



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the 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.

(q) Borrowing costs

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

(r) Provisions

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market

assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(s) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be 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 which 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 entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

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

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 which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. However, when this information is not reliably available, Council 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.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB119 Employee Benefits. Sufficient information under is not available to account for the Scheme as a defined benefit plan in accordance with AASB 119, because the assets to the Scheme are pooled together for all Councils.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2014 was \$1,216,488. The last valuation of the



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Scheme was performed by Mr Richard Boyfield, Representative of Mercer Consulting (Australia) Pty Ltd, AFS Licence No. 411770 on 30 June 2014 and covers the period ended 30 June 2014.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2014 a deficit still exists. Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit. The amount of additional contributions included in the total employer contribution advised above is \$588,369. Councils expected contributions to the plan for the next annual reporting period is \$588,369.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$2,353,476 as at 30 June 2014.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has, however, disclosed a contingent liability in Note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

Defined Contributions 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.

(t) Rounding of amounts

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

(u) Land under roads

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051. Any land under roads that was recognised before 1 July 2008 was derecognised at 1 July 2008 against the opening balance of retained earnings.

Land under roads acquired after 1 July

2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

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

(v) Self insurance

Council has decided to self-insure for various risks including public liability and professional indemnity. This is up to a limit of \$150,000 (\$600,000 prior to 1 July 2006) per claim/event for public liability and \$50,000 per claim/event for professional indemnity. A provision for self-insurance has been made to recognise outstanding claims the amount of which is detailed in Note 10. Council also maintains cash and investments to meet expected future claims and these are detailed in Note 6(c).

(w) Intangible assets

Alternative Waste Technology

Costs incurred in acquiring licences and rights that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to licensing.

Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation will be calculated on a straight line basis over the life of the project. 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.

(x) Crown Reserves

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

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

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

(y) Rural Fire Service assets

Under section 119 of the Rural Fires Act 1997, "all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed".

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to recognise Rural Fire Service assets including land, buildings, plant and vehicles and depreciation charges within the Financial Statements.

(z) Goods & 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 within the statement of financial position are stated inclusive of any applicable GST. The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the statement of financial position.

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

(aa) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. Warringah Council's assessment of the impact of these new standards and interpretations is set out below.



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for the financial year ended 30 June 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) AASB 9 Financial Instruments, AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)

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

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities. The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

(ii) AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective for Council's 30 June 2015 financial statements).

There are no changes to reported financial position or performance from AASB 2013 – 3, however additional disclosures may be required.

(iii) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2014 for not-for-profit entities)

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will not be classified as a joint venture under the new rules. As Council currently applies the equity method in accounting for this investment, AASB 11 will have an impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not re-measure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. Council is still assessing the impact of these amendments.

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

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FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2(a) FUNCTIONS OR ACTIVITIES

\$ '000

Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).

Functions/Activities	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations			Total Assets held (Current & Non-current)		
	Original			Original			Original			Actual			Actual		
	Budget 2014	Actual 2014	Actual 2013	Budget 2014	Actual 2014	Actual 2013	Budget 2014	Actual 2014	Actual 2013	Actual 2014	Actual 2013	Actual 2014	Actual 2013	Actual 2014	Actual 2013
Corporate Support	15,138	9,480	12,300	21,300	19,954	19,755	(6,782)	(10,464)	(7,395)	5	10	1,852,304	1,851,198	-	-
Good Governance	11	14	217	7,157	8,703	7,165	(7,146)	(8,889)	(6,948)	-	-	-	-	-	-
Certification	434	237	222	808	1,046	671	(374)	(749)	(440)	-	-	-	-	-	-
Child Care	6,629	6,573	5,325	8,383	8,289	7,043	(1,754)	(1,716)	(1,716)	591	558	658	-	-	-
Community & Safety	1,318	1,353	2,080	5,737	5,702	6,559	(4,419)	(4,369)	(4,278)	201	368	287	481	-	-
Compliance	4,454	4,553	4,021	5,437	5,115	5,246	(863)	(882)	(1,225)	-	-	-	-	-	-
Cultural Services	104	121	109	1,161	1,357	1,089	(1,057)	(1,286)	(880)	-	-	-	37	-	-
Development Assessment	1,909	1,879	1,651	5,105	5,148	5,144	(3,186)	(3,269)	(3,493)	-	-	38	-	-	-
Glen Street Theatre	1,803	1,144	1,446	2,916	2,360	2,724	(1,113)	(1,216)	(1,278)	-	-	12	-	-	-
Information & Library	683	591	591	6,342	6,439	6,051	(5,659)	(5,848)	(5,460)	367	382	1,369	1,546	-	-
Kimiri Environmental Enterprises	19,780	21,451	18,295	21,274	23,800	20,054	(1,494)	(2,149)	(1,799)	-	-	13,822	20,561	-	-
Natural Environment	532	580	488	9,658	9,978	9,609	(9,328)	(9,398)	(9,121)	327	178	234,166	293,981	-	-
Parks, Reserves & Freshores	716	803	685	10,856	11,358	10,040	(10,140)	(10,656)	(9,355)	-	87	101,089	80,326	-	-
Roads, Traffic & Waste	25,145	26,387	23,630	30,771	30,034	28,533	(5,626)	(3,867)	(4,903)	1,496	1,225	346,893	346,067	-	-
Strategic Planning	671	795	570	3,475	3,182	2,528	(2,804)	(2,357)	(2,252)	162	-	-	-	-	-
Warringah Aquatic Centre	2,582	2,372	2,341	4,312	4,624	4,139	(1,750)	(2,252)	(1,798)	-	-	531	532	-	-
Total Functions & Activities	81,888	78,383	73,891	143,483	144,879	136,459	(63,592)	(66,516)	(62,488)	3,149	2,628	2,331,110	2,326,637	-	-
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	302	137	113	(302)	(137)	(113)	-	-	183	173	-	-
General Purpose Income ¹	88,616	77,993	77,395	-	-	-	80,616	77,993	77,395	2,954	4,854	-	-	-	-
Totals	188,505	156,386	151,386	143,794	145,016	136,573	16,711	11,340	14,823	6,103	7,682	2,331,363	2,326,810	-	-
Operating Result attributable to Council							19,727	19,356	19,894						
Operating Result attributable to Minority Interest							884	984	1,129						

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



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FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2(b) COMPONENTS OF FUNCTIONS OR ACTIVITIES

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

Certification Services

Issue of certificates and approvals (including Construction, Occupations, Strata, Compliance and Building Certificates), as well as conducting principal certifying authority functions.

Good Governance

Corporate planning, strategic advice and support, corruption prevention strategies, community engagement, elected council support, policy development and review and manage complaints service.

Children's Services

Long day, mobile occasional and family day care. Provision of programs, events, information and referral for children and their families. Aboriginal services, family and community education and vulnerable family service and support.

Information and Library Services

Public libraries providing lending, information and search services, communal space for study/research and supporting communities information, education, cultural and recreational needs.

Community & Safety Services

Seniors and disabled service and support, beach management, community centre management, community development program and vulnerable service and support.

Kimbriki Environmental Enterprises

Operation of landfill and recycling from commercial and domestic customers.

Compliance Services

Investigate and enforce compliance relating to unlawful building works, unlawful land uses, fire safety and breach of consent. Complaints investigation, public safety and health projects, environmental health, animal management and education.

Natural Environment

Advice on natural areas and environmental issues, planning and research on environmental sustainability, environmental education and stormwater management.

Corporate Support Services

Costs not otherwise attributed to other services (includes Customer Service, Finance, Human Resources, Information Management & Technology, Procurement and Property and Commercial Development).

Parks, Reserves and Foreshores

Management of parks, reserves, foreshores assets including sportsgrounds, playgrounds, rock pools and other recreational facilities.

Cultural Services

Co-ordination of civic and landmark events (eg Citizenship and Australia Day), community festivals, exhibitions and cultural programs.

Roads, Traffic and Waste

Street lighting, collection of commercial and domestic waste, public place cleaning, road network asset maintenance and traffic management.

Development Assessment Services

Assessment on development and subdivision, advice on development, advice and service on civil engineering.

Strategic Planning

Advice on land use, development and policy.

Glen Street Theatre

Host performing arts professionals, community groups, schools and corporate users.

Warringah Aquatic Centre

Aquatic centre management, providing water safety, water fitness, learn to swim and coaching programs.



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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3 INCOME FROM CONTINUING OPERATIONS

\$ '000	Notes	Actual 2014	Actual 2013
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		58,148	55,954
Business		14,074	13,675
Total Ordinary Rates		72,222	69,629
Special Rates			
Nil			
Annual Charges (pursuant to s496, s501 & s611)			
Domestic Waste Management Services		20,923	18,498
Section 611 Charges		80	74
Total Annual Charges		21,003	18,572
TOTAL RATES & ANNUAL CHARGES		93,225	88,201
Council has used 2012 year valuations provided by the NSW Valuer General in calculating its rates.			
(b) User Charges & Fees			
User Charges (pursuant to s.502)			
Waste Management Services (non-domestic)		454	445
Total User Charges		454	445
Fees			
Planning & Building Regulation		2,156	1,846
Regulatory/ Statutory Fees		332	326
Section 149 Certificates (EPA Act)		549	483
Section 603 Certificates		268	198
Dog Registration		64	65
Road & Shop Inspection		134	100
Child Care		5,964	5,344
Community Centres		1,729	1,182
Glen Street Theatre		771	1,075
Kimbriki Waste & Recycling Centre		17,923	15,886
Libraries		105	152
Parking Areas		1,158	961
Restoration Charges		787	959
Swimming Centres		2,177	2,087
Other		954	1,192
Total Fees		35,071	31,856
TOTAL USER CHARGES & FEES		35,525	32,301



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FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3 INCOME FROM CONTINUING OPERATIONS (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Overdue Rates & Annual Charges		222	233
- Cash and Investments		3,484	4,181
Fair Value Adjustments			
- Investments		181	23
TOTAL INTEREST & INVESTMENT REVENUE		3,887	4,437
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges		222	233
General Council Cash & Investments		2,575	2,650
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		915	1,286
- Section 94A		175	268
Total Interest & Investment Revenue Recognised		3,887	4,437
(d) Other Revenues			
Ex Gratia Rates		20	19
Insurance Claim Recoveries		27	332
Legal Fees Recovery - Rates & Charges (Extra Charges)		105	101
Legal Fees Recovery - Other		88	50
Other Fines		432	331
Parking Fines		2,552	2,213
Recycling Income (non domestic)		2,110	1,461
Rental Income - Investment Properties		106	151
Rental Income - Other Council Properties		2,343	2,167
Sales - General		182	171
Sullage Income/Sponsorship		26	27
Waste Performance Improvement		372	918
Other Revenues		3,031	2,467
TOTAL OTHER REVENUE		11,394	10,408



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NOTE 3 INCOME FROM CONTINUING OPERATIONS (continued)

\$ '000	Notes	2014 Operating	2013 Operating	2014 Capital	2013 Capital
(e) Grants					
General Purpose (Untied)					
Financial Assistance - General Component		1,581	2,906	-	-
Financial Assistance - Local Roads Component		614	1,157	-	-
Pensioners' Rates Subsidies - General Component		759	801	-	-
Total General Purpose		2,954	4,864	-	-
Specific Purpose					
Pensioners' Rates Subsidies:					
- Domestic Waste Management		244	231	-	-
Bushfire & Emergency Services		50	48	-	-
Child Care		591	598	-	-
Coast & Estuaries		99	76	-	-
Community Care		93	135	-	-
Community Centres		108	102	-	131
Environmental Protection		130	10	-	-
Library		91	90	276	272
Noxious Weeds		48	35	-	-
Recreation & Culture		-	67	-	30
Street Lighting		349	349	-	-
Transport (Roads to Recovery)		-	-	608	608
Transport (Other Roads & Bridges Funding)		69	37	226	-
Local Environmental Planning		162	-	-	-
Other		5	10	-	-
Total Specific Purpose		2,039	1,787	1,110	1,041
Total Grants		4,993	6,651	1,110	1,041
Grant Revenue is attributable to:					
- Commonwealth Funding		2,478	4,423	608	608
- State Funding		2,515	2,227	502	433
		4,993	6,651	1,110	1,041


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NOTE 3 INCOME FROM CONTINUING OPERATIONS (continued)

\$ '000	Notes	2014 Operating	2013 Operating	2014 Capital	2013 Capital
(f) Contributions					
Developer Contributions:					
- S 94		-	-	(18)	206
- S 94A Levies		-	-	2,170	1,941
Total Developer Contributions	17	-	-	2,152	2,147
Other Contributions:					
Bushfire Services		162	150	488	-
Coast & Estuaries		1	117	-	-
Other Councils - Joint Works/Services		55	27	-	-
Recreation & Culture		-	-	369	396
RMS Contributions (Regional/Local, Block Grant)		352	343	519	360
Community Services		15	-	-	-
Other		742	-	112	26
Total Other Contributions		1,327	637	1,488	782
Total Contributions		1,327	637	3,640	2,929
TOTAL GRANTS & CONTRIBUTIONS		6,320	7,288	4,750	3,970

(g) Restrictions relating to Grants and Contributions

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

Grants and contributions recognised in the current period which have not been spent	3,307	4,235
Less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period	(9,609)	(5,439)
Net Increase (Decrease) in Restricted Assets during the Current Reporting Period	(6,302)	(1,204)



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NOTE 4 EXPENSES FROM CONTINUING OPERATIONS

\$ '000	Notes	Actual 2014	Actual 2013
(a) Employee Benefits & On-Costs			
Salaries and Wages		48,283	46,059
Employee Termination Costs		478	15
Travelling		25	34
Employee Leave Entitlements (ELE)		4,917	4,604
Superannuation		5,309	4,998
Workers' Compensation Insurance		33	(35)
Fringe Benefit Tax (FBT)		417	298
Training Costs (other than Salaries & Wages)		860	817
Recruitment Costs		92	113
Other		607	704
Total Employee Costs		61,021	57,607
Less: Capitalised Costs		(2,032)	(1,831)
TOTAL EMPLOYEE COSTS EXPENSED		58,989	55,776
Number of "Full Time Equivalent" Employees at year end		589	592
Number of "Full Time Equivalent" Employees for the reporting period		635	635
(b) Borrowing Costs			
Interest on Loans		-	-
Charges on Finance Leases		75	82
Amortisation of Discounts and Premiums			
- Remediation Liabilities		870	820
Less: Capitalised Costs		-	-
TOTAL BORROWING COSTS EXPENSED		945	902



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FOR THE YEAR ENDED 30 JUNE 2014

NOTE 4 EXPENSES FROM CONTINUING OPERATIONS (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(c) Materials & Contracts			
Raw Materials & Consumables		9,705	9,186
Contractor & Consultancy Costs			
- Bush Regeneration		919	839
- Cleaning		940	951
- Consultancy		96	243
- External Roadwork		427	799
- Garbage		5,056	4,753
- Kimbriki Waste & Recycling Centre		10,501	10,600
- Recycling		3,590	3,533
- Waste Disposal		5,183	4,540
- Other		13,223	11,199
Remuneration of Auditors ⁽¹⁾			
- Audit Services		79	90
- Other Services		-	7
Legal Fees:			
- Planning & Development		314	353
- Other		961	807
Operating Leases:			
- Printers		166	102
Less: Capitalised Costs		-	-
TOTAL MATERIALS & CONTRACTS		51,160	48,002

(1) During the year the following fees were paid or payable for services provided by the Council's auditors - Hill Rogers Spencer Steer

(i) Audit and other assurance services			
Audit and review of financial statements		79	90
Other assurance services		-	-
Total remuneration for audit and other assurance services		79	90
(ii) Other services			
- Attendance at Audit and Risk Committee Meetings		-	3
- Other		-	4
Total remuneration for other services		-	7
Total remuneration of Council's auditors - Hill Rogers Spencer Steer		79	97



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 4 EXPENSES FROM CONTINUING OPERATIONS (continued)

		Depreciation/Amortisation		Impairment Costs	
		Actual	Actual	Actual	Actual
\$ '000	Notes	2014	2013	2014	2013
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		1,720	1,664	-	-
Office Equipment		1,129	869	-	-
Furniture & Fittings		55	208	-	-
Property, Plant & Equipment - Leased		240	475	-	-
Land Improvements (depreciable)		89	81	-	-
Buildings - Non Specialised		2,698	1,751	-	-
Buildings - Specialised		82	97	-	-
Other Structures		393	363	-	-
Infrastructure:					
- Roads		3,355	3,333	-	-
- Bridges		33	33	-	-
- Footpaths		365	353	-	-
- Stormwater Drainage		3,577	3,531	-	-
- Swimming Pools		195	250	-	-
- Open Space		380	349	-	-
Other Assets					
- Library Books		524	526	-	-
Tip Asset		244	244	-	-
Less: Capitalised Costs		-	-	-	-
TOTAL DEPRECIATION & TOTAL IMPAIRMENT		15,079	14,127	-	-



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 4 EXPENSES FROM CONTINUING OPERATIONS (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(e) Other Expenses			
Other Expenses for the year include the following:			
Fair Value Adjustments - Investment Properties		100	200
Advertising		584	634
Bad & Doubtful Debts		8	49
Carbon Tax Expense		729	667
Mayoral Fee		59	58
Councillors' Fees		222	217
Councillors' (incl. Mayor) Expenses - Other (excluding fees above)		135	177
Contributions to Other Levels of Government			
- Planning Levy		278	278
- Waste Levy		6,744	5,322
- Emergency Services Levy		2,529	2,897
- Other Levies		388	-
Contributions & Donations (Section 356)		197	234
Data Services		280	388
Electricity & Heating		2,823	2,864
Insurance		752	1,032
Interest on Bonds & Deposits		3	7
Land Tax		286	-
SHOROC Contributions		135	169
Street Lighting		1,607	1,558
Telephone & Communications		475	509
Valuation Fees		223	209
Other		149	174
TOTAL OTHER EXPENSES		18,706	17,644


ANNUAL FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 5 GAINS OR LOSSES FROM THE DISPOSAL OF ASSETS

\$ '000	Notes	Actual 2014	Actual 2013
Property (excl. Investment Property)			
Proceeds from Disposal		845	5,722
less: Carrying Amount of Property Assets Sold		-	(1,537)
Net Gain/(Loss) on Disposal		845	4,185
Plant & Equipment			
Proceeds from Disposal		1,354	1,549
less: Carrying Amount of P&E Assets Sold		(944)	(1,284)
Net Gain/(Loss) on Disposal		410	265
Infrastructure			
Proceeds from Disposal		-	3
less: Carrying Amount of Infrastructure Assets Sold		-	(114)
plus: Reversal of Revaluation Reserve		-	111
Net Gain/(Loss) on Disposal		-	-
Financial Assets			
Proceeds from Disposal		117,843	146,925
less: Carrying Amount of Financial Assets Sold		(117,843)	(146,925)
Net Gain/(Loss) on Disposal		-	-
Non-Current Assets Classified as "Held for Sale"			
Proceeds from Disposal		-	413
less: Carrying Amount of "Held for Sale" Assets Sold		-	(82)
Net Gain/(Loss) on Disposal		-	331
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		1,255	4,781



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 6(a) CASH AND CASH EQUIVALENTS

\$ '000	Notes	2014 Actual		2013 Actual	
		Current	Non-Current	Current	Non-Current
Cash on Hand and at Bank		7,265	-	4,311	-
Deposits at Call		-	-	-	-
Total Cash & Cash Equivalents		7,265	-	4,311	-

NOTE 6(b) INVESTMENTS

Financial Assets at fair value through Profit and Loss - Held for Trading	-	1,283	992	1,287
Held to Maturity Investments	72,805	2,000	75,519	2,000
Total	72,805	3,283	76,511	3,287

Financial Assets at fair value through Profit and Loss - Held for Trading

At beginning of year	992	1,287	1,998	2,318
Revaluation to Income Statement	8	173	2	21
Additions	-	-	-	-
Disposals	(1,000)	(177)	(2,000)	(60)
Transfers between Current/Non -Current	-	-	992	(992)
At end of year	-	1,283	992	1,287

Comprising of:

FRNs	-	-	992	-
Mortgage Backed Securities	-	1,283	-	1,287
	-	1,283	992	1,287

Held to Maturity Investments

At beginning of year	75,519	2,000	66,539	2,000
Amortisation of discounts and premiums	-	-	-	-
Additions	111,952	2,000	161,385	-
Disposals	(116,666)	-	(152,405)	-
Transfers between Current/Non -Current	2,000	(2,000)	-	-
At end of year	72,805	2,000	75,519	2,000

Comprising of:

Term Deposits	72,805	2,000	75,519	2,000
FRNs	-	-	-	-
	72,805	2,000	75,519	2,000

Note:

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



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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

\$ '000	Notes	2014 Actual		2013 Actual	
		Current	Non-Current	Current	Non-Current
Total Cash, Cash Equivalents and Investments		80,070	3,283	80,822	3,287
External Restrictions (refer below)		27,455	3,283	30,500	3,287
Internal Restrictions (refer below)		8,945	-	8,498	-
Unrestricted		43,670	-	41,824	-
		80,070	3,283	80,822	3,287

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
External Restrictions - Included in Liabilities				
Nil				
External Restrictions - Other				
Developer Contributions - General (A)	30,591	3,241	(9,485)	24,347
Specific Purpose Unexpended Grants (B)	498	66	(124)	440
Domestic Waste Management (C)	2,564	3,387	-	5,951
Subdivision and Duffy's Forest Concurrence	134	-	(134)	-
External Restrictions - Other	33,787	6,694	(9,743)	30,738
Total External Restrictions	33,787	6,694	(9,743)	30,738

- A** Development contributions which are not yet expended for the provision of services and amenities in accordance with contribution plans (refer Note 17).
B Grants which are not yet expended for the purposes for which the grants were obtained (refer Note 1).
C Domestic Waste Management (DWM) are externally restricted assets and must be applied for the purposes for which they were raised.

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Beach Parking	118	-	(118)	-
Compulsory Open Space Acquisition	156	864	-	1,020
Deposits, Retentions & Bonds	4,111	340	-	4,451
Employees Leave Entitlement	2,713	-	(135)	2,578
Insurance	1,037	-	(407)	630
Long Reef SLSC Renewal	171	-	-	171
Road Reserve	95	-	-	95
SES Building Capital Works	97	-	(97)	-
Total Internal Restrictions	8,498	1,204	(757)	8,945
TOTAL RESTRICTIONS	42,285	7,015	(11,383)	37,917



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 7 RECEIVABLES

\$ '000	2014		2013	
	Current	Non-Current	Current	Non-Current
Purpose				
Rates & Annual Charges	2,111	326	2,390	323
Interest & Extra Charges	252	193	237	192
User Charges & Fees	3,323	-	2,569	-
Accrued Revenues				
- Interest on Investments	1,179	-	924	-
Government Grants & Subsidies	72	-	94	-
Net GST Receivable	718	-	808	-
Other Debtors	-	-	-	-
Total	7,655	519	7,022	515
less: Provision for Impairment				
Rates & Annual Charges	-	-	-	-
User Charges & Fees	(107)	-	(100)	-
Total Provision for Impairment - Receivables	(107)	-	(100)	-
TOTAL NET RECEIVABLES	7,548	519	6,922	515
Externally Restricted Receivables				
Domestic Waste Management	537	96	553	101
Other	-	-	-	-
Total External Restrictions	537	96	553	101
Internally Restricted Receivables				
Nil				
Unrestricted Receivables	7,011	423	6,369	414
TOTAL NET RECEIVABLES	7,548	519	6,922	515



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 8 INVENTORIES & OTHER ASSETS

\$ '000	2014		2013	
	Current	Non-Current	Current	Non-Current
Inventories				
Stores & Materials	55	-	61	-
Trading Stock	23	-	32	-
Total Inventories	78	-	93	-
Inventories not expected to be realised within the next 12 months	-	-	-	-
Other Assets				
Prepayments	1,253	-	1,180	-
Total Other Assets	1,253	-	1,180	-
TOTAL INVENTORIES & OTHER ASSETS	1,331	-	1,273	-

Note:

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

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 9(g) INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	At 30/6/2013										At 30/6/2014				
	Cost	At Fair Value	Accumulated Depreciation & Impairment	Carrying value	Additions	WDV of Disposals	Depreciation and Impairment	Adjustments & Transfers	Revaluation Increments/ (decrements)	Cost	At Fair Value	Accumulated Depreciation & Impairment	Carrying value		
Capital Work in Progress	3,467	-	-	3,467	4,315	-	-	-	(785)	6,997	-	-	6,997		
Plant & Equipment	-	10,772	5,434	5,338	2,542	(944)	(1,720)	-	-	-	10,667	5,452	5,216		
Office Equipment	-	13,428	10,068	3,360	1,133	-	(1,128)	63	-	-	13,780	10,352	3,428		
Furniture & Fittings	-	3,433	3,083	350	3	-	(55)	(33)	-	-	2,368	2,103	265		
Plant & Equipment (under Finance Lease)	-	940	688	252	-	-	(240)	-	-	-	55	43	12		
Land:															
- Operational Land	-	143,464	-	143,464	-	-	-	-	-	-	143,464	-	143,464		
- Community Land	-	1,427,572	-	1,427,572	3,906	-	-	-	-	-	1,431,478	-	1,431,478		
- Land Under Roads	-	1,948	-	1,948	-	-	-	-	-	-	1,948	-	1,948		
Land Improvements - depreciable	-	26,281	1,256	25,025	2,045	-	(89)	204	-	-	28,530	1,345	27,185		
Buildings - Non Specialised	-	168,722	39,295	129,427	3,989	-	(2,698)	1,371	-	-	174,082	41,993	132,089		
Buildings - Specialised	-	9,594	1,544	8,050	1,797	-	(82)	13	-	-	11,404	1,626	9,778		
Other Structures	-	45,102	5,320	39,782	1,833	-	(393)	138	-	-	47,073	5,713	41,360		
Infrastructure:															
- Roads	-	366,947	61,291	305,656	3,725	-	(3,355)	-	-	-	370,672	64,646	306,026		
- Bridges	-	5,396	980	4,416	-	-	(33)	-	-	-	5,366	1,013	4,383		
- Footpaths	-	41,113	7,729	33,384	1,243	-	(365)	-	-	-	42,356	8,094	34,262		
- Stormwater Drainage	-	339,189	101,709	237,480	1,550	-	(3,577)	13	-	-	340,752	105,282	235,466		
- Swimming Pools	-	27,720	9,773	17,947	376	-	(195)	-	-	-	28,096	9,968	18,128		
- Other Open Space/Recreational Assets	-	36,492	5,693	30,799	1,103	-	(380)	-	-	-	37,595	6,073	31,522		
Other Assets:															
- Library Books	-	8,005	6,458	1,547	554	-	(525)	2	-	-	8,560	6,982	1,578		
- Other	-	-	-	-	-	-	-	-	-	-	-	-	-		
- Tip Asset	-	11,629	1,155	10,474	-	-	(244)	-	-	-	11,629	1,399	10,230		
TOTAL	3,467	2,897,747	261,476	2,429,736	30,114	(944)	(15,079)	966	-	6,997	2,709,935	272,088	2,444,915		
Asset acquisitions were apportioned between			New Assets	13,596											
			Renewals	16,518											
			Total Additions	30,114											

Note:

Refer to Note 27 Fair value measurement for information regarding the fair value of I.P.P & E.

ANNUAL FINANCIAL STATEMENTS



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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

Class of Asset	Actual 2014				Actual 2013			
	At Cost	At Fair Value	Accumulated Depreciation & Impairment	Carrying Value	At Cost	At Fair Value	Accumulated Depreciation & Impairment	Carrying Value
Domestic Waste Management								
- 35.5% of 7 Kimbriki Rd Ingleside	-	852	-	852	-	852	-	852
Total DWM	-	852	-	852	-	852	-	852
Other Restricted Assets								
- 64.5% of 7 Kimbriki Rd Ingleside	-	6,052	-	6,052	-	6,052	-	6,052
- 100% of 8,9A & 10 Kimbriki Rd Ingleside	-	716	-	716	-	716	-	716
- Non-Cash S94 Contribution	-	6,768	-	6,768	-	6,768	-	6,768
Total Other Restrictions	-	7,536	-	7,536	-	7,536	-	7,536
TOTAL RESTRICTED I, PP&E	-	8,388	-	8,388	-	8,388	-	8,388



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 10(a) PAYABLES, BORROWINGS AND PROVISIONS

\$ '000	Notes	Actual 2014		Actual 2013	
		Current	Non-Current	Current	Non-Current
Payables					
Goods & Services		1,895	-	1,605	-
Accrued Expenses					
- Wages and Salaries		1,216	-	1,066	-
- Other		6,328	-	3,978	-
Payments Received In Advance		2,753	-	1,908	-
Deposits & Retentions		4,451	-	4,111	-
Fringe Benefits Tax Payable		-	-	80	-
Other Payables		1,061	-	971	-
Total Payables		17,704	-	13,719	-
Current Payables not expected to be settled within the next 12 months					
Deposits & Retentions		2,533	-	2,596	-
Total		2,533	-	2,596	-
Borrowings					
Loans - Secured ⁽¹⁾		-	-	-	-
Finance Lease Liability		9	4	261	13
Total Borrowings		9	4	261	13
Provisions⁽²⁾					
Employee Benefits;					
Annual Leave		4,200	-	4,302	-
Sick Leave		257	-	340	-
Long Service Leave		7,835	966	7,682	1,031
Gratuities		38	-	4	34
Redundancies		172	-	172	-
Sub Total - Aggregate Employee Benefits		12,502	966	12,500	1,065
Self Insurance - Workers Compensation		182	382	222	528
- Public Liability		34	596	318	719
- Other					
Asset Remediation	26	-	15,365	-	14,495
Carbon Tax		31	1,365	31	636
Total Provisions		12,749	16,674	13,071	17,443
Current Provisions not expected to be settled within the next 12 months					
		7,146	-	7,459	

Notes:

⁽¹⁾ Loans are secured over the income of Council

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



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 10(a) PAYABLES, BORROWINGS AND PROVISIONS (continued)

\$ '000	Actual 2014		Actual 2013	
	Current	Non- Current	Current	Non-Current
Liabilities relating to Restricted Assets				
Externally Restricted Assets				
Domestic Waste Management	1,366	-	483	-
Total	1,366	-	483	-
Internally Restricted Assets				
Security Bonds, Deposits & Retentions	4,451	-	4,265	-
Employee Leave Entitlements	2,385	193	2,380	207
Self Insurance	182	382	222	528
Total	7,018	575	6,867	735
Total Liabilities relating to restricted assets	8,384	575	7,350	735
Liabilities related to unrestricted assets	22,078	18,103	19,701	16,721
Total	30,462	18,678	27,051	17,456


ANNUAL FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 10(b) DESCRIPTION OF AND MOVEMENTS IN PROVISIONS

The movement in each class of provision (excluding those relating to employee benefits) is presented in the table below.

Class of Provision \$'000	Opening Balance	Additional Provisions/ (Write backs)	Payments	Remeasurement	Closing Balance
Self Insurance	1,787	(212)	(381)	-	1,194
Asset Remediation	14,495	870	-	-	15,365
Carbon Tax	667	729	-	-	1,396
TOTAL	16,949	1,387	(381)	-	18,577

- a. Self Insurance Provisions represent both (i) Claims incurred but not reported and (ii) Claims reported & estimated as a result of Council being a self insurer up to certain levels of excess. For public liability this limit is \$150,000 (\$600,000 prior to 1 July 2006) per claim/event and for professional indemnity \$50,000 per claim/event.
- Specific uncertainties relating to the final costs and the assumptions made in determining Provisions for Self Insurance include:
- Claims Escalation of between 2.844% and 3.500% per annum and Bond Yields of between 2.474% and 3.839% per annum over a 12 year period;
 - All monetary amounts for past Workers Compensation Claims were indexed to bring them to "standardised" values at June 2014;
 - Workers Compensation Claim payments projected into the future by the adopted actuarial model will be in "standardised" values as at June 2014; and
 - The outstanding estimates for Public Liability & Professional Indemnity claims include medical, legal and other claim related costs.
- The last actuarial assessment was undertaken in April 2014 and was performed by David A Zaman Pty Ltd, Director David Zaman, BSc, FIA, FIAA, MBA.
- b. Asset Remediation Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore and remediate assets and/or activities as a result of past operations. An Evaluation of Costs for Landfill Closure and Post Closure Management was prepared by GHD in June 2013. Refer Note 26 for further information regarding Reinstatement, Rehabilitation and Restoration Liabilities.
- c. The Carbon Tax liability is separate and distinct from the liability for remediation of the landfill site. Carbon costs are recognised as an operating expense in the income statement as emissions are incurred. The carbon tax repeal legislation received Royal Assent on 17 July 2014 and the bills as part of that package are law with effect from 1 July 2014. As at 30 June 2014, Council; still had a present obligation to meet carbon tax liabilities.


ANNUAL FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	7,265	4,311
Balances as per Statement of Cash Flows		7,265	4,311
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		11,340	14,823
Add:			
Depreciation and Amortisation		15,079	14,127
Increase in Provision for Doubtful Debts		7	5
Decrease in Receivables		-	-
Decrease in Inventories		15	3
Decrease in Equity Share in Joint Venture		137	113
Increase in Payables		2,501	-
Increase in Provision for Leave Entitlements		-	619
Increase in Other Provisions		136	256
Increase in Other Current Liabilities		1,425	417
Unwinding of Discount Rates on Reinstatement Provisions		870	820
Fair Value Adjustments to Investment Property		100	200
Fair Value Adjustments to Financial Assets through Profit and Loss		-	-
		31,610	31,383
Less:			
Increase in Receivables		(637)	(361)
Decrease in Provision for Doubtful Debts		-	-
Increase in Inventories		-	-
Increase in Other Current Assets		(73)	(143)
Increase in Equity Share in Joint Venture		-	-
Decrease in Payables		-	(836)
Decrease in Provision for Leave Entitlements		(97)	-
prior Period Error		(1,128)	-
Gain on Disposal of Assets		(1,255)	(4,781)
Fair Value Adjustments to Financial Assets through Profit and Loss		(181)	(23)
NET CASH PROVIDED FROM/(USED IN)			
OPERATING ACTIVITIES from CASH FLOW STATEMENT		20,239	25,239



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

**Note 11 RECONCILIATION OF OPERATING RESULT TO NET CASH MOVEMENT FROM OPERATING
ACTIVITIES (Continued)**

\$ '000	Notes	Actual 2014	Actual 2013
(c) Non-Cash Investing & Financing Activities			
Land		-	-
		"	"
(d) Financing Arrangements			
Unrestricted access was available at balance date to the following:			
Bank Overdraft Facilities ⁽¹⁾		500	500
Corporate Credit Cards		150	150
Bank Guarantee for possible Workers Compensation Claims		1,500	1,500
		2,150	2,150

Notes:

⁽¹⁾The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice. Interest rates on Overdrafts and Loans are disclosed in Note 15.

(e) Bank guarantees/ Loan guarantees

Under the Workers Compensation Act 1987, self insurers are required to provide financial security to ensure that other employers in the State will not be required to meet the cost of claims if these entities are not able to meet their workers compensation liabilities. As a self insurer Council has provided WorkCover with a bank guarantee for \$1.5m (2013 \$1.5m) to meet this requirement.


ANNUAL FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 12 COMMITMENTS FOR EXPENDITURE

\$ '000	Notes	Actual 2014	Actual 2013
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
- Land & Buildings		1,737	5,692
- Plant & Equipment		-	-
- Office Equipment		-	-
- Other Structures		155	176
- Infrastructure		3,116	7,141
Total		5,008	13,009
Description of Commitments			
Contractual commitments for capital works currently being undertaken			
(b) Finance Lease Commitments			
Commitments under Finance Leases at the Reporting Date are payable as follows:			
- Not later than one year		9	272
- Later than one year and not later than 5 years		5	14
- Later than 5 years		-	-
Total		14	286
Minimum Lease Payments		14	286
less: Future Finance Charges		(1)	(12)
Lease Liability		13	274
Representing lease liabilities			
- Current Liabilities		9	261
- Non-Current Liabilities		4	13
Total		13	274
Description of Leases			
Information Technology Equipment Leases due to expire 2017			
(c) Non-cancellable Operating Lease Commitments			
- Not later than one year		181	54
- Later than one year and not later than 5 years		393	97
- Later than 5 years		-	-
Total		574	151
Description of Leases			
Information Technology Equipment Leases due to expire 2018			
(d) Repairs and Maintenance: Investment Property			
Contractual Obligations for future repairs and maintenance		-	-
Total		-	-



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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 13 STATEMENT OF PERFORMANCE MEASURES - CONSOLIDATED RESULTS

\$ '000	Amounts 2014	Indicator 2014	2013	2012
1. Operating Performance				
Total continuing operating revenue ¹ excluding capital grants and contributions less operating expenses	5,391	3.59%	4.46%	3.07%
Operating Revenue ¹ excluding Capital Grants and Contributions	150,171			
2. Own Source Operating Revenue				
Total continuing operating revenue ¹ less all grants and contributions	143,850	92.85%	92.32%	91.00%
Total continuing operating revenue ¹ inclusive of capital grants and contributions	154,920			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions	69,262	3.57	4.07	3.35
Current Liabilities less Specific Purpose Liabilities	19,417			
4. Debt Service Cover Ratio				
Operating Results ¹ before capital excluding interest and depreciation/impairment/amortisation (EBTDA)	21,415	17.76	15.36	19.23
Principal repayments (from the statement of cash flows) plus borrowing interest costs (from the Income statement)	1,206			
5. Rates and Annual Charges Outstanding Percentage				
Rates and Annual Charges Outstanding	2,862	2.98%	3.44%	3.18%
Rates and Annual Charges Collectible	96,694			
6. Cash Expense Cover Ratio				
Current year's cash and cash equivalents including term deposits	82,070	7.55	7.94	7.06
Payments from cash flow of operating and financing activities ÷ 12	10,866			

Note:

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


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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 14 INVESTMENT PROPERTIES

		Actual 2014	Actual 2013
\$ '000	Notes		
At Fair value			
Opening Balance at 1 July		1,900	2,100
Acquisitions		-	-
Capitalised subsequent expenditure		-	-
Classified as held for sale or disposals		-	-
Net gain (loss) from fair value adjustment		(100)	(200)
Transfer (to) from inventories and owner occupied property		-	-
Closing Balance at 30 June		1,800	1,900
(a) Amounts recognised in profit and loss for investment property			
Rental income		106	151
Net gain (loss) from fair value adjustment		(100)	(200)
Direct operating expenses from property that generated rental income		(10)	(14)
Direct operating expenses from property that did not generate rental income		-	-
		(4)	(63)
(b) Contractual Obligations			
Refer to Note 12 for disclosure of any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.			
(c) Leasing Arrangements			
The investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows.			
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:			
Within 1 year		86	81
Later than 1 year but less than 5 years		323	-
Later than 5 years		-	-
Total Minimum Lease Payments Receivable		409	81

Note:

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



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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 15 FINANCIAL RISK MANAGEMENT

Risk Management

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

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

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

Council held the following financial instruments at balance date:

\$'000	Carrying Value		Fair Value	
	2014	2013	2014	2013
Financial Assets				
Cash and Cash Equivalents	7,265	4,311	7,265	4,311
Receivables	8,067	7,437	8,067	7,437
Financial Assets at Fair value through profit or loss - Held for Trading	1,283	2,279	1,283	2,279
Held-to-Maturity Investments	74,805	77,519	74,805	77,519
Total Financial Assets	91,420	91,546	91,420	91,546
Financial Liabilities				
Payables	14,951	11,811	14,951	11,811
Borrowings	13	274	13	274
Total Financial Liabilities	14,964	12,085	15,211	12,085

Note:

Refer to Note 27 for fair value information.


ANNUAL FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 15 FINANCIAL RISK MANAGEMENT (continued)

\$ '000

(a) Cash and Cash Equivalents
Financial Assets at Fair Value through the Profit and Loss
Held-to-Maturity Investments

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

The risks associated with the investments held are:

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

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

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

\$'000	2014	2013
Impact of a 10% ⁽¹⁾ movement in price of Investments		
- Equity	128	228
- Income Statement ⁽²⁾	128	228
Impact of a 1% ⁽¹⁾ movement in Interest Rates on Cash and Investments		
- Equity	834	841
- Income Statement ⁽²⁾	834	841

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements. (Price movements calculated on investments subject to fair value adjustments. Interest rate movements calculated on cash, cash equivalents and FRNs.)

Recent market volatility has seen larger market movements for certain types of investments.

⁽²⁾ Maximum impact.



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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 15 FINANCIAL RISK MANAGEMENT (continued)

(b) Receivables

Council's major receivables comprise Rates & Annual Charges and User Charges & Fees. The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid. Council manages this risk by monitoring outstanding debt and employing stringent debt recovery policies.

Credit risk on Rates and Annual Charges is minimised by the ability of Council to recover these debts as a secured charge over the land that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue Rates & Annual Charges which further encourages payment.

There are no significant concentrations of credit risk. The level of outstanding receivables is reported to Council quarterly and benchmarks are set and monitored for acceptable collection performance.

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

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

The profile of the Council's credit risk at reporting date was:

	2014	2013
Percentage of Rates and Annual Charges		
- Current	-	-
- Overdue	100%	100%
Analysis of overdue debts		
0 - 30 days overdue	2,245	2,269
30 - 60 days overdue	-	-
60 - 90 days overdue	-	-
90 days + overdue	192	444
Percentage of Other Receivables		
- Current	94%	93%
- Overdue	6%	7%
Analysis of overdue debts		
0 - 30 days overdue	2,384	1,765
30 - 60 days overdue	418	391
60 - 90 days overdue	188	267
90 days + overdue	335	146



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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 15 FINANCIAL RISK MANAGEMENT (continued)

\$ '000

(c) Payables & Borrowings

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

The contractual undiscounted cash outflows of Council's Payables & Borrowings are set out in the Liquidity Sensitivity Table below:

	Due Within 1 Year	Due Between 1 and 5 Years	Due after 5 Years	Total Contractual Cash Flows	Carrying Values
\$'000					
2014					
Payables	14,951	-	-	14,951	14,951
Borrowings	9	4	-	13	13
Total Financial Liabilities	14,960	4	-	14,964	14,964
2013					
Payables	11,811	-	-	11,811	11,811
Borrowings	272	14	-	286	286
Total Financial Liabilities	12,083	14	-	12,097	12,097

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate on a 4 year renewal basis. The Finance Unit regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

	2014	2013
	Weighted Average Interest Rate	Weighted Average Interest Rate
	Balance \$'000	Balance \$'000
Overdraft	-	-
Bank Loans - Fixed	0.0%	0.0%
- Variable ⁽¹⁾	0.0%	0.0%
	-	-

⁽¹⁾ The interest rate risk applicable to Variable Rate Bank Loans is not considered significant.



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 16 MATERIAL BUDGET VARIATIONS

Council's Original Financial Budget for 2013/14 was incorporated as part of its Community Strategic Plan and was adopted by the Council on 25 June 2013.

While the Income Statement included in these General Purpose Financial Statements must disclose the Original Budget adopted by Council, the Local Government Act requires Council to review its Financial Budget on a Quarterly Basis, so that it is able to manage the variations between actuals and budget that invariably occur throughout the year.

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

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

Note that for Variations: F = Favourable Budget Variation, U = Unfavourable Budget Variation

	2014	2014	2014		
\$ '000	Budget	Actual	Variance		
REVENUES					
Rates & Annual Charges	93,233	93,225	(8)	(0%)	U
User Charges & Fees	36,111	35,525	(586)	(2%)	U
Interest & Investment Revenue	3,403	3,887	484	14%	F
This variance is principally due to the strong performance of Council's investment portfolio which has exceeded the bank bill benchmark return by over 1.36% and higher than anticipated cash balances due to lower than budgeted expenditure on Capital Projects.					
Other Revenues	9,953	11,394	1,441	14%	F
This variance is due to higher income in a range of areas including parking and other fines, legal and insurance claim recoveries, recycling income and waste performance improvement payments.					
Operating Grants & Contributions	7,377	6,320	(1,057)	(14%)	U
This variance is principally due to lower than anticipated Financial Assistance Grant (FAG)					
Capital Grants & Contributions	4,034	4,750	716	18%	F
This variance is principally due to increased grants and contributions for road and traffic works and increased contributions for building improvements.					
Net Gains on the Disposal of Assets	8,394	1,255	(7,139)	(85%)	U
This variance is principally due to the deferral of settlement of the sale of a property at Sturdee and Pacific Parades, Dee Why now anticipated to be completed in June 2015.					
Share of Net Gain - Joint Ventures & Associates	-	-	-	0%	F
EXPENSES					
Employee Benefits & On-Costs	59,375	58,989	386	1%	F
Borrowing Costs	1,003	945	58	6%	F
Materials & Contracts	51,991	51,160	831	2%	F
Depreciation & Amortisation	15,167	15,079	88	1%	F
Other Expenses	17,956	18,706	(750)	(4%)	U
Share of Net Loss - Joint Ventures & Associates	302	137	165	55%	F
This variance relates to the timing of expenses for the Warringah/Pittwater Rural Fire Service.					



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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 17 STATEMENT OF DEVELOPER CONTRIBUTIONS

\$ '000

Council recovers contributions, raises levies & enters into planning agreements on development works that are subject to a development consent issued by Council.

All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Contributions received during the Year					Projections					
	Opening Balance	Cash	Non Cash	Interest earned in Year	Exp during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Future Income	Exp still outstanding	Over or (under) Funding	Cumulative Internal Borrowings due/(payable)
Traffic Facilities	1,052	-	-	43	(72)	-	1,023	-	(1,023)	-	-
Parking	6,050	-	-	244	-	-	6,294	-	(6,294)	-	-
Open Space	13,198	(27)	-	496	(1,368)	-	12,299	-	(12,299)	-	-
Community Facilities	2,904	9	-	104	(1,088)	-	1,929	-	(1,929)	-	-
Other	2,645	-	-	28	(2,673)	-	-	-	-	-	-
S94 Contributions - under a Plan	25,849	(18)	-	915	(5,201)	-	21,545	-	(21,545)	-	-
S94A Levies - under a Plan	4,691	2,170	-	175	(4,237)	-	2,759	10,000	(12,799)	-	-
Total S94 Revenue Under Plans	30,540	2,152	-	1,090	(9,438)	-	24,344	10,000	(34,344)	-	-
S94 not under Plans	767	-	-	-	(48)	-	719	-	(719)	-	-
Total Contributions	31,307	2,152	-	1,090	(9,486)	-	25,063	10,000	(35,063)	-	-
Less: Land	(716)	-	-	-	-	-	(716)	-	716	-	-
Total Cash Contributions	30,591	2,152	-	1,090	(9,486)	-	24,347	10,000	(34,347)	-	-



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 17 STATEMENT OF DEVELOPER CONTRIBUTIONS (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year				Internal Borrowing (to)/from	Held as Restricted Asset	Future Income	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash	Interest earned in Year	Exp during Year				Exp still outstanding	Over or (under) Funding		
Traffic Facilities	1,052	-	-	43	(72)	-	1,023	-	(1,023)	-	-	-
Parking	6,050	-	-	244	-	-	6,294	-	(6,294)	-	-	-
Open Space	13,198	(27)	-	496	(1,368)	-	12,299	-	(12,299)	-	-	-
Community Facilities	2,904	9	-	104	(1,088)	-	1,929	-	(1,929)	-	-	-
Other	2,645	-	-	28	(2,673)	-	-	-	-	-	-	-
Total	25,849	(16)	-	915	(5,201)	-	21,545	-	(21,545)	-	-	-

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN

PURPOSE	Opening Balance	Contributions received during the Year				Internal Borrowing (to)/from	Held as Restricted Asset	Future Income	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash	Interest earned in Year	Exp during Year				Exp still outstanding	Over or (under) Funding		
Other	4,691	2,170	-	175	(4,237)	-	2,799	10,000	(12,799)	-	-	-
Total	4,691	2,170	-	175	(4,237)	-	2,799	10,000	(12,799)	-	-	-

S94 LEVIES - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year				Internal Borrowing (to)/from	Held as Restricted Asset	Future Income	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash	Interest earned in Year	Exp during Year				Exp still outstanding	Over or (under) Funding		
Drainage	-	-	-	-	-	-	-	-	-	-	-	-
Child Care Reserve- Austlink	48	-	-	-	(48)	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	3	-	(3)	-	-	-
Land	716	-	-	-	-	-	716	-	(716)	-	-	-
Total	767	-	-	-	(48)	-	719	-	(719)	-	-	-



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 18 CONTINGENCIES

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

CONTINGENT LIABILITIES

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 Scheme's most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Scheme's 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 *Employee Benefits*. Further contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable. The defined benefit element of the scheme is now closed to new members.

(ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to Local Government. Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the Net Assets or Liabilities reflects Councils contributions to the pool and the result of insurance claims within each of the Fund Years. The future realisation and finalisation of claims incurred but not reported to 30 June this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) WorkCover

Council provides bank guarantees to the value of \$1.5 million to secure its self-insurance license for Workers Compensation. The guarantee is provided to WorkCover NSW.

(iv) Other Guarantees

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

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 and S94A Plans

Council has significant obligations to provide Section 94 and Section 94A infrastructure. It is possible that funds contributed may be less than the cost of this infrastructure requiring Council to borrow or use general revenue to fund the difference. (Refer Note 17).

(iii) Legal Expenses

Council is ordinarily the planning consent authority for its area under the Environmental Planning & Assessment Act 1979. Pursuant to that Act, certain persons dissatisfied by a planning decision of the Council may appeal to the Land & Environment Court. It is the Court's normal practice in Class 1 proceedings that parties bear their own legal costs. In class 4 (or judicial review) proceedings, costs usually follow the event.

At the date of these reports, Council had notice of two (2) appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

Council is involved in other litigation (including other Land and Environment Court proceedings, civil liability proceedings and Local Court prosecutions). Whilst these matters are unlikely to cost Council in excess of \$100,000 individually (subject to the comments below), the amount of further costs cannot be known until these proceedings are concluded.

(iv) 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.



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 18 CONTINGENCIES (Continued)**CONTINGENT ASSETS****(i) Land Under Roads**

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to and including 30 June 2008.

(ii) Infringement Notices/Fines

Fines and Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau. Council's Revenue Recognition policy for such income is to account for it as revenue on receipt. Accordingly, at 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.

(iii) Building Commencements

There were no current construction certificates on hand awaiting collection.

There is still building activity that may have commenced without proper approval and payment of appropriate fees. However, the number has dropped significantly due to ongoing investigations and monthly audits that were implemented to monitor the possibility of further unlawful works.



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 19 INTERESTS IN SUBSIDIARIES AND JOINT VENTURES

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 51% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils. The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of Council's interest and control and the type of entity as follows:

Subsidiary

Note 19(a)

Operational Arrangements where Council's ownership exceeds 50%

Joint Venture Entities

Note 19(b)

Arrangements in the form of a Separate Entity that deploys the resources of the operation itself. Under the Joint Venture Entities, Council jointly controls the operations with other parties.

Accounting Recognition:

- (i) The subsidiary disclosed under Note 19(a), is accounted for on a Consolidation basis within the Income and Balance Sheet.
- (ii) Joint Venture Entities as per Notes 19(b) are accounted for using the Equity Accounting Method - and are disclosed as a one line entry in the Income Statement and Balance Sheet.

(a) Subsidiary

Council is the majority shareholder in Kimbriki Environmental Enterprises Pty Limited. The company commenced operating its waste and recycling business on 1 July 2009 with a lease over the site for a period of 25 years. The minority shareholders in the company are Manly, Mosman and Pittwater Councils.

\$ '000	Notes	Actual 2014	Actual 2013
Current Assets			
Cash and Cash Equivalents		2,042	2,628
Investments		13,805	11,519
Receivables		2,082	1,696
Total Current Assets		17,929	15,843
Non-Current Assets			
Infrastructure, Property, Plant & Equipment		3,592	2,727
Intangibles		2,595	1,991
Total Non-Current Assets		6,187	4,718
Total Assets		24,116	20,561
Current Liabilities			
Payables		3,669	1,869
Provisions		609	563
Total Current Liabilities		4,278	2,432
Non-Current Liabilities			
Payables		2,041	1,020
Provisions		1,365	636
Total Non-Current Liabilities		3,406	1,020
Total Liabilities		7,684	4,088
Net Assets		16,432	16,473
Equity			
Share Capital		10,033	10,033
Retained Earnings		6,399	6,440
Total Equity		16,432	16,473
Share of Subsidiary's revenue, expenses and results			
Revenues		14,192	12,379
Expenses		13,168	11,204
Operating Result		1,024	1,175
Share of Subsidiary's commitments			
Expenditure Commitments		11,527	14,600
Operating Lease Commitments		20,674	20,786
Other Commitments		1,861	2,002
Total Commitments		34,062	37,388



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 19 INTERESTS SUBSIDIARIES AND JOINT VENTURES (continued)

(b) Joint Venture Entity

Council has a Joint Venture with Pittwater Council for the Warringah - Pittwater District Rural Fire Service.

\$ '000	Notes	Actual 2014	Actual 2013
Current Assets			
Cash and Cash Equivalents		901	1,023
Receivables		-	3
Total Current Assets		901	1,026
Non-Current Assets			
Infrastructure, Property, Plant & Equipment		76	87
Total Non-Current Assets		76	87
Total Assets		977	1,113
Current Liabilities			
Payables		-	-
Total Current Liabilities		-	-
Total Liabilities		-	-
Net Assets		977	1,113
Share of Joint Venture's revenue, expenses and results			
Revenues		714	563
Expenses		851	675
Operating Result		(137)	(113)
Share of Joint Venture's commitments			
Expenditure Commitments		-	-
Total Commitments		-	-



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 20 RETAINED EARNINGS AND REVALUATION RESERVES

\$ '000	Notes	Actual 2014	Actual 2013
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year		2,339,980	2,326,286
Adjustment to correct Prior Period Errors	20 (d)	(1,128)	-
Adjustment for Changes in Accounting Policies	20 (e)	-	-
Net Operating Result for the Year		10,356	13,694
Balance at end of Year		2,349,208	2,339,980
(b) Reserves			
Infrastructure, Property, Plant & Equipment Revaluation Reserve		144,312	144,312
Total		144,312	144,312
Movements			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
Balance at beginning of Year		144,312	110,929
Adjustment to correct Prior Period Errors	20 (d)	-	-
Disposals		-	(111)
Revaluations for the year	9(a)	-	33,494
Balance at end of Year		144,312	144,312
(c) Nature and Purpose of Reserves			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments and decrements on the revaluation of non-current assets.			
(d) Correction of Errors in Previous Periods			
Land Tax applicable to the operation of the Waste Landfill at Kimbriki Environmental Enterprises		1,128	-
(e) Changes in Accounting Policies			
There has not been any changes in accounting policies impacting on retained earnings.			



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 21 RESULTS BY FUND

Council does not have any Water or Sewer Funds.

NOTE 22 NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

\$'000	Actual 2014	Actual 2013
Land	7,952	7,952
Buildings	373	1,357
Total Non-Current Assets Held for Sale	8,325	9,309

Council has a number of properties which it has made a decision to dispose of.
The properties are currently available for sale and are in the process of
being actively marketed.


ANNUAL FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 23 EVENTS OCCURRING AFTER REPORTING DATE

Events that occur after the reporting date of 30 June 2014, up to and including the date when the financial report is "authorised for issue" have been taken into account in preparing this financial report.

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

Accordingly, the "authorised for issue" date is 06 August 2014.

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

(i) Events that have provided evidence of conditions that existed at the Reporting Date

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

(ii) Events that have provided evidence of conditions that arose after the Reporting Date

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

The carbon tax repeal legislation received Royal Assent on 17 July 2014 and the bills as part of that package are law with effect from 1 July 2014. As at 30 June 2014, Council still had a present obligation to meet carbon tax liabilities and therefore no adjusting event has occurred.

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

NOTE 24 DISCONTINUED OPERATIONS

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

NOTE 25 INTANGIBLE ASSETS

	Notes	Actual 2014	Actual 2013
\$ '000			
At Cost		2,595	1,991
Accumulated Amortisation & Impairment		-	-
Net Book Amount		2,595	1,991
Movements for the year			
Opening Net Book Amount		1,991	1,840
Additions - internal development		604	151
Amortisation Charge		-	-
Closing Net Book Amount ⁽¹⁾		2,595	1,991

Notes:

⁽¹⁾Development costs relating to gaining planning approvals for the right to build an alternate/advanced waste facility on the Kimbriki site.



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 26 REINSTATEMENT, REHABILITATION & RESTORATION LIABILITIES

ASSET REMEDIATION

Council is required by law to restore the present tip site at Kimbriki to passive open space at the end of its useful life. The projected cost of this restoration is \$191 million based on a Landfill Closure and Post Closure Management Evaluation of Costs Report and has been discounted to its present value at 6% per annum being the risk-free cost of borrowing to Council.

\$ '000	Note	Actual 2014	Actual 2013
At beginning of year		14,495	4,065
Amounts capitalised to Tip asset			
Revised Costs		-	9,610
Amortisation of discount - expensed to borrowing costs		870	820
At end of year		15,365	14,495

Amount of Expected Reimbursements

Of the above Provisions for Reinstatement, Rehabilitation and Restoration works, those applicable to Garbage Services & Waste Management are able to be funded through future charges incorporated within Council's Annual Domestic Waste Management Charge.

Provisions for close down and restoration and for environmental clean-up costs – Tips

Restoration

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

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

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

Rehabilitation

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

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

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



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 27 FAIR VALUE MEASUREMENT

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

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

During a reporting period Council will measure non-current assets classified as held for sale at fair value on a non-recurring basis if their carrying amount is higher than their fair value and therefore the assets needs to be written down to fair value. They are measured at the lower of their carrying amount and fair value less costs to sell. During the current reporting period, there were no assets measured at fair value on a non-recurring basis.

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Fair value hierarchy

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

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

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

2014	Note	Level 2 Significant observable inputs \$'000	Level 3 Significant unobservable inputs \$'000	Total \$'000
Recurring fair value measurements				
Financial assets				
Investments				
- At fair value through profit or loss	6	-	1,283	1,283
Investment Properties				
Commercial Office and Retail	14	-	1,800	1,800
Infrastructure, Property, Plant and Equipment				
Plant & Equipment	9	-	5,216	5,216
Office Equipment	9	-	3,428	3,428
Furniture & Fittings	9	-	265	265
Plant & Equipment – Leased	9	-	12	12
Operational Land	9	-	143,464	143,464
Community Land	9	-	1,431,478	1,431,478
Land Under Roads	9	-	1,948	1,948
Land Improvements - Depreciable	9	-	27,185	27,185
Buildings – Non Specialised	9	-	132,089	132,089
Buildings – Specialised	9	-	9,778	9,778
Other Structures	9	-	41,360	41,360
Roads	9	-	306,026	306,026
Bridges	9	-	4,383	4,383
Footpaths	9	-	34,262	34,262
Drainage Infrastructure	9	-	235,466	235,466
Swimming Pools	9	-	18,128	18,128
Other Open Space/Recreational Assets	9	-	31,522	31,522
Library Books	9	-	1,578	1,578
Tip Remediation	9	-	10,230	10,230
Total		-	2,440,901	2,440,901



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 27 FAIR VALUE MEASUREMENT (continued)

Valuation Techniques

Level 3 Measurements

Financial Assets

Investments - At fair value through profit or loss are represented by Class A notes in the Emerald Reverse Mortgage Series 2006-1. Council obtains valuations from its Investment Advisor on a monthly basis and at the end of each reporting period to ensure the financial statements reflect the most up-to-date valuation. The best evidence of fair value is the current price in an active market for similar assets. The market for Australian mortgage backed securities, regardless of the robustness of the structure, is highly illiquid as a direct consequence of the global financial crisis. This has caused difficulties in valuing the security as there is limited "price discovery" in the market. At this stage, opportunistic bids for this tranche would be expected in the mid-70c in the dollar area. There has been no change to the valuation process during the reporting period.

Investment Property

Council obtains independent valuations of its investment property on an annual basis and at the end of each reporting period to ensure the financial statements reflect the most up-to-date valuation. The best evidence of fair value is the current price in an active market for similar assets. The investment property valuation is included in level 3 of the hierarchy. The key unobservable input to the valuation is the price per square metre.

The fair value of the investment property is determined by an independent, qualified valuer on an annual basis who has experience in the location of the property. The Council reviews the valuation report and discusses significant movements with the valuer. As at 30 June 2014 the valuation of the investment property was performed by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144. There has been no change to the valuation process during the reporting period.

Plant & Equipment, Office Equipment and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets within these classes are as follows:

- | | |
|------------------------|--|
| • Plant and Equipment | Trucks, tractors, jet skis, ride-on mowers, street sweepers, earthmoving equipment, buses and motor vehicles |
| • Office Equipment | Refrigerators, electronic whiteboards, flat-screen monitors and computer equipment. |
| • Furniture & Fittings | Chairs, desks and display systems |

The key unobservable inputs to the valuation are the remaining useful life and residual value. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value. There has been no change to the valuation process during the reporting period.

Plant & Equipment Leased

Plant & Equipment Leased is valued at cost but is disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. The assets within this class are all printers and/or photocopiers.

The key unobservable input to the valuation is the interest rates. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets as well as the remaining term of the lease, present value of the minimum lease payment and interest rates. There has been no change to the valuation process during the reporting period.



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 27 FAIR VALUE MEASUREMENT (continued)

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The last valuation was undertaken at 30 June 2013 and was performed by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144.

Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset; and cash flows from the future use and disposal. There has been no change to the valuation process during the reporting period.

Community Land

Valuations of all Council's Community Land and Council managed land were based on either the land values provided by the Valuer-General or an average unit rate based on the land values for similar properties where the Valuer-General did not provide a land value having regard to the highest and best use for this land. As these rates were not considered to be observable market evidence they have been classified as Level 3. There has been no change to the valuation process during the reporting period.

Land Under Roads

Council has elected to recognise Land Under Roads where the road was acquired on or after 1 July 2008. 'Land under roads' have been valued using the square metres rates applicable for nearby or adjacent Community Land having regard to the highest and best use for this land. There has been no change to the valuation process during the reporting period.

Land Improvements - Depreciable

This asset class comprises land improvements such as spectator mounds, swales, berms, gardens, mulched areas, streetscaping and landscaping. These assets may be located on parks, reserves and also within road reserves. 'Land Improvements' were valued in-house using the cost approach by experienced Council engineers and asset management staff.

The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

Buildings – Non specialised and Specialised

Buildings were valued by APV Valuers and Asset Management in June 2013 using the cost approach. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While all buildings were physically inspected inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

During the financial year Council completed the construction of one specialised building (Brookvale Occasional Care Centre). While the costs were current and the impact of depreciation was negligible, this building has been classified as Level 3 as they were immaterial in relation to the overall value of this asset type. There has been no change to the valuation process during the reporting period.

Other Structures

This asset class comprises Boardwalks, Boat ramps, Viewing platforms, Floodlighting Systems, Skate Facilities, Irrigation System, Jetties, Pedestrian bridges, Retaining Walls and Seawalls

The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 27 FAIR VALUE MEASUREMENT (continued)

Roads

This asset class comprises the Road Carriageway, Bus Shelters, Carparks, Guardrails, Kerb and Gutter, Retaining walls, Suburb Markers and Traffic facilities. The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter. The 'Cost Approach' using Level 3 inputs was used to value the road carriageway and other road infrastructure. Valuations for the road carriageway, comprising surface, pavement and formation were based on calculations carried out by Fugro P/L in May 2010, utilising the detailed pavement information residing in Council's Pavement Management System - "PARMMS® Road Manager" (PMS). Other Road Infrastructure was valued by Opus International Consultants (NSW) Pty Ltd in June 2010.

The cost approach was utilised with inputs such as estimates pattern of consumption, residual value, asset condition and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there some uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Bridges

Bridges were valued by Opus International Consultants (NSW) Pty Ltd in June 2010 using the cost approach. The approach estimated the replacement cost for each bridge by componentising the bridges into significant parts with different useful lives and taking into account a range of factors. The components included the Bridge Deck/Superstructure, Bridge Abutments/Foundations and Bridge rails/handrails

Inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period.

Footpaths

Footpaths were valued by Opus International Consultants (NSW) Pty Ltd in June 2010 using the cost approach. Footpaths were segmented to match the adjacent road segment and no further componentisation was undertaken. Footpaths were originally mapped and condition assessed using a combination of video condition assessment and physical inspection. Condition information is updated as changes in the network are observed through regular inspections. There has been no change to the valuation process during the reporting period.

Drainage Infrastructure

Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The Level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Swimming Pools

Assets within this class comprise Council's aquatic centre and rockpools. The indoor pool at the aquatic centre was valued by APV Valuers and Asset Management in June 2013 using the cost approach, while the outdoor pools at the aquatic centre and rockpools were valued in-house using the cost approach by experienced Council engineers and asset management staff. The approach estimated the replacement cost for each pool by componentising its significant parts.

Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement which impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period. There has been no change to the valuation process during the reporting period.



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 27 FAIR VALUE MEASUREMENT (continued)

Other Open Space/Recreational Assets

Assets within this class comprise Tennis Courts, Synthetic Surfaces, BBQs, Regional Sporting Facilities and Playgrounds. Tennis courts and tennis shelters were valued by APV Valuers and Asset Management (APV) in June 2011 and regional sporting facilities were valued by APV in June 2013. The valuation methodology used by APV for that valuation is the same as that used by APV for Specialised Buildings. All other assets in Other Structures were valued in-house by experienced engineering & asset management staff.

Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement which impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period. There has been no change to the valuation process during the reporting period.

Library Books

Library Books are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value. There has been no change to the valuation process during the reporting period.

Tip Remediation

The Kimbriki Resource Recovery Centre (RRC) is located off Mona Vale Road, at Terrey Hills, in northern Sydney. The RRC encompasses a landfilling operation as well as a wide range of waste disposal services, resource recovery services, recycled and reclaimed products, and waste management educational activities. It has been recognised that there will be significant costs associated with the closure and post closure management of the landfill site.

Closure of the landfill will involve a wide range of activities including preparation of a Landfill Closure and Management Plan, final capping of the landfill waste and site re-vegetation, installation of a final landfill gas management system, revision of the surface water management system and leachate management infrastructure to suit post-closure operation, decommissioning and removing infrastructure and equipment that will not be required post-closure, and fencing sensitive infrastructure.

An Evaluation of Costs for Landfill Closure and Post Closure Management was prepared by GHD in June 2013. The key unobservable inputs are the discount rate, cost escalation rate, actual timing of costs and future environmental management requirements. There has been no change to the valuation process during the reporting period.

Reconciliation of Movements

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

	2014 \$'000
Balance at 1 July	2,429,459
Total gains or losses for the year	
Recognised in profit or loss - realised	1,255
Recognised in profit or loss - unrealised	73
Other movements	
Purchases	26,583
Sales	(2,376)
Depreciation	(15,079)
Transfer from Non-Current Assets Held for Resale	986
Transfers into Level 3	-
Transfers out of Level 3	-
Balance as at 30 June	2,440,901

There are no transfers identified in the table above.



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 27 FAIR VALUE MEASUREMENT (continued)

Unobservable Inputs and sensitivities

Asset / Liability category	Carrying amount (at fair value) \$'000	Key unobservable inputs*	Expected range of inputs	Description of how changes in inputs will affect the fair value
Investments – At fair value through profit or loss	1,283	<ul style="list-style-type: none"> Unit Price 	<ul style="list-style-type: none"> \$0.70 to \$1.00 	Significant changes in the estimated unit price would result in significant changes to fair value measurement.
Investment Property	1,800	<ul style="list-style-type: none"> Estimated rental Value (rate per square metre) Rental Yield 	<ul style="list-style-type: none"> \$3,477 - \$5,413 (per square metre) 7.0% - 8.2% 	Significant changes in the estimated rental value or yield would result in significant changes to fair value measurement.
Plant & Equipment, Office Equipment and Furniture & Fittings	8,909	<ul style="list-style-type: none"> Gross Replacement Cost Remaining useful life Residual value 	<ul style="list-style-type: none"> Varies significantly from asset to asset 5 to 20 years 0% to 40% 	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Plant & Equipment Leased	12	<ul style="list-style-type: none"> Gross Replacement Cost Interest rates 	<ul style="list-style-type: none"> Varies significantly from asset to asset 8% to 12% 	Significant changes in the gross replacement value or interest rates would result in significant changes to fair value measurement.
Operational Land	143,464	<ul style="list-style-type: none"> Price per square metre 	<ul style="list-style-type: none"> \$100 - \$2,000 (per square metre) 	Significant changes in the price per square metre would result in significant changes to fair value measurement.
Community Land	1,431,478	<ul style="list-style-type: none"> Unimproved Capital Value (price per square metre) 	<ul style="list-style-type: none"> \$4 - \$3,242 (per square metre) 	Significant changes in the price per square metre based on the unimproved capital value would result in significant changes to fair value measurement.
Land Under Roads	1,948	<ul style="list-style-type: none"> Unimproved Capital Value (price per square metre) 	<ul style="list-style-type: none"> \$97 (per square metre) 	Significant changes in the price per square metre would result in significant changes to fair value measurement.
Land Improvements - depreciable	27,185	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life Residual value 	<ul style="list-style-type: none"> Varies significantly from asset to asset Very poor to excellent 25 - 100 years 80% 	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Buildings	141,867	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life Residual value 	<ul style="list-style-type: none"> Varies significantly from asset to asset Very poor to excellent 2 - 100 years 0% to 80% 	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Other Structures	41,360	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life Residual value 	<ul style="list-style-type: none"> Varies significantly from asset to asset Very poor to excellent 2 - 100 years 0% to 70% 	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.


ANNUAL FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 27 FAIR VALUE MEASUREMENT (continued)

Asset / Liability category	Carrying amount (at fair value) \$'000	Key unobservable inputs*	Expected range of inputs	Description of how changes in inputs will affect the fair value
Roads	306,026	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life Residual value 	<ul style="list-style-type: none"> Varies significantly from asset to asset Poor to excellent 2 - 100 years 0% to 100% 	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Bridges	4,383	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life Residual value 	<ul style="list-style-type: none"> Varies significantly from asset to asset Poor to excellent 25 - 50 years 40% 	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Footpaths	34,262	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life Residual value 	<ul style="list-style-type: none"> Varies significantly from asset to asset Poor to excellent 0 - 100 years 0% to 50% 	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Drainage Infrastructure	235,466	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life Residual value 	<ul style="list-style-type: none"> Varies significantly from asset to asset Very poor to excellent 0 - 100 years 0% to 100% 	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Swimming Pools	18,128	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life Residual value 	<ul style="list-style-type: none"> Varies significantly from asset to asset Average to excellent 10 - 40 years 0% to 50% 	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Other Open Space/Recreational Assets	31,522	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life Residual value 	<ul style="list-style-type: none"> Varies significantly from asset to asset Poor to excellent 5 - 100 years 0% to 50% 	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Library Books	1,578	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life Residual value 	<ul style="list-style-type: none"> Varies significantly from asset to asset Poor to excellent 5 to 15 years 0% to 10% 	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Tip Remediation	10,230	<ul style="list-style-type: none"> Discount Rate Cost escalation rate 	<ul style="list-style-type: none"> 6% 3% 	Significant changes in the discount rate or cost escalation rate would result in significant changes to fair value measurement.



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 27 FAIR VALUE MEASUREMENT (continued)

Transfers between levels of the hierarchy

The following assets/ liabilities that are measured at fair value on a recurring basis have been subject to a transfer between levels of the hierarchy.

Council's policy for determining when transfers into different levels of the hierarchy have occurred is at the end of the reporting period.

Transfers from Level 2 to Level 3

Asset/ Liability	\$'000
Nil	

Transfers from Level 3 to Level 2

Asset/ Liability	\$'000
Nil	

Highest and best use

All assets valued at fair value in this note are being used for their highest and best use.



ANNUAL FINANCIAL STATEMENTS

GENERAL PURPOSE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying **general purpose financial statements of Warringah Council**, which comprises the Statement of Financial Position as at 30 June 2014, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

Responsibility of Council for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. Our audit responsibility does not extend to the original budget information disclosed in the Income Statement, Statement of Cash Flows, and Note 2(a) or the budget variation explanations disclosed in Note 16. Nor does our responsibility extend to the projected future developer contributions and costs disclosed in Note 17. Accordingly, no opinion is expressed on these matters.

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

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

Independence

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

Auditor's Opinion

In our opinion,

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13 part 3 Division 2; and
- (b) the financial statements:
 - (i) have been presented in accordance with the requirements of this Division;
 - (ii) are consistent with the Council's accounting records;
 - (iii) present fairly the Council's financial position, the results of its operations and its cash flows; and
 - (iv) are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that we have become aware of during the course of the audit.

HILL ROGERS SPENCER STEER



BRETT HANGER
Partner

Dated at Sydney this 6th day of August 2014


ANNUAL FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REPORT

6 August 2014
The Mayor
Warringah Council
Pittwater Road
DEE WHY NSW 2099

Audit Report - Year Ended 30 June 2014

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2014 and that all information required by us was readily available. We have signed our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General and Special Purpose Financial Statements.

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

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

1. RESULTS FOR THE YEAR
1.1 Operating Result

The operating result for the year was a surplus of \$10.356 million as compared with \$13.694 million in the previous year.

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

	2014 \$000	% of Total	2013 \$000	% of Total	Increase (Decrease) \$000
Revenues before capital items					
Rates & annual charges	93,225	61%	88,201	60%	5,024
User charges, fees & other revenues	48,174	32%	47,490	32%	684
Grants & contributions provided for operating purposes	4,320	4%	7,288	5%	(948)
Interest & investment revenue	3,667	2%	4,437	3%	(550)
	151,606	100%	147,416	100%	4,190
Expenses					
Employee benefits & costs	58,989	41%	55,776	41%	3,213
Materials, contracts & other expenses	70,003	46%	65,758	46%	4,245
Depreciation, amortisation & impairment	15,679	10%	14,127	10%	952
Borrowing costs	945	1%	902	1%	43
	145,016	100%	136,563	100%	8,453
Surplus before capital items	6,590		10,853		(4,263)
Grants & contributions provided for capital purposes	4,750		3,970		780
Surplus before non-controlling interests	11,340		14,823		(3,483)
Interests attributable to non-controlling interests	(984)		(1,129)		145
Net Surplus for the year	10,356		13,694		(3,338)
Performance Measures	2014		2013		
Operating Performance	3.59%		4.46%		
Own Source Operating Revenue	92.62%		92.32%		

The above table shows an overall decrease of \$3.338 million from the previous year. Other revenue included gains on the disposal of property and plant assets that contributed \$1.255 million to the operating result for the year, compared to \$4.781 million in the previous year.

Operating Performance measures the ability to contain operating expenditure within operating revenue excluding capital amounts. For 2014, this indicator was 3.59% and exceeded the benchmark of 0%.

Own Source Operating Revenue measures the degree of reliance on external funding sources such as grants and contributions. For 2014, this indicator was 92.85% and exceeded the benchmark of 60%.

1.2 Funding Result

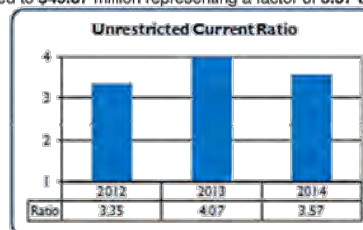
As the operating result only accounts for operating income and expenditure, in reviewing the overall financial performance of Council, it is useful to consider the total source of revenues and how they were applied during the year which is illustrated in the table below.

	2014 \$000	2013 \$000
Funds were provided by:-	5000	5000
Operating Result (as above)	10,356	13,694
Add back non funding items:-		
- Depreciation, amortisation & impairment	15,079	14,127
- Book value of non-current assets sold	944	2,824
- (Gain)/Loss of fair value to investment properties	100	200
- (Surplus)/Deficit in joint ventures	137	113
	26,616	30,958
Decrease/Redemption of non-current investments	4	1,031
Transfers from externally restricted assets (net)	3,944	0
Transfers from internal reserves (net)	0	1,446
Increase in minority interests	532	617
Net Changes in current/non-current assets & liabilities	0	7,396
	31,096	41,448
Funds were applied to:-		
Purchase and construction of assets	(30,718)	(27,009)
Finance lease instalments	(261)	(491)
Transfers to externally restricted assets (net)	0	(1,693)
Transfers to internal reserves (net)	(447)	0
Net Changes in current/non-current assets & liabilities	(870)	0
	(32,296)	(29,393)
Increase/(Decrease) in Available Working Capital	(1,200)	12,056

2. FINANCIAL POSITION
2.1 Unrestricted Current Ratio

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

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$49.87 million representing a factor of 3.57 to 1.





ANNUAL FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

2.2 Available Working Capital – (Working Funds)

At the close of the year the Available Working Capital of Council stood at **\$48.45** million as detailed below;

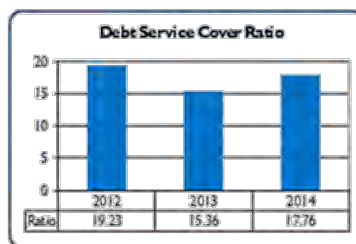
	2014 \$000	2013 \$000	Change \$000
Net Current Assets (Working Capital) as per Accounts	66,812	71,275	(4,463)
<i>Add:</i> Payables & provisions not expected to be realised in the next 12 months included above	9,679	10,055	(376)
Adjusted Net Current Assets	76,491	81,330	(4,839)
<i>Add:</i> Budgeted & expected to pay in the next 12 months			
- Borrowings	9	261	(252)
- Employees leave entitlements	5,356	5,041	315
- Self insurance claims	216	540	(324)
- Other provisions	31	31	0
- Deposits & retention moneys	1,918	1,515	403
<i>Less:</i> Externally restricted assets	(26,626)	(30,570)	3,944
<i>Less:</i> Internally restricted assets	(8,945)	(8,496)	(447)
Available Working Capital as at 30 June	48,450	49,650	(1,200)

The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures. Taking into consideration the nature and level of the internally restricted assets (Reserves) set aside to fund future works and services and liabilities, Council's Available Working Capital at year end was sound.

2.3 Debt

After repaying principal and interest of **\$336,000**, total debt as at 30 June 2014 stood at **\$13,000** (2013 - **\$274,000**).

The debt service cover ratio measures the availability of operating cash to service debt repayments. For 2014, the ratio indicated that operating results before capital, interest and depreciation covered payments required to service debt by a factor of 17.76 to 1.



2.4 Summary

Council's overall financial position, when taking into account the above financial indicators is, in our opinion, sound.

3. CASH ASSETS

3.1 Cash Expense Cover Ratio

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

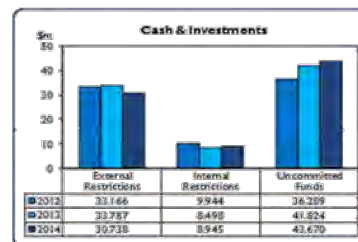
For 2014, this ratio stood at **7.55** months compared to the benchmark of **3**.



3.2 Cash & Investment Securities

Cash and investments amounted **\$83.353** million at 30 June 2014 as compared with **\$84.109** million in 2013 and **\$79.399** million in 2012.

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



Externally restricted cash and investments are restricted in their use by externally imposed requirements and consisted of unexpended development contributions under Section 94 (**\$24.347** million), domestic waste management charges (**\$5.951** million) and specific purpose grants and contributions (**\$440,000**).

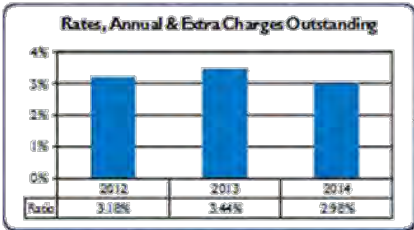
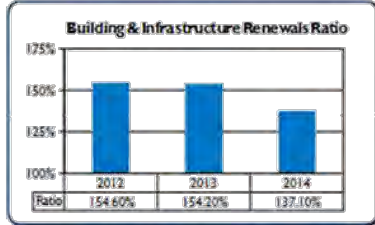

Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's "**Reserves**". These Reserves totalled **\$8.945** million and their purposes are more fully disclosed in Notes 6 of the financial statements.

Unrestricted cash and investments amounted to **\$43.670** million, which is available to provide liquidity for day to day operations and forms the basis of Council's sound financial position.



ANNUAL FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

<p>3.3 Cash Flows</p> <p>The Statement of Cash Flows illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that cash increased by \$2.954 million to \$7.265 million at the close of the year.</p> <p>In addition to operating activities which contributed net cash of \$28.239 million were the proceeds from the sale of investment securities (\$117.843 million) and sale of assets (\$2.199 million). Cash outflows other than operating activities were used to purchase investment securities (\$113.952 million), pay finance lease instalments (\$261,000), pay dividends to minority interests in Kimbriki Environmental Enterprises Pty Limited (\$452,000) and to purchase and construct assets (\$30.662 million).</p> <p>4. RECEIVABLES</p> <p>4.1 Rates & Annual Charges (excluding interest & extra charges)</p> <p>Net rates and annual charges levied during the year totalled \$93.225 million and represented 60% of Council's total revenues.</p> <p>Including arrears, the total rates and annual charges collectible was \$95.938 million of which \$93.501 million (97%) was collected.</p> <p>Arrears of rates, annual and extra charges stood at \$2.882 million at the end of the year and represented 2.98% of those receivables.</p>  <p>4.3 Other Receivables</p> <p>Receivables (other than rates & annual charges) totalled \$5.292 million. Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$107,000.</p> <p>5. PAYABLES</p> <p>5.1 Self Insurance</p> <p>Workers Compensation insurance claims have been actuarially assessed at \$564,000 (2013 - 750,000) and a bank guarantee of \$1.5 million is held to cover these claims as required by the Workcover Authority of NSW.</p> <p>Public Liability & Professional Indemnity claims payable by Council (ie up to the excess layer) have been actuarially assessed at \$630,000 (2013 - \$1.037 million) and is fully funded with internally restricted cash and investments.</p>	<p>5.2 Employees Leave Entitlements</p> <p>Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$13.468 million. Internally restricted cash and investments of \$2.578 million was held representing 19% of this liability and was, in our opinion, sufficient to meet unbudgeted and unanticipated retirements.</p> <p>5.3 Deposits, Retentions & Bonds</p> <p>Deposits, retentions and bonds held at year end amounted to \$4.451 million and were fully funded by internally restricted cash and investments.</p> <p>6. BUILDING AND INFRASTRUCTURE RENEWALS</p> <p>The Building and Infrastructure Renewals ratio measures the rate at which these assets are renewed against the rate at which they are depreciating.</p> <p>Special Schedule No. 7 discloses that asset renewals for 2014 represented 137% of the depreciation charges for these assets. An industry benchmark is considered to be 100%, measured annually over the long term.</p>  <p>7. MANAGEMENT LETTER</p> <p>An audit management letter addressing the findings from our interim audit was issued on 11 March 2014. This included our recommendations on possible ways to strengthen and/or improve procedures and management's comments and proposed actions.</p> <p>8. CONCLUSION</p> <p>We wish to record our appreciation to your General Manager and his staff for their ready co-operation and the courtesies extended to us during the conduct of the audit and once again commend management for the early completion and presentation of the financial statements.</p> <p>Yours faithfully, HILL ROGERS SPENCER STEER</p>  <p>BRETT HANGER Partner</p>
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ANNUAL FINANCIAL STATEMENTS

SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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BACKGROUND

The 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.

The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market 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.

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 over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

In preparing these financial reports 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 & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).



ANNUAL FINANCIAL STATEMENTS

SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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:

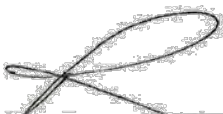
- The NSW Government Policy Statement "Application of National Competition Policy to Local Government"
- Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality"
- The Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these Reports:


- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

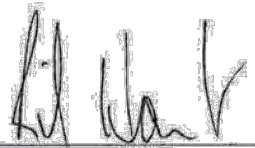
Signed in accordance with a resolution of Council made on 5 August 2014.




 Michael Regan
 MAYOR



 Sue Heins
 COUNCILLOR



 Rik Hart
 GENERAL MANAGER



 David Walsh
 RESPONSIBLE ACCOUNTING OFFICER


ANNUAL FINANCIAL STATEMENTS
SPECIAL PURPOSE FINANCIAL STATEMENTS
INCOME STATEMENT OF COUNCIL'S OTHER BUSINESS ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2014

	Children Services		Kimbriki	
\$ '000	Actual 2014	Actual 2013	Actual 2014	Actual 2013
Income from continuing operations				
Access charges	5,267	4,745	23,755	21,208
User charges	-	-	-	-
Fees	-	-	-	-
Interest	-	-	508	573
Grants and contributions provided for non-capital purposes	451	452	742	714
Profit from the sale of assets	-	-	28	26
Other income	11	26	2,795	1,752
Total income from continuing operations	5,729	5,223	27,828	24,273
Expenses from continuing operations				
Employee benefits and on-costs	4,570	4,351	4,002	3,178
Borrowing costs	-	-	-	-
Materials and contracts	953	519	9,785	9,662
Depreciation and impairment	54	173	429	339
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	87	292	11,603	8,790
Total expenses from continuing operations	5,664	5,335	25,819	21,969
Surplus (deficit) from Continuing Operations before capital amounts	65	(112)	2,009	2,304
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	65	(112)	2,009	2,304
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	65	(112)	2,009	2,304
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(20)	-	(603)	(691)
SURPLUS (DEFICIT) AFTER TAX	46	(112)	1,406	1,613
plus Opening Retained Profits	3,104	2,700	16,473	15,213
plus/less: Prior Period Adjustments	-	-	(1,128)	-
plus/less: Allocation Adjustments related to IPPE	1,411	516	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	20	-	603	691
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	(923)	(1,044)
Closing Retained Profits	4,580	3,104	16,431	16,473
Return on Capital %	1.3%	-3.3%	55.9%	84.5%
Subsidy from Council	-	112	-	-



ANNUAL FINANCIAL STATEMENTS

INCOME STATEMENT OF COUNCIL'S OTHER BUSINESS ACTIVITIES

FOR THE YEAR ENDED 30 JUNE 2014

	Glen Street Theatre		Construction Certificate Certification	
\$ '000	Actual 2014	Actual 2013	Actual 2014	Actual 2013
Income from continuing operations				
Access charges	-	-	-	-
User charges	-	-	297	222
Fees	772	1,079	-	-
Interest	1	23	-	-
Grants and contributions provided for non-capital purposes	5	1	-	-
Profit from the sale of assets	-	-	-	-
Other income	367	366	-	-
Total income from continuing operations	1,145	1,469	297	222
Expenses from continuing operations				
Employee benefits and on-costs	934	976	749	428
Borrowing costs	-	-	-	-
Materials and contracts	658	872	59	10
Depreciation and impairment	103	97	-	-
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	110	208	2	1
Total expenses from continuing operations	1,805	2,153	810	439
Surplus (deficit) from Continuing Operations before capital amounts	(660)	(684)	(513)	(217)
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(660)	(684)	(513)	(217)
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	(660)	(684)	(513)	(217)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-	-
SURPLUS (DEFICIT) AFTER TAX	(660)	(684)	(513)	(217)
plus Opening Retained Profits	1,723	1,070	-	107
plus/less: Prior Period Adjustments	-	(42)	-	-
plus/less: Allocation Adjustments related to IPPE	2,210	1,379	-	(107)
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	-	-	-	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	513	217
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
Closing Retained Profits	3,273	1,723	-	-
Return on Capital %	-6.7%	-8.5%	0.0%	0.0%
Subsidy from Council	660	684	513	217



ANNUAL FINANCIAL STATEMENTS

SPECIAL PURPOSE FINANCIAL STATEMENTS

BALANCE SHEET OF COUNCIL'S OTHER BUSINESS ACTIVITIES

AS AT 30 JUNE 2014

	Children Services Category 1		Kimbriki Category 1	
	Actual	Actual	Actual	Actual
\$ '000	2014	2013	2014	2013
ASSETS				
Current Assets				
Cash and cash equivalents	-	-	2,042	2,628
Investments	-	-	13,805	11,519
Receivables	-	-	2,082	1,696
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	-	-	17,929	15,843
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	4,858	3,382	3,592	2,727
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	2,595	1,991
Total Non-Current Assets	4,858	3,382	6,187	4,718
TOTAL ASSETS	4,858	3,382	24,116	20,561
LIABILITIES				
Current Liabilities				
Payables	-	-	3,669	1,869
Interest bearing liabilities	-	-	-	-
Provisions	-	-	609	563
Total Current Liabilities	-	-	4,278	2,432
Non-Current Liabilities				
Payables	-	-	2,042	1,020
Interest bearing liabilities	-	-	-	-
Provisions	-	-	1,365	636
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	-	-	3,407	1,656
TOTAL LIABILITIES	-	-	7,685	4,088
NET ASSETS	4,858	3,382	16,431	16,473
EQUITY				
Retained earnings	4,580	3,104	16,431	16,473
Revaluation reserves	278	278	-	-
Council equity interest	4,858	3,382	16,431	16,473
Minority equity interest	-	-	-	-
TOTAL EQUITY	4,858	3,382	16,431	16,473


ANNUAL FINANCIAL STATEMENTS
SPECIAL PURPOSE FINANCIAL STATEMENTS
BALANCE SHEET OF COUNCIL'S OTHER BUSINESS ACTIVITIES
AS AT 30 JUNE 2014

	Glen Street Theatre		Construction Certificate Certification Category 2	
	Category 1			
	Actual	Actual	Actual	Actual
\$ '000	2014	2013	2014	2013
ASSETS				
Current Assets				
Cash and cash equivalents	40	58	-	-
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	5	13	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	45	71	-	-
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	9,788	8,087	-	-
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	9,788	8,087	-	-
TOTAL ASSETS	9,833	8,158	-	-
LIABILITIES				
Current Liabilities				
Payables	1,112	987	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Total Current Liabilities	1,112	987	-	-
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	-	-	-	-
TOTAL LIABILITIES	1,112	987	-	-
NET ASSETS	8,721	7,171	-	-
EQUITY				
Retained earnings	3,273	1,723	-	-
Revaluation reserves	5,448	5,448	-	-
Council equity interest	8,721	7,171	-	-
Minority equity interest	-	-	-	-
TOTAL EQUITY	8,721	7,171	-	-



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

for the financial year ended 30 June 2014

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 reporting purposes follows:

These financial statements are a SPFS prepared for use by the Council and Office of Local Government. For the purposes of these statements, the Council is 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 and Australian Accounting Interpretation. The disclosures in these special purpose financial statements have been prepared in accordance with the Local Government Act and Regulation and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

Declared Business Activities

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

Category 1

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

Children's Services - Child Care and Long Day Care

Kimbriki Environmental Enterprises Pty Limited - Domestic & Commercial Waste Management

Glen Street Theatre - Council's local Theatre

Category 2

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

Construction Certificate Certification - Construction Certificate Certification activity of the Urban Development Approval Service (part of Council's Local Approval Service Unit)

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one 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 (Special Purpose Financial Statements) 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 the SPFS. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council nominated business activities (this does not include Council's non-business activities):

Notional Rate Applied %

Corporate Income Tax Rate - 30%

Land Tax - The first \$412,000 of combined land values attracts 0%. From \$412,001 to \$2,519,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$2,519,000, 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 from 1 July 2013 to 30 June 2014.

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

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

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

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

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

(ii) Subsidies

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



ANNUAL FINANCIAL STATEMENTS

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

for the financial year ended 30 June 2014

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES**(iii) Return on Investments (Rate of Return)**

The Policy statement requires that councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field". Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return achieved is disclosed for each of Council's business activities on the Income Statement.

The Rate of Return on Capital is calculated as follows:

**Operating Result before Capital Income
+ Interest Expense**

**Written Down Value of I,PP&E as at 30
June**

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.54% at 30 June 2014.

(iv) Dividends

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



ANNUAL FINANCIAL STATEMENTS

SPECIAL PURPOSE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying **special purpose financial statements of Warringah Council**, which comprises the Statement of Financial Position as at 30 June 2014, Income Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

Responsibility of Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993 and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial statements, are appropriate to meet the financial reporting requirements of the Division of Local Government. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

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

Independence

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

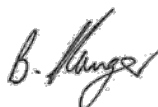
Auditor's Opinion

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

Basis of Accounting

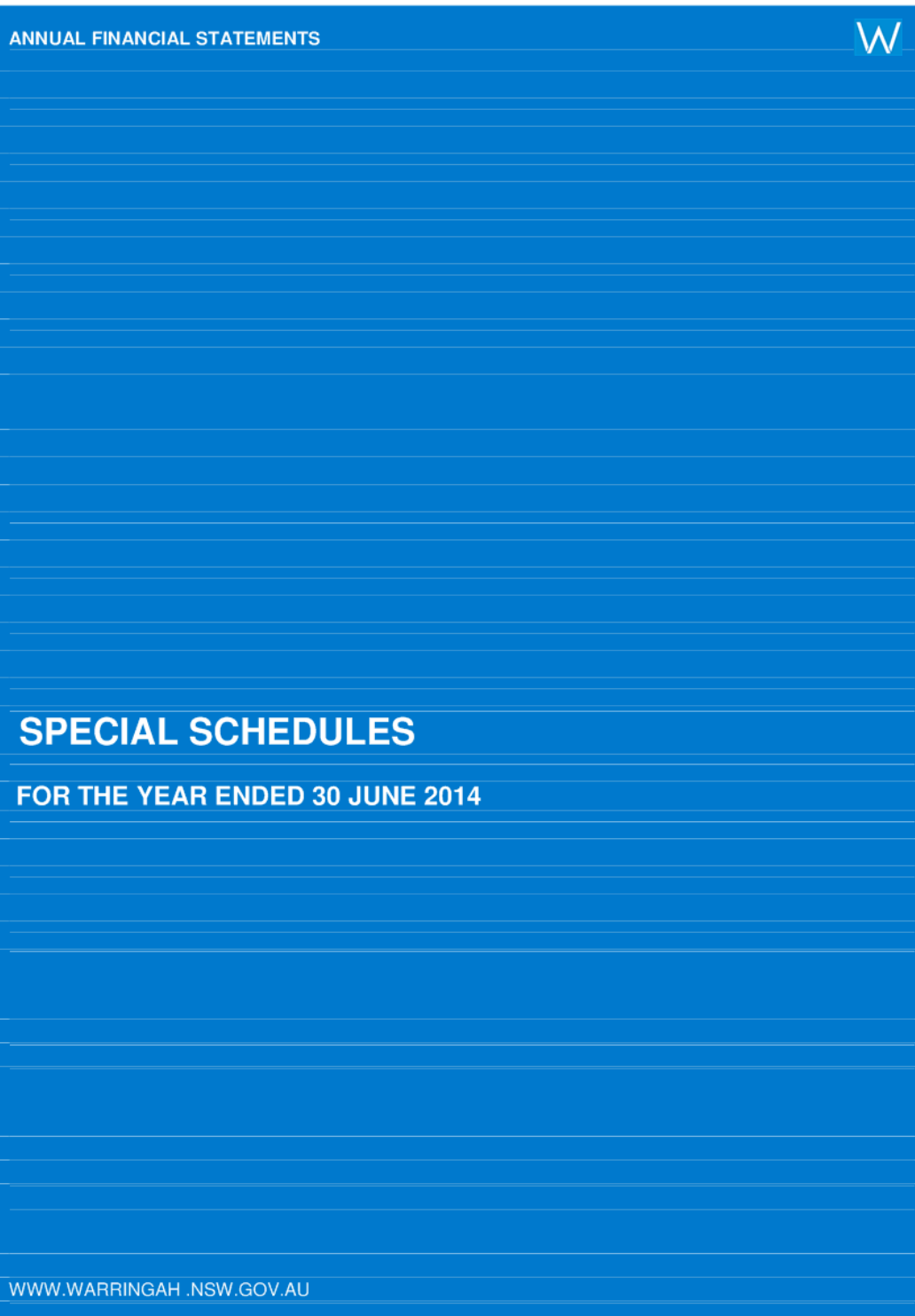
Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the financial reporting requirements of the Division of Local Government. As a result, the financial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

HILL ROGERS SPENCER STEER



BRETT HANGER
Partner

Dated at Sydney this 6th day of August 2014





ANNUAL FINANCIAL STATEMENTS

SPECIAL SCHEDULES

for the financial year ended 30 June 2014

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¹ Special Purpose Schedules are not audited, with the exception of Special Schedule 9

BACKGROUND

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as the:
- NSW Grants Commission
 - Australian Bureau of Statistics (ABS),
 - Department of Premier & Cabinet, Office of Local Government (OLG).
 - Department of Environment, Climate Change and Water (DECCW)

- (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 specific service financial activities



ANNUAL FINANCIAL STATEMENTS

SPECIAL SCHEDULES

for the financial year ended 30 June 2014

SPECIAL SCHEDULE NO. 1 - NET COST OF SERVICES

\$'000	Expenses from continuing operations	Income from continuing operations (non-capital)	Income from continuing operations (capital)	Net Cost of Services
FUNCTION OR ACTIVITY				
Governance	2,635	76	-	(2,559)
Administration	19,436	6,333	4,474	(8,629)
Public Order and Safety				
Fire Service Levy, Fire protection, Emergency Services	3,414	-	-	(3,414)
Beach Control	1,715	40	-	(1,675)
Enforcement of Local Govt Regs	1,490	2,948	-	1,458
Animal Control	91	69	-	(22)
Other	-	-	-	-
Total Public Order and Safety	6,710	3,057	-	(3,653)
Health	2,079	233	-	(1,846)
Environment				
Noxious Plants and Insects/ Vermin control	875	125	-	(750)
Other Environmental Protection	8,077	664	-	(7,413)
Solid Waste Management	41,913	44,246	-	2,333
Street Cleaning	818	8	-	(810)
Drainage	710	71	-	(639)
Stormwater Management	775	43	-	(732)
Total Environment	53,168	45,157	-	(8,011)
Community Services and Education				
Administration & Education	3,657	28	-	(3,629)
Social Protection (Welfare)	-	-	-	-
Aged Persons & Disabled	195	94	-	(101)
Children's Services	6,834	6,632	-	(202)
Total Community Services and Education	10,686	6,754	-	(3,932)
Housing and Community Amenities				
Public Cemeteries	-	-	-	-
Public Conveniences	-	-	-	-
Street Lighting	2,542	349	-	(2,193)
Town Planning	7,823	2,183	-	(5,640)
Other Community Amenities	-	-	-	-
Total Housing and Community Amenities	10,365	2,532	-	(7,833)
Water Supplies	-	-	-	-
Sewerage Services	-	-	-	-


ANNUAL FINANCIAL STATEMENTS
SPECIAL SCHEDULES

for the financial year ended 30 June 2014

SPECIAL SCHEDULE NO. 1 - NET COST OF SERVICES (continued)

\$'000	Expenses from continuing operations	Income from continuing operations (non-capital)	Income from continuing operations (capital)	Net Cost of Services
FUNCTION OR ACTIVITY				
Recreation and Culture				
Public Libraries	6,265	312	276	(5,677)
Community Centres and Halls	1,657	1,123	-	(534)
Performing Arts Venues	2,360	1,144	-	(1,216)
Other Cultural Services	1,701	124	-	(1,577)
Sporting Grounds and Venues	6,217	659	-	(5,556)
Swimming Pools	5,834	2,429	-	(3,405)
Parks and Gardens (Lakes)	4,301	212	-	(4,089)
Other Sport and Recreation	-	-	-	-
Total Recreation and Culture	28,335	6,003	276	(22,056)
Fuel and Energy				
	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	2,314	1,609	-	(705)
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Construction	2,314	1,609	-	(705)
Transport and Communication				
Urban Roads (UR) - Local	9,037	1,753	-	(7,284)
Bridges on RU - Local	-	-	-	-
Total Transport and Communication	9,037	1,753	-	(7,284)
Economic Affairs				
Other Economic Affairs	114	106	-	(8)
Total Economic Affairs	114	106	-	(8)
TOTALS - FUNCTIONS	144,879	73,613	4,750	(66,516)
General Purpose Revenues⁽²⁾				
	-	77,993	-	-
Share of interests - joint ventures & associates using the equity method⁽¹⁾				
	137	-	-	-
NET OPERATING RESULT FOR YEAR⁽¹⁾	145,016	151,606	4,750	11,340

Notes: ⁽¹⁾ As reported on the Income statement.

⁽²⁾ The definition of general purpose income for the purposes of disclosure in Note 2 (a) is the aggregation of specific income items disclosed in Note 3 viz., ordinary rates, general purpose untied grants, interest on (overdue rates and annual charges, internally restricted assets and general council cash and investments) and ex-gratia rates.

ANNUAL FINANCIAL STATEMENTS



SPECIAL SCHEDULES

for the year ended 30 June 2014

SPECIAL SCHEDULE NO. 2(a) - STATEMENT OF LONG TERM DEBT (ALL PURPOSE)

\$'000	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		Total
	Current	Non-Current	Total		From Revenue	Sinking Funds			Current	Non-Current	
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	-	-	-	-	-	-	-	-	-	-	-
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	261	13	274	-	261	-	-	75	9	4	13
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	261	13	274	-	261	-	-	75	9	4	13
Total Debt	261	13	274	-	261	-	-	75	9	4	13

Note:
Excludes Internal Loans and refinancing except for any additional borrowings. This Schedule is prepared using the Face Value of debt obligations, rather than Fair Value (as per the GPFS's).

ANNUAL FINANCIAL STATEMENTS



SPECIAL SCHEDULES

for the year ended 30 June 2014

SPECIAL SCHEDULE NO. 2(b) - STATEMENT OF INTERNAL LOANS (Section 410(3) LGA 1993)

\$'000

Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
General	-	-	-
Domestic Waste Management	-	-	-
Other	-	-	-
Totals	-	-	-

Note:

The summary of Internal Loans (above) represents the total of Council's Internal Loans categorised according to the borrower.

Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Letter	Date Raised	Term (years)	Dates of maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Principal and Interest)	Principal Outstanding at end of year
Totals									



ANNUAL FINANCIAL STATEMENTS

SPECIAL SCHEDULES

as at 30 June 2014

SPECIAL SCHEDULE NO. 7 - REPORT ON INFRASTRUCTURE ASSETS

Asset Class	Asset Condition	Estimated cost to bring to a satisfactory standard \$'000	Required Annual Maintenance \$'000	2013/14 Actual Maintenance \$'000	Written Down Value (WDV) \$'000	Assets in Condition as a % of WDV*				
						1	2	3	4	5
Buildings	Excellent	-	450	453	81,677	57.6%				
	Good	-	920	941	52,910		37.3%			
	Average	3,867	200	232	6,897			4.9%		
	Poor	143	35	40	87				0.1%	
	Very Poor	105	-	1	298					0.2%
		4,115	1,605	1,667	141,869	57.6%	37.3%	4.9%	0.1%	0.2%
Public Roads	Excellent	-	695	702	155,606	45.2%				
	Good	-	1,250	1,255	144,368		41.9%			
	Average	2,906	720	733	40,956			11.9%		
	Poor	946	245	253	3,741				1.1%	
	Very Poor	-	-	-	-					0.0%
		3,852	2,910	2,943	344,671	45.2%	41.9%	11.9%	1.1%	0.0%
Other Structures	Excellent	-	55	54	12,488	30.2%				
	Good	-	160	155	21,911		53.0%			
	Average	775	582	566	6,111			14.8%		
	Poor	189	181	176	802				1.9%	
	Very Poor	53	11	10	47					0.1%
		1,017	989	961	41,359	30.2%	53.0%	14.8%	1.9%	0.1%
Drainage Works	Excellent	-	23	25	35,759	15.3%				
	Good	-	730	790	173,695		74.2%			
	Average	3,789	234	253	21,939			9.4%		
	Poor	1,549	11	12	1,910				0.8%	
	Very Poor	1,858	2	2	839					0.4%
		7,196	1,000	1,082	234,142	15.3%	74.2%	9.4%	0.8%	0.4%
Open Space/ Recreational Assets	Excellent	-	61	66	36,141	72.8%				
	Good	-	464	483	8,916		18.0%			
	Average	457	161	157	3,211			6.5%		
	Poor	366	49	48	1,377				2.8%	
	Very Poor	18	2	2	6					0.0%
		841	737	756	49,651	72.8%	18.0%	6.5%	2.8%	0.0%
Total Classes	Total - All Assets	17,021	7,241	7,409	811,691					

Infrastructure Asset Condition Assessment

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



ANNUAL FINANCIAL STATEMENTS

SPECIAL SCHEDULES

as at 30 June 2014

SPECIAL SCHEDULE NO. 7 - REPORT ON INFRASTRUCTURE ASSETS

Infrastructure Asset Performance Indicators – Consolidated

	2014 \$'000	Indicator		
		2014	2013	2012
Building and Infrastructure renewals ratio				
Asset renewals (building and infrastructure)	13,861	137.10%	154.20%	154.60%
Depreciation, amortisation and impairment (building and infrastructure)	10,110			
Infrastructure backlog				
Estimated cost to bring assets to a satisfactory condition	17,021	2.10%	2.05%	2.37%
Total value * of infrastructure, building, other structures and depreciable land improvement assets	811,691			
Asset maintenance ratio				
Actual asset maintenance	7,409	102.32%	109.35%	97.34%
Required asset maintenance	7,241			
Capital expenditure ratio				
Annual capital expenditure	29,774	197.45%	239.22%	202.59%
Annual depreciation	15,079			

Note

*Written down value

ANNUAL FINANCIAL STATEMENTS

SPECIAL SCHEDULES

for the financial year ended 30 June 2014

SPECIAL SCHEDULE NO. 8 - FINANCIAL PROJECTIONS

\$ '000	Actual ⁽¹⁾ 2014	Forecast 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
OPERATING BUDGET											
Income from continuing operations	156,356	167,068	181,597	178,132	192,801	199,767	206,801	212,249	218,473	224,816	231,464
Expenses from continuing operations	145,016	159,793	185,795	170,967	186,602	192,872	198,204	204,502	211,494	218,401	225,715
Operating Result from Continuing Operations	11,340	7,275	15,802	7,164	6,199	6,895	7,597	7,747	6,980	6,415	5,749
CAPITAL BUDGET											
New Capital Works ⁽²⁾	13,596	17,491	27,073	16,199	14,476	6,600	6,759	6,928	7,107	7,284	7,462
Replacement/Refurbishment of Existing Assets	16,518	22,825	26,273	18,651	20,020	20,660	21,157	21,686	22,248	22,800	23,358
Total Capital Budget	30,114	40,316	53,347	34,850	34,496	27,260	27,916	28,614	29,355	30,084	30,820
Funded by:											
- Loans	-	2,565	6,685	-	-	-	-	-	-	-	-
- Asset sales	1,595	1,948	1,956	1,965	1,973	1,981	1,989	1,997	2,006	2,015	2,024
- Reserves	14,439	13,484	2,732	10,987	10,741	1,600	1,639	1,679	1,723	1,766	1,809
- Grants/Contributions	2,575	1,593	1,376	1,384	1,367	-	-	-	-	-	-
- Recurrent revenue	2,681	3,606	24,391	6,292	5,650	5,000	5,120	5,248	5,384	5,518	5,653
- Other	8,824	17,119	16,206	14,222	14,765	18,679	19,168	19,689	20,242	20,785	21,334
	30,114	40,316	53,347	34,850	34,496	27,260	27,916	28,614	29,355	30,084	30,820

Notes:

⁽¹⁾ From 2013/2014 Income Statement.

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

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ANNUAL FINANCIAL STATEMENTS

SPECIAL SCHEDULES

for the financial year ended 30 June 2014

SPECIAL SCHEDULE NO. 9 - PERMISSIBLE INCOME FOR GENERAL RATES

\$ '000	2013/14 Calculation	2014/15 Calculation
NOTIONAL GENERAL INCOME CALCULATION ⁽¹⁾		
Last Year Notional Income Yield	71,463	73,972
Plus/Minus adjustments ⁽²⁾	75	55
Notional General Income	71,538	74,027
PERMISSIBLE INCOME CALCULATION		
Special Variation ⁽³⁾	0.00%	3.10%
OR Rate Peg	3.40%	2.30%
OR Crown Land Adjustment including Rate Peg	-	-
Less Expiring Special Variations Amount	-	-
Plus: Special Variation Amount	-	2,295
OR Plus Rate Peg Amount	2,432	-
OR Plus Crown Land Adjustment and Rate Peg Amount	-	-
Sub total	73,970	76,322
Plus or minus Last year's Carry Forward Total	2	-
Less Valuation Objections claimed in previous year	-	-
Sub total	2	-
TOTAL PERMISSIBLE INCOME	73,972	76,322
Less Notional Income Yield	(73,972)	(76,322)
Catch up or (excess) result	-	-
Plus Income lost due to valuation objections claimed ⁽⁴⁾	-	-
Less Unused Catch up ⁽⁵⁾	-	-
Carry forward to next year	-	-

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.



ANNUAL FINANCIAL STATEMENTS

SPECIAL SCHEDULE NO. 9

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

<p>REPORT ON SPECIAL SCHEDULE NO. 9</p> <p>We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Warringah Council for the year ending 30 June 2015.</p> <p>Responsibility of Council for Special Schedule No. 9</p> <p>The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 22. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.</p> <p>Auditors' Responsibility</p> <p>Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 is free from material misstatement.</p> <p>An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.</p> <p>Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.</p> <p>In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.</p> <p>Independence</p> <p>In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.</p>	<p>Audit Opinion</p> <p>In our opinion, Special Schedule No. 9 of Warringah Council for 2014/15 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.</p> <p>Basis of Accounting</p> <p>Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose.</p> <p>HILL ROGERS SPENCER STEER</p>  <p>BRETT HANGER Partner</p> <p>Dated at Sydney this 6th day of August 2014</p>
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Warringah Council Community Research

July 2014

Report prepared for:



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Background

In order to measure and monitor community satisfaction, Warringah Council appointed Micromex Research to develop, conduct and analyse a statistically valid community satisfaction survey with a representative cross section of Warringah residents.

This survey is required to measure community response to 46 specific Council delivery areas. Interviewing was conducted in accordance with IQCA (Interviewer Quality Control Australia) Standards and the Market Research Society Code of Professional Conduct.

Methodology

Questionnaire

Micromex Research, together with Warringah Council, fine-tuned the existing 2013 questionnaire. The survey was conducted by telephone.

A copy of the 2014 questionnaire is provided in Appendix B.

Data collection period

The survey was conducted during the period 26th May – 2nd June 2014 from 4:30pm to 8:30pm, Monday to Friday and 10:00am to 4:00pm, Saturday.

Ratings questions

A rating scale of 1 to 5 was used in all rating questions, where 1 was the lowest importance, satisfaction or agreement and 5 the highest importance, satisfaction or agreement.

Within the report, the mean ratings for each of the criteria have been assigned a determined level of 'importance', 'satisfaction' or 'agreement'.

Note: Respondents rated importance and satisfaction for all services/facilities

Mean rating explanation

Mean rating:	1.99 or less	'Very low' level of importance/satisfaction/agreement
	2.00 – 2.49	'Low' level of importance/satisfaction/agreement
	2.50 – 2.99	'Moderately low' levels of importance/satisfaction/agreement
	3.00 – 3.59	'Moderate' level of importance/satisfaction/agreement
	3.60 – 3.89	'Moderately high' level of importance/satisfaction/agreement
	3.90 – 4.19	'High' level of importance/satisfaction/agreement
	4.20 – 4.49	'Very high' level of importance/satisfaction/agreement
	4.50+	'Extremely high' level of importance/satisfaction/agreement

Methodology

Performance Gap Analysis (PGA)

PGA establishes the gap between importance and satisfaction. This is calculated by subtracting the mean satisfaction score from the mean importance score. In order to measure PGA, respondents are asked to rate the importance of, and their satisfaction with, each of a range of different services or facilities.

The higher the differential between importance and satisfaction, the greater the difference is between the provision of that service by Warringah Council and the expectation of the community for that service/facility.

Quadrant Analysis

Quadrant analysis is a useful tool for planning future directions. It combines the stated needs of the community and assesses Warringah Council's performance in relation to these needs.

This analysis is completed by plotting the variables on x and y axis, defined by stated importance and rated satisfaction.

We aggregate the mean scores for stated importance and rated satisfaction to identify which of 4 quadrants the facility or service should be plotted into:

1. MAINTAIN – Higher than average importance and higher than average satisfaction
2. IMPROVE – Higher than average importance and lower than average satisfaction
3. NICHE – Lower than average importance and lower than average satisfaction
4. SECONDARY – lower than average importance and higher than average satisfaction

The Shapley Value Regression

Regression analysis is a statistical tool for investigating relationships between dependent variables and explanatory variables. We used regression analysis on the 2014 results to identify the priorities that will drive overall satisfaction with Council.

We also ran some combined regression analysis, on both the 2013 results and the 2014 results, to identify which variables had impacted on the improvement in the overall satisfaction score in 2014.

Micromex Benchmarks

These benchmarks are based on LGAs that we have conducted community research for since 2006. During that time, Micromex has worked for over 40 NSW councils and conducted 100+ community satisfaction surveys across NSW.

All of NSW benchmark

The 'All of NSW Benchmark' is based on a branding research study conducted by Micromex in 2012, in which residents from all 152 LGAs were interviewed in order to establish a normative score of overall satisfaction.

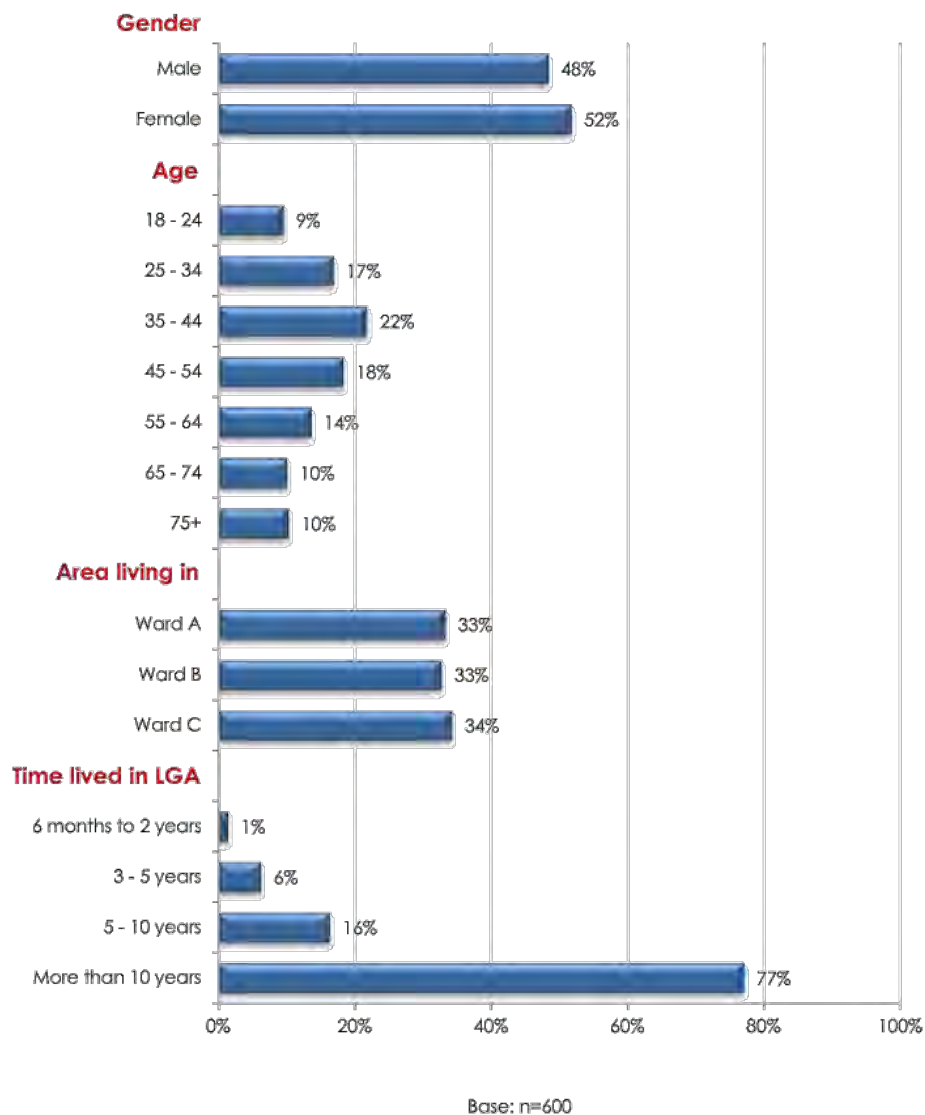
Errors: Data in this publication is subject to sampling variability because it is based on information relating to a sample of residents rather than the total number. This difference (sampling error) may occur due to imperfections in reporting and errors made in processing the data. This may occur in any enumeration, whether it is a full count or sample.

Efforts have been made to reduce the non-sampling error by careful design of the questionnaire and detailed checking of completed questionnaires.

Key Findings

Sample Profile

The sample has been weighted to match the 2011 ABS community profile of Warringah.



Executive Summary

Overview & Overall satisfaction

Summary

91% of residents expressed they were 'somewhat satisfied', 'satisfied' or 'very satisfied' with Council's overall performance as an organisation over the past 12 months.

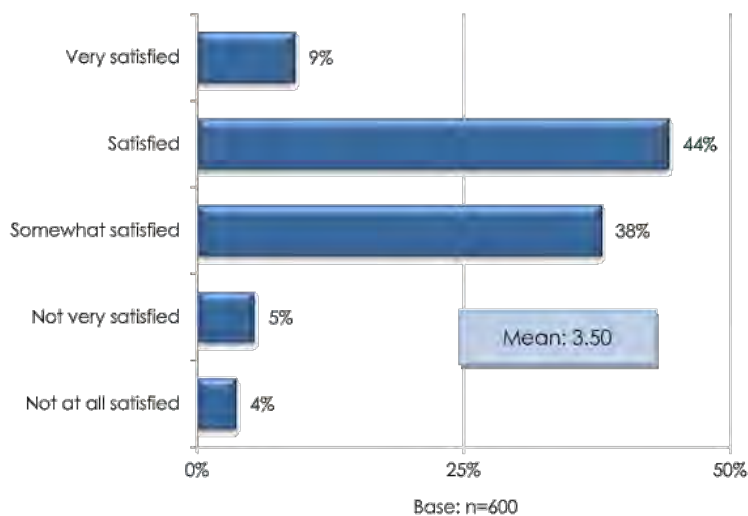
The average satisfaction mean score rating in 2014 is significantly higher than the All of NSW LGA Benchmark and remains consistent with the 2013 results.

Q. How would you rate the overall performance of Warringah Council as an organisation over the past 12 months?

	Overall 2012	Overall 2013	Overall 2014	All of NSW LGA Benchmark
Mean ratings	3.40	3.35	3.50▲	3.31▼

	2014 Vic. LGA Overall	Inner Melb. Metro	Outer Melb. Metro	Warringah 2014
Satisfaction T3B%	86%	92%	88%	91%

Note: The 2014 percentage is the result of the top 3 satisfaction ratings
Mean scores of previous years have been recalculated to a 1-5 scale to compare with the 2014 results



Scale: 1= not at all satisfied, 5 = very satisfied

▼▲= A significantly lower/higher level of satisfaction (by group)

Executive Summary

Direction of Warringah Council's overall performance

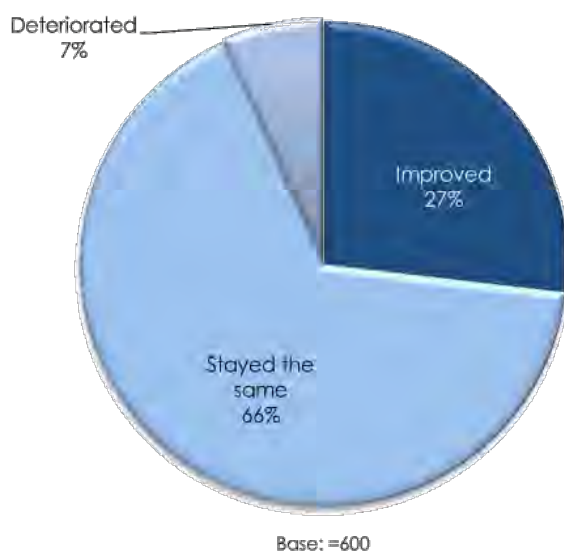
27% indicated that Council's overall performance had improved, 66% of residents believe Warringah Council's overall performance has stayed the same over the last 12 months, whilst only 7% stated it had deteriorated.

The outcomes of this question also compare favourably with the 2014 Victoria LGA Benchmarking study.

- Q. Overall the last 12 months, what is your view of the direction of Warringah Council's overall performance? Has it improved, stayed the same or deteriorated?

Improved	Stayed the same	Deteriorated
27%	66%	7%

	2014 Vic. LGA Overall	Inner Melb. Metro	Outer Melb. Metro	Warringah 2014
Improved	20%	17%	22%	27%
Stayed the same	63%	69%	62%	66%
Deteriorated	13%	8%	10%	7%



Executive Summary

Satisfaction with Council staff

Summary

90% of residents expressed they were 'somewhat satisfied' 'satisfied' or 'very satisfied' with the overall performance of Council's staff in dealing with their enquiry.

The average score in 2014 has significantly increased in comparison to 2013 and is significantly higher than the Micromex Benchmark.

Q. How satisfied were you with the overall performance of Council's staff in dealing with your enquiry?

	Overall 2012	Overall 2013	Overall 2014	Micromex Benchmark
Mean ratings	3.87	3.81	4.14▲	3.90▼

	2014
T2B Satisfaction %	78%
T3B Satisfaction %	90%

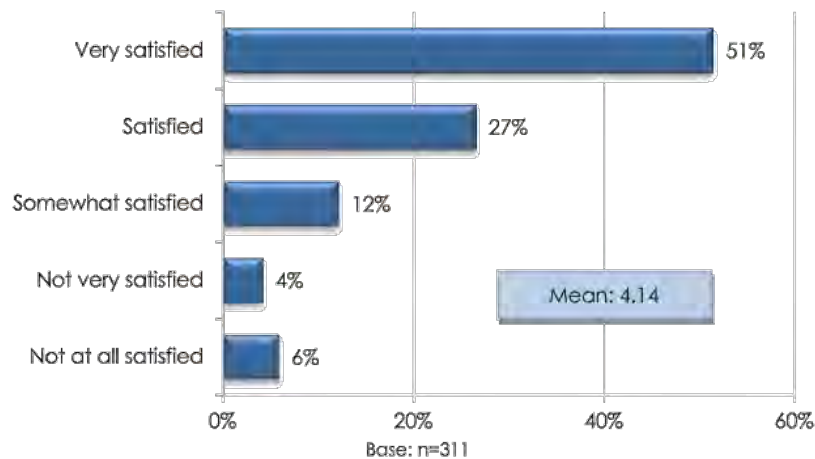
T2B = Top 2 Box (Satisfied, very satisfied)

T3B = Top 3 Box (Somewhat satisfied, satisfied, very satisfied)

Note: The 2014 percentage is the result of the top 3 satisfaction ratings
Mean scores of previous years have been recalculated to a 1-5 scale to compare with the 2014 results

Scale: 1= not at all satisfied, 5 = very satisfied

▼▲= A significantly lower/higher level of satisfaction (by group)



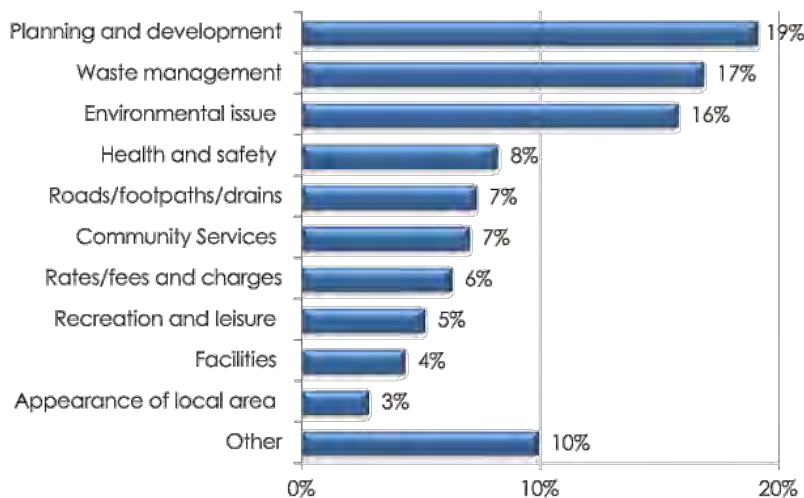
Executive Summary

Reasons for contact

Reason for contact is a new inclusion to the Warringah Council Community Survey. The key contact triggers related to planning & development, accounting for 19% of contacts. This was followed by waste management (17%) and environmental issues (16%).

Q. What was your contact in relation to?

	Planning & development	Waste management	Environmental issue
Top 3 reasons	19%	17%	16%

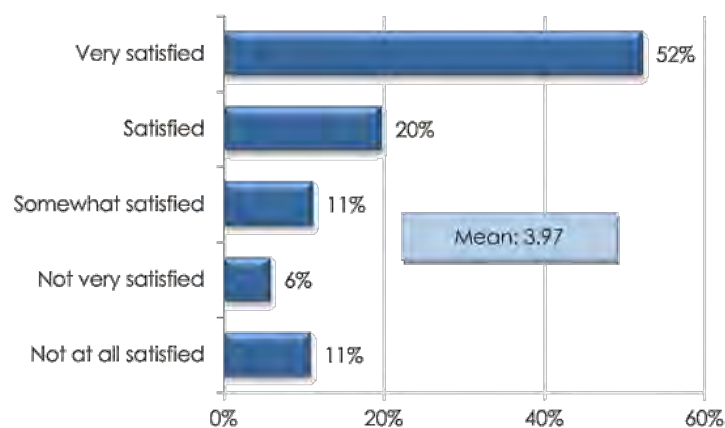


Base: n=321

Satisfaction with outcome

Just over half (52%) of all contacts were 'very satisfied' with the response/outcome, with 20% 'satisfied'.

Q. How satisfied were you with the outcome of this contact?



Base: n=312

Executive Summary

Performance of Mayor and Councillors

Summary

88% of residents indicated they were 'somewhat satisfied', 'satisfied' or 'very satisfied' with the overall performance of the Mayor and Councillors

The mean satisfaction score has statistically increased in comparison to 2013 and is on a par with the Micromex benchmark score.

	Overall 2012	Overall 2013	Overall 2014	Micromex Benchmark
Mean ratings	3.36	3.22	3.35▲	3.24

	2014
T2B Satisfaction %	43%
T3B Satisfaction %	88%

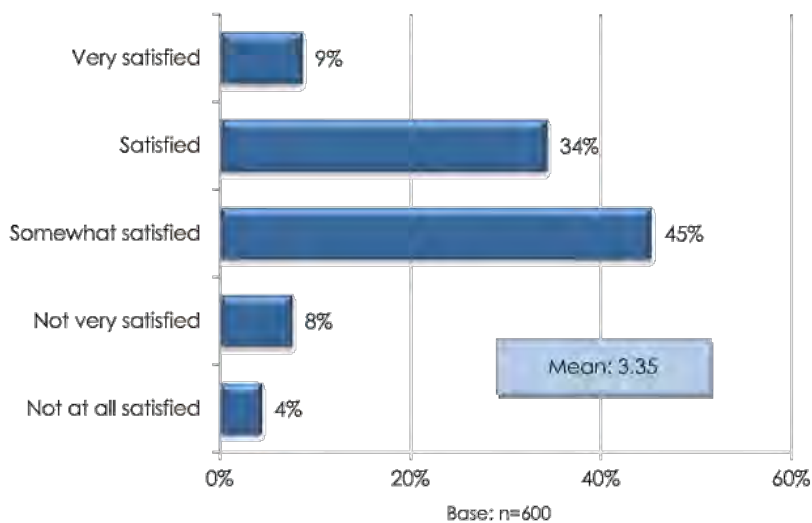
T2B = Top 2 Box (Satisfied, very satisfied)

T3B = Top 3 Box (Somewhat satisfied, satisfied, very satisfied)

Note: The 2014 percentage is the result of the top 3 satisfaction ratings
Mean scores of previous years have been recalculated to a 1-5 scale to compare with the 2014 results

▼▲= A significantly lower/higher level of satisfaction (by group)

Scale: 1= not at all satisfied, 5 = very satisfied



Executive Summary

Performance Gaps & Quadrant Analysis

Ranking 2013	Ranking 2014	Service / Facility	Importance Mean	Satisfaction Mean	Performance Gap
1	1	Traffic management	4.44	2.89	1.55
7	2	Managing residential development	4.46	3.00	1.46
3	3	Maintaining major roads	4.62	3.24	1.38
2	4	Council responsiveness to community needs	4.42	3.05	1.37
4	5	Consultation with the community by Council	4.35	3.01	1.34
5	6	Development approvals process	4.10	2.78	1.32
6	7	Maintaining local roads	4.50	3.19	1.31
16	8	Managing commercial development	4.13	2.91	1.22
12	9	Provision of car parking	4.17	2.97	1.20
9	9	Management of street trees	4.13	2.93	1.20
8	11	Condition of public toilets	3.90	2.75	1.15
17	12	Footpaths	4.23	3.10	1.13
11	13	Facilities and services for youth	4.14	3.05	1.09
14	14	Encouraging local industry and business	4.35	3.27	1.08
15	15	Environmental protection & enforcement	4.35	3.28	1.07

The following services/facilities ranked higher in 2014:

- Managing residential development (was 7, now 2)
- Managing commercial development (was 16, now 8)
- Provision of car parking (was 12 now 9)
- Footpaths (was 17, now 12)

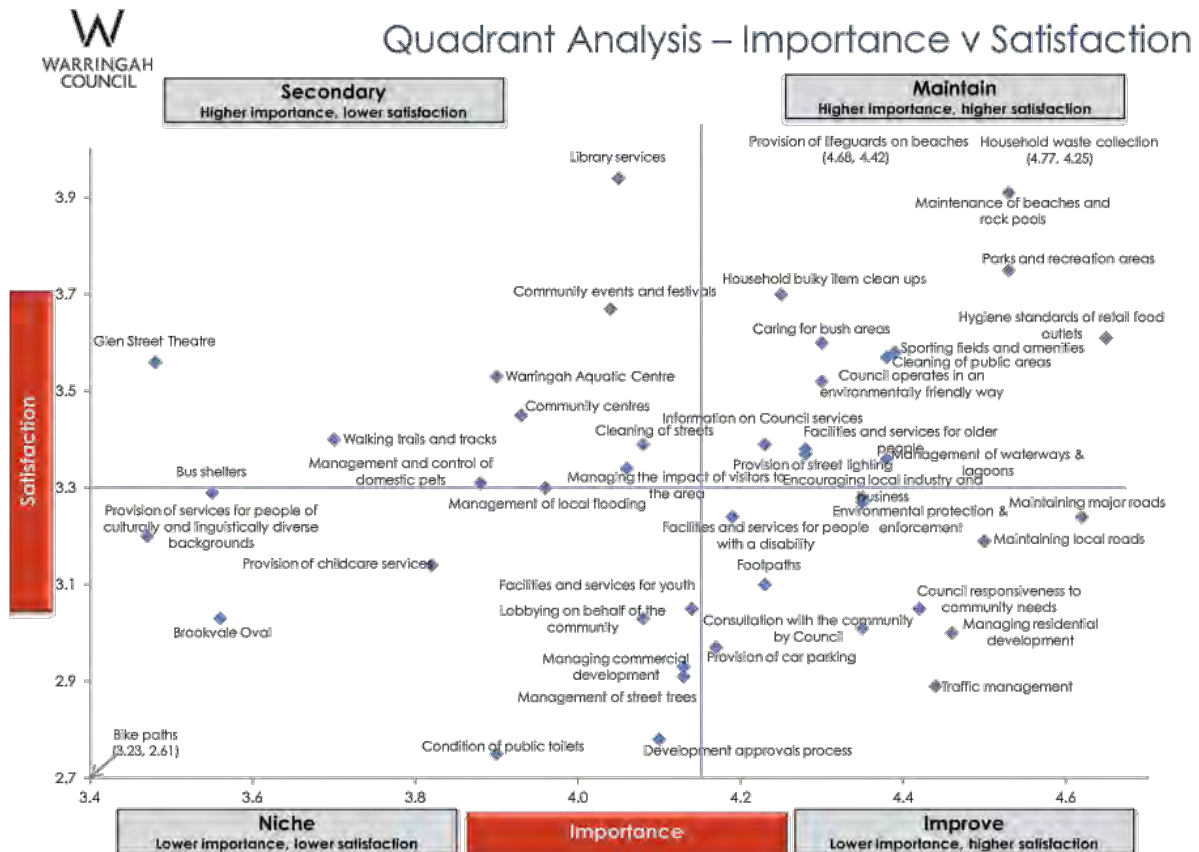
The following services/facilities ranked lower in 2014:

- Council responsiveness to community needs (was 2, now 4)
- Consultation with the community by Council (was 4, now 5)
- Development approvals process (was 5, now 6)
- Maintaining local roads (was 6, now 7)
- Condition of public toilets (was 8, now 11)
- Facilities and services for youth (was 11, now 13)

Executive Summary

Quadrant Analysis

The average stated importance score was 4.16 and the average rated satisfaction score was 3.33. Each service or facility is then plotted in terms of satisfaction and importance, resulting in its placement in one of four quadrants.



Executive Summary

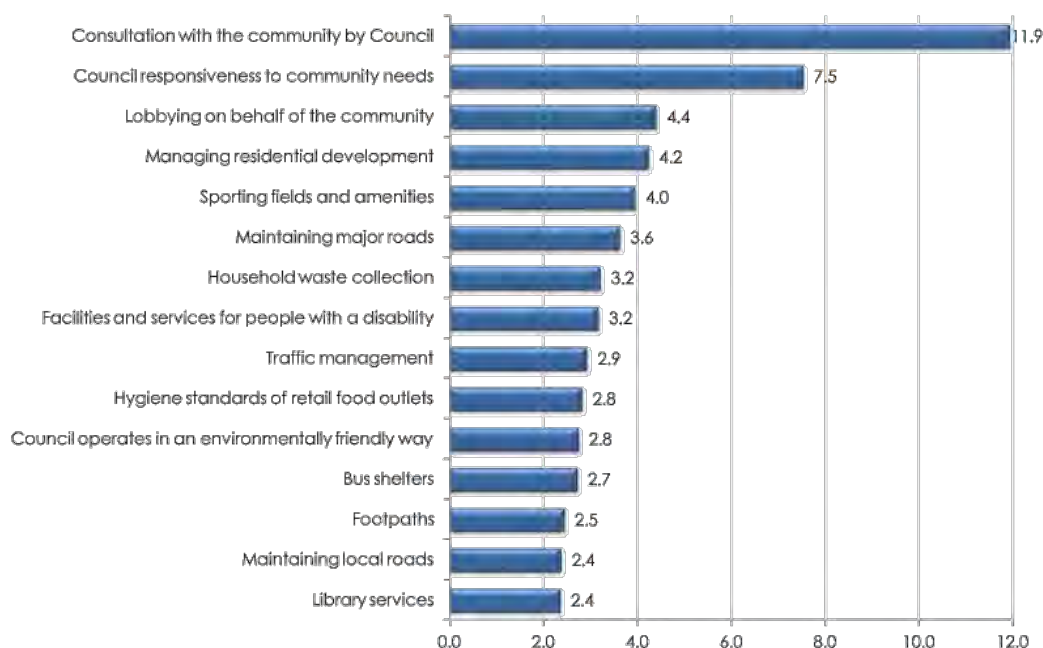
The Shapley Value Regression – Key Drivers of Satisfaction with Warringah Council

The results in the chart below identify which attributes are the key drivers of community satisfaction.

These top 15 services/facilities account for over 60% of overall satisfaction with Council. This indicates that the remaining 31 attributes have a less robust impact on the community's satisfaction with Warringah Council's performance. Therefore, whilst 46 service/facility areas are important, only a minority of them are significant drivers of the community's overall satisfaction with Council.



These Top 15 Indicators Contribute To Over 60% Of Overall Satisfaction With Council



The contributors to satisfaction are not to be misinterpreted as an indication of current dissatisfaction

Executive Summary

Longitudinal Analysis

Composite Importance Ratings for Key Service Areas

The stated importance of 'community engagement' has softened from 2013.

Importance Ratings	2011	2012	2013	2014
Waste Services	4.36	4.37	4.42	4.37
Community Engagement	4.32	4.35	4.41	4.28▼
Environmental Services	4.19	4.22	4.26	4.23
Planning & Development Services	4.17	4.20	4.26	4.29
Recreation Facilities & Services	3.98	4.00	4.02	4.06
Community Services	3.97	3.93	3.97	3.99
Infrastructure and Basic Services	3.90	4.01	3.94	4.06

Scale: 1= not at all important, 5 = very important

Composite Satisfaction Ratings for Key Service Areas

Satisfaction with the key services has remained similar to 2013 results.

Satisfaction Ratings	2011	2012	2013	2014
Waste Services	3.72	3.78	3.72	3.73
Community Engagement	3.08	3.25	3.14	3.12
Environmental Services	3.43	3.47	3.38	3.40
Planning & Development Services	3.05	3.17	3.15	3.15
Recreation Facilities & Services	3.60	3.65	3.60	3.62
Community Services	3.38	3.41	3.37	3.32
Infrastructure and Basic Services	2.96	3.14	3.02	3.08

Scale: 1= not at all satisfied, 5 = very satisfied

▼▲= A significantly lower/higher level of importance/satisfaction (by group)

Note: Mean scores of previous years have been recalculated to a 1-5 scale to compare with the 2014 results

Executive Summary

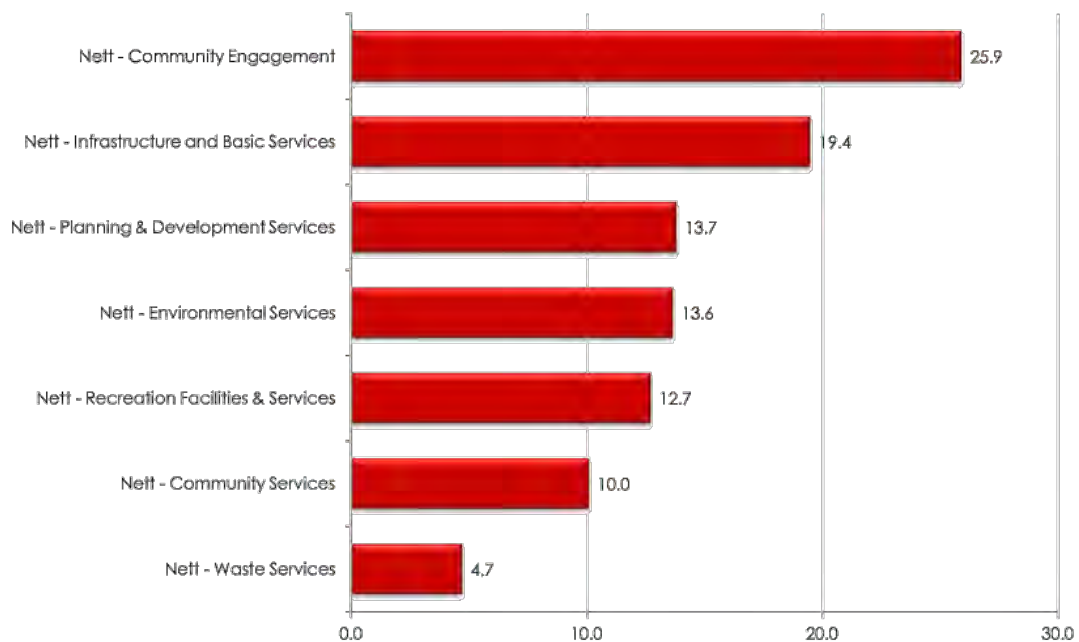
Key Service Areas Contribution to Overall Satisfaction

By combining the outcomes of the regression data, we can identify the derived importance of the Key Service Areas.

'Community Engagement' (26%) remains the key contributor toward overall satisfaction with Council's performance.



Contribution to Overall Satisfaction with Council's Performance

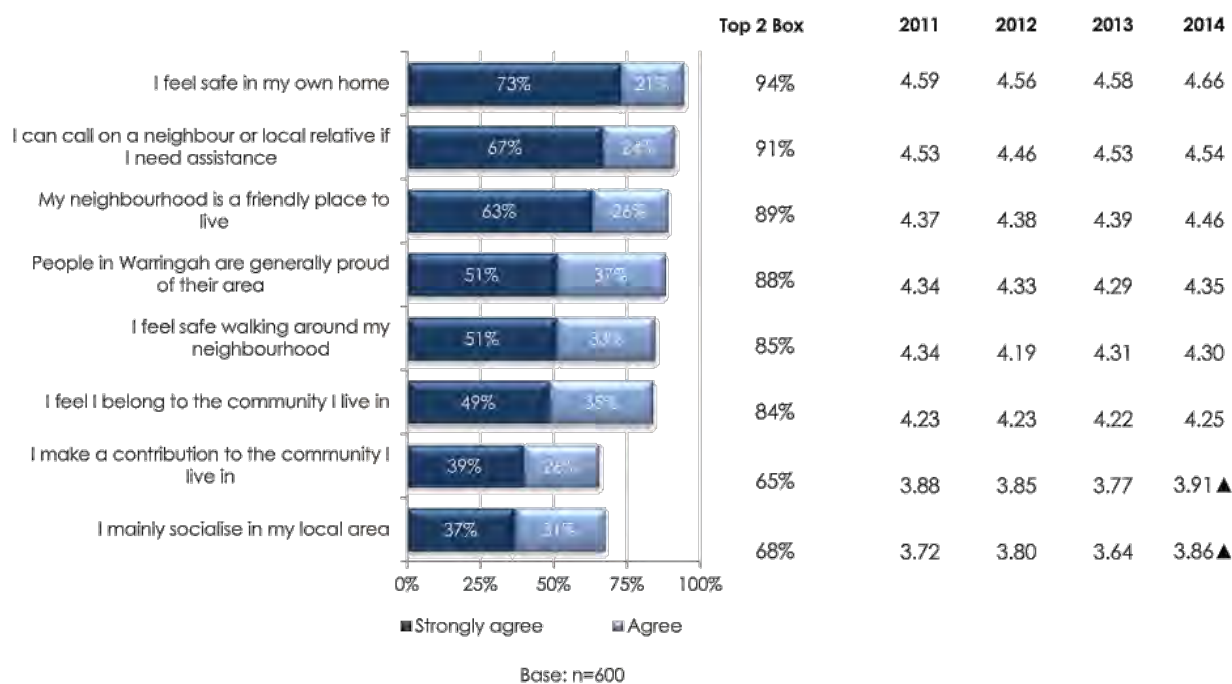


Executive Summary

Community Safety and Connectedness

There has been a significant increase in agreement with the statements 'I make a contribution to the community I live in' and 'I mainly socialise in my local area' since 2013

Q. In this section I'd like to ask you a number of questions about your perceptions of your neighbourhood and Warringah as a place to live. Please rate the following statements.



Top 2 Box %: Strongly Agree & Agree
 Scale: 1= strongly disagree, 5 = strongly agree

▼▲= A significantly lower/higher level (by year)

Executive Summary

Key Satisfaction Trends

Compared to the previous research conducted in 2013, there was a significant increase in 5 of the 46 services and facilities provided by Council, this included

- Traffic management
- Bus shelters
- Household waste collection, including garbage, recycling and green waste
- Hygiene standards of retail food outlets
- Provision of services for people of culturally and linguistically diverse backgrounds

There was a significant decrease in satisfaction for 3 of the 46 services and facilities, this included:

- Managing commercial development
- Facilities and services for people with a disability
- Provision of childcare services

Summary and Conclusion

Summary of Critical Outcomes

The summary table below combines the outcome of the regression analysis with the stated importance and satisfaction outcomes of the performance gap and quadrant analysis. In developing future plans and strategies, Warringah Council should consider the implications raised by each form of analysis.

	Shapley Analysis	Gap Analysis	Quadrant Analysis
Consultation with the community by Council	11.94	1.34	Improve
Council responsiveness to community needs	7.54	1.37	Improve
Lobbying on behalf of the community	4.41	1.05	Niche
Managing residential development	4.25	1.46	Improve
Sporting fields and amenities	3.96	0.81	Maintain
Maintaining major roads	3.64	1.38	Improve
Household waste collection	3.22	0.52	Maintain
Facilities and services for people with disabilities	3.18	0.95	Improve
Traffic management	2.94	1.55	Improve
Hygiene standards of retail food outlets	2.83	1.04	Maintain
Council operates in an environmentally friendly way	2.75	0.78	Maintain
Bus shelters	2.73	0.26	Niche
Footpaths	2.45	1.13	Improve
Maintaining local roads	2.39	1.31	Improve
Library services	2.37	0.11	Secondary

Conclusion

The perennial concern of the Warringah community revolves around transport and traffic management, this is an area where the community want to see Council continue to lobby for some/any type of solution.

27% indicated that Council's overall performance had improved. Only 7% feel there has been deterioration in performance.

Satisfaction with the overall performance of Council, satisfaction with staff and satisfaction with the Mayor and Councillors have all significantly strengthened over the last 12 months.

Residents are at least moderately satisfied with 39 of the 46 service areas.

Compared to the 2013 community survey, there has been a significant increase in 5 and a decline in 3 of the 46 services.

The influence of Council generated media material has strengthened over the past 12 months.

Recommendations and Next Steps

Recommendations

Based on the outcomes, we believe that Council should focus on the following:

1. Maintain the existing focus on community consultation and responsiveness.
2. On the whole, satisfaction across key service areas has remained fairly consistent. However, overall satisfaction with Council, staff and Councillors has significantly strengthened. What external factors could be driving this? Is it the Council generated media? Is it the investment in the new Council branding? Is it improvement in customer service and staff liaison?
3. Explore expectation and community aspirations with regard to Council advocacy and action on issues such as; transport/traffic management, as well as commercial and residential development.



Section A

Micromex LGA Benchmarking

LGA Benchmarking

Comparison to Micromex LGA Benchmarks – Key Areas

Micromex LGA NSW Benchmark scores are based on the results of 100+ community surveys conducted since 2006, with 20 of these surveys having been conducted in the last 12 months.

Benchmark Comparisons for Overall Satisfaction	Overall satisfaction	Staff	Councillors	Consultation with the community	Council responsiveness	Information on Council services
Warringah 2014	3.5+	4.1+	3.4+	3.0	3.1	3.4
Warringah 2013	3.4	3.8	3.2	3.1	3.0	3.4
Warringah 2012	3.4	3.9	3.4	3.1	3.2	3.5
Warringah 2011	3.1	3.8	3.0	2.9	3.0	3.4
Micromex LGA NSW average	3.3	3.8	2.9	3.0	3.1	3.1
NSW best	3.6	4.4	3.6	3.5	3.4	3.5
NSW worst	1.9	3.1	2.6	2.8	2.5	2.4

Note: Mean scores of previous years have been recalculated to a 1-5 scale to compare with the 2014 results
+/- = 2014 results significantly higher/lower than 2013

Scale: 1= not at all satisfied, 5 = very satisfied

LGA Benchmarking

Comparison to Micromex LGA Benchmarks – Key Areas

Warringah Council residents are more satisfied than the Micromex LGA NSW Benchmark score for 4 of the 12 comparable measures, 2 equal to with the remaining 6 falling below the benchmark.

Service/Facility	Warringah Satisfaction 2011	Warringah Satisfaction 2012	Warringah Satisfaction 2013	Warringah Satisfaction 2014	Micromex LGA NSW Benchmark
ABOVE THE MICROMEX NSW LGA BENCHMARK					
Household waste collection	4.2	4.2	4.2	4.3	4.1
Parks and recreation areas	3.7	3.8	3.7	3.8	3.7
Community centres	3.6	3.6	3.5	3.5	3.3
Maintaining local roads	3.0	3.2	3.2	3.2	2.8
EQUAL TO MICROMEX NSW LGA BENCHMARK					
Facilities and services for youth	3.0	3.2	3.0	3.1	3.1
Provision of car parking	2.9	3.0	2.9	3.0	3.0
BELOW THE MICROMEX NSW LGA BENCHMARK					
Library services	4.0	4.0	4.0	3.9	4.1
Sporting fields and amenities	3.4	3.6	3.6	3.6	3.7
Services for older people	3.4	3.5	3.4	3.4	3.5
Environmental protection & enforcement	3.4	3.4	3.4	3.3	3.5
Facilities and services for people with disabilities	3.4	3.4	3.4	3.2	3.4
Condition of public toilets	2.6	2.8	2.6	2.8	3.2

Note: Mean scores of previous years have been recalculated to a 1-5 scale to compare with the 2014 results

Scale: 1= not at all satisfied, 5 = very satisfied



Section B

Detailed Findings

**Importance of, and Satisfaction with,
Council Services and Facilities**

Overall Satisfaction with the Performance of Council

Summary

91% of residents expressed they were 'somewhat satisfied' 'satisfied' or 'very satisfied' with Council's overall performance as an organisation over the past 12 months.

The mean satisfaction rating of 3.50 significantly higher than 2013 results and the All of NSW LGA Benchmark.

Residents aged 18-24 were significantly more satisfied with Council's overall performance than were those aged 25+. Residents of Ward A were significantly more satisfied with Council's overall performance than were those of Ward B.

27% indicated that Council's overall performance had improved, 66% of residents believe Warringah Council's overall performance has stayed the same over the last 12 months, whilst only 7% stated it had deteriorated.

Q. How would you rate the overall performance of Warringah Council as an organisation over the past 12 months?

	Overall 2010	Overall 2011	Overall 2012	Overall 2013	Overall 2014	All of NSW LGA Benchmark
Mean ratings	3.05	3.10	3.40	3.35	3.50▲	3.31▼

18 – 24	25 – 34	35 – 44	45 – 54	55 – 64	65 – 74	75+
3.88▲	3.40	3.49	3.51	3.35	3.48	3.54

Male	Female	Ward A	Ward B	Ward C
3.49	3.51	3.55▲	3.35▼	3.59

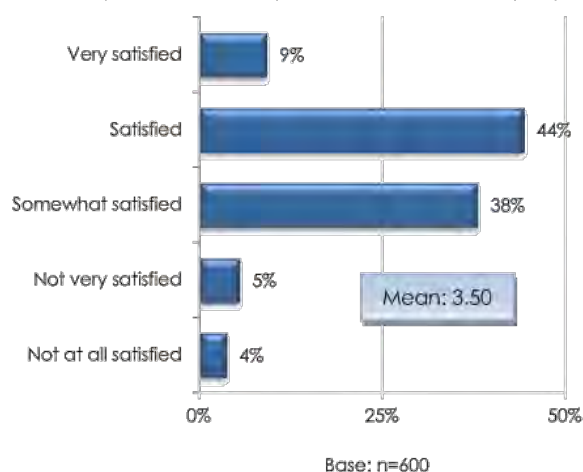
	2014 Vic. LGA Overall	Inner Melb. Metro	Outer Melb. Metro	Warringah 2014
Satisfaction T3B%	86%	92%	88%	91%

Note: The 2014 percentage is the result of the top 3 satisfaction ratings

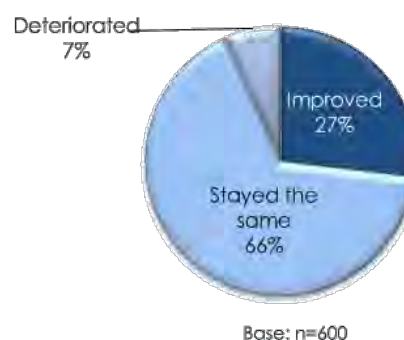
Note: Mean scores of previous years have been recalculated to a 1-5 scale to compare with the 2014 results

Scale: 1= not at all satisfied, 5 = very satisfied

▼▲= A significantly lower/higher level of satisfaction (by group)



Q. Over the last 12 months, what is your view of the direction of Warringah Council's overall performance? Has it improved, stayed the same or deteriorated?



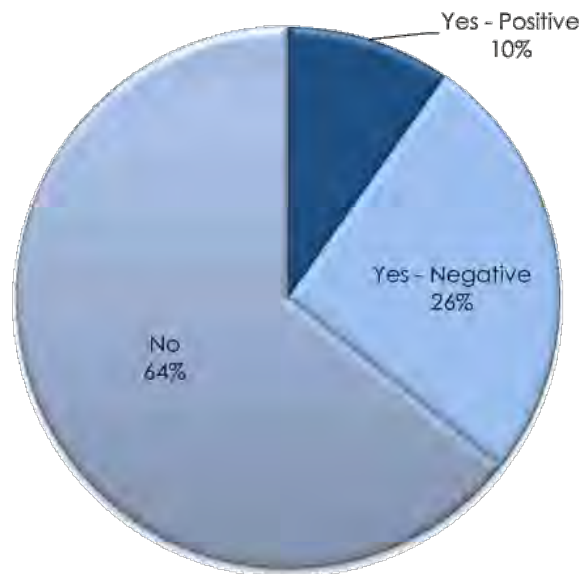
Overall Satisfaction with the Performance for Council

Summary

10% felt that there had been a positive influence on their decision, whilst 26% indicated they were affected in a negative way.

64% of residents did not feel that any particular issue had strongly influenced their view of Council's performance, which is similar to 2013.

Q. In giving your rating, has any particular issue/s strongly influenced your view, either in a positive or a negative way?



Base: n=600

	2012	2013	2014
Yes – Positive	8%	9%	10%
Yes – Negative	35%	30%	26%
No	57%	61%	64%
Base	600	600	600

Overall Satisfaction with the Performance for Council

Q. (If yes), please describe the major issue/s that strongly influenced your rating?

Reasons for a positive influence		Reasons for a negative influence	
	N=67		N=203
Festivals and exhibitions in the area	10%	Development	18%
Communication from Council	9%	Council inefficiency/excessive spend	9%
Improvements with infrastructure in the area	7%	Planning/DA process	7%
Quality of services provided by Council	7%	Negative image of Council	5%
Maintenance of reserves, paths and trails	6%	Congestion	5%

Verbatim responses

Positive influence comments	Negative influence comments
"Happy with the community events in our area"	"Over development in the area is becoming a problem"
"Multicultural events are very positive for the community"	"Over development of residential areas of high density housing in Dee Why and Warriewood"
"Council services have improved"	"Traffic management on Pittwater Road"
"Council are always very helpful with enquiries"	"Lack of results from Council on a planning and development issue in Allambie Heights"
"Council has been upgrading bike paths and walking paths"	"Lack of communication and community consultation"
"Parks are well maintained"	"Unleashed dogs on sporting ovals"
"Communication with Council has always been consistent over the years"	"Maintenance of sporting fields"
"Currently providing a good amount of information to the community"	"Not enough planning has been put into the development at Dee Why Plaza"
"Upgrade infrastructure in Dee Why"	

Importance of, and Satisfaction with, Council Services and Facilities

The Unipolar Scale of 1 to 5, where 1 was the lowest importance or satisfaction and 5 the highest importance or satisfaction, was used in all rating questions.

Interpreting the Mean Scores

Within the report, the mean ratings for each of the criteria have been assigned a determined level of 'importance' or 'satisfaction'.

Interpreting Performance Gap

Within the report, the mean ratings for each of the criteria have been assigned a determined 'level of importance or satisfaction'. To identify the performance gap, we subtract the rated satisfaction mean score from the stated importance mean scores.

Participants were firstly asked to indicate which rating best described their opinion of the importance of the following services/facilities to them, then were asked to rate their satisfaction with that service/facility.



We Explored Resident Response To 46 Service Areas

Infrastructure & Basic Services

Maintaining major roads
 Traffic management
 Bus shelters
 Footpaths
 Maintaining local roads
 Condition of public toilets
 Provision of car parking
 Bike paths
 Provision of street lighting
 Walking trails and tracks

Community Services

Facilities and services for people with a disability
 Library services
 Facilities and services for older people
 Provision of services for people of culturally and linguistically diverse backgrounds
 Facilities and services for youth
 Provision of childcare services

Environmental Services

Council operates in an environmentally friendly way
 Management of waterways & lagoons
 Management of local flooding
 Environmental protection & enforcement
 Management and control of domestic pets
 Maintenance of beaches and rock pools
 Caring for bush areas
 Management of street trees

Waste Services

Household waste collection
 Cleaning of public areas
 Cleaning of streets
 Household bulky item clean ups, including metals

Planning & Development Services

Managing residential development
 Hygiene standards of retail food outlets
 Encouraging local industry and business
 Development approvals process
 Managing commercial development
 Managing the impact of visitors to the area

Recreation Facilities

Sporting fields and amenities
 Community events and festivals
 Parks and recreation areas, including playgrounds
 Warringah Aquatic Centre
 Brookvale Oval
 Glen Street Theatre
 Community centres
 Provision of lifeguards on beaches

Community Engagement

Consultation with the community by Council
 Council responsiveness to community needs
 Lobbying on behalf of the community
 Information on Council services

Mean rating:	1.99 or less	'Very low' level of importance/satisfaction
	2.00 – 2.49	'Low' level of importance/satisfaction
	2.50 – 2.99	'Moderately low' levels of importance/satisfaction
	3.00 – 3.59	'Moderate' level of importance/satisfaction
	3.60 – 3.89	'Moderately high' level of importance/satisfaction
	3.90 – 4.19	'High' level of importance/satisfaction
	4.20 – 4.49	'Very high' level of importance/satisfaction
	4.50+	'Extremely high' level of importance/satisfaction

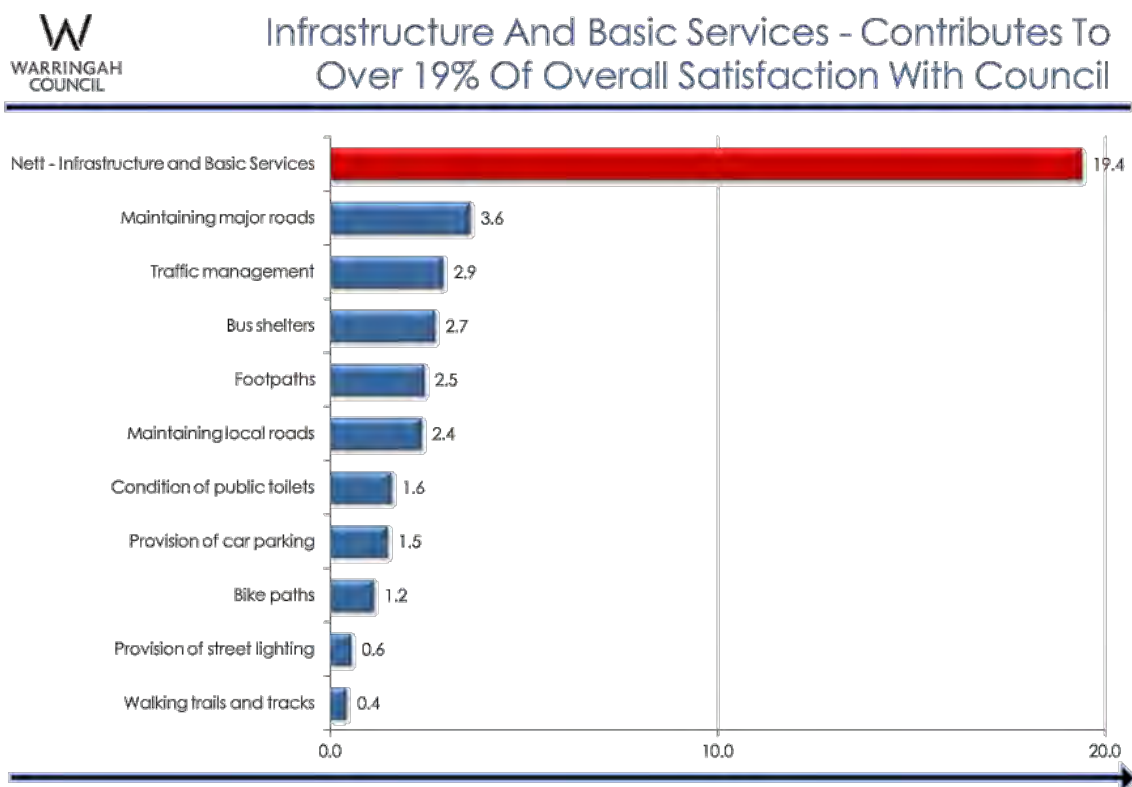
Importance/Satisfaction – Infrastructure and Basic Services

Services and facilities explored included:

- Bus shelters
- Traffic management
- Provision of car parking
- Footpaths
- Condition of public toilets
- Maintaining major roads (Pittwater/Warringah Roads)
- Maintaining local roads
- Bike paths
- Walking trails and tracks
- Provision of street lighting

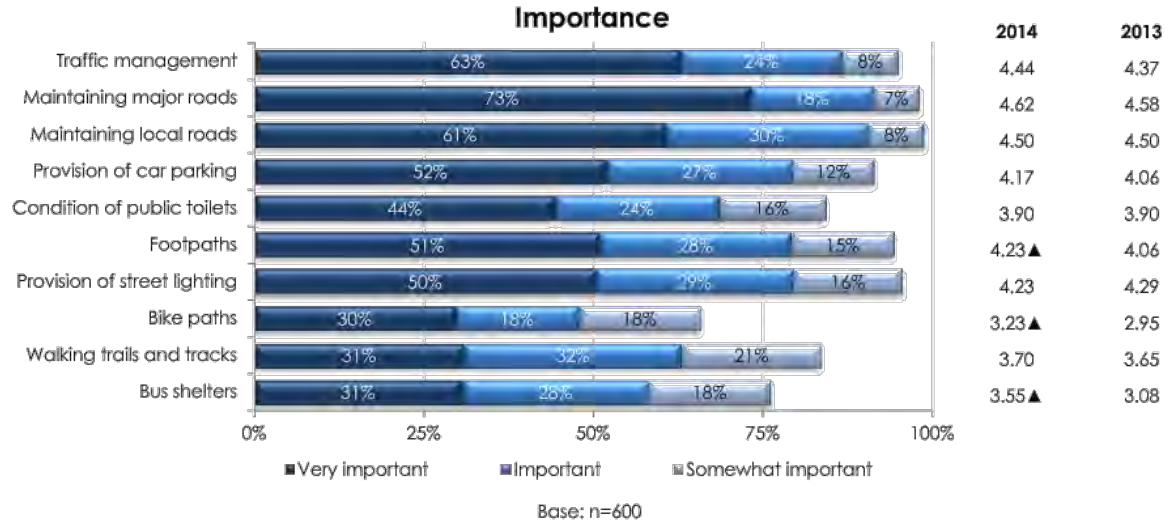
Contribution to Overall Satisfaction with Council (Regression Data)

Council's performance in the areas below accounts for over 19% of overall satisfaction, based on the regression analysis.



Importance/Satisfaction – Infrastructure and Basic Services

Note: The hierarchical sorting of each graph is relative to the criteria's Performance Gap.
Mean scores of previous years have been recalculated to a 1-5 scale to compare with the 2014 results



Scale: 1 = not at all important/not at all satisfied, 5 = very important/very satisfied

▼▲ = A significantly lower/higher level of importance/satisfaction (by group)

Importance/Satisfaction – Infrastructure and Basic Services

	Performance Gap		Year on year difference
	2014	2013	
Traffic management	1.55	1.71	0.16
Maintaining major roads	1.38	1.44	0.06
Maintaining local roads	1.31	1.34	0.03
Provision of car parking	1.20	1.17	-0.03
Condition of public toilets	1.16	1.26	0.11
Footpaths	1.13	1.01	-0.12
Provision of street lighting	0.84	0.78	-0.06
Bike paths	0.62	0.33	-0.29
Walking trails and tracks	0.30	0.28	-0.02
Bus shelters	0.26	-0.07	-0.33

Overview of Rating Scores

Importance – overall

Extremely high	Maintaining major roads
Very high	Maintaining local roads
	Traffic management
	Footpaths
	Provision of street lighting
High	Provision of car parking
	Condition of public toilets
Moderately high	Walking trails and tracks
Moderate	Bus shelters
	Bike paths

Importance – by age

Residents aged 65+ deemed 'bus shelters' to be of a higher importance than did those aged 18-64 and those aged 35-54 considered 'bike paths' to be more important than did those aged 65-74, whilst residents aged 75+ believed 'provision of street lighting' to be of a higher importance than did those aged 18-74.

Importance – by gender

Females considered 'provision of car parking', 'footpaths', 'condition of public toilets', 'maintaining major roads', and 'maintaining local roads' to be of a higher importance.

Importance – by ward

There were no significant differences between the wards.

Importance – compared to 2013

Compared to the results for 2013, importance for 'bike paths', 'bus shelters' and 'footpaths' significantly increased.

Importance/Satisfaction – Infrastructure and Basic Services

Satisfaction – overall

Moderate	Walking trails and tracks Provision of street lighting Bus shelters Maintaining major roads Maintaining local roads Footpaths
Moderately low	Provision of car parking Traffic management Condition of public toilets Bike paths

Satisfaction – by age

Residents aged 65+ were more satisfied with 'bus shelters' than were those aged 18-64 and those aged 35-44 were more satisfied with 'walking trails and tracks' than were those aged 18-34 and 45+.

Those aged 55-64 were less satisfied with 'traffic management' than those aged 18-64 and 65+ and 'footpaths' than those aged 18-24.

Satisfaction – by gender

There are no significant differences between genders.

Satisfaction – by ward

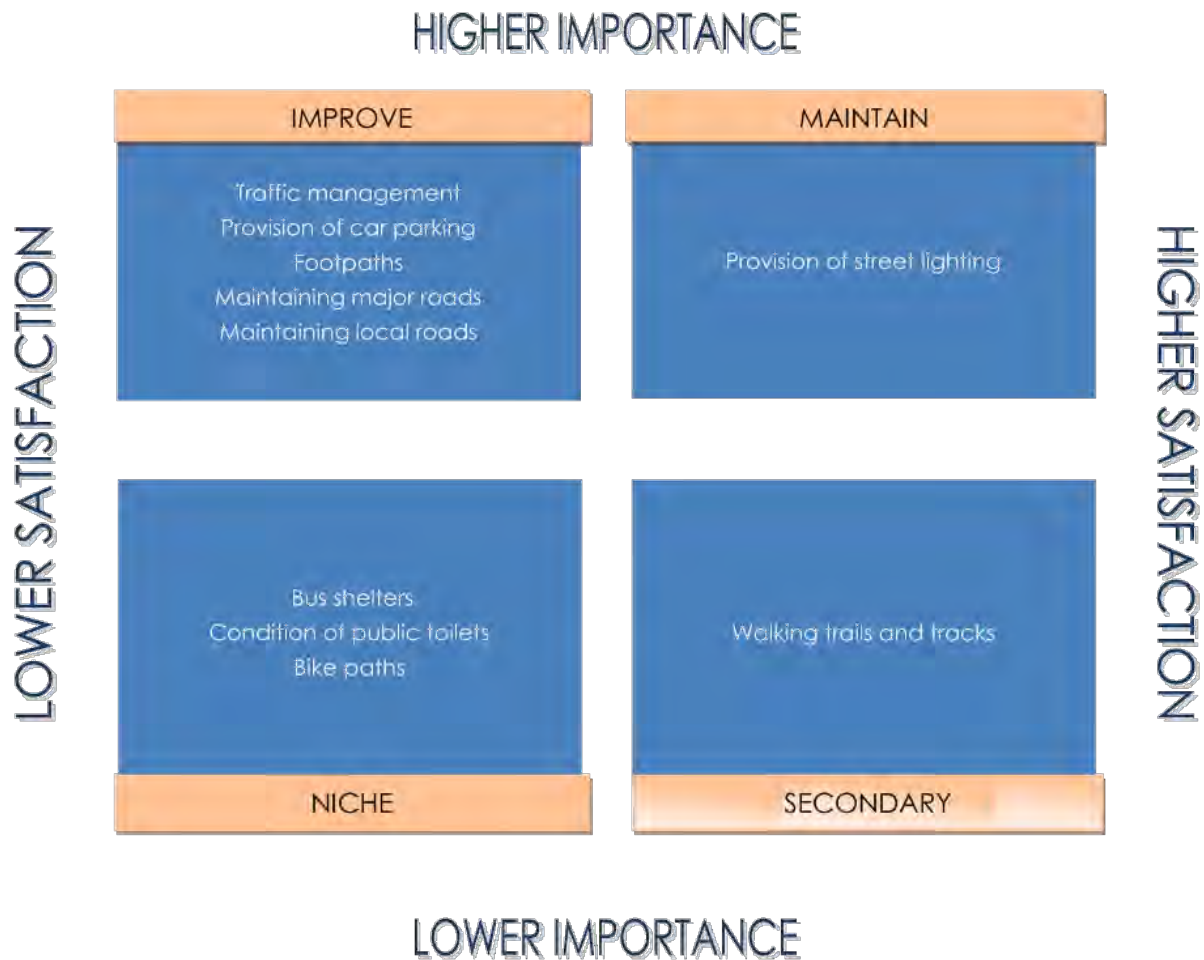
Residents in Ward A expressed higher levels of satisfaction with 'bike paths' than did those in Ward C.

Satisfaction – compared to 2013

Satisfaction with 'traffic management' and 'bus shelters' has significantly improved since 2013.

Importance/Satisfaction – Infrastructure and Basic Services

Quadrant Analysis



Recommendations

Based on the stated outcomes analysis, Warringah Council needs to improve:

- Traffic management
- Provision of car parking
- Footpaths
- Maintaining major roads
- Maintaining local roads

Warringah Council also needs to maintain resident satisfaction with:

- Provision of street lighting

Importance/Satisfaction – Waste Services

Services and facilities explored included:

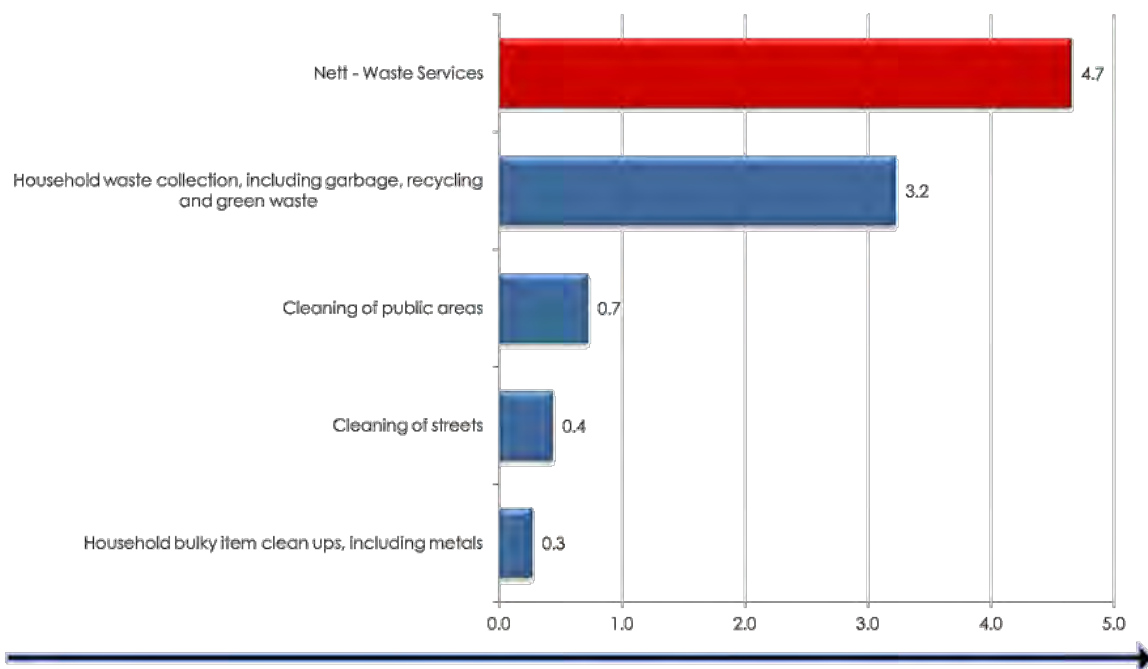
- Household waste collection (including garbage, recycling and green waste)
- Household bulky item clean ups (including metals)
- Cleaning of streets
- Cleaning of public areas

Contribution to Overall Satisfaction with Council (Regression Data)

Council's performance in the areas below accounts for almost 5% of overall satisfaction, based on the regression analysis.

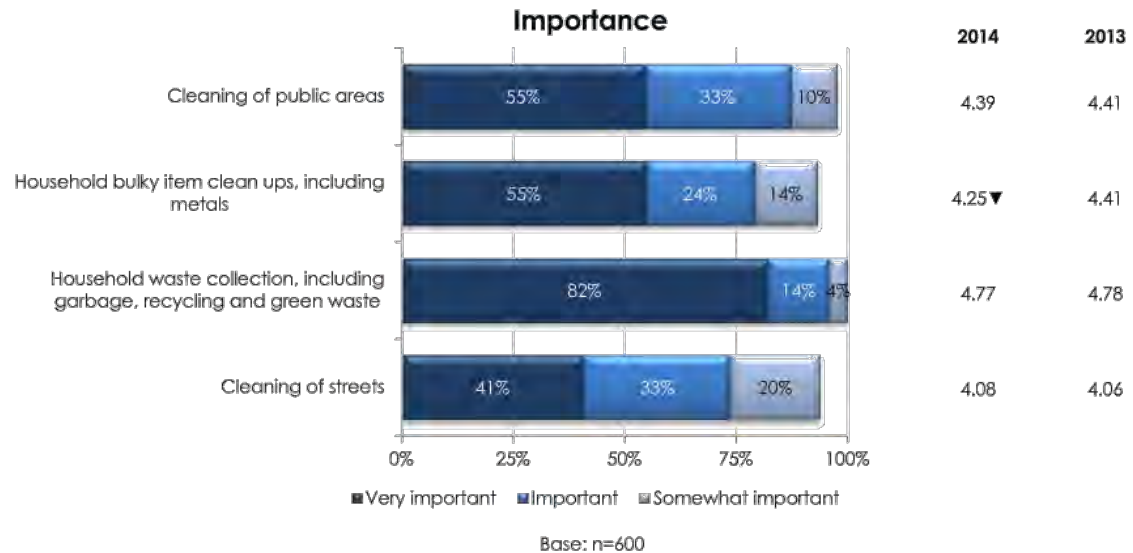


Waste Services - Contributes To Almost 5% Of Overall Satisfaction With Council



Importance/Satisfaction – Waste Services

Note: The hierarchical sorting of each graph is relative to the criteria's Performance Gap.



Scale: 1 = not at all important/not at all satisfied, 5 = very important/very satisfied

▼▲= A significantly lower/higher level of importance/satisfaction (by group)

	Performance Gap		Year on year difference
	2014	2013	
Cleaning of public areas	0.81	0.85	0.04
Household bulky item clean ups, including metals	0.55	0.62	0.07
Household waste collection, including garbage, recycling and green waste	0.52	0.66	0.14
Cleaning of streets	0.69	0.65	-0.04

Importance/Satisfaction – Waste Services

Overview of Rating Scores

Importance – overall

Extremely high	Household waste collection
Very high	Cleaning of public areas
	Household bulky item clean ups
High	Cleaning of streets

Importance – by age

Residents aged 45-54 and 65+ attributed higher levels of importance to 'household bulky items' than did those aged 18-44 and 55-64, whilst those aged 75+ believed 'cleaning of streets' were more important than did those aged 18-74.

Importance – by gender

Females considered 'household waste collection' and 'cleaning of public areas' to be of a higher importance.

Importance – by ward

There were no significant differences between wards.

Importance – compared to 2013

Compared to 2013, there was a significant decrease in importance for 'household bulky item clean ups, including metals'.

Satisfaction – overall

Very high	Household waste collection, including garbage, recycling and green waste
Moderately high	Household bulky item clean ups, including metal
Moderate	Cleaning of streets
	Cleaning of public areas

Satisfaction – by age

Residents aged 75+ were more satisfied with 'household bulky item clean ups' than were those aged 18-74 and those aged 18-24 attributed a higher level of satisfaction with 'cleaning of streets' than those aged 65-74, whilst residents aged 35-44 were more satisfied with 'cleaning of public areas' than were those aged 55-64.

Satisfaction – by gender

There were no significant differences between genders.

Satisfaction – by ward

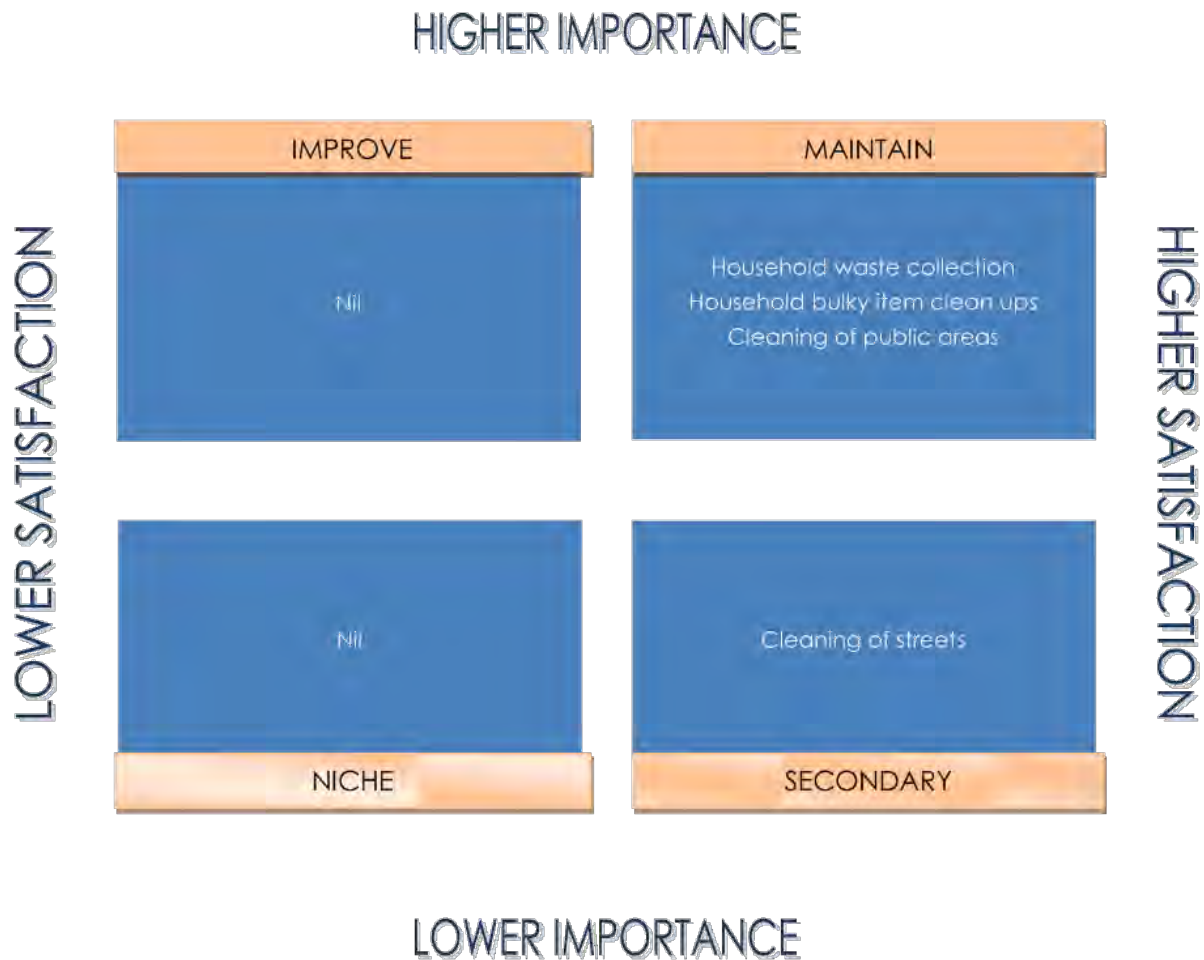
There were no significant differences between wards.

Satisfaction – compared to 2013

In comparison to the results for 2013, there was a significantly increase in satisfaction with 'household waste collection'.

Importance/Satisfaction – Waste Services

Quadrant Analysis



Recommendations

Based on the stated outcomes analysis, Warringah Council needs to maintain resident satisfaction with:

- Household waste collection
- Household bulky item clean ups
- Cleaning of public areas

Importance/Satisfaction – Environmental Services

Services and facilities explored included:

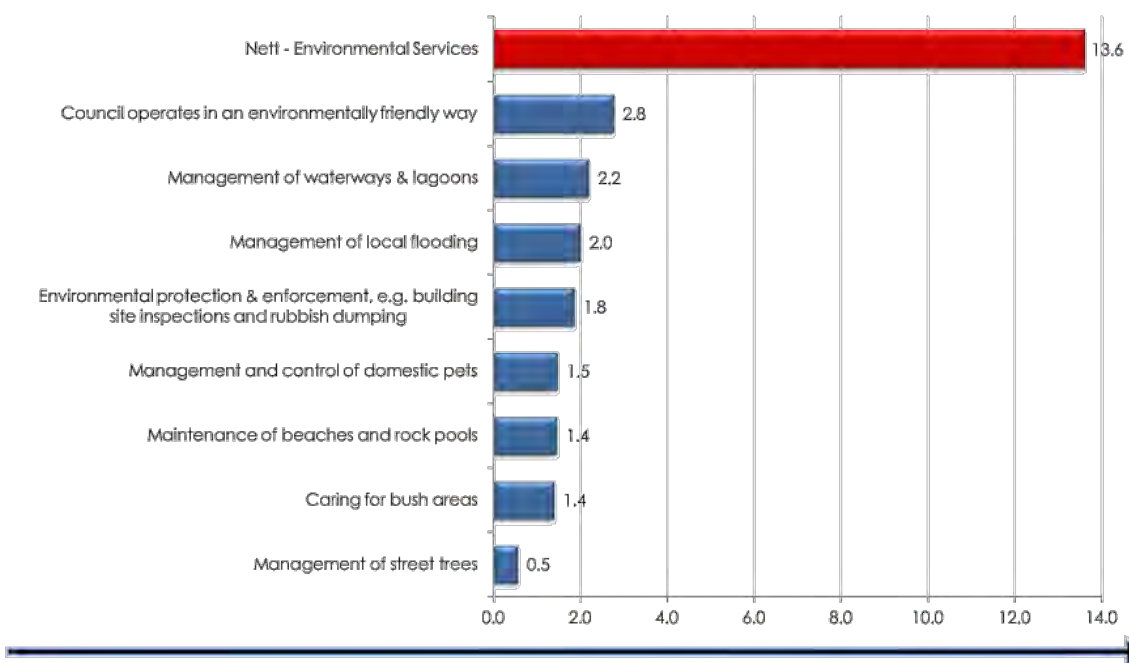
- Caring for bush areas
- Council operates in an environmentally friendly way
- Environmental protection & enforcement (e.g. building site inspections, rubbish dumping)
- Maintenance of beaches and rock pools
- Management and control of domestic pets
- Management of local flooding
- Management of waterways and lagoons
- Management of street trees

Contribution to Overall Satisfaction with Council (Regression Data)

Council's performance in the areas below accounts for almost 14% of overall satisfaction, based on the regression analysis.



Environmental Services – Contributes To Almost 14% Of Overall Satisfaction With Council



Importance/Satisfaction – Environmental Services

Note: The hierarchical sorting of each graph is relative to the criteria's Performance Gap.

