	5,869	2,496	2,138	298,957	448,447	28.1%	21.0%	41.9%	7.0%	1.9%

The former Holroyd City Council

Special Schedule 7 – Report on Infrastructure Assets as at 12 May 2016 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	2015/16 Required maintenance ^a	2015/16 Actual maintenance to 12/5/16	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
							1	2	3	4	5
Stormwater drainage	Stormwater drainage	1,712	147	174	204,089	293,729	60%	15%	19%	6%	1%
	Flood Mitigation	201	–	–	7,606	8,932	3%	64%	27%	7%	0%
	Quality Improvement Devices	11	10	–	14,481	16,164	71%	18%	11%	0%	0%
	Sub-total	1,924	157	174	226,176	318,824	58.6%	16.5%	18.4%	5.4%	1.1%
Open space/recreational assets	Swimming pools	145	181	309	7,741	13,184	8%	30%	60%	1%	0%
	Parks	582	224	206	33,292	58,344	0%	23%	75%	2%	0%
	Playing Courts	74	58	46	1,740	3,162	17%	26%	51%	6%	0%
	Playgrounds	95	140	198	5,328	8,788	2%	47%	50%	2%	0%
	Sportsgrounds	1,497	1,063	898	12,892	23,997	9%	20%	64%	2%	6%
	Sub-total	2,392	1,665	1,657	60,991	107,475	3.8%	25.3%	67.7%	1.7%	1.5%
	TOTAL – ALL ASSETS	11,045	5,918	5,681	674,972	974,747	37.4%	22.1%	33.6%	5.3%	1.6%

Notes:

a Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

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

The former Holroyd City Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the period 1 July 2015 to 12 May 2016

\$ '000	Amounts	Indicator	Prior periods	
	12/5/16	12/5/16	30/6/15	30/6/14
Infrastructure asset performance indicators * consolidated				
1. Infrastructure renewals ratio				
Asset renewals ⁽¹⁾	<u>12,598</u>	129.22%	100.38%	60.99%
Depreciation, amortisation and impairment	<u>9,749</u>			
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	<u>11,045</u>	1.64%	1.67%	1.82%
Carrying value of infrastructure assets	<u>674,972</u>			
3. Asset maintenance ratio				
Actual asset maintenance	<u>5,681</u>	0.96	1.03	0.76
Required asset maintenance	<u>5,918</u>			
5. Capital expenditure ratio				
Annual capital expenditure	<u>22,152</u>	1.82	1.25	0.90
Annual depreciation	<u>12,195</u>			

Notes

* All asset performance indicators are calculated using the asset classes identified in the previous table.

⁽¹⁾ Asset renewals represent the replacement and/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.

The former Holroyd City Council

Special Schedule 7 – Report on Infrastructure Assets (continued) for the period 1 July 2015 to 12 May 2016

<p>1. Infrastructure renewals ratio</p> <p>Benchmark: — Minimum $\geq 100.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p>Purpose of asset renewals ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on 12/5/16 result</p> <p>12/5/16 ratio 129.22%</p> <p>Council's ratio is better than the benchmark of 100%. Council's asset renewal expenditure is greater than the consumption of the asset being depreciation.</p> <p>■ Ratio achieves benchmark ■ Ratio is outside benchmark</p>
<p>2. Infrastructure backlog ratio</p> <p>Benchmark: — Maximum $< 2.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p>Purpose of infrastructure backlog ratio</p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p>Commentary on 12/5/16 result</p> <p>12/5/16 ratio 1.64%</p> <p>Council's ratio is better than the benchmark of 2%. Council's infrastructure backlog continues to being managed</p> <p>■ Ratio achieves benchmark ■ Ratio is outside benchmark</p>
<p>3. Asset maintenance ratio</p> <p>Benchmark: — Minimum > 1.00 Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p>Purpose of asset maintenance ratio</p> <p>Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.</p>	<p>Commentary on 12/5/16 result</p> <p>12/5/16 ratio 0.96 x</p> <p>The required maintenance is slightly higher than than the acutal spent.</p> <p>■ Ratio achieves benchmark ■ Ratio is outside benchmark</p>
<p>4. Capital expenditure ratio</p> <p>Benchmark: — Minimum > 1.10 Source for benchmark: Code of Accounting Practice and Financial Reporting #24</p>	<p>Purpose of capital expenditure ratio</p> <p>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.</p>	<p>Commentary on 12/5/16 result</p> <p>12/5/16 ratio 1.82 x</p> <p>Council's ratio is better than the benchmark of 1.1 times.</p> <p>■ Ratio achieves benchmark ■ Ratio is outside benchmark</p>