

# City Of Parramatta Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the period 13 May 2016 to 30 June 2017

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# City Of Parramatta Council

## General Purpose Financial Statements

for the period 13 May 2016 to 30 June 2017

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### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the operations for City Of Parramatta Council.
- (ii) City Of Parramatta Council is a body politic of NSW, Australia – being constituted as a local government area by proclamation and is duly empowered by the *Local Government Act 1993* (LGA).

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

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

- (iii) All figures presented in these financial statements are presented in Australian currency.
- (iv) These financial statements were authorised for issue by the Council on 11 December 2017. Council has the power to amend and reissue these financial statements.
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# City Of Parramatta Council

## General Purpose Financial Statements

for the period 13 May 2016 to 30 June 2017

### Understanding Council's financial statements

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#### Introduction

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

#### What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the period 13 May 2016 to 30 June 2017.

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

#### About the Councillor/Management Statement

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

#### About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

##### 1. The Income Statement

Summarises Council's financial performance for the period 13 May 2016 to 30 June 2017, listing all income and expenses.

##### 2. The Statement of Comprehensive Income

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

##### 3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

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

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

##### 5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

Council's annual financial statements are required to be audited by the Audit Office of NSW. In NSW the auditor provides two audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

#### Who uses the financial statements?

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

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

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

## City Of Parramatta Council

### General Purpose Financial Statements

for the period 13 May 2016 to 30 June 2017

### Statement by Councillors and Management

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

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

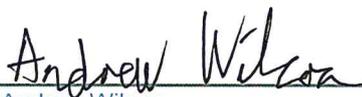
- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements, and
- the Local Government Code of Accounting Practice and Financial Reporting.

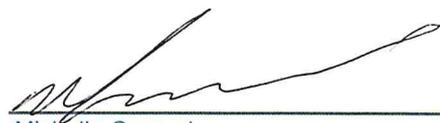
**To the best of our knowledge and belief, these financial statements:**

- present fairly the Council's operating result and financial position for the period 13 May 2016 to 30 June 2017, 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 11 December 2017.**

  
\_\_\_\_\_  
Andrew Wilson  
Lord Mayor

  
\_\_\_\_\_  
Michelle Garrard  
Deputy Lord Mayor

  
\_\_\_\_\_  
Greg Dyer  
Chief Executive Officer

  
\_\_\_\_\_  
Craig Becroft  
Responsible accounting officer

# City Of Parramatta Council

## Income Statement

for the period 13 May 2016 to 30 June 2017

\$ '000	Notes	13/5/16 to 30/6/17
<b>Income from continuing operations</b>		
<i>Revenue:</i>		
Rates and annual charges	3a	168,398
User charges and fees	3b	43,635
Interest and investment revenue	3c	9,387
Other revenues	3d	11,993
Grants and contributions provided for operating purposes	3e,f	40,936
Grants and contributions provided for capital purposes	3e,f	66,880
<i>Other income:</i>		
Net gains from the disposal of assets	5	9,663
Net share of interests in joint ventures and associates using the equity method	19	780
<b>Total income from continuing operations</b>		<b>351,672</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	4a	106,161
Borrowing costs	4b	3,923
Materials and contracts	4c	81,454
Depreciation and amortisation	4d	46,983
Other expenses	4e	35,176
<b>Total expenses from continuing operations</b>		<b>273,697</b>
<b>Operating result from continuing operations</b>		<b>77,975</b>
<b>Net operating result for the period</b>		<b>77,975</b>
<b>Gain on local government amalgamation</b>		
Net assets transferred from former councils	29	2,800,102
<b>Net result for the period</b>		<b>2,878,077</b>
<b>Net operating result attributable to Council</b>		<b>2,878,077</b>
<b>Net operating result for the period before grants and contributions provided for capital purposes</b>		<b>11,095</b>

# City Of Parramatta Council

## Statement of Comprehensive Income for the period 13 May 2016 to 30 June 2017

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\$ '000	Notes	13/5/16 to 30/6/17
<b>Net result for the year</b> (as per Income Statement)		<b>2,878,077</b>

# City Of Parramatta Council

## Statement of Financial Position as at 30 June 2017

\$ '000	Notes	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	6a	32,430
Investments	6b	109,301
Receivables	7	66,759
Inventories	8	84
Other	8	383
Non-current assets classified as 'held for sale'	22	209,650
<b>Total current assets</b>		<b>418,607</b>
<b>Non-current assets</b>		
Investments	6b	83,229
Receivables	7	17,641
Infrastructure, property, plant and equipment	9	2,498,688
Investments accounted for using the equity method	19	5,748
Intangible assets	25	1,918
<b>Total non-current assets</b>		<b>2,607,224</b>
<b>TOTAL ASSETS</b>		<b>3,025,831</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	10	44,550
Income received in advance	10	8,052
Borrowings	10	10,806
Provisions	10	31,706
<b>Total current liabilities</b>		<b>95,114</b>
<b>Non-current liabilities</b>		
Payables	10	878
Borrowings	10	48,451
Provisions	10	3,311
<b>Total non-current liabilities</b>		<b>52,640</b>
<b>TOTAL LIABILITIES</b>		<b>147,754</b>
<b>Net assets</b>		<b>2,878,077</b>
<b>EQUITY</b>		
Retained earnings	20	2,878,077
Council equity interest		2,878,077
<b>Total equity</b>		<b>2,878,077</b>

## City Of Parramatta Council

## Statement of Changes in Equity

for the period 13 May 2016 to 30 June 2017

**13/5/16 to 30/6/17**

\$ '000	Notes	Retained earnings	Total equity
<b>Opening balance</b>		-	-
<b>Revised opening balance</b>		-	-
<b>a. Net result for the year</b>		<b>2,878,077</b>	<b>2,878,077</b>
<b>b. Other comprehensive income</b>		-	-
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income (a&amp;b)</b>		<b>2,878,077</b>	<b>2,878,077</b>
<b>Equity – balance at end of the reporting period</b>		<b>2,878,077</b>	<b>2,878,077</b>

# City Of Parramatta Council

## Statement of Cash Flows

for the period 13 May 2016 to 30 June 2017

\$ '000	Notes	13/5/16 to 30/6/17
<b>Cash flows from operating activities</b>		
<b>Receipts:</b>		
Rates and annual charges		158,491
User charges and fees		41,524
Investment and interest revenue received		9,362
Grants and contributions		103,372
Bonds, deposits and retention amounts received		3,073
Other		33,720
<b>Payments:</b>		
Employee benefits and on-costs		(102,031)
Materials and contracts		(100,520)
Borrowing costs		(4,455)
Bonds, deposits and retention amounts refunded		(2,645)
Other		(26,103)
<b>Net cash provided in operating activities</b>	11b	<b>113,788</b>
<b>Cash flows from investing activities</b>		
<b>Receipts:</b>		
Sale of investment securities		195,976
Sale of infrastructure, property, plant and equipment		10,698
<b>Payments:</b>		
Purchase of investment securities		(203,729)
Purchase of infrastructure, property, plant and equipment		(88,026)
<b>Net cash provided used in investing activities</b>		<b>(85,081)</b>
<b>Cash flows from financing activities</b>		
<b>Receipts:</b>		
Nil		
<b>Payments:</b>		
Repayment of borrowings and advances		(13,787)
<b>Net cash flow used in financing activities</b>		<b>(13,787)</b>
<b>Net increase in cash and cash equivalents</b>		<b>14,920</b>
Plus: <b>cash transferred on amalgamation of councils</b>	29	17,511
<b>Cash and cash equivalents – end of the year</b>	11a	<b>32,431</b>
Additional Information:		
plus: <b>Investments on hand – end of year</b>	6b	192,530
<b>Total cash, cash equivalents and investments</b>		<b>224,961</b>
<b>Please refer to Note 11 for additional cash flow information</b>		
– Non-cash financing and investing activities		
– Financing arrangements		
– Net cash flow disclosures relating to any discontinued operations		

# City Of Parramatta Council

## Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

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## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 1. Summary of significant accounting policies

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

##### (a) Basis of preparation

The local government *City of Parramatta and Cumberland Proclamation 2016 (the Proclamation)* under the *Local Government Act 1993 (NSW)* transferred some of the assets and liabilities of the following former and altered councils:

- Former Auburn Council
- Former Holroyd Council
- Former Parramatta City Council (full transfer less transfer of Woodville ward to Cumberland)
- Altered Hills Shire Council
- Altered Hornsby Shire Council

to City of Parramatta Council as at 12 May 2016

Pursuant to the Proclamation, financial statements have been prepared for the period commencing on the date of establishment of City of Parramatta Council, being 13 May 2016 and ended on 30 June 2017.

Future reporting periods will be from 1 July to 30 June of the relevant years.

Part of the assets and liabilities of the Former Auburn Council, Former Holroyd Council, Former Parramatta City Council, Altered Hills Shire Council and Altered Hornsby Shire council as a result of amalgamation/boundary changes have been recognised by the City of Parramatta Council at the carrying amount recorded by the former or altered councils or fair value carrying amount depending on asset class. Refer to Note 27 for details on specific method used per asset class. An adjustment was made on day 1 of new council to align the policies and account for similar transactions/balances on the same basis. These adjustments will be performed as part of the assessment of the fair value of the assets and liabilities obtained.

Where relevant, City of Parramatta Council believes the carrying amounts are not materially different from their fair values as at the date of transfer 12 May 2016. The City of Parramatta has recognised

the assets at the carrying amount recorded by former or altered councils.

Where relevant City of Parramatta Council has as a result of a comprehensive revaluation recognised former councils' assets at their fair value as at the date of transfer 12 May 2016.

The fair value of the net assets has been shown as a gain on local government amalgamation in the income statement and further information is provided in Note 29.

These general purpose financial statements have been prepared in accordance with *Australian Accounting Standards and Australian Accounting Interpretations, the Local Government Act 1993 (NSW) and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting*. Council is a not for-profit entity for the purpose of preparing these financial statements.

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

There have been no new accounting standards adopted in this period's financial statements which have had any material impact on reported financial position, performance or cash flows. As a Council subject to Proclamation in May 2016, City of Parramatta Council is not required to complete related parties disclosure for the reporting period 13 May 2016 to 30 June 2017.

##### (ii) Early adoption of standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 13 May 2016.

##### (iii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of property, plant and equipment.

##### (iv) Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

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 Council and that are believed to be reasonable under the circumstances.

The accrual basis of accounting has also been applied in the preparation of these financial statements.

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

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

(i) Estimated fair values of infrastructure, property, plant and equipment,

#### **Significant judgements in applying the Council's accounting policies**

(i) Impairment of Receivables

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

#### **(b) Revenue recognition**

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

Council bases its estimates on historical results, taking into consideration the type of 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:

#### **(i) Rates, annual charges, grants and contributions**

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

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

Control over granted assets/contributed 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.

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 un-discharged at reporting 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 reporting date.

#### **(ii) User charges and fees**

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

#### **(iii) Sale of infrastructure, property, plant and equipment**

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

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

##### (iv) Interest

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

##### (v) Rent

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

##### (vi) Dividend income

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

##### (vii) Other income

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

#### (c) Principles of consolidation

##### (i) The Trust Fund

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

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

##### (ii) Interests in other entities

The Council has determined that it has only joint ventures.

##### Joint ventures

Interests in joint ventures are accounted for using the equity method in accordance with *AASB128 Associates and Joint Ventures*. Under this method, the investment is initially recognised as a cost and

the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If the Council's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Council discontinues recognising its share of further losses.

The Council's share in the joint venture's gains or losses arising from transactions between itself and its joint venture are eliminated.

Adjustments are made to the joint venture's accounting policies where they are different from those of the Council for the purpose of the consolidated financial statements.

The City of Parramatta and Parramasala have entered into a joint venture arrangement. The arrangement is deemed to be immaterial for the purposes of consolidation, however appropriate disclosures have been made in note 19.

##### (d) Leases

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that Council will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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

#### **(e) Impairment of assets**

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

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

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

#### **(f) Cash and cash equivalents**

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

#### **(g) Inventories**

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

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

Cost comprises direct materials, direct labour, and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

##### **(ii) Inventory held for distribution**

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

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

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

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

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

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

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets; assets arising from employee benefits; financial assets; and investment properties that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

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

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

##### (i) Investments and other financial assets

###### Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

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

##### (ii) Loans and receivables

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

Loans and receivables are included receivables (note 7) in the Statement of Financial Position.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

##### (iii) 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. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, that are classified as current assets.

##### (iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

##### **Recognition and de-recognition**

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

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

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

##### **Subsequent measurement**

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

Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

##### **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 Council may measure impairment on the basis of an instrument's fair value using an observable market price.

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

##### Investment Policy

Council has an approved investment policy complying with *Section 625 of the Local Government Act 1993 (NSW)* and *Clause 212 of the Local Government (General) Regulation 2005 (NSW)*.

Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the *Ministerial Local Government Investment Order*. Council maintains an investment policy that complies with the Act and ensures that it, or its representatives, exercise the care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the *Ministerial Local Government Investment Order (the Order)* arising from the *Cole Inquiry* recommendations. Certain investments the Council holds are no longer prescribed; however, they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

##### (j) Fair value estimation – financial instruments

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting 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 reporting date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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

available to the Council for similar financial instruments.

##### (k) Infrastructure, property, plant and equipment (IPPE)

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

##### Externally valued:

- Operational land
- Community land (Valuer General)
- Buildings – specialised/non-specialised
- Other structures – Multi Level Car Parks
- Roads assets including roads, bridges and footpaths
- Bulk earthworks
- Stormwater drainage
- Swimming pools

##### As approximated by depreciated historical cost:

- Plant and equipment
- Office equipment
- Furniture and fittings
- Library books
- Land Improvements
- Heritage Assets
- Other Assets
- Open Space and recreational assets

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. Council has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

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

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss.

Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; 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.

#### Depreciation

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 useful lives as follows:

<b>Plant and Equipment</b>	
- Office Equipment	5, 8 and 10 years
- Office furniture	10 years
- Vehicles and road making equip.	5, 6 and 10 years
- Other plant and equipment	3 and 10 years
<b>Other Equipment</b>	
- Playground equipment	5 years
- Benches, seats etc	5 years
<b>Buildings</b>	
- Buildings: Masonry	50 to 100 years
<hr/>	
<b>Stormwater Drainage</b>	
- Drains	5 to 200 years
- Flood Control Structures	5 to 200 years
<hr/>	
<b>Transportation Assets</b>	
- Sealed Roads: Surface	10 to 100 years
- Sealed Roads: Pavement	74 to 100 years
- Sealed Roads: Kerbs	50 to 80 years
- Bridges	10 to 100 years
- Other road assets	10 years

#### Other Assets

- Library Books	5 years
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#### Other Infrastructure Assets

- Bulk earthworks	Infinite
<hr/>	
- Swimming Pools	50 to 100 years
- Other Open Space/ Recreational Assets	50 to 100 years
<hr/>	
- Other Infrastructure	50 to 100 years

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

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

#### (l) Payables

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

#### (m) Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

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

#### (n) Borrowing costs

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

#### (o) Provisions

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

#### (p) Employee benefits

##### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly 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.

##### (ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

##### (iii) Retirement benefit obligations

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

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

##### Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the Statement of Financial Position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments that arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable.

##### Defined Contribution Plans

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

##### (q) Land under roads

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

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

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

##### (r) Intangible assets

###### *IT development and software*

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

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

##### (s) Crown reserves

Crown Reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

##### (t) Rural fire service assets

Under section 119 of the Rural Fire Services Act 1997 (NSW), "*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*".

City of Parramatta Council does not operate a rural fire service and has entered into arrangement with Hills Shire Council for it to continue operating out the of station in the local government area transferred as part of the City of Parramatta and Cumberland

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

Proclamation 2016. City of Parramatta did not recognise these assets as at 30 June 2017.

##### (u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the Statement of Financial Position.

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

##### (v) New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

As at the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

##### Effective for annual reporting periods beginning on or after 1 January 2017

- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15
- AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities

- AASB 2016-7 Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities

##### Effective for annual reporting periods beginning on or after 13 February 2017

AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014- 16 Cycle

##### Effective for annual reporting periods beginning on or after 13 December 2017

AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments

##### Effective for annual reporting periods beginning on or after 1 January 2018

AASB 9 Financial Instruments (December 2009)

- AASB 15 Revenue from Contracts with Customers
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)
- AASB 2014-1 Amendments to Australian Accounting Standards (Part E)
- AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) AASB 1057 Application of Australian Accounting Standards
- AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions
- AASB 2016-6 Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts

##### Effective for annual reporting periods beginning on or after 1 January 2019

AASB 16 Leases – All leases with a term of greater than 12 months will be accounted for on the Balance

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

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*Sheet, recognised as a lease asset and financial liability.*

*AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*

*AASB 1058 Income of Not-for-Profit Entities-the main impact of this being the deferral of grant and contribution income if Council has not met the obligation of the grant or contribution.*

*AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

The full impact of these standards has yet to be ascertained or quantified but will range from additional and/or revised disclosures to changes in how certain transactions and balances are accounted for.

#### **(w) Rounding of amounts**

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

## City Of Parramatta Council

## Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

## Note 2(a). Council functions/activities – financial information

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).				
	Income from continuing operations	Expenses from continuing operations	Operating result from continuing operations	Grants included in income from continuing operations	Total assets held (current and non-current)
	Actual 13/5/16 to 30/6/17	Actual 13/5/16 to 30/6/17	Actual 13/5/16 to 30/6/17	Actual 13/5/16 to 30/6/17	Actual 13/5/16 to 30/6/17
Economy	4,510	7,046	(2,536)	–	455,275
Environment	81,714	56,867	24,847	904	–
Connectivity	45,957	59,950	(13,993)	11,192	1,417,656
People and Neighbourhoods	17,717	46,176	(28,459)	6,127	280,280
Culture and Sport	4,890	19,409	(14,519)	625	129,753
Leadership and Governance	46,399	84,249	(37,850)	25,227	737,119
<b>Total functions and activities</b>	<b>201,187</b>	<b>273,697</b>	<b>(72,510)</b>	<b>44,075</b>	<b>3,020,083</b>
Share of gains/(losses) in associates and joint ventures (using the equity method)	780	–	780	–	5,748
General purpose income <sup>1</sup>	149,705	–	149,705	14,966	–
<b>Operating result from continuing operations</b>	<b>351,672</b>	<b>273,697</b>	<b>77,975</b>	<b>59,041</b>	<b>3,025,831</b>

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

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 2(b). Council functions/activities – component descriptions

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

##### **ECONOMY**

Parramatta's economic growth will help build the City as a centre of high, value-adding employment and the driving force behind the generation of new wealth for Western Sydney.

##### **ENVIRONMENT**

Parramatta will be an eco-efficient city that effectively manages and uses the City's growth to improve and protect the environment.

##### **CONNECTIVITY**

Parramatta will be a city with fast, reliable transport and digital networks that connect people to each other, to the information and services they need and to where they need to go.

##### **PEOPLE AND NEIGHBOURHOODS**

Parramatta will be a world-class city at the centre of Sydney that attracts a diversity of people: a city where people can learn, succeed and find what they need; a city where people live well, get together with others, feel like they belong and can reach their potential.

##### **CULTURE AND SPORT**

Parramatta will be a place where people want to be: a place that provides opportunities to relate to one another, the City and the local area: a place that celebrates its cultural and sporting heritage; and a place that uses its energy and cultural richness to improve quality of life and drive positive growth and joy.

##### **LEADERSHIP AND GOVERNANCE**

Parramatta will be widely known as a great city, a centre of excellence and an effective capital of Western Sydney, with inspirational leadership and good governance.

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 3. Income from continuing operations

\$ '000	Notes	13/5/16 to 30/6/17
<b>(a) Rates and annual charges</b>		
<b>Ordinary rates</b>		
Residential		72,736
Business		52,616
<b>Total ordinary rates</b>		<b>125,352</b>
<b>Special rates</b>		
Infrastructure		64
Harris Park Neighbourhood and Shops Infrastructure Levy		102
Catchment Remediation		506
CBD infrastructure		1,948
Economic development		724
Open space		2,070
Suburban infrastructure		1,601
<b>Total special rates</b>		<b>7,015</b>
<b>Annual charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services		32,759
Waste management services (non-domestic)		1,638
Stormwater levy		1,634
<b>Total annual charges</b>		<b>36,031</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>		<b>168,398</b>

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

# City Of Parramatta Council

## Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

### Note 3. Income from continuing operations (continued)

\$ '000	Notes	13/5/16 to 30/6/17
<b>(b) User charges and fees</b>		
<b>Specific user charges</b> (per s.502 – specific 'actual use' charges)		
Nil		
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Planning and building regulation		6,994
Section 149 certificates (EPA Act)		453
Section 603 certificates		293
Vehicle crossing inspection fees		211
Annual fire safety statement fee		227
Application for outstanding notices		60
Construction certificate		126
Construction zone fee		1,273
Cooling towers licence		96
Development advertising fee		439
Food premises licence		584
Hoarding fees		552
License fees		20
Payment processing fee		52
Road occupancy fees		366
Road opening permits		1,783
Section 611 charges		292
Subdivision release fee		382
Tree preservation fees		148
Other		436
<b>Total fees and charges – statutory/regulatory</b>		<b>14,787</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Child care		3,101
Golf course		232
Pools		1,830
Halls		561
Parks and reserves		252
Library incl. photocopy		86
Parramatta riverside theatres		3,259
Parking meters		4,851
Multi-level parking stations		14,427
Resident parking scheme		30
Other		219
<b>Total fees and charges – other</b>		<b>28,848</b>
<b>TOTAL USER CHARGES AND FEES</b>		<b>43,635</b>

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 3. Income from continuing operations (continued)

\$ '000	Notes	13/5/16 to 30/6/17
<b>(c) Interest and investment revenue (including losses)</b>		
<b>Interest</b>		
– Interest on overdue rates and annual charges (incl. special purpose rates)		416
– Interest earned on investments (interest and coupon payment income)		9,551
<b>Fair value adjustments</b>		
– Fair valuation movements in investments (at fair value or held for trading)		(580)
<b><u>TOTAL INTEREST AND INVESTMENT REVENUE</u></b>		<b><u>9,387</u></b>
<b>Interest revenue is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)		416
General Council cash and investments		7,225
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 94		1,746
<b><u>Total interest and investment revenue recognised</u></b>		<b><u>9,387</u></b>
<b>(d) Other revenues</b>		
Rental income – other council properties		2,623
Fines – parking		5,626
Fines – other		339
Legal fees recovery – rates and charges (extra charges)		218
Legal fees recovery – other		41
Commissions and agency fees		15
Insurance claim recoveries		54
Sales – general		368
Outdoor dining rentals		371
Rebates		177
Technical services – external		430
Building insurance and commission		7
Riverside theatre bar and catering sales		601
Other		1,123
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>11,993</u></b>

# City Of Parramatta Council

## Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

### Note 3. Income from continuing operations (continued)

\$ '000	13/5/16 to 30/6/17 Operating	13/5/16 to 30/6/17 Capital
<b>(e) Grants</b>		
<b>General purpose (untied)</b>		
Financial assistance – general component	11,273	–
Financial assistance – local roads component	2,854	–
Pensioners' rates subsidies – general component	839	–
<b>Total general purpose</b>	<b>14,966</b>	<b>–</b>
<b>Specific purpose</b>		
Pensioners' rates subsidies:		
– Domestic waste management	313	–
Child care	2,303	–
Library	558	–
Street lighting	961	–
Transport (roads to recovery)	–	1,820
Transport (other roads and bridges funding)	602	7,592
Community services	114	–
Dept infrastructure planning and natural resources	–	1,364
Federal stimulus	–	250
Federal dept of education and training	43	–
Greenspace	–	103
Home support	1,237	–
Ministry of the arts	625	–
Stronger Communities Fund	1,000	14,000
New Council Implementation Fund	10,000	–
Waste services performance improvement payment	458	–
Other	259	473
<b>Total specific purpose</b>	<b>18,473</b>	<b>25,602</b>
<b>Total grants</b>	<b>33,439</b>	<b>25,602</b>
<b>Grant revenue is attributable to:</b>		
– Commonwealth funding	2,120	5,274
– State funding	31,319	20,328
	<b>33,439</b>	<b>25,602</b>

## City Of Parramatta Council

## Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

## Note 3. Income from continuing operations (continued)

\$ '000	Notes	13/5/16 to 30/6/17 Operating	13/5/16 to 30/6/17 Capital
<b>(f) Contributions</b>			
<b>Developer contributions:</b>			
<b>(s93 &amp; s94 – EP&amp;A Act, s64 of the LGA):</b>			
S 93F – contributions using planning agreements		–	800
S 94 – contributions towards amenities/services		–	35,488
<b>Total developer contributions</b>	17	<b>–</b>	<b>36,288</b>
<b>Other contributions:</b>			
Kerb and gutter		1	–
Contributions to services from other Councils		3,056	–
National Disability Contribution		20	–
Environmental		35	–
Leaseback fees		881	–
Long service leave contributions		494	–
Other sponsorship received		173	–
Paid parental leave		284	–
LIRS subsidy		655	–
Road restoration contributions		836	–
Salary sacrifice motor vehicle contributions		218	–
ESPL Operating Cost Contribution		147	–
West Epping Park		–	4,912
Other		697	78
<b>Total other contributions</b>		<b>7,497</b>	<b>4,990</b>
<b>Total contributions</b>		<b>7,497</b>	<b>41,278</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>		<b>40,936</b>	<b>66,880</b>

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 3. Income from continuing operations (continued)

\$ '000	13/5/16 to 30/6/17
<b>(g) Unspent grants and contributions</b>	
<b>Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:</b>	
Unexpended at the close of the previous reporting period (former Councils)	44,610
<b>Add:</b> grants and contributions recognised in the current period but not yet spent:	91,919
<b>Less:</b> grants and contributions recognised in a previous reporting period now spent:	(14,292)
<b>Net increase (decrease) in restricted assets during the period</b>	<b>77,627</b>
<b>Unexpended and held as restricted assets</b>	<u><u>122,237</u></u>
<b>Comprising:</b>	
– Specific purpose unexpended grants	23,223
– Developer contributions	99,014
	<u><u>122,237</u></u>

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 4. Expenses from continuing operations

\$ '000	Notes	13/5/16 to 30/6/17
<b>(a) Employee benefits and on-costs</b>		
Salaries and wages		84,183
Travel expenses		69
Employee leave entitlements (ELE)		13,510
Superannuation		9,210
Workers' compensation insurance		295
Fringe benefit tax (FBT)		326
Training costs (other than salaries and wages)		1,013
Protective clothing		148
Recruitment costs		544
Other		282
<b>Total employee costs</b>		<b>109,580</b>
Less: capitalised costs		(3,419)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>106,161</b>
<b>(b) Borrowing costs</b>		
<b>(i) Interest bearing liability costs</b>		
Interest on loans		3,918
<b>Total interest bearing liability costs expensed</b>		<b>3,918</b>
<b>(ii) Other borrowing costs</b>		
Other borrowing costs		5
<b>Total other borrowing costs</b>		<b>5</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>3,923</b>

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	13/5/16 to 30/6/17
<b>(c) Materials and contracts</b>		
Raw materials and consumables		7,080
Contractor and consultancy costs		
– locksmith external services		137
– ICT software maintenance		268
– organisational related costs		500
– air conditioning external services		267
– events program		681
– economic development		217
– building improvements		524
– bushland management		1,990
– open space and natural resources management		354
– cleaning external services		2,546
– consultancies		6,806
– parks infrastructure maintenance		754
– footpath maintenance		856
– electrical external services		387
– external plant and equipment hire		525
– fire protection equipment external services		311
– garbage external services		4,032
– meals on wheels services		223
– other minor contracts		2,272
– motor vehicle accident repairs		253
– multi-level car parks		1,921
– on street paid parking		510
– pavement maintenance		228
– plant repairs		604
– plumbing external services		382
– professional services		3,387
– public tree maintenance		545
– recycling external services		2,394
– restorations		527
– road waste removal external services		317
– security external services		1,490
– tipping fees		19,569
– other contractor and consultancy costs		2,530
– library network		521
– local parks maintenance		255
– sporting grounds maintenance		338
– sustainability and waste		670
– catchment maintenance		547
– agency employees		5,663

(continued on the next page...)

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	13/5/16 to 30/6/17
<b>(c) Materials and contracts (continued)</b>		
Auditors remuneration		168
Legal expenses:		
– Legal expenses: planning and development		140
– Legal expenses: other		2,088
Operating leases:		
– Operating lease rentals: minimum lease payments		6,104
<b>Total materials and contracts</b>		<b>81,881</b>
Less: capitalised costs		(427)
<b><u>TOTAL MATERIALS AND CONTRACTS</u></b>		<b><u>81,454</u></b>
<b>Operating lease payments are attributable to:</b>		
Buildings		5,154
Computers		890
Other		60
<b>(d) Depreciation, amortisation and impairment</b>		
<b>Depreciation and amortisation</b>		
Plant and equipment		2,662
Office equipment		505
Furniture and fittings		2,867
Land improvements (depreciable)		8
Infrastructure:		
– Buildings – non-specialised		5,179
– Other structures		1,258
– Roads		19,767
– Bridges		1,247
– Footpaths		2,640
– Stormwater drainage		3,569
– Swimming pools		42
– Other open space/recreational assets		5,386
Other assets		
– Heritage collections		11
– Library books		750
– Other		7
Intangible assets	25	1,085
<b><u>TOTAL DEPRECIATION AND AMORTISATION COSTS</u></b>		<b><u>46,983</u></b>

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	13/5/16 to 30/6/17
<b>(e) Other expenses</b>		
Advertising		1,759
Bad and doubtful debts		23
Bank charges		649
Contributions/levies to other levels of government		
– Department of planning levy		354
– Emergency services levy (includes FRNSW, SES, and RFS levies)		81
– NSW fire brigade levy		2,051
Councillor expenses – mayoral fee		49
Councillor expenses – councillors' fees		13
Councillors' expenses (incl. mayor) – other (excluding fees above)		675
Donations, contributions and assistance to other organisations (Section 356)		3,421
Electricity and heating		1,961
Insurance		2,067
Postage		612
Street lighting		3,550
Subscriptions and publications		798
Telephone and communications		819
Valuation fees		492
Permits		9
Lease compensation payments		14
Contribution to other Councils		1,915
Artists in mall and other artists		1,694
Car registrations		368
Catering		526
Computer expenses		4,886
Microfilming		215
Parking – seins costs		834
Parking space levy		1,957
Promotions and publicity		1,816
Rent collection costs		369
Water		503
Other		1,123
<b>Total other expenses</b>		<b>35,603</b>
Less: capitalised costs		(427)
<b>TOTAL OTHER EXPENSES</b>		<b>35,176</b>

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	13/5/16 to 30/6/17
<b>Property</b> (excl. investment property)		
Proceeds from disposal – property		24,721
Less: carrying amount of property assets sold/written off		(15,568)
<b>Net gain/(loss) on disposal</b>		<b>9,153</b>
<b>Plant and equipment</b>		
Proceeds from disposal – plant and equipment		1,632
Less: carrying amount of plant and equipment assets sold/written off		(1,122)
<b>Net gain/(loss) on disposal</b>		<b>510</b>
<b>Financial assets</b>		
Proceeds from disposal/redemptions/maturities – financial assets		195,976
Less: carrying amount of financial assets sold/redeemed/matured		(195,976)
<b>Net gain/(loss) on disposal</b>		<b>–</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>9,663</b>

## City Of Parramatta Council

## Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

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

\$ '000	Notes	13/5/16 to 30/6/17 Current	13/5/16 to 30/6/17 Non-current
<b>Cash and cash equivalents (Note 6a)</b>			
Cash on hand and at bank		8,595	–
Cash-equivalent assets <sup>1</sup>			
– Deposits at call		6,016	–
– Short-term deposits		17,819	–
<b>Total cash and cash equivalents</b>		<b>32,430</b>	<b>–</b>
<b>Investments (Note 6b)</b>			
– Managed funds		13,031	–
– Term deposits		68,170	31,652
– Negotiable Certificates of Deposit's, Floating Rate Note's (with maturities > 3 months)		28,100	51,577
<b>Total investments</b>		<b>109,301</b>	<b>83,229</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>		<b>141,731</b>	<b>83,229</b>

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

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

**Cash and cash equivalents**

**a. 'At fair value through the profit and loss'**

<b>32,430</b>	<b>–</b>
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**Investments**

**a. 'At fair value through the profit and loss'**

– 'Held for trading'

41,131	51,577
--------	--------

**b. 'Held to maturity'**

68,170	31,652
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**Investments**

<b>109,301</b>	<b>83,229</b>
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Refer to Note 27. Fair value measurement for information regarding the fair value of investments held.

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

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

\$ '000	13/5/16 to 30/6/17 Current	13/5/16 to 30/6/17 Non-current
<b>Total cash, cash equivalents and investments</b>	<b>141,731</b>	<b>83,229</b>
<b>attributable to:</b>		
External restrictions (refer below)	42,447	83,229
Internal restrictions (refer below)	54,373	–
Unrestricted	44,911	–
	<b>141,731</b>	<b>83,229</b>

13/5/16 to 30/6/17 \$ '000	Transferred from former Councils	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)	266	–	(266)	–
<b>External restrictions – included in liabilities</b>	<b>266</b>	<b>–</b>	<b>(266)</b>	<b>–</b>

##### External restrictions – other

Developer contributions – general (B)	52,859	38,034	(12,725)	78,168
Specific purpose unexpended grants (C)	1,944	43,131	(21,852)	23,223
Domestic waste management (D)	12,995	7,718	(5,199)	15,514
Harris park special rate	105	186	–	291
Open space special rate	1,881	2,212	(2,782)	1,311
Stormwater levy	425	2,465	(1,480)	1,410
Economic development special rate	937	795	(991)	741
Suburban infrastructure special rate	1,385	1,718	(3,028)	75
CBD infrastructure special rate	2,666	2,279	(571)	4,374
Infrastructure Special Rate (Former Holroyd)	–	62	–	62
Catchment Remediation Special Rate	–	507	–	507
<b>External restrictions – other</b>	<b>75,197</b>	<b>99,107</b>	<b>(48,628)</b>	<b>125,676</b>
<b>Total external restrictions</b>	<b>75,463</b>	<b>99,107</b>	<b>(48,894)</b>	<b>125,676</b>

- A Loan moneys which must be applied for the purposes for which the loans were raised.
- B Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- C Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1 (b))
- D Domestic waste management (DWM) and other special rates/levies/charges are externally restricted assets and must be applied for the purposes for which they were raised.

## City Of Parramatta Council

## Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

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

13/5/16 to 30/6/17 \$ '000	Transferred from former Councils	Transfers to restrictions	Transfers from restrictions	Closing balance
<b>Internal restrictions</b>				
Plant and vehicle replacement	2,730	–	(2,730)	–
Employees leave entitlement	5,499	–	–	5,499
Computerised management information	1,136	–	(1,136)	–
Street furniture	106	–	(106)	–
Open space and recreation	402	–	(402)	–
Uncompleted works revenue	11,065	–	(11,065)	–
Property and significant assets reserve	53,451	3,273	(20,520)	36,204
Council Election	600	200	–	800
Parking meters	1,589	3,937	(4,168)	1,358
Granville reserve	2,393	–	(2,393)	–
Urgent ward works	7,707	–	(4,416)	3,291
Asset renewal reserve	13,623	2,924	(9,326)	7,221
<b>Total internal restrictions</b>	<b>100,301</b>	<b>10,334</b>	<b>(56,262)</b>	<b>54,373</b>
<b>TOTAL RESTRICTIONS</b>	<b>175,764</b>	<b>109,441</b>	<b>(105,156)</b>	<b>180,049</b>

# City Of Parramatta Council

## Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

### Note 7. Receivables

\$ '000	Notes	2017	
		Current	Non-current
<b>Purpose</b>			
Rates and annual charges		4,989	787
User charges and fees		1,141	–
Accrued revenues			
– Interest on investments		1,794	–
Amounts due from other councils		47,963	–
Deferred debtors		–	15,655
Government grants and subsidies		7,199	–
Net GST receivable		1,984	–
Hoarding fees		185	–
Environmental upgrade agreements		140	878
Employee receivables		5	321
GIO workers compensation		79	–
Licensing receivables		772	–
Property leases		554	–
Restorations / reinstatements		83	–
Riverside theatres parramatta		24	–
Facility Hire		198	–
Other debtors		807	–
<b>Total</b>		<b>67,917</b>	<b>17,641</b>
<b>Less: provision for impairment</b>			
Rates and annual charges		(59)	–
Other debtors		(1,099)	–
<b>Total provision for impairment – receivables</b>		<b>(1,158)</b>	<b>–</b>
<b>TOTAL NET RECEIVABLES</b>		<b>66,759</b>	<b>17,641</b>
<b>Externally restricted receivables</b>			
Domestic waste management		1,396	–
Stormwater management		134	–
Other			
Open space special rate		61	–
Economic development special rate		36	–
Suburban infrastructure special rate		49	–
CBD Infrastructure special rate		89	–
Harris park special rate		11	–
Infrastructure Special Rate (Former Holroyd)		2	–
Section 94 due from other Councils		20,846	–
<b>Total external restrictions</b>		<b>22,624</b>	<b>–</b>
<b>Unrestricted receivables</b>		<b>44,135</b>	<b>17,641</b>
<b>TOTAL NET RECEIVABLES</b>		<b>66,759</b>	<b>17,641</b>

#### Notes on debtors above:

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

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 8. Inventories and other assets

\$ '000	Notes	2017	
		Current	Non-current
<b>(a) Inventories</b>			
<b>Inventories at cost</b>			
Stores and materials		67	–
Trading stock		17	–
<b>Total inventories at cost</b>		<b>84</b>	<b>–</b>
<b><u>TOTAL INVENTORIES</u></b>		<b><u>84</u></b>	<b><u>–</u></b>
<b>(b) Other assets</b>			
Prepayments		368	–
Other		15	–
<b><u>TOTAL OTHER ASSETS</u></b>		<b><u>383</u></b>	<b><u>–</u></b>

#### Externally restricted assets

There are no restrictions applicable to the above assets.

#### Other disclosures

##### Inventory write downs

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

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

## City Of Parramatta Council

Notes to the Financial Statements  
for the period 13 May 2016 to 30 June 2017

## Note 9a. Infrastructure, property, plant and equipment

Asset class \$ '000	IPP&E transferred from former Councils as at 13/5/2016			Asset movements during the reporting period				as at 30/6/2017		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	–	–	–	10,587	20,130	–	–	30,715	–	30,715
Plant and equipment	18,036	10,766	7,270	–	5,558	(1,122)	(2,662)	20,117	11,072	9,045
Office equipment	10,389	8,391	1,998	151	–	–	(505)	10,528	8,883	1,645
Furniture and fittings	16,753	6,077	10,676	1,367	–	–	(2,867)	17,938	8,763	9,175
<b>Land:</b>										
– Operational land	457,566	–	457,566	–	12,035	(14,326)	–	455,275	–	455,275
– Community land	261,203	–	261,203	–	34	(1,238)	–	259,999	–	259,999
– Land under roads (post 30/6/08)	1,024	–	1,024	–	–	–	–	1,024	–	1,024
Land improvements – depreciable	310	88	222	642	30	–	(8)	982	96	886
<b>Infrastructure:</b>										
– Buildings – non-specialised	189,283	23,011	166,272	1,075	1,956	(4)	(5,179)	188,686	24,566	164,120
– Other structures	37,190	17,553	19,637	632	384	–	(1,258)	32,774	13,379	19,395
– Roads	1,145,520	235,881	909,639	13,798	322	–	(19,767)	1,159,640	255,648	903,992
– Bridges	98,105	27,541	70,564	12	–	–	(1,247)	98,117	28,788	69,329
– Footpaths	152,966	32,978	119,988	4,239	1,324	–	(2,640)	158,528	35,617	122,911
– Bulk earthworks (non-depreciable)	102,677	–	102,677	–	–	–	–	102,677	–	102,677
– Stormwater drainage	354,101	133,208	220,893	1,326	97	–	(3,569)	355,524	136,777	218,747
– Swimming pools	1,336	310	1,026	–	–	–	(42)	1,336	352	984
– Other open space/recreational assets	139,709	25,789	113,920	529	6,697	–	(5,386)	146,358	30,598	115,760
<b>Other assets:</b>										
– Heritage collections	2,347	44	2,303	(0)	–	–	(11)	2,347	55	2,292
– Library books	13,322	11,361	1,961	1,290	–	–	(750)	14,612	12,111	2,501
– Other	8,056	418	7,638	493	92	–	(7)	8,640	424	8,216
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.</b>	<b>3,009,893</b>	<b>533,415</b>	<b>2,476,478</b>	<b>36,141</b>	<b>48,659</b>	<b>(16,690)</b>	<b>(45,898)</b>	<b>3,065,817</b>	<b>567,129</b>	<b>2,498,688</b>

Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27. Fair value measurement for information regarding the fair value of other infrastructure, property, plant and equipment.

Refer to Note 29. Local Government amalgamation for information regarding IPP&E transferred from former Councils.

## City Of Parramatta Council

### Notes to the Financial Statements for the period 13 May 2016 to 30 June 2017

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

\$ '000 Class of asset	Actual 2017		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
<b>Domestic waste management</b>			
Plant and equipment	70	18	52
<b>Total DWM</b>	<b>70</b>	<b>18</b>	<b>52</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>70</b>	<b>18</b>	<b>52</b>

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

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

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2017	
		Current	Non-current
<b>Payables</b>			
Goods and services		10,203	–
Accrued expenses:			
– Accrued Interest		292	–
– Salaries and wages		1,864	–
– Other expenditure accruals		23,214	–
Security bonds, deposits and retentions		8,837	–
Environment Upgrade Agreement		140	878
<b>Total payables</b>		<b>44,550</b>	<b>878</b>
<b>Income received in advance</b>			
Payments received in advance		8,052	–
<b>Total income received in advance</b>		<b>8,052</b>	<b>–</b>
<b>Borrowings</b>			
Loans – secured <sup>1</sup>		10,806	48,451
<b>Total borrowings</b>		<b>10,806</b>	<b>48,451</b>
<b>Provisions</b>			
<b>Employee benefits:</b>			
Annual leave		8,452	–
Sick leave		1,193	–
Long service leave		14,728	918
Other employee provisions		3,233	–
<b>Sub-total – aggregate employee benefits</b>		<b>27,606</b>	<b>918</b>
Local government Elections (Sept 17)		800	–
Potential legal actions		700	–
Asbestos Removal		2,600	–
Make Good Provisions		–	2,393
<b>Total provisions</b>		<b>31,706</b>	<b>3,311</b>
<b><u>TOTAL PAYABLES, BORROWINGS AND PROVISIONS</u></b>		<b><u>95,114</u></b>	<b><u>52,640</u></b>

#### (i) Liabilities relating to restricted assets

There are no restricted assets (external or internal) applicable to the above liabilities.

<sup>1</sup>. Loans are secured over the general rating income of Council

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

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

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

\$ '000	Actual 2017
<b>(ii) Current liabilities not anticipated to be settled within the next twelve months</b>	
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.	
Provisions – employees benefits	13,870
Payables – security bonds, deposits and retentions	6,758
	<b><u>20,628</u></b>

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

Class of provision	2016	13/5/16 to 30/6/17				Closing balance as at 30/6/17
	Former Councils	Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	
Other employee provisions	1,870	1,363	–	–	–	3,233
Potential legal actions	200	500	–	–	–	700
Asbestos Removal	–	2,600	–	–	–	2,600
Make Good Provisions	–	2,393	–	–	–	2,393
Other	600	200	–	–	–	800
<b>TOTAL</b>	<b>2,670</b>	<b>7,056</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9,726</b>

- a. Employees leave entitlements and 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.

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 2017
<b>(a) Reconciliation of cash assets</b>		
Total cash and cash equivalent assets	6a	32,430
Less bank overdraft	10	–
<b>Balance as per the Statement of Cash Flows</b>		<b>32,430</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>		
<b>Net result from Income Statement</b>		<b>77,975</b>
<b>Adjust for non-cash items:</b>		
Depreciation and amortisation		46,983
Net losses/(gains) on disposal of assets		(9,663)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'		580
Share of net (profits) or losses of associates/joint ventures		(780)
<b>+/- Movement in operating assets and liabilities and other cash items:</b>		
Decrease/(increase) in receivables		(1,649)
Increase/(decrease) in provision for doubtful debts		20
Decrease/(increase) in inventories		34
Decrease/(increase) in other assets		(166)
Increase/(decrease) in payables		(4,024)
Increase/(decrease) in accrued interest payable		(532)
Increase/(decrease) in other accrued expenses payable		2,608
Increase/(decrease) in other liabilities		(2,146)
Increase/(decrease) in employee leave entitlements		4,444
Increase/(decrease) in other provisions		103
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>113,788</b>

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

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

\$ '000	Notes	Actual 2017
<b>(c) Non-cash investing and financing activities</b>		
Nil		
<b>(d) Financing arrangements</b>		
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>		
Bank overdraft facilities <sup>(1)</sup>		1,000
Credit cards/purchase cards		250
<b>Total financing arrangements</b>		<b>1,250</b>

1. The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice. Interest rates on overdrafts are interest rates on loans and other payables are disclosed in Note 15.

#### **(ii) Secured loan liabilities**

Loans are secured by a mortgage over future years rate revenue only.

#### **(e) Bank guarantees**

Council has the following bank guarantees (\$9,118,000) provided to external parties with a facility limit of \$13,150,000:

- Workers Compensation \$8,842,000
- Property Lease \$272,000
- Other \$4,000

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 12. Commitments for expenditure

\$ '000	Notes	Actual 2017
<b>(a) Capital commitments (exclusive of GST)</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings		1,596
Plant and equipment		255
Footpaths		235
Roads, kerb and gutter		875
Stormwater Drainage		94
Land Improvements		914
Other		221
<b>Total commitments</b>		<b>4,190</b>
<b>These expenditures are payable as follows:</b>		
Within the next year		4,190
<b>Total payable</b>		<b>4,190</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds		957
Sect 64 and 94 funds/reserves		906
Unexpended grants		739
Special rates		380
Other funding		1,208
<b>Total sources of funding</b>		<b>4,190</b>
<b>(b) Finance lease commitments</b>		
Nil		
<b>(c) Operating lease commitments (non-cancellable)</b>		
<b>a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:</b>		
Within the next year		4,651
Later than one year and not later than 5 years		1,093
<b>Total non-cancellable operating lease commitments</b>		<b>5,744</b>
<b>b. Non-cancellable operating leases include the following assets:</b>		
Operating leases are in place for computer equipment and property assets and have lease terms of between three and four years.		

# City Of Parramatta Council

## Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

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

\$ '000	Amounts 2017	Indicator 2017	Benchmark
<b>Local government industry indicators – consolidated</b>			
<b>1. Operating performance ratio</b>			
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	<u>1,232</u>	<b>0.45%</b>	>0.00%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	<u>274,929</u>		
<b>2. Own source operating revenue ratio</b>			
Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions	<u>233,993</u>	<b>68.46%</b>	>60.00%
Total continuing operating revenue <sup>(1)</sup>	<u>341,809</u>		
<b>3. Unrestricted current ratio</b>			
Current assets less all external restrictions <sup>(2)</sup>	<u>353,536</u>	<b>4.75x</b>	>1.5x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>	<u>74,486</u>		
<b>4. Debt service cover ratio</b>			
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	<u>52,138</u>	<b>2.94x</b>	>2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>17,710</u>		
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>			
Rates, annual and extra charges outstanding	<u>5,717</u>	<b>3.03%</b>	< 5%
Rates, annual and extra charges collectible	<u>188,428</u>		
<b>6. Cash expense cover ratio</b>			
Current year's cash and cash equivalents plus all term deposits	<u>132,252</u>	<b>6.36 mths</b>	> 3 mths
Payments from cash flow of operating and financing activities	<u>20,795</u>		

#### Notes

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

(2) Refer Notes 6-8 inclusive.

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

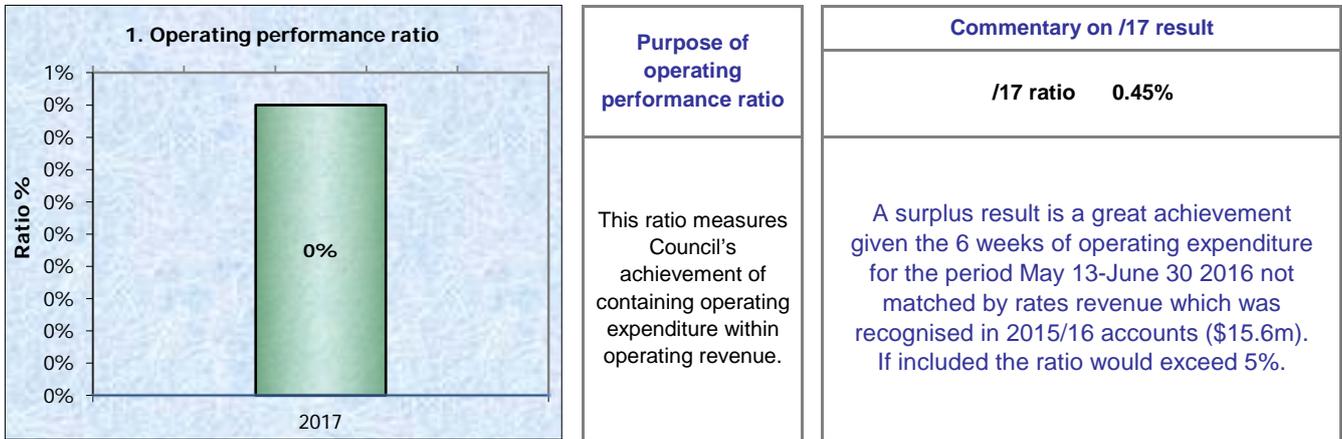
(3) Refer to Note 10(a).

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

# City Of Parramatta Council

## Notes to the Financial Statements for the period 13 May 2016 to 30 June 2017

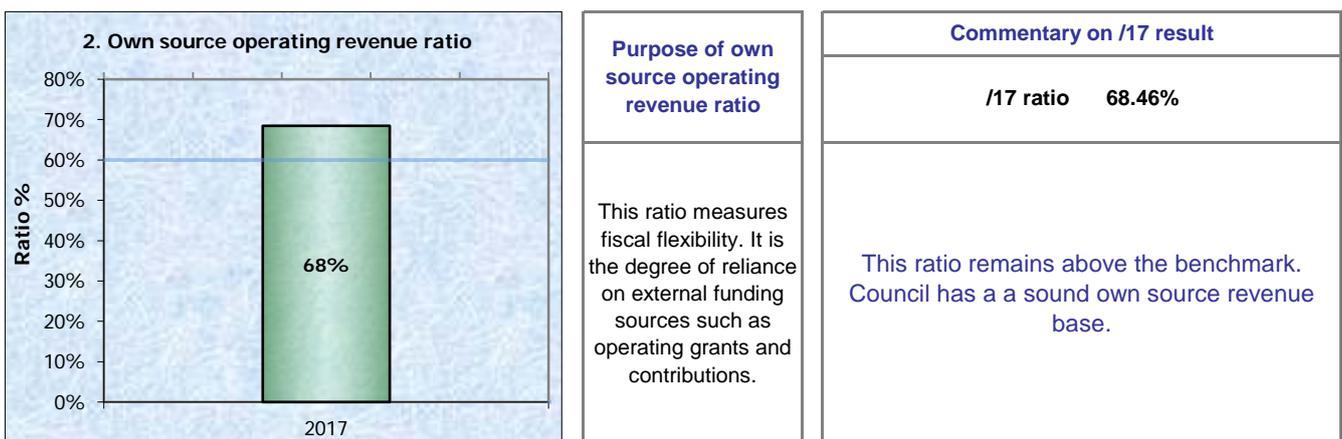
### Note 13a(ii). Local government industry indicators – graphs (consolidated)



Benchmark: Minimum  $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

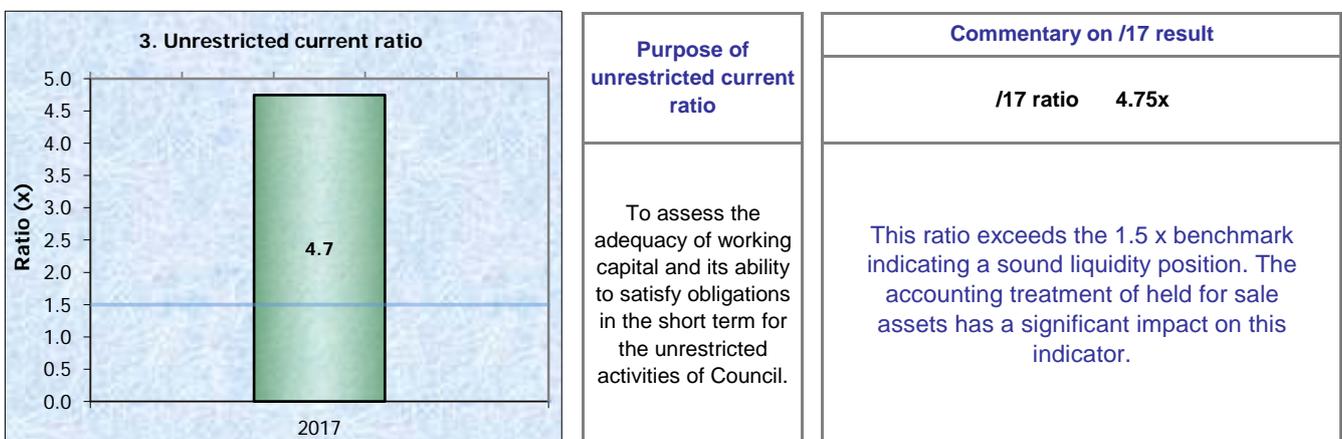
Ratio achieves benchmark  
 Ratio is outside benchmark



Benchmark: Minimum  $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark  
 Ratio is outside benchmark



Benchmark: Minimum  $\geq 1.50$

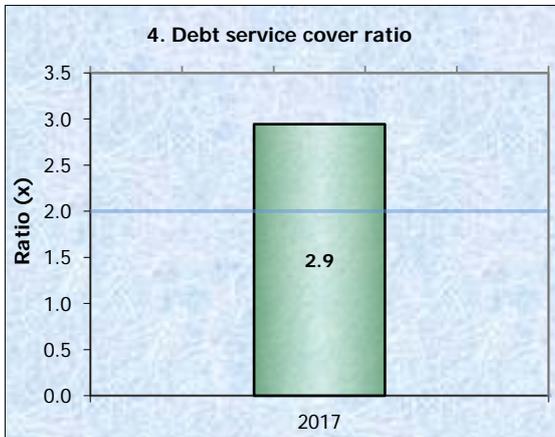
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark  
 Ratio is outside benchmark

# City Of Parramatta Council

## Notes to the Financial Statements for the period 13 May 2016 to 30 June 2017

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



**Purpose of debt service cover ratio**

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

**Commentary on /17 result**

**/17 ratio 2.94x**

Council is above the benchmark of 2.0 mainly due to a favourable operating result and Council not taking up additional borrowings, which ultimately reduces the loan servicing costs.

Benchmark: ——— Minimum  $\geq 2.00$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25



Ratio achieves benchmark

Ratio is outside benchmark



**Purpose of rates and annual charges outstanding ratio**

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

**Commentary on /17 result**

**/17 ratio 3.03%**

This indicator is below benchmark and indicates outstanding debt recovery results.

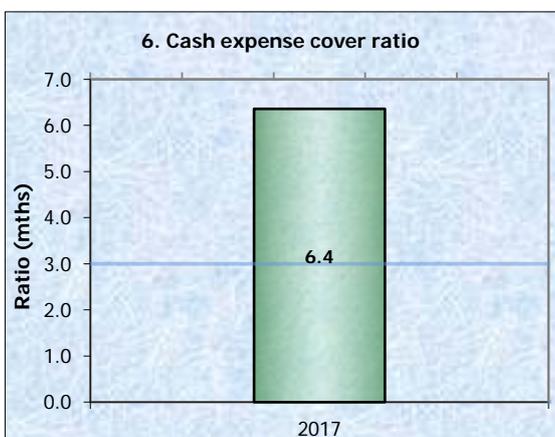
Benchmark: ——— Maximum  $< 5.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #25



Ratio is within Benchmark

Ratio is outside Benchmark



**Purpose of cash expense cover ratio**

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

**Commentary on /17 result**

**/17 ratio 6.36 mths**

The ratio indicates that Council has sufficient liquidity to cover its short term cash outlays and is above the benchmark of 3 months.

Benchmark: ——— Minimum  $\geq 3.00$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25



Ratio achieves benchmark

Ratio is outside benchmark

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 14. Investment properties

\$ '000

Council has not classified any land or buildings as 'investment properties'.

#### Note 15. Financial risk management

##### Risk management

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

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

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

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

	Carrying Amount 2017	Fair Value 2017
<b>Financial assets</b>		
Cash and cash equivalents	32,430	32,430
Investments		
– 'Held for trading'	92,708	92,708
– 'Held to maturity'	99,822	99,822
Receivables	84,400	84,400
<b>Total financial assets</b>	<b>309,360</b>	<b>309,360</b>
<b>Financial liabilities</b>		
Payables	45,428	45,428
Loans/advances	59,257	61,299
<b>Total financial liabilities</b>	<b>104,685</b>	<b>106,727</b>

Fair value is determined as follows:

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

Refer to Note 27. Fair value measurement for information regarding the fair value of financial assets and liabilities.

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 15. Financial risk management (continued)

\$ '000

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

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

Council has an investment policy which complies with the *Local Government Act 1993* and Minister's investment order. This policy is regularly reviewed by Council and it's staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

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

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

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments in relation to new institutions and held to maturity assets.

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

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

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

13/5/16 to 30/6/17	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
Possible impact of a 10% movement in market values	9,271	9,271	(9,271)	(9,271)
Possible impact of a 1% movement in interest rates	1,323	1,323	(1,323)	(1,323)

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 15. Financial risk management (continued)

\$ '000

##### (b) Credit risk

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

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

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

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

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

The level of outstanding receivables is reviewed by finance monthly and are monitored for acceptable collection performance.

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

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

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

	2017	2017
	Rates and annual charges	Other receivables
<b>(i) Ageing of receivables – %</b>		
Current (not yet overdue)	2%	83%
Overdue	98%	17%
	<b>100%</b>	<b>100%</b>

##### (ii) Ageing of receivables – value

Rates and annual charges	Other receivables	Rates and annual charges	Other receivables
Current	Current	124	66,489
< 1 year overdue	0 – 30 days overdue	4,865	167
1 – 2 years overdue	31 – 60 days overdue	341	1,423
2 – 5 years overdue	61 – 90 days overdue	258	4,208
> 5 years overdue	> 91 days overdue	188	7,495
		<b>5,776</b>	<b>79,782</b>

##### (iii) Movement in provision for impairment of receivables

Balance at the beginning of the year (former Councils)	2017
+ new provisions recognised during the year	1,138
– amounts already provided for and written off this year	663
– amounts provided for but recovered during the year	(167)
<b>Balance at the end of the year</b>	<b>(476)</b>
	<b>1,158</b>

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 15. Financial risk management (continued)

\$ '000

##### (c) Liquidity risk

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

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

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

The contractual undiscounted cash outflows (i.e. principal and interest) of Council's payables and borrowings are set out in the maturity table below:

\$ '000	Subject to no maturity	payable in:						Total cash outflows	Actual carrying values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>13/5/16 to 30/6/17</b>									
Trade/other payables	8,837	36,593	–	–	–	–	–	45,430	45,428
Loans and advances	–	13,672	11,340	10,597	10,366	10,119	13,080	69,174	59,257
<b>Total financial liabilities</b>	<b>8,837</b>	<b>50,265</b>	<b>11,340</b>	<b>10,597</b>	<b>10,366</b>	<b>10,119</b>	<b>13,080</b>	<b>114,604</b>	<b>104,685</b>

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

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

	2017	
	Carrying value	Average interest rate
Trade/other payables	45,428	0.00%
Loans and advances – fixed interest rate	59,257	5.13%
	<u>104,685</u>	

##### Loan agreement breaches

There were no loan agreement breaches during the year.

#### Note 16. Material budget variations

In accordance with the Supplementary Code 25, this note is not required for new Councils.

## City Of Parramatta Council

## Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

## Note 17. Statement of developer contributions

\$ '000

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

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

## SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	457	–	–	15	(27)	–	445	–
Community Facilities	4,289	1,264	–	162	(55)	–	5,660	–
Traffic and parking	2,728	–	–	90	(1)	–	2,817	–
Traffic and transport	236	–	–	6	(108)	–	134	–
Plan management	170	1	–	–	(171)	–	–	–
Councils OnLine	293	–	–	5	(266)	–	32	–
Public domain projects	3,152	2,679	–	139	(572)	–	5,398	–
River foreshore park	1,148	944	–	54	–	–	2,146	–
Arts and cultural facility	5,533	1,891	–	181	(476)	–	7,129	–
Recreation Facilities	2,787	1,574	–	142	–	–	4,503	–
Historic buildings	215	315	–	15	(1)	–	544	–
Car park enhancements	345	315	–	9	(486)	–	183	–
Access and transport	5,721	1,890	–	218	(215)	–	7,614	–
Ermington traffic and pedestrian	86	–	–	3	(11)	–	78	–
Community facilities (A)	747	1,137	–	33	(840)	–	1,077	–
Drainage, water quality and Laneway Infrastructure	1,322	645	–	50	(688)	–	1,329	–
Natural environment	357	217	–	–	(574)	–	–	–
Open space and recreation	3,144	1,896	–	139	(853)	–	4,326	–
Public domain	2,502	541	–	81	(1,400)	–	1,724	–
Roads and shared paths	2,824	972	–	109	(841)	–	3,064	–

(continued on the next page...)

## City Of Parramatta Council

## Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

## Note 17. Statement of developer contributions (continued)

\$ '000

## SUMMARY OF CONTRIBUTIONS AND LEVIES (continued)

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Parramatta Square	1,553	421	–	–	(1,974)	–	–	–
Open Space Land - Former Hills	4,347	1,420	–	24	–	–	5,791	–
Open Space Capital - Former Hills	35	170	–	3	–	–	208	–
Transport Facilities Capital - Former Hills	609	707	–	12	–	–	1,328	–
Administration - Former Hills	1,023	93	–	2	–	–	1,118	–
Stormwater Management - Former Hills	658	849	–	14	–	–	1,521	–
Community Facilities - Former Hills	495	465	–	7	–	–	967	–
Open Space and Recreation -Former Hills	–	4	–	–	–	–	4	–
Roads and Natural Paths -Former Hills	–	5	–	–	–	–	5	–
Natural Environment -Former Hills	–	1	–	–	–	–	1	–
Public Domain -Former Hills	–	1	–	–	–	–	1	–
Roads and Traffic - Former Hills	2,869	4	–	–	–	–	2,873	–
Community Facilities - Land - Former Hills	–	1	–	–	–	–	1	–
Community Facilities - Capital - Former Hills	443	15	–	–	–	–	458	–
Roads - Former Hornsby	3,764	1,975	–	4	–	–	5,743	–
Open Space - Former Hornsby	4,742	5,896	–	62	–	–	10,700	–
Community Facilities - Former Hornsby	1,823	2,306	–	24	–	–	4,153	–
Plan Administration - Former Hornsby	38	29	–	–	–	–	67	–
Other - Former Hornsby	–	102	–	1	–	–	103	–
Community Facilities - Former Auburn	–	26	–	1	–	–	27	–
Public Domain - Former Auburn	–	55	–	1	–	–	56	–
Accessibilty and Traffic - Former Auburn	–	16	–	–	–	–	16	–
Plan Administration - Former Auburn	–	6	–	–	–	–	6	–
Open Space (HBW)	5,039	1,998	–	33	–	–	7,070	–

(continued on the next page...)

## City Of Parramatta Council

## Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

## Note 17. Statement of developer contributions (continued)

\$ '000

## SUMMARY OF CONTRIBUTIONS AND LEVIES (continued)

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Community Facilities (HBW)	4,486	1,118	–	19	(1,425)	–	4,198	–
Traffic Management (HBW)	560	827	–	14	–	–	1,401	–
Plan Administration (HBW)	–	291	–	5	–	–	296	–
Community Facilities (Carter Street)	–	29	–	1	–	–	30	–
Local Open Space (Carter Street)	–	76	–	1	–	–	77	–
District Recreation (Carter Street)	–	172	–	3	–	–	175	–
Active Transport (Carter Street)	–	57	–	1	–	–	58	–
Traffic Management (Carter Street)	111	58	–	1	–	–	170	–
Plan Administration (Carter Street)	–	2	–	–	–	–	2	–
Parks and Recreation (former Holroyd)	–	5	–	–	–	–	5	–
Sporting Fields (former Holroyd)	–	5	–	–	–	–	5	–
Community Facilities (former Holroyd)	–	2	–	–	–	–	2	–
<b>S94 contributions – under a plan</b>	<b>70,651</b>	<b>35,488</b>	<b>–</b>	<b>1,684</b>	<b>(10,984)</b>	<b>–</b>	<b>96,839</b>	<b>–</b>
<b>Total S94 revenue under plans</b>	<b>70,651</b>	<b>35,488</b>	<b>–</b>	<b>1,684</b>	<b>(10,984)</b>	<b>–</b>	<b>96,839</b>	<b>–</b>
S93F planning agreements	1,532	800	–	62	(219)	–	2,175	–
<b>Total contributions</b>	<b>72,183</b>	<b>36,288</b>	<b>–</b>	<b>1,746</b>	<b>(11,203)</b>	<b>–</b>	<b>99,014</b>	<b>–</b>

## City Of Parramatta Council

## Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

## Note 17. Statement of developer contributions (continued)

\$ '000

**S94 CONTRIBUTIONS – UNDER A PLAN**

## PARRAMATTA S 94 CONTRIBUTION PLAN NUMBER 1

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Traffic and parking	2,728	–	–	90	(1)	–	2,817	–
<b>Total</b>	<b>2,728</b>	<b>–</b>	<b>–</b>	<b>90</b>	<b>(1)</b>	<b>–</b>	<b>2,817</b>	<b>–</b>

## PARRAMATTA COMPREHENSIVE SECTION 94 CONTRIBUTION PLAN

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	457	–	–	15	(27)	–	445	–
Traffic and transport	236	–	–	6	(108)	–	134	–
Plan management	170	1	–	–	(171)	–	–	–
<b>Total</b>	<b>863</b>	<b>1</b>	<b>–</b>	<b>21</b>	<b>(306)</b>	<b>–</b>	<b>579</b>	<b>–</b>

## City Of Parramatta Council

## Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

## Note 17. Statement of developer contributions (continued)

\$ '000

**S94 CONTRIBUTIONS – UNDER A PLAN**

## PARRAMATTA COMPREHENSIVE SECTION 94A CONTRIBUTION PLAN (NON CITY CENTRE)

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Councils OnLine	293	–	–	5	(266)	–	32	–
Community facilities (A)	747	1,137	–	33	(840)	–	1,077	–
Drainage, water quality and Laneway Infrastructure	1,322	645	–	50	(688)	–	1,329	–
Natural environment	357	217	–	–	(574)	–	–	–
Open space and recreation	3,144	1,896	–	139	(853)	–	4,326	–
Public domain	2,502	541	–	81	(1,400)	–	1,724	–
Roads and shared paths	2,824	972	–	109	(841)	–	3,064	–
<b>Total</b>	<b>11,189</b>	<b>5,408</b>	<b>–</b>	<b>417</b>	<b>(5,462)</b>	<b>–</b>	<b>11,552</b>	<b>–</b>

## PARRAMATTA COMPREHENSIVE SECTION 94A CONTRIBUTION PLAN (CIVIC IMPROVEMENT)

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Community facilities	4,289	1,264	–	162	(55)	–	5,660	–
Public domain projects	3,152	2,679	–	139	(572)	–	5,398	–
River foreshore park	1,148	944	–	54	–	–	2,146	–
Arts and cultural facility	5,533	1,891	–	181	(476)	–	7,129	–
Recreation Facilities	2,787	1,574	–	142	–	–	4,503	–
Historic buildings	215	315	–	15	(1)	–	544	–
Car park enhancements	345	315	–	9	(486)	–	183	–
Access and transport	5,721	1,890	–	218	(215)	–	7,614	–
Parramatta Square	1,553	421	–	–	(1,974)	–	–	–
<b>Total</b>	<b>24,743</b>	<b>11,293</b>	<b>–</b>	<b>920</b>	<b>(3,779)</b>	<b>–</b>	<b>33,177</b>	<b>–</b>

## City Of Parramatta Council

## Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

## Note 17. Statement of developer contributions (continued)

\$ '000

**S94 CONTRIBUTIONS – UNDER A PLAN**

## ERMINGTON TRAFFIC AND PEDESTRIAN WORKS

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Ermington traffic and pedestrian	86	–	–	3	(11)	–	78	–
<b>Total</b>	<b>86</b>	<b>–</b>	<b>–</b>	<b>3</b>	<b>(11)</b>	<b>–</b>	<b>78</b>	<b>–</b>

## SECTION 94 DEVELOPMENT CONTRIBUTION PLAN - CARLINGFORD PRECINCT

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open Space Land - Former Hills	1,457	1,202	–	20	–	–	2,679	–
Open Space Capital - Former Hills	–	151	–	3	–	–	154	–
Transport Facilities Capital - Former Hills	609	707	–	12	–	–	1,328	–
Administration - Former Hills	1,023	93	–	2	–	–	1,118	–
Stormwater Management - Former Hills	658	849	–	14	–	–	1,521	–
Community Facilities - Former Hills	495	464	–	7	–	–	966	–
<b>Total</b>	<b>4,242</b>	<b>3,466</b>	<b>–</b>	<b>58</b>	<b>–</b>	<b>–</b>	<b>7,766</b>	<b>–</b>

## City Of Parramatta Council

## Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

## Note 17. Statement of developer contributions (continued)

\$ '000

**S94 CONTRIBUTIONS – UNDER A PLAN**

## SECTION 94A DEVELOPMENT CONTRIBUTION PLAN-FORMER HILLS LGA LAND

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Community Facilities - Former Hills	-	1	-	-	-	-	1	-
Open Space and Recreation -Former Hills	-	4	-	-	-	-	4	-
Roads and Natural Paths -Former Hills	-	5	-	-	-	-	5	-
Natural Environment -Former Hills	-	1	-	-	-	-	1	-
Public Domain -Former Hills	-	1	-	-	-	-	1	-
Drainage and Water Quality -Former Hills	-	1	-	-	-	-	1	-
<b>Total</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>-</b>

## THE HILLS DEVELOPMENT CONTRIBUTION PLAN NO. 7 - SOUTHERN PRECINCTS

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads and Traffic - Former Hills	2,869	4	-	-	-	-	2,873	-
Open Space Land - Former Hills	2,890	218	-	4	-	-	3,112	-
Open Space Capital - Former Hills	35	19	-	-	-	-	54	-
Community Facilities - Land - Former Hills	-	1	-	-	-	-	1	-
Community Facilities - Capital - Former Hills	443	15	-	-	-	-	458	-
<b>Total</b>	<b>6,237</b>	<b>257</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>6,498</b>	<b>-</b>

## City Of Parramatta Council

## Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

## Note 17. Statement of developer contributions (continued)

\$ '000

**S94 CONTRIBUTIONS – UNDER A PLAN**

## HORNSBY SECTION 94 DEVELOPMENT CONTRIBUTIONS PLAN

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads - Former Hornsby	3,764	1,975	–	4	–	–	5,743	–
Open Space - Former Hornsby	4,742	5,896	–	62	–	–	10,700	–
Community Facilities - Former Hornsby	1,823	2,306	–	24	–	–	4,153	–
Plan Administration - Former Hornsby	38	29	–	–	–	–	67	–
<b>Total</b>	<b>10,367</b>	<b>10,206</b>	<b>–</b>	<b>90</b>	<b>–</b>	<b>–</b>	<b>20,663</b>	<b>–</b>

## HORNSBY SECTION 94A DEVELOPMENT CONTRIBUTION PLAN

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Other - Former Hornsby	–	102	–	1	–	–	103	–
<b>Total</b>	<b>–</b>	<b>102</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>103</b>	<b>–</b>

## AUBURN DEVELOPMENT CONTRIBUTIONS PLAN 2007 - PART B RESIDENTIAL AND PART F EMPLOYMENT

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Community Facilities - Former Auburn	–	26	–	1	–	–	27	–
Public Domain - Former Auburn	–	55	–	1	–	–	56	–
Accessibility and Traffic - Former Auburn	–	16	–	–	–	–	16	–
Plan Administration - Former Auburn	–	6	–	–	–	–	6	–
<b>Total</b>	<b>–</b>	<b>103</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>105</b>	<b>–</b>

## City Of Parramatta Council

## Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

## Note 17. Statement of developer contributions (continued)

\$ '000

**S94 CONTRIBUTIONS – UNDER A PLAN**

## AUBURN DEVELOPMENT CONTRIBUTIONS PLAN 2007 - PART C HOMEBUSH BAY WEST

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open Space (HBW)	5,039	1,998	–	33	–	–	7,070	–
Community Facilities (HBW)	4,486	1,118	–	19	(1,425)	–	4,198	–
Traffic Management (HBW)	560	827	–	14	–	–	1,401	–
Plan Administration (HBW)	–	291	–	5	–	–	296	–
<b>Total</b>	<b>10,085</b>	<b>4,234</b>	<b>–</b>	<b>71</b>	<b>(1,425)</b>	<b>–</b>	<b>12,965</b>	<b>–</b>

## CARTER STREET PRECINCT DEVELOPMENT CONTRIBUTION PLAN 2016

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Community Facilities (Carter Street)	–	29	–	1	–	–	30	–
Local Open Space (Carter Street)	–	76	–	1	–	–	77	–
District Recreation (Carter Street)	–	172	–	3	–	–	175	–
Active Transport (Carter Street)	–	57	–	1	–	–	58	–
Traffic Management (Carter Street)	111	58	–	1	–	–	170	–
Plan Administration (Carter Street)	–	2	–	–	–	–	2	–
<b>Total</b>	<b>111</b>	<b>394</b>	<b>–</b>	<b>7</b>	<b>–</b>	<b>–</b>	<b>512</b>	<b>–</b>

## City Of Parramatta Council

## Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

## Note 17. Statement of developer contributions (continued)

\$ '000

**S94 CONTRIBUTIONS – UNDER A PLAN**

## HOLROYD SECTION 94 DEVELOPMENT CONTRIBUTIONS PLAN 2013

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Parks and Recreation (former Holroyd)	–	5	–	–	–	–	5	–
Sporting Fields (former Holroyd)	–	5	–	–	–	–	5	–
Community Facilities (former Holroyd)	–	2	–	–	–	–	2	–
<b>Total</b>	<b>–</b>	<b>12</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>12</b>	<b>–</b>

**S93F planning agreements**

PURPOSE	S94 Funds transferred from former Councils	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Parramatta River Pedestrian Crossing	1,033	800	–	45	(153)	–	1,725	–
Local Road Works River Road West	161	–	–	5	–	–	166	–
Local road works Ermington	51	–	–	2	–	–	53	–
Robin Thomas Reserve	203	–	–	7	–	–	210	–
Bushland Regeneration Ponds Creek Reserve	84	–	–	3	(66)	–	21	–
<b>Total</b>	<b>1,532</b>	<b>800</b>	<b>–</b>	<b>62</b>	<b>(219)</b>	<b>–</b>	<b>2,175</b>	<b>–</b>

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 18. Contingencies and other assets/liabilities not recognised

\$ '000

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

##### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

##### (i) Defined benefit superannuation contribution plans

Council participates in an employer-sponsored defined benefit superannuation scheme, and makes contributions as determined by the superannuation scheme's trustees.

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

The schemes most recent full actuarial review indicated that the net assets of the scheme were not sufficient to meet the accrued benefits of the schemes defined benefit member category with member councils required to make significantly higher contributions in future years.

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

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

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

##### 2. Other liabilities

##### (i) Third party claims

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

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

##### (ii) S94 plans

Council levies section 94/94A contributions upon various development across the Council area through the required contributions plans.

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

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

These future expenses do not yet qualify as liabilities as of the reporting date, but represent Council's intention to spend funds in the manner and timing set out in those plans.

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

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

\$ '000

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

##### 2. Other liabilities (continued)

##### (iii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

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

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

##### ASSETS NOT RECOGNISED:

##### Infringement notices/fines

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

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

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

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

##### Superannuation

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. Member councils bear the responsibility of ensuring there are sufficient monies available to pay out benefits as these members cease employment. Council's deficit of assets over liabilities totals \$1,467,000 as at 30 June 2017. Council continues to make significantly higher contributions to help reduce this deficit.

##### Various Legal Cases

As at year end, Council's solicitors were handling a number of matters.

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 19. Interests in other entities

\$ '000

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

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

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

##### Joint ventures

*Note 19(a)*

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) Joint ventures and associates as per Note 19(a) 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 Actual 1/7/16 to 30/6/17	Council's share of net assets Actual 2017
Joint ventures	780	5,748
<b>Total</b>	<b>780</b>	<b>5,748</b>

# City Of Parramatta Council

## Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

### Note 19. Interests in other entities (continued)

\$ '000

#### (a) Joint ventures

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	2017
Civic Risk Mutual (Westpool and UIP)	Joint venture	Equity method	5,748
<b>Total carrying amounts – material joint ventures and associates</b>			<b>5,748</b>

#### (b) Details

Name of entity	Principal activity	Place of business
Mutual Management Services Ltd	Management of public liability and property insurance	

#### (c) Relevant interests and fair values

Name of entity	Interest in outputs	Interest in ownership	Proportion of voting power
	2017	2017	2017
Civic Risk West	16.9%	13.0%	10.0%
Civic Risk West	9.4%	9.4%	5.9%

#### (d) Summarised financial information for joint ventures and associates

	Civic Risk West 2017	Civic Risk Mutual 2017	Total 2017
<b>Statement of financial position</b>			
<b>Current assets</b>			
Cash and cash equivalents	4,619	506	5,125
Other current assets	13,732	6,239	19,972
<b>Non-current assets</b>	<b>47,434</b>	<b>5,888</b>	<b>53,323</b>
<b>Current liabilities</b>			
Current financial liabilities (excluding trade and other payables and provisions)	5,008	2,890	7,898
Other current liabilities	688	423	1,112
<b>Non-current liabilities</b>			
Non-current financial liabilities (excluding trade and other payables and provisions)	<b>20,429</b>	<b>2,830</b>	<b>23,259</b>
<b>Net assets</b>	<b>39,660</b>	<b>6,490</b>	<b>46,151</b>
<b>Reconciliation of the carrying amount</b>			
Opening net assets (former Councils)	32,197	7,286	39,482
Profit/(loss) for the period	7,463	(796)	6,669
<b>Closing net assets</b>	<b>39,660</b>	<b>6,490</b>	<b>46,151</b>
<b>Council's share of net assets (%)</b>			<b>12.5%</b>
<b>Council's share of net assets (\$)</b>			<b>5,748</b>

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 19. Interests in other entities (continued)

\$ '000

##### (a) Joint ventures and associates (continued)

##### (d) Summarised financial information for joint ventures and associates (continued)

	Civic Risk West	Civic Risk Mutual	Total
	2017	2017	2017
<b>Statement of comprehensive income</b>			
Income	7,064	8,302	15,368
Interest income	3,757	584	4,341
Interest expense	(17)	–	(17)
Other expenses	(3,341)	(9,682)	(13,022)
<b>Profit/(loss) for period</b>	<b>7,463</b>	<b>(796)</b>	<b>6,670</b>
<b>Total comprehensive income</b>	<b>7,463</b>	<b>(796)</b>	<b>6,670</b>
<b>Share of income – Council (%)</b>			<b>11.7%</b>
<b>Profit/(loss) – Council (\$)</b>			<b>780</b>
<b>Total comprehensive income – Council (\$)</b>			<b>780</b>

\* The Civic Risk reporting dates (1/7/16-30/6/17) don't align with the City of Parramatta reporting dates (13/5/16-30/6/17) due to the one-off change in reporting periods for merged Councils.

##### **Parramasala**

Parramasala is a joint venture between the City of Parramatta Council and the State Government. The principal objective is the promotion of multicultural literature, music, performing arts, visual arts, craft, design, film and community arts. The only cost to Council is the annual sponsorship which is currently \$200,000 in addition to some in-kind support contribution through City of Parramatta staff. Councils' interest in Parramasala is not material to be included in the financial statements.

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

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

\$ '000	Notes	Actual 2017
<b>(a) Retained earnings</b>		
<b>Movements in retained earnings were as follows:</b>		
Balance at beginning of year		–
a. Net result for the year		2,878,077
Balance at end of the reporting period		<u>2,878,077</u>

#### Note 21. Financial result and financial position by fund

Council utilises only a general fund for its operations.

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

\$ '000	2017 Current	2017 Non-current
<b>(i) Non-current assets and disposal group assets</b>		
<b>Non-current assets 'held for sale'</b>		
Land	209,650	–
<b>Total non-current assets 'held for sale'</b>	<u>209,650</u>	<u>–</u>
<b><u>TOTAL NON-CURRENT ASSETS CLASSIFIED AS 'HELD FOR SALE'</u></b>	<u>209,650</u>	<u>–</u>

#### (ii) Details of assets and disposal groups

Parramatta Square, North Rocks Pre School and East St Granville.

\$ '000	Assets 'held for sale' 2017
<b>(iii) Reconciliation of non-current assets 'held for sale'</b>	
<b>Opening balance (former Councils)</b>	–
<b>Closing balance of 'held for sale' non-current assets and operations</b>	<u>209,650</u>

Refer to Note 27. Fair value measurement for fair value measurement information.

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 23. Events occurring after the reporting date

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\$ '000

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Events that occur between the end of the reporting period (30 June 2017) and the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

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

Accordingly, the 'authorised for issue' date is 11/12/17.

Events that occur after the reporting period represent one of two types:

**(i) Events that provide evidence of conditions that existed at the reporting period**

These financial statements (and the figures therein) incorporate all 'adjusting events' that provided evidence of conditions that existed at 30 June 2017.

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

These financial statements (and figures therein) do not incorporate any 'non-adjusting events' that have occurred after 30 June 2017 and which are only indicative of conditions that arose after 30 June 2017.

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

**Hornsby Shire Council non payment of outstanding invoices**

At June 30 2017 City of Parramatta was owed \$24.9m from Hornsby Shire Council comprising rates income, Section 94 reserve balances, DWM balances and other miscellaneous items. The composition of these numbers were provided by officers from Hornsby Shire Council and the City of Parramatta is not in a position to verify these amounts. Hornsby Shire Council is withholding the necessary supporting records and have publicly stated their opposition to paying the amounts due to the City of Parramatta Council despite numerous requests. As a result of their actions the City of Parramatta has been forced to take legal action to enforce our legal rights under the proclamation that formed the City of Parramatta.

**Cumberland Council arbitration**

Arbitration took place between the City of Parramatta and Cumberland Council as a result of a claim made by Cumberland Council. Cumberland was awarded \$14.9 million as part of the settlement comprising Section 94, Domestic Waste, Special Rate and Internal Reserves, a contribution towards capital works paid on behalf of Parramatta, proceeds of an asset sale and some of City of Parramatta's unrestricted working capital. This cash settlement was paid in full in November 2017 and the creditor is reflected in the financial statements.

#### Note 24. Discontinued operations

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

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 25. Intangible assets

\$ '000	Actual 2017
Intangible assets represent identifiable non-monetary assets without physical substance.	
Intangible assets are as follows:	
<b>Opening values (former Councils):</b>	
Gross book value	7,878
Accumulated amortisation	(5,165)
Accumulated impairment	–
<b>Net book value – opening balance (former Councils)</b>	<b>2,713</b>
<b>Movements for the year</b>	
– Purchases	290
– Amortisation charges	(1,085)
<b>Closing values:</b>	
Gross book value (30/6)	8,168
Accumulated amortisation (30/6)	(6,250)
Accumulated impairment (30/6)	–
<b><u>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE</u></b> <sup>1</sup>	<b><u>1,918</u></b>

<sup>1</sup> The net book value of intangible assets represent:

– Windows 10/365	290
– CITSR – corporate IT systems replacement	1,628
	<b><u>1,918</u></b>

#### Note 26. Reinstatement, rehabilitation and restoration liabilities

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

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### 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
- Financial assets and liabilities

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

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

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

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

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

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

13/5/16 to 30/6/17	Fair value measurement hierarchy			Total
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
Investments				
– 'Held for trading'	92,708	–	–	92,708
<b>Total financial assets</b>	<b>92,708</b>	<b>–</b>	<b>–</b>	<b>92,708</b>
<b>Infrastructure, property, plant and equipment</b>				
Operational land	–	455,275	–	455,275
Asset held for sale	–	209,650	–	209,650
Community land	–	–	259,999	259,999
Buildings-non specialised	–	–	164,120	164,120
Other Structures	–	–	19,395	19,395
Roads	–	–	903,992	903,992
Bridges	–	–	69,329	69,329
Footpaths	–	–	122,911	122,911
Stormwater drainage	–	–	218,747	218,747
Bulk earthworks	–	–	102,677	102,677
Swimming pools	–	–	984	984
<b>Total infrastructure, property, plant and equipment</b>	<b>–</b>	<b>664,925</b>	<b>1,862,154</b>	<b>2,527,079</b>

**(2) Transfers between level 1 and 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.

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 27. Fair value measurement (continued)

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

Where Council is unable to derive fair valuations using quoted market prices of identical assets (i.e. level 1 inputs) or significant observable inputs (level 2 inputs), Council instead utilises unobservable inputs (level 3 inputs).

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

##### **Operational Land**

This asset class is comprised of all Council's land classified as Operational Land under the Local Government Act 1993. The last valuation was undertaken at 13 May 2016 by APV Valuers & Asset Management.

The valuation of the freehold land has been carried out on a market value basis - assessed on the basis of the estimated amount which the interest in each property being valued might reasonably be expected to realise on the date of valuation in an exchange between a willing vendor and a willing purchaser in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Where a depth in market was identified, the fair value was assessed as a best estimate of the price reasonably obtainable in the market at the date of valuation. This is based on available market evidence of sales of similar or reference assets.

This asset class is categorised as level 2 as some of the inputs used in the valuation of these assets are observable.

##### **Community Land**

Community land assets are comprised of Council owned land classified as Community Land under the Local Government Act 1993 and land under the care and management of Council on behalf of the Crown.

Council values Community Land based on the Valuer General's valuation.

This asset class is comprised of all Council's land classified as Community Land under the Local Government Act 1993.

Previously the deprival method in valuing this category was used.

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 27. Fair value measurement (continued)

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##### **Land Under Roads**

Land Under Roads identified as roads constructed post 1/7/2008 has been valued bases on Municipal Average Land Rate discounted by 90%. Council has elected to only recognise land under roads for new roads constructed after 1/7/2008.

##### **Buildings**

Council engaged Assetic Pty Ltd in 2016 to value all buildings. The valuation methodology applied is dependent on whether a market exists to substantiate the value of the asset.

Where a depth in market was identified, the fair value was assessed as a best estimate of the price reasonably obtainable in the market at the date of valuation. This is based on available market evidence of sales of similar or reference assets. The net value of the building and site services is the difference between the market value of the asset (as a whole) less the market value of the land component.

Where there is no depth of market the fair value has been determined on current replacement basis. This is calculated by determining the gross current replacement cost and determining the amount of accumulated depreciation to reflect the level of service potential remaining in the asset.

The valuation of buildings, structural improvements and site services includes those items that form part of the building services installation (e.g. heating, cooling and climate control equipment, lifts, escalators, fire alarms, sprinklers and firefighting equipment, and general lighting etc). The buildings and site improvements were physically inspected and measured. The building valuations incorporate a gross current value, net current value and residual value for each asset.

This asset class is categorised as level 3 as some of the inputs used in the valuation of these assets require significant professional judgment and are unobservable.

There has been no change in the valuation process during the reporting period.

##### **Other Structures**

This asset class is comprised of car parking buildings, shade shelters, retaining walls, playground equipment, fencing, fountains, and other structures which did not meet the definition of a building.

The cost approach has been utilised to value other structures. Council engaged Assetic Pty Ltd to value all car parking buildings in Unobservable level 3 inputs used include residual value, useful life, asset condition and pattern of consumption.

There has been no change in the valuation process during the reporting period.

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 27. Fair value measurement (continued)

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##### **Roads**

This asset class is comprised of the Road Carriageway, Kerb & Gutter, Street Furniture, Signage and Traffic Facilities. The road carriageway is defined as the trafficable portion of a road including the kerb and gutter.

Council's roads are componentised into the formation, pavement, sub-pavement, surface and kerb & gutter and further separated into segments for inspection and valuation.

The formation costs for roads are recognised and valued at cost. Council assumes that the carrying amount reflects the fair value of the assets due to the nature of the items. The formation of roads bulk earthworks are non-depreciable as it is not expected that the formation will not need to be renewed during the normal operational use of the assets.

A desktop valuation has been completed in 2016 by Assetic Pty Ltd. The cost approach was adopted to value Council roads. The replacement cost (based on unit rates), useful lives and conditions were determined by a complete condition assessment using digital imaging technology to gather the granular condition of the Road network by and external specialist Infrastructure Management Group Pty Ltd. and this information was analysed by Assetic's Pavement Management System using myData and myPreditor.

The valuations are based on the fair value of the modern equivalent of the existing assets (e.g. for road components cost per m<sup>2</sup> to replace with a modern equivalent). This approach has included an assessment of the overall useful life of each type of asset and the subsequent determination of the remaining useful life of each asset. The unit rates, which is a key unobservable input, is determined using rates stipulated in contracts with third party suppliers.

Pavement and Surface condition were rated by IMG in 2015. Council has a documented condition assessment manual. Each condition criteria was assessed in terms of actual affected extent and severity and applied a scaling to convert it to a 1 to 5 rating scale in line with industry recommendations, which have been aligned to the NAMS ratings 1 (Excellent) to 5 (Very Poor).

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgment and are therefore unobservable.

##### **Bridges**

This asset class is comprised of all pedestrian and vehicle access bridges. The bridges were inspected by pitt+sherry Engineers and Assetic Pty Ltd valued using the cost approach. The significant inputs used in valuing bridges useful life, pattern of consumption, asset condition and gross replacement cost.

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 27. Fair value measurement (continued)

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This asset class is categorised a Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgment and are therefore unobservable.

A desktop revaluation was conducted in 2016 for the existing Parramatta bridges by Assetic Pty Ltd. All bridges transferred from Auburn, Holroyd, The Hills and Hornsby Councils were fully revalued by Assetic Pty Ltd and the condition assessment was conducted by pitt+sherry Engineers.

##### **Footpaths**

This asset class is comprised of pedestrian walkways and cycle ways. A desktop valuation was conducted by Assetic Pty Ltd. In 2016. Replacement costs (unit rates) and useful lives were determined using technical knowledge. Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components, asset condition and residual value. Footpaths were segmented, componentisation and recorded on a GIS Layer and this is reflected on the Asset Register. In 2014 OPUS Consultancy Pty Ltd undertook digital imagery condition survey of all Council Footpath assets. Assetic used the condition data to value the footpath assets using the Cost Approach (Level 3).

##### **Stormwater Drainage**

The Stormwater Drainage asset class consists of Council's pits, pipes, open channels, culverts, wetlands, headwalls, dams and gross pollutant traps. In 2016 Assetic Pty Ltd completed a desktop valuation of these assets using the replacement cost approach. The valuations are based on the fair value of the modern equivalent of the existing assets (e.g. for road components cost per m2 to replace with a modern equivalent). This approach has included an assessment of the overall useful life of each type of asset and the subsequent determination of the remaining useful life of each asset. The unit rates, which is a key unobservable input, is determined using rates stipulated in contracts with third party suppliers.

Replacement costs (unit rates) and useful lives for stormwater drainage assets were determined through a combination of historic data and technical knowledge, which incorporated standard unit rates applied to the dimensions of the asset and considered environmental factors based on asset location. Other significant inputs considered in the valuation of these assets are asset condition, remaining useful life, pattern of consumption. The asset condition of 1 (Excellent) to 5 (Very Poor) was determined by assumptions based on age. Additionally due to the limitations in the historical records of very long lived assets there is some uncertainty on the specifications and dimensions of some assets.

This asset class is categorised a Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgment and are therefore unobservable.

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 27. Fair value measurement (continued)

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##### **Swimming Pools**

Assets within this class are comprised of swimming pools and associated structures.

The swimming pools were inspected by Knowledge ASM and a comprehensive valuation was conducted by Assetic Pty Ltd in 2016 using the cost approach. Significant unobservable inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components, asset condition and residual value.

This asset class is categorised a Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgment and are therefore unobservable.

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 27. Fair value measurement (continued)

\$ '000

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

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

	Total IPP&E	Asset held for sale	Total
Balance on transfer from former Councils	1,874,191	–	1,874,191
Purchases (GBV)	37,233	–	37,233
Disposals (WDV)	(15,568)	–	(15,568)
Depreciation and impairment	(33,702)	–	(33,702)
<b>Closing balance – 30/6/17</b>	<b><u>1,862,154</u></b>	<b><u>–</u></b>	<b><u>1,862,154</u></b>

##### (5). Highest and best use

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

#### Note 28. Related party disclosures

In accordance with the Supplementary Code 25, this note is not applicable for "new Councils".

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 29. Local Government amalgamation

\$ '000	Notes	Actual 13/5/16 to 30/6/17
<p>The local government (City of Parramatta and Cumberland) Proclamation 2016 under the Local Government Act 1993 (NSW) transferred the assets and liabilities of the former councils Parramatta City Council, Auburn City Council, Holroyd City Council, The Hills Shire Council and Hornsby Shire Council to the City of Parramatta Council as at 12th May 2016.</p>		
<p><b>Gain on local government amalgamation</b></p>		
Assets and liabilities transferred from former councils	a	4,837,027
Accounting policy adjustments		<u>(2,036,925)</u>
		<u><b>2,800,102</b></u>

#### a. Assets and liabilities transferred from former councils

##### (i) Carrying amount of assets and liabilities transferred

Assets and liabilities of:

- Parramatta City Council
- Auburn City Council
- Holroyd City Council
- The Hills Shire Council
- Hornsby Shire Council

have been recognised by the Council at fair value.

The fair value of the net assets has been shown as a gain on local government amalgamation in the income statement and further information is provided on the next page.

## City Of Parramatta Council

## Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

## Note 29. Local Government amalgamation (continued)

\$ '000

## a. Assets and liabilities transferred from former councils (continued)

## (i) Carrying amount of assets and liabilities transferred (continued)

	Former Parramatta City Council	Former Auburn Council	Former Holroyd Council	Altered Hills Shire Council	Altered Hornsby Shire Council	Gain on local government amalgamation
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	17,511	–	–	–	–	17,511
Investments	158,467	–	–	–	–	158,467
Receivables	24,024	10,196	–	10,941	10,543	55,704
Inventories	118	–	–	–	–	118
Other	217	–	–	–	–	217
Non-current assets classified as 'held for sale'	209,650	–	–	–	–	209,650
<b>Total current assets</b>	<b>409,987</b>	<b>10,196</b>	<b>–</b>	<b>10,941</b>	<b>10,543</b>	<b>441,667</b>
<b>Non-current assets</b>						
Investments	26,890	–	–	–	–	26,890
Receivables	1,249	–	–	–	–	1,249
Infrastructure, property, plant and equipment	1,805,763	163,602	30,703	275,204	201,206	2,476,478
Investments accounted for using the equity method	4,968	–	–	–	–	4,968
Intangible assets	2,713	–	–	–	–	2,713
<b>Total non-current assets</b>	<b>1,841,583</b>	<b>163,602</b>	<b>30,703</b>	<b>275,204</b>	<b>201,206</b>	<b>2,512,298</b>
<b>TOTAL ASSETS</b>	<b>2,251,570</b>	<b>173,798</b>	<b>30,703</b>	<b>286,145</b>	<b>211,749</b>	<b>2,953,965</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Payables (excluding bank overdraft)	50,349	–	–	–	–	50,349
Borrowings	13,787	–	–	–	–	13,787
Provisions	29,068	–	–	–	–	29,068
<b>Total current liabilities</b>	<b>93,204</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>93,204</b>
<b>Non-current liabilities</b>						
Borrowings	59,257	–	–	–	–	59,257
Provisions	1,401	–	–	–	–	1,401
<b>Total non-current liabilities</b>	<b>60,658</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>60,658</b>
<b>TOTAL LIABILITIES</b>	<b>153,862</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>153,862</b>
<b>Net assets transferred</b>	<b>2,097,708</b>	<b>173,798</b>	<b>30,703</b>	<b>286,145</b>	<b>211,749</b>	<b>2,800,103</b>

## City Of Parramatta Council

### Notes to the Financial Statements

for the period 13 May 2016 to 30 June 2017

#### Note 29. Local Government amalgamation (continued)

\$ '000

##### (ii) Adjustments between former council carrying amount of assets and fair values recognised

The following adjustments were made to the carrying amount of the assets and liabilities received as part of the amalgamation in order to recognise them at fair value at the proclamation date.

	Actual 2017
<b>Adjustments made to recognise net assets at fair value</b>	
Recognition of assets not recorded by former council	1,024
Changes in asset values due to comprehensive valuation process	<u>(2,037,949)</u>
<b>Total adjustments</b>	<b><u>(2,036,925)</u></b>

## City Of Parramatta Council

### Notes to the Financial Statements for the period 13 May 2016 to 30 June 2017

#### Note 30. Council information and contact details

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**Principal place of business:**

126 Church Street  
Parramatta NSW 2150

**Contact details**

**Mailing address:**

PO BOX 32  
Parramatta NSW 2124

**Opening hours:**

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

**Telephone:** (02) 9806 5050

**Facsimile:** (02) 9806 5917

**Internet:** <http://www.parracity.nsw.gov.au>

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

**Officers**

**CHIEF EXECUTIVE OFFICER**

Greg Dyer

**RESPONSIBLE ACCOUNTING OFFICER**

Craig Becroft

**Auditors**

The Audit Office of New South Wales  
Level 15, 1 Margaret Street, Sydney NSW 2000

**Elected members**

**LORD MAYOR**

Andrew Wilson

**COUNCILLORS**

Benjamin Barrak

Pierre Esber

Michelle Garrard (Deputy Lord Mayor)

Donna Davis

Bill Tyrrell

Lorraine Wearne

Bob Dwyer

Paul Han

Andrew Jefferies

Phil Bradley

Sameer Pandey

Martin Zaiter

Steven Issa

Dr Patricia Prociv

**Other information**

**ABN:** 49 907 174 773



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the general purpose financial statements**  
**City of Parramatta Council**

To the Councillors of the City of Parramatta Council

## Opinion

I have audited the accompanying financial statements of City of Parramatta Council (the Council), which comprise the statement of financial position as at 30 June 2017, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 13 May 2016 to 30 June 2017, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion,

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been presented, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the period 13 May 2016 to 30 June 2017 in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

## Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **The Councillors' Responsibility for the Financial Statements**

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

In preparing the financial statements, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

### **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the attached Special Schedules
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Weini Liao  
Director, Financial Audit Services

13 December 2017  
SYDNEY

Mr Andrew Wilson  
Mayor  
City of Parramatta Council  
PO Box 32  
PARRAMATTA NSW 2124

Contact: Weini Liao  
Phone no: 9275 7432  
Our ref: D1729032/1776

13 December 2017

Dear Mayor

**Report on the Conduct of the Audit  
for the period ended 30 June 2017  
City of Parramatta Council**

I have audited the general purpose financial statements of City of Parramatta Council (the Council) for the period 13 May 2016 to 30 June 2017 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's general purpose financial statements.

This Report on the Conduct of the Audit (the Report) for the Council for the period ended 30 June 2017 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

**Council Amalgamation**

The Council was created on 13 May 2016 by *Local Government (City of Parramatta and Cumberland) Proclamation 2016*. The first financial reporting period for City of Parramatta is 13 May 2016 to 30 June 2017. Therefore, comparative analysis could not be performed for this report.

## INCOME STATEMENT

### Operating result

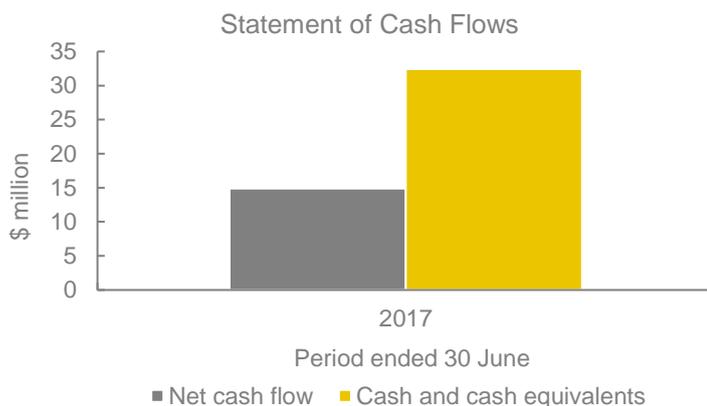
	13 May 2016 to 30 June 2017 \$m
<b>Rates and annual charges revenue</b>	<b>168.4</b>
<b>Grants and contributions revenue</b>	<b>107.8</b>
<b>Operating result for the period</b>	<b>78</b>
<b>Net operating result before capital amounts</b>	<b>11.1</b>
<b>Gain on local government amalgamation</b>	<b>2,800.1</b>

- The operating result for the period was a surplus of \$78 million including the effect of depreciation and amortisation expense of \$47 million.
- Rates and annual charges of \$168.4 million represented approximately 47.9 per cent of total income from operations.
- Grants and contributions of \$107.8 million represented 30.7 per cent of total income from operations. The Council received approximately \$35.5 million in section 94 contributions. Grant and contributions included the New Council Implementation Fund of \$10 million and the Stronger Communities Fund of \$15 million which were non-recurring.
- The net operating result before capital grants and contributions was \$11.1 million. The surplus was attributed by \$78 million operating results less capital grants and contributions of \$66.9 million.
- Gain on local government amalgamation of \$2.8 billion included assets and liabilities transferred from three former councils (Parramatta City Council, Auburn City Council, Holroyd City Council) and two altered councils (Hills Shire Council and Hornsby Shire Council) on 12 May 2016.

## STATEMENT OF CASH FLOWS

The Council's cash and cash equivalent balance at 30 June 2017 was \$32.4 million. The net cash flow for the period was an increase of \$14.9 million.

The cash and cash equivalent balance included the transfer of \$17.5 million cash upon amalgamation. Cash flows from operating activities was \$113.8 million. Investing cash flows was negative \$85 million due to increased spending on investment securities, infrastructure and property assets.



## FINANCIAL POSITION

### Cash and Investments

Restricted Cash and Investments	Period Ended 30 June 2017	Commentary
	\$m	
External restrictions	125.7	<ul style="list-style-type: none"> <li>Externally restricted cash and investments is mainly comprised of developer contributions, specific purpose unexpended grants and domestic waste management funds.</li> </ul>
Internal restrictions	54.4	
Unrestricted	44.9	<ul style="list-style-type: none"> <li>Internally restricted cash and investments are restricted due to Council policy or decisions for forward plans including works program. Restricted funds comprised of funds set aside for property and significant assets reserve, asset renewal reserve and employee leave entitlements.</li> <li>Unrestricted cash and investments provide liquidity for day-to-day operations.</li> </ul>
<b>Cash and investments</b>	<b>225.0</b>	

### Debt

The Council had borrowings of \$59.3 million at 30 June 2017. Council continued to repay its loan during the period. As at reporting date, the Council had a current borrowing of \$10.8 million.

## PERFORMANCE RATIOS

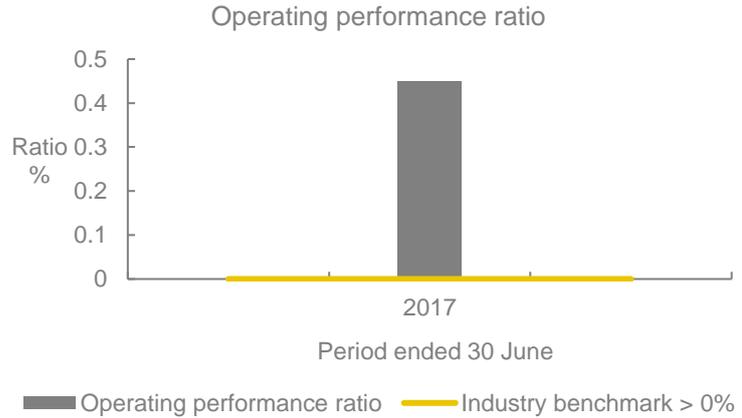
The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 13 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio', which is unaudited, is defined in Council's Special Schedule 7.

## Operating performance ratio

Council's operating performance ratio for the period was 0.45 per cent, which was above the industry benchmark of greater than zero per cent.

The ratio was impacted by the additional operating amalgamation grants received as well as a longer accounting period of expenditure (additional six weeks) with no corresponding rates revenue.

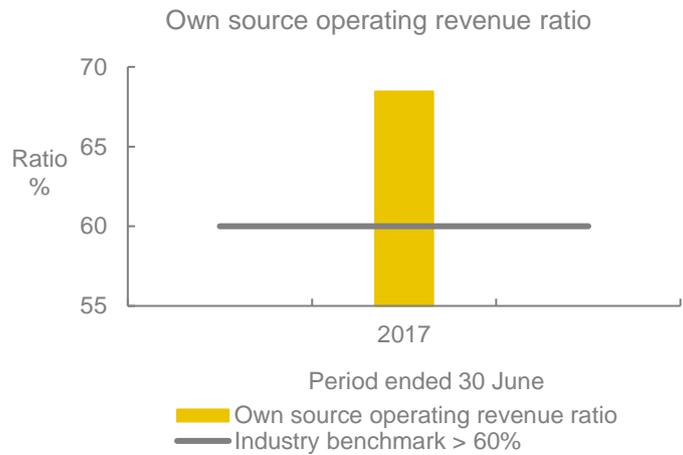
The 'operating performances ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, net gain from sale of assets and net share of interests in joint ventures). The benchmark set by the Office of Local Government (OLG) is greater than zero per cent.



## Own source operating revenue ratio

Council's own source operating revenue ratio of 68.5 per cent reflected a low level of reliance on externally sourced grant revenue. This was contributed by a high rates base of \$168.4 million and fees and charges of \$43.6 million. The ratio in the current period exceeded the OLG benchmark of greater than 60 per cent.

The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.

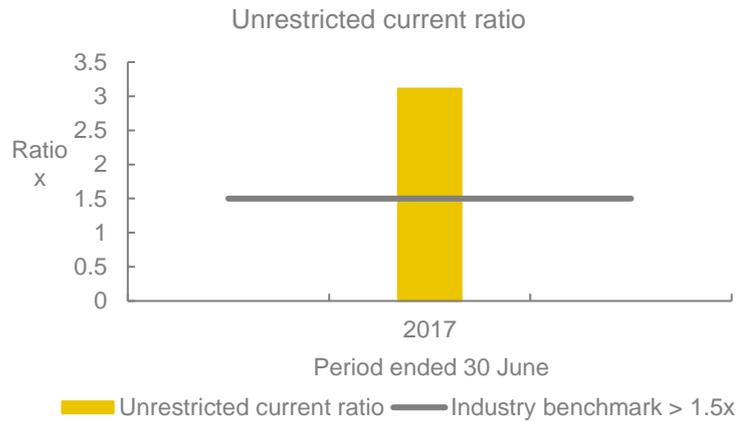


### Unrestricted current ratio

This ratio indicated that Council currently had \$3.11 of unrestricted assets available to service every \$1.0 of its unrestricted current liabilities. This exceeded the industry benchmark.

Significant cash reserves from the former and altered councils and the additional grants received during the current period contributed to this result.

The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.

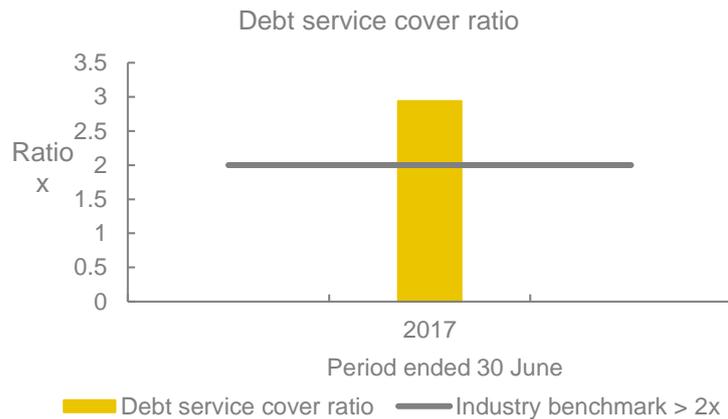


### Debt service cover ratio

Council's debt service cover ratio of 2.9 was above the industry benchmark.

Council exceeded the benchmark due to positive operating result and continued repayment of debt during the period.

The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.

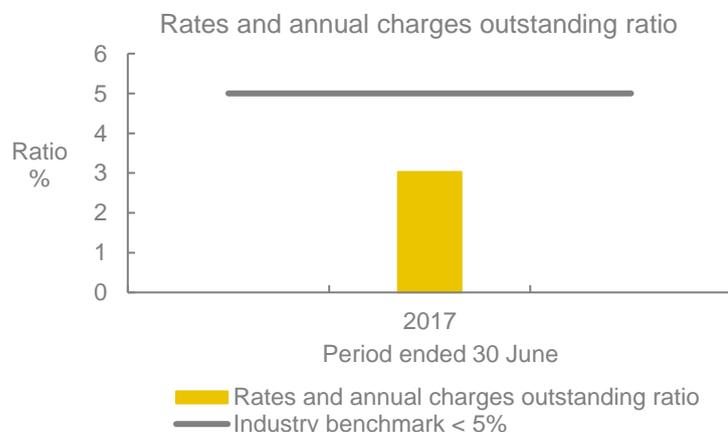


### Rates and annual charges outstanding ratio

Council's outstanding rates and charges ratio of 3 per cent was within the industry benchmark of less than five per cent.

It proved the Council's effective rate recovery measures in collecting and reducing outstanding rates.

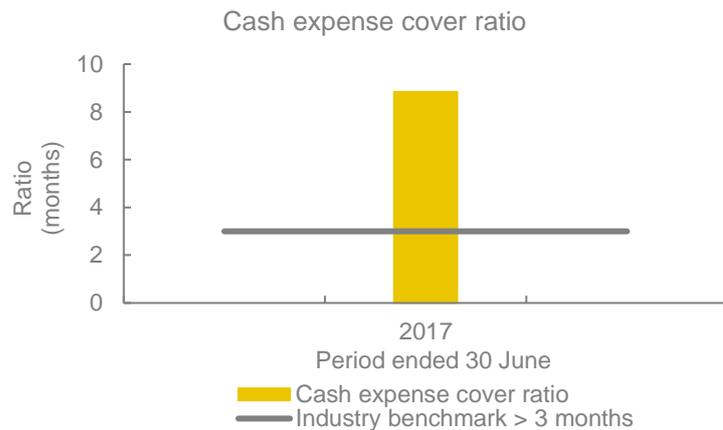
The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than five per cent for metro councils.



## Cash expense cover ratio

Council's cash expense ratio of 8.8 months well exceeded the benchmark of greater than three months. It was contributed by the significant cash reserves and investment balances.

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.

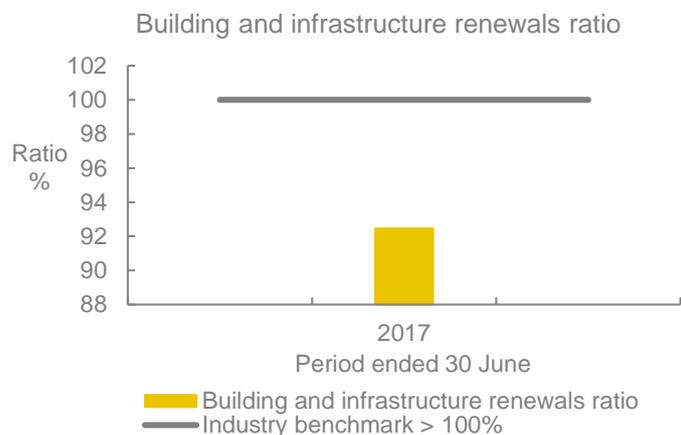


## Building and infrastructure renewals ratio

Council's building and infrastructure renewals ratio of 92.5 per cent fell short of meeting the industry benchmark of greater than 100 per cent. This indicated the Council's infrastructure renewal program had not kept pace with the rate at which the assets were depreciating.

The 'building and infrastructure renewals ratio assesses the rate at which these assets are being renewed against the rate at which they are depreciating. The benchmark set by OLG is greater than 100 per cent.

This ratio is sourced from information contained in council's Special Schedule 7 which has not been audited.



## OTHER MATTERS

### Council Entities

Parramasala is a joint venture arrangement between the City of Parramatta Council and the State Government. The principal objective of the entity is the promotion of multicultural literature, music, performing arts, visual arts, craft, design, film and community arts. At 30 June 2017 the interest in the joint venture arrangement was deemed to be immaterial for inclusion in the financial statements.

The Council has incorporated the joint venture of Civic Risk Mutual (Westpool and UIP) using equity method. Note 19 of the Council's audited general purpose financial statements disclosed the nature, interest and financial information of the joint ventures.

## Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial reports. The Council's:

- accounting records were maintained in a manner and form to allow the general purpose financial statements to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.

Weini Liao  
Director, Financial Audit Services

cc: Greg Dyer, General Manager  
Colin Gellatly, Chair of Audit and Risk Committee  
Tim Hurst, Acting Chief Executive of the Office of Local Government



# City Of Parramatta Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the period 13 May 2016 to 30 June 2017

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# City Of Parramatta Council

## Special Purpose Financial Statements

for the period 13 May 2016 to 30 June 2017

Contents	Page
<b>1. Statement by Councillors and Management</b>	2
<b>2. Special Purpose Financial Statements:</b>	
Income Statement – Water Supply Business Activity	n/a
Income Statement – Sewerage Business Activity	n/a
Income Statement – Other Business Activities	3
Statement of Financial Position – Water Supply Business Activity	n/a
Statement of Financial Position – Sewerage Business Activity	n/a
Statement of Financial Position – Other Business Activities	4
<b>3. Notes to the Special Purpose Financial Statements</b>	5
<b>4. Auditor’s Report</b>	9

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### Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
  - (ii) The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.  
  
Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
  - (iii) For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.  
  
These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
  - (iv) In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).
-

## City Of Parramatta Council

### Special Purpose Financial Statements

for the period 13 May 2016 to 30 June 2017

### Statement by Councillors and Management

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

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

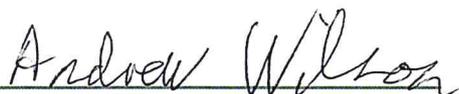
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,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

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

- present fairly the operating result and financial position for each of Council's declared business activities for the period 13 May 2016 to 30 June 2017, and
- accord with Council's accounting and other records.

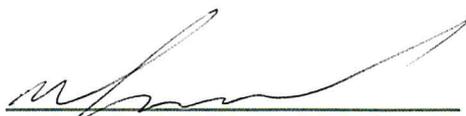
**We are not aware of any matter that would render these statements false or misleading in any way.**

**Signed in accordance with a resolution of Council made on 11 December 2017.**



Andrew Wilson

**Lord Mayor**



Michelle Garrard

**Deputy Lord Mayor**



Greg Dyer

**Chief Executive Officer**



Craig Becroft

**Responsible accounting officer**

## City Of Parramatta Council

### Income Statement of Council's Other Business Activities

for the period 13 May 2016 to 30 June 2017

	Car park operations Category 1	Leasing of Council property Category 1
\$ '000	13/5/16 to 30/6/17	13/5/16 to 30/6/17
<b>Income from continuing operations</b>		
Access charges	–	–
User charges	14,427	–
Fees	–	–
Interest	–	–
Grants and contributions provided for non-capital purposes	–	–
Profit from the sale of assets	–	–
Share of profit from equity accounted investment	–	–
Other income	–	1,098
<b>Total income from continuing operations</b>	<b>14,427</b>	<b>1,098</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	143	276
Borrowing costs	–	2,019
Materials and contracts	1,932	288
Depreciation, amortisation and impairment	1,043	232
Calculated taxation equivalents	2,910	2,909
Debt guarantee fee (if applicable)	–	–
Other expenses	2,047	647
<b>Total expenses from continuing operations</b>	<b>8,075</b>	<b>6,371</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>6,352</b>	<b>(5,273)</b>
Grants and contributions provided for capital purposes	–	–
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>6,352</b>	<b>(5,273)</b>
Surplus (deficit) from discontinued operations	–	–
<b>Surplus (deficit) from all operations before tax</b>	<b>6,352</b>	<b>(5,273)</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	(1,906)	–
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>4,446</b>	<b>(5,273)</b>
<b>Plus Assets and liabilities transferred from former councils</b>	<b>209,784</b>	<b>158,181</b>
<b>Plus/less: prior period adjustments</b>	<b>–</b>	<b>–</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	2,910	2,909
– Debt guarantee fees	–	–
– Corporate taxation equivalent	1,906	–
<b>Add:</b>		
– Subsidy paid/contribution to operations	–	–
<b>Less:</b>		
– TER dividend paid	–	–
– Dividend paid	–	–
<b>Closing retained profits</b>	<b>219,046</b>	<b>155,817</b>
<b>Return on capital %</b>	<b>3.3%</b>	<b>-2.1%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>6,898</b>

## City Of Parramatta Council

## Statement of Financial Position – Council's Other Business Activities

as at 30 June 2017

	Car park operations Category 1	Leasing of Council property Category 1
\$ '000	2017	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	28,945	–
Investments	–	–
Receivables - due from general fund	–	415
Inventories	–	–
Other	–	–
Non-current assets classified as held for sale	–	–
<b>Total Current Assets</b>	<b>28,945</b>	<b>415</b>
<b>Non-current assets</b>		
Investments	–	–
Receivables - due from general fund	–	34,527
Inventories	–	–
Infrastructure, property, plant and equipment	193,289	153,118
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
<b>Total non-current assets</b>	<b>193,289</b>	<b>187,645</b>
<b>TOTAL ASSETS</b>	<b>222,234</b>	<b>188,060</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank overdraft	–	–
Payables-due to general fund	3,150	–
Income received in advance	–	–
Borrowings	–	–
Provisions	38	49
<b>Total current liabilities</b>	<b>3,188</b>	<b>49</b>
<b>Non-current liabilities</b>		
Payables	–	–
Borrowings	–	32,170
Provisions	–	24
<b>Total non-current liabilities</b>	<b>–</b>	<b>32,194</b>
<b>TOTAL LIABILITIES</b>	<b>3,188</b>	<b>32,243</b>
<b>NET ASSETS</b>	<b>219,046</b>	<b>155,817</b>
<b>EQUITY</b>		
Retained earnings	219,046	155,817
Revaluation reserves	–	–
Council equity interest	<b>219,046</b>	<b>155,817</b>
Non-controlling equity interest	–	–
<b>TOTAL EQUITY</b>	<b>219,046</b>	<b>155,817</b>

# City Of Parramatta Council

## Special Purpose Financial Statements

for the period 13 May 2016 to 30 June 2017

### Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	6
2	Water Supply Business Best-Practice Management disclosure requirements	n/a
3	Sewerage Business Best-Practice Management disclosure requirements	n/a

## City Of Parramatta Council

### Notes to the Special Purpose Financial Statements for the period 13 May 2016 to 30 June 2017

#### Note 1. Significant accounting policies

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

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

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the Local Government (General) Regulation, and the Local Government Code of Accounting Practice and Financial Reporting.

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

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in 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 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

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

The pricing and costing guidelines outline the process for identifying and allocating costs to

activities and provide a standard for 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 and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

##### Category 1

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

#### **Car Park Operations and Leasing of Council Property**

To generate income for the Council through the leasing of Council-owned shops, housing and the operations of car parking facilities.

##### Category 2

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

#### None

#### Monetary amounts

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

#### (i) Taxation-equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent,

## City Of Parramatta Council

### Notes to the Special Purpose Financial Statements for the period 13 May 2016 to 30 June 2017

#### Note 1. Significant accounting policies (continued)

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 \$549,000 of combined land values attracts 0%. For the combined land values in excess of \$549,001 up to \$3,357,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$3,357,000 a premium marginal rate of 2.0% applies.

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

##### **Income tax**

An income tax equivalent has been applied on the profits of the business activities.

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

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

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

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

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

##### **Local government rates and charges**

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

##### **Loan and debt guarantee fees**

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

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

##### **(ii) Subsidies**

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

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

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

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

##### **(iii) Return on investments (rate of return)**

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

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

## City Of Parramatta Council

### Notes to the Special Purpose Financial Statements for the period 13 May 2016 to 30 June 2017

#### Note 1. Significant accounting policies (continued)

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

The rate of return is calculated as follows:

##### **Operating result before capital income + interest expense**

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##### **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 2.38% at 30/6/17.

#### **(iv) Dividends**

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



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the special purpose financial statement**  
**City of Parramatta Council**

To the Councillors of the City of Parramatta Council

## **Opinion**

I have audited the accompanying special purpose financial statements (the financial statements) of City of Parramatta Council's (the Council) Declared Business Activities, which comprise the statement of financial position of each Declared Business Activity as at 30 June 2017, the income statement of each Declared Business Activity for the period 13 May 2016 to 30 June 2017, notes comprising a summary of significant accounting policies and other explanatory information for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- Car park operations
- Leasing of Council property.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2017, and their financial performance for the period 13 May 2016 to 30 June 2017, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

My opinion should be read in conjunction with the rest of this report and in particular, the Emphasis of Matter referring to the basis of accounting.

## **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Emphasis of Matter - Basis of Accounting**

Without modifying my opinion, I 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 Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose. The Councillors' Responsibility for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in Note 1 to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting, as it affects the Council's Declared Business Activities.

## **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

The description forms part of my auditor's report.

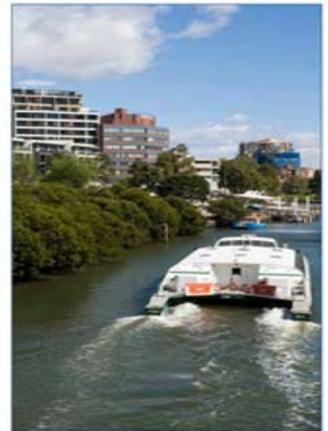
My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Weini Liao  
Director, Financial Audit Services

13 December 2017  
SYDNEY



# City Of Parramatta Council

SPECIAL SCHEDULES

for the period 13 May 2016 to 30 June 2017

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# City Of Parramatta Council

## Special Schedules

for the period 13 May 2016 to 30 June 2017

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<b>Special Schedule 3</b>	Water Supply Operations – incl. Income Statement	n/a
<b>Special Schedule 4</b>	Water Supply – Statement of Financial Position	n/a
<b>Special Schedule 5</b>	Sewerage Service Operations – incl. Income Statement	n/a
<b>Special Schedule 6</b>	Sewerage Service – Statement of Financial Position	n/a
<b>Notes to Special Schedules 3 and 5</b>		n/a
<b>Special Schedule 7</b>	Report on Infrastructure Assets	5
<b>Special Schedule 8</b>	Permissible Income Calculation	9

<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 8).

#### Background

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

## City Of Parramatta Council

## Special Schedule 1 – Net Cost of Services

for the period 13 May 2016 to 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Governance</b>	<b>4,808</b>		–	<b>(4,808)</b>
<b>Administration</b>	<b>104,277</b>	<b>35,423</b>	<b>29,007</b>	<b>(39,847)</b>
<b>Public order and safety</b>				
Fire service levy, fire protection, emergency services	2,051	–	–	<b>(2,051)</b>
Beach control	–	–	–	–
Enforcement of local government regulations	4,993	10,636	–	<b>5,643</b>
Animal control	–	–	–	–
Other	8	–	–	<b>(8)</b>
<b>Total public order and safety</b>	<b>7,053</b>	<b>10,636</b>	–	<b>3,583</b>
<b>Health</b>	<b>1,288</b>	<b>961</b>	–	<b>(328)</b>
<b>Environment</b>				
Noxious plants and insect/vermin control	–	–	–	–
Other environmental protection	3,491	2,794	882	<b>185</b>
Solid waste management	27,259	33,478	–	<b>6,219</b>
Street cleaning	8,654	420	–	<b>(8,234)</b>
Drainage	4,900	135	849	<b>(3,916)</b>
Stormwater management	–	–	–	–
<b>Total environment</b>	<b>44,304</b>	<b>36,827</b>	<b>1,732</b>	<b>(5,745)</b>
<b>Community services and education</b>				
Administration and education	2,219	174	1,265	<b>(780)</b>
Social protection (welfare)	1,940	220	–	<b>(1,719)</b>
Aged persons and disabled	2,565	1,567	–	<b>(998)</b>
Children's services	5,133	5,513	–	<b>380</b>
<b>Total community services and education</b>	<b>11,857</b>	<b>7,474</b>	<b>1,265</b>	<b>(3,118)</b>
<b>Housing and community amenities</b>				
Public cemeteries	–	–	–	–
Public conveniences	7	–	–	<b>(7)</b>
Street lighting	4,343	1,008	–	<b>(3,335)</b>
Town planning	4,476	1,383	893	<b>(2,200)</b>
Other community amenities	–	–	–	–
<b>Total housing and community amenities</b>	<b>8,825</b>	<b>2,390</b>	<b>893</b>	<b>(5,542)</b>
<b>Water supplies</b>	–	–	–	–
<b>Sewerage services</b>	–	–	–	–

## City Of Parramatta Council

Special Schedule 1 – Net Cost of Services (continued)  
for the period 13 May 2016 to 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Recreation and culture</b>				
Public libraries	9,597	950	–	(8,647)
Museums	–	–	–	–
Art galleries	–	–	–	–
Community centres and halls	674	7	3,960	3,293
Performing arts venues	7,094	4,247	–	(2,847)
Other performing arts	–	–	–	–
Other cultural services	4,059	346	1,890	(1,822)
Sporting grounds and venues	1,544	429	–	(1,115)
Swimming pools	4,743	3,620	1,574	451
Parks and gardens (lakes)	10,500	701	1,137	(8,662)
Other sport and recreation	864	867	16,190	16,193
<b>Total recreation and culture</b>	<b>39,074</b>	<b>11,166</b>	<b>24,751</b>	<b>(3,157)</b>
<b>Fuel and energy</b>	–	–	–	–
<b>Agriculture</b>	–	–	–	–
<b>Mining, manufacturing and construction</b>				
Building control	10,367	7,626	–	(2,741)
Other mining, manufacturing and construction	–	–	–	–
<b>Total mining, manufacturing and const.</b>	<b>10,367</b>	<b>7,626</b>	<b>–</b>	<b>(2,741)</b>
<b>Transport and communication</b>				
Urban roads (UR) – local	27,843	3,263	7,945	(16,635)
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	–	–	–	–
Sealed rural roads (SRR) – regional	–	–	–	–
Unsealed rural roads (URR) – local	–	–	–	–
Unsealed rural roads (URR) – regional	–	–	–	–
Bridges on UR – local	–	–	–	–
Bridges on SRR – local	–	–	–	–
Bridges on URR – local	–	–	–	–
Bridges on regional roads	–	–	–	–
Parking areas	3,983	14,427	315	10,759
Footpaths	2,451	7	972	(1,472)
Aerodromes	–	–	–	–
Other transport and communication	1,125	1,661	–	537
<b>Total transport and communication</b>	<b>35,402</b>	<b>19,359</b>	<b>9,232</b>	<b>(6,812)</b>
<b>Economic affairs</b>				
Camping areas and caravan parks	–	–	–	–
Other economic affairs	6,441	2,445	–	(3,996)
<b>Total economic affairs</b>	<b>6,441</b>	<b>2,445</b>	<b>–</b>	<b>(3,996)</b>
<b>Totals – functions</b>	<b>273,697</b>	<b>134,307</b>	<b>66,880</b>	<b>(72,510)</b>
<b>General purpose revenues <sup>(1)</sup></b>		<b>149,705</b>		<b>149,705</b>
<b>Share of interests – joint ventures and associates using the equity method</b>	–	<b>780</b>		<b>780</b>
<b>NET OPERATING RESULT <sup>(2)</sup></b>	<b>273,697</b>	<b>284,792</b>	<b>66,880</b>	<b>77,975</b>

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges (2) As reported in the Income Statement

## City Of Parramatta Council

## Special Schedule 2(a) – Statement of Long Term Debt (all purpose)

for the period 13 May 2016 to 30 June 2017

\$'000

Classification of debt	Principal outstanding at beginning of the year (former Councils)			New loans raised during the year	Debt redemption during the year		Transfers to sinking funds	Interest applicable for year	Principal outstanding at the end of the year		
	Current	Non-current	Total		From revenue	Sinking funds			Current	Non-current	Total
<b>Loans (by source)</b>											
Commonwealth Government	–	–	–	–	–	–	–	–	–	–	–
NSW Treasury Corporation	–	–	–	–	–	–	–	–	–	–	–
Other State Government	–	–	–	–	–	–	–	–	–	–	–
Public subscription	–	–	–	–	–	–	–	–	–	–	–
Financial institutions	13,787	59,258	<b>73,045</b>	–	13,787	–	–	3,918	10,806	48,452	<b>59,258</b>
Other	–	–	–	–	–	–	–	–	–	–	–
<b>Total loans</b>	<b>13,787</b>	<b>59,258</b>	<b>73,045</b>	<b>–</b>	<b>13,787</b>	<b>–</b>	<b>–</b>	<b>3,918</b>	<b>10,806</b>	<b>48,452</b>	<b>59,258</b>
<b>Other long term debt</b>											
Ratepayers advances	–	–	–	–	–	–	–	–	–	–	–
Government advances	–	–	–	–	–	–	–	–	–	–	–
Finance leases	–	–	–	–	–	–	–	–	–	–	–
Deferred payments	–	–	–	–	–	–	–	–	–	–	–
<b>Total long term debt</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total debt</b>	<b>13,787</b>	<b>59,258</b>	<b>73,045</b>	<b>–</b>	<b>13,787</b>	<b>–</b>	<b>–</b>	<b>3,918</b>	<b>10,806</b>	<b>48,452</b>	<b>59,258</b>

Notes: excludes (i) internal loans and (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).

## City Of Parramatta Council

## Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance <sup>a</sup>	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
<b>Buildings</b>	Other	330	1,132	9,274	10,172	164,120	188,686	43%	41%	15%	1%	0%
	<b>Sub-total</b>	<b>330</b>	<b>1,132</b>	<b>9,274</b>	<b>10,172</b>	<b>164,120</b>	<b>188,686</b>	<b>43.1%</b>	<b>41.4%</b>	<b>14.9%</b>	<b>0.5%</b>	<b>0.1%</b>
<b>Other structures</b>	Other structures-including swimming pools and open space assets	10,873	26,890	21,550	22,824	136,139	180,468	62%	16%	7%	6%	9%
	<b>Sub-total</b>	<b>10,873</b>	<b>26,890</b>	<b>21,550</b>	<b>22,824</b>	<b>136,139</b>	<b>180,468</b>	<b>61.6%</b>	<b>16.3%</b>	<b>7.2%</b>	<b>5.7%</b>	<b>9.2%</b>
<b>Roads</b>	Sealed roads	8,697	25,512	15,500	15,806	903,992	1,159,640	48%	26%	24%	1%	1%
	Bridges	25	98	713	749	69,329	98,117	18%	78%	4%	0%	0%
	Footpaths	674	1,902	8,365	8,228	122,911	158,528	27%	47%	24%	1%	1%
	Bulk earthworks	–	–	–	–	102,677	102,677	100%				0%
	<b>Sub-total</b>	<b>9,396</b>	<b>27,513</b>	<b>24,578</b>	<b>24,783</b>	<b>1,198,909</b>	<b>1,518,962</b>	<b>47.6%</b>	<b>29.8%</b>	<b>20.8%</b>	<b>1.1%</b>	<b>0.7%</b>

## City Of Parramatta Council

## Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance <sup>a</sup>	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Stormwater drainage	Other	17,865	41,596	3,368	3,099	218,747	355,524	11%	54%	24%	3%	8%
	<b>Sub-total</b>	<b>17,865</b>	<b>41,596</b>	<b>3,368</b>	<b>3,099</b>	<b>218,747</b>	<b>355,524</b>	<b>11.2%</b>	<b>53.6%</b>	<b>23.5%</b>	<b>3.3%</b>	<b>8.4%</b>
	<b>TOTAL – ALL ASSETS</b>	<b>38,464</b>	<b>97,131</b>	<b>58,770</b>	<b>60,878</b>	<b>1,717,915</b>	<b>2,243,640</b>	<b>42.6%</b>	<b>33.5%</b>	<b>19.6%</b>	<b>1.8%</b>	<b>2.5%</b>

## Notes:

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

## Infrastructure asset condition assessment 'key'

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

## City Of Parramatta Council

Special Schedule 7 – Report on Infrastructure Assets (continued)  
for the period 13 May 2016 to 30 June 2017

\$ '000	Benchmark	Amounts 2017	Indicator 2017
<b>Infrastructure asset performance indicators * consolidated</b>			
<b>1. Infrastructure renewals ratio</b>			
Asset renewals <sup>(1)</sup>	>= 100%	<u>36,141</u>	<b>92.46%</b>
Depreciation, amortisation and impairment		<u>39,088</u>	
<b>2. Infrastructure backlog ratio</b>			
Estimated cost to bring assets to a satisfactory standard	< 2.00%	<u>38,464</u>	<b>2.38%</b>
Net carrying amount of infrastructure assets		<u>1,616,124</u>	
<b>3. Asset maintenance ratio</b>			
Actual asset maintenance	> 1.00	<u>60,878</u>	<b>1.04</b>
Required asset maintenance		<u>58,770</u>	
<b>4. Cost to bring assets to agreed service level</b>			
Estimated cost to bring assets to an agreed service level set by Council		<u>97,131</u>	<b>4.33%</b>
Gross replacement cost		<u>2,243,640</u>	

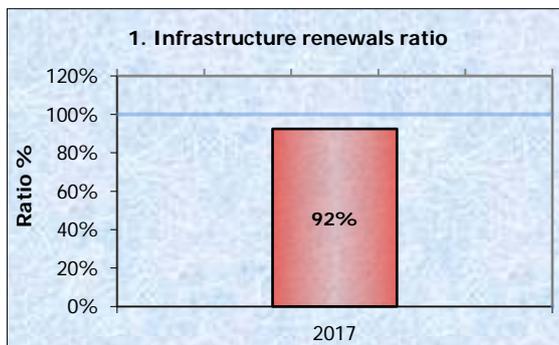
## Notes

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

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

# City Of Parramatta Council

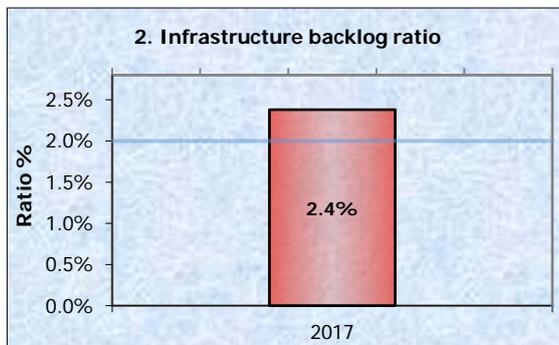
## Special Schedule 7 – Report on Infrastructure Assets (continued) for the period 13 May 2016 to 30 June 2017



Benchmark: —— Minimum  $\geq 100.00\%$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Commentary on /17 result	
<b>/17 Ratio</b>	<b>92.46%</b>
<p>This ratio is improving, however still below the benchmark of 100% and indicates that Councils needs to increase its' renewal expenditure.</p>	

■ Ratio achieves benchmark  
■ Ratio is outside benchmark



Benchmark: —— Maximum  $< 2.00\%$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Commentary on /17 result	
<b>/17 Ratio</b>	<b>2.38%</b>
<p>The backlog has fallen below benchmark. Council's backlog has been assessed by a third party and has been calculated as a percentage of poor and very poor assets.</p>	

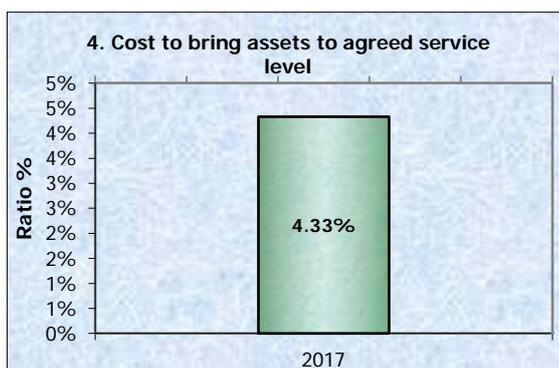
■ Ratio achieves benchmark  
■ Ratio is outside benchmark



Benchmark: —— Minimum  $> 1.00$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Commentary on /17 result	
<b>/17 Ratio</b>	<b>1.04 x</b>
<p>Council has met the benchmark due to adequate levels of asset maintenance expenditure.</p>	

■ Ratio achieves benchmark  
■ Ratio is outside benchmark



**Purpose of agreed service level ratio**  
This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

Commentary on /17 result	
<b>/17 Ratio</b>	<b>4.33%</b>
<p>This is the first year of this ratio and based on 100% of its poor and very poor assets being reinstated to an excellent condition status.</p>	

## City Of Parramatta Council

## Special Schedule 8 – Permissible Income Calculation

for the year ended 30 June 2018

\$'000		Calculation 2017/18	Calculation 2017/18	Calculation 2017/18	Calculation 2017/18	Calculation 2017/18	Calculation 2017/18
		Former Parramatta City Council	Former Auburn Council	Former Holroyd Council	Altered Hills Shire Council	Altered Hornsby Shire Council	<b>Total</b>
<b>Notional general income calculation</b> <sup>(1)</sup>							
Last year notional general income yield	a	96,970	13,856	1,306	10,596	10,053	132,781
Plus or minus adjustments <sup>(2)</sup>	b	152	(305)	3	145	241	236
<b>Notional general income</b>	c = (a + b)	<b>97,122</b>	<b>13,551</b>	<b>1,309</b>	<b>10,741</b>	<b>10,294</b>	<b>133,017</b>
<b>Permissible income calculation</b>							
Special variation percentage <sup>(3)</sup>	d	0.00%	0.00%	7.00%	0.00%	0.00%	
Or rate peg percentage	e	1.50%	1.50%	1.50%	1.50%	1.50%	
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%	0.00%	0.00%	0.00%	
Less expiring special variation amount	g	–	–	–	–	–	–
Plus special variation amount	h = d x (c – g)	–	–	92	–	–	92
Or plus rate peg amount	i = c x e	1,457	203	–	161	154	1,976
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–	–	–	–	–
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>98,579</b>	<b>13,754</b>	<b>1,401</b>	<b>10,902</b>	<b>10,448</b>	<b>135,084</b>
Plus (or minus) last year's carry forward total	l	(1)	14	(1)	(2)	(14)	(4)
Less valuation objections claimed in the previous year	m	–	–	–	–	–	–
<b>Sub-total</b>	n = (l + m)	<b>(1)</b>	<b>14</b>	<b>(1)</b>	<b>(2)</b>	<b>(14)</b>	<b>(4)</b>
<b>Total permissible income</b>	o = k + n	<b>98,578</b>	<b>13,768</b>	<b>1,400</b>	<b>10,900</b>	<b>10,434</b>	<b>135,080</b>
Less notional general income yield	p	98,482	13,608	1,349	11,131	10,449	135,019
<b>Catch-up or (excess) result</b>	q = o – p	<b>96</b>	<b>160</b>	<b>51</b>	<b>(231)</b>	<b>(15)</b>	<b>61</b>
Plus income lost due to valuation objections claimed <sup>(4)</sup>	r	–	–	–	–	–	–
Less unused catch-up <sup>(5)</sup>	s	–	–	–	–	–	–
<b>Carry forward to next year</b>	t = q + r – s	<b>96</b>	<b>160</b>	<b>51</b>	<b>(231)</b>	<b>(15)</b>	<b>61</b>

## City Of Parramatta Council

### Special Schedule 8 – Permissible Income Calculation (continued) for the year ended 30 June 2018

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#### 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 Council's Special Schedule 8 in the financial data return (FDR) to administer this process.



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule No. 8

### City of Parramatta Council

To the Councillors of the City of Parramatta Council

#### Opinion

I have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 8) of City of Parramatta Council (the Council) for the year ending 30 June 2018.

In my opinion, Special Schedule No. 8 of City of Parramatta Council for 30 June 2018 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report, and in particular the Emphasis of Matter paragraph, which describes the basis of accounting.

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of Special Schedule No. 8' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Emphasis of Matter - Basis of Accounting**

Without modifying my opinion, I draw attention to the notes and explanations in Special Schedule No. 8 that instruct councils in its preparation so it complies with OLG's requirements as described in the LG Code. As a result, Special Schedule No. 8 may not be suitable for another purpose.

## **Other Matter**

Special Schedule No. 8 of the Council for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on Special Schedule No. 8 on 11 December 2017.

## **The Councillors' Responsibility for Special Schedule No. 8**

The Councillors of the Council are responsible for the preparation of Special Schedule No. 8 in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of Special Schedule No. 8 that is free from material misstatement, whether due to fraud or error.

In preparing Special Schedule No.8, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

## **Auditor's Responsibility for the Audit of Special Schedule No. 8**

My objectives are to:

- obtain reasonable assurance about whether Special Schedule No. 8 as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on special Schedule No. 8.

A description of my responsibilities for the audit of Special Schedule No. 8 is located at the Auditing and Assurance Standards Board website at [http://www.auasb.gov.au/auditors\\_responsibilities/ar8.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Special Schedule No. 8 on any website where they may be presented
- about any other information which may have been hyperlinked to/from Special Schedule No. 8.



Weini Liao  
Director, Financial Audit Services

13 December 2017  
SYDNEY