

FINANCIAL STATEMENTS
for the year ended 30 June 2015

PENRITH
CITY COUNCIL

Cover photograph
Hydroponic Lettuce Farm in Mayo Road Llandilo

INTRODUCTION

Financial Statements Summary 1

CERTIFICATES

Council’s Certificate..... 15

PRIMARY STATEMENTS

Income Statement 16
 Statement of Comprehensive Income..... 17
 Statement of Financial Position 18
 Statement of Changes in Equity 19
 Statement of Cash Flows 20

NOTES TO THE FINANCIAL STATEMENTS

Note 1—Summary of Significant Accounting Policies..... 21
 Note 2—Functions or Activities..... 31
 Note 3—Income from Continuing Operations..... 33
 Note 4—Expenses from Continuing Operations..... 38
 Note 5—Gain or Loss from Disposal of Assets 42
 Note 6—Cash and Cash Equivalents and Investments..... 43
 Note 7—Receivables..... 47
 Note 8—Inventories and Other Assets 49
 Note 9—Infrastructure, Property, Plant and Equipment..... 51
 Note 10—Payables, Borrowings, and Provisions..... 52
 Note 11—Reconciliation of Cash Flow Statement..... 54
 Note 12—Commitments 56
 Note 13—Statement of Performance Measures 58
 Note 14—Investment Properties..... 62
 Note 15—Financial Risk Management 64
 Note 16—Material Budget Variations..... 68
 Note 17—Statement of Developer Contributions 75
 Note 18—Contingencies..... 80

Note 19—Interests in Joint Ventures and Associates..... 82
 Note 20—Revaluation Reserves and Retained Earnings..... 85
 Note 22—Non-Current Assets Classified as Held for Sale 86
 Note 27—Fair Value Measurement 87

Auditors Report on the General Purpose Financial Report..... 94
 Auditors Report on the Conduct of the Audit 96

SPECIAL PURPOSE FINANCIAL REPORTS

Council’s Certificate 104
 Income Statement by Business Activities 105
 Statement of Financial Position by Business Activities..... 110
 Notes to the Special Purpose Financial Reports 115
 Auditors Report on the Special Purpose Financial Reports 118

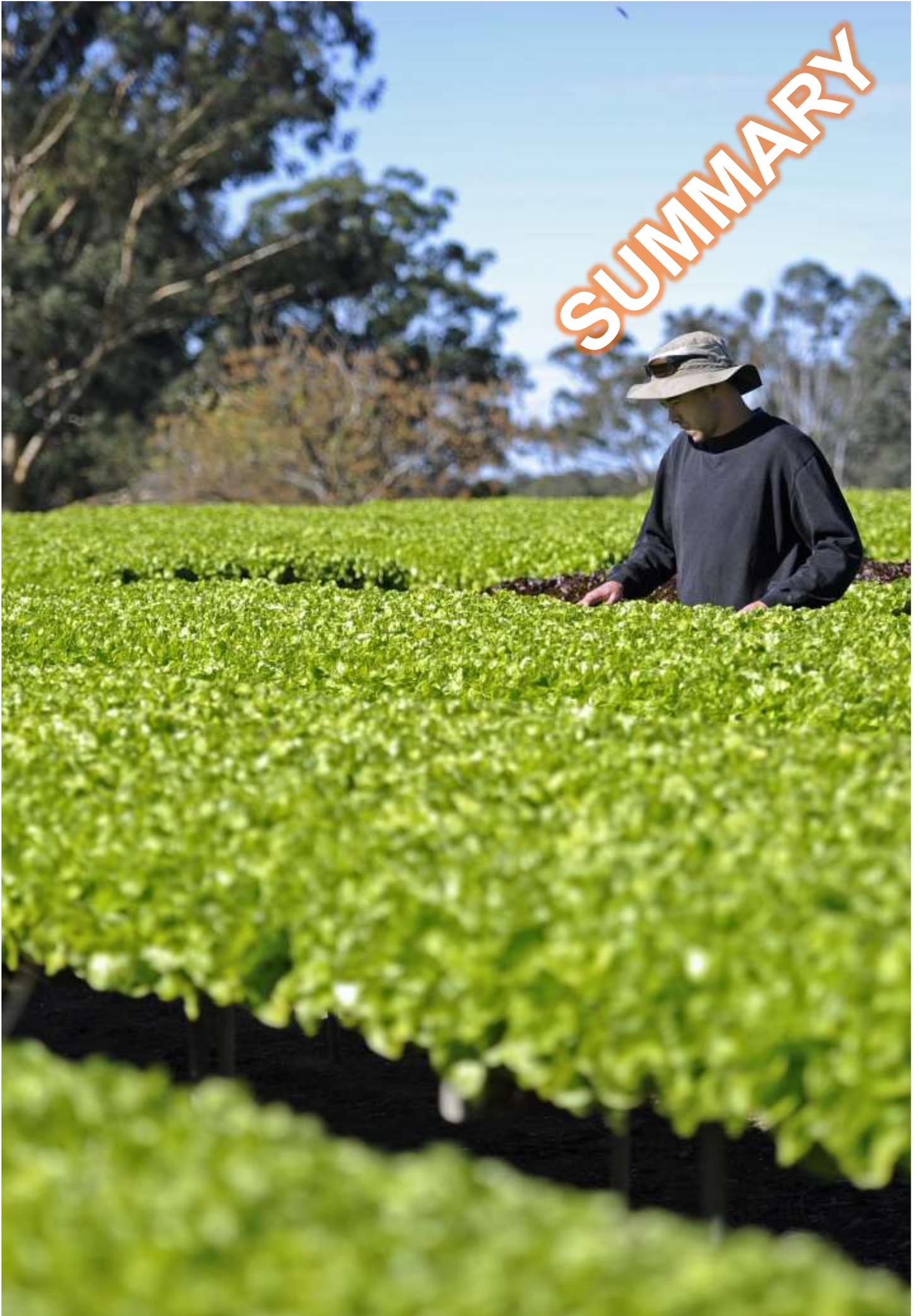
SPECIAL SCHEDULES

Special Schedule 1—Net Cost of Services... 120
 Special Schedule 2—Statement of Long-Term Debt (all purpose) 122
 Special Schedule 7—Condition of Public Works..... 123
 Special Schedule 9—Permissible Income Calculation 126
 Auditor’s Report on Special Schedule 9 127

APPENDICES

Appendix 1—Historical Financial Data 129
 Appendix 2—Rates and Charges:
 Comparative Rate Statistics 131
 Appendix 3—LGMA Sustainable Finances Health Check 133

SUMMARY



INTRODUCTION

This section provides analysis on the 2014-15 Financial Statements. It compares the reported financial results to Council's own financial objectives. Readers of the Statements are encouraged to contact Council's Financial Services Department on (02) 4732 7815 for any assistance required in understanding the reported results.

These statements are produced in accordance with the Australian Accounting Standards and the NSW Local Government Code of Accounting Practice. The Australian Accounting Standards Board (AASB) has adopted International Financial Reporting Standards (IFRS) and issued the Australian equivalents (AIFRS). The application of AIFRS is reflected in these Financial Statements. These statements are independently audited, reported to Council, placed on public exhibition and lodged with the Office of Local Government (OLG) by 31 October each year.

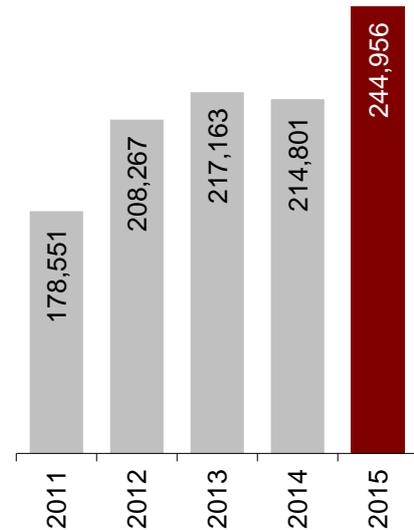
Under the 1993 NSW Local Government Act, Council is required to produce an audited set of Financial Statements. Key statements produced, and included in this document are:

- Income Statement and Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows, and
- Notes to the Financial Statements.

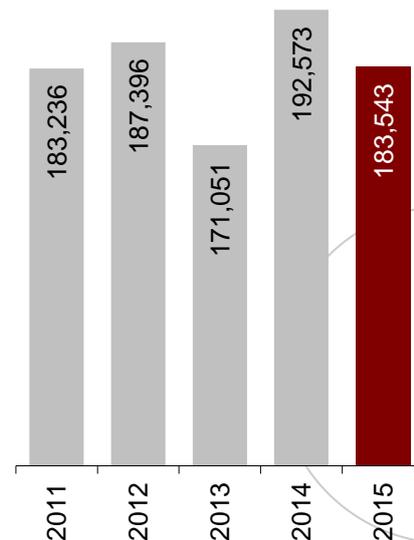
2014-15 KEY RESULTS AND EVENTS

- Overall income up by 14.0% to \$244.9m
- Total Expenses down by 4.7% to \$183.5m
- Total Assets up by 9.8% to \$2,990m
- Net Assets up by 10.2% to \$2,877m
- Asset \$ per head of population is \$15,643
- Liabilities up by 1.8% to \$113.4m
- Liabilities per head of population is \$593
- Infrastructure, Property Plant & Equipment up by 9.2% to \$2,868m

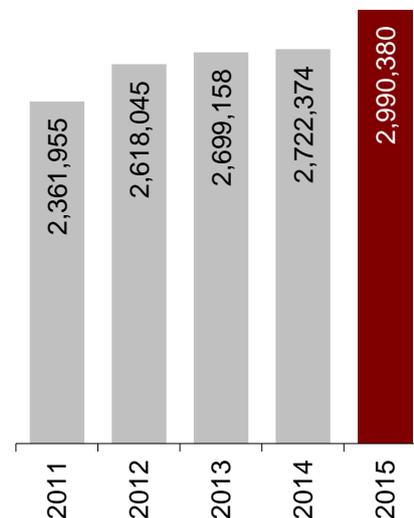
TOTAL INCOME (\$000)



TOTAL EXPENSES (\$000)



TOTAL ASSETS (\$'000)



FIVE-YEAR FINANCIAL SUMMARY

for the Year Ended 30 June	Units	2015	2014	2013	2012	2011
Total Income from Continuing Operations	\$000	244,956	214,801	217,163	208,267	178,551
Total Expenses from Continuing Operations	\$000	183,543	192,573	171,051	187,396	183,236
Net Operating Result for Year	\$000	61,413	22,228	46,112	20,871	(4,685)
Grants and Contributions	\$000	76,848	57,926	69,612	64,919	46,888
Net Operating Result before Capital Grants and Contributions	\$000	14,833	(13,732)	841	(7,564)	(18,020)
Further breakdown of Income Statement items are shown in Appendix 1						
Current Assets	\$000	85,409	60,562	78,617	74,779	71,355
Non-Current Assets	\$000	2,904,971	2,661,812	2,620,541	2,543,266	2,290,600
Current Liabilities	\$000	56,020	52,979	52,548	50,493	50,385
Non-Current Liabilities	\$000	57,363	58,418	57,861	61,117	61,527
Total Equity	\$000	2,876,997	2,610,977	2,588,749	2,506,435	2,250,043
Further breakdown of Balance Sheet items are shown in Appendix 1						
Cash Flows from Operating Activities	\$000	44,089	10,626	37,902	46,789	22,003
Cash Flows from Investing Activities	\$000	(36,802)	(10,953)	(40,165)	(10,022)	(15,684)
Cash Assets at the end of Reporting Period	\$000	50,118	42,768	41,880	45,453	8,361
Rates Outstanding	%	3.36	3.87	4.83	5.73	5.60
Unrestricted Current Ratio	Ratio	1.64:1	1.1:1	1.19:1	1.31:1	1.19:1
Debt Service Cover Ratio	%	267.7	72.1	199.4	286.3	
Asset Renewal	%	39.2	60.5	53.5	34.0	46.6

OUR FINANCIAL PERFORMANCE

Council's financial performance for 2014-15 is characterised by:

- a net surplus result of \$61.4m for the year
- a budget surplus of \$218,408 after allowing for a number of transfers to reserve
- an Unrestricted Current Ratio of 1.64:1, up from 1.10 in 2013-14
- an increase in assets from \$2,722m in 2013-14 to \$2,990m in 2014-15, with assets per capita of \$15,643 per person (population estimate of 191,170) per person during this period
- taking into account three Investment Properties sold during 2014-15, an increase of \$1.3m in the value of Council's Investment Properties to \$15.4m
- a slight increase in liabilities to a total of \$113.4m in 2014-15 – with liabilities per capita of \$593
- a decrease in Rates and Annual Charges outstanding to 3.36% (2013-14, 3.87%)
- a capital works program of \$61.1m in 2014-15, including \$36.2m in dedicated roads, drainage, and land under these roads
- a total of 68.3% of Council's income being derived from sources not reliant on grants and contributions (such as Rates and Annual Charges, and User Fees and Charges)
- other key ratios are outlined in Note 13.

FINANCIAL OVERVIEW

ENSURING FINANCIAL SUSTAINABILITY

Council's financial performance is aligned with its continued focus on long-term financial sustainability. We regularly review our Operational Plan and financial performance throughout the year to adapt to changing conditions and requirements. Council regularly reviews its Long-Term Financial Plan (LTFP) to ensure short-term needs are considered against long-term sustainability. Council remains in a sound and stable financial position, due in part to the 2011-12 SRV which focused on asset renewal and securing the right level of resources to ensure that Council's current services and service levels can be maintained. This financial sustainability however has not been achieved without challenges in the recent years. Council's capacity to accommodate additional priorities can only be achieved through the reprioritisation of service levels. Future budgets continue to demonstrate Council's commitment to productivity improvements and this continued pursuit and actively managing programs ensures that Council will remain financially sustainable and is building a sustainable long term platform.

Council's investment policies and strategies have been effective in producing strong returns on ratepayers' funds in 2014-15. Council's average return on investments for 2014-15 is 3.38%, which has considerably outperformed the average 90 day BBSW rate of 2.5%. The weighted average interest rate on borrowings has continued to decrease due to the lower cost of capital, and an increase in renewal loans. Council continues to use borrowings to fund an accelerated infrastructure program, however Council's level of debt is continually monitored to ensure it is sustainable without risking service levels.

Council's operating result for the year was a surplus of \$61.4m. During 2013-14, a once-off amount of \$14.1m was paid to the Department of Planning and Infrastructure as Council's share of the project costs of the Erskine Park Link Road. These funds were collected by Council through Section 94 contributions over prior years, and this payment was recognised as an expense in 2013-14. This non-standard use of Section 94 funds significantly impacted Council's operating result for 2013-14. This amount had a significant impact throughout the statements and on Council's indicators, particularly where the operating result and expenditure from operating activities are used in a calculation. This transaction should be taken into account when comparing the 2014-15 results with the 2013-14 results. Where appropriate, the discussion and impact of this transaction will be shown in the relevant parts of this document.

The 2014-15 financial year provided the fourth instalment of Council's Special Rate Variation (SRV). The additional funding has ensured that asset renewal programs could be fully implemented and essential City Centre Renewal could be undertaken while maintaining the services and service levels being demanded by our community. Council's LTFP is attached as Special Schedule 8.

DELIVERING INFRASTRUCTURE

Local Government in NSW faces a large backlog of work to bring roads, drainage, and building assets to a satisfactory standard. Council's commitment to addressing our infrastructure backlog has seen increased funding for asset maintenance and renewal, and development of renewal programs for all key asset classes in recent years. The review of the LTFP and Resource Strategy during 2010-11 highlighted that while progress is being made in a number of asset classes, Council did not have the capacity to fully fund all identified asset renewal programs and addressing our infrastructure backlog was one of the key drivers for the 2011-12 Special Rate Variation.

During 2014-15 JRA was commissioned by Council to provide a report on its Infrastructure Assets. JRA provided their "Infrastructure Assessment Report" in June 2015. This report found that Council's infrastructure backlog presents a manageable financial risk, with the infrastructure sustainability targets under Fit for the Future being achievable in 5 years with an allocation of funds to renewal of assets. Under this scenario, priority is allocated to maintenance, then high risk renewal to optimise service and life cycle costs – as the amount of deferred renewal goes down, the amount of maintenance also reduces.

The backlog previously reported in Special Schedule 7 included low risk items to bring to satisfactory standard. The report of JRA recalculated the backlog to align with community expectations for affordable levels of service and remove upgrade / expansion amounts. The primary strategy will be to

FINANCIAL OVERVIEW (CONTINUED)

commence an ongoing process of community engagement to balance service levels, and risks and revenues, while continuing to work with surrounding Councils on efficiency improvement. Special Schedule 7 - "Report on Infrastructure Assets" - in the attached Financial Statements has been updated with this methodology. This has resulted in a decrease in the estimated cost to bring to satisfactory standard (BTS) from \$42.1m in 2013-14 to \$15.9m in 2014-15.

DEVELOPER CONTRIBUTION REFORMS

On 4 June 2010, the Premier of NSW announced changes to the Developer Contributions planning process which capped residential development contributions to \$20,000 per new lot/dwelling. On 31 August 2010, this cap was increased to \$30,000 per new lot/dwelling for greenfield release areas and applies to the Werrington Enterprise Living and Learning (WELL) Precinct and Glenmore Park Stage 2.

As a consequence of a Voluntary Planning Agreement (VPA) being negotiating with Glenmore Park Stage 2 landowners, the cap's impact is limited to the WELL Precinct. The infrastructure funding gap arising for new development in the WELL Precinct is estimated at \$46.5 million and would affect the WELL Precinct, District Open Space, and Cultural Facilities s94 Plans.

Following analysis of the physical, social and financial impacts of the cap on the WELL Precinct and the Penrith City community, Council, on 27 June 2011, resolved to require new development within the WELL Precinct to provide all drainage and most roadworks by way of conditions of development consent. Contributions up to \$30,000 per lot would be levied for open space, community and cultural facilities. Application of this resolution seeks to ensure that no infrastructure funding gaps arise under the three contributions plans applying to the WELL Precinct.

The *White Paper – A new planning system for NSW* and draft planning legislation were released on 16 April 2013. If the White Paper changes to the new planning system are implemented, a minimum of approximately \$116 million in contributions income would be affected, or a significant reduction in the nature and scale of facilities being funded and our strategic directions for certain precincts – such as Penrith City centre - would occur. Contributions Plans funding open space, and community and cultural facilities would be especially significantly adversely affected. The White Paper does propose abandoning the \$30,000 cap on contributions.

The White Paper did not provide details on savings and transitional arrangements for existing contributions plans, resulting in uncertainty as to their future status and financial exposure for Council. Council has requested the Minister ensure appropriate transitional provisions apply, particularly for those s94 plans which repay advance funded local infrastructure. The Cultural Facilities and Kingswood Neighbourhood Centre s94 Plans are affected by this issue. The value of advance funded works in these plans is approximately \$5.6 million. The Minister's response to this issue recognises the need for appropriate transitional provisions, however to date there has yet to be an announcement on the Government's intended direction. When the transitional provisions are concluded, Council will be better informed as to the impact on the affected plans and thus the gap that would be required to be funded by Council if State funding is not available.

New planning legislation, including details on a new contributions system was scheduled to be enacted in January / February 2014, however this did not occur and no date has been announced as to when the new planning legislation will be enacted.

Council has continued its lobbying on this and associated s94 planning issues since changes to the planning process and \$30,000 cap were announced. In 2015 we secured lobbying support for Council's position from WSROC and neighbouring councils in Blue Mountains, Liverpool and Wollondilly and MACROC is also preparing to examine the issue. This recognises the wide implications of the cap and transitional provisions for local government.

Council's performance in 2014-15 continues to ensure a stable financial position. This provides a strong grounding for Council for the growth, challenges, and opportunities that lie ahead.



ANDREW MOORE
FINANCIAL SERVICES MANAGER
ACTING RESPONSIBLE ACCOUNTING OFFICER



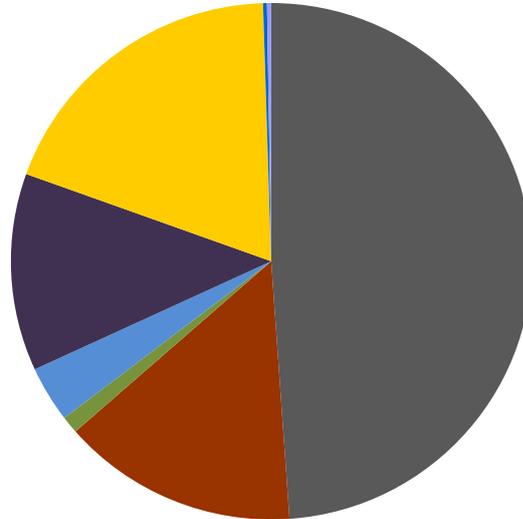
BRETT RICHARDSON
FINANCIAL ACCOUNTANT

INCOME

SUMMARY

- Overall income up by 14.0% to \$245m

- Rates & Annual Charges (\$119.7m)
- User Charges & Fees (\$35.9m)
- Investment Revenues (\$2.7m)
- Other Revenues (\$8.6m)
- Grants & Contributions - Operating (\$30.3m)
- Grants & Contributions - Capital (\$46.6m)
- Profit from Disposal of Assets (\$0.6m)
- Profit from interests in Joint Ventures & Associates (\$0.6m)



Income Item	2015 (\$'000)	2014 (\$'000)	% Change
Rates & Annual Charges	119,741	112,142	6.8%
User Charges & Fees	35,911	34,325	4.6%
Investment Revenues	2,650	2,995	(11.5%)
Other Revenues	8,584	6,258	37.2%
Grants & Contributions - Operating	30,268	21,966	37.8%
Grants & Contributions - Capital	46,580	35,960	29.5%
Profit from Disposal of Assets	587	-	100.0%
Profit from interests in Joint Ventures & Associates	635	1,155	(45.0%)
Total Income from Continuing Operations	244,956	214,801	14.0%

RATES & ANNUAL CHARGES

The increase in property numbers from 68,423 in 2013-14 to 69,662 in 2014-15, together with the approved rate increase of 4.2% (including the SRV) has added \$7.6m to Operating Revenue. Rates Outstanding, a key industry indicator, decreased to 3.36% in 2014-15 from 3.87% in 2013-14 and is below the industry target of 5%. This positive result has been achieved following the implementation of revised debt recovery processes and Council will remain active in debt recovery, with a view to maintaining this indicator below 5%.

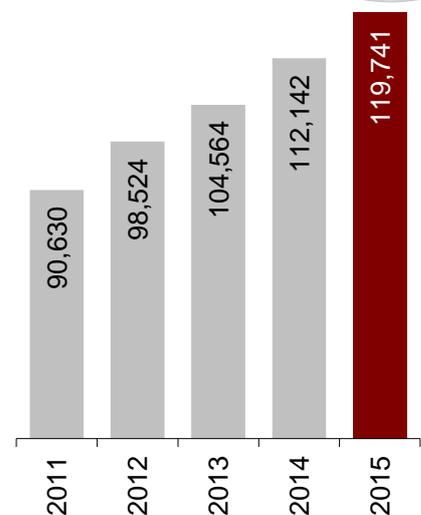
USER CHARGES & FEES

User Charges and Fees increased 4.6% over the 2014-15 Financial Year, in line with expectations.

INVESTMENT REVENUES

Council's investment portfolio as at 30 June 2015 has remained in line with expectations, at a total of \$86.7m (2013-14, \$57.5m). This increase is mainly attributable to the increase in grants and contributions received in 2014-15.

RATES & ANNUAL CHARGES (\$'000)



INCOME (CONTINUED)

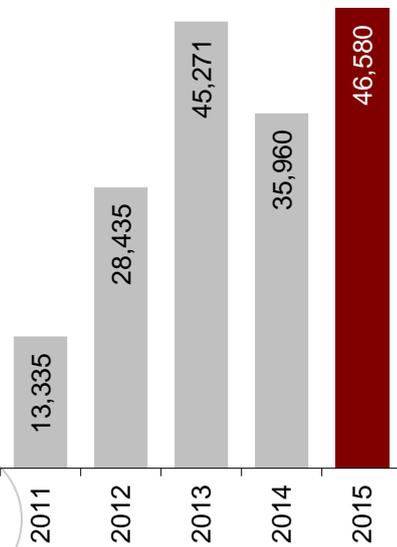
OTHER REVENUES

Other Revenues increased by 37.2% during 2014-15. This was mainly due to the increase in value of Council's Investment Properties of \$1.3m in 2014-15.

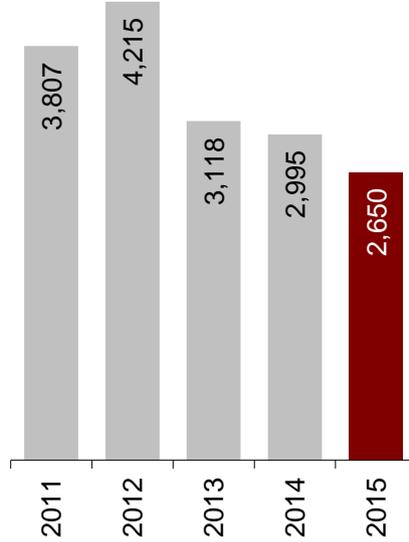
GRANTS & CONTRIBUTIONS

Grants & Contributions have increased overall by \$18.9m (32.7%). This is primarily due to increased levels of subdivider dedications, and grants received for such items as the Cranebrook Wetlands and Shared Use Pathway projects. Also in 2013-14, the Financial Assistance Grant ceased being paid in advance, which resulted in a timing difference between 2013-14 and 2014-15. Refer to Note 3(e) for further details.

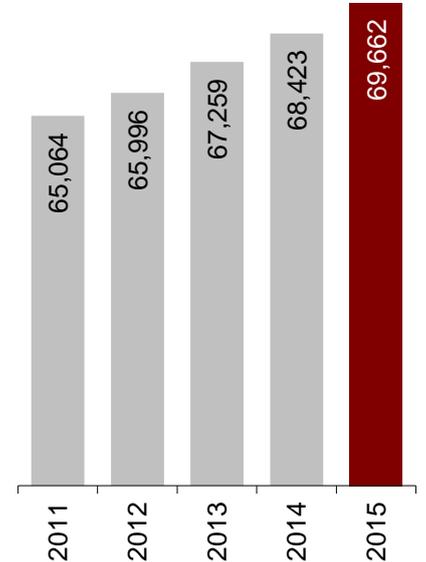
CAPITAL GRANTS & CONTRIBUTIONS (\$'000)



INVESTMENT REVENUE (\$'000)



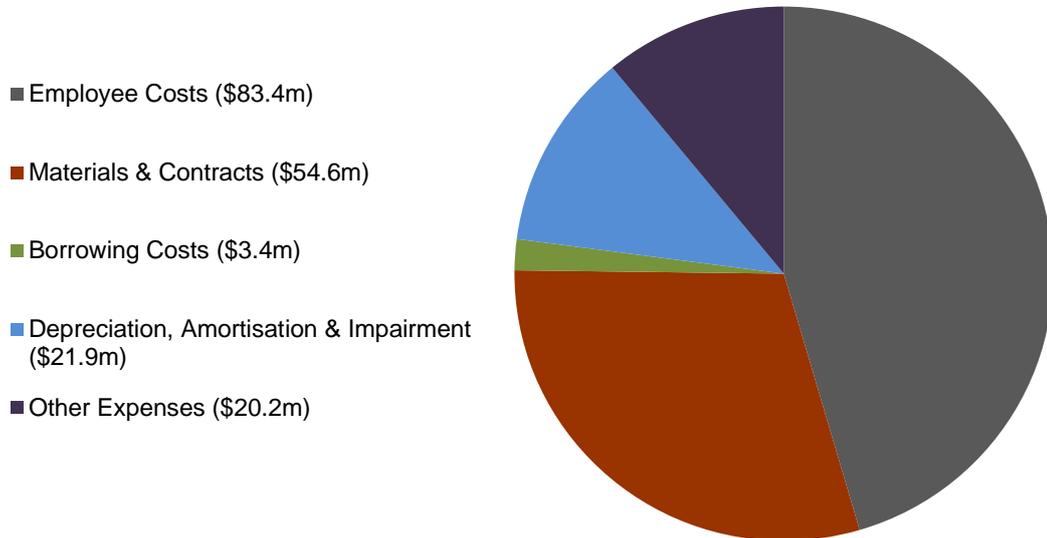
PROPERTY NUMBERS



EXPENSES

SUMMARY

- Total Expenses down by 4.7% to \$183.5m
- Employee costs up by 2.4% to \$83.4m



Expense Item	2015 (\$'000)	2014 (\$'000)	% Change
Employee Costs	83,430	81,474	2.4%
Materials & Contracts	54,595	51,155	6.7%
Borrowing Costs	3,434	3,826	(10.2%)
Depreciation, Amortisation & Impairment	21,915	19,702	11.2%
Other Expenses	20,169	35,995	(44.0%)
Loss from Disposal of Assets	-	421	(100.0%)
Total expenses from Continuing Operations	183,543	192,573	(4.7%)

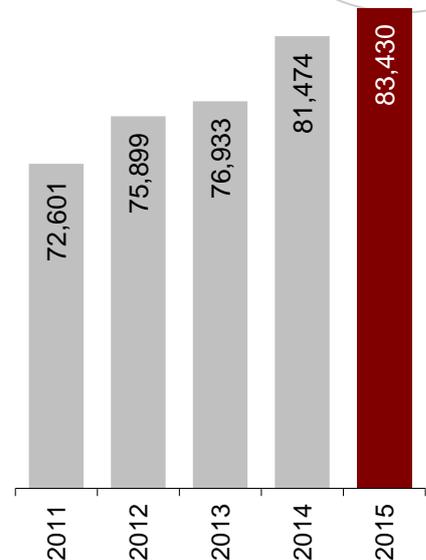
EMPLOYEE COSTS

Total employee costs increased \$2m in 2014-15. This equates to a 2.4% increase, after accommodating an award increase of 2.7% in July 2014, and also includes:

- Increase in total Superannuation costs - \$218,000
- Skills and knowledge progression - \$247,000
- Employee performance bonuses - \$473,000
- Decreases for the provision for Employee Entitlements - \$421,000

Council contributes 9.5% Superannuation for all employees except those who are members of the Local Government Superannuation Defined Benefits Scheme (DBS). In March 2009, the Local Government Super Scheme (LGSS) advised that it had been impacted by the Global Financial Crisis and contribution rates from 2009-10 were doubled. In 2011-12 the LGSS revised their methodology of calculating Council's additional contribution, and have advised Council of a flat annual fee going forward of approximately \$1.1m per year from 2013-14. This additional fee is expected to continue for a further 1 to 2 years.

EMPLOYEE COSTS (\$'000)



EXPENSES (CONTINUED)

Council's transition to Workcover's Retro-paid Loss model for worker's compensation insurance continues to provide benefits and efficiencies for Council compared to the traditional claims experience insurance. The total worker's compensation expense for 2014-15 was \$919,000 (2013-14, \$1.5m), compared to the 2009-10 costs under the traditional premium of \$3.1m.

DEPRECIATION

Depreciation is the allocation of the costs of an asset, based on the likely period of its useful life. The depreciation rates used by Council are set out in Note 1 of this document. In 2012-13, Council reviewed and amended the useful lives and residual value for its road, drainage, and building asset classes to more accurately reflect the consumption of these assets. The result was a decrease in depreciation expense from the previous years and more realistically represents the consumption of these assets. It is also a significant decrease over the previous methodology which saw depreciation as high as \$39m in 2011-12. The review and analysis of all Council's depreciation will continue to be conducted in future years.

Total depreciation for the year was \$21.9m (2013-14, \$19.7m).

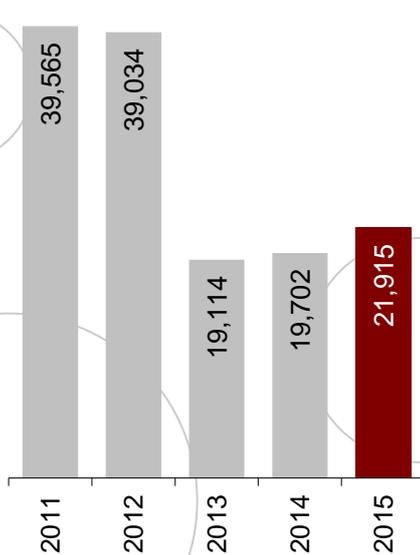
BORROWING COSTS

Council's borrowing costs continue to decrease, reflecting the lower cost that Council is able to borrow funds at. Council's loan portfolio has increased slightly by \$348,000, and the average rate at which Council has borrowed funds has decreased from 5.1% in 2013-14, to 4.5% in 2014-15, reflected in a reduction of borrowing costs of \$392,000.

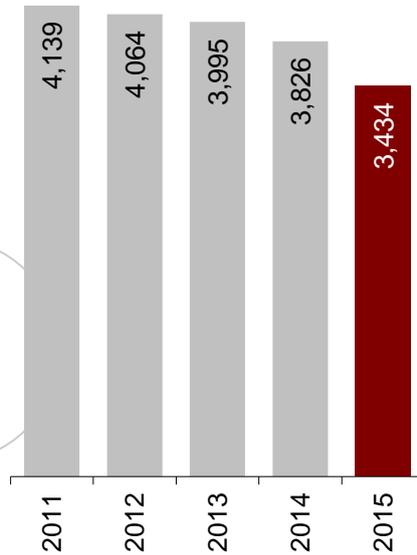
OTHER EXPENSES

The detailed Notes to the Financial Statements provide information on Other Expenses.

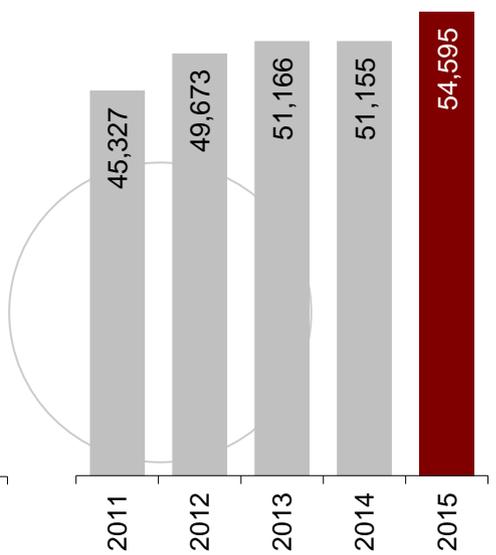
DEPRECIATION (\$'000)



BORROWING COSTS (\$'000)



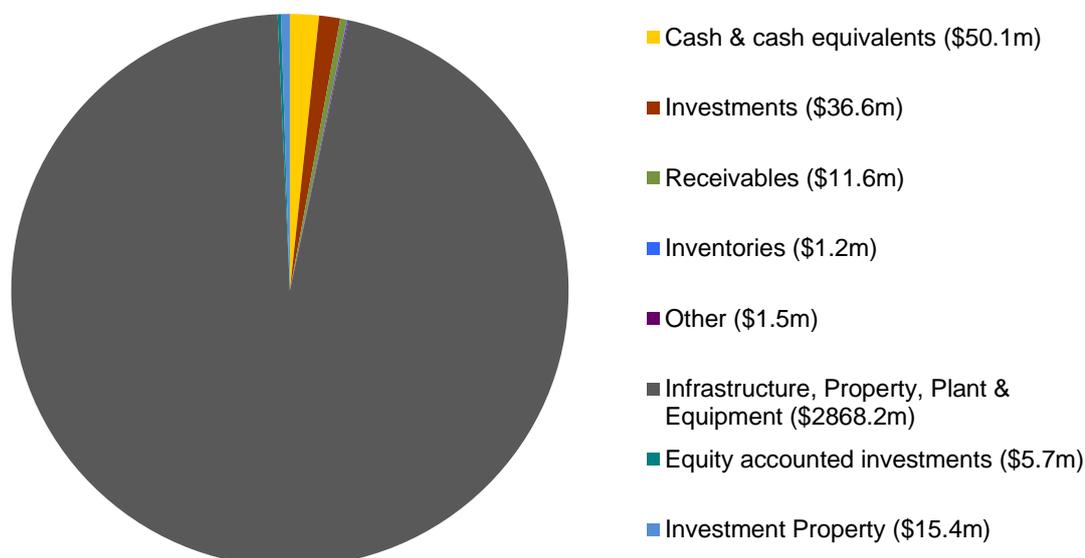
MATERIALS & CONTRACTS (\$'000)



ASSETS

SUMMARY

- Total Assets up by 9.8% to \$2,990m
- Net Assets up by 10.2% to \$2,877m
- Asset \$ per head of population is \$15,643
- Infrastructure, Property Plant & Equipment up by 9.2% to \$2,868m



Asset Item	2015 (\$'000)	2014 (\$'000)	% Change
CURRENT ASSETS			
Cash & cash equivalents	50,118	42,768	17.2%
Investments	22,054	6,214	254.9%
Receivables	10,483	8,619	21.6%
Inventories	1,206	1,206	-
Other	1,548	1,306	18.5%
Non-current assets held for sale	-	449	(100.0%)
TOTAL CURRENT ASSETS	85,409	60,562	41.0%
NON-CURRENT ASSETS			
Investments	14,500	8,500	70.6%
Receivables	1,136	1,357	(16.3%)
Infrastructure, Property, Plant & Equipment	2,868,202	2,626,627	9.2%
Equity accounted investments	5,745	5,110	12.4%
Investment Property	15,388	20,218	(23.9%)
TOTAL NON-CURRENT ASSETS	2,904,971	2,661,812	9.1%
TOTAL ASSETS	2,990,380	2,722,374	9.8%

CASH POSITION

An assessment of Council's cash holdings at the end of the Financial Year provides a different view of the year's financial information. Council's Cash Flow Statement provides information relating to actual payments and receipts of cash. Investments have increased over the 2014-15 year, mainly due to an increase in revenues, and a decrease in expenses. At 30 June 2015, Council again recognised an increase in the value of its Mortgage Backed Securities (MBS) of \$104,000 (increase of \$281,000 in 2013-14) after Council received valuations for these investments that took into account the change in market, and a redemption of principal for these investments. The maturity date of these investments were extended beyond their initial maturity date, and have a legal maturity date of 2051 and 2057. It is

ASSETS (CONTINUED)

important to note that these investments are still paying coupons and penalty interest, and there have been no indications that these investments will default. Council continues to hold funds on call to ensure funds are immediately available if required. This amount can fluctuate and for 2014-15 the holdings of \$3.6m are in line with Council’s targets.

RESERVES

Council operates a number of internally and externally restricted reserves. External reserves include unspent Section 94 funds received, special purpose grants or unexpended loans, along with domestic waste and sullage reserves. These reserves are maintained to ensure that the funds received are expended on the intended purpose, and this restriction is imposed on Council through either legislation or the funding body. There has been an increase in unrestricted funds held at 30 June 2015 of \$666,000, after a decrease in 2013-14 that was impacted by the \$14.1m payment to the Department of Infrastructure and Planning, and is also a contributing factor to the level of Council’s investment portfolio.

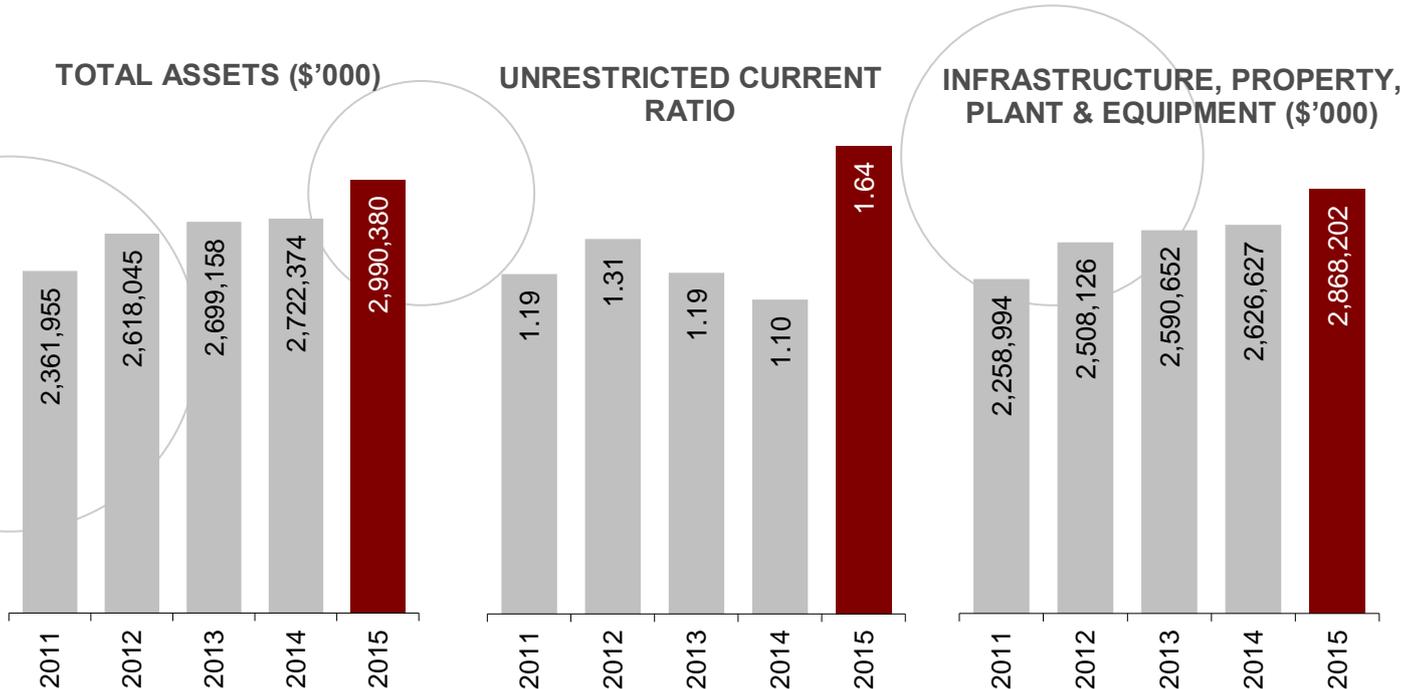
Council continues to maintain a number of internal reserves as detailed in Note 6. These reserves have been established by Council resolution, and include provisions for Employee Leave Entitlements, Property Development activities, and Council’s Children’s Services operations. The maintenance of these reserves ensures that Council has sufficient capacity to respond to planned calls for funding in these areas and also provides some ability to fund unplanned expenditure for these purposes.

UNRESTRICTED CURRENT RATIO

The unrestricted current ratio for 2014-15 was 1.64:1. Council’s practice of borrowing from internal reserves to meet the demands of essential works required in advance of receipt of Section 94 contributions has again been a major impact on the ratio this year. At 30 June 2015, there were six Section 94 plans in deficit totaling \$9.0m (compared to \$8.7m in 2013-14). Two plans - the Cultural Facilities Plan and the Lambridge Estate Plan - accounted for \$6.2m of this deficit. Once adjusted for these internal borrowings, the adjusted indicator is 1.95:1 and is above Council’s adopted benchmark of 1.25:1, and is above the Division of Local Government’s benchmark of 1.5:1.

RECEIVABLES

Receivables for 2014-15 totaled \$11.6m, an increase compared to 2013-14 (\$10m). The Rates Outstanding percentage decreased from 3.87% in 2013-14 to 3.36% in 2014-15, which is below the industry benchmark of less than 5%.



ASSETS (CONTINUED)

INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Infrastructure, Property, Plant & Equipment (IPPE) increased 9.2% over the 2014-15 year to \$2,868m, mainly due to the revaluation of Councils Road, Bridges, and Drainage assets at 30 June 2015 which added \$205m to these assets. Total asset purchases of \$61.1m included \$6.2m of asset renewals and \$54.9m for new asset purchases / construction. A summary of IPPE transactions for 2014-15 are shown below, with greater detail provided in Note 9:

PLANT AND EQUIPMENT

Vehicles purchased	48
Vehicles sold	48
Plant items purchased	22
Plant items sold	15

Total value of plant and vehicle purchases of \$2.75m, and includes:

RFS Category 7 Tanker	\$190,000
Isuzu FVR1000 Tipper (x2)	\$288,000
Toro Mowers (x2)	\$248,000

OFFICE EQUIPMENT

New Computer Purchases	\$268,000
Server Infrastructure	\$198,000
Microsoft Licences	\$150,000

BUILDINGS AND OTHER STRUCTURE

Civic Centre Improvements	\$905,000
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ROAD WORKS AND DRAINAGE

Drainage Works (excl Dedications)	\$747,000
Road Works (excl Dedications)	\$7.9m

Includes:

Bus Shelters	\$113,000
Pathpaving	\$1.22m

INFRASTRUCTURE

Road Dedications	\$17.1m
Drainage Dedications	\$7.2m

OTHER ASSETS

Library Resources	\$485,505
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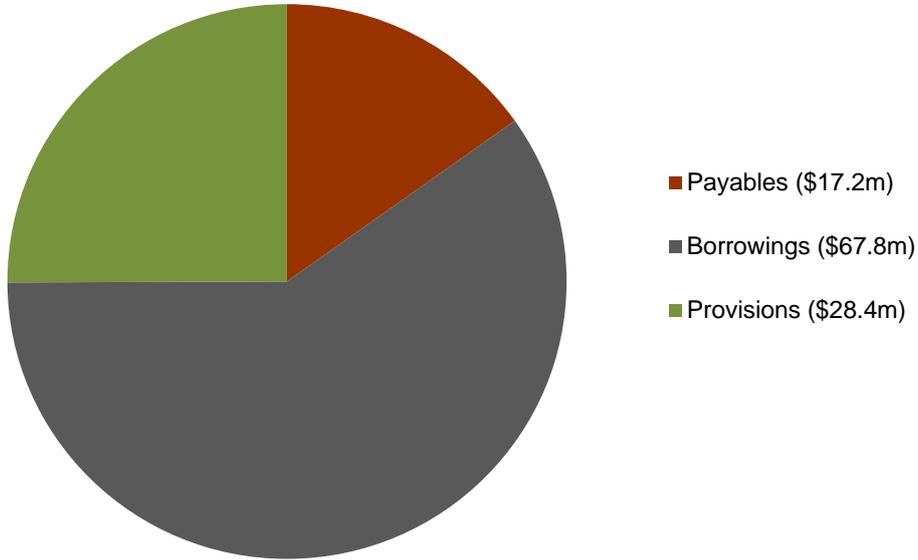
MAJOR CAPITAL PROJECTS worthy of note, either completed or underway during the year include:

Wetland Project	\$1.24m
Great River Walk	\$766,000
Jamison Park Playground	\$761,000
Field Lighting SMS Control	\$564,000

LIABILITIES

SUMMARY

- Liabilities up by 1.8% to \$113.4m
- Borrowings up by 0.5% to \$67.8m
- Payables up by 13.6% to \$17.2m
- Provisions down by 1.5% to \$28.4m

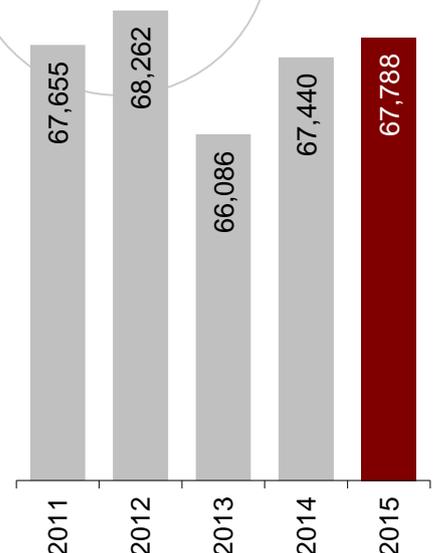


Liability Item	2015 (\$'000)	2014 (\$'000)	% Change
CURRENT LIABILITIES			
Payables	17,185	15,126	13.6%
Borrowings	11,066	9,675	14.4%
Provisions	27,769	28,178	(1.5%)
TOTAL CURRENT LIABILITIES	56,020	52,979	5.7%
NON-CURRENT LIABILITIES			
Borrowings	56,722	57,765	(1.8%)
Provisions	641	653	(1.8%)
TOTAL NON CURRENT LIABILITIES	57,363	58,418	(1.8%)
TOTAL LIABILITIES	113,383	111,397	1.8%

The 2014-15 Debt Service Cover Ratio was 2.68 (0.72 in 2013-14). This ratio measures the availability of operating cash to service debt including interest, principal, and lease payments. The Debt Service Cover Ratio can be misleading if comparisons are made without understanding the underlying situation. Much of Council's loan portfolio has income streams to fund the loan repayments. Knowledge of the principal and interest components of loan payments, along with any revenue streams used to fund these repayments, is required if any comparison to other Councils is to be meaningful. Council's approvals under the Local Infrastructure Renewal Scheme (LIRS) also provides an interest rates subsidy from the NSW Government.

Total borrowings now stand at \$67.8m, a slight increase of \$348,000 (0.5%) over 2013-14.

TOTAL BORROWINGS (\$'000)



CONTROLLED ENTITIES

Council operates a number of controlled entities – Ripples Leisure Centre, Penrith Whitewater Stadium (PWS), and Penrith Performing & Visual Arts (PPVA). The financial results for these entities are consolidated with Council's operations to give the overall result for the year.

Each entity reports their results to Council on an annual basis. At this time, it is resolved that the operations of each entity are underwritten by Council until the next year's results are reported.

	\$'000		
	PPVA	Ripples	PWS
Operating Expenses	3,418	4,837	1,576
Operating Revenues (Excluding Council's Subsidy)	1,899	3,563	1,346
Surplus / (Deficit) before Subsidy	(1,520)	(1,274)	(230)
Subsidy	1,547	1,423	-
Surplus / (Deficit) from Ordinary Operations	28	149	(230)
Capital Grants			
Surplus/(Deficit)	28	149	(230)
Current Assets	1,135	228	246
Non-Current Assets	629	236	1,123
Total Assets	1,764	464	1,370
Current Liabilities	816	749	1,080
Non-Current Liabilities	148	-	388
Total Liabilities	963	749	1,469
Net Assets	801	(285)	(99)

BUSINESS ACTIVITY REPORTING

Business activity reporting shows certain activities of Council in accordance with the National Competition Policy (NCP) guidelines. It attempts to portray the Financial Statements of these activities as if all taxes and commercial principles that applied to private enterprise were also applied to these activities.

It must be emphasised that the business activity report is based on a number of factors:

- prescribed assumptions as to rates of return, taxes and other costs
- the inclusion of assumed costs as if they were paid
- a particular view of where the boundary between the activity and other Council operations should be drawn
- the allocation of costs which are charged to other functions in first instance, and
- determination of the purpose for which each asset is owned, even though the purpose may be one of many joint purposes.

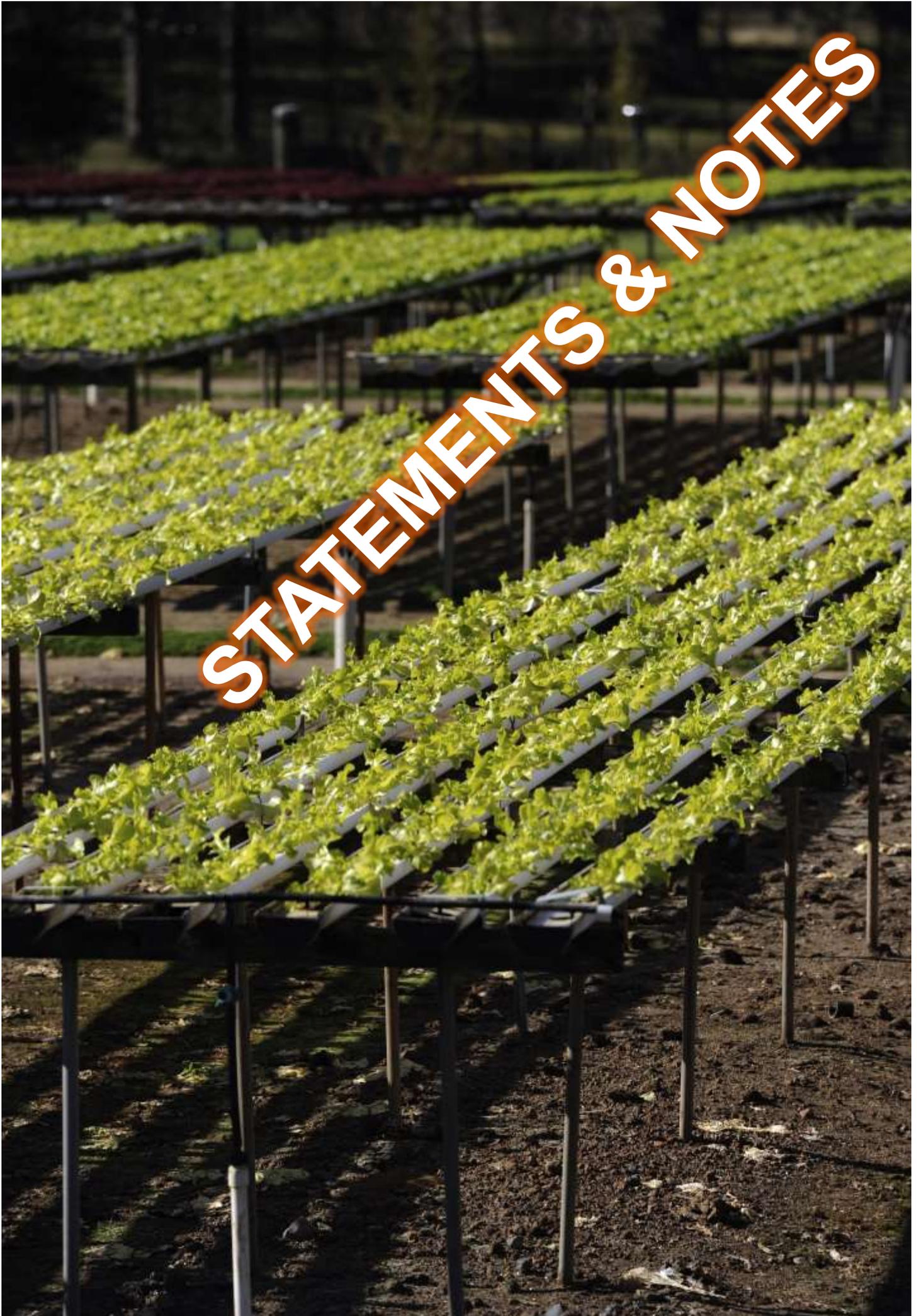
The reports also assume that each year can be separately taken and analysed. Where an activity has irregular revenue, great variations will be reported. Property Development may well show deficits in some years and large surpluses in others. This is because the property strategy results in varying sales from year-to-year.

In these statements all the businesses have generally been assumed to be operators and not owners of the applicable lands. This means for example, that Ripples is a business activity but the ownership of the land and building is outside the business activity. The business activity is then nominally charged a rental for use of the premises. The business activity reports show that if rentals, taxes and similar costs were charged some of the activities would then need a subsidy in order to pay these costs. As these costs are not charged, only assumed, the "Subsidy from Council" does not represent an amount actually paid or ever likely to be paid. It represents the difference between actual surplus and the assumed profit of a commercial operation.

Category 1 (turnover greater than \$2m)	2015 Surplus / (Deficit)	2014 Surplus / (Deficit)	2013 Surplus / (Deficit)	2012 Surplus / (Deficit)	2011 Surplus / (Deficit)
Children's Services	(671)	(1,058)	(609)	137	(606)
Council Pools	(2,018)	(2,234)	(2,653)	(1,715)	(2,044)
Penrith Whitewater Stadium	(263)	(84)	(182)	(142)	182
Property Development	(739)	(1,137)	(930)	(1,338)	2,911
Penrith Performing & Visual Arts	(1,131)	(1,232)	(1,372)	(955)	(3,086)

Category 2 (turnover less than \$2m)	2015 Surplus / (Deficit)	2014 Surplus / (Deficit)	2013 Surplus / (Deficit)	2012 Surplus / (Deficit)	2011 Surplus / (Deficit)
Cemeteries	185	(29)	(156)	(86)	(152)
Tennis Courts	(358)	(383)	(369)	(216)	(299)
St Clair Recreation Centre	(281)	(335)	(332)	(159)	(196)
Lemongrove Retirement Village (sold 2011)	n/a	n/a	n/a	n/a	80
Halls	(1,996)	(1,863)	(1,198)	(1,106)	(1,161)
Contestable Services	144	125	71	(80)	(4)

STATEMENTS & NOTES



Penrith City Council

General Purpose Financial Statements

for the financial year ended 30 June 2015

Statement by Councillors and Management

made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

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

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

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

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

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

Signed in accordance with a resolution of Council made on 21 September 2015.



Cr Ross Fowler OAM
MAYOR



Cr Greg Davies
DEPUTY MAYOR



Alan Stoneham
GENERAL MANAGER



Andrew Moore
ACTING RESPONSIBLE ACCOUNTING OFFICER

INCOME STATEMENT

for the year ended 30 June 2015

Budget ¹ 2015	\$ '000	Notes	Actual 2015	Actual 2014
Income from Continuing Operations				
Revenue:				
117,851	Rates & Annual Charges	3a	119,741	112,142
33,950	User Charges & Fees	3b	35,911	34,325
1,603	Interest & Investment Revenue	3c	2,650	2,995
4,938	Other Revenues	3d	8,584	6,258
24,896	Grants & Contributions provided for Operating Purposes	3e,f	30,268	21,966 ²
23,114	Grants & Contributions provided for Capital Purposes	3e,f	46,580	35,960
Other Income:				
-	Net gains from the disposal of assets	5	587	-
50	Net Share of interests in Joint Ventures & Associates using the equity method	19	635	1,155
<u>206,402</u>	Total Income from Continuing Operations		<u>244,956</u>	<u>214,801</u>
Expenses from Continuing Operations				
87,597	Employee Benefits & On-Costs	4a	83,430	81,474
3,874	Borrowing Costs	4b	3,434	3,826
56,608	Materials & Contracts	4c	54,595	51,155
26,325	Depreciation & Amortisation	4d	21,915	19,702
16,025	Other Expenses	4e	20,169	35,995 ³
486	Net Losses from the Disposal of Assets	5	-	421
<u>190,915</u>	Total Expenses from Continuing Operations		<u>183,543</u>	<u>192,573</u>
<u>15,487</u>	Operating Result from Continuing Operations		<u>61,413</u>	<u>22,228</u>
<u>15,487</u>	Net Operating Result for the Year		<u>61,413</u>	<u>22,228</u>
<u>(7,627)</u>	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		<u>14,833</u>	<u>(13,732)</u>

1. Original Budget as approved by Council - refer Note 16

2. Financial Assistance Grants for 2013-14 were lower reflecting a one off timing difference due to a change in how the grant was paid in prior years - refer Note 3e

3. During 2014, there was a once-off non-standard payment of \$14.1m to the Department of Planning and Infrastructure for Council's share of the costs of the Erskine Park Link Road project. This payment is recognised as an expense in 2014 and had a significant impact on the 2014 Operating Result and several indicators.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2015

Net Operating Result for the year (as per Income statement)	61,413	22,228
Other Comprehensive Income:		
Amounts which will not be reclassified subsequently to the Operating Result		
Gain (loss) on revaluation of I,PP&E	20b (ii) <u>204,607</u>	<u>-</u>
Total Comprehensive Income for the Year	<u>266,020</u>	<u>22,228</u>

STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	50,118	42,768
Investments	6b	22,054	6,214
Receivables	7	10,483	8,619
Inventories	8	1,206	1,206
Other	8	1,548	1,306
Non-current assets classified as "held for sale"	22	-	449
Total Current Assets		85,409	60,562
Non-Current Assets			
Investments	6b	14,500	8,500
Receivables	7	1,136	1,357
Infrastructure, Property, Plant & Equipment	9	2,868,202	2,626,627
Investments accounted for using the equity method	19	5,745	5,110
Investment Property	14	15,388	20,218
Total Non-Current Assets		2,904,971	2,661,812
TOTAL ASSETS		2,990,380	2,722,374
LIABILITIES			
Current Liabilities			
Payables	10	17,185	15,126
Borrowings	10	11,066	9,675
Provisions	10	27,769	28,178
Total Current Liabilities		56,020	52,979
Non-Current Liabilities			
Borrowings	10	56,722	57,765
Provisions	10	641	653
Total Non-Current Liabilities		57,363	58,418
TOTAL LIABILITIES		113,383	111,397
Net Assets		2,876,997	2,610,977
EQUITY			
Retained Earnings	20	2,004,516	1,943,103
Revaluation Reserves	20	872,481	667,874
Total Equity		2,876,997	2,610,977

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2015						
Opening Balance as per Last Year's Audited Accounts		1,943,103	667,874	2,610,977	-	2,610,977
Revised Opening Balance (as at 1/7/14)		1,943,103	667,874	2,610,977	-	2,610,977
Net Operating Result for the Year		61,413	-	61,413	-	61,413
Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	204,607	204,607	-	204,607
Other Comprehensive Income		-	204,607	204,607	-	204,607
Total Comprehensive Income (c&d)		61,413	204,607	266,020	-	266,020
Equity - Balance at end of the reporting period		2,004,516	872,481	2,876,997	-	2,876,997

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2014						
Opening Balance as per Last Year's Audited Accounts		1,920,875	667,874	2,588,749	-	2,588,749
Revised Opening Balance (as at 1/7/13)		1,920,875	667,874	2,588,749	-	2,588,749
Net Operating Result for the Year		22,228	-	22,228	-	22,228
Total Comprehensive Income (c&d)		22,228	-	22,228	-	22,228
Equity - Balance at end of the reporting period		1,943,103	667,874	2,610,977	-	2,610,977

STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
Cash Flows from Operating Activities				
Receipts:				
121,814	Rates & Annual Charges		119,974	113,413
41,455	User Charges & Fees		38,116	35,576
2,064	Investment & Interest Revenue Received		2,874	2,331
50,588	Grants & Contributions		37,192	27,870
2,064	Bonds, Deposits & Retention amounts received		3,383	2,637
-	Other		15,215	13,061
Payments:				
(91,594)	Employee Benefits & On-Costs		(83,902)	(81,202)
(66,325)	Materials & Contracts		(58,979)	(56,851)
(3,337)	Borrowing Costs		(3,434)	(3,826)
-	Bonds, Deposits & Retention amounts refunded		(2,559)	(2,274)
(17,566)	Other		(23,792)	(40,109)
<u>39,163</u>	Net Cash provided (or used in) Operating Activities	11b	<u>44,089</u>	<u>10,626</u>
Cash Flows from Investing Activities				
Receipts:				
154,813	Sale of Investment Securities		223,584	287,153
-	Sale of Investment Property		6,541	-
1,514	Sale of Infrastructure, Property, Plant & Equipment		1,286	1,224
-	Sale of Disposal Groups		1,590	-
Payments:				
(187,435)	Purchase of Investment Securities		(245,320)	(273,620)
-	Purchase of Investment Property		(30)	-
(47,889)	Purchase of Infrastructure, Property, Plant & Equipment		(24,453)	(25,710)
<u>(78,997)</u>	Net Cash provided (or used in) Investing Activities		<u>(36,802)</u>	<u>(10,953)</u>
Cash Flows from Financing Activities				
Receipts:				
4,113	Proceeds from Borrowings & Advances		10,663	10,201
4	Deferred Debtors Receipts		3	65
Payments:				
(4,264)	Repayment of Borrowings & Advances		(10,591)	(9,051)
-	Deferred Debtors & Advances Made		(12)	-
<u>(147)</u>	Net Cash Flow provided (used in) Financing Activities		<u>63</u>	<u>1,215</u>
<u>(39,981)</u>	Net Increase/(Decrease) in Cash & Cash Equivalents		<u>7,350</u>	<u>888</u>
42,768	plus: Cash & Cash Equivalents - beginning of year	11a	42,768	41,880
<u>2,787</u>	Cash & Cash Equivalents - end of the year	11a	<u>50,118</u>	<u>42,768</u>
Additional Information:				
	plus: Investments on hand - end of year	6b	<u>36,554</u>	<u>14,714</u>
	Total Cash, Cash Equivalents & Investments		<u>86,672</u>	<u>57,482</u>

Please refer to Note 11 for information on the following:

- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 1—Summary of Significant Accounting Policies

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

1. BASIS OF PREPARATION

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

a. New and amended standards adopted by Council

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

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

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

AASB 11 classified joint arrangements into either joint ventures (equity accounting) or joint operations (accounting for share of assets and liabilities). AASB 12 has increased the level of disclosures required where Council has any interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

b. Early adoption of standards

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

c. 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 & Equipment and Investment Property) that are accounted for at fair

valuation.

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

d. Significant accounting estimates and judgements

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

Penrith 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.

e. Significant judgements in applying the entity's accounting policies

Impairment of Receivables

Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

Projected Section 94 Commitments

Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

2. THE LOCAL GOVERNMENT REPORTING ENTITY

The City of Penrith has its principal business office at Penrith Civic Centre, 601 High Street, Penrith NSW 2750. Penrith Council is empowered by the New South Wales Local Government Act (LGA) 1993 (as amended) and its Charter is specified in Section 8 of the Act.

The General Purpose Financial Statements incorporate the assets and liabilities of all entities controlled by Council (the parent entity) and the results of all controlled entities and Joint Ventures for the financial period ended 30 June 2015. They include the consolidated fund and other entities through which Council controls resources to carry on its functions. In the process of reporting on the Local Government as a single unit, all transactions and balances between activities (for example, loans and transfers) have been eliminated.

Note 1—Summary of Significant Accounting Policies (continued)

2014-15

a. The Consolidated Fund

The consolidated fund and other entities through which Council controls resources to carry on its functions have been included in the Financial Statements forming part of this report. Internal transactions between sections of the reporting entity have been eliminated in accordance with Australian equivalents to International Financial Reporting Standards.

Council operates a number of children's centres and includes the transactions associated with these centres in its consolidated fund. The centres include 18 providing long day care services, 9 providing before and after school care services, 1 occasional care service and 5 preschool services. The Penrith City Children's Services Co-operative, established in January 2003, manages the Children's Centres (excluding the Glenmore Park Child & Family Centre) through a delegation under S377 of the Local Government Act 1993.

The Penrith Performing and Visual Arts Limited (which administers the Joan Sutherland Performing Arts Centre and the Penrith Regional Gallery), the Penrith Aquatic and Leisure Limited (which administers Penrith Pool and Ripples), and Penrith Whitewater Stadium Limited are controlled entities within the meaning of the accounting standards. The operating results of these entities before Council subsidies was a loss of \$1.5m for Penrith Performing and Visual Arts, a loss of \$1.3m for the Penrith Aquatic and Leisure Limited and a loss of \$230k for the Penrith Whitewater Stadium Limited. Council each year makes a resolution to continue to guarantee the operations of these entities for 24 months from 1 July each year.

Council committees operate the following centres whose finances are administered independently of Council. The contribution to the Financial Statements of each centre is shown in the table below.

Other Council Committees not included in the listing below include Emu Plains Tennis Courts. The operating result for the year for this Council committee could not be determined due to their financial records not being available but are not considered material.

b. Joint Arrangements

Joint Operations

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings. Details of the activity are set out in Note 19.

Joint Ventures

Any interests in Joint Venture Entities & Partnerships are accounted for using the equity method and is carried at cost.

Committee	Operating Surplus / (Deficit) \$	Net Assets \$
Andromeda Community Centre	2,623	9,382
Arms of Australia Inn	653	2,174
Autumnleaf Neighbourhood Centre Inc.	1,724	(4,033)
Cook Parade Neighbourhood Centre	(720)	(5,909)
Coowarra Cottage	3,004	22,259
Emu Plains Tennis Complex	-	18,774
Jamison Park Netball Complex	(16,521)	37,703
Masters Hall- U3A	(4,519)	2,475
Nepean & Community Neighbourhood Services	22	30
North Penrith Community Centre	(3,774)	4,659
North St Marys Neighbourhood Centre	3,650	2,605
Penrith International Friendship Committee	(1,191)	12,363
Penrith Schools Boatshed Management Committee	1,489	7,364
Penrith Valley Senior Citizens Centre	3,901	65,291
Regentville Hall	8,467	58,093
Samuel Marsden Road Riding Facility	1,261	-
St Marys Development Committee	(21,136)	-
The Community Connection	1,662	6,124
Werrington Community Cottage	(362)	17,241
Youth Centre Cleaning	(3,690)	(14,432)
Total	(23,457)	242,163

Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in retained

Note 1—Summary of Significant Accounting Policies (continued)

earnings & reserves is recognised in the balance sheet.

Information about joint ventures is contained in Note 19.

3. REVENUE RECOGNITION

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of Council's activities as described below. Council bases its 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:

a. Rates, Annual Charges, Grants and Contributions

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

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

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

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

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

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

b. User Charges and Fees

User charges and fees 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 doubtful debt is recognised when collection in full is no longer probable.

c. Sale of Plant, Property, Infrastructure and Equipment

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

d. Interest and Rents

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

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when Council obtains control over the assets comprising the revenue, or when the amount becomes an enforceable debt, whichever first occurs.

4. 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 which are subject to an insignificant risk of changes in value, and
- bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

5. RECEIVABLES

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of receivables. The

Note 1—Summary of Significant Accounting Policies (continued)

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.

6. INVENTORIES

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on 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.

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and 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 – these are retained in property, plant and equipment.

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

Non-current assets 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 Statement of Financial Position.

7. INVESTMENTS AND OTHER FINANCIAL ASSETS

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

a. Financial Assets at Fair Value through Profit or Loss

All financial assets acquired for the purpose of generating a profit from short-term fluctuations in

price, or part of a portfolio with a pattern of short-term profit taking.

b. 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 Council provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the Statement of Financial Position date, which are classified as non-current assets. Loans and receivables are included in receivables in the Statement of Financial Position.

c. Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity.

d. Available-for-Sale Financial Assets

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

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

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 at 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

Note 1—Summary of Significant Accounting Policies (continued)

gains and losses from investment securities.

Council has an approved investment policy complying with Section 625 of the Local Government Act, Section 212 of the Local Government (General) Regulations 2005, and the Minister's Order.

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

e. Impairment

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

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group of financial assets may have impairment measured on the basis of an instrument's fair value using an observable market price.

8. FAIR VALUE ESTIMATION

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

remaining financial instruments.

The nominal value less estimated credit

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

9. INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT (IPPE)

Council's assets have been progressively revalued to fair value in accordance with the staged implementation advised by the Office of Local Government. At Statement of Financial Position date, the following classes of IPPE were stated at their fair value:

- Operational land (internal valuation)
- Community Land (Valuer General's valuation)
- Buildings (external valuation)
- Plant and Equipment (as approximated by depreciated replacement cost)
- Road assets—roads, bridges, and footpaths (internal valuation based on current replacement costs)
- Drainage assets (internal valuation based on current contract costs)
- Bulk Earthworks (no revaluation as cannot be reliably measured)
- Land improvements (as approximated by depreciated historical cost)
- Other Structures (as approximated by depreciated historical cost)
- Other assets (as approximated by depreciated historical cost)
- Investment Properties (external valuation) – refer to Note 14

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

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

Note 1—Summary of Significant Accounting Policies (continued)

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated remaining useful lives. New assets are generally depreciated as below:

Buildings	20-100 years
Vehicles	5 years
Earthmoving Equipment	6-12 years
Office Equipment	3-10 years
Roads Structure	100 years
Bridges	100 years
Stormwater Pipes	200 years
Other Drainage Structures	100 years
Levee Banks	100 years

Detailed examination of the roads data held by Council's Asset Management department was again reviewed in 2015 to accurately reflect the depreciation charge for roads assets in light of the extensive maintenance program that Council has for these assets. Amended remaining useful lives are identified for the roads network. The amended useful life is then applied to the written down value of the individual roads and a more appropriate depreciation figure calculated.

The assets' residual values and remaining useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

From 2012-13, Council revised the useful lives and residual value for its road, drainage, and building asset classes to more accurately reflect the consumption of these assets. This change in method of incorporating both a change in useful lives and the use of a residual value resulted in a decrease in depreciation expense from the previous year and now more realistically represents the consumption of these assets. This review was again conducted in 2014-15 with the revised depreciation amounts shown in Note 4.

The residual values now used for these classes of assets are:

Buildings	25%
Bulk Earthworks	100% (not depreciable)
Drainage	0-50%
Roads	25-50%

a. Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each

type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

Examples of capitalisation thresholds applied during the year are shown below.

Plant & Equipment, Office Equipment, and Furniture & Fittings	Capitalise if Value > \$2,000
Land:	
- Council Land	Capitalise
- Open Space	Capitalise
- Land Under Roads	Capitalise
Buildings:	
- Construction/Extension	Capitalise
- Renovations	Capitalise
Other Structures	Capitalise
Roads, Bridges, Footpaths:	
- Construction/Reconstruction	Capitalise
Stormwater Drainage	Capitalise

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets that are subject to depreciation 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 (which is the higher of the present value of future cash inflows or value in use).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable presumption is made that the current replacement cost exceeds the original cost of acquisition.

b. Land Under Roads (LUR)

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

Land Under Roads (LUR) acquired after 1 July 2008 is recognised in accordance with AASB 116—Property, Plant and Equipment, and AASB 1051—Land Under Roads.

Council has previously elected to recognise LUR acquired before 1 July 2008 in accordance with AASB 116—Property, Plant and Equipment, and AASB 1051—Land Under Roads. Circular 09-25 issued by the Office of Local Government (OLG) had allowed councils to elect to recognise land under roads acquired before 1 July 2008 but defer that recognition until an industry-wide valuation methodology is determined. This methodology has been determined

Note 1—Summary of Significant Accounting Policies (continued)

and Council has recognised all acquired pre-1 July 2008 using the Valuer General's valuations at 30 June 2012 to determine a municipal rate. Council's total LUR is disclosed in Note 9.

10. INVESTMENT PROPERTY

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

The last full revaluation for Council's Investment Properties was performed for the 2013-14 Financial Statements, with a desktop revaluation performed for 2014-15 by Independent Property Valuations (IPV) Pty Ltd, Registered Valuer No 140911321.

11. PAYABLES

a. Goods and Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

b. Payments Received in Advance and Deposits

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to Council's assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

12. BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date.

a. Borrowings Costs

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

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

13. PROVISIONS

Provisions for legal claims and service warranties are recognised when: Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

14. EMPLOYEE BENEFITS

a. Short-term obligations

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

b. Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

Note 1—Summary of Significant Accounting Policies (continued)

settled in the next 12 months are detailed in Note 10a.

c. Superannuation

Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme and other complying funds. Council employees have two types of membership, each of which is funded differently.

Accumulation Fund Members

Accumulation funds receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Levy (9.5% in 2015, 9.25% in 2014). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Defined Benefit Members

Council makes employer contributions to the defined benefits categories of the Local Government Super Scheme (LGSS) at rates determined by the Scheme's Trustee. The rate for 2014-15 was 1.9 times members' contributions (1.9 times in 2013-14) plus a basic benefit of 2.5% of the member's salary (2.5% in 2013-14). Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue. LGSS advised a revised payment calculation for contributions to this scheme would begin from 2012-13, which includes an additional flat rate contribution from Council to address the deficit that resulted from the Global Financial Crisis.

The Local Government Superannuation Scheme—Pool B (the Scheme) is a defined benefit plan that has been deemed to be a "multi-employer fund" for the purposes of AASB 119. Sufficient information under AASB 119 is not available to account for the Scheme as a defined benefit plan, because the assets to the scheme are pooled together for all employers.

The amount of employer contributions to the defined benefits section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2015 was \$2.4m (\$2.6m in 2013-14).

Effective from 1 July 2013, employers are required to contribute additional contributions to assist in extinguishing the deficit that resulted from the Global Financial Crisis. The amount of additional contributions payable until the deficit is extinguished is approximately \$1.1m per year. The additional contributions remitted during the year are included in the total employer contributions set out in Note 4(a).

The share of this deficit that can be broadly attributed

to Council was estimated to be in the order of \$2.3m as at 30 June 2015.

15. LEASES

Lease arrangements have been accounted for in accordance with AASB 117.

Council is not leasing any items under finance lease, which are leases that effectively transfer to Council substantially all of the risks and benefits incidental to ownership.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

16. GST IMPLICATIONS

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 Statement of Financial Position 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 Statement of Financial Position. 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 which are recoverable from or payable to the ATO are classified as operating cash flows.

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

17. ROUNDING

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

18. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2015.

Note 1—Summary of Significant Accounting Policies (continued)

Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

AASB 9 - Financial Instruments (and associated amending standards)

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.

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 where very specific conditions are met).

AASB 15 - Revenue from contracts with customers and associated amending standards

AASB 15 will introduce a five 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 full impact of AASB 15 has not yet been ascertained or quantified. AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2017.

AASB 124 - Related Party Disclosures

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 2016.

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

AASB 2014 - 3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11]

This Standard amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business.

The amendments require:

- a. the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and
- b. the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

Note 1—Summary of Significant Accounting Policies (continued)

This Standard also makes an editorial correction to AASB 11.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2016.

If a joint operation is acquired during the reporting period, then this standard clarifies the accounting for the acquisition to be in accordance with AASB 3, i.e. assets and liabilities acquired to be measured at fair value.

Not applicable to Local Government per se

None.

19. Rural Fire Service Assets

Under section 119 of the Rural Fire Services Act 1997, “all fire fighting equipment purchased or constructed wholly or from money to the credit of the fund is to be vested in the Council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed”. Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as they have been doing in previous years.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 2(a) - Functions or Activities

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).															
	Income from Continuing Operations				Expenses from Continuing Operations				Operating Result from Continuing Operations				Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual 2015	Actual 2014	Actual 2014	Original Budget	Actual 2015	Actual 2014	Actual 2014	Original Budget	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2014
	2015	2015	2014	2014	2015	2015	2014	2014	2015	2015	2014	2015	2014	2015	2014	2014
Corporate Governance	-	-	-	706	792	813	706	(813)	(792)	(706)	-	-	-	-	-	-
Building Maintenance & Construction	1	165	33	(36)	1,916	2,286	(36)	(2,121)	(1,915)	69	150	-	-	138,938	141,640	-
Bushland Management	-	49	57	251	218	276	251	(227)	(218)	(194)	49	57	-	-	-	-
Business Improvement	-	-	-	179	356	383	179	(383)	(356)	(179)	-	-	-	17	-	-
Cemeteries	546	948	642	667	610	677	667	271	(64)	(25)	-	-	-	-	-	-
Children's Services	20,251	20,555	18,666	19,625	22,194	21,598	19,625	(1,043)	(1,943)	(959)	2,895	2,330	-	313	403	-
City Parks	50	12,645	9,306	13,036	13,144	11,759	13,036	886	(13,094)	(3,730)	117	103	-	-	-	-
City Partnerships	-	-	-	367	292	288	367	(288)	(292)	(367)	-	-	-	-	-	-
City Planning	3,682	8,519	4,724	16,417	2,412	2,316	16,417	6,203	1,270	(11,693)	-	-	-	-	-	-
Civil Construction & Maintenance	22,327	28,944	26,738	29,320	32,103	28,911	29,320	33	(9,776)	(2,582)	2,783	2,534	-	971,809	743,317	-
Communications	-	-	-	589	701	774	589	(774)	(701)	(589)	-	-	-	2	-	-
Community & Cultural Development	242	277	264	2,146	2,228	2,125	2,146	(1,848)	(1,986)	(1,882)	231	230	-	1	-	-
Community Safety	313	694	341	4,621	4,291	4,354	4,621	(3,660)	(3,978)	(4,280)	683	323	-	-	-	-
Corporate Planning	-	-	-	474	483	816	474	(816)	(483)	(474)	-	-	-	15	14	-
Council & Corporate Support	10	5	4	3,749	3,987	3,950	3,749	(3,945)	(3,977)	(3,745)	-	-	-	6	-	-
Customer Service	-	-	1	1,580	1,493	1,413	1,580	(1,413)	(1,493)	(1,579)	-	-	-	-	-	-
Design & Project Management	62	684	525	1,516	1,336	1,893	1,516	(1,209)	(1,274)	(991)	684	489	-	-	-	-
Development Applications	2,220	3,038	2,655	5,676	5,314	5,771	5,676	(2,733)	(3,094)	(3,021)	12	14	-	-	-	-
Development Engineering	309	438	444	1,227	1,242	1,235	1,227	(797)	(933)	(783)	-	-	-	-	-	-
Emergency Services Management	2,484	2,830	3,452	4,359	4,614	4,359	4,359	(1,529)	(2,130)	(1,699)	2,773	3,396	-	337	338	-
Environmental Health	301	1,818	605	3,073	3,702	3,838	3,073	(2,020)	(3,401)	(2,468)	1,340	182	-	30	26	-
Financial Services	204	6,271	3,492	6,599	7,536	6,540	6,599	(269)	(7,332)	(3,107)	2,231	1,598	-	1,487,733	1,436,515	-
Fire Safety Certification & Compliance	1,025	1,254	1,172	1,848	1,634	1,551	1,848	(297)	(609)	(676)	-	-	-	-	-	-
Floodplain & Stormwater Management	14	27	53	809	730	744	809	(717)	(716)	(756)	6	33	-	-	-	-
Information Technology	-	66	(54)	1,114	244	976	1,114	(910)	(244)	(1,168)	66	(109)	-	5,836	6,279	-
Legal Services	7	52	55	174	113	207	174	(155)	(106)	(119)	-	-	-	-	-	-
Libraries	786	856	952	7,584	7,295	7,680	7,584	(6,824)	(6,509)	(6,632)	591	708	-	2,165	2,916	-

STATEMENTS & NOTES

STATEMENTS & NOTES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2015

Note 2(a) - Functions or Activities (cont)

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).															
	Income from Continuing Operations				Expenses from Continuing Operations				Operating Result from Continuing Operations				Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual 2015	Actual 2014	Actual 2014	Original Budget	Actual 2015	Actual 2014	Actual 2014	Original Budget	Actual 2015	Actual 2014	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
	2015	2015	2014	2014	2015	2015	2014	2014	2015	2015	2014	2014	2015	2014	2015	2014
Mapping Information/GIS	3	6	4	617	625	621	617	(622)	(615)	(613)	-	-	-	147	213	
Marketing	8	101	9	1,866	2,087	2,024	1,866	(2,079)	(1,923)	(1,857)	-	-	(6)	11	20	
Neighbourhood Facilities Management	716	806	906	1,752	1,489	1,609	1,752	(773)	(803)	(846)	-	-	9	274	231	
Penrith Performing & Visual Arts	2,071	1,979	1,793	3,260	3,607	3,442	3,260	(1,536)	(1,463)	(1,467)	440	502	42	42	42	
Penrith Whitewater Stadium	1,776	1,346	1,634	1,623	1,611	1,530	1,623	165	(184)	11	-	-	-	67	67	
Place Management	642	642	616	1,499	1,917	1,711	1,499	(1,275)	(1,069)	(883)	-	-	-	-	(48)	
Plant Maintenance	107	133	342	63	55	16	63	52	117	279	-	-	-	10,628	11,652	
Property Development & Management	3,376	4,838	4,196	4,015	4,000	2,977	4,015	(624)	1,861	181	-	-	-	344,550	353,400	
Public Domain Maintenance	7	71	7	8,738	12,122	10,223	8,738	(12,115)	(10,152)	(8,731)	-	-	-	17,086	16,864	
Purchasing & Supply	4	6	2	717	711	685	717	(707)	(679)	(715)	-	-	-	655	655	
Recn & Leisure Facilities Management	648	1,766	919	2,007	1,926	1,838	2,007	(1,278)	(72)	(1,088)	1,136	75	3,513	2,230	2,230	
Records Management	9	19	19	(47)	32	(98)	(47)	(23)	117	66	-	-	-	1	-	
Regional Planning & Advocacy	544	442	353	1,028	1,298	1,334	1,028	(754)	(892)	(675)	-	-	-	-	1	
Regulatory Control	2,365	2,573	2,475	4,073	4,334	4,433	4,073	(1,969)	(1,860)	(1,598)	15	9	-	-	-	
Ripples- St Marys Leisure Centre	4,115	3,562	3,667	4,938	5,183	4,837	4,938	(1,068)	(1,275)	(1,271)	-	-	-	-	-	
Risk Management & Insurance	-	359	234	405	519	260	405	(519)	99	(171)	-	-	-	(331)	(336)	
Sustainability Planning	-	54	-	670	746	784	670	(746)	(730)	(670)	54	-	-	-	-	
Traffic Management & Road Safety	1,356	3,137	1,537	1,236	1,223	1,242	1,236	133	1,895	301	3,137	1,537	-	-	-	
Waste Management	24,342	25,824	23,760	22,701	23,600	23,818	22,701	742	2,006	1,059	356	448	790	823	823	
Workforce Development	129	143	204	2,950	2,850	2,724	2,950	(2,721)	(2,581)	(2,746)	117	149	-	-	2	
Total Functions & Activities	97,052	137,942	116,804	192,573	190,915	183,543	192,573	(93,863)	(45,601)	(75,769)	19,866	14,611	2,984,635	2,717,264	2,717,264	
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	50	635	1,155	-	-	-	-	50	635	1,155	-	-	5,745	5,110	5,110	
General Purpose Income ¹	109,300	106,379	96,842	-	-	-	-	109,300	106,379	96,842	10,042	5,759	-	-	-	
Operating Result from Continuing Operations	206,402	244,956	214,801	192,573	190,915	183,543	192,573	15,487	61,413	22,228	29,908	20,370	2,990,380	2,722,374	2,722,374	

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 3—Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		71,138	66,628
Farmland		1,261	1,211
Business		21,288	20,249
Total Ordinary Rates		93,687	88,088
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		24,161	22,153
Stormwater Management Services		1,782	1,777
Waste Management Services (non-domestic)		48	49
Section 611 Charges		63	75
Total Annual Charges		26,054	24,054
TOTAL RATES & ANNUAL CHARGES		119,741	112,142

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 3—Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		4	6
Total User Charges		4	6
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Building Fees		1,303	1,311
Planning & Building Regulation		3,215	2,836
Other Regulatory/ Statutory Fees		638	569
Section 149 Certificates (EPA Act)		541	481
Section 603 Certificates		354	344
Total Fees & Charges - Statutory/Regulatory		6,051	5,541
(ii) Fees & Charges - Other (incl. General User Charges (per s.608)			
Cemeteries		926	634
Childrens Services		17,585	16,303
Companion Animals		183	177
Halls and Community Centres		956	1,012
Penrith Whitewater Stadium		1,342	1,629
Performing Arts Centre / Gallery		1,425	1,257
Road Reinstatements		1,551	1,692
Sport and Recreation		291	246
Swimming Centres		3,636	3,694
Vehicle costs recovered from Employees		981	967
Other		980	1,167
Total Fees & Charges - Other		29,856	28,778
TOTAL USER CHARGES & FEES		35,911	34,325

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 3—Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		271	293
- Interest earned on Section 94 Contributions		317	361
- Other Externally Restricted		195	109
- Internally Restricted		330	278
- Unrestricted		1,709	1,877
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		104	281
Fair Valuation of Financial Liabilities on recognition			
- Interest Free (or favourable) Loans & Advances Received		(276)	(204)
TOTAL INTEREST & INVESTMENT REVENUE		<u>2,650</u>	<u>2,995</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		271	293
General Council Cash & Investments		2,379	2,702
Total Interest & Investment Revenue Recognised		<u>2,650</u>	<u>2,995</u>
(d) Other Revenues			
Fair Value Adjustments - Investment Properties	14	1,310	-
Rental Income - Investment Properties	14	1,332	1,798
Rental Income - Other Council Properties		1,626	1,528
Fines		1,469	1,373
Legal Fees Recovery - Rates & Charges (Extra Charges)		304	446
Legal Fees Recovery - Other		50	54
Insurance Claim Recoveries		99	233
Purchasing / Performance Rebate		547	378
Other Investment Income		1,220	-
Other		627	448
TOTAL OTHER REVENUE		<u>8,584</u>	<u>6,258</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 3—Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance	9,015	4,754	-	-
Pensioners' Rates Subsidies - General Component	1,027	1,005	-	-
Total General Purpose	10,042	5,759	-	-
¹ The Financial Assistance Grant for the comparative 2014 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in 2014 by up to 50% as had occurred in previous years.				
Specific Purpose				
Pensioners' Rates Subsidies:				
- Domestic Waste Management	356	342	-	-
Bushfire & Emergency Services	2,288	2,908	485	487
Children's Services	2,895	2,330	-	-
Civil Construction (Roads & Drainage)	2,074	2,028	456	506
Community Services	231	230	-	-
Cultural Facilities	440	502	-	-
Design & Major Projects	684	489	-	-
Environmental and Health Management	1,340	182	-	-
Financial Assistance - Roads Component	2,232	1,073	-	-
Libraries	591	708	-	-
Local Infrastructure Renewal Scheme (LIRS)	253	182	-	-
Parks Environmental Management	49	57	-	103
Street Lighting	508	323	175	-
Traffic and Transport	3,137	1,537	-	-
Recreation & Leisure Facilities Management	201	75	935	-
Other	446	545	90	4
Total Specific Purpose	17,725	13,511	2,141	1,100
Total Grants	27,767	19,270	2,141	1,100
Grant Revenue is attributable to:				
- Commonwealth Funding	15,563	8,176	175	4
- State Funding	12,204	10,895	1,966	1,096
- Other Funding	-	199	-	-
	27,767	19,270	2,141	1,100

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 3—Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 94 - Contributions towards amenities/services	-	-	7,608	3,790
Subdivider Dedications	-	-	36,641	30,868
Other Developer Contributions	2,501	2,696	190	202
Total Developer Contributions	2,501	2,696	44,439	34,860
Total Contributions	2,501	2,696	44,439	34,860
TOTAL GRANTS & CONTRIBUTIONS	30,268	21,966	46,580	35,960

\$ '000	Actual 2015	Actual 2014
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(g) Restrictions relating to Grants and Contributions

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

Unexpended at the Close of the Previous Reporting Period	17,494	29,970
add: Grants & contributions recognised in the current period but not yet spent:	10,983	6,088
less: Grants & contributions recognised in a previous reporting period now spent:	(6,273)	(18,564)
Net Increase (Decrease) in Restricted Assets during the Period	4,710	(12,476)
Unexpended and held as Restricted Assets	22,204	17,494
Comprising:		
- Specific Purpose Unexpended Grants	3,006	1,886
- Developer Contributions	19,198	15,608
	22,204	17,494

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 4—Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Employee Benefits & On-Costs			
Salaries and Wages		63,582	61,109
Travelling		13	12
Employee Leave Entitlements (ELE)		11,698	11,396
Superannuation - Guarantee Levy		5,703	5,343
Superannuation - Defined Benefit Plans		2,436	2,578
Workers' Compensation Insurance		919	1,469
Fringe Benefit Tax (FBT)		155	170
Payroll Tax		138	138
Training Costs (other than Salaries & Wages)		284	283
Other		198	179
Total Employee Costs		85,126	82,677
less: Capitalised Costs		(1,696)	(1,203)
TOTAL EMPLOYEE COSTS EXPENSED		83,430	81,474
Number of "Equivalent Full Time" Employees at year end		1,056	1,061
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		3,434	3,826
Total Interest Bearing Liability Costs Expensed		3,434	3,826
TOTAL BORROWING COSTS EXPENSED		3,434	3,826

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 4—Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Materials & Contracts			
Raw Materials & Consumables		9,065	7,761
Contractor & Consultancy Costs			
- Garbage Services		6,688	6,359
- Recycling Services		2,101	2,110
- Organic Services		4,063	3,670
- Sullage Services		128	137
- Tipping Services		1,950	1,656
- Engineering Services		8,705	8,646
- Security Services		670	715
- Building and Parks Services		3,335	3,750
- Cleaning Services		1,550	1,596
- Computer Software Maintenance		1,404	1,249
- Contractor & Consultancy Costs		13,570	12,209
Auditors Remuneration ⁽¹⁾		125	136
Legal Expenses:			
- Legal Expenses: Planning & Development		578	435
- Legal Expenses: Other		319	321
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments		344	405
TOTAL MATERIALS & CONTRACTS		<u>54,595</u>	<u>51,155</u>

1. Auditor Remuneration

During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):

i) Audit and Other Assurance Services

- Audit and review of financial statements: Council's Auditor	60	61
- Audit and review of financial statements: Other Consolidated Entity Auditors	65	75
Remuneration for audit and other assurance services	<u>125</u>	<u>136</u>
Total Auditor Remuneration	<u>125</u>	<u>136</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 4—Expenses from Continuing Operations (continued)

\$ '000	Notes	Depreciation/Amortisation	
		Actual 2015	Actual 2014
(d) Depreciation, Amortisation & Impairment			
Plant and Equipment		2,658	2,625
Office Equipment		1,506	1,519
Furniture & Fittings		243	163
Land Improvements (depreciable)		593	460
Buildings - Non Specialised		2,939	2,352
Buildings - Specialised		3,572	2,717
Infrastructure:			
- Roads		7,595	7,365
- Stormwater Drainage		1,687	1,650
Other Assets			
- Library Books		1,082	823
- Other		40	28
<u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u>		<u>21,915</u>	<u>19,702</u>

Depreciation, Amortisation, and Impairment relates solely to Depreciation and Amortisation. After testing, no impairment of Council's assets in 2015 remains.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 4—Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(e) Other Expenses			
Other Expenses for the year include the following:			
Bad & Doubtful Debts		45	20
- Department of Planning Levy		162	157
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		1,720	1,726
- Waste Levy		3,651	3,499
- Lenore Lane Extension - S94 ¹		-	14,140
- Other Levies		227	248
Councillor Expenses - Mayoral Fee		78	76
Councillor Expenses - Councillors' Fees		403	393
- Telephone		37	32
- Training, Conferences and Seminars		106	102
- Other		29	14
District Maintenance - Rural Fire Service		1,070	1,663
Donations, Contributions & Assistance to other organisations (Section 356)			
- Penrith Business Alliance		595	517
- Other Donations & Contributions		1,963	1,567
Electricity & Heating		1,973	2,374
Infringement Processing Bureau		185	167
Insurance		2,148	2,366
Revaluation Decrements (Fair Valuation of Investment Properties)	14	-	501
Street Lighting		3,593	3,770
Telephone & Communication: *		602	590
Water Rates and Charges		670	948
Other *		912	1,125
<u>TOTAL OTHER EXPENSES</u>		<u>20,169</u>	<u>35,995</u>

* excludes disclosures shown separately in Councillors' Expenses

¹ Paid to the Department of Planning and Infrastructure as full payment for Council's share of the total project costs for the Erskine Park Link Road. The funds were collected by Council through Section 94 Contributions over previous years.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 5—Gain or Loss from Disposal of Assets

\$ '000	Notes	Actual 2015	Actual 2014
Property (excl. Investment Property)			
Proceeds from Disposal - Property		226	-
less: Carrying Amount of Property Assets Sold / Written Off		(18)	-
Net Gain/(Loss) on Disposal		208	-
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		1,060	1,224
less: Carrying Amount of P&E Assets Sold / Written Off		(1,249)	(1,645)
Net Gain/(Loss) on Disposal		(189)	(421)
Infrastructure			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(801)	-
Net Gain/(Loss) on Disposal		(801)	-
Investment Properties			
Proceeds from Disposal - Investment Properties		6,541	-
less: Carrying Amount of Investment Properties Sold / Written Off		(6,170)	-
Net Gain/(Loss) on Disposal		371	-
Financial Assets			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		223,584	287,153
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(223,584)	(287,153)
Net Gain/(Loss) on Disposal		-	-
Non Current Assets Classified as "Held for Sale"			
Proceeds from Disposal - Non Current Assets "Held for Sale"		1,590	-
less: Carrying Amount of 'Held for Sale' Assets Sold / Written Off		(398)	-
Net Gain/(Loss) on Disposal		1,192	-
Library Books			
Proceeds from Disposal - Library Books		-	-
less: Carrying Amount of Library Books Assets Sold / Written Off		(194)	-
Net Gain/(Loss) on Disposal		(194)	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		587	(421)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 6—Cash and Cash Equivalents / Investments

\$ '000	Notes	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		415	-	1,015	-
Cash-Equivalent Asset ¹					
- Deposits at Call		3,203	-	753	-
- Short Term Deposits		46,500	-	41,000	-
Total Cash & Cash Equivalents		50,118	-	42,768	-
Investments (Note 6b)					
- Long Term Deposits		20,215	-	4,330	-
- NCD's, FRN's (with Maturities > 3 months)		-	14,500	-	8,500
- Mortgage Backed Securities		1,839	-	1,884	-
Total Investments		22,054	14,500	6,214	8,500
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		72,172	14,500	48,982	8,500

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

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

Cash & Cash Equivalents					
a. "At Fair Value through the Profit & Loss"		50,118	-	42,768	-
Investments					
a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	1,839	-	1,884	-
b. "Held to Maturity"	6(b-ii)	20,215	14,500	4,330	8,500
Investments		22,054	14,500	6,214	8,500

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 6—Cash and Cash Equivalents / Investments (continued)

\$ '000	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	1,884	-	1,814	-
Revaluations (through the Income Statement)	104	-	281	-
Disposals (sales & redemptions)	(149)	-	(211)	-
Balance at End of Year	1,839	-	1,884	-
Comprising:				
- Mortgage Backed Securities	1,839	-	1,884	-
Total	1,839	-	1,884	-
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	4,330	8,500	23,152	3,000
Additions	239,320	6,000	268,120	5,500
Disposals (sales & redemptions)	(223,435)	-	(286,942)	-
Balance at End of Year	20,215	14,500	4,330	8,500
Comprising:				
- Long Term Deposits	20,215	-	4,330	-
- NCD's, FRN's (with Maturities > 3 months)	-	14,500	-	8,500
Total	20,215	14,500	4,330	8,500

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 6—Cash and Cash Equivalents / Investments (continued)

\$ '000	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Total Cash, Cash Equivalents and Investments	72,172	14,500	48,982	8,500
attributable to:				
External Restrictions (refer below)	36,343	14,500	29,904	8,500
Internal Restrictions (refer below)	32,840	-	16,755	-
Unrestricted	2,989	-	2,323	-
	72,172	14,500	48,982	8,500

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
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Details of Restrictions

External Restrictions - Included in Liabilities				
Specific Purpose Unexpended Loans-General (A)	8,463	7,658	(2,273)	13,848
External Restrictions - Included in Liabilities	8,463	7,658	(2,273)	13,848
External Restrictions - Other				
Developer Contributions - General (B)	15,608	7,925	(4,335)	19,198
RMS (formerly RTA) Contributions (C)	52	2,685	(2,737)	-
Specific Purpose Unexpended Grants (D)	1,886	10,410	(9,289)	3,006
Domestic Waste Management (E)	3,621	4,087	(1,828)	5,880
Sullage Reserve	367	837	(1,098)	106
Childcare	1,810	1,053	(803)	2,060
Waste & Sustainability	667	854	(731)	790
Other	5,930	2,410	(2,385)	5,955
External Restrictions - Other	29,941	30,261	(23,206)	36,995
Total External Restrictions	38,404	37,919	(25,479)	50,843

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 6—Cash and Cash Equivalents / Investments (continued)

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	1,424	2,672	(2,505)	1,591
Employees Leave Entitlement	3,418	948	-	4,366
Deposits, Retentions & Bonds	2,088	1,046	-	3,134
Acquisition of Land and Buildings	781	11,366	(5,986)	6,161
Cemetery Reserve	167	363	(9)	521
Children's Services Reserve	604	321	(104)	821
Election Reserve	149	129	-	278
Environmental Program Reserve	399	233	(632)	-
Environmental Protection Reserve	17	10	(25)	2
Infrastructure Construction	2,131	4,635	(687)	6,079
Insurance Reserve	1,702	1,632	(681)	2,653
Legal Reserve	176	621	(409)	388
Salary Administration	106	21	-	127
Sustainability Revolving Fund	46	202	(70)	178
Revote Reserve	589	821	(708)	702
Voted Works	183	177	(78)	282
Other	2,775	15,450	(12,668)	5,557
Total Internal Restrictions	16,755	40,647	(24,562)	32,840
TOTAL RESTRICTIONS	55,159	78,566	(50,041)	83,683

- A** Loan monies 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)
- G** Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Council's practice of completing works intended by Section 94 contribution plans ahead of receipts as identified in Note 17 are funded by borrowings distributed against internal reserves. The reserve balances shown above take these borrowings into account (2015 - \$9.0m, 2014 - \$8.7m).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 7—Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		2,657	970	2,804	1,125
Interest & Extra Charges		1,042	504	1,098	578
User Charges & Fees		887	-	1,632	-
Accrued Revenues					
- Interest on Investments		459	-	357	-
- Other Income Accruals		814	-	912	-
Government Grants & Subsidies		5,169	-	2,154	-
Deferred Debtors		3	221	3	212
Other Debtors		4	-	255	-
Total		11,035	1,695	9,215	1,915
less: Provision for Impairment					
Rates & Annual Charges		(350)	(275)	(411)	(283)
Interest & Extra Charges		(69)	(284)	(54)	(275)
User Charges & Fees		(133)	-	(131)	-
Total Provision for Impairment - Receivables		(552)	(559)	(596)	(558)
TOTAL NET RECEIVABLES		10,483	1,136	8,619	1,357
Externally Restricted Receivables					
Domestic Waste Management		745	-	784	-
Stormwater Management		37	-	42	-
Total External Restrictions		782	-	826	-
Unrestricted Receivables		9,701	1,136	7,793	1,357
TOTAL NET RECEIVABLES		10,483	1,136	8,619	1,357

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 8.50% (2014 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 7—Receivables (continued)

RATES AND ANNUAL CHARGES

Rates are secured by underlying properties. Interest is charged on overdue rates at the rate allowable (2014-15—8.5%, 2013-14—9%) under the Local Government Act. Rates are due for payment on the last day of August, November, February and May as determined in accordance with the Local Government Act.

Overdue Rates and Annual Charges are those not paid within one day of the due date. Interest is charged on the overdue amount. Where collection of the debt is doubtful and the assessed value of the property is less than the amount outstanding a provision for doubtful debt is recognised for the shortfall.

Although Council is not materially exposed to any individual ratepayer, credit risk exposure is concentrated within Council boundaries.

USER CHARGES AND FEES

User charges and fees are unsecured. The credit risk for this class of debtor is 100% of the carrying value. A provision for doubtful debts in respect for this class of debtor has already been provided in an amount shown on the previous page.

GOVERNMENT GRANTS

Government Grants & Subsidies (subject to the terms and conditions of the relevant agreement) have been guaranteed.

OTHER RECEIVABLES

Amounts due (other than User Charges which are secured over the relevant land) are unsecured and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State of New South Wales.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 8—Inventories and Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		768	-	764	-
Trading Stock		73	-	77	-
Bushfire Stores		338	-	338	-
Other		27	-	27	-
Total Inventories		1,206	-	1,206	-
Other Assets					
Prepayments		665	-	603	-
GST		839	-	647	-
Other		44	-	56	-
Total Other Assets		1,548	-	1,306	-
TOTAL INVENTORIES / OTHER ASSETS		2,754	-	2,512	-
Externally Restricted Assets					
Other					
Inventories - Bushfire Stores		338	-	338	-
Total Other		338	-	338	-
Total Externally Restricted Assets		338	-	338	-
Total Unrestricted Assets		2,416	-	2,174	-
TOTAL INVENTORIES & OTHER ASSETS		2,754	-	2,512	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 8—Inventories and Other Assets (continued)

\$ '000	2015		2014	
	Current	Non Current	Current	Non Current
(i) Other Disclosures				
Movements:				
Real Estate assets at beginning of the year	-	-	1,193	-
- Purchases and other costs	-	-	7	-
- Transfers in from (out to) Note 9	-	-	(1,200)	-
Total Real Estate for Resale	-	-	-	-

During 2014, Real Estate Held for Resale was reclassified as Non-Current Assets Held for Resale - refer to Note 22.

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 9—Infrastructure, Property, Plant and Equipment

	as at 30 June 2014				Asset Movements during the Reporting Period						as at 30 June 2015				
	At Cost	At Fair Value	Accum Dep'n	Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Tfrs from/to "Held for Sale" category	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accum Depn	Carrying Value	
\$ '000															
Capital Work in Progress	5,178	-	-	5,178	7,270	-	-	(5,178)	-	-	7,270	-	-	-	7,270
Plant & Equipment	-	36,383	18,619	17,764	2,923	(1,249)	(2,658)	-	-	-	-	36,936	20,156	16,780	
Office Equipment	-	27,395	21,187	6,208	725	-	(1,506)	-	-	-	-	28,092	22,665	5,427	
Furniture & Fittings	-	6,214	4,649	1,565	300	-	(243)	-	-	-	-	6,515	4,893	1,622	
Land:															
- Operational Land	1,200	79,351	-	80,551	1,454	(18)	-	-	69	-	1,200	80,856	-	82,056	
- Community Land	-	180,850	-	180,850	529	-	-	-	-	-	-	181,379	-	181,379	
- Land under Roads (pre 1 July 2008)	-	1,341,687	-	1,341,687	-	-	-	-	-	-	-	1,341,687	-	1,341,687	
- Land under Roads (post 30 June 2008)	-	27,439	-	27,439	11,889	-	-	-	-	-	-	39,328	-	39,328	
Land Improvements - depreciable	-	8,724	848	7,876	1,817	-	(593)	-	-	-	-	10,570	1,470	9,100	
Buildings - Non Specialised	-	148,368	61,941	86,427	1,111	-	(2,939)	-	-	-	-	149,402	64,803	84,599	
Buildings - Specialised	-	217,808	89,095	128,713	1,395	(801)	(3,572)	593	-	-	-	218,288	91,960	126,328	
Infrastructure:															
- Roads	-	734,029	237,481	496,548	23,536	-	(7,595)	4,310	-	208,224	-	1,045,904	320,881	725,023	
- Bulk Earthworks (non-depreciable)	2,992	-	-	2,992	226	-	-	-	-	-	3,218	-	-	3,218	
- Stormwater Drainage	-	325,893	88,287	237,606	7,226	-	(1,687)	275	-	(3,617)	-	331,577	91,774	239,803	
Other Assets:															
- Library Books	-	14,785	11,999	2,786	544	(194)	(1,082)	-	-	-	-	13,768	11,714	2,054	
- Other	-	3,254	817	2,437	131	-	(40)	-	-	-	-	3,381	853	2,528	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	9,370	3,152,180	534,923	2,626,627	61,076	(2,262)	(21,915)	-	69	204,607	11,688	3,487,683	631,169	2,868,202	

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$6,164) and New Assets (\$31,383). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

b) the above schedule excludes investment properties and non-current assets held for sale

c) land under roads (LUR) have been valued using a "municipal rate"

d) Council has elected not to revalue its Bulk Earthworks as it cannot be reliably measured

e) Depreciation Expense relates solely to depreciation. After testing, no impairment of Council assets remains

f) Council holds no restricted Infrastructure, Property, Plant, or Equipment

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 10—Payables, Borrowings, and Provisions

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services		3,300	-	2,224	-
Payments Received In Advance		1,408	-	1,495	-
Payments in Advance of due date ¹		1,410	-	1,265	-
Accrued Expenses:					
- Salaries & Wages		89	-	58	-
- Other Expenditure Accruals		6,404	-	6,412	-
Security Bonds, Deposits & Retentions		4,496	-	3,672	-
Other		78	-	-	-
Total Payables		17,185	-	15,126	-
Borrowings					
Loans - Secured ²		10,966	53,139	9,571	54,358
Interest Free Government Advances		100	3,583	104	3,407
Total Borrowings		11,066	56,722	9,675	57,765
Provisions					
Employee Benefits;					
Annual Leave		6,118	-	5,885	-
Sick Leave		5,764	-	6,917	-
Long Service Leave		14,887	641	14,108	653
Gratuities		1,000	-	1,268	-
Total Provisions		27,769	641	28,178	653
Total Payables, Borrowings & Provisions		56,020	57,363	52,979	58,418

(i) Liabilities relating to Restricted Assets

	2015		2014	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Domestic Waste Management	1,263	597	1,392	875
Total Liabilities relating to restricted assets	1,263	597	1,392	875
Total Liabilities relating to Unrestricted Assets	54,757	56,766	51,587	57,543
TOTAL PAYABLES, BORROWINGS & PROVISIONS	56,020	57,363	52,979	58,418

¹ Rate monies overpaid or deposited in advance of the rates being levied

² Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 10—Payables, Borrowings, and Provisions (continued)

\$ '000	Actual 2015	Actual 2014
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	21,619	21,683
Payables - Security Bonds, Deposits & Retentions	3,872	3,082
	25,491	24,765

Note 10b. Description of and movements in Provisions

Class of Provision	2014	2015		Closing Balance as at 30/6/15
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	
Annual Leave	5,885	5,261	(5,028)	6,118
Sick Leave	6,917	3,862	(5,015)	5,764
Long Service Leave	14,761	2,844	(2,077)	15,528
Gratuities	1,268	(268)	-	1,000
TOTAL	28,831	11,699	(12,120)	28,410

- a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 11—Reconciliation of Cash Flow Statement

\$ '000	Notes	Actual 2015	Actual 2014
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	50,118	42,768
BALANCE as per the STATEMENT of CASH FLOWS		50,118	42,768
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		61,413	22,228
Adjust for non cash items:			
Depreciation & Amortisation		21,915	19,702
Net Losses/(Gains) on Disposal of Assets		(587)	421
Non Cash Capital Grants and Contributions		(36,641)	(30,868)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		(104)	(281)
- Investment Properties		(1,310)	501
- Favourable Financial Liabilities (ie. Initial Recognition at Fair Value)		276	204
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
Share of Net (Profits) or Losses of Associates/Joint Ventures		(635)	(1,155)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(1,591)	399
Increase/(Decrease) in Provision for Doubtful Debts		(43)	91
Decrease/(Increase) in Inventories		-	(46)
Decrease/(Increase) in Other Assets		(242)	(204)
Increase/(Decrease) in Payables		1,076	676
Increase/(Decrease) in other accrued Expenses Payable		23	(2,108)
Increase/(Decrease) in Other Liabilities		960	668
Increase/(Decrease) in Employee Leave Entitlements		(421)	398
NET CASH PROVIDED FROM/(USED IN)			
OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		44,089	10,626

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 11—Reconciliation of Cash Flow Statement (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Non-Cash Investing & Financing Activities			
Contributions "in kind"		36,641	30,868
Total Non-Cash Investing & Financing Activities		36,641	30,868
 (d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		520	520
Credit Cards / Purchase Cards		340	340
Total Financing Arrangements		860	860

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

(ii) Secured Loan Liabilities

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

(e) Bank Guarantees

Under the Workers Compensation Act 1987, participants of the Retro Paid Model are required to provide financial security to ensure that other employers in the State will not be required to meet the cost of claims if these entities are not able to meet their Workers Compensation liabilities. As a participant, Council has provided WorkCover with the following bank guarantees (2015 - \$17.1m, 2014 - \$14.9m) to meet this requirement:

- Workcover NSW \$4,190,084
- Workcover NSW \$2,104,903
- Workcover NSW \$2,151,543
- Workcover NSW \$4,340,365
- Workcover NSW \$2,125,954
- Workcover NSW \$2,198,533

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 12—Commitments

\$ '000	Notes	Actual 2015	Actual 2014
(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 & Equipment			
Buildings		1,150	1,007
Plant & Equipment		445	336
Roadworks		103	262
Other		796	264
These expenditures are payable as follows:			
Within the next year		2,494	1,869
Total Payable		2,494	1,869
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		2,494	1,869
Total Sources of Funding		2,494	1,869

Details of Capital Commitments

- Construction of Kingsway Sporting Complex and Blair Oval All Weather Athletics Facility
- Installation of upgraded cabling across the Civic Centre building
- Andrews Road Wetlands Bio-Retention System
- Upgrade of Council's telephony system
- New granite ashes wall at the Emu Plains Cemetery

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

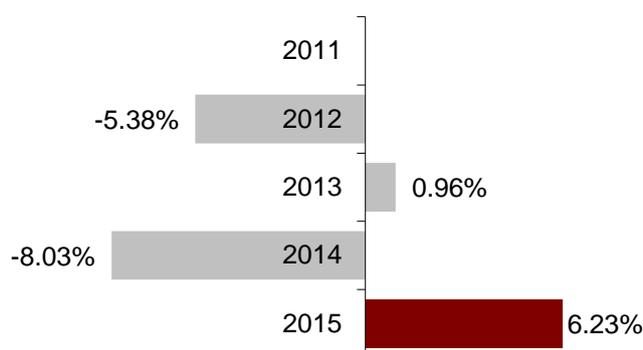
Note 12—Commitments (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(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		170	174
Later than one year and not later than 5 years		275	303
Total Non Cancellable Operating Lease Commitments		445	477
b. Non Cancellable Operating Leases include the following assets:			
- Information technology equipment leases ranging from 1 to 4 years			
Conditions relating to Operating Leases:			
- All Operating Lease Agreements are secured only against the Leased Asset.			
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.			
(d) Investment Property Commitments			
Non Capital expenditure on Investment Properties committed for at the reporting date but not recognised in the financial statements as liabilities:			
Contractual Obligations - Repairs & Maintenance		68	56
Total Commitments		68	56
These expenditures are payable as follows:			
Within the next year		68	56
Total Payable		68	56

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 13—Statement of Performance Measures

\$ '000	Amounts 2015	Indicator 2015	Prior Periods	
			2014	2013
1. Operating Performance Ratio				
Total continuing operating revenue ^(1, 5)				
(excl. Capital Grants & Contributions) - Operating Expenses	<u>12,197</u>	6.23%	-8.03%	0.96%
Total continuing operating revenue ⁽¹⁾	<u>195,740</u>			
(excl. Capital Grants & Contributions)				

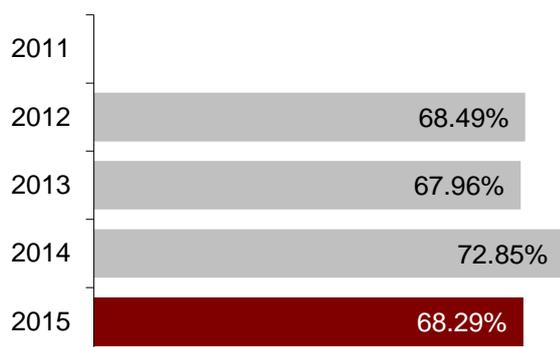


Commentary

This ratio measures Council's achievement of containing operating expenditure within operating revenue. It is important to note that this ratio excludes Capital Grants and Contributions, which fluctuates from year-to-year and is where Council receives a significant portion of its funding. For 2014-15, Council received \$46.6m from Capital Grants and Contributions as outlined in Note 3(e) and 3(f). The benchmark for this indicator is anything greater than 0%. The 2013-14 indicator was impacted by the \$14.1m payment for Erskine Park Link Road (see footnote 5).

2. Own Source Operating Revenue Ratio

Total continuing operating revenue ⁽¹⁾				
(excl. ALL Grants & Contributions)	<u>165,472</u>	68.29%	72.85%	67.96%
Total continuing operating revenue ⁽¹⁾	<u>242,320</u>			



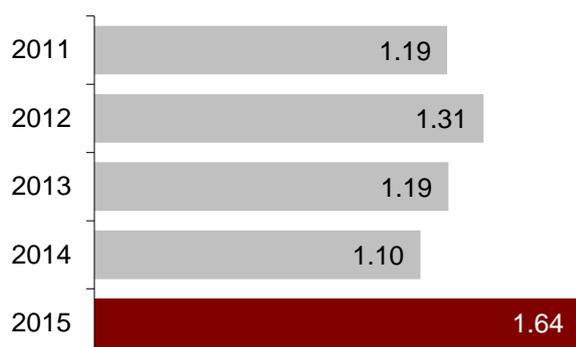
Commentary

This ratio measures the degree of reliance on external funding sources. The benchmark for this indicator is anything greater than 60%. Council's indicator here is typically strong, however this indicator is impacted by fluctuations in Grants and Contributions, as well as changes in investment returns, and User Fees and Charges.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 13—Statement of Performance Measures (continued)

\$ '000	Amounts 2015	Indicator 2015	Prior Periods	
			2014	2013
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ^(2, 5)	<u>47,946</u>	1.64x	1.10	1.19
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	<u>29,266</u>			

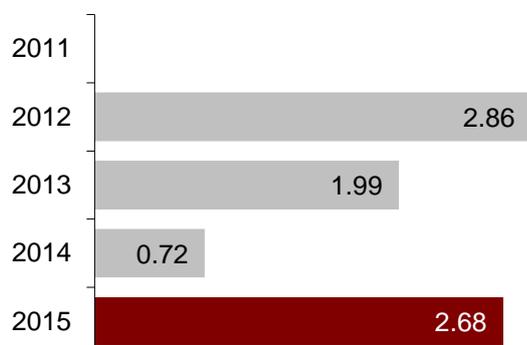


Commentary

This ratio measures Council's liquidity and solvency. This result is significantly stronger than the 2014 result mainly due to the \$14.1m payment to the Department of Infrastructure and Planning as discussed in footnotes, and is higher than the benchmark for this indicator of greater than 1.5. Once adjusted for internal borrowings, this indicator increases to 1.95 and exceeds Council's benchmark of 1.25.

4. Debt Service Cover Ratio

Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation	<u>37,546</u>	2.68x	0.72	1.99
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	<u>14,025</u>			



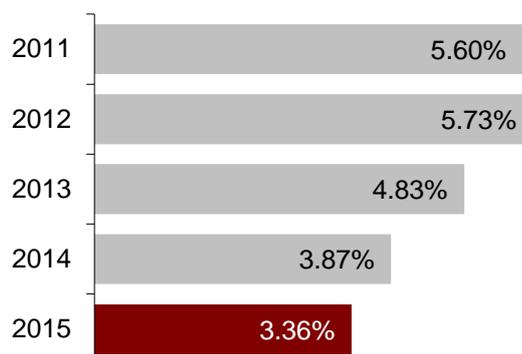
Commentary

This ratio measures the availability of operating cash to service debt including interest, principal, and lease payments. The benchmark is greater than 2 times. The indicator for 2014 was impacted by the \$14.1m payment to the Department of Infrastructure and Planning as discussed in the footnotes, and is also impacted by the fluctuations in Grants and Contributions that Council receives. Excluding the \$14.1m payment from the 2014 calculation, this indicator would have been 1.81.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 13—Statement of Performance Measures (continued)

\$ '000	Amounts 2015	Indicator 2015	Prior Periods	
			2014	2013
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	<u>4,195</u>	3.36%	3.87%	4.83%
Rates, Annual and Extra Charges Collectible	<u>124,898</u>			



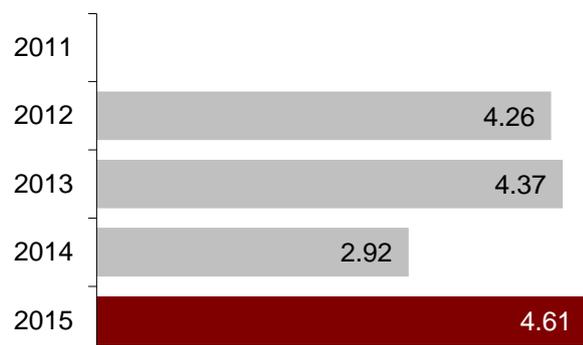
Commentary

This indicator has seen a further strong improvement over 2014-15, and is below the OLG's benchmark of 5%. Council continues to remain active in the area of debt recovery to ensure that this indicator remains below the benchmark.

6. Cash Expense Cover Ratio

Current Year's Cash and Cash Equivalents
+ All Term Deposits ⁽⁵⁾

Payments from cash flow of operating and financing activities	x12	<u>70,333</u>	4.61 mths	2.92	4.37
		<u>15,272</u>			



Commentary

This liquidity ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow. The benchmark is greater than 3 months. The 2014 indicator is impacted by the \$14.1m payment to the Department of Infrastructure and Planning. Excluding the \$14.1m payment from the above calculation (see footnote 5), the 2014 indicator would be 3.80.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 13—Statement of Performance Measures (continued)

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 & associates.
- ⁽²⁾ Refer Notes 6-8 inclusive.
Also excludes any real estate & 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 & provisions not expected to be paid in the next 12 months (incl. ELE).
- ⁽⁵⁾ During 2014, a one-off payment of \$14.1m was made to the Department of Planning and Infrastructure (refer to Note 4) which significantly impacted these items.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 14—Investment Properties

\$ '000	Notes	Actual 2015	Actual 2014
(a) Investment Properties at Fair value			
<u>Investment Properties on Hand</u>		<u>15,388</u>	<u>20,218</u>
Reconciliation of Annual Movement:			
Opening Balance		20,218	20,719
- Capitalised Expenditure - this year		30	-
- Disposals during Year		(6,170)	-
- Net Gain/(Loss) from Fair Value Adjustments		1,310	(501)
CLOSING BALANCE - INVESTMENT PROPERTIES		<u>15,388</u>	<u>20,218</u>

(b) Valuation Basis

The basis of valuation of Investment Properties is Fair Value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The 2015 revaluations were based on Independent Assessments made by:
Independent Property Valuations (IPV) Pty Ltd, Registered Valuer No 140911321

(c) Contractual Obligations at Reporting Date

Refer to Note 12 for disclosures relating to any Capital and Service obligations that have been contracted.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 14—Investment Properties (cont)

\$ '000	Notes	Actual 2015	Actual 2014
(d) Leasing Arrangements			
Details of leased Investment Properties are as follows;			
Future Minimum Lease Payments receivable under non-cancellable Investment Property Operating Leases not recognised in the Financial Statements are receivable as follows:			
Within 1 year		671	1,277
Later than 1 year but less than 5 years		2,891	5,504
Later than 5 years		1,579	3,006
Total Minimum Lease Payments Receivable		5,141	9,787
(e) Investment Property Income & Expenditure - summary			
Rental Income from Investment Properties:			
- Minimum Lease Payments		1,332	1,798
Direct Operating Expenses on Investment Properties:			
- that generated rental income		(359)	(461)
- that did not generate rental income		(9)	(4)
Net Revenue Contribution from Investment Properties		964	1,333
plus:			
Fair Value Movement for year		1,310	(501)
Total Income attributable to Investment Properties		2,274	832

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 15—Financial Risk Management

\$ '000

Risk Management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

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

Financial risk management is carried out by Council's Finance Section under policies approved by the Council.

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

	Carrying Value		Fair Value	
	2015	2014	2015	2014
Financial Assets				
Cash and Cash Equivalents	50,118	42,768	50,118	42,768
Investments				
- "Held for Trading"	1,839	1,884	1,839	1,884
- "Held to Maturity"	34,715	12,830	34,715	12,830
Receivables	11,619	9,976	11,619	9,976
Total Financial Assets	98,291	67,458	98,291	67,458
Financial Liabilities				
Payables	15,777	13,631	15,777	13,631
Loans / Advances	67,788	67,440	71,878	67,684
Total Financial Liabilities	83,565	81,071	87,655	81,315

Fair Value is determined as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 15—Financial Risk Management (continued)

\$ '000

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

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

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

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

The risks associated with the investments held are:

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

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

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
2015				
Possible impact of a 10% movement in Market Values	184	184	(184)	(184)
Possible impact of a 1% movement in Interest Rates	848	848	(848)	(848)
2014				
Possible impact of a 10% movement in Market Values	188	188	(188)	(188)
Possible impact of a 1% movement in Interest Rates	556	556	(556)	(556)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 15—Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

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

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

Council makes suitable provision for doubtful receivables as required.

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:

	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	0%	65%	0%	70%
Overdue	100%	35%	100%	30%
	100%	100%	100%	100%

(ii) Ageing of Receivables - value	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
Current	86	5,772	82	5,560
< 1 year overdue	1,373	2,149	1,418	151
1 - 2 years overdue	594	286	892	287
2 - 5 years overdue	902	38	881	988
> 5 years overdue	672	858	656	215
	3,627	9,103	3,929	7,201

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 15—Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

Payables & Borrowings are both subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended & overdraft facilities utilised as required.

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

\$ '000	Subject to no maturity		payable in:			Total Cash Outflows	Actual Carrying Values
	≤ 1 Year		2-5 Yrs	> 5 Yrs			
2015							
Trade/Other Payables	4,496	7,409	3,872	-	-	15,777	15,777
Loans & Advances	-	14,356	46,075	14,095	-	74,526	67,788
Total Financial Liabilities	4,496	21,765	-	49,947	-	14,095	90,303
2014							
Trade/Other Payables	3,672	6,877	-	3,082	-	-	13,631
Loans & Advances	-	13,652	-	39,577	-	18,587	71,816
Total Financial Liabilities	3,672	20,529	-	42,659	-	18,587	85,447

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

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

	2015		2014	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	15,777	n/a	13,631	n/a
Loans & Advances - Fixed Interest Rate	64,105	4.5%	63,929	5.1%
Loans & Advances - Interest Free	3,683	0.0%	3,511	0.0%
	83,565		81,071	

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

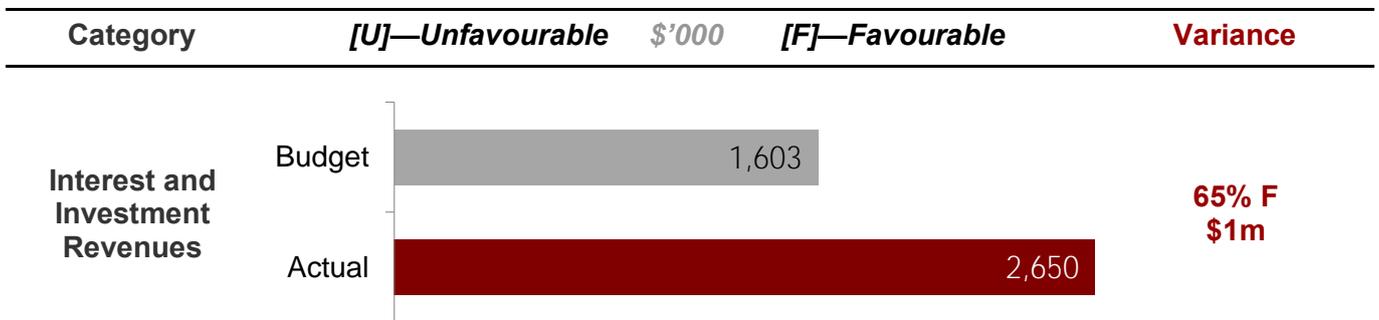
Note 16—Material Budget Variations

Council's original budget for 2014-15 was adopted by Council on 29 June 2014.

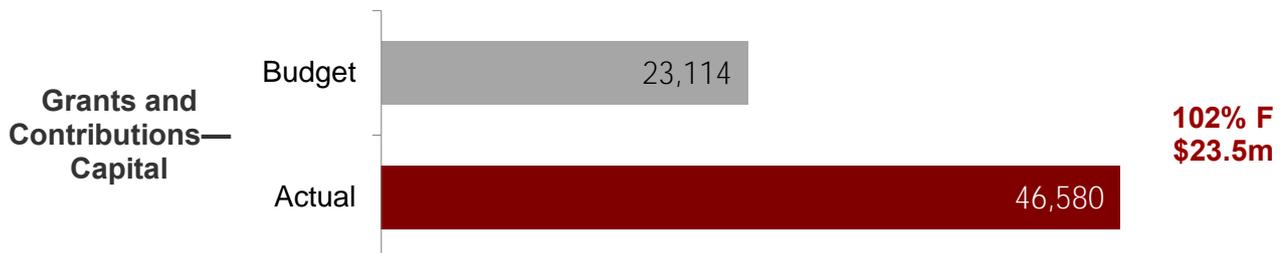
While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the Local Government Act requires Council to review its budget on a quarterly basis, so that it is able to manage the variations between actuals and budget that occur throughout the year.

This note sets out the details of MATERIAL VARIATIONS between Council's original budget and its actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each quarterly review.

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



The end of year surplus was achieved due to the return on Council's investments exceeding the benchmarks throughout the year and the unrestricted portion of the portfolio being higher than anticipated. Although the cash rate was reduced to 2% in May, and had been at record low levels all year, Council's portfolio earned an average 3.38%. This is due to Council's investments in bank term deposits and floating rate notes that return a good margin above the Bank Bill Swap Rate.



Land Under Roads recognition (\$11.9m) and Roads and Drainage Dedications (\$5.6m) not included in the original budget. In addition to this, S94 income was higher than anticipated (\$4.4m).

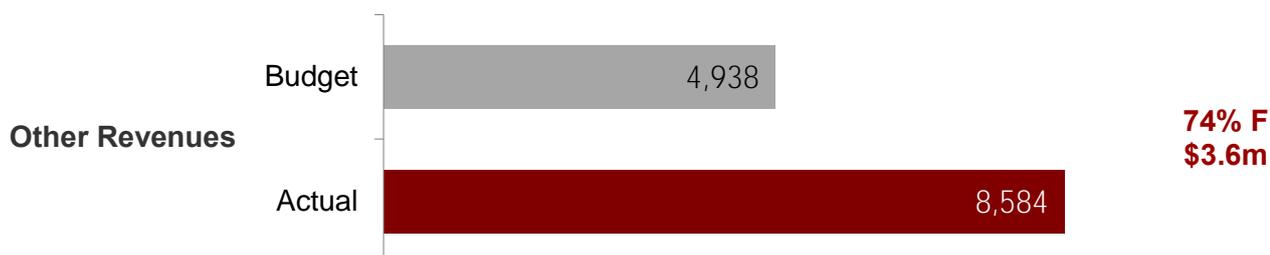
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 16—Material Budget Variations (continued)

Category	[U]—Unfavourable	\$'000	[F]—Favourable	Variance
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The original budget for the share of profit in Westpool and UIP (see note 19) is set assuming the joint venture will return a small surplus. These results vary each year depending on the expenses incurred in managing insurance activities.



Fair Value Adjustments on Investment Properties (\$1.3m), Fair Value Adjustments on Investments (-\$172,000), Other Investment Income (\$1.2m) not included in original budget. A Better Waste and Recycling Contribution was received that was not included in the original budget (\$406,000).



The budget is set on a conservative basis to cover any significant movements in depreciation resulting from change in condition of Councils assets, and adjusted at year end. The main variance is due to depreciation on Council's roads in which indexes are provided at the end of each financial year.

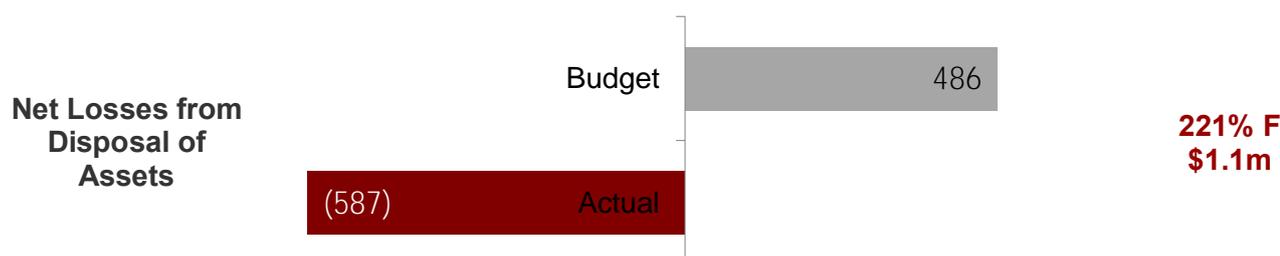
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 16—Material Budget Variations (continued)

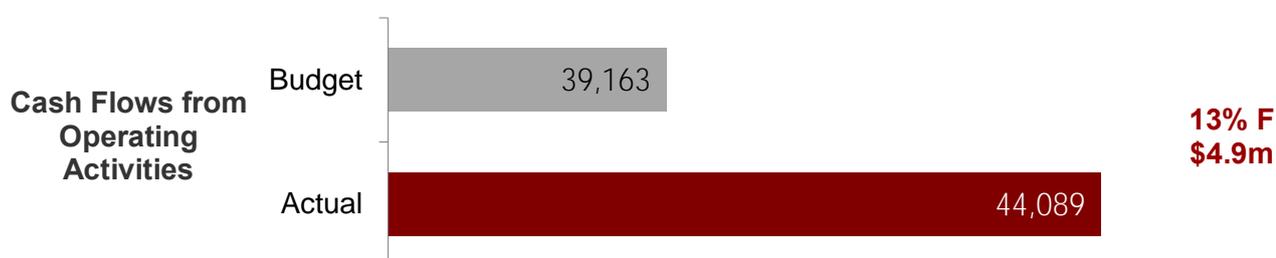
Category	<i>[U]—Unfavourable</i>	\$'000	<i>[F]—Favourable</i>	Variance
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Waste Levy included in “Materials and Contracts” in Original Budget (\$3.7m), street lighting was over budget (\$94k) for this financial year.



This variation relates primarily to the sale of two of Council's properties that were not originally budgeted for (refer to Note 5).



The budget for the Cash Flow Statements is based on a number of assumptions that are difficult to accurately predict. Payments for materials and contracts (\$57.2m) were less than budgeted for and other payments (\$17.8m) were higher than budgeted.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 16—Material Budget Variations (continued)

Category	<i>[U]—Unfavourable</i>	\$'000	<i>[F]—Favourable</i>	Variance
Cash Flows from Investing Activities	(78,997)			Budget
		(36,802)		Actual
				53% F \$42.2m

The purchase of investment securities was significantly higher than budgeted for, as was the purchase of Infrastructure, Property, Plant & Equipment. The budget for these items is based on forecasted figures before 2013-14 actuals are finalised and are difficult to predict in advance.

Cash Flows from Financing Activities	(147)			Budget
			63	Actual
				143% F \$210,000

Proceeds from Borrowing & Advances was \$6.6m over budget resulting in a favourable variance. The budget is an estimate set before prior year figures are finalised.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 16—Material Budget Variations (continued)

[U]—Unfavourable \$'000 [F]—Favourable

Income (by Functions)

Activity	Original Budget	Actual	Variance	Commentary
Building Maintenance & Construction	\$1	\$165	\$164k* F	1st instalment (\$150,000) of ClubGRANTS received from NSW Department of Trade & Investment for Joan Sutherland Performing Arts Centre theatre lighting and audio visual upgrade. Penrith Touch Football Association contribution (\$10,200) towards required health regulation works on overhead range hood for exhaust extraction over the deep fry cooking apparatus at the Kingsway Playing Fields Canteen. Nepean Blue Mountains Local Health Districts contribution (\$4,500) to Baby Health Care facility's new split system air conditioner supply and installation.
Bushland Management	\$0	\$49	\$49k* F	Grant income received for bush regeneration works not included in original budget
Cemeteries	\$546	\$948	73.6% F	Higher than anticipated revenue for burial site fees
City Parks	\$50	\$12,645	25190% F	Recognition of value of Land Under Roads and land disposals
City Planning	\$3,682	\$8,519	131% F	Additional s94 income and interest on s94 reserves (\$4.7m) and s149 certificate income greater than expected (\$99,000)
Civil Construction & Maintenance	\$22,327	\$28,944	29.6% F	Roads and drainage dedications from developers higher than estimated by \$5.8m. Fees & charges income (\$728,000) higher than anticipated due to sustained increased activity in large development areas.
Community & Cultural Development	\$242	\$277	14.5% F	Grants and contributions received greater than anticipated - Liaison with Aboriginal/TSI communities (\$17,000), Youth (\$5,000), Multicultural (\$7,000), and Disabled Access (\$6,000)
Community Safety	\$313	\$694	121.7% F	Greater than budgeted income from RMS for Traffic Route Light Subsidy Scheme
Council & Corporate Support	\$10	\$5	-50.0% U	Budget higher than actual income received for rental income.
Design & Project Management	\$62	\$684	1003% F	Western Sydney Infrastructure Plan - Local Roads Package funding provided by Department of Infrastructure and Regional Development (through Roads and Maritime Services) for The Northern Road and Erskine Park Road Intersection Upgrade project. Revenue represents grant instalments for works to date.
Development Applications	\$2,220	\$3,038	36.8% F	Increased numbers of major Development have been received.
Development Engineering	\$309	\$438	41.7% F	As the Certifying Authority for large developments such as Caddens, Mulgoa, and Jordan Springs, Council has had a large number of Compliance Certificate applications above the forecasted budget. Current economic conditions have also sustained the increase in residential subdivision activity.
Emergency Services Management	\$2,484	\$2,830	13.9% F	Bushfire grants \$340,000 greater than predicted in original budget including \$181,000 for RFS Support Vehicles not in original budget
Environmental Health	\$301	\$1,818	504% F	Grant income received Cranebrook Wetland & Cumberland Plains not in original budget

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 16—Material Budget Variations (continued)

[U]—Unfavourable \$'000 [F]—Favourable

Income (by Functions) - continued

Activity	Original Budget	Actual	Variance	Commentary
Financial Services	\$204	\$6,271	2974% F	Actual includes \$2m for Stormwater Levy, \$304,000 for Legal costs recovered (rates), FARG - Roads \$2.2m all shown against General Purpose Income in original budget, and investments settlement not included in original budget
Fire Safety Certification & Compliance	\$1,025	\$1,254	22.3% F	Increase in number/value of applications.
Floodplain & Stormwater Management	\$14	\$27	92.9% F	Flood Report income \$8,000 over original budget and \$6,000 grant for South Creek not in original budget
Information Technology	\$0	\$66	\$66k* F	Relates to new grant reported to Council 28 July 2014 for a commercial project.
Legal Services	\$7	\$52	643% F	Solicitor's costs recovered during the 2014-15 as a result of court orders
Mapping Information/GIS	\$3	\$6	100% F	Increased sale of printed aerial photos and large zoning maps
Marketing	\$8	\$101	1163% F	Australia Day event sponsorships taken into account
Neighbourhood Facilities Management	\$716	\$806	12.6% F	Neighbourhood Facilities additional Rental income and Room hire over original budget
Penrith Whitewater Stadium	\$1,776	\$1,346	-24.2% U	Revenue lower than budgeted
Plant Maintenance	\$107	\$133	24.3% F	Fuel tax credits received greater than original budget
Public Domain Maintenance	\$7	\$71	914% F	Street Lighting contributions received for new release areas not originally included in the budget
Purchasing & Supply	\$4	\$6	50.0% F	Purchase rebate greater than expected
Recn & Leisure Facilities Management	\$648	\$1,766	173% F	Grants for recreation facility improvements not in original budget
Records Management	\$9	\$19	111% F	Number of scanning fees charged higher than estimated
Regional Planning & Advocacy	\$544	\$442	-18.8% U	Glenmore Park Stage 2 Voluntary Planning Agreement (VPA) contributions less than original budget
Ripples- St Marys Leisure Centre	\$4,115	\$3,562	-13.4% U	Revenue lower than budgeted
Risk Management & Insurance	\$0	\$359	\$359k* F	Refund received of \$234,000 from Westpool of liability capital and \$125,000 recovery of Insurance Claims not in original budget
Sustainability Planning	\$0	\$54	\$54k* F	New Urban Heat Grant reported to Council 2 Feb 2015
Traffic Management & Road Safety	\$1,356	\$3,137	131% F	RTA Blackspot grant \$735,000 less than original budget and \$2.5m grant for NSW Bike Plan River Cities program not in original budget
Workforce Development	\$129	\$143	10.9% F	Contribution from Workers Compensation Insurer for injury preventative training and equipment.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 16—Material Budget Variations (continued)

[U]—Unfavourable \$'000 [F]—Favourable

Expenditure (by Functions)

Activity	Original Budget	Actual	Variance	Commentary
Building Maintenance & Construction	\$1,916	\$2,286	19.3% U	Variance relates to unscheduled maintenance expenditure: installation of grease traps and replacement of internal utility lines at the Penrith Regional Gallery (\$77,000); replacement of pool vacuum and replacement of plant room door seals at the Ripples Swimming Centre (\$98,000); various electrical and mechanical repair works at Council Child Care Centres and Community Halls (\$192,000).
Cemeteries	\$610	\$677	11.0% U	Greater than budgeted expenditure on materials and employee costs
City Parks	\$13,144	\$11,759	-10.5% F	Expenditure lower than budgeted for employee costs, materials, contractors, water, plant hire
Communications	\$701	\$774	10.4% U	Relates to additional staffing in this area, utilising salary savings from Marketing
Corporate Planning	\$483	\$816	68.9% U	Relates to the Capacity Review project which was adopted in the September Quarterly Review
Design & Project Management	\$1,336	\$1,893	41.7% U	Two new projects not in original budget - RMS Local Roads (\$661,000) and Allen Place Ramp (\$21,000) offset in part by increase in Employee Costs Recovered for project supervision (\$152,000)
Financial Services	\$7,536	\$6,540	-13.2% F	Relates to net savings of \$1m in ELE movements and end of year on-cost balancing including savings on workers compensation (\$367,000) and additional superannuation (\$158,000), and \$171,000 savings on Motor Vehicle maintenance.
Information Technology	\$244	\$976	300% U	Relates to the new ICT Strategy project \$229,000 reported in the September and June Quarterly Reviews and also increased costs of computer software \$160,000 and depreciation increase of \$130,000.
Legal Services	\$113	\$207	83.2% U	Increase in legal expenditure due to the number of cases before the courts.
Place Management	\$1,917	\$1,711	-10.7% F	Savings on Neighbourhood Renewal projects (\$124,000) with \$15,000 proposed revote, and also savings on Urban Design project (\$61,000) with \$28,000 proposed revote
Plant Maintenance	\$55	\$16	-70.9% F	Two new projects not in original budget - GPS Implementation (\$195,000) and Pinpoint GPS (\$36,000) offset by increase in net plant operations recovered (\$247,000)
Property Development & Management	\$4,000	\$2,977	-25.6% F	Depreciation \$765,000 lower than included in original budget, Surplus land exercise \$245,000 included in original budget but moved to Financial Services during the year
Public Domain Maintenance	\$12,122	\$10,223	-15.7% F	Depreciation \$1.5m lower than that included in original budget, expenditure on employee costs, materials, contracts & other operational expenditures also below amount originally budgeted for
Records Management	\$32	-\$98	-406% F	Relates to software licences now being paid under Information Technology service \$49,000, postage savings of \$32,000 and salary savings due to secondment and part-time arrangements of \$50,000.
Risk Management & Insurance	\$519	\$260	-49.9% F	Insurance claim savings of \$96,000, insurance premiums savings of \$44,000, and positive movement in claims liability \$129,000

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 17—Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	2,669	41	-	45	(41)	(92)	2,622	36,464	(37,357)	1,729	518
Roads	554	235	-	(55)	(458)	220	496	66,004	(68,234)	(1,734)	9,352
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	28	-	-	(28)	-	-	95,246	(95,246)	-	-
Open Space	12,273	6,584	-	511	(3,101)	(395)	15,872	171,616	(188,071)	(583)	(15,248)
Community Facilities	(140)	315	-	(165)	(224)	247	33	17,214	(17,199)	48	4,541
Other	252	405	-	(19)	(483)	20	175	6,953	(6,784)	344	837
S94 Contributions - under a Plan	15,608	7,608	-	317	(4,335)	-	19,198	393,497	(412,891)	(196)	-
S94A Levies - under a Plan	-	-	-	-	-	-	-	-	-	-	-
Total S94 Revenue Under Plans	15,608	7,608	-	317	(4,335)	-	19,198	-	-	-	-
Total Contributions	15,608	7,608	-	317	(4,335)	-	19,198	393,497	(412,891)	(196)	-

S94 CONTRIBUTIONS - UNDER A PLAN

Civic Improvement Plan

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	41	-	-	(41)	-	-	2,191	(2,191)	-	-
Roads	-	224	-	-	(224)	-	-	31,855	(31,855)	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	21	-	-	(21)	-	-	63,580	(63,580)	-	-
Open Space	-	140	-	-	(140)	-	-	16,597	(16,597)	-	-
Community Facilities	-	84	-	-	(84)	-	-	12,653	(12,653)	-	-
Other	-	5	-	-	(5)	-	-	597	(597)	-	-
Total	-	515	-	-	(515)	-	-	127,473	(127,473)	-	-

Claremont Meadows

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	1,912	(2,059)	(147)	1,098
Roads	-	-	-	-	-	-	-	390	(331)	59	(120)
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	2,494	(2,706)	(212)	(100)
Community Facilities	-	-	-	-	-	-	-	1,060	(1,027)	33	(645)
Other	-	-	-	-	-	-	-	3,259	(2,978)	281	(233)
Total	-	-	-	-	-	-	-	9,115	(9,101)	14	-

Cultural Facilities

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	260	-	-	(260)	-	-	1,593	(1,593)	-	-
Total	-	260	-	-	(260)	-	-	1,593	(1,593)	-	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 17—Statement of Developer Contributions (continued)

Erskine Business Park							Projections			Cumulative Internal Borrowings due/(payable)	
PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Future income	Exp still outstanding		Over or (under) Funding
		Cash	Non Cash								
Drainage	2,553	-	-	47	-	(59)	2,541	-	(648)	1,893	(59)
Roads	551	-	-	8	(90)	-	469	5,689	(8,062)	(1,904)	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	21	-	-	-	(80)	59	-	344	(285)	59	59
Total	3,125	-	-	55	(170)	-	3,010	6,033	(8,985)	48	-

Erskine Park Residential							Projections			Cumulative Internal Borrowings due/(payable)	
PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Future income	Exp still outstanding		Over or (under) Funding
		Cash	Non Cash								
Drainage	54	-	-	1	-	-	55	286	(384)	(43)	(1,072)
Roads	(26)	-	-	(21)	-	47	-	-	-	-	3,918
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	152	-	-	20	(3)	(127)	42	-	-	42	(2,811)
Community Facilities	(80)	-	-	2	(1)	79	-	-	-	-	(92)
Other	-	-	-	(1)	-	1	-	15	(13)	2	57
Total	100	-	-	1	(4)	-	97	301	(397)	1	-

Footpath Construction							Projections			Cumulative Internal Borrowings due/(payable)	
PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Future income	Exp still outstanding		Over or (under) Funding
		Cash	Non Cash								
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	41	22	-	-	(42)	-	21	-	(21)	-	-
Total	41	22	-	-	(42)	-	21	-	(21)	-	-

Glenmore Park							Projections			Cumulative Internal Borrowings due/(payable)	
PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Future income	Exp still outstanding		Over or (under) Funding
		Cash	Non Cash								
Drainage	62	-	-	(3)	-	(33)	26	-	-	26	231
Roads	-	-	-	(23)	(31)	54	-	-	-	-	4,870
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	44	-	-	203	(108)	(139)	-	-	(15)	(15)	(11,685)
Community Facilities	-	-	-	(168)	-	168	-	-	(16)	(16)	5,794
Other	59	-	-	(9)	-	(50)	-	-	-	-	790
Total	165	-	-	-	(139)	-	26	-	(31)	(8)	-

Glenmore Park Stage 2							Projections			Cumulative Internal Borrowings due/(payable)	
PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Future income	Exp still outstanding		Over or (under) Funding
		Cash	Non Cash								
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	2	11	-	-	(13)	-	-	6,375	(6,388)	(13)	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	31,666	(31,666)	-	-
Open Space	82	358	-	-	(440)	-	-	30,969	(31,097)	(128)	-
Community Facilities	(91)	230	-	-	(139)	-	-	-	-	-	-
Other	7	31	-	-	(38)	-	-	138	(176)	(38)	-
Total	-	630	-	-	(630)	-	-	69,148	(69,327)	(179)	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 17—Statement of Developer Contributions (continued)

Kingswood Neighbourhood Centre								Projections			Cumulative Internal Borrowings due/(payable)
PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Future income	Exp still outstanding	Over or (under) Funding	
		Cash	Non Cash								
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	25	-	-	(25)	-	-	38	(48)	(10)	-
Total	-	25	-	-	(25)	-	-	38	(48)	(10)	-

Lambridge Estate								Projections			Cumulative Internal Borrowings due/(payable)
PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Future income	Exp still outstanding	Over or (under) Funding	
		Cash	Non Cash								
Drainage	-	-	-	-	-	-	-	903	(903)	-	150
Roads	-	-	-	-	-	-	-	-	-	-	2
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	(152)
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	903	(903)	-	-

Library Facilities								Projections			Cumulative Internal Borrowings due/(payable)
PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Future income	Exp still outstanding	Over or (under) Funding	
		Cash	Non Cash								
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-

North Cranebrook								Projections			Cumulative Internal Borrowings due/(payable)
PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Future income	Exp still outstanding	Over or (under) Funding	
		Cash	Non Cash								
Drainage	-	-	-	-	-	-	-	-	-	-	170
Roads	-	-	-	-	-	-	-	-	-	-	335
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	(505)
Other	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-

Mt Vernon								Projections			Cumulative Internal Borrowings due/(payable)
PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Future income	Exp still outstanding	Over or (under) Funding	
		Cash	Non Cash								
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	11
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	(11)
Other	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 17—Statement of Developer Contributions (continued)

Penrith City District Open Space

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	10,130	5,374	-	215	(1,778)	-	13,941	54,704	(68,645)	-	(116)
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	69	55	-	-	(30)	-	94	431	(525)	-	116
Total	10,199	5,429	-	215	(1,808)	-	14,035	55,135	(69,170)	-	-

Penrith City Local Open Space

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	898	681	-	18	(629)	-	968	8,204	(9,172)	-	(2)
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	6	7	-	-	-	-	13	93	(106)	-	2
Total	904	688	-	18	(629)	-	981	8,297	(9,278)	-	-

Waterside

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	27	-	-	-	-	-	27	30	(57)	-	12
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	432	-	-	8	(3)	-	437	2,130	(2,567)	-	(12)
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	49	-	-	1	(3)	-	47	2	(49)	-	-
Total	508	-	-	9	(6)	-	511	2,162	(2,673)	-	-

Werrington Enterprise Living and Learning (WELL)

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	31,172	(31,172)	-	-
Roads	-	-	-	(19)	(100)	119	-	21,665	(21,541)	124	324
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	535	31	-	47	-	(129)	484	56,518	(57,272)	(270)	(370)
Community Facilities	31	1	-	1	-	-	33	3,501	(3,503)	31	-
Other	-	-	-	(10)	-	10	-	443	(393)	50	46
Total	566	32	-	19	(100)	-	517	113,299	(113,881)	(65)	-

St Marys Town Centre

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	7	-	-	(7)	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total	-	7	-	-	(7)	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 17—Statement of Developer Contributions (continued)

\$ '000

Penrith City Council is committed to providing appropriate levels of infrastructure and will on occasion complete works intended by contribution plans ahead of receipts to facilitate development and/or provide essential works. In these instances these works are funded by borrowings against internal reserves. The reserve balances shown in Note 6 have taken these borrowings into account. The summary below illustrates the position of such plans and the contributions required to replace these internal borrowings.

Contribution Plan

Civic Improvement Plan	(1,701)	(2,218)
Claremont Meadows	(919)	(466)
Cultural Facilities	(3,705)	(3,483)
Erskine Business Park	3,010	3,125
Erskine Park Residential	97	100
Footpath Construction	21	41
Glenmore Park	26	165
Glenmore Park Stage 2	(196)	(425)
Kingswood Neighbourhood Centre	(38)	(63)
Lambridge Estate	(2,458)	(2,087)
Library Facilities	-	-
Mt Vernon	-	-
North Cranebrook	-	-
Penrith City District Open Space	14,035	10,199
Penrith City Local Open Space	981	904
Waterside	511	508
Werrington Enterprise Living and Learning (WELL)	517	566
Borrowing from Internal Reserves to fund deficits	9,017	8,742
Total Contribution Plans	19,198	15,608

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 18—Contingencies

The following contingencies do not qualify for recognition in the Statement of Financial Position but knowledge of those items is considered relevant to user of the financial statements in making and evaluating decisions about the allocation of scarce resources.

1. Council has guaranteed a loan of \$450,000 to Penrith Valley Regional Sports Stadium. The loan financed building on land leased to Penrith Sports Stadium Ltd by Council until 10 October 2087. Council will be entitled to cancel the lease if action is taken to enforce the guarantee.
2. Borrowings are secured by mortgages over Council's incomes.

DEFINED BENEFIT SUPERANNUATION PLAN

Council contributes to the Local Government Superannuation Scheme which has a closed section where a portion of member entitlements are defined as a multiple of salary. The rate for 2014-15 was 1.9 times members' contributions (1.9 times in 2013-14) plus a basic benefit of 2.5% of the member's salary (2.5% in 2013-14). Member councils bear the responsibility of ensuring there are sufficient monies available to pay out benefits as these members cease employment. The position of this scheme is monitored annually and the Actuary has estimated that as at 30 June 2015 a deficit still exists. The last valuation of the Fund was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20 February 2013.

Effective from 1 July 2009, employers have been required to contribute additional contributions to assist in extinguishing this deficit. However, the Trustees may also call upon Councils to make an immediate payment sufficient to offset all or part of this deficit at any time. There is no current indication that such action will be necessary, however, the Trustees may also extend the timeframe for making additional contributions.

As the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils, the amount of such a payment is not able to be reliably quantified. The share of this deficit that can be broadly attributed to Council was estimated to be in the order of \$2.3m as at 30 June 2015. LGSS have advised a revised payment calculation for contributions to this scheme, which includes an additional flat rate of \$1.08m per year.

DEVELOPER CONTRIBUTIONS REVIEW

On 4 June 2010, the Premier of NSW announced changes to the Developer Contributions planning process which capped residential development contributions to \$20,000 per new lot/dwelling. On 31 August 2010, this cap was increased to \$30,000 per new lot/dwelling for greenfield release areas and applies to the Werrington Enterprise Living and Learning (WELL) Precinct and Glenmore Park Stage 2.

As a consequence of a Voluntary Planning Agreement (VPA) being negotiating with Glenmore Park Stage 2 landowners, the cap's impact is limited to the WELL Precinct. The infrastructure funding gap arising for new development in the WELL Precinct is estimated at \$46.5 million and would affect the WELL Precinct, District Open Space, and Cultural Facilities s94 Plans.

Following analysis of the physical, social and financial impacts of the cap on the WELL Precinct and the Penrith City community, Council, on 27 June 2011, resolved to require new development within the WELL Precinct to provide all drainage and most roadworks by way of conditions of development consent. Contributions up to \$30,000 per lot would be levied for open space, community and cultural facilities. Application of this resolution seeks to ensure that no infrastructure funding gaps arise under the three contributions plans applying to the WELL Precinct.

The *White Paper – A new planning system for NSW* and draft planning legislation were released on 16 April 2013. If the White Paper changes to the new planning system are implemented, a minimum of

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 18—Contingencies (cont)

approximately \$116 million in contributions income would be affected, or a significant reduction in the nature and scale of facilities being funded and our strategic directions for certain precincts – such as Penrith City centre - would occur. Contributions Plans funding open space, and community and cultural facilities would be especially significantly adversely affected. The White Paper does propose abandoning the \$30,000 cap on contributions.

The White Paper did not provide details on savings and transitional arrangements for existing contributions plans, resulting in uncertainty as to their future status and financial exposure for Council. Council has requested the Minister ensure appropriate transitional provisions apply, particularly for those s94 plans which repay advance funded local infrastructure. The Cultural Facilities and Kingswood Neighbourhood Centre s94 Plans are affected by this issue. The value of advance funded works in these plans is approximately \$5.6 million. The Minister's response to this issue recognises the need for appropriate transitional provisions, however to date there has yet to be an announcement on the Government's intended direction. When the transitional provisions are concluded, Council will be better informed as to the impact on the affected plans and thus the gap that would be required to be funded by Council if State funding is not available.

New planning legislation, including details on a new contributions system was scheduled to be enacted in January / February 2014, however this did not occur and no date has been announced as to when the new planning legislation will be enacted.

Council has continued its lobbying on this and associated s94 planning issues since changes to the planning process and \$30,000 cap were announced. In 2015 we secured lobbying support for Council's position from WSROC and neighbouring councils in Blue Mountains, Liverpool and Wollondilly and MACROC is also preparing to examine the issue. This recognises the wide implications of the cap and transitional provisions for local government.

RECOVERY OF INVESTMENTS

In June 2013 a Statement of Claim was lodged by Council against its investment advisors that were utilised between 2006 and 2011. The claim seeks to recover losses arising from Council's investments, and subsequent losses, in structured investment products, including \$2m in Collateralised Debt Obligations (CDOs) that were recommended by the investment advisors at the time prior to placement.

These investments were exposed to significant risk due to the United States sub-prime mortgage crisis and the CDOs gradually lost value during 2007 and 2008. Due to the minimal chance of recovering these investments, Council wrote off the total investment value of \$2m in the 2008-09 Financial Statements.

This Claim also involves Council's investment of \$3m in Mortgage Backed Securities (MBS), which were also recommended to Council by the same investment advisors during 2007. Although these MBS are continuing to pay regular coupons, they have lost considerable value and, subsequent after placement, have a deferred maturity date past 2050.

This matter was partially resolved during 2014-15, however further legal action is occurring. The outcome of this action will be reported in due course.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 19—Interests in Joint Ventures and Associates

\$ '000

Council's objectives can and in some cases are best met through the use of separate entities & 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 Councils (i) interest and (ii) control and the type (form) of entity/operation, as follows;

Joint Ventures & 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).

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 Notes 19(b)(i) & (ii) 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	Actual	Actual	Actual
	2015	2014	2015	2014
Joint Ventures	635	1,155	5,745	5,110
Total	635	1,155	5,745	5,110

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 19—Interests in Joint Ventures and Associates (continued)

\$ '000

(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	2015	2014
Westpool	Joint Venture	Equity	5,080	4,512
United Independent Pools (UIP)	Joint Venture	Equity	665	598
Total Carrying Amounts - Material Joint Ventures and Associates			5,745	5,110

(b) Details

Name of Entity	Principal Activity	Place of Business
Westpool	Insurance	Penrith
United Independent Pools (UIP)	Insurance	Penrith

(c) Relevant Interests & Fair Values

Name of Entity	Quoted Fair Value		Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2015	2014	2015	2014	2015	2014	2015	2014
Westpool			17%	16%	17%	16%	17%	16%
United Independent Pools (UIP)			9%	9%	9%	9%	9%	9%

(d) Summarised Financial Information for Joint Ventures & Associates

Statement of Financial Position	Westpool		United Independent Pools (UIP)	
	2015	2014	2015	2014
Current Assets				
Cash and Cash Equivalents	8,684	29,101	6,027	8,097
Total Current Assets	8,684	29,101	6,027	8,097
Non-Current Assets	48,488	22,701	5,761	2,000
Current Liabilities				
Financial Liabilities (excl. Accounts Payable)	4,742	4,087	1,808	1,156
Total Current Liabilities	4,742	4,087	1,808	1,156
Non-Current Liabilities	22,486	19,703	2,462	2,035
Net Assets	29,943	28,012	7,517	6,906

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 19—Interests in Joint Ventures and Associates (continued)

	Westpool		United Independent Pools (UIP)	
	2015	2014	2015	2014
Reconciliation of the Carrying Amount				
Opening Net Assets (1 July)	28,012	23,591	6,906	6,406
Profit/(Loss) for the period	4,333	4,421	611	500
Dividends Paid	(2,402)	-		
Closing Net Assets	29,943	28,012	7,517	6,906
Council's share of Net Assets (%)	17%	16%	9%	9%
Council's share of Net Assets (\$)	5,080	4,512	665	598
	Westpool		United Independent Pools (UIP)	
	2015	2014	2015	2014
Statement of Comprehensive Income				
Income	11,370	9,728	8,696	7,664
Interest Income			388	310
Other Expenses	(7,036)	(5,307)	(8,472)	(7,473)
Profit/(Loss) from Continuing Operations	4,334	4,421	612	501
Total Comprehensive Income	4,334	4,421	612	501
Council's share of Income (%)	13%	26%	11%	4%
Council's share of Profit/(Loss) (\$)	569	1,133	67	22
Council's share of Comprehensive Income (\$)	569	1,133	67	22
Dividends received by Council	234	-	-	-

(e) Summarised Financial Information for Individually Immaterial Joint Ventures & Associates

In addition to the Joint Ventures & Associates disclosed individually above, Council has interests in a number of individually immaterial Joint Ventures & Associates that have still been accounted for using the Equity Method.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 20—Revaluation Reserves and Retained Earnings

\$ '000	Notes	Actual 2015	Actual 2014
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		1,943,103	1,920,875
Net Operating Result for the Year		61,413	22,228
Balance at End of the Reporting Period		<u>2,004,516</u>	<u>1,943,103</u>

(b) Reserves

(i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve		872,481	667,874
Total		<u>872,481</u>	<u>667,874</u>

(ii) Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance		667,874	667,874
- Revaluations for the year	9(a)	204,607	-
- Balance at End of Year		<u>872,481</u>	<u>667,874</u>

(iii) Nature & Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve

- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

"Available for Sale" Financial Investments Revaluation Reserve

- The "Available for Sale" Financial Investments Revaluation Reserve is used to account for the Fair Value movements in all financial assets so classified that remain on hand at year end.

Upon sale, amounts in Reserves are recognised in the Income Statement (in full) by way of transfer from the Reserve.

(c) Correction of Error/s relating to a Previous Reporting Period

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 22—Non-Current Assets Classified as Held for Sale

\$ '000	2015 Current	2015 Non Current	2014 Current	2014 Non Current
Non Current Assets & Disposal Group Assets				
Non Current Assets "Held for Sale"				
Land	-	-	449	-
Total Non Current Assets "Held for Sale"	-	-	449	-
TOTAL NON CURRENT ASSETS CLASSIFIED AS "HELD FOR SALE"				
	-	-	449	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

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 & 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).

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

2015	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				
- "Available for Sale"	-	-	1,839	1,839
Total Financial Assets	-	-	1,839	1,839
Investment Properties				
Land and Buildings	-	-	15,388	15,388
Total Investment Properties	-	-	15,388	15,388
Infrastructure, Property, Plant & Equipment				
Plant & Equipment	-	-	16,780	16,780
Office Equipment	-	-	5,427	5,427
Furniture & Fittings	-	-	1,622	1,622
Community Land	-	-	181,379	181,379
Operating Land	-	-	82,056	82,056
Land Under Roads	-	-	1,381,015	1,381,015
Land Improvements	-	-	9,100	9,100
Buildings - Specialised	-	-	126,328	126,328
Buildings - Non Specialised	-	-	84,599	84,599
Roads, Bridges, Footpaths	-	-	725,023	725,023
Stormwater Drainage	-	-	239,803	239,803
Library Books	-	-	2,054	2,054
Other	-	-	2,528	2,528
Total Infrastructure, Property, Plant & Equipm	-	-	2,857,714	2,857,714

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 27—Fair Value Measurement (continued)

2014	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"	-	-	1,884	1,884
Total Financial Assets	-	-	1,884	1,884
Investment Properties				
Land & Buildings	-	-	20,218	20,218
Total Investment Properties	-	-	20,218	20,218
Infrastructure, Property, Plant & Equipment				
Plant & Equipment	-	-	17,764	17,764
Office Equipment	-	-	6,208	6,208
Furniture & Fittings	-	-	1,565	1,565
Community Land	-	-	180,850	180,850
Operating Land	-	-	79,351	79,351
Land Under Roads	-	-	1,369,126	1,369,126
Land Improvements	-	-	7,876	7,876
Buildings - Specialised	-	-	128,713	128,713
Buildings - Non Specialised	-	-	86,427	86,427
Roads, Bridges, Footpaths	-	-	496,548	496,548
Stormwater Drainage	-	-	237,606	237,606
Library Books	-	-	2,786	2,786
Other	-	-	2,437	2,437
Total Infrastructure, Property, Plant & Equipm	-	-	2,617,257	2,617,257

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 27—Fair Value Measurement (continued)

Transfers between Level 1 & Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

Financial Assets

Valuation Techniques

Level 3 Measurements

Financial Assets

Investments at Fair Value through profit or loss are represented by Class A and Class B notes in the Barclays Emerald Reverse Mortgage Series 2006-1 and 2007-1. Council receives monthly valuations directly from Barclays but obtains independent valuations at 30 June each year to ensure the Financial Statements reflect the most up-to-date valuation. The best evidence of Fair Value is the current price in an active market for similar assets. The market for Australian mortgage backed securities, regardless of the robustness of the structure, is highly illiquid as a direct consequence of the global financial crisis. Therefore there is an absence of observable market data. The independent valuation suggests 60c and 84c in the dollar respectively as an anticipated bid level, representing a slight improvement during the past 12 months.

Investment Properties

Valuations are obtained or updated on an annual basis at the end of the reporting period to ensure that Council's Financial Statements accurately reflect the most current valuation of these properties. The investment property valuation is included in level 3 of the hierarchy. Some of Council's investment properties do not have an active market as they are too specialised.

For the 2014-15 Financial Year, updated independent external valuations were obtained from Independent Property Valuations Pty Ltd, Registered Valuer No. 140911321.

Plant & Equipment, Office Equipment, Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are currently valued at cost which is an acceptable representation of Fair Value in Council's Financial Statements. The Fair Value is calculated by depreciating the assets on a straight-line basis assuming a residual value and useful life. Examples of assets within these classes are as follows:

- | | |
|------------------------|---|
| • Plant & Equipment | Trucks, tractors, ride-on mowers, street sweepers, buses, motor vehicles |
| • Office Equipment | Security systems, playground equipment, computer equipment, refrigerators |
| • Furniture & Fittings | Chairs, desks, display systems |

Council reviews the useful life and residual value of these assets on a regular basis by reviewing quoted prices for the current replacement cost of a similar asset. There has been no change to the valuation process during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 27—Fair Value Measurement (continued)

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 (i.e. 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

Asset / Liability Category	Carrying Amount (at Fair Value) (30 June 2015) \$'000	Key Unobservable Inputs	Expected Range of Inputs	Description of how changes in inputs will affect Fair Value
Investments – At Fair Value through profit or loss	1,839	<ul style="list-style-type: none"> Unit Price 	<ul style="list-style-type: none"> Ranges between 60c and 84c per \$1.00 	Significant changes in the estimated unit price would result in significant changes to Fair Value measurement.

Investment Properties

Asset / Liability Category	Carrying Amount (at Fair Value) (30 June 2015) \$'000	Key Unobservable Inputs	Expected Range of Inputs	Description of how changes in inputs will affect Fair Value
Investment Properties	15,388	<ul style="list-style-type: none"> Rental yield External valuations Valuation from Council's certified valuer. 	<ul style="list-style-type: none"> Varies significantly from property to property 	Significant changes in the rental yield or housing prices in the suburb where the property is located would result in significant changes to fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 27—Fair Value Measurement (continued)

Infrastructure, Property, Plant and Equipment (IPPE)

Asset / Liability Category	Carrying Amount (at Fair Value) (30 June 2015) \$'000	Key Unobservable Inputs	Expected Range of Inputs	Description of how changes in inputs will affect Fair Value
Plant & Equipment, Office Equipment, Furniture & Fittings	23,829	<ul style="list-style-type: none"> • Gross Replacement Cost • Remaining Useful Life • Residual Value 	<ul style="list-style-type: none"> • Varies significantly from asset to asset • 5 to 20 years • 0 – 30% 	Changes in the pattern of consumption would affect the residual value and useful life of the asset resulting in a change in the fair value measurement.
Operational Land	82,056	<ul style="list-style-type: none"> • Value is determined by increases in market values in the suburb where the land is located. 	<ul style="list-style-type: none"> • Varies significantly from asset to asset 	Changes in the median sale prices in the area where the land is located would directly affect the fair value measurements.
Community Land	181,379	<ul style="list-style-type: none"> • Value is provided by the Valuer General based on the changes in market values in the suburb where the land is located. 	<ul style="list-style-type: none"> • Varies significantly from asset to asset 	Changes in the median sale prices in the area which the land is located would directly affect the fair value measurements.
Land Under Roads	1,381,015	<ul style="list-style-type: none"> • Price per square metre 	<ul style="list-style-type: none"> • \$44.94 per square metre 	Significant changes in the price per square metre would result in significant changes to fair value measurement.
Land Improvements – Depreciable	9,100	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining useful life • Residual value 	<ul style="list-style-type: none"> • Varies significantly from asset to asset • Very poor to excellent • 0 – 100 years 	Significant changes in the gross replacement value, asset condition, and pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 27—Fair Value Measurement (continued)

Asset / Liability Category	Carrying Amount (at Fair Value) (30 June 2015) \$'000	Key Unobservable Inputs	Expected Range of Inputs	Description of how changes in inputs will affect Fair Value
Buildings	210,927	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining useful life • Residual value 	<ul style="list-style-type: none"> • Varies significantly from asset to asset • Very poor to excellent • 0 – 100 years 	Significant changes in the gross replacement value, asset condition, and pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Roads	725,023	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining useful life • Residual value 	<ul style="list-style-type: none"> • Varies significantly from asset to asset • Poor to excellent • 0 – 100 years • 0% - 100% 	Significant changes in the gross replacement value, asset condition, and pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Stormwater Drainage	239,803	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset condition • Remaining useful life • Residual value 	<ul style="list-style-type: none"> • Varies significantly from asset to asset • Very poor to very excellent • 0 – 100 years • 0% - 50% 	Significant changes in the gross replacement value, asset condition, and pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Library Books	2,054	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining Useful Life • Residual Value 	<ul style="list-style-type: none"> • Varies significantly from asset to asset • Very poor to excellent • 0 – 7 years • 0% 	Significant changes in the gross replacement value, asset condition, and pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 27—Fair Value Measurement (continued)

5. Highest and best use

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



PENRITH CITY COUNCIL
GENERAL PURPOSE FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying general purpose financial statements of Penrith City Council, which comprises the Statement of Financial Position as at 30 June 2015, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

Responsibility of Council for the Financial Statements

The Council is 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. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on 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. Our audit responsibility does not extend to the original budget information disclosed in the Income Statement, Statement of Cash Flows, and Note 2(a) or the budget variation explanations disclosed in Note 16. Nor does our responsibility extend to the projected future developer contributions and costs disclosed in Note 17. Accordingly, no opinion is expressed on these matters.

Assurance Partners

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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 judgement, 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 Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements. Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

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

Independence

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

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; and
- (b) the financial statements:
 - (i) have been presented in accordance with the requirements of this Division;
 - (ii) are consistent with the Council's accounting records;
 - (iii) present fairly the Council's financial position, the results of its operations and its cash flows; and
 - (iv) are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (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 we have become aware of during the course of the audit.

HILL ROGERS SPENCER STEER



GARY MOTTAU
Partner

Dated at Sydney this 22nd day of September 2015



22 September 2015

The Mayor
Penrith City Council
PO Box 60
PENRITH NSW 2751

Mayor,

Audit Report - Year Ended 30 June 2015

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2015 and that all information required by us was readily available. We have signed our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General and Special Purpose Financial Statements.

Our audit has been conducted in accordance with Australian Auditing Standards so as to express an opinion on both the General and Special Purpose Financial Statements of the Council. We have ensured that the financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the Local Government Code of Accounting Practice and Financial Reporting.

This report on the conduct of the audit is also issued under Section 417(1) and we now offer the following comments on the financial statements and the audit;

I. RESULTS FOR THE YEAR

1.1 Operating Result

The operating result for the year was a surplus of \$61.413 million as compared with \$22.228 million in the previous year.

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The following table sets out the results for the year and the extent (%) that each category of revenue and expenses contributed to the total.

	2015	% of	2014	% of	Increase
	\$'000	Total	\$'000	Total	(Decrease)
					\$'000
Revenues before capital items					
Rates & annual charges	119,741	60%	112,142	63%	7,599
User charges, fees & other revenues	45,717	23%	41,738	23%	3,979
Grants & contributions provided for operating purposes	30,268	15%	21,966	12%	8,302
Interest & investment revenue	2,650	1%	2,995	2%	(345)
	198,376	100%	178,841	100%	19,535
Expenses					
Employee benefits & costs	83,430	45%	81,474	42%	1,956
Materials, contracts & other expenses	74,764	41%	87,571	45%	(12,807)
Depreciation, amortisation & impairment	21,915	12%	19,702	10%	2,213
Borrowing costs	3,434	2%	3,826	2%	(392)
	183,543	100%	192,573	100%	(9,030)
Surplus (Deficit) before capital items	14,833		(13,732)		28,565
Grants & contributions provided for capital purposes	46,580		35,960		10,620
Net Surplus (Deficit) for the year	61,413		22,228		39,185
Performance Measures					
	2015		2014		
Operating Performance	6.23%		-8.03%		
Own Source Operating Revenue	68.29%		72.85%		

The above table shows an overall increase of \$39.185 million over the previous year and is mainly attributable to the following:-

- one-off payment to the State Government for the Lenore Lane extension last year (\$14.14 million)
- increased developers contributions (\$3.818 million),
- increased contributed assets (\$5.773 million),
- increased capital grants (\$1.041 million),
- increased specific purpose, operating grants (\$4.214 million), and
- increased financial assistance grants (\$4.261 million).

Operating Performance measures the ability to contain operating expenditure within operating revenue excluding capital amounts. For 2015, this indicator was 6.23% and was below the benchmark of 0%.

Own Source Operating Revenue measures the degree of reliance on external funding sources such as grants and contributions. For 2015, this indicator was 68.29% and exceeded the benchmark of 60%.

1.2 Funding Result

As the operating result only accounts for operating income and expenditure, in reviewing the overall financial performance of Council, it is useful to consider the total source of revenues and how they were applied during the year which is illustrated in the table below.

	2015	2014
	\$000	\$000
Funds were provided by:-		
Operating Result (as above)	61,413	22,228
Add back non funding items:-		
- Depreciation, amortisation & impairment	21,915	19,702
- Book value of non-current assets sold	8,830	1,645
- Fair value adjustment to interest free loan	276	204
- Non-cash contributions of assets acquired	(36,641)	(30,868)
- (Gain)/Loss of fair value to investment properties	(1,310)	501
- (Surplus)/Deficit in joint ventures	(635)	(1,155)
	<u>53,848</u>	<u>12,257</u>
New loan borrowings	10,663	10,201
Transfers from externally restricted assets (net)	0	14,218
Transfers from internal reserves (net)	0	1,805
Repayments from deferred debtors	3	65
Net Changes in current/non-current assets & liabilities	166	1,246
	<u>64,680</u>	<u>39,792</u>
Funds were applied to:-		
Purchase and construction of assets	(24,465)	(25,703)
Increase/Purchase in non-current investments	(6,000)	(5,500)
Principal repaid on loans	(10,591)	(9,051)
Transfers to externally restricted assets (net)	(6,524)	0
Transfers to internal reserves (net)	(16,085)	0
Advances to deferred debtors	(12)	0
	<u>(63,677)</u>	<u>(40,254)</u>
Increase/(Decrease) in Available Working Capital	1,003	(462)

2. FINANCIAL POSITION

2.1 Unrestricted Current Ratio

The Unrestricted Current Ratio is a financial indicator specific to local government and represents Council's ability to meet its debts and obligations as they fall due.

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$18.680 million representing a factor of 1.64 to 1 compared to the benchmark of 1.5 to 1.



2.2 Available Working Capital – (Working Funds)

At the close of the year the Available Working Capital of Council stood at \$3.677 million as detailed below:

	2015	2014	Change
	\$'000	\$'000	\$'000
Net Current Assets (Working Capital) as per Accounts	29,389	7,583	21,806
Add Payables & provisions not expected to be realised in the next 12 months included above	25,491	24,765	726
Adjusted Net Current Assets	54,880	32,348	22,532
Add Budgeted & expected to pay in the next 12 months			
- Borrowings	11,066	9,675	1,391
- Employees leave entitlements	6,150	6,495	(345)
- Deposits & retention moneys	624	590	34
- Deferred debtors	(3)	(3)	0
Less: Externally restricted assets	(36,200)	(29,676)	(6,524)
Less: Internally restricted assets	(32,840)	(16,755)	(16,085)
Available Working Capital as at 30 June	3,677	2,674	1,003

The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures. Although an improvement over last year's balance, due to the increase in current receivables, an optimal Available Working Capital balance, in our opinion, would have been in the vicinity of \$10 million.

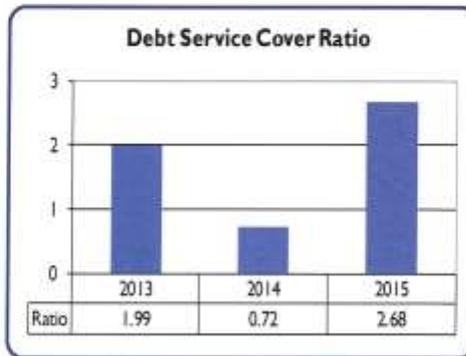
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We note the nature and level of the internally restricted assets (Reserves) set aside to fund future works and services and liabilities. In the short term, internally restricted cash is available to fund Council's day to day operations, however when those reserves are spent, Council will need to increase its level of Available Working Capital.

2.3 Debt

After repaying principal and interest of \$14.025 million and taking up new borrowings of \$10.633 million, total debt as at 30 June 2015 stood at \$67.788 million (2014 - \$67.44 million).

The debt service cover ratio measures the availability of operating cash to service debt repayments. For 2015, the ratio indicated that operating results before capital, interest and depreciation covered payments required to service debt by a factor of 2.68 to 1 compared to the benchmark of 2.



2.4 Summary

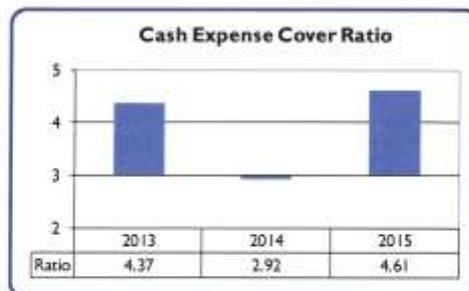
Council's overall financial position, when taking into account the above financial indicators was, in our opinion, satisfactory and we recommend that surplus budgets be developed in the short term to build up the level of Available Working Capital in order to provide a buffer for any unplanned and unbudgeted expenditure.

3. CASH ASSETS

3.1 Cash Expense Cover Ratio

This liquidity ratio indicates the number of months of expenditure requirements that can be met with available cash and term deposit balances without the need for additional cash inflow.

For 2015, this ratio stood at 4.61 months compared to the benchmark of 3.

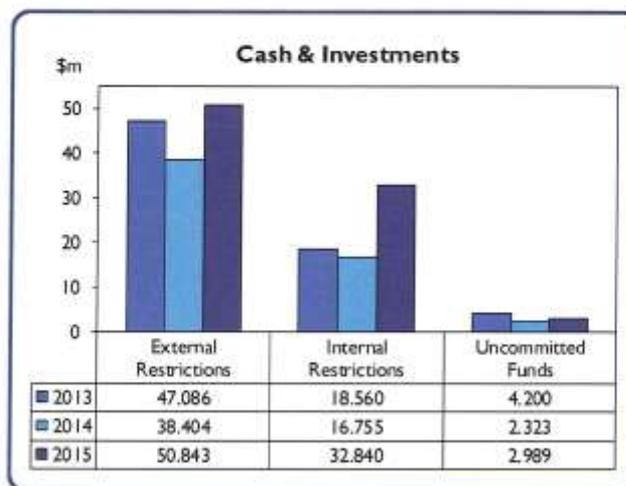


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3.2 Cash & Investment Securities

Cash and investments amounted \$86.672 million at 30 June 2015 as compared with \$57.482 million in 2014 and \$69.846 million in 2013.

The chart alongside summarises the purposes for which cash and investments securities were held.



Externally restricted cash and investments are restricted in their use by externally imposed requirements and consisted of unexpended loans (\$13.848 million), development contributions under Section 94 (\$19.198 million), domestic waste management charges (\$5.880 million) and specific purpose grants (\$3.006 million) and contributions (\$8.911 million).

Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's "Reserves". These Reserves totalled \$32.840 million and their purposes are more fully disclosed in Notes 6 of the financial statements.

Unrestricted cash and investments amounted to \$2.989 million, which is available to provide liquidity for day to day operations.

3.3 Cash Flows

The Statement of Cash Flows illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that cash increased by \$7.35 million to \$50.118 million at the close of the year.

In addition to operating activities which contributed net cash of \$44.089 million were the proceeds from the sale of investment securities (\$223.584 million), new loans (\$10.663 million), sale of assets (\$9.417 million) and receipts from deferred debtors (\$3,000). Cash outflows other than operating activities were used to purchase investment securities (\$245.32 million), make advances (\$12,000), repay loans and advances (\$10.591 million) and to purchase and construct assets (\$24.483 million).

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4. RECEIVABLES

4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the year totalled \$119.741 million and represented 49% of Council's total revenues.

Including arrears, the total rates and annual charges collectible was \$122.976 million of which \$119.974 million (98%) was collected.

4.2 Rates, Annual & Extra Charges

Arrears of rates, annual and extra charges stood at \$4.195 million at the end of the year and represented 3.36% of those receivables.



4.3 Other Receivables

Receivables (other than rates & annual charges) totalled \$7.557 million and consisted mainly of government grants and subsidies (\$5.169 million) and user charges and fees (\$887,000). Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$133,000.

5. PAYABLES

5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$28.410 million. Internally restricted cash and investments of \$4.366 million was held representing 15% of this liability and was, in our opinion, sufficient to meet unbudgeted and unanticipated retirements.

5.2 Deposits, Retentions & Bonds

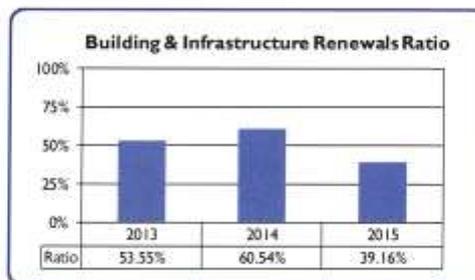
Deposits, retentions and bonds held at year end amounted to \$4.496 million and were 70% funded by internally restricted cash and investments.

Hill Rogers
Spencer Steer

6. BUILDING AND INFRASTRUCTURE RENEWALS

The Building and Infrastructure Renewals ratio measures the rate at which these assets are renewed against the rate at which they are depreciating.

Special Schedule No. 7 discloses that asset renewals for 2015 represented 39% of the depreciation charges for these assets. An industry benchmark is considered to be 100%, measured annually over the long term.



7. REVALUATION OF ASSETS

Council's infrastructure, property, plant and equipment are required to be carried at fair value with revaluations of each asset class to be performed at least every five years.

During the year, buildings and infrastructure assets were revalued. This resulted in a net increase of \$204.607 million that was credited directly to Equity. Notes 1.9 and 9 of the financial statements provide further details.

8. MANAGEMENT LETTER

An audit management letter addressing the findings from our interim audit was issued on 12 June 2015. This included our suggestions on possible ways to strengthen and/or improve procedures.

9. CONCLUSION

We wish to record our appreciation to your General Manager and his staff for their ready co-operation and the courtesies extended to us during the conduct of the audit.

Yours faithfully,
HILL ROGERS SPENCER STEER


GARY MOTTAU
Partner

Penrith City Council

Special Purpose Financial Statements
for the financial year ended 30 June 2015

Statement by Councillors and Management

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

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

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

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 year, 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 Council made on 21 September 2015.



Cr Ross Fowler OAM
MAYOR



Cr Greg Davies
DEPUTY MAYOR



Alan Stoneham
GENERAL MANAGER



Andrew Moore
ACTING RESPONSIBLE ACCOUNTING OFFICER

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Income Statement by Business Activities

\$ '000	Childcare Category 1		Council Pools Category 1	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Income from continuing operations				
Access charges	-	-	-	-
User charges	8,633	8,446	3,551	3,643
Fees	-	-	-	-
Interest	-	-	7	10
Grants and contributions provided for non capital purposes	9,926	8,479	-	-
Profit from the sale of assets	-	-	-	-
Other income	101	77	-	15
Total income from continuing operations	18,660	17,002	3,558	3,668
Expenses from continuing operations				
Employee benefits and on-costs	15,868	14,601	3,526	3,505
Borrowing costs	-	-	-	-
Materials and contracts	763	785	651	749
Depreciation and impairment	-	-	103	90
Loss on sale of assets	-	-	-	3
Calculated taxation equivalents	919	792	45	23
Debt guarantee fee (if applicable)	752	814	619	741
Other expenses	1,029	1,068	633	791
Total expenses from continuing operations	19,331	18,060	5,577	5,902
Surplus (deficit) from Continuing Operations before capital amounts	(671)	(1,058)	(2,019)	(2,234)
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(671)	(1,058)	(2,019)	(2,234)
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	(671)	(1,058)	(2,019)	(2,234)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-	-
SURPLUS (DEFICIT) AFTER TAX	(671)	(1,058)	(2,019)	(2,234)
plus Opening Retained Profits	(205)	(921)	(15,277)	(14,911)
plus/less: Prior Period Adjustments	-	-	-	-
plus/less: Other Adjustments (details here...)	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	919	792	45	23
- Debt guarantee fees	752	814	619	741
- Corporate taxation equivalent	-	-	-	-
add:				
- Subsidy Paid/Contribution To Operations	165	168	1,428	1,104
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
Closing Retained Profits	960	(205)	(15,204)	(15,277)
Return on Capital %	n/a	n/a	-855.5%	-762.5%
Subsidy from Council	671	1,058	2,026	2,244

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Income Statement by Business Activities (continued)

\$ '000	Property Development Category 1		Whitewater Category 1	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Income from continuing operations				
Access charges	-	-	-	-
User charges	3,431	4,116	1,342	1,629
Fees	-	-	-	-
Interest	98	81	4	5
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	578	-	-	-
Other income	-	-	-	-
Total income from continuing operations	4,107	4,197	1,346	1,634
Expenses from continuing operations				
Employee benefits and on-costs	757	845	754	771
Borrowing costs	39	53	45	56
Materials and contracts	1,454	1,848	310	182
Depreciation and impairment	1,500	1,507	117	123
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	676	1,065	-	1
Debt guarantee fee (if applicable)	9	15	34	37
Other expenses	411	1	349	548
Total expenses from continuing operations	4,846	5,334	1,609	1,718
Surplus (deficit) from Continuing Operations before capital amounts	(739)	(1,137)	(263)	(84)
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(739)	(1,137)	(263)	(84)
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	(739)	(1,137)	(263)	(84)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-	-
SURPLUS (DEFICIT) AFTER TAX	(739)	(1,137)	(263)	(84)
plus Opening Retained Profits	30,263	32,156	205	251
plus/less: Prior Period Adjustments	-	-	-	-
plus/less: Other Adjustments (details here...)	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	676	1,065	-	1
- Debt guarantee fees	9	15	34	37
- Corporate taxation equivalent	-	-	-	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	(2,153)	(1,836)	-	-
Closing Retained Profits	28,056	30,263	(24)	205
Return on Capital %	-1.5%	-1.6%	-19.4%	-2.3%
Subsidy from Council	2,121	3,533	252	71

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Income Statement by Business Activities (continued)

\$ '000	Penrith Performing and Visual Arts Ltd Category 1		Cemeteries Category 2	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
	Income from continuing operations			
Access charges	-	-	-	-
User charges	1,378	1,233	948	642
Fees	-	-	-	-
Interest	29	28	-	-
Grants and contributions provided for non capital purposes	1,992	2,016	-	-
Profit from the sale of assets	-	-	-	-
Other income	47	24	-	-
Total income from continuing operations	3,446	3,301	948	642
Expenses from continuing operations				
Employee benefits and on-costs	1,911	1,893	275	274
Borrowing costs	-	-	-	-
Materials and contracts	999	861	322	298
Depreciation and impairment	38	32	11	10
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	41	67	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Imputed Rental	1,118	1,230	-	-
Other expenses	470	450	76	89
Total expenses from continuing operations	4,577	4,533	684	671
Surplus (deficit) from Continuing Operations before capital amounts	(1,131)	(1,232)	264	(29)
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(1,131)	(1,232)	264	(29)
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	(1,131)	(1,232)	264	(29)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	(79)	-
SURPLUS (DEFICIT) AFTER TAX	(1,131)	(1,232)	185	(29)
plus Opening Retained Profits	(6,535)	(8,107)	(1,016)	(987)
plus/less: Prior Period Adjustments	-	-	-	-
plus/less: Other Adjustments (details here...)	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	41	67	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	-	-	79	-
- Imputed Rental	1,118	1,230	-	-
add:				
- Subsidy Paid/Contribution To Operations	1,547	1,507	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
Closing Retained Profits	(4,960)	(6,535)	(752)	(1,016)
Return on Capital %	-206.0%	-225.2%	121.1%	-4.3%
Subsidy from Council	1,148	1,251	-	53

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Income Statement by Business Activities (continued)

\$ '000	Tennis Courts		St Clair Recreation Centre	
	Category 2		Category 2	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Income from continuing operations				
Access charges	-	-	-	-
User charges	33	22	192	162
Fees	-	-	-	-
Interest	1	2	-	-
Grants and contributions provided for non capital purposes	-	26	-	-
Profit from the sale of assets	-	-	-	-
Other income	13	29	-	-
Total income from continuing operations	47	79	192	162
Expenses from continuing operations				
Employee benefits and on-costs	70	85	279	301
Borrowing costs	-	-	-	-
Materials and contracts	33	80	74	78
Depreciation and impairment	246	241	9	9
Loss on sale of assets	-	-	2	-
Calculated taxation equivalents	-	11	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Imputed Rental	-	-	37	53
Other expenses	56	45	72	56
Total expenses from continuing operations	405	462	473	497
Surplus (deficit) from Continuing Operations before capital amounts	(358)	(383)	(281)	(335)
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(358)	(383)	(281)	(335)
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	(358)	(383)	(281)	(335)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-	-
SURPLUS (DEFICIT) AFTER TAX	(358)	(383)	(281)	(335)
plus Opening Retained Profits	412	784	(4,473)	(4,191)
plus/less: Prior Period Adjustments	-	-	-	-
plus/less: Other Adjustments (details here...)	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	11	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	-	-	-	-
- Imputed Rental	-	-	-	53
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
Closing Retained Profits	54	412	(4,754)	(4,473)
Return on Capital %	-20.9%	-14.8%	-476.3%	-465.3%
Subsidy from Council	410	475	283	338

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Income Statement by Business Activities (continued)

\$ '000	Halls Category 2		Contestable Category 2	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Income from continuing operations				
Access charges	-	-	-	-
User charges	149	297	591	603
Fees	-	-	-	-
Interest	2	2	-	-
Grants and contributions provided for non capital purposes	5	6	-	-
Profit from the sale of assets	-	-	-	-
Other income	650	598	-	-
Total income from continuing operations	806	903	591	603
Expenses from continuing operations				
Employee benefits and on-costs	682	705	261	233
Borrowing costs	12	16	-	-
Materials and contracts	579	644	2	3
Depreciation and impairment	1,193	1,016	-	-
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	336	385	122	188
Total expenses from continuing operations	2,802	2,766	385	424
Surplus (deficit) from Continuing Operations before capital amounts	(1,996)	(1,863)	206	179
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(1,996)	(1,863)	206	179
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	(1,996)	(1,863)	206	179
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	(62)	(54)
SURPLUS (DEFICIT) AFTER TAX	(1,996)	(1,863)	144	125
plus Opening Retained Profits	34	1,897	197	18
plus/less: Prior Period Adjustments	-	-	-	-
plus/less: Other Adjustments (details here...)	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	-	-	62	54
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
Closing Retained Profits	(1,962)	34	403	197
Return on Capital %	-5.7%	-6.1%	n/a	n/a
Subsidy from Council	3,043	2,916	-	-

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Statement of Financial Position by Business Activities

\$ '000	Childcare Category 1		Council Pools Category 1	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
ASSETS				
Current Assets				
Cash and cash equivalents	-	-	127	33
Investments	956	547	-	-
Receivables	347	435	46	64
Inventories	-	-	27	29
Other	-	-	530	43
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	1,303	982	730	169
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	-	-	236	293
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Intangible Assets	-	-	-	-
Other	256	-	-	-
Total Non-Current Assets	256	-	236	293
TOTAL ASSETS	1,559	982	966	462
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	-	-
Payables	599	579	408	589
Interest bearing liabilities	-	-	-	-
Provisions	-	-	297	262
Total Current Liabilities	599	579	705	851
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	608	15,465	14,888
Total Non-Current Liabilities	-	608	15,465	14,888
TOTAL LIABILITIES	599	1,187	16,170	15,739
NET ASSETS	960	(205)	(15,204)	(15,277)
EQUITY				
Retained earnings	960	(205)	(15,204)	(15,277)
Revaluation reserves	-	-	-	-
TOTAL EQUITY	960	(205)	(15,204)	(15,277)

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Statement of Financial Position by Business Activities (continued)

\$ '000	Property Development Category 1		Whitewater Category 1	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
ASSETS				
Current Assets				
Cash and cash equivalents	-	-	42	19
Investments	8,347	1,312	186	287
Receivables	-	-	9	11
Inventories	161	750	22	14
Other	6	-	(12)	(21)
Non-current assets classified as held for sale	763	449	-	-
Total Current Assets	9,277	2,511	247	310
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	47,049	68,795	1,123	1,206
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Intangible Assets	-	-	-	-
Other	1,492	-	74	75
Total Non-Current Assets	48,541	68,795	1,197	1,281
TOTAL ASSETS	57,818	71,306	1,444	1,591
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	-	-
Payables	55	-	131	111
Interest bearing liabilities	141	128	698	478
Provisions	-	-	251	233
Total Current Liabilities	196	128	1,080	822
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	156	297	388	564
Provisions	-	-	-	-
Other Liabilities	-	11,208	-	-
Total Non-Current Liabilities	156	11,505	388	564
TOTAL LIABILITIES	352	11,633	1,468	1,386
NET ASSETS	57,466	59,673	(24)	205
EQUITY				
Retained earnings	28,056	30,263	(24)	205
Revaluation reserves	29,410	29,410	-	-
TOTAL EQUITY	57,466	59,673	(24)	205

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Statement of Financial Position by Business Activities (continued)

\$ '000	Penrith Performing and Visual Arts Ltd Category 1		Cemeteries Category 2	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
ASSETS				
Current Assets				
Cash and cash equivalents	97	52	-	-
Investments	899	930	676	259
Receivables	33	23	-	-
Inventories	16	10	-	-
Other	91	78	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	1,136	1,093	676	259
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	549	547	218	671
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Intangible Assets	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	549	547	218	671
TOTAL ASSETS	1,685	1,640	894	930
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	-	-
Payables	680	672	-	-
Interest bearing liabilities	-	-	-	-
Provisions	136	107	3	2
Total Current Liabilities	816	779	3	2
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	148	168	-	-
Other Liabilities	5,681	7,228	1,643	1,944
Total Non-Current Liabilities	5,829	7,396	1,643	1,944
TOTAL LIABILITIES	6,645	8,175	1,646	1,946
NET ASSETS	(4,960)	(6,535)	(752)	(1,016)
EQUITY				
Retained earnings	(4,960)	(6,535)	(752)	(1,016)
Revaluation reserves	-	-	-	-
TOTAL EQUITY	(4,960)	(6,535)	(752)	(1,016)

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Statement of Financial Position by Business Activities (continued)

\$ '000	Tennis Courts Category 2		St Clair Recreation Centre Category 2	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
ASSETS				
Current Assets				
Cash and cash equivalents	16	38	-	-
Investments	-	-	-	-
Receivables	7	7	-	-
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	23	45	-	-
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	1,712	2,593	59	72
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Intangible Assets	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	1,712	2,593	59	72
TOTAL ASSETS	1,735	2,638	59	72
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	-	-
Payables	-	-	70	-
Interest bearing liabilities	-	-	-	-
Provisions	1	1	-	1
Total Current Liabilities	1	1	70	1
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	4,743	4,544
Total Non-Current Liabilities	-	-	4,743	4,544
TOTAL LIABILITIES	1	1	4,813	4,545
NET ASSETS	1,734	2,637	(4,754)	(4,473)
EQUITY				
Retained earnings	54	412	(4,754)	(4,473)
Revaluation reserves	1,680	2,225	-	-
TOTAL EQUITY	1,734	2,637	(4,754)	(4,473)

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Statement of Financial Position by Business Activities (continued)

\$ '000	Halls Category 2		Contestable Services Category 2	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
ASSETS				
Current Assets				
Cash and cash equivalents	198	172	-	-
Investments	65	48	-	-
Receivables	10	9	-	-
Inventories	-	-	-	-
Other	-	2	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	273	231	-	-
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	35,074	30,042	-	-
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Intangible Assets	-	-	-	-
Other	-	-	405	199
Total Non-Current Assets	35,074	30,042	405	199
TOTAL ASSETS	35,347	30,273	405	199
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	-	-
Payables	40	38	1	1
Interest bearing liabilities	-	-	-	-
Provisions	3	3	1	1
Total Current Liabilities	43	41	2	2
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	37,266	30,198	-	-
Total Non-Current Liabilities	37,266	30,198	-	-
TOTAL LIABILITIES	37,309	30,239	2	2
NET ASSETS	(1,962)	34	403	197
EQUITY				
Retained earnings	(1,962)	34	403	197
Revaluation reserves	-	-	-	-
TOTAL EQUITY	(1,962)	34	403	197

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.

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

The figures presented in these Special Purpose Financial Statements, 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 these Special Purpose Financial Statements have been prepared in accordance with:

- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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 on the "*Application of National Competition Policy to Local Government*".

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

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

Declared Business Activities

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

Category 1

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

Childcare

Council operates a number of children's centres and includes the transactions associated with these centres in its consolidated fund. The centres include 18 providing long day care services, 9 providing before and after school care services, 1 occasional care service and 5 preschool services. The Penrith City Children's Services Co-operative, established in January 2003, manages the Children's Centres (excluding the Glenmore Park Child & Family Centre) through a delegation under S377 of the Local Government Act 1993.

Council Pools

Includes all activities conducted at Ripples Aquatic Centre (such as gymnasium and aerobics). Penrith Pool is also included. The business activity is considered to be a tenant.

Property Development

The purchase, development, rental, and management of real estate. Almost all assets would have dual purposes of revenue generation and community service. Community service purposes include preventing inappropriate development, attracting business into the region and providing shopping facilities to new estates (when the population does not yet support profitable trading).

Whitewater Stadium

Penrith Whitewater Stadium provides whitewater canoe slalom facilities for competition, training and recreation purposes.

Penrith Performing and Visual Arts Limited

During 2006-07 the Penrith Regional Gallery and Lewers Bequest was joined with the Joan Sutherland Performing Arts Centre to be managed by a revised company structure named Penrith Performing and Visual Arts Limited. This new entity provides gallery, theatre, function and educational facilities. The centres organise activities and also provide for hire of venues. Many items, and in particular, the educational programs are community services. The venues are provided to community groups at a discounted rental. The business is a tenant and a market rental has been estimated.

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 1—Significant Accounting Policies (continued)

Category 2

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

Cemeteries

Provides for burials and for interment of ashes. The land on which these operations are conducted are owned by trusts and Council is the manager of the trusts. The management function is considered a business activity. No rental charge of the land has been imputed.

Tennis Courts

45 Tennis Courts are managed under various structures.

St Clair Recreation Centre

Indoor sporting and gymnastics facilities.

Halls

15 Halls may be hired and are managed under various structures. Catering services is not available from Council.

Contestable Services

Services that can be provided by either Council or other businesses.

Monetary Amounts

Amounts shown in the Financial Statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Notes 2 and Note 3 are disclosed in whole 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 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 **\$432,000** of combined land values attracts **0%**. From \$432,001 to \$2,641,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,641,000, 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.

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a "Dividend for Taxation equivalent", may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income Tax

An income tax equivalent has been applied on the profits of each reported Business Activity.

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

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

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

Since this taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's General Purpose Financial Statements.

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 1—Significant Accounting Policies (continued)

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

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

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

(ii) Subsidies

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

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

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 the 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 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 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.09% at 30/6/15.

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.

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either:

- i. 50% of this surplus in any one year, or
- ii. the number of water supply or sewerage assessments at 30 June 2015 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved the payment.



PENRITH CITY COUNCIL
SPECIAL PURPOSE FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying special purpose financial statements of Penrith City Council, which comprises the Statement of Financial Position as at 30 June 2015, Income Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

Responsibility of Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993 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 financial reporting requirements of the Office of Local Government. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on 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 judgement, 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 Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

Assurance Partners

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The logo for Hill Rogers Spencer Steer is written in a blue, cursive script font. The words "Hill Rogers" are on the top line and "Spencer Steer" are on the bottom line, with the letters overlapping and flowing together.

Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

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

Independence

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

Auditor's Opinion

In our opinion, the special purpose financial statements of the Council are presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the financial reporting requirements of the Office of Local Government. As a result, the financial statements may not be suitable for another purpose.

HILL ROGERS SPENCER STEER

A handwritten signature in blue ink, appearing to read "G. Mottau", is written over a light blue circular stamp.

GARY MOTTAU
Partner

Dated at Sydney this 22nd day of September 2015

SPECIAL SCHEDULE NO. 1
for the year ended 30 June 2015

Net Cost of Services (\$'000)

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	5,922	11	-	(5,911)
Administration	28,935	38,499	67	9,631
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	4,477	2,463	485	(1,529)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	2,730	2,059	-	(671)
Animal Control	659	329	-	(330)
Other	744	13	175	(556)
Total Public Order & Safety	8,610	4,864	660	(3,086)
Health	1,221	364	-	(857)
Environment				
Noxious Plants and Insect/Vermin Control	162	-	-	(162)
Other Environmental Protection	4,226	1,601	-	(2,625)
Solid Waste Management	23,818	796	-	(23,022)
Street Cleaning	2,671	-	-	(2,671)
Drainage	-	-	-	-
Stormwater Management	4,031	-	-	(4,031)
Total Environment	34,908	2,397	-	(32,511)
Community Services and Education				
Administration & Education	1,667	100	-	(1,567)
Social Protection (Welfare)	782	101	599	(82)
Aged Persons and Disabled	399	76	-	(323)
Children's Services	21,594	20,550	-	(1,044)
Total Community Services & Education	24,442	20,827	599	(3,016)
Housing and Community Amenities				
Public Cemeteries	677	948	-	271
Public Conveniences	1,151	-	-	(1,151)
Street Lighting	3,609	506	-	(3,103)
Town Planning	2,514	79	98	(2,337)
Other Community Amenities	-	-	-	-
Total Housing and Community Amenities	7,951	1,533	98	(6,320)
Water Supplies	-	-	-	-
Sewerage Services	-	-	-	-

SPECIAL SCHEDULE NO. 1
for the year ended 30 June 2015

Net Cost of Services (\$'000) continued

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	7,680	504	-	(7,176)
Museums	19	-	-	(19)
Art Galleries	23	-	-	(23)
Community Centres and Halls	1,609	804	-	(805)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	3,980	1,963	-	(2,017)
Sporting Grounds and Venues	3,207	29	18	(3,160)
Swimming Pools	4,951	3,555	-	(1,396)
Parks & Gardens (Lakes)	9,352	1,830	18,496	10,974
Other Sport and Recreation	3,054	1,982	1,106	34
Total Recreation and Culture	33,875	10,667	19,620	(3,588)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	5,543	4,807	-	(736)
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	5,543	4,807	-	(736)
Transport and Communication				
Urban Roads (UR) - Local	21,721	4,546	675	(16,500)
Urban Roads - Regional	1,134	211	31	(892)
Sealed Rural Roads (SRR) - Local	2,269	423	63	(1,783)
Sealed Rural Roads (SRR) - Regional	284	53	8	(223)
Unsealed Rural Roads (URR) - Local	284	53	8	(223)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	44	-	-	(44)
Footpaths	548	-	-	(548)
Aerodromes	-	-	-	-
Other Transport & Communication	1,505	57	24,751	23,303
Total Transport and Communication	27,789	5,343	25,536	3,090
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	4,347	2,050	-	(2,297)
Total Economic Affairs	4,347	2,050	-	(2,297)
Totals – Functions	183,543	91,362	46,580	(45,601)
General Purpose Revenues⁽²⁾		106,379		106,379
Share of interests - joint ventures & associates using the equity method	-	635		635
NET OPERATING RESULT⁽¹⁾	183,543	198,376	46,580	61,413

(1) As reported in the Income Statement

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

STATEMENTS & NOTES

SPECIAL SCHEDULE NO. 2(a)
for the year ended 30 June 2015

Statement of Long-Term Debt (all purpose) - \$'000

Classification of Debt	Principal outstanding at beginning of the year		New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year	
	Current	Non Current		From Revenue	Sinking Funds			Current	Non Current
Loans (by Source)									
Financial Institutions	10,231	53,698	10,663	10,487	-	-	3,434	11,350	52,755
Total Loans	10,231	53,698	10,663	10,487	-	-	3,434	11,350	52,755
Other Long Term Debt									
Interest Free Government Advances	104	4,067	-	104	-	-	-	100	3,967
Total Long Term Debt	104	4,067	-	104	-	-	-	100	3,967
Total Debt	10,335	57,765	10,663	10,591	-	-	3,434	11,450	56,722
									64,105
									64,105

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

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

SPECIAL SCHEDULE NO. 7
as at 30 June 2015

Report on Infrastructure Assets (\$'000)

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV								
						1	2	3	4	5				
Buildings	Asset Category													
	Council Offices / Administrations / Toilets	278	204	589	45,262	0%	100%	0%	0%	0%	0%	0%	0%	0%
	Amenities / Toilets	-	17	112	8,640	3%	60%	36%	1%	0%	0%	0%	0%	0%
	Art Gallery	-	35	94	2,329	0%	100%	0%	0%	0%	0%	0%	0%	0%
	Council Works Depot	18	9	73	2,625	0%	55%	45%	0%	0%	0%	0%	0%	0%
	Business and Tourism	-	7	15	8,262	84%	9%	7%	0%	0%	0%	0%	0%	0%
	Child Care Centres	-	88	400	20,978	0%	100%	0%	0%	0%	0%	0%	0%	0%
	Council Public Halls	54	58	218	13,257	4%	84%	12%	0%	0%	0%	0%	0%	0%
	Libraries	-	4	11	875	0%	100%	0%	0%	0%	0%	0%	0%	0%
	Community Buildings - Other	580	174	1,108	33,797	0%	87%	13%	0%	0%	0%	0%	0%	0%
	Council Houses	-	-	-	32	0%	0%	0%	100%	0%	0%	0%	0%	0%
	Other Cultural	263	99	277	27,643	0%	98%	2%	0%	0%	0%	0%	0%	0%
	Public Order	-	23	51	5,981	0%	100%	0%	0%	0%	0%	0%	0%	0%
	Sporting Ground Buildings	-	145	389	35,094	3%	81%	15%	1%	0%	0%	0%	0%	0%
	Transport Buildings	-	1	8	6,152	0%	100%	0%	0%	0%	0%	0%	0%	0%
	sub total	1,193	864	3,345	210,927	4.2%	87.7%	7.9%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Roads	Asset Category													
	Sealed Roads	13,855	13,224	13,533	517,703	38%	22%	25%	15%	0%	0%	0%	0%	0%
	Unsealed Roads	-	88	103	2,602	2%	20%	60%	10%	8%	0%	0%	0%	0%
	Bridges	-	389	11	19,360	46%	16%	15%	23%	0%	0%	0%	0%	0%
	Footpaths	887	932	863	48,066	12%	35%	50%	2%	1%	0%	0%	0%	0%
	Kerb and Gutter	-	605	605	121,451	12%	33%	41%	10%	4%	0%	0%	0%	0%
	Carparks	-	279	61	9,751	10%	20%	15%	40%	15%	0%	0%	0%	0%
	Bus Shelters	-	22	3	563	2%	25%	50%	22%	1%	0%	0%	0%	0%
	Traffic Management	-	79	396	2,889	20%	60%	10%	7%	3%	0%	0%	0%	0%
	Signage	-	236	271	2,638	5%	20%	60%	10%	5%	0%	0%	0%	0%
	sub total	14,742	15,854	15,846	725,023	31.4%	24.7%	29.1%	13.8%	1.0%	0%	0%	0%	0%
Stormwater Drainage	Asset Category													
	Pits, Pipes, and Culverts	-	1,329	1,331	239,803	12%	33%	41%	10%	4%	0%	0%	0%	0%
	sub total	-	1,329	1,331	239,803	12.0%	33.0%	41.0%	10.0%	4.0%	0%	0%	0%	0%
	TOTAL - ALL ASSETS	15,935	18,047	20,522	1,175,753	22.5%	37.7%	27.8%	10.6%	1.4%	0%	0%	0%	0%

STATEMENTS & NOTES

Report on Infrastructure Assets (continued)

Notes:

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

(5) Infrastructure Asset Condition Assessment "Key"

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

SPECIAL SCHEDULE NO. 7
as at 30 June 2015

Report on Infrastructure Assets (continued)

\$ '000	Amounts 2015	Indicator 2015	Prior Periods	
			2014	2013
Infrastructure Asset Performance Indicators Consolidated				
1. Building, Infrastructure & Other Structures				
Renewals Ratio				
Asset Renewals				
<u>(Building, Infrastructure & Other Structures)⁽¹⁾</u>	<u>6,184</u>	39.16%	60.54%	53.55%
Depreciation, Amortisation & Impairment	15,793			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	15,935			
<u>Total value⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets</u>	<u>1,175,753</u>	1.36%	4.40%	6.18%
3. Asset Maintenance Ratio				
Actual Asset Maintenance	20,522			
<u>Required Asset Maintenance</u>	<u>18,047</u>	1.14	1.19	1.17
4. Capital Expenditure Ratio				
Annual Capital Expenditure	58,814			
<u>Annual Depreciation</u>	<u>21,915</u>	2.68	2.79	3.42

Notes

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

⁽²⁾ Written Down Value

SPECIAL SCHEDULE NO. 9
as at 30 June 2015

Permissible Income Calculation

\$'000		Calculation 2014/15	Calculation 2015/16
Notional General Income Calculation ⁽¹⁾			
Last Year Notional General Income Yield	a	90,087	94,823
Plus or minus Adjustments ⁽²⁾	b	723	1,261
Notional General Income	c = (a + b)	90,810	96,084
Permissible Income Calculation			
Special variation percentage ⁽³⁾	d	4.20%	0.00%
or Rate peg percentage	e	2.30%	2.40%
or Crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	h = d x (c-g)	3,814	-
or plus Rate peg amount	i = c x e	-	2,306
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
sub-total	k = (c+g+h+i+j)	94,624	98,390
plus (or minus) last year's Carry Forward Total	l	(30)	(0)
less Valuation Objections claimed in the previous year	m	(47)	(276)
sub-total	n = (l + m)	(77)	(276)
Total Permissible income	o = k + n	94,547	98,114
less Notional General Income Yield	p	94,823	98,200
Catch-up or (excess) result	q = o - p	(276)	(86)
plus Income lost due to valuation objections claimed ⁽⁴⁾	r	276	86
less Unused catch-up ⁽⁵⁾	s	-	-
Carry forward to next year	t = q + r - s	(0)	(0)

Notes

- 1 The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- 2 Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- 3 The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- 4 Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- 5 Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually Councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- 6 Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from councils' Special Schedule 9 in the Financial Data Return (FDR) to administer this process.



PENRITH CITY COUNCIL
SPECIAL SCHEDULE NO. 9
INDEPENDENT AUDITORS' REPORT

REPORT ON SPECIAL SCHEDULE NO. 9

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

Responsibility of Council for Special Schedule No. 9

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

Auditors' Responsibility

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

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

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

Assurance Partners

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

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

Independence

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

Audit Opinion

In our opinion, Special Schedule No. 9 of Penrith City Council for 2015/16 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

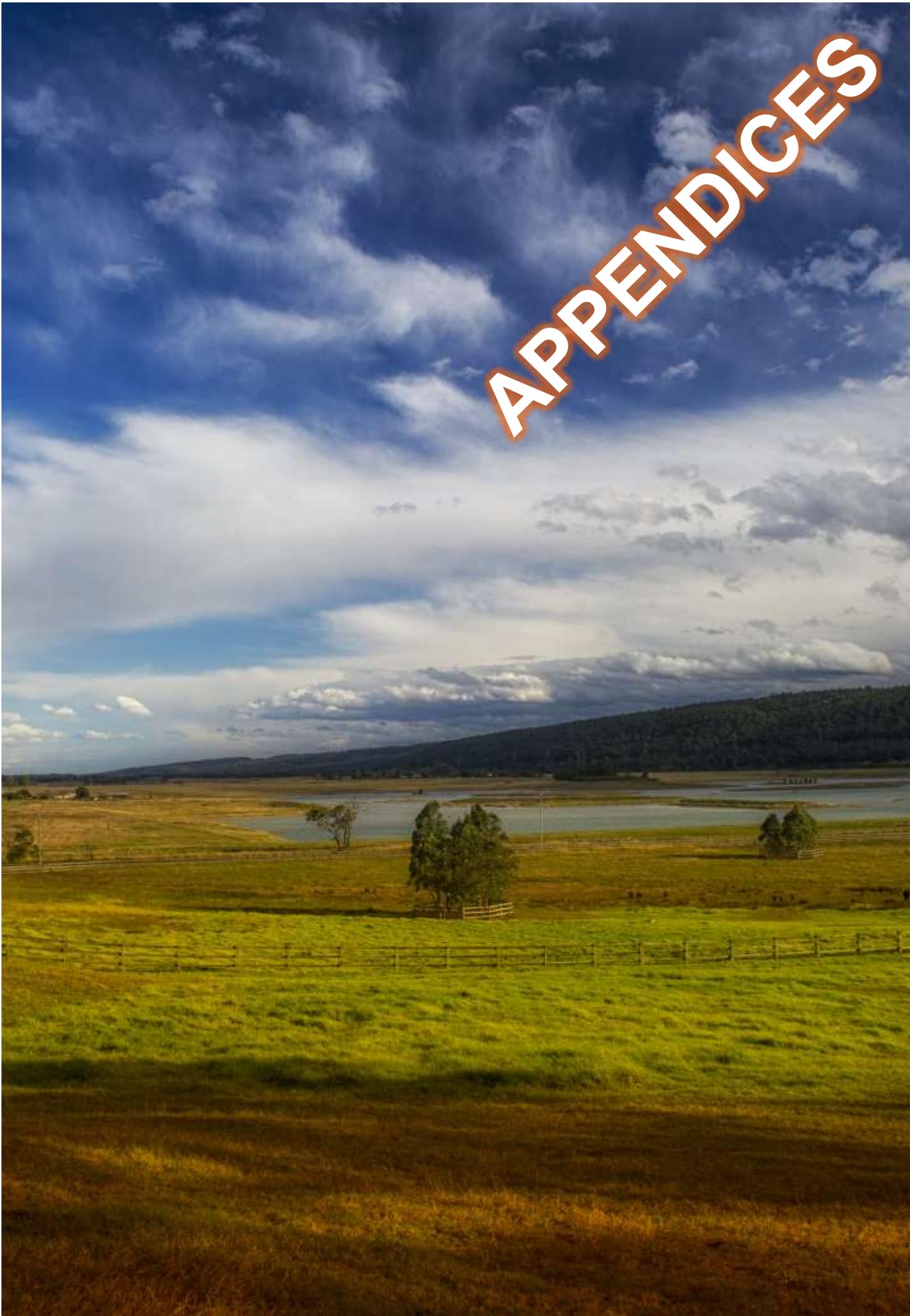
Basis of Accounting

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

HILL ROGERS SPENCER STEER

GARY MOTTAU
Partner

Dated at Sydney this 22nd day of September 2015



APPENDICES

APPENDIX 1—HISTORICAL FINANCIAL DATA

Income Statement

	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2013 \$'000	30 June 2012 \$'000	30 June 2011 \$'000
OPERATING REVENUES					
Rates and Annual Charges	119,741	112,142	104,564	98,524	90,630
User Charges and Fees	35,911	34,325	32,265	31,414	30,455
Investment Revenues	2,650	2,995	3,118	4,215	3,807
Grants and Contributions provided for Operating Purposes	30,268	21,966	24,341	36,484	33,553
Grants and Contributions provided for Capital Purposes	46,580	35,960	45,271	28,435	13,335
Profit from Disposal of Assets	587	-	-	-	-
Profit from Interests in Joint Ventures & Associates	635	1,155	727	333	426
Other Operating Revenues	8,584	6,258	6,877	8,862	6,345
Total Operating Revenues	244,956	214,801	217,163	208,267	178,551
OPERATING EXPENSES					
Employee Costs	83,430	81,474	76,933	75,899	72,601
Materials and Contracts	54,595	51,155	51,166	49,673	45,327
Borrowing Costs	3,434	3,826	3,995	4,064	4,139
Depreciation, Amortisation & Impairment	21,915	19,702	19,114	39,034	39,565
Loss from the Disposal of Assets	-	421	684	264	1,959
Other Operating Expenses	20,169	35,995	19,159	18,462	19,645
Total Operating Expenses	183,543	192,573	171,051	187,396	183,236
NET OPERATING RESULT	61,413	22,228	46,112	20,871	(4,685)
Net Operating Result before Capital Grants & Contributions	14,833	(13,732)	841	(7,564)	(18,020)
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	61,413	22,228	46,112	20,871	(4,685)

APPENDIX 1—HISTORICAL FINANCIAL DATA

Statement of Financial Position

	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2013 \$'000	30 June 2012 \$'000	30 June 2011 \$'000
CURRENT ASSETS					
Cash & Cash Equivalents	50,118	42,768	41,880	45,453	8,361
Investments	22,054	6,214	24,966	16,784	46,142
Receivables	10,483	8,619	8,316	9,068	13,177
Inventories	1,206	1,206	2,353	2,357	2,328
Other	1,548	1,306	1,102	1,117	1,347
Non-current assets classified as "held for sale"	-	449	-	-	-
Total Current Assets	85,409	60,562	78,617	74,779	71,355
NON-CURRENT ASSETS					
Investments	14,500	8,500	3,000	8,894	7,921
Receivables	1,136	1,357	2,215	2,468	2,154
Infrastructure, Property, Plant & Investments Accounted for using the Equity Method	2,868,202	2,626,627	2,590,652	2,508,126	2,258,994
Investment Property	15,388	20,218	20,719	20,550	18,635
Total Non-Current Assets	2,904,971	2,661,812	2,620,541	2,543,266	2,290,600
TOTAL ASSETS	2,990,380	2,722,374	2,699,158	2,618,045	2,361,955
CURRENT LIABILITIES					
Payables	17,185	15,126	15,890	14,439	15,688
Borrowings	11,066	9,675	8,853	8,413	7,656
Provisions	27,769	28,178	27,805	27,641	27,041
Total Current Liabilities	56,020	52,979	52,548	50,493	50,385
NON-CURRENT LIABILITIES					
Borrowings	56,722	57,765	57,233	59,849	59,999
Provisions	641	653	628	1,268	1,528
Total Non-Current Liabilities	57,363	58,418	57,861	61,117	61,527
TOTAL LIABILITIES	113,383	111,397	110,409	111,610	111,912
NET ASSETS	2,876,997	2,610,977	2,588,749	2,506,435	2,250,043
EQUITY					
Retained Earnings	2,004,516	1,943,103	1,920,875	1,874,763	1,853,892
Revaluation Reserves	872,481	667,874	667,874	631,672	396,151
TOTAL EQUITY	2,876,997	2,610,977	2,588,749	2,506,435	2,250,043

APPENDIX 2—RATES AND CHARGES

Comparative Rates Statistics

	2015	2014	2013	2012	2011
LEVIES ON PROPERTIES NOT SUBDIVIDED OR CHANGED TO/FROM BEING RATEABLE DURING YEAR					
Property Values					
General residential (\$'M)	13,278	12,681	12,495	12,289	12,216
Residential on minimum (\$'M)	1,942	2,299	2,269	1,863	1,836
General business (\$'M)	2,153	2,145	2,138	1,989	2,049
Business on minimum (\$'M)	77	77	76	74	71
Penrith CBD (\$'M)	313	311	321	312	312
Penrith CBD on minimum(\$'M)	9	9	9	9	9
St Marys Town Centre (\$'M)	65	68	67	62	62
St Marys Town Centre on minimum (\$'M)	2	2	2	2	2
General farmland (\$'M)	574	556	565	497	539
SUB-TOTAL	18,413	18,148	17,942	17,097	17,096
Property Numbers as at 30 June					
General residential	49,115	46,164	45,291	45,873	45,526
Residential on minimum	16,870	18,636	18,342	16,114	15,894
General business	1,686	1,650	1,660	1,643	1,706
Business on minimum	948	942	931	909	882
Penrith CBD	267	266	269	272	273
Penrith CBD on minimum	145	144	145	140	140
St Marys Town Centre	173	173	173	175	176
St Marys Town Centre on minimum	61	61	61	60	60
General farmland	389	379	379	370	399
Famland Minimum	8	8	8	8	8
SUB-TOTAL	69,662	68,423	67,259	65,564	65,064
Rate Levies per Property					
Residential (cents per \$ valuation)	0.4452	0.4262	0.40902	0.40024	0.37792
Residential minimum charge (\$)	843.95	809.95	772.15	755.60	714.20
Business (cents per \$ valuation)	0.7761	0.74136	0.71148	0.6962	0.65738
Business minimum charge (\$)	1079.90	1036.40	988.00	966.80	913.80
Famland (cents per \$ valuation)	0.2226	0.2131	0.20451	0.20012	0.18896
Penrith CBD (cents per \$ valuation)	0.881	0.84842	0.81422	0.79673	0.7523
Penrith CBD on minimum charge(\$)	1079.90	1036.40	988.00	966.80	913.80
St Marys Town Centre (cents per \$)	1.1925	1.1442	1.09808	1.0745	1.01458
St Marys Town Centre min. charge(\$)	1079.90	1036.40	988.00	966.80	913.80

APPENDIX 2—RATES AND CHARGES

Comparative Rates Statistics (continued)

	2015	2014	2013	2012	2011
Total Value of Rates Charged					
General residential (\$'000)	58,520	53,279	50,747	49,185	46,166
Residential on minimum (\$'000)	13,407	14,716	12,534	12,176	11,317
General business (\$'000)	15,988	15,532	14,760	13,850	13,473
Business on minimum (\$'000)	1,015	970	905	879	802
Penrith CBD (\$'000)	2,746	2,660	2,599	2,490	2,350
Penrith CBD on minimum (\$'000)	157	149	138	135	128
St Marys Town Centre (\$'000)	774	746	686	671	633
St Marys Town Centre on minimum(\$'000)	66	63	60	58	56
General Farmland (\$'000)	1,241	1,202	970	990	1,013
Farmland on minimum (\$'000)	8	6	6	6	6
Rates charged for part of year (\$'000)	1,742	1,022	834	1,685	478
Prior year adjustments (\$'000)	103	82	109	221	378
SUB-TOTAL	95,767	90,427	84,348	82,346	76,800
CONSOLIDATION ADJUSTMENTS					
Rates charged on Council owned properties (\$'000)	181	162	158	157	155
ANNUAL GARBAGE AND RECYCLING CHARGES (as at year end)					
Number of Services - The Sustainable Service	36,068	36,813	37,947	38,526	39,629
General charge (\$)	341	322	298	279	249
Number of services - The Reduced Organic	2,539	2,338	1,967	1,757	1,630
General charge (\$)	312	294	272	255	225
Number of Services - The Large	4,889	4,096	3,354	2,853	2,258
General charge (\$)	402	381	353	329	299
Number of Services - The Weekly 140L Red	6,718	6,395	5,984	5,329	5,150
General charge (\$)	464	432	393	364	320
Number of Services - Non-Urban and Multi-Unit	15,743	15,293	15,151	14,881	14,614
General charge (\$)	347	328	298	279	253
Number of Services - Vacant Land	1,900	1,829	1,747	1,346	1,290
General charge (\$)	39.6	38.1	34.8	30	27
Number of Services - Other	3,140	2,658	1,959	1,827	-
Number of Services - 240L Bin			-	-	-
General charge (\$)			-	-	-
Number of Services - 140L Bin			-	-	-
General charge (\$)			-	-	-
Total charged (\$'000)	27,854	22,816	20,235	18,755	16,467
EXTRA CHARGES					
Interest charges (\$'000)	311	349	454	477	383
Legal costs (\$'000)	302	437	432	395	423
PENSIONER DISCOUNTS					
Number of Pensioners	10,003	9,746	9,566	9,324	9,172
Discounts funded by Council (\$'000)	1,131	1,101	1,076	1,048	1,031
Discounts funded by State Govt.(\$'000)	1,382	1,346	1,316	1,282	1,261

APPENDIX 3

Local Government Managers Australia (LGMA) Sustainable Finances Health Check

The Local Government Managers Australia (LGMA) Sustainable Finances Health Check was developed through a consultative process aimed at establishing a tool allowing Council to better assess its financial condition. What resulted are the following indicators that were considered key to enabling this assessment to be made. In conjunction with the completion of the 2014-15 Financial Statements, the Local Government Managers Australia (LGMA) Sustainable Finances Health Check has been updated to incorporate these figures.

1. REVENUE SOURCES

Sources of Total Ordinary Revenue before Capital. Revenue from Ordinary Activities is classified by source as either from (shown in \$ millions):

	2015		2014		2013		2012		2011	
	\$	%	\$	%	\$	%	\$	%	\$	%
Rates and Charges										
- General Purpose	93.7	47.4	88.1	49.5	82.8	48.4	79.7	44.4	74.0	44.9
- Specific Purpose (DWM)	26.1	13.2	24.1	13.6	21.7	12.7	18.9	10.5	16.6	10.1
User Charges and Fees	35.9	18.1	34.3	19.3	32.3	18.9	31.4	17.5	30.5	18.5
Interest	2.7	1.4	3.0	1.7	3.1	1.8	4.2	2.3	3.8	2.3
Grants (Operating)										
- General Purpose	10.0	5.1	5.8	3.3	9.6	5.6	15.1	8.4	12.4	7.5
- Specific Purpose (DWM)	17.7	8.9	13.5	7.6	11.7	6.8	18.2	10.1	18.7	11.3
Contributions	2.5	1.3	2.7	1.5	3.0	1.8	3.1	1.7	2.5	1.5
Profit on Sale of Assets	0.6	0.3	-	-	-	-	-	-	-	-
Other	8.6	4.3	6.3	3.5	6.9	4.0	8.9	5.0	6.3	3.8
Total Ordinary Revenue before Capital	197.8	100.0	177.8	100.0	171.1	100.0	179.5	100.0	164.8	100.0

The revenue sources indicator provides the opportunity to understand and track the relative sources of revenue received by Council. Monitoring this indicator will enable Council to better measure and assess the degree of dependency on particular revenue sources. The stability of any 'over dependent' revenue source should be considered. A further dissection of the above information is available in Note 3 of Council's Financial Statements.

Comment: Revenue from charges imposed on the community constituted 78.7% of Council's revenue in 2014-15. Given the nature of these charges, this revenue stream is considered secure and sustainable in the long-term and has been strengthened by the Special Rate Variation.

2. CASH / LIQUIDITY POSITION

	2015	2014	2013	2012	2011
Unrestricted Current Ratio	1.64	1.10	1.19	1.31	1.19
Available Cash Position					
- Available Cash Assets (\$'000)	35,829	19,078	22,760	22,818	18,032
- Unrestricted Cash Assets (\$'000)	2,989	2,323	4,200	4,287	1,939
Availability of Cash Assets as a % of Total Revenue					
- Available Cash Assets	18.06	10.67	13.24	12.69	10.91
- Unrestricted Cash Assets	1.51	1.30	2.44	2.38	1.17

Scale: Unrestricted Current Ratio <1.1 = Red, 1.1 to 2.1 = Amber, Over 2.1 = Green

The **Unrestricted Current Ratio** aims to measure Council's liquidity and more importantly, Council's solvency. This indicator enables Council to assess whether debts will be able to be paid as they fall due, or whether arrangements should be put in place to raise additional funds or liquidate assets.

APPENDIX 3

Local Government Managers Australia (LGMA) Sustainable Finances Health Check (continued)

Available Cash Assets are defined as total cash assets held by Council less any externally restricted assets. This indicator presents the available cash assets as both a dollar value and percentage of total revenue respectively. This indicator is produced to enable users to better assess the Unrestricted Cash Ratio and the impact of unforeseen commitments.

Unrestricted Available Cash Assets takes the above one step further and subtracts both external and internal restrictions from the total cash assets held. This indicator highlights cash assets that are completely free of usage restriction and is similar to 'working funds'. Like the Available Cash Assets indicator, the Unrestricted Available Cash Assets indicator is used as a guide to interpreting and better understanding the Unrestricted Current Ratio.

Comment: the current year Unrestricted Current Ratio of 1.64:1 achieves a rating of **Amber** and is higher than last year (1.10:1). Council's practice of forward funding S94 expenditure in advance of contributions from internal reserves continues to constrain this indicator. Excluding these borrowings from the calculations would result in a UCR of 1.95:1 for 2014-15.

3. OPERATING RESULT

Trend analysis of **Operating Results** enables Council to determine if the current level of services can be sustained in the future. Successive negative results suggest a review of Council's strategic directions may be required.

	2015	2014	2013	2012	2011
Result from Ordinary Operations before Capital Grants and Contributions	14,833	(13,732)	841	(7,564)	(18,020)

Comment: This year's result was an improvement over the previous year, which was impacted by the \$14.1m payment to the Department of Infrastructure and Planning as Council's share of the Lenore Drive project. There was also an improvement in revenue, and a decline in expenses for 2014-15 that added to this result.

4. ASSET CONDITION MANAGEMENT

	2015	2014	2013	2012	2011
Asset Renewal	2.79	2.87	3.55	1.38	0.85
Maintenance / Maintenance Required	1.14	1.19	1.17	1.06	1.06
Asset Life Position	18.04%	16.92%	17.18%	16.60%	16.97%

Scale: Asset Renewal => 1 = **Green**, less than 1 = **Red**
Asset Maintenance => 1 = **Green**, less than 1 = **Red**

Asset Renewal is a ratio of funds spent renewing assets to annual depreciation of assets. This ratio allows an insight into the condition and cost to maintain public infrastructure assets.

Asset Maintenance is a comparison of the amount of funds spent on maintenance compared to the amount of funds required to maintain.

Asset Life Position shows the average life years of assets used to date as a percentage and is calculated by comparing Accumulated Depreciation and Total Asset Value.

Comment: Asset Renewal has scored a rating of **Green**. Asset Maintenance scores a **Green** rating. Both indicators are measuring the amount of funds spent compared to the amount required to be spent to ensure that Council's existing assets remain at an acceptable standard. Council's commitment to addressing our infrastructure backlog has seen increased funding for asset maintenance and renewal, and development of renewal programs for all key asset classes in recent years. The review of the LTFP and Resource Strategy during 2011-12 highlighted that while progress is being made in a number of asset classes, Council did not have the capacity to fully fund all identified asset renewal programs and addressing our infrastructure backlog was one of the key drivers for the current Special Rate Variation. As a result Council now has a program in place to address the identified infrastructure backlog for all key asset classes. Special Schedule 7 provides further information about the condition of these assets.

APPENDIX 3

Local Government Managers Australia (LGMA) Sustainable Finances Health Check (continued)

5. DEBT AND DEBTOR MANAGEMENT

	2015	2014	2013	2012	2011
Debt Service Ratio	7.87%	7.92%	7.80%	7.40%	7.65%
Outstanding Rates, Charges & Fees	4.93%	5.57%	6.24%	5.70%	5.57%
Other Debtors Outstanding	19.22%	23.01%	19.90%	18.59%	23.63%

Scale: Debt Service Ratio <15% = **Green**, 15-20% = **Amber**, >20% = **Red**
 Outstanding Rates <4% = **Green**, 4-5% = **Amber**, > 5% = **Red**
 Other Debtors <10% = **Green**, 10-15% = **Amber**, >15% = **Red**

The **Debt Service Ratio** shows what proportion of revenue is required as a commitment to fund Council's long term capacity to repay loans.

Both the **Outstanding Rates, Charges and Fees** and **Other Debtors Outstanding** indicators reflect Councils ability to collect debts that are legally owed to it. Given the unique nature of each Local Government area it is difficult to benchmark and thus rate these indicators across Councils leaving them to be best used in trend analysis.

Comment: The debt service ratio has reduced slightly over the prior year due to a higher level of revenue, and a similar level of borrowings between the two years and scores a **Green** rating. The Outstanding Rates, Charges and Fees has decreased compared to 2013-14, and scores a **Amber** rating. Other Debtors Outstanding has decreased over 2014-15 and scores a **Red** rating.

6. REVOTES OF EXPENDITURE

What % are your total revotes of expenditure compared to total annual expenditure?

	2015	2014	2013	2012	2011
Total Revotes of Expenditure compared to Total Annual Expenditure	5.85%	5.60%	4.20%	6.12%	4.09%

Scale: <2% = **Green**, 2-5% = **Amber**, >5% = **Red**

Comment: Revotes of Expenditure score a rating of **Red** this year, and is an slight increase over 2013-14. Significant revotes include amounts for the Andrews Road Wetlands Project, Better Boating Program, Kingsway Sporting Complex and Blair Oval All Weather Athletics, and Jamison Park Upgrades.

APPENDIX 3

**Local Government Managers Australia (LGMA)
Sustainable Finances Health Check (continued)**

7. ACCURACY / TIMELINESS OF FINANCIAL DATA / BUDGET / COMPLIANCE

	Yes / No
Financial bottom line (before Capital) matched to forecasts to a level of + or - 10%?	No
Receipt of an unqualified audit report?	Yes
Statements lodged to meet compliance deadline?	Yes
Timeliness of results and reporting to management and statutory authorities?	
<ul style="list-style-type: none"> • Do you report monthly to management – within 5 days of month end? (online reporting is available at all times) 	Yes
<ul style="list-style-type: none"> • Do you report quarterly statutory – within 21 days of quarter end? (reporting is within statutory timeframes) 	No
<ul style="list-style-type: none"> • Do you report annual statutory – within 21 days of year end? (reporting is within statutory timeframes) 	No
Budgets incorporate a 3-year plan where the 2nd year becomes the base for the following year (a high level third-year budget is incorporated)?	Yes
Rigour of budget review and then ongoing monthly / quarterly budget to actual results analysis?	Yes
Does the Responsible Accounting Officer formally report to Council on the sign-off of the Financial Statements (section 413)?	Yes