



Burwood Council
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**GENERAL PURPOSE
FINANCIAL STATEMENTS**
FOR THE YEAR ENDED
30 JUNE 2018

Burwood Council

General Purpose Financial Statements for the year ended 30 June 2018

Contents	Page
1. Understanding Council's Financial Statements	2
2. Statement by Councillors and Management	3
3. Primary Financial Statements:	
– Income Statement	4
– Statement of Comprehensive Income	5
– Statement of Financial Position	6
– Statement of Changes in Equity	7
– Statement of Cash Flows	8
4. Notes to the Financial Statements	9
5. Independent Auditor's Reports:	
– On the Financial Statements (Sect 417 [2])	74
– On the Conduct of the Audit (Sect 417 [3])	77

Overview

Burwood Council is constituted under the *Local Government Act 1993 (NSW)* and has its principal place of business at:

Suite 1, Level 2, 1-17 Elsie Street
Burwood NSW 2134

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

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

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

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: www.burwood.nsw.gov.au.

Burwood Council

General Purpose Financial Statements for the year ended 30 June 2018

Understanding Council's financial statements

Introduction

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

What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2018.

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

About the Councillor/Management Statement

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

About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

1. The Income Statement

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

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

Council's annual financial statements are required to be audited by the Audit Office of NSW. In NSW the auditor provides 2 audit reports:

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

Who uses the financial statements?

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

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

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

More information

A review of Council's financial performance and position for the 17/18 financial year can be found at Note 24 of the financial statements.

Burwood Council

General Purpose Financial Statements for the year ended 30 June 2018

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 21 August 2018.



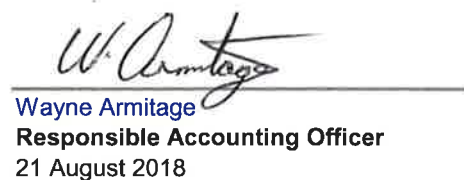
Councillor Fakes
Mayor
21 August 2018



Councillor Furneaux-Cook
Councillor
21 August 2018



Bruce MacDonnell
General Manager
21 August 2018



Wayne Armitage
Responsible Accounting Officer
21 August 2018

Burwood Council

Income Statement

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
Income from continuing operations				
<i>Revenue:</i>				
26,496	Rates and annual charges	3a	26,708	24,927
9,446	User charges and fees	3b	11,622	10,235
1,150	Interest and investment revenue	3c	1,392	1,215
4,320	Other revenues	3d	5,400	4,710
3,644	Grants and contributions provided for operating purposes	3e,f	3,465	3,901
5,832	Grants and contributions provided for capital purposes	3e,f	14,164	3,954
<i>Other income:</i>				
–	Net gains from the disposal of assets	5	–	124
–	Fair value increment on investment property	10	220	100
–	Net share of interests in joint ventures and associates using the equity method	15	104	53
50,888	Total income from continuing operations		63,075	49,219
Expenses from continuing operations				
19,789	Employee benefits and on-costs	4a	17,885	17,462
310	Borrowing costs	4b	325	335
10,501	Materials and contracts	4c	11,796	10,201
7,075	Depreciation and amortisation	4d	6,969	6,719
8,798	Other expenses	4e	8,232	7,666
–	Net losses from the disposal of assets	5	1,386	–
–	Revaluation decrement / impairment of IPP&E	4d	–	96
46,473	Total expenses from continuing operations		46,593	42,479
4,415	Operating result from continuing operations		16,482	6,740
4,415	Net operating result for the year		16,482	6,740
4,415	Net operating result attributable to Council		16,482	6,740
(1,417)	Net operating result for the year before grants and contributions provided for capital purposes		2,318	2,786

Burwood Council

Statement of Comprehensive Income
for the year ended 30 June 2018

\$ '000	Notes	2018	2017
Net operating result for the year (as per Income Statement)		16,482	6,740
Other comprehensive income:			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9a	85,445	10,569
Total items which will not be reclassified subsequently to the operating result		85,445	10,569
Total other comprehensive income for the year		85,445	10,569
Total comprehensive income for the year		101,927	17,309
Total comprehensive income attributable to Council		101,927	17,309

Burwood Council

Statement of Financial Position
as at 30 June 2018

\$ '000	Notes	2018	2017
ASSETS			
Current assets			
Cash and cash equivalents	6a	7,187	6,327
Investments	6b	40,000	39,750
Receivables	7	4,268	2,501
Other	8	456	415
Total current assets		51,911	48,993
Non-current assets			
Investments	6b	10,000	–
Infrastructure, property, plant and equipment	9	457,041	367,977
Investment property	10	3,820	3,600
Investments accounted for using the equity method	15	134	30
Total non-current assets		470,995	371,607
TOTAL ASSETS		522,906	420,600
LIABILITIES			
Current liabilities			
Payables	11	8,447	8,857
Income received in advance	11	1,266	1,087
Borrowings	11	574	480
Provisions	12	6,772	6,685
Total current liabilities		17,059	17,109
Non-current liabilities			
Borrowings	11	5,920	5,480
Provisions	12	102	113
Total non-current liabilities		6,022	5,593
TOTAL LIABILITIES		23,081	22,702
Net assets		499,825	397,898
EQUITY			
Accumulated surplus	13	213,341	196,859
Revaluation reserves	13	286,484	201,039
Total equity		499,825	397,898

Burwood Council

Statement of Changes in Equity

for the year ended 30 June 2018

\$ '000	Notes	2018			2017		
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity
Opening balance		196,859	201,039	397,898	190,119	190,470	380,589
Net operating result for the year		16,482	–	16,482	6,740	–	6,740
Other comprehensive income							
– Gain (loss) on revaluation of IPP&E	9a	–	85,445	85,445	–	10,569	10,569
Other comprehensive income		–	85,445	85,445	–	10,569	10,569
Total comprehensive income (c&d)		16,482	85,445	101,927	6,740	10,569	17,309
Equity – balance at end of the reporting period		213,341	286,484	499,825	196,859	201,039	397,898

Burwood Council

Statement of Cash Flows

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
Cash flows from operating activities				
Receipts:				
26,456	Rates and annual charges		26,625	24,895
9,441	User charges and fees		12,496	11,968
1,136	Investment and interest revenue received		1,235	1,194
11,946	Grants and contributions		16,549	8,176
1,450	Bonds, deposits and retention amounts received		1,574	1,640
4,384	Other		7,303	7,175
Payments:				
(19,771)	Employee benefits and on-costs		(17,943)	(17,064)
(9,345)	Materials and contracts		(14,036)	(12,687)
(312)	Borrowing costs		(320)	(336)
(1,150)	Bonds, deposits and retention amounts refunded		(1,244)	(1,136)
(8,798)	Other		(9,111)	(8,799)
15,437	Net cash provided (or used in) operating activities	14b	23,128	15,026
Cash flows from investing activities				
Receipts:				
50,000	Sale of investment securities		50,000	55,000
800	Sale of infrastructure, property, plant and equipment		442	2,357
Payments:				
(50,000)	Purchase of investment securities		(60,250)	(62,497)
(13,996)	Purchase of infrastructure, property, plant and equipment		(12,994)	(10,311)
(13,196)	Net cash provided (or used in) investing activities		(22,802)	(15,451)
Cash flows from financing activities				
Receipts:				
–	Proceeds from borrowings and advances		1,000	–
Payments:				
(480)	Repayment of borrowings and advances		(466)	(444)
(480)	Net cash flow provided (used in) financing activities		534	(444)
1,761	Net increase/(decrease) in cash and cash equivalents		860	(869)
–	Plus: cash and cash equivalents – beginning of year	14a	6,327	7,196
1,761	Cash and cash equivalents – end of the year	14a	7,187	6,327
Additional Information:				
plus:	Investments on hand – end of year	6b	50,000	39,750
	Total cash, cash equivalents and investments		57,187	46,077

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Basis of preparation	10
2(a)	Council functions/activities – financial information	14
2(b)	Council functions/activities – component descriptions	15
3	Income from continuing operations	16
4	Expenses from continuing operations	22
5	Gains or losses from the disposal of assets	26
6(a)	Cash and cash equivalent assets	26
6(b)	Investments	27
6(c)	Restricted cash, cash equivalents and investments – details	28
7	Receivables	30
8	Inventories and other assets	31
9(a)	Infrastructure, property, plant and equipment	32
9(b)	Externally restricted infrastructure, property, plant and equipment	34
9(c)	Infrastructure, property, plant and equipment – current year impairments	34
10	Investment property	34
11	Payables and borrowings	36
12	Provisions	39
13	Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors	41
14	Statement of cash flows – additional information	41
15	Interests in other entities	42
16	Commitments for expenditure	44
17	Contingencies and other liabilities/assets not recognised	45
18	Financial risk management	48
19	Material budget variations	52
20	Fair value measurement	54
21	Related party transactions	66
22	Statement of developer contributions	67
23(a)	Statement of performance measures – consolidated results	69
Additional council disclosures (unaudited)		
23(b)	Statement of performance measures – consolidated results (graphs)	70
24	Financial review and commentary	72
25	Council information and contact details	73

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 21/08/2018.

Council has the power to amend and reissue these financial statements.

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

Basis of preparation

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

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Full dollars have been used in Note 21 Related party disclosures in relation to the disclosure of specific related party transactions.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts.

Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 19 – Material budget variations

and are clearly marked.

(a) New and amended standards adopted by Council

Council adopted the following Australian accounting standard amendments for these financial statements:

- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

This disclosure Initiative helps users of financial statements to better understand changes in an entity's debt.

Additional disclosures relating to changes in liabilities arising from financing activities (including both changes arising from cash flows and non-cash changes) have been incorporated in these financial statements at Note 11 (c).

- AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities

This Standard means that Not-for-profit entities (and therefore Council) no longer need to consider AASB 136 Impairment of Assets for non-cash-generating specialised assets at fair value.

Instead it is expected that for Not-for-profit entities holding non-cash-generating the recoverable amount of these assets is expected to be materially the same as fair value, determined under AASB 13 Fair Value Measurement.

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

(b) Historical cost convention

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

(c) Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

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

Critical accounting estimates and assumptions

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

- (i) estimated fair values of investment properties –refer Note 10,
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note 9,
- (iii) estimated tip remediation provisions – refer Note 12,
- (iv) employee benefit provisions – refer Note 12.

Significant judgements in applying the Council's accounting policies

- (v) Impairment of receivables

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

Monies and other assets received by Council

(a) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)*, all money and other assets received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

Cash and other assets of the following entities have been included as part of the Consolidated Fund:

- General purpose operations

(b) The Trust Fund

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

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

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

Goods and Services Tax (GST)

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

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

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

New accounting standards and interpretations issued not yet effective

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

As at the date of authorisation of these financial statements, Council does not consider that any of those standards are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

Effective for annual reporting periods beginning on or after 1 July 2018

- AASB 9 *Financial Instruments*

This replaces AASB 139 *Financial Instruments: Recognition and Measurement*, and addresses the classification, measurement and disclosure of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses.

Based on assessments to date, Council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.

Effective for annual reporting periods beginning on or after 1 July 2019

- AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

AASB 15 will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 *Contributions*.

Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

Burwood Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

While Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards, these standards may affect the timing of the recognition of some grants and donations.

- AASB 16 *Leases*

Council is currently a party to leases that are not recognised in the Statement of Financial Position.

It is likely that some of these leases will need to be included in the Statement of Financial Position when this standard comes into effect.

A lease liability will initially be measured at the present value of the lease payments to be made over the lease term.

A corresponding right-of-use asset will also be recognised over the lease term.

Council has not elected to apply any pronouncements before their operative date in these financial statements.

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).									
	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
A Sense of Community	6,010	3,780	18,145	15,805	(12,135)	(12,025)	1,691	1,752	248,144	233,870
Leadership through Innovation	13,083	5,897	12,025	11,663	1,058	(5,766)	233	200	106,720	82,419
A Sustainable Natural Environment	8,795	7,107	10,393	9,266	(1,598)	(2,159)	1,617	477	84,173	63,473
Accessible Services and Facilities	9,969	8,784	4,586	4,399	5,383	4,385	151	139	83,443	40,512
Vibrant Economic Community	1,268	1,025	1,444	1,346	(176)	(321)	–	–	277	296
Other - Share of gains /losses in Joint Ventures (using equity method)	104	53	–	–	104	53	–	–	134	30
General purpose income	23,846	22,573	–	–	23,846	22,573	1,185	1,649	–	–
Total functions and activities	63,075	49,219	46,593	42,479	16,482	6,740	4,877	4,217	522,906	420,600

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

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

A Sense of Community

Burwood will support the community to create a feeling of belonging, inclusiveness and wellbeing amongst the culturally and linguistically diverse population. A Sense of Community is about people being proud of where they live, feeling safe and engaged in the community and having access to facilities and services that ensure they can lead a healthy and satisfying lifestyle.

Providing activities, facilities and services for all age groups so that people can meet and interact in creating a sense of community.

Leadership through Innovation

Leadership is not only of our elected representative but also leaders in our businesses, spiritual and environmental community. It is about encouraging greater participation and engagement in decision making processes and involving people in local activities and programs. Leadership through innovation is also about thinking outside the square to resolve some of the challenges facing our community as we strive to be a leading community in economic prosperity, environmental sustainability and social responsibility. We strive for community leadership that fosters our community values and celebrates our culture, diversity and heritage.

A Sustainable Natural Environment

Focus on maintaining and ensuring we live in a healthy, safe and sustainable natural environment. We aim to protect our natural resources and assets including parks, trees and open green spaces ensuring that our impact on the environment is reduced so that we continue to live in a clean and sustainable environment. The community, council and other governments all have a role to play in protecting our environment and taking responsibility for preserving our natural resources for the future generations.

Accessible Services and Facilities

We support services and infrastructure throughout our community including roads, public transport, health facilities and education providers assisting in the quality and equitable access and enhancing the visual appearance of our neighbourhoods, streetscapes and town centre. The ability of our community to travel safely, comfortably, economically and efficiently within the Burwood area is a key objective for the liveability and sustainability for families and young people accessing these facilities.

Vibrant Economic Community

Burwood is characterised by a vibrant town centre, several business and shopping precincts (including Parramatta Road, The Strand, Croydon Park, Liverpool Road, The Boulevard). We aim to ensure an economically sustainable and prosperous future in Burwood with a strong network of services that support existing businesses and institutions, and attract new and diverse organisations.

Other - Share of gains /losses in Joint Ventures (using equity method)

Council is a member of Mutual Management Services Ltd which is a company limited by guarantee and was created to provide services to the three CivicRisk self -insurance pools CivicRisk West (Westpool), CivicRisk (Metropool) and CivicRisk (United Independent Pools) to self insure for various risks, including public liability and professional indemnity.

General purpose income

General purpose income is that income not attributed to directly to Council's Activities or Functions. Income includes Rates & Annual Charges, Untied General Purpose Grants and Interest on Investments.

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations

\$ '000	2018	2017
(a) Rates and annual charges		
Ordinary rates		
Residential	16,231	14,949
Business	5,504	5,208
Less: pensioner rebates (mandatory)	(143)	(148)
Less: pensioner rebates (Council policy)	(175)	(181)
Total ordinary rates	21,417	19,828
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	5,053	4,872
Stormwater management services	279	276
Section 611 charges	50	49
Less: pensioner rebates (mandatory)	(41)	(44)
Less: pensioner rebates (Council policy)	(50)	(54)
Total annual charges	5,291	5,099
TOTAL RATES AND ANNUAL CHARGES	26,708	24,927

Council has used 2016 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy for rates and annual charges

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

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

(b) User charges and fees			2018	2017
Specific user charges (per s.502 – specific 'actual use' charges)				
Domestic waste management services			30	29
Waste management services (non-domestic)			404	438
Total specific user charges			434	467
Other user charges and fees				
(i) Fees and charges – statutory and regulatory functions (per s.608)				
Developer fees			774	727
Engineering and administration			2,235	1,044
Licence and inspection fees			334	297
Licence fees – outdoor eating			104	129
Private works – section 67			345	280
Section 149 certificates (EPA Act)			84	93
Section 603 certificates			47	47
Other			3	1
Total fees and charges – statutory/regulatory			3,926	2,618

Burwood Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(b) User charges and fees (continued)		
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Car parking meters	1,846	1,809
Car parking station	1,137	1,012
Community centres	262	208
Cultural event hire charges	86	79
Fire and emergency services levy (FESL) implementation	–	84
Leaseback fees – Council vehicles	192	200
Park rents	92	112
Property rental – commercial	838	833
Property rental – residential	211	208
Street furniture advertising income	965	1,002
Swimming centre and gym fees	1,557	1,531
Other	76	72
Total fees and charges – other	7,262	7,150
TOTAL USER CHARGES AND FEES	11,622	10,235
Accounting policy for user charges and fees		
User charges and fees are recognised as revenue when the service has been provided.		
(c) Interest and investment revenue (including losses)		
Interest		
– Overdue rates and annual charges (incl. special purpose rates)	41	41
– Cash and investments	1,347	1,167
Dividend income	4	7
TOTAL INTEREST AND INVESTMENT REVENUE	1,392	1,215
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	41	41
General Council cash and investments	1,203	1,055
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	148	119
Total interest and investment revenue recognised	1,392	1,215
Accounting policy for interest and investment revenue		
Interest income is recognised using the effective interest rate at the date that interest is earned.		

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	Notes	2018	2017
(d) Other revenues			
Rental income – investment property	10	314	304
Fines		496	35
Fines – parking		3,861	3,853
Legal fees recovery – rates and charges (extra charges)		37	25
Legal fees recovery – other		232	33
Animal control fees		34	5
Diesel rebate		8	5
Insurance claim recoveries		8	6
OHS incentive rebate		133	103
Recycling (domestic waste)		129	130
Refund Carbon Tax		6	–
Refunds		–	60
Sale of abandoned vehicles		5	2
Sales – general		27	27
Sales – library		19	19
Urban growth reimbursement		7	–
Workers compensation recovery		4	36
Other		80	67
<u>TOTAL OTHER REVENUE</u>		<u>5,400</u>	<u>4,710</u>

Accounting policy for other revenue

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Parking fees and fines are recognised as revenue when the service has been provided, or when the penalty has been applied, whichever occurs first.

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

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

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

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018 Operating	2017 Operating	2018 Capital	2017 Capital
(e) Grants				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	369	726	–	–
Financial assistance – local roads component	126	242	–	–
Payment in advance – future year allocation				
Financial assistance – general component	385	374	–	–
Financial assistance – local roads component	130	126	–	–
Other				
Pensioners' rates subsidies – general component	175	181	–	–
Total general purpose	1,185	1,649	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Domestic waste management	50	54	–	–
Community services	1,115	1,238	–	–
Environmental protection	77	214	–	–
Family leave subsidy	75	12	–	–
Flood mitigation	–	52	–	–
Library – per capita	73	67	–	–
Library – special projects	–	1	139	33
LIRS subsidy	41	52	–	–
Recreation and culture	–	–	1,627	209
Street lighting	80	80	–	–
Traffic route subsidy	21	21	–	–
Transport (roads to recovery)	–	–	236	389
Transport (other roads and bridges funding)	73	71	80	70
Other	5	5	–	–
Total specific purpose	1,610	1,867	2,082	701
Total grants	2,795	3,516	2,082	701
Grant revenue is attributable to:				
– Commonwealth funding	2,062	2,442	1,863	598
– State funding	733	1,074	219	103
	2,795	3,516	2,082	701

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	Notes	2018 Operating	2017 Operating	2018 Capital	2017 Capital
(f) Contributions					
Developer contributions:					
(s7.4 & s7.11 – EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.4 – contributions using planning agreements		–	–	5,464	880
S 7.12 – fixed development consent levies		–	–	5,128	1,116
Total developer contributions – cash		–	–	10,592	1,996
Total developer contributions	22	–	–	10,592	1,996
Other contributions:					
Cash contributions					
Community services		35	23	–	–
Drainage		–	22	–	–
Kerb and gutter		472	189	1,490	1,257
LSL transfer between councils		36	–	–	–
Other councils – joint works/services		3	10	–	–
Recreation and culture		17	24	–	–
RMS contributions (regional roads, block grant)		100	98	–	–
Other		7	19	–	–
Total other contributions – cash		670	385	1,490	1,257
Total other contributions		670	385	1,490	1,257
Total contributions		670	385	12,082	3,253
TOTAL GRANTS AND CONTRIBUTIONS		3,465	3,901	14,164	3,954

Accounting policy for contributions

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed below.

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

Burwood Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(g) Unspent grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Operating grants		
Unexpended at the close of the previous reporting period	575	486
Add: operating grants recognised in the current period but not yet spent	116	247
Less: operating grants recognised in a previous reporting period now spent	(444)	(158)
Unexpended and held as restricted assets (operating grants)	<u>247</u>	<u>575</u>
Capital grants		
Unexpended at the close of the previous reporting period	319	305
Add: capital grants recognised in the current period but not yet spent	139	32
Less: capital grants recognised in a previous reporting period now spent	(13)	(18)
Unexpended and held as restricted assets (capital grants)	<u>445</u>	<u>319</u>
Contributions		
Unexpended at the close of the previous reporting period	10,416	11,055
Add: contributions recognised in the current period but not yet spent	10,740	2,114
Less: contributions recognised in a previous reporting period now spent	(3,064)	(2,753)
Unexpended and held as restricted assets (contributions)	<u>18,092</u>	<u>10,416</u>

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations

\$ '000	2018	2017
(a) Employee benefits and on-costs		
Salaries and wages	13,239	13,077
Employee termination costs (where material – other than vested leave paid)	241	39
Employee leave entitlements (ELE)	2,298	2,275
Superannuation	1,573	1,619
Superannuation – defined benefit plans	33	29
Workers' compensation insurance	354	330
Fringe benefit tax (FBT)	213	152
Training costs (other than salaries and wages)	67	102
Total employee costs	18,018	17,623
Less: capitalised costs	(133)	(161)
TOTAL EMPLOYEE COSTS EXPENSED	17,885	17,462
Number of 'full-time equivalent' employees (FTE) at year end	154	170

Accounting policy for employee benefits and on-costs

Employee benefit expenses are recorded when the service has been provided by the employee.

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.

Superannuation 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.

Council participates in a Defined Benefit Plan under the Local Government Superannuation Scheme, however, when sufficient information to account for the plan as a defined benefit is not available and therefore 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 – refer to Note 17 for more information.

(b) Borrowing costs		
Interest bearing liability costs		
Interest on loans	325	335
Total interest bearing liability costs expensed	325	335
TOTAL BORROWING COSTS EXPENSED	325	335

Accounting policy for 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.

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(c) Materials and contracts		
Raw materials and consumables	1,636	1,421
Contractor and consultancy costs		
– Agency staff	2,021	1,575
– Domestic waste	927	912
– General	4,274	3,997
– Recycling	472	487
– SDR processing	499	488
– Other Contractor and consultancy costs	962	655
Auditors remuneration ⁽²⁾	92	58
Legal expenses:		
– Legal expenses: planning and development	317	215
– Legal expenses: debt recovery	39	27
– Legal expenses: other	427	215
Operating leases:		
– Operating lease rentals: minimum lease payments ⁽¹⁾	130	151
TOTAL MATERIALS AND CONTRACTS	11,796	10,201
Operating leases		
Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.		
1. Operating lease payments are attributable to:		
Computers	109	127
Other	21	24
	130	151
2. Auditor remuneration		
During the year the following fees were paid or payable for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council – NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	59	55
Remuneration for audit and other assurance services	59	55
Total Auditor-General remuneration	59	55
Non NSW Auditor-General audit firms:		
(ii) Non-assurance services		
Other audit and assurance services	33	3
Remuneration for non-assurance services	33	3
Total remuneration of non NSW Auditor-General audit firms	33	3
Total Auditor remuneration	92	58

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(d) Depreciation, amortisation and impairment		
Depreciation and amortisation		
Plant and equipment	821	767
Office equipment	166	151
Furniture and fittings	305	296
Land improvements (depreciable)	282	219
Infrastructure:		
– Buildings – non-specialised	78	87
– Buildings – specialised	988	993
– Other structures	110	90
– Roads	1,951	1,951
– Footpaths	701	687
– Other road assets	199	161
– Stormwater drainage	656	654
– Swimming pools	128	122
– Other open space/recreational assets	215	212
Other assets:		
– Library books	129	126
– Other	240	203
Total depreciation and amortisation costs	<u>6,969</u>	<u>6,719</u>
Impairment / revaluation decrement of IPP&E		
Infrastructure:		
– Buildings – non-specialised	–	96
Total IPP&E impairment / revaluation decrement costs / (reversals)	<u>–</u>	<u>96</u>
<u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT COSTS EXPENSED</u>	<u>6,969</u>	<u>6,815</u>

Accounting policy for depreciation, amortisation and impairment expenses**Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 9 for IPPE assets

Impairment of non-financial assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

(d) Depreciation, amortisation and impairment (continued)

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

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

Impairment of financial assets

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

\$ '000	2018	2017
(e) Other expenses		
Advertising	254	192
Bad and doubtful debts	50	53
Bank charges	159	154
Computing	977	978
Contributions/levies to other levels of government		
– Department of planning levy	74	73
– Emergency services levy (includes FRNSW, SES, and RFS levies)	56	63
– NSW fire brigade levy	548	481
– Waste levy	6	4
Councillor expenses – mayoral fee	42	41
Councillor expenses – councillors' fees	129	113
Councillors' expenses (incl. mayor) – other (excluding fees above)	96	87
Donations, contributions and assistance to other organisations (Section 356)	46	38
Electricity and heating	382	322
Insurance	586	634
Postage	107	101
Printing and stationery	236	245
Rental	80	71
Strata levy	74	138
Street lighting	564	522
Subscriptions and publications	141	122
Subscriptions LGA and SSROC	149	111
Telephone and communications	94	70
Valuation fees – council properties	28	8
Valuation fees – rates land values	50	49
Waste disposal fees	3,129	2,670
Water and sewerage charges	124	113
Refund property deposit	–	191
Other	51	22
TOTAL OTHER EXPENSES	8,232	7,666

Accounting policy for other expenses

Other expenses are recorded on an accruals basis as the Council receives the goods or services.

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	2018	2017
Plant and equipment	9		
Proceeds from disposal – plant and equipment		442	634
Less: carrying amount of plant and equipment assets sold/written off		(349)	(540)
Net gain/(loss) on disposal		93	94
Infrastructure	9		
Proceeds from disposal – infrastructure		–	1,723
Less: carrying amount of infrastructure assets sold/written off		(1,479)	(1,693)
Net gain/(loss) on disposal		(1,479)	30
Financial assets ⁽¹⁾	6		
Proceeds from disposal/redemptions/maturities – financial assets		50,000	55,000
Less: carrying amount of financial assets sold/redeemed/matured		(50,000)	(55,000)
Net gain/(loss) on disposal		–	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(1,386)	124

Accounting policy for disposal of assets

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

Note 6(a). Cash and cash equivalent assets

Cash and cash equivalents			
Cash on hand and at bank		4,064	1,230
Cash-equivalent assets			
– Deposits at call		123	3,097
– Short-term deposits		3,000	2,000
Total cash and cash equivalents		7,187	6,327

Accounting policy for cash and cash equivalents

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

Burwood Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 6(b). Investments

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Investments				
'Held to maturity'	40,000	10,000	39,750	–
Total investments	40,000	10,000	39,750	–
<u>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</u>	<u>47,187</u>	<u>10,000</u>	<u>46,077</u>	<u>–</u>
Held to maturity investments				
Long term deposits	21,500	10,000	32,000	–
NCD's, FRN's (with maturities > 3 months)	18,500	–	7,750	–
Total	40,000	10,000	39,750	–

Accounting policy for investments

Classification

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

(a) Financial assets at fair value through profit or loss

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

(b) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. Assets in this category are measured at amortised cost.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in other receivables and receivables (Note 7) in the Statement of Financial Position. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

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

(d) Available for sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term. Assets in this category are held at fair value with changes in fair value taken to other comprehensive income.

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 6(b). Investments (continued)

Recognition and de-recognition

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

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

Impairment of available for sale investments

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

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

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	47,187	10,000	46,077	–
attributable to:				
External restrictions (refer below)	12,673	10,000	14,170	–
Internal restrictions (refer below)	28,701	–	26,633	–
Unrestricted	5,813	–	5,274	–
	47,187	10,000	46,077	–

\$ '000	2018	2017
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Details of restrictions

External restrictions – other

Developer contributions – general	18,092	10,416
Specific purpose unexpended grants	692	894
Domestic waste management	2,308	2,279
Unexpended general purpose loans	1,581	581
External restrictions – other	22,673	14,170
Total external restrictions	22,673	14,170

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018	2017
Internal restrictions		
Plant and vehicle replacement	2,926	3,573
Employees leave entitlement	1,378	1,393
Carry over works	1,748	1,478
Deposits, retentions and bonds	4,978	4,648
Burwood park upgrade	1,000	1,000
Car park upgrades	574	574
CCTV	477	497
Election	185	270
Enfield aquatic centre maintenance/upgrade	1,156	1,041
Financial assistance grant (inadvance)	516	500
Future property investment	5,917	5,917
Information technology	323	312
Insurances	1,136	986
LATMS	154	54
Organisational alignment	500	500
Parking meter replacement	227	77
Payments in advance	95	351
Property maintenance	1,400	850
Property sales	500	500
Road and footpath restorations (private works)	894	549
Technology enhancements (Smart City - Burwood))	1,250	950
Works Depot	750	–
Woodstock community building upgrade	287	287
WHS	130	130
Other	200	196
Total internal restrictions	28,701	26,633
TOTAL RESTRICTIONS	51,374	40,803

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 7. Receivables

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Purpose				
Rates and annual charges	650	–	567	–
Interest and extra charges	65	–	59	–
User charges and fees	310	–	181	–
Private works	204	–	233	–
Accrued revenues				
– Interest on investments	441	–	290	–
– Parking fine income	449	–	336	–
– Other income accruals	398	–	154	–
Government grants and subsidies	1,371	–	250	–
Net GST receivable	524	–	537	–
Workers compensation premium refund	–	–	4	–
Other debtors	12	–	9	–
Total	4,424	–	2,620	–
Less: provision for impairment				
User charges and fees	(156)	–	(119)	–
Total provision for impairment – receivables	(156)	–	(119)	–
TOTAL NET RECEIVABLES	4,268	–	2,501	–
Externally restricted receivables				
Domestic waste management	127	–	117	–
Stormwater management	8	–	7	–
Total external restrictions	135	–	124	–
Unrestricted receivables	4,133	–	2,377	–
TOTAL NET RECEIVABLES	4,268	–	2,501	–
Movement in provision for impairment of receivables			2018	2017
Balance at the beginning of the year			119	66
+ new provisions recognised during the year			50	54
– amounts already provided for and written off this year			(13)	(1)
Balance at the end of the year			156	119

Accounting policy for receivables

Recognition and measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in other receivables and receivables (Note 7) in the Statement of Financial Position. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

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

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 7. Receivables (continued)

Impairment

For loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

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

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income statement.

Note 8. Inventories and other assets

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Other assets				
Prepayments	456	–	415	–
TOTAL OTHER ASSETS	456	–	415	–

Externally restricted assets

There are no restrictions applicable to the above assets.

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 9(a). Infrastructure, property, plant and equipment

Asset class \$ '000	as at 30/6/2017			Asset movements during the reporting period						as at 30/6/2018		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	226	–	226	–	988	–	–	(213)	–	1,000	–	1,000
Plant and equipment	7,660	4,530	3,130	1,831	61	(349)	(821)	–	–	8,739	4,885	3,854
Office equipment	2,311	1,789	522	48	160	–	(166)	–	–	2,520	1,955	565
Furniture and fittings	4,353	1,977	2,376	–	3	–	(305)	–	–	4,356	2,283	2,073
Land:												
– Operational land	43,732	–	43,732	–	–	–	–	–	77,698	121,430	–	121,430
– Community land	36,583	–	36,583	–	–	–	–	–	–	36,583	–	36,583
Land improvements – depreciable	16,216	3,142	13,074	142	–	(26)	(282)	–	–	16,301	3,393	12,908
Infrastructure:												
– Buildings – non-specialised	4,413	2,888	1,525	–	–	–	(78)	–	(311)	4,582	3,446	1,136
– Buildings – specialised	60,122	16,676	43,446	124	–	–	(988)	–	8,578	63,266	12,106	51,160
– Other structures	3,495	497	2,998	5	94	–	(110)	–	–	3,594	607	2,987
– Roads	200,497	59,500	140,997	2,159	–	(442)	(1,951)	–	–	201,457	60,694	140,763
– Footpaths	56,365	20,522	35,843	2,537	182	(804)	(701)	–	–	57,761	20,704	37,057
– Other road assets	8,432	1,593	6,839	21	111	(16)	(199)	–	–	8,538	1,782	6,756
– Stormwater drainage	68,415	40,437	27,978	382	255	(111)	(656)	–	–	68,832	40,984	27,848
– Swimming pools	5,325	2,192	3,133	604	64	–	(128)	173	(520)	6,008	2,682	3,326
– Other open space/recreational assets	6,885	2,195	4,690	617	1,755	(80)	(215)	40	–	9,026	2,219	6,807
Other assets:												
– Library books	1,462	1,119	343	–	130	–	(129)	–	–	1,592	1,248	344
– Other	2,917	2,375	542	106	36	–	(240)	–	–	3,058	2,614	444
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	529,409	161,432	367,977	8,576	3,839	(1,828)	(6,969)	–	85,445	618,643	161,602	457,041

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

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 9(a). Infrastructure, property, plant and equipment (continued)

Accounting policy for infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least every five years, however the carrying amount of assets is assessed at each reporting date to confirm that it is not materially different from current fair value.

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

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

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
Transportation assets		Other infrastructure assets	
Sealed roads: surface	20 to 30	Bulk earthworks	Infinite
Sealed roads: structure	Infinite	Swimming pools	50
Unsealed roads	20	Unsealed roads	20
Bridge: concrete	100	Other open space/recreational assets	5 to 15
Bridge: other	50	Other infrastructure	5 to 15
Road pavements	75 to 225		
Kerb, gutter and footpaths	50 to 90		

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

Land under roads

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

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

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

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 9(a). Infrastructure, property, plant and equipment (continued)

Accounting policy for infrastructure, property, plant and equipment (continued)**Crown reserves**

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

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

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

\$ '000	2018			2017		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Domestic waste management						
Plant and equipment	791	606	185	791	575	216
Total DWM	791	606	185	791	575	216
TOTAL RESTRICTED IPP&E	791	606	185	791	575	216

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

\$ '000	Notes	2018	2017
Impairment losses recognised in the Income Statement:			
Building - 12 Burleigh St. structural assessment indicates building is showing signs of impairment.		–	(96)
Total impairment losses		–	(96)
IMPAIRMENT OF ASSETS – GAINS/(LOSSES) in P/L	4(d)	–	(96)

Note 10. Investment property

(a) Investment property at fair value

<u>Investment property on hand</u>	<u>3,820</u>	<u>3,600</u>
Reconciliation of annual movement:		
Opening balance	3,600	3,500
– Net gain/(loss) from fair value adjustments	220	100
CLOSING BALANCE – INVESTMENT PROPERTY	<u>3,820</u>	<u>3,600</u>

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 10. Investment property

\$ '000	2018	2017
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(b) Valuation basis

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

The 2018 revaluations were based on independent assessments made by:
Scott Fullarton Valuations Pty Ltd (FAP)

(c) Contractual obligations at reporting date

Refer to Note 16 for disclosures relating to any capital and service obligations that have been contracted.

(d) Leasing arrangements – Council as lessor

The investment property are leased to tenants under long-term operating leases with rentals payable monthly.

Future minimum lease payments receivable under non-cancellable investment property operating leases not recognised in the financial statements are receivable as follows:

Within 1 year	324	314
Later than 1 year but less than 5 years	1,412	1,365
Later than 5 years	1,751	2,122
Total minimum lease payments receivable	3,487	3,801

Council has three properties classified as Investment properties.

Shop C1A, 1-17 Elsie Street Burwood has three year lease plus a three year option. Rental is paid Monthly with a fixed yearly percentage lease increase.

Shop C1B 1-17 Elsie Street Burwood has a five year lease. Rental is paid Monthly with a fixed percentage yearly lease increase.

Shops C2 & C3, 1-17 Elsie Street Burwood have two year lease plus two, five year options. Rental is paid Monthly with a fixed yearly percentage lease increase.

(e) Investment property income and expenditure – summary

	2018	2017
Rental income from investment property:		
– Minimum lease payments	314	304
Net revenue contribution from investment property	314	304
plus:		
Fair value movement for year	220	100
Total income attributable to investment property	534	404

Accounting policy for investment property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the income statement as part of other income.

Properties that are under construction for future use as investment property are regarded as investment property. These are also carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete.

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 11. Payables and borrowings

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Payables				
Goods and services – operating expenditure	1,204	–	1,266	–
Goods and services – capital expenditure	1,469	–	2,046	–
Accrued expenses:				
– Borrowings	21	–	16	–
– Salaries and wages	551	–	644	–
– Other expenditure accruals	212	–	232	–
Security bonds, deposits and retentions	4,978	–	4,648	–
Other	12	–	5	–
Total payables	8,447	–	8,857	–
Income received in advance				
Payments received in advance	1,266	–	1,087	–
Total income received in advance	1,266	–	1,087	–
Borrowings				
Loans – secured ¹	574	5,920	480	5,480
Total borrowings	574	5,920	480	5,480
TOTAL PAYABLES AND BORROWINGS	10,287	5,920	10,424	5,480

(a) Payables and borrowings relating to restricted assets

	2018		2017	
	Current	Non-current	Current	Non-current
Externally restricted assets				
Domestic waste management	420	19	326	19
Total payables and borrowings relating to restricted assets	420	19	326	19
Total payables and borrowings relating to unrestricted assets	9,867	5,901	10,098	5,461
TOTAL PAYABLES AND BORROWINGS	10,287	5,920	10,424	5,480

¹ Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 18.

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 11. Payables and borrowings (continued)

\$ '000	2018	2017
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(b) Current payables and borrowings not anticipated to be settled within the next twelve months

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

Payables – security bonds, deposits and retentions	4,013	3,905
	<u>4,013</u>	<u>3,905</u>

(c) Changes in liabilities arising from financing activities

Class of borrowings	2017		Non-cash changes			2018
	Opening balance as at 1/7/17	Cash flows	Acquisition	Fair value changes	Other non-cash movements	Closing balance as at 30/6/18
Loans – secured	5,960	(466)	1,000	–	–	6,494
TOTAL	<u>5,960</u>	<u>(466)</u>	<u>1,000</u>	<u>–</u>	<u>–</u>	<u>6,494</u>

\$ '000	2018	2017
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(d) Financing arrangements**(i) Unrestricted access was available at balance date to the following lines of credit:**

Credit cards/purchase cards	50	50
Total financing arrangements	<u>50</u>	<u>50</u>
Drawn facilities as at balance date:		
– Credit cards/purchase cards	6	15
Total drawn financing arrangements	<u>6</u>	<u>15</u>
Undrawn facilities as at balance date:		
– Credit cards/purchase cards	44	35
Total undrawn financing arrangements	<u>44</u>	<u>35</u>

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 11. Payables and borrowings (continued)

Accounting policy for payables and borrowings

Payables

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

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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.

Burwood Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 12. Provisions

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Provisions				
Employee benefits:				
Annual leave	1,819	–	1,962	–
Long service leave	4,373	100	4,206	106
Other - RDO/TIL	437	–	398	–
ELE on-costs	143	2	119	7
TOTAL PROVISIONS	6,772	102	6,685	113

(a) Provisions relating to restricted assets

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

(b) Current provisions not anticipated to be settled within the next twelve months

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

	2018	2017
Provisions – employees benefits	4,646	5,039
	4,646	5,039

(c) Description of and movements in provisions

2018	ELE provisions				Total
	Annual leave	RDO / TIL	Long service leave	ELE on-costs	
At beginning of year	1,962	398	4,312	126	6,798
Additional provisions	983	279	456	20	1,738
Amounts used (payments)	(1,126)	(240)	(294)	–	(1,660)
Total ELE provisions at end of year	1,819	437	4,473	145	6,874

2017	ELE provisions				Total
	Annual leave	RDO / TIL	Long service leave	ELE on-costs	
At beginning of year	2,007	314	4,133	142	6,596
Additional provisions	1,085	282	416	–	1,783
Amounts used (payments)	(1,130)	(198)	(237)	(16)	(1,581)
Total ELE provisions at end of year	1,962	398	4,312	126	6,798

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Provisions (continued)

Nature and purpose of non-employee benefit provisions

Accounting policy for provisions

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

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

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

Employee benefits

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.

Other long-term employee benefit obligations

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

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

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

Self-insurance

Council has decided to self-insure for various risks, including public liability and professional indemnity through a Joint Venture activity: "CivicRisk Mutual" comprising a number of Local Government Council's.

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 13. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

Note 14. Statement of cash flows – additional information

\$ '000	Notes	2018	2017
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	7,187	6,327
Balance as per the Statement of Cash Flows		7,187	6,327
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		16,482	6,740
Adjust for non-cash items:			
Depreciation and amortisation		6,969	6,719
Net losses/(gains) on disposal of assets		1,386	(124)
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– investment property		(220)	(100)
– Revaluation decrements / impairments of IPP&E direct to P&L		–	96
Share of net (profits) or losses of associates/joint ventures		(104)	(53)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(1,803)	1,345
Increase/(decrease) in provision for doubtful debts		37	53
Decrease/(increase) in other assets		(41)	(73)
Increase/(decrease) in payables		(62)	(481)
Increase/(decrease) in accrued interest payable		5	(1)
Increase/(decrease) in other accrued expenses payable		(113)	(163)
Increase/(decrease) in other liabilities		516	866
Increase/(decrease) in employee leave entitlements		76	202
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		23,128	15,026

Burwood Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 15. Interests in other entities

\$ '000

	Council's share of net income		Council's share of net assets	
	2018	2017	2018	2017
Joint ventures	104	53	134	30
Total	104	53	134	30

Joint arrangements

(i) Joint ventures

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

(a) Net carrying amounts – Council's share

Name of entity	Nature of relationship	Measurement method	2018	2017
CivicRisk Metro	Joint Venture	Equity Method	41	(10)
CivicRisk Mutual	Joint Venture	Equity Method	93	40
Total carrying amounts – material joint ventures			134	30

(b) Details

Name of entity	Principal activity	Place of business
CivicRisk Metro	Local Government insurance coverage	Penrith
CivicRisk Mutual	Local Government insurance coverage	Penrith

(c) Relevant interests and fair values

Name of entity	Quoted fair value		Interest in outputs		Interest in ownership		Proportion of voting power	
	2018	2017	2018	2017	2018	2017	2018	2017
CivicRisk Metro	n/a	n/a	0.03%	-0.1%	0.03%	-0.1%	11%	11%
CivicRisk Mutual	n/a	n/a	1.1%	0.6%	1.1%	0.6%	6%	6%

(d) Summarised financial information for joint ventures

Statement of financial position	CivicRisk Metro		CivicRisk Mutual	
	2018	2017	2018	2017
Current assets				
Cash and cash equivalents	15	28	1,158	506
Other current assets	8,114	5,738	5,759	6,239
Non-current assets	16,220	18,168	5,989	5,889
Current liabilities				
Current financial liabilities (excluding trade and other payables and provisions)	1,714	1,443	2,690	2,891
Other current liabilities	101	150	299	423
Non-current liabilities				
Non-current financial liabilities (excluding trade and other payables and provisions)	8,985	10,730	1,448	2,830
Net assets	13,549	11,611	8,469	6,490

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 15. Interests in other entities (continued)

\$ '000

Joint arrangements (continued)

(d) Summarised financial information for joint ventures (continued)

	CivicRisk Metro		CivicRisk Mutual	
	2018	2017	2018	2017
Reconciliation of the carrying amount				
Opening net assets (1 July)	11,611	9,422	6,490	7,286
Profit/(loss) for the period	1,938	2,189	1,978	(796)
Closing net assets	13,549	11,611	8,468	6,490
Council's share of net assets (%)	0.3%	-0.08%	1.1%	0.6%
Council's share of net assets (\$)	41	(10)	93	40
Statement of comprehensive income				
Income	2,115	2,781	9,425	8,302
Interest income	1,077	1,089	439	584
Other expenses	(1,254)	(1,681)	(7,886)	(9,682)
Profit/(loss) for period	1,938	2,189	1,978	(796)
Total comprehensive income	1,938	2,189	1,978	(796)
Share of income – Council (%)	2.6%	2.17%	2.7%	-0.8%
Profit/(loss) – Council (\$)	50	47	54	6
Total comprehensive income – Council (\$)	50	47	54	6

Accounting policy for joint arrangements

The Council has determined that it has only joint ventures

Joint ventures

Interests in joint ventures are accounted for using the equity method in accordance with AASB128 Investments in *Associates and Joint Ventures*. Under this method, the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition.

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

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

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

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 16. Commitments for expenditure

\$ '000	2018	2017
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	1,099	1,094
Plant and equipment	–	604
Land improvements	–	61
Other – Structures	–	74
Other – Infrastructure	–	499
Total commitments	1,099	2,332
These expenditures are payable as follows:		
Within the next year	1,099	2,332
Total payable	1,099	2,332
Sources for funding of capital commitments:		
Unrestricted general funds	–	152
Future grants and contributions	60	452
Section 7.11 and 64 funds/reserves	1,039	–
Externally restricted reserves	–	1,124
Internally restricted reserves	–	604
Total sources of funding	1,099	2,332
Details of capital commitments		
Buildings - Construction of Burwood Park Community Centre		
Buildings - Shade Structure Henley Park Amenities Building		
(b) Operating lease commitments (non-cancellable)		
a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:		
Within the next year	108	167
Later than one year and not later than 5 years	2	41
Total non-cancellable operating lease commitments	110	208
b. Non-cancellable operating leases include the following assets:		
Office Equipment leased has an average lease term of 2 years remaining.		
Contingent rentals may be payable depending on the condition of items or usage during the lease term.		
Conditions relating to operating leases:		
– All operating lease agreements are secured only against the leased asset.		
– No lease agreements impose any financial restrictions on Council regarding future debt etc.		

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Contingencies and other liabilities/assets not recognised

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

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

Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Fund.

The standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current standard employer contribution rates are:

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40.0 million per annum from 1 July 2017 for 4 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2017. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2017.

The adequacy of the contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

As stated above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Contingencies and other liabilities/assets not recognised (continued)

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up of the plan.

There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

The plan is a defined benefit plan. However, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses (to the extent that they are not borne by members). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

The expected contributions to the plan for the next annual reporting period are \$305,867.72.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2018 is:

Employer reserves only*	\$millions	Asset Coverage
Assets	1,817.80	
Past Service Liabilities	1,787.50	101.70%
Vested Benefits	1,778.00	102.20%

* excluding member accounts and reserves in both assets and liabilities

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	6.0% per annum
Salary Service Liabilities*	3.5% per annum
Increase in CPI	2.5% per annum

* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the 2018 triennial review will be completed around December 2018.

An employer's additional lump sum contribution per annum of 0.40% of the total additional lump sum contributions for all Pooled Employers (of \$40m each year from 1 July 2017 to 30 June 2021) provides an indication of the level of participation of that employer compared with other employers in the Pooled Employer sub-group.

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

(ii) StateCover Limited

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

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

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

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

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Contingencies and other liabilities/assets not recognised (continued)

LIABILITIES NOT RECOGNISED (continued):

1. Guarantees (continued)

(iii) 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) 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.

(iii) Joint Venture

Council is a member of Mutual Management Services Ltd which is a company limited by guarantee and was created to provide administration services to the three CivicRisk self-insurance pools CivicRisk West (Westpool), CivicRisk Metro (Metropool) and CivicRisk (United Independent Pools).

Mutual Management Services operates as a mutual for the benefit of the member Councils which make up the combined CivicRisk membership.

Mutual Management Services was created to move the administration staff and responsibilities from CivicRisk West to a separate entity that provides the services to all three pools. The creation of the administration company was an internal structure change to assist with meeting commercial obligations rather than a change in the underlying operations.

ASSETS NOT RECOGNISED:

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

Accordingly, at 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.

Burwood Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 18. Financial risk management

\$ '000

Risk management

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

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

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

Financial risk management is carried out by Council's finance section under policies approved by the Council.

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

	Carrying value		Fair value	
	2018	2017	2018	2017
Financial assets				
Cash and cash equivalents	7,187	6,327	7,187	6,327
Investments				
– 'Held to maturity'	50,000	39,750	50,000	39,750
Receivables	4,268	2,501	4,268	2,501
Total financial assets	61,455	48,578	61,455	48,578
Financial liabilities				
Payables	8,447	8,857	8,447	8,857
Loans/advances	6,494	5,960	6,494	5,960
Total financial liabilities	14,941	14,817	14,941	14,817

Fair value is determined as follows:

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

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Financial risk management (continued)

\$ '000

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

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

Council has an investment policy which complies with the *Local Government Act 1993* and Ministerial Investment Order 625. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

The risks associated with the investments held are:

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

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

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

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

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2018				
Possible impact of a 1% movement in interest rates	572	572	(572)	(572)
2017				
Possible impact of a 1% movement in interest rates	460	460	(460)	(460)

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Financial risk management (continued)

\$ '000

(b) Credit risk

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

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

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

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

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

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

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

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

	2018 Rates and annual charges	2018 Other receivables	2017 Rates and annual charges	2017 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	0%	33%	0%	33%
Overdue	100%	67%	100%	67%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

(ii) Ageing of receivables – value

Rates and annual charges

	2018	2017
< 1 year overdue	439	316
2 – 5 years overdue	70	89
> 5 years overdue	141	162
	<u>650</u>	<u>567</u>

Other receivables

Current	2,543	1,638
0 – 30 days overdue	877	252
31 – 60 days overdue	52	40
61 – 90 days overdue	91	10
> 91 days overdue	211	113
	<u>3,774</u>	<u>2,053</u>

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Financial risk management (continued)

\$ '000

(c) Liquidity risk

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 – 5 Years	> 5 Years		
2018							
Trade/other payables	0.00%	4,978	3,468	–	–	8,447	8,447
Loans and advances	4.32%	–	918	3,532	2,658	7,108	6,494
Total financial liabilities		4,978	4,386	3,532	2,658	15,555	14,941
2017							
Trade/other payables	0.00%	4,648	4,209	–	–	8,857	8,857
Loans and advances	4.62%	–	790	3,160	2,410	6,360	5,960
Total financial liabilities		4,648	4,999	3,160	2,410	15,217	14,817

Loan agreement breaches

There were no Loan breaches during the financial year.

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Material budget variations

\$ '000

Council's original financial budget for 17/18 was adopted by the Council on 27 June 2017 and is not required to be audited.

While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the *Local Government Act 1993* requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

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

Note that for variations* of budget to actual :

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

F = Favourable budget variation, **U** = Unfavourable budget variation

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----	
REVENUES				
Rates and annual charges	26,496	26,708	212	1% F
The net variance of \$212k to budget related to additional Strata Units coming on line during the year along with land valuation objections from residents and businesses.				
User charges and fees	9,446	11,622	2,176	23% F
The variance is attributed to increased development works within the Burwood Town Centre and surrounding area. These works have contributed to increased Hoarding Fees \$130k, Private Works \$210k, Road Closure Permits \$950k, Temporary Work Zone Permits \$335k and Development Rezoning \$270k. In addition Council has received additional \$195k income at the Enfield Aquatic Centre due to improved financial management and marketing of the centre. Car Parking income has also increased \$60k along with an additional \$40k in Hire of Public Halls due to the Local Government Election being held this year.				
Interest and investment revenue	1,150	1,392	242	21% F
The increase in Investment income was attributed to the large amount of Section 94A and Planning Agreements contributions received during the year along with a slow start in Council's Capital Works programme.				
Other revenues	4,320	5,400	1,080	25% F
Council received additional \$480k in Fines and Costs due to increased policing of construction sites within the Burwood Town Centre and surrounding area and \$175k Legal Costs Recovery through successful environmental and planning compliance processes. An additional \$50k in Workers Compensation incentive bonus rebate and \$310k in Parking income attributed to the continued weekend and night patrols.				
Operating grants and contributions	3,644	3,465	(179)	(5%) U
There were no material variances to report.				
Capital grants and contributions	5,832	14,164	8,332	143% F
Section 94A and Planning Agreement Contributions were up by \$6,600k on anticipated budget due to increased development applications received for works within the Burwood Town Centre and surrounding area. Council also received Grant funding of \$332k for Wangal Park Playground equipment along with an additional \$117k Grant for Roads to Recovery. A Library Grant for an Innovative and Digitally Responsive of \$111k was received along with an additional \$950k contributions for Kerb and Gutter construction on top of original budget.				

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Material budget variations (continued)

\$ '000	2018 Budget	2018 Actual	2018 Variance*		
REVENUES (continued)					
Fair value increment on investment property	–	220	220	0%	F
In accordance with Legislative requirements Council obtains Valuation of it's Investment Property. Council does not budget for any increase or decrements of it's property.					
Joint ventures and associates - net profits	–	104	104	0%	F
Council does no budget for it's Joint Venture.					
EXPENSES					
Employee benefits and on-costs	19,789	17,885	1,904	10%	F
The variance between budgeted forecast and actuals related to a number of fulltime staff positions not being filled during the year being replaced by contracted temporary staff which increased Council's Materials and Contracts actuals over budget forecast.					
Borrowing costs	310	325	(15)	(5%)	U
Borrowing costs, or interest repaid on loans was over the budgeted forecast due to the new Council electing to borrow \$1 million not originally budgeted in original estimate.					
Materials and contracts	10,501	11,796	(1,295)	(12%)	U
The variance is attributed to contracted staff which were unbudgeted totalling \$1,842k some cost offset with Employee Costs. Further unbudgeted expenses related to \$253k in legal costs and Consultancy costs \$125k (associated with development appeals within the Burwood Town Centre). Savings of \$454k in the various Contractor budgets, \$45k in Motor Vehicle and Plant running costs, \$81k in Computer and Printing leasing, Parking Metre Maintenance, Collection and Processing Costs \$70k, along with \$160k in General Maintenance budgets.					
Depreciation and amortisation	7,075	6,969	106	1%	F
There were no material variances to report.					
Other expenses	8,798	8,232	566	6%	F
Net losses from disposal of assets	–	1,386	(1,386)	0%	U
Council writes off infrastructure assets as part of its renewal programme replacing the written down value of the assets with the current replacement costs of the renewal.					
Budget variations relating to Council's Cash Flow Statement include:					
Cash flows from operating activities	15,437	23,128	7,691	49.8%	F
The variance between Actual and Budget were related to S94A and Planning Agreement contributions received, Grant income not anticipated, income associated with increased construction works within the Burwood Town Centre and surrounding area along with Enfield Aquatic Centre, Car Parking and Compliance income. In addition there were savings within Employee costs which in most part were offset against an increase in Contract - Temporary Staffing and increased costs in Legal and Consultancy charges.					
Cash flows from investing activities	(13,196)	(22,802)	(9,606)	72.8%	U
The variance between actual and budget was attributed to a high volume of S94A and Planning Agreement monies received during the year which resulted in larger than expected investment purchases.					
Cash flows from financing activities	(480)	534	1,014	(211.3%)	F
Council did not budget to borrow any new fund during the year however the new elected Council approved a \$1m borrowing programme for Infrastructure Capital Works.					

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement

\$ '000

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

- Infrastructure, property, plant and equipment
- Investment property

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

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

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

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

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

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

2018	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Investment property					
Investment Property	30/06/18	–	3,820	–	3,820
Total investment property		–	3,820	–	3,820
Infrastructure, property, plant and equipment					
Plant and office equipment and furniture and fitting	30/06/18	–	–	6,492	6,492
Operational land	30/06/18	–	121,430	–	121,430
Community land	30/06/17	–	–	36,583	36,583
Land improvements – depreciable	30/06/16	–	–	12,908	12,908
Buildings – non-specialised	30/06/18	–	1,136	–	1,136
Buildings – specialised	30/06/18	–	–	51,160	51,160
Other structures	30/06/17	–	–	2,987	2,987
Roads	30/06/16	–	–	140,763	140,763
Footpaths and kerb and gutter	30/06/16	–	–	37,057	37,057
Drainage infrastructure	30/06/16	–	–	27,848	27,848
Swimming pools	30/06/18	–	–	3,326	3,326
Library books	30/06/16	–	–	344	344
Other assets	30/06/14	–	–	444	444
Openspace/Recreational	30/06/16	–	–	6,807	6,807
Other Road Assets	30/06/16	–	–	6,756	6,756
Total infrastructure, property, plant and equipment		–	122,566	333,475	456,041

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

\$ '000

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

2017	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Investment property					
Investment Property		–	3,600	–	3,600
Total investment property		–	3,600	–	3,600
Infrastructure, property, plant and equipment					
Plant and office equipment and furniture and fitting	30/06/17	–	–	6,028	6,028
Operational land	30/06/13	–	43,732	–	43,732
Community land	30/06/17	–	–	36,583	36,583
Land improvements – depreciable	30/06/16	–	–	13,074	13,074
Buildings – non-specialised	30/06/13	–	1,525	–	1,525
Buildings – specialised	30/06/13	–	–	43,446	43,446
Other structures	30/06/17	–	–	2,998	2,998
Roads	30/06/16	–	–	140,997	140,997
Footpaths and kerb and gutter	30/06/16	–	–	35,843	35,843
Drainage infrastructure	30/06/16	–	–	27,978	27,978
Swimming pools	30/06/13	–	–	3,133	3,133
Library books	30/06/16	–	–	343	343
Other assets	30/06/14	–	–	542	542
Openspace/Recreational	30/06/16	–	–	4,690	4,690
Other Road Assets	1/07/16	–	–	6,839	6,839
Total infrastructure, property, plant and equipment		–	45,257	322,494	367,751

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

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

Where Council is unable to derive fair valuations using quoted market prices of identical assets (i.e. level 1 inputs), Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs). The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

Level 2

Investment properties

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 2 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 2018 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 was a change to the valuation process during the reporting period.

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 2018 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, 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.

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

Buildings Non-Specialised

Buildings were valued by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144 in June 2018 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. Non-Specialised buildings were classified as having been valued using Level 2 valuation inputs.

Level 3

Infrastructure, property, plant and equipment

Plant & Equipment, Office Equipment and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but 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, ride-on mowers, street sweepers, earthmoving equipment, mini vans and motor vehicles
- Office Equipment – Computer equipment, flat screen monitors, whiteboards, refrigerators etc
- Furniture & Fittings – Chairs, desks and display systems

The key unobservable inputs to the valuation are the remaining useful life and the residual value.

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.

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

Land Improvements – Depreciable

This asset class comprises land improvements such as gardens, mulched areas, wetlands, 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 engineering 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 - Specialised

Buildings were valued by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144 in June 2018 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. Specialised buildings were classified as having been valued using Level 3 valuation inputs.

During the financial year Council refurbished the 25 metre pool change rooms at the Enfield Aquatic Centre. Costs to refurbish were current costs.

Other Structures

This asset class comprises retaining walls, shade structures and filtration system and shed.

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.

Roads

This asset class comprises the Road Carriageway and Suburb Markers. 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 JRA, Jeff Roorda Associates during 2015, utilising the detailed pavement information residing in Council's Pavement Management System - "Assetic System".

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

The cost approach was utilised with inputs such as estimates pattern of consumption, 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.

During the year Council wrote off Road infrastructure assets as part of it's renewal programme replacing the written down value with the current replacement cost.

Footpaths and Kerb & Gutter

Footpaths were valued by JRA, Jeff Roorda Associates during 2015 using the cost approach. Footpaths and Kerb & Gutter were segmented to match the adjacent road segment where possible and no further componentisation was undertaken. Footpaths and Kerb & Gutter 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.

During the year Council wrote off Footpath and Kerb & Gutter infrastructure assets as part of it's renewal programme replacing the written down value with the current replacement cost.

Other Road assets

This asset class comprises Roundabouts, Speed humps, Traffic calming devices, Street Furniture, Bus Shelters and Fencing, These assets were valued by JRA, Jeff Roorda Associates during 2016 using the cost approach method utilising inputs such as estimated asset condition and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value.

Drainage Infrastructure

This 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, 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. The Drainage system was valued by JRA, Jeff Roorda Associates during 2015 using the cost approach.

During the year Council wrote off Drainage infrastructure assets as part of it's renewal programme replacing the written down value with the current replacement cost.

Swimming Pools

Assets within this class comprise Council's Enfield Aquatic Centre. The indoor and outdoor pools at the aquatic centre was valued by Scott Fullarton Valuations Pty Ltd in June 2018 using the cost approach. The approach estimated the replacement cost for each pool by componentising its significant parts.

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

Inputs such as estimates of the pattern of consumption, 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.

Other Open Space/Recreational Assets

Assets within this class comprise tennis courts and fencing, synthetic turf surfaces, barbeques, playground equipment, shade structures and soft fall, park furniture, park lighting, fitness equipment, bocce courts, gazebos and signage which were valued by Jeff Roorda and Associates in June 2016 using the cost approach method.

Inputs such as estimates of the pattern of consumption, asset condition and useful life required extensive professional judgement which impacted significantly on the final determination of fair value.

During the financial year Council received Grant Funding for Playground Equipment, BBQ's, Picnic Shelters, Skateboard area and Basketball Court at Wangal Park in addition further grant funding at Blair Park included Flood Lighting, Playground, Picnic Shelters, Fencing and park Seating. Also during the year Council replaced two Playgrounds at Henley Park and one at Russell Reserve. Costs to build were current costs and the written down values of those assets replaced were written off.

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.

Other Assets

This asset class comprises Computer Software implementation costs and miscellaneous computer software.

Non-current assets classified as 'held for sale'

Council does not have assets classified as "held for sale"

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

\$ '000

(3). Fair value measurements using significant unobservable inputs (level 2 and level 3)

a. The following tables present the changes in (level 2 and level 3) fair value asset classes.

	Held for trading	Investment property	Plant and equipment	Operational land	Community land	Land Impr- -ovements depreciable	Buildings	Other structures	Total
Opening balance – 1/7/16	3	3,500	6,680	43,732	31,622	9,784	45,962	3,462	144,745
Transfers from/(to) another asset class	–	–	–	–	–	117	–	(733)	(616)
Purchases (GBV)	–	–	1,103	–	–	2,160	186	325	3,774
Disposals (WDV)	(3)	–	(541)	–	–	(62)	–	–	(606)
Depreciation and impairment	–	–	(1,214)	–	–	(219)	(1,177)	(90)	(2,700)
Fair value adjustment	–	100	–	–	4,961	–	–	–	5,061
WIP Transfers	–	–	–	–	–	1,294	–	34	1,328
Closing balance – 30/6/17	–	3,600	6,028	43,732	36,583	13,074	44,971	2,998	150,986
Purchases (GBV)	–	–	2,104	–	–	142	124	99	2,469
Disposals (WDV)	–	–	(349)	–	–	(26)	–	–	(375)
Depreciation and impairment	–	–	(1,291)	–	–	(282)	(1,066)	(110)	(2,749)
Fair value adjustment	–	220	–	77,698	–	–	8,267	–	86,185
Closing balance – 30/6/18	–	3,820	6,492	121,430	36,583	12,908	52,296	2,987	236,516
¹ FV gains recognised in the Income Statement relating to assets still on hand at year end total:									
YE 16/17	–	100	–	–	–	–	–	–	100
YE 17/18	–	220	–	–	–	–	–	–	220

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

\$ '000

(3). Fair value measurements using significant unobservable inputs (level 2 and level 3) continued

a. The following tables present the changes in (level 2 and level 3) fair value asset classes. (continued)

	Other Road Assets	Open space/ Recreational	Roads	Footpaths	Drainage	Swimming pool	Library books	Other assets	Total
Opening balance – 1/7/16	–	4,943	141,481	35,032	28,083	3,182	337	481	213,539
Transfers from/(to) another asset class	734	(117)	–	–	–	–	–	–	617
Purchases (GBV)	657	67	2,045	2,231	835	73	132	269	6,309
Disposals (WDV)	–	–	(583)	(740)	(295)	–	–	(10)	(1,628)
Depreciation and impairment	(161)	(211)	(1,951)	(687)	(654)	(122)	(126)	(203)	(4,115)
Fair value adjustment	5,608	–	–	–	–	–	–	–	5,608
WIP Transfers	1	8	5	7	9	–	–	5	35
Closing balance – 30/6/17	6,839	4,690	140,997	35,843	27,978	3,133	343	542	220,365
Purchases (GBV)	132	2,372	2,159	2,719	637	668	130	142	8,959
Disposals (WDV)	(16)	(80)	(442)	(804)	(111)	–	–	–	(1,453)
Depreciation and impairment	(199)	(215)	(1,951)	(701)	(656)	(128)	(129)	(240)	(4,219)
Fair value adjustment	–	–	–	–	–	(520)	–	–	(520)
WIP Transfers	–	40	–	–	–	173	–	–	213
Closing balance – 30/6/18	6,756	6,807	140,763	37,057	27,848	3,326	344	444	223,345

Burwood Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

(3). Fair value measurements using significant unobservable inputs (level 2 and level 3)

b. Significant unobservable valuation inputs used (for level 2 and level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various level 3 asset class fair values.

Level 2

Investment properties

Class	Fair value (30/6/18) \$'000	Valuation technique/s	Unobservable inputs
Commercial Office and Retail	3,820	Qualified Valuer	<ul style="list-style-type: none"> Estimated rental value (rate per square metre) Rental Yield

I,PP&E

Class	Fair value (30/6/18) \$'000	Valuation technique/s	Unobservable inputs
Operational Land	121,430	Qualified Valuer	<ul style="list-style-type: none"> Price per square metre
Buildings – Non Specialised	1,136	Qualified Valuer	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life Residual value

Burwood Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

Level 3

I, PP&E

Class	Fair value (30/6/18) \$'000	Valuation technique/s	Unobservable inputs
Plant & Equipment, Office Equipment and Furniture & Fittings	6,492	Cost approach	<ul style="list-style-type: none"> Gross Replacement Cost Remaining useful life Residual value
Community Land	36,583	Land values obtained from the NSW Valuer General	<ul style="list-style-type: none"> Unimproved Capital Value (price per square metre)
Land Improvements – depreciable	12,908	Cost approach	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life Residual value
Buildings - Specialised	51,160	Qualified Valuer	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life Residual value
Other Structures	2,987	Cost approach	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life
Roads	140,763	Qualified Valuer	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life
Footpaths	37,057	Qualified Valuer	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life

Burwood Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

Class	Fair value (30/6/18) \$'000	Valuation technique/s	Unobservable inputs
Other Road Assets	6,756	Qualified Valuer	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining useful life
Drainage Infrastructure	27,848	Qualified Valuer	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining useful life
Swimming Pools	3,326	Qualified Valuer	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining useful life
Library Books	344	Cost approach	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining useful life
Other - Open Space / Recreational	6,807	Qualified Valuer	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining useful life
Other Assets	444	Cost approach	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining useful life • Residual value

c. The valuation process for level 3 fair value measurements

Valuation process has been incorporated within 3 above.

(4). Highest and best use

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

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 21. Related party transactions

\$ '000

a. Key management personnel

Key management personnel (KMP) of the Council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

Compensation:	2018	2017
Short-term benefits	1,346	1,150
Post-employment benefits	204	155
Other long-term benefits	46	37
Termination benefits	385	16
Total	1,981	1,358

b. Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

There have been no transactions identified through the related party disclosure process indicating to be any significant disclosures from Key Management Persons during the year ended 30 June 2018.

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions

\$ '000

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Traffic facilities	286	–	–	3	–	–	289	–
Parking	318	–	–	4	–	–	322	–
Burwood town centre	5,129	3,449	–	64	(1,003)	–	7,639	–
Burwood LGA	289	1,679	–	11	(624)	–	1,355	–
S7.11 contributions – under a plan	6,022	5,128	–	82	(1,627)	–	9,605	–
Total S7.11 and S7.12 revenue under plans	6,022	5,128	–	82	(1,627)	–	9,605	–
S7.4 planning agreements	4,394	5,464	–	66	(1,437)	–	8,487	–
Total contributions	10,416	10,592	–	148	(3,064)	–	18,092	–

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN NUMBER - 94A New LEP

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Traffic facilities	286	–	–	3	–	–	289	–
Parking	318	–	–	4	–	–	322	–
Burwood town centre	5,129	3,449	–	64	(1,003)	–	7,639	–
Burwood LGA	289	1,679	–	11	(624)	–	1,355	–
Total	6,022	5,128	–	82	(1,627)	–	9,605	–

Burwood Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 23(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	<u>3,380</u>	6.96%	5.58%	-0.11%	> 0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>48,587</u>				
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>45,122</u>	71.91%	83.95%	76.82%	> 60.00%
Total continuing operating revenue ⁽¹⁾	<u>62,751</u>				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	<u>39,103</u>	4.90x	4.43x	3.59x	> 1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	<u>7,980</u>				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>10,674</u>	13.49x	12.40x	8.63x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>791</u>				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	<u>715</u>	2.61%	2.45%	2.57%	< 5% metro
Rates, annual and extra charges collectible	<u>27,412</u>				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	<u>38,687</u>	10.77 mths	11.4 mths	9.9 mths	> 3 mths
Monthly payments from cash flow of operating and financing activities	<u>3,593</u>				

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

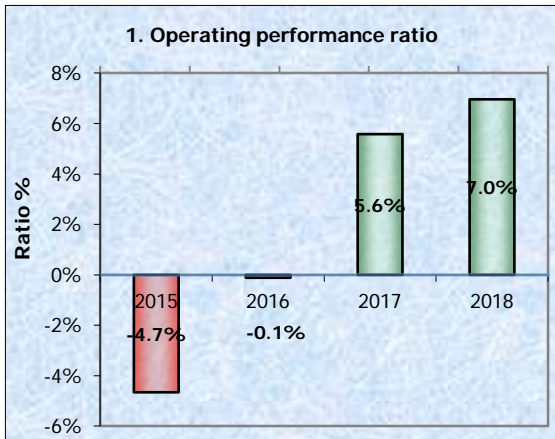
⁽³⁾ Refer to Notes 11 and 12.

⁽⁴⁾ Refer to Note 11(b) and 12(b) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

Burwood Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 23(b). Statement of performance measures – consolidated results (graphs)



Purpose of operating performance ratio

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



Commentary on 2017/18 result

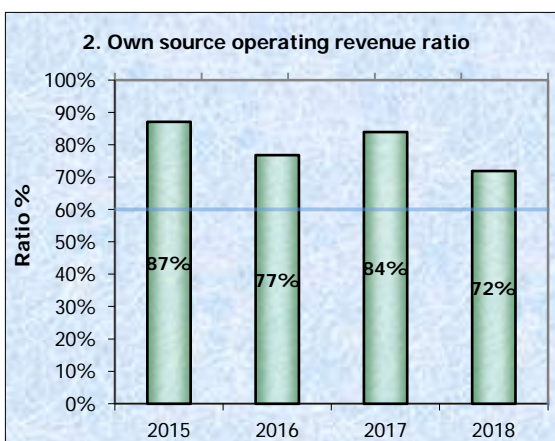
2017/18 ratio 6.96%

Council's Operating Performance Ratio has improved significantly during the current year. Council's strategies to address the gap over longer term are now evident ie Special Rate Variation, budget monitoring and expanding rating base.

Benchmark: ——— Minimum $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

 Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of own source operating revenue ratio

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



Commentary on 2017/18 result

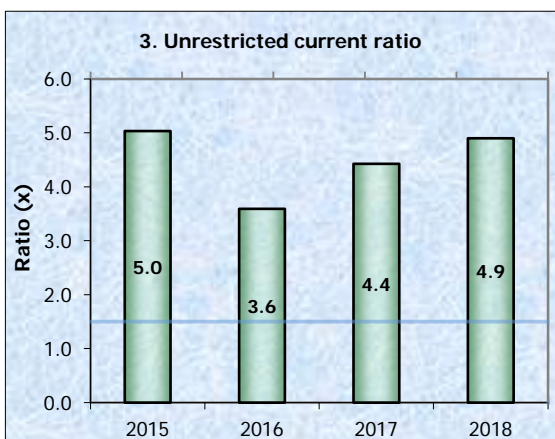
2017/18 ratio 71.91%

The ratio remains above the 69% benchmark. This can be attributed to the increased rating base associated with the new LEP and Special Rate Variation.

Benchmark: ——— Minimum $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

 Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of unrestricted current ratio

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



Commentary on 2017/18 result

2017/18 ratio 4.90x

Council's liquidity remains strong and well above the 1.5% benchmark.

Benchmark: ——— Minimum ≥ 1.50

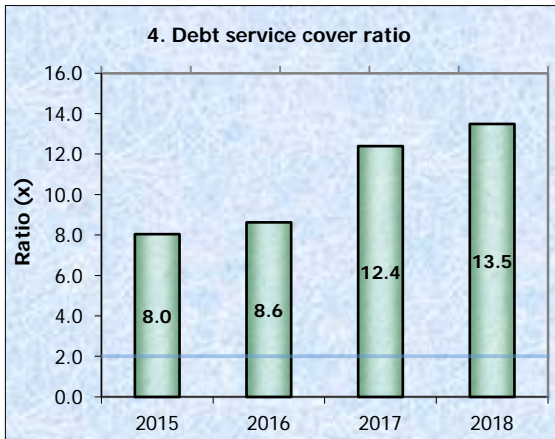
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

 Ratio achieves benchmark
 Ratio is outside benchmark

Burwood Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 23(b). Statement of performance measures – consolidated results (graphs)



Purpose of debt service cover ratio

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

Commentary on 2017/18 result

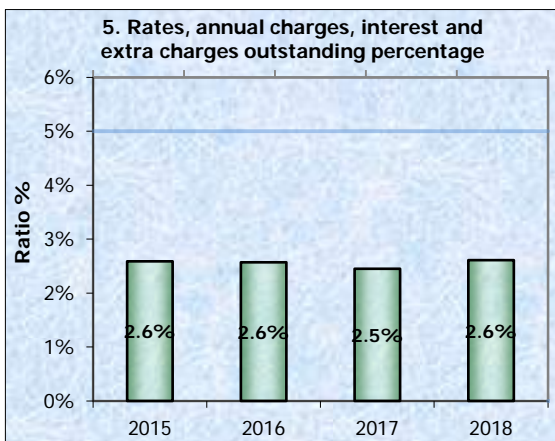
2017/18 ratio 13.49x

Council's Debt Service Ratio has continued to increase due to better than expected Operating Result, taking into account the larger than expected Capital Grants and Contributions received during the year.

Benchmark: Minimum ≥ 2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of rates and annual charges outstanding ratio

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

Commentary on 2017/18 result

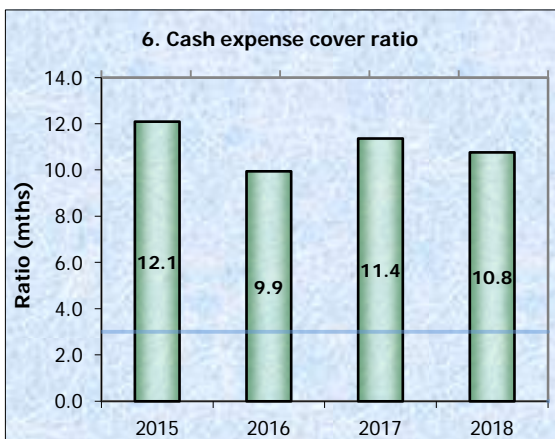
2017/18 ratio 2.61%

Council actively pursues the recovery of Rates and Extra Charges as shown by the lower than the Office of Local Government benchmark.

Benchmark: Maximum $< 5.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of cash expense cover ratio

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

Commentary on 2017/18 result

2017/18 ratio 10.77 mths

The ratio remains well in excess of the 3 month benchmark.

Benchmark: Minimum ≥ 3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark
 Ratio is outside benchmark

Burwood Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 24. Financial review and commentary

\$ '000

Key financial figures of Council over the past 5 years

Financial performance figures	Actual 2018	Actual 2017	Actual 2016	Actual 2015	Actual 2014
Inflows:					
Rates and annual charges revenue	26,708	24,927	22,888	21,577	20,669
User charges revenue	11,622	10,235	9,563	8,765	7,648
Interest and investment revenue (losses)	1,392	1,215	2,048	1,356	1,619
Grants income – operating and capital	4,877	4,217	3,786	2,891	2,729
Total income from continuing operations	63,075	49,219	50,962	44,503	45,553
Sale proceeds from IPP&E	442	2,357	781	3,962	9,599
New loan borrowings and advances	1,000	–	–	2,000	1,000
Outflows:					
Employee benefits and on-cost expenses	17,885	17,462	17,634	16,937	16,172
Borrowing costs	325	335	354	325	260
Materials and contracts expenses	11,796	10,201	10,956	10,066	8,691
Total expenses from continuing operations	46,593	42,479	42,815	41,310	40,579
Total cash purchases of IPP&E	12,994	10,311	17,700	9,483	26,367
Total loan repayments (incl. finance leases)	466	444	422	324	197
Operating surplus/(deficit) (excl. capital income)	2,318	2,786	(9)	1,695	(2,792)
Financial position figures	Actual 2018	Actual 2017	Actual 2016	Actual 2015	Actual 2014
Current assets	51,911	48,993	43,690	43,093	39,170
Current liabilities	17,059	17,109	16,588	12,793	11,246
Net current assets	34,852	31,884	27,102	30,300	27,924
Available working capital (Unrestricted net current assets)	1,109	(1,552)	(2,081)	1,643	1,040
Cash and investments – unrestricted	5,813	5,274	3,263	3,239	1,613
Cash and investments – internal restrictions	28,701	26,633	21,124	25,560	21,724
Cash and investments – total	57,187	46,077	39,449	40,856	36,887
Total borrowings outstanding (Loans, advances and finance leases)	6,494	5,960	6,404	6,826	5,150
Total value of IPP&E (excl. land and earthwork)	460,630	449,094	439,889	425,645	484,074
Total accumulated depreciation	161,602	161,432	159,098	159,342	190,139
Indicative remaining useful life (as a % of GBV)	65%	64%	64%	63%	61%

Source: published audited financial statements of Council (current year and prior year)

Burwood Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 25. Council information and contact details

Principal place of business:

Suite 1, Level 2, 1-17 Elsie Street
Burwood NSW 2134

Contact details

Mailing address:

PO Box 240
Burwood NSW 2134

Opening hours:

Monday to Friday 8.30am to 4.45pm

Telephone: 02 9911 9911

Facsimile: 02 9911 9900

Internet: www.burwood.nsw.gov.au

Email: council@burwood.nsw.gov.au

Officers

GENERAL MANAGER

Bruce MacDonnell

Elected members

MAYOR

Councillor Faker

RESPONSIBLE ACCOUNTING OFFICER

Wayne Armitage

AUDITORS

Audit Office of NSW
Level 15
1 Margaret Street
Sydney NSW 2000

Other information

ABN: 84 362 114 428



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial report

Burwood Council

To the Councillors of Burwood Council

Opinion

I have audited the accompanying financial report of Burwood Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion,

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial report:
 - has been presented, in all material respects, in accordance with the requirements of this Division
 - is consistent with the Council's accounting records
 - presents fairly, in all material respects, the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial report have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Special Schedules (the Schedules).

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on and Special Schedule 2 - Permissible income for general rates.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Report

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

In preparing the financial report, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 19 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule 2 - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.



Renee Meimaroglou
Director, Financial Audit Services

19 October 2018
SYDNEY

Mr John Faker
Mayor
Burwood Council
PO Box 240
BURWOOD NSW 1805

Contact: Renee Meimaroglou
Phone no: 9275 7100
Our ref: D1821847/F1702

19 October 2018

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2018
Burwood Council**

I have audited the general purpose financial statements of Burwood Council (the Council) for the year ended 30 June 2018 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2018 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2018	2017	Variance
	\$m	\$m	%
Rates and annual charges revenue	26.7	24.9	↑ 7.2
Grants and contributions revenue	17.6	7.9	↑ 122.8
Operating result for the year	16.5	6.7	↑ 146.3
Net operating result before capital amounts	2.3	2.8	↓ 17.9

Council's operating result (\$16.5 million including the effect of depreciation and amortisation expense of \$7 million) was \$9.7 million higher than the 2016–17 result. This was mainly due to an increase in capital grants and developer contributions.

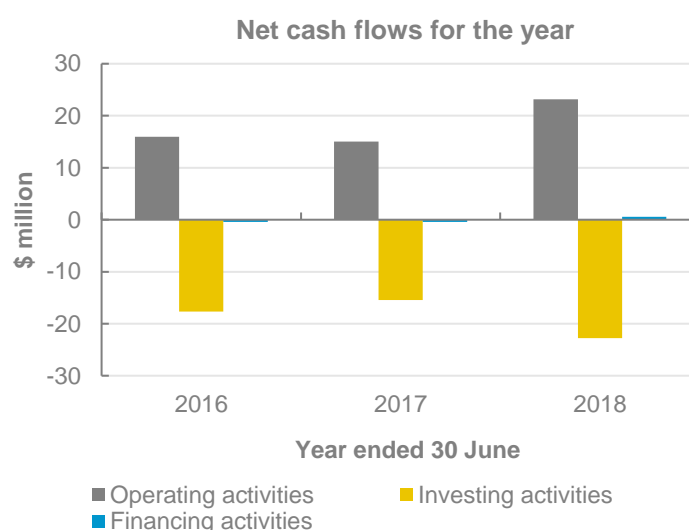
The net operating result before capital grants and contributions (\$2.3 million) was \$0.5 million lower than the 2016–17 result.

Rates and annual charges revenue (\$26.7 million) increased by \$1.8 million (7.2 per cent) in 2017–2018. Council had an approved Special Rate Variation which resulted in an increase of general rates revenue by 7.5 per cent in 2017–18.

Grants and contributions revenue (\$17.6 million) increased by \$9.7 million (122.8 per cent) in 2017–2018 due to increased developer contributions resulting from significant development activity in the area.

STATEMENT OF CASH FLOWS

- The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year and reveals that cash increased by \$860,000 to \$7.2 million at the close of the year.
- The increase in operating activities is due to the receipt of additional developer contributions.
- The variance in financing activities was due to taking up borrowings of \$1 million during the year.



FINANCIAL POSITION

Cash and Investments

Cash and Investments	2018	2017	Commentary
	\$m	\$m	
External restrictions	22.7	14.2	• External restrictions include unspent specific purpose grants, developer contributions, and domestic waste management charges, and unexpended loans.
Internal restrictions	28.7	26.6	
Unrestricted	5.8	5.3	
Cash and investments	57.2	46.1	• Balances are internally restricted due to Council policy or decisions for forward plans including works program. • Unrestricted balances provide liquidity for day-to-day operations.

Debt

After repaying principal and interest of \$791,000 and taking up an additional borrowing of \$1 million during the financial year, total debt as at 30 June 2018 is \$6.5 million (2017: \$6.0 million)

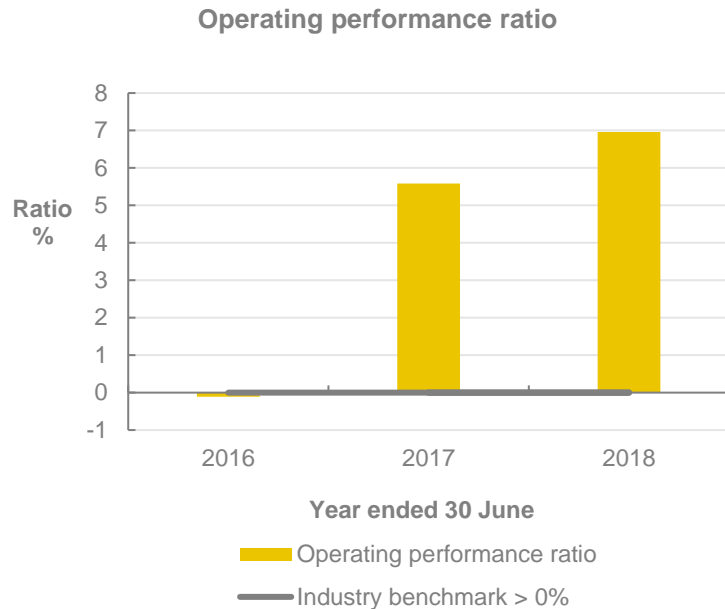
PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 23 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7 which has not been audited.

Operating performance ratio

Council's operating performance indicator of 7 per cent in 2017-18 (5.6 per cent in 2016-17) exceeded the industry benchmark. This is mainly due to the Council receiving a special rate variation for 2017-2018 and an expanding rates base due to development activity.

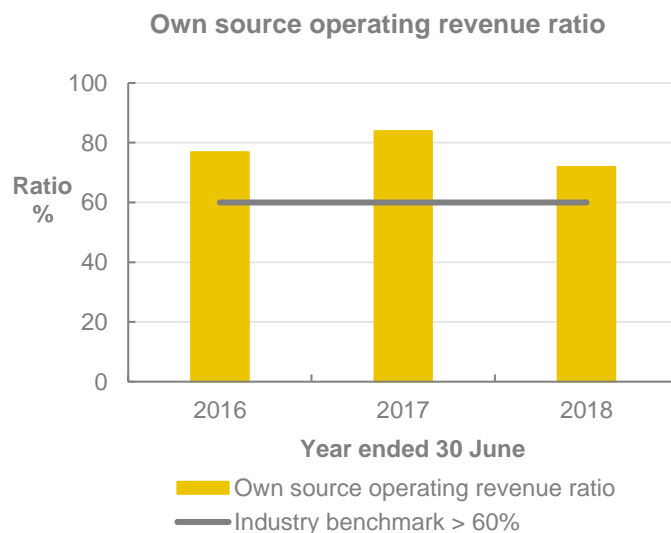
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than zero per cent.



Own source operating revenue ratio

- Council's own source operating revenue ratio of 71.9 per cent in 2017-18 (84 per cent in 2016-17) exceeded the industry benchmark.
- This ratio is obtained by calculating the total continuing operating revenue excluding all grants and contributions divided by the total continuing operating revenue. This indicator fluctuates with movements in grants and contributions, which were significantly higher in 2017-18.

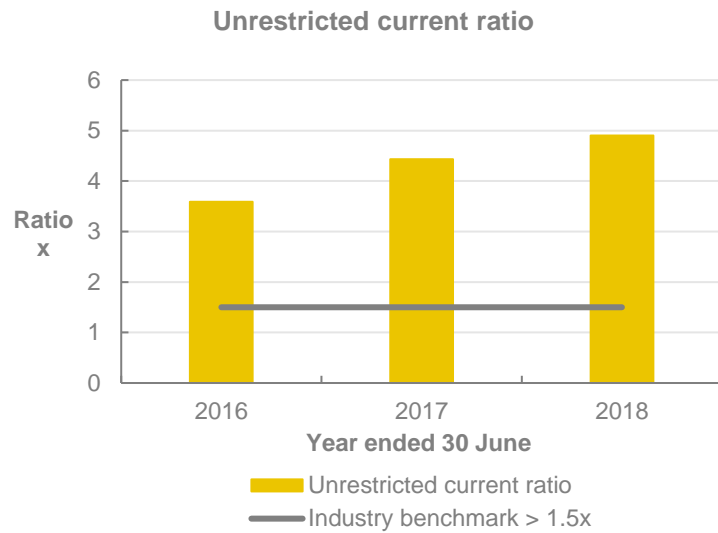
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

- This ratio indicated that Council currently had 4.9 times of unrestricted assets available to service every one dollar of its unrestricted current liabilities.
- Council's unrestricted current ratio increased to 4.9 as at 30 June 2018 (4.4 in 2017) and exceeded the benchmark of 1.5 times. The improvement in the ratio is due to increased cash and investments.

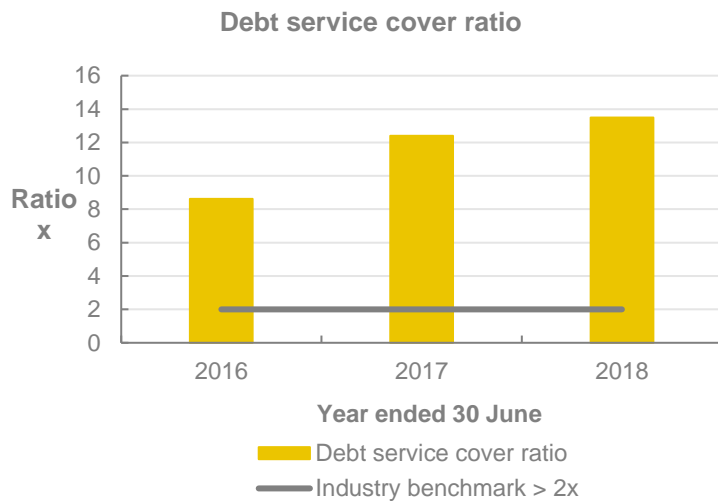
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

The debt service cover ratio for the Council as at 30 June 2018 is 13.5 (12.4 in 2017) which is above the industry benchmark.

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

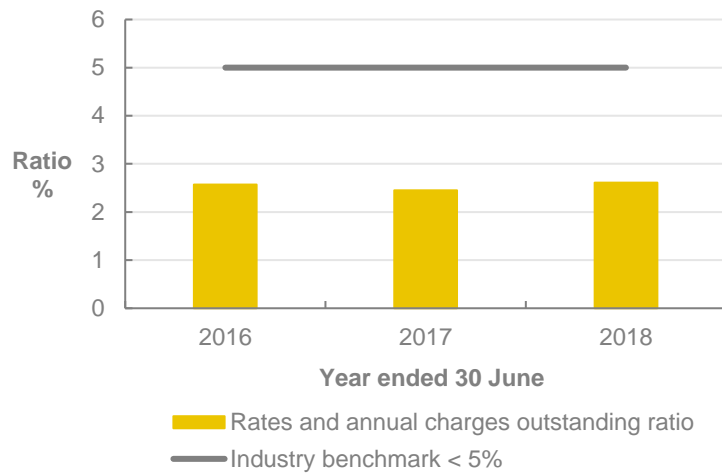


Rates and annual charges outstanding ratio

- The rates and annual charges outstanding ratio of the Council is 2.6 per cent as at 30 June 2018 (2.5 per cent as at 30 June 2017) and continues to better than the industry benchmark of being below 5 per cent.

The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metro councils.

Rates and annual charges outstanding ratio

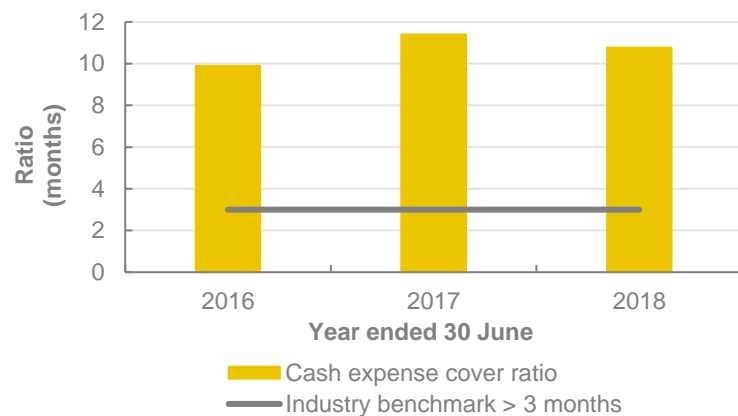


Cash expense cover ratio

- Council's cash expense cover ratio of 10.8 months in 2018 (11.4 months in 2017) well exceeded the industry benchmark.

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

Cash expense cover ratio



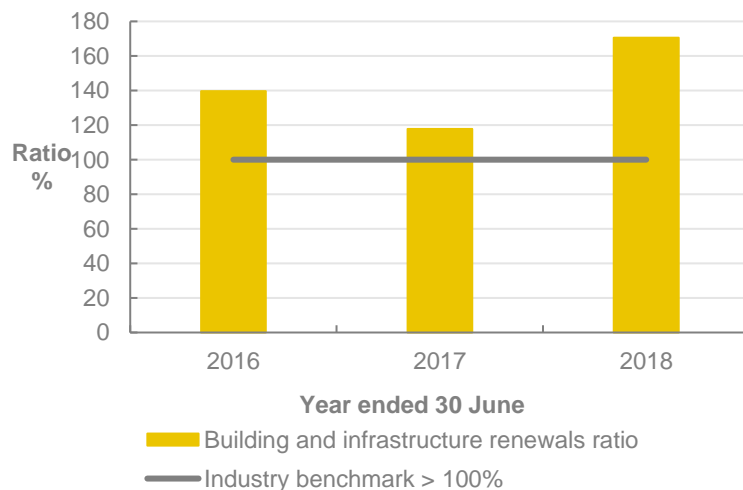
Building and infrastructure renewals ratio (unaudited)

- Council's building and infrastructure renewals ratio of 170.6 per cent exceeded the industry benchmark.

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

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

Building and infrastructure renewals ratio



OTHER MATTERS

New accounting standards implemented

AASB 2016-2 'Disclosure Initiative – Amendments to AASB 107'

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

This Standard requires entities to provide disclosures that enable users of financial statements to evaluate changes (both cash flows and non-cash changes) in liabilities arising from financing activities.

Council's disclosure of the changes in their liabilities arising from financing activities is disclosed in Note 11(c).

Legislative compliance

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

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



Renee Meimaroglou
Director, Financial Audit Services

cc: Mr Bruce Macdonnell, General Manager
Ms Sandra Mulder, Chair of the Audit Committee
Mr Tim Hurst, Chief Executive of the Office of Local Government

Burwood Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018

To make Burwood vibrant, prosperous,
progressive and proud of its history and heritage



Burwood Council
heritage • progress • pride

Burwood Council

Special Purpose Financial Statements for the year ended 30 June 2018

Council has no business activities in the context of National Competition Policy

Burwood Council

SPECIAL SCHEDULES
for the year ended 30 June 2018

To make Burwood vibrant, prosperous,
progressive and proud of its history and heritage



Burwood Council
heritage • progress • pride

Burwood Council

Special Schedules

for the year ended 30 June 2018

Contents

Page

Special Schedules ¹

Special Schedule 1	Net Cost of Services	2
Special Schedule 2	Permissible income for general rates	4
Special Schedule 2	Independent Auditors Report	5
Special Schedule 7	Report on Infrastructure Assets	8

¹ Special Schedules are not audited (with the exception of Special Schedule 2).

Background

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

Burwood Council

Special Schedule 1 – Net Cost of Services
for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	605	2	10,591	9,988
Administration	11,361	2,502	–	(8,859)
Public order and safety				
Fire service levy, fire protection, emergency services	18	–	–	(18)
Beach control	–	–	–	–
Enforcement of local government regulations	974	634	–	(340)
Animal control	102	26	–	(76)
Other	269	105	–	(164)
Total public order and safety	1,363	765	–	(598)
Health	411	288	–	(123)
Environment				
Noxious plants and insect/vermin control	–	–	–	–
Other environmental protection	278	(61)	–	(339)
Solid waste management	5,269	5,576	–	307
Street cleaning	1,536	–	–	(1,536)
Drainage	–	–	–	–
Stormwater management	944	279	–	(665)
Total environment	8,027	5,794	–	(2,233)
Community services and education				
Administration and education	627	21	–	(606)
Social protection (welfare)	91	–	–	(91)
Aged persons and disabled	1,290	1,190	–	(100)
Children's services	477	91	–	(386)
Total community services and education	2,485	1,302	–	(1,183)
Housing and community amenities				
Public cemeteries	–	–	–	–
Public conveniences	131	–	–	(131)
Street lighting	568	80	–	(488)
Town planning	2,646	1,455	–	(1,191)
Other community amenities	–	–	–	–
Total housing and community amenities	3,345	1,535	–	(1,810)

Burwood Council

Special Schedule 1 – Net Cost of Services (continued)

for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	2,250	93	140	(2,017)
Museums	–	–	–	–
Art galleries	–	–	–	–
Community centres and halls	652	184	–	(468)
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	–	–	–	–
Sporting grounds and venues	1,215	106	–	(1,109)
Swimming pools	2,178	1,608	–	(570)
Parks and gardens (lakes)	2,195	18	1,659	(518)
Other sport and recreation	–	–	–	–
Total recreation and culture	8,490	2,009	1,799	(4,682)
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	466	–	–	(466)
Other mining, manufacturing and construction	–	–	–	–
Total mining, manufacturing and const.	466	–	–	(466)
Transport and communication				
Urban roads (UR) – local	3,460	615	1,694	(1,151)
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	–	–	–	–
Sealed rural roads (SRR) – regional	–	–	–	–
Unsealed rural roads (URR) – local	–	–	–	–
Unsealed rural roads (URR) – regional	–	–	–	–
Bridges on UR – local	–	–	–	–
Bridges on SRR – local	–	–	–	–
Bridges on URR – local	–	–	–	–
Bridges on regional roads	–	–	–	–
Parking areas	2,371	6,856	–	4,485
Footpaths	3,432	403	–	(3,029)
Aerodromes	–	–	–	–
Other transport and communication	777	2,890	80	2,193
Total transport and communication	10,040	10,764	1,774	2,498
Economic affairs				
Camping areas and caravan parks	–	–	–	–
Other economic affairs	–	–	–	–
Total economic affairs	–	–	–	–
Totals – functions	46,593	24,961	14,164	(7,468)
General purpose revenues ⁽¹⁾	–	23,846	–	23,846
Share of interests – joint ventures and associates using the equity method	–	104	–	104
NET OPERATING RESULT ⁽²⁾	46,593	48,911	14,164	16,482

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

(2) As reported in the Income Statement

Burwood Council

Special Schedule 2 – Permissible income for general rates

for the year ended 30 June 2019

\$'000		Calculation 2018/19	Calculation 2017/18
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	21,654	19,778
Plus or minus adjustments ⁽²⁾	b	130	460
Notional general income	c = (a + b)	21,784	20,238
Permissible income calculation			
Special variation percentage ⁽³⁾	d	0.00%	7.50%
Or rate peg percentage	e	2.30%	0.00%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	–	–
Plus special variation amount	h = d x (c – g)	–	1,518
Or plus rate peg amount	i = c x e	501	–
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–
Sub-total	k = (c + g + h + i + j)	22,285	21,756
Plus (or minus) last year's carry forward total	l	100	(1)
Less valuation objections claimed in the previous year	m	–	–
Sub-total	n = (l + m)	100	(1)
Total permissible income	o = k + n	22,385	21,754
Less notional general income yield	p	22,454	21,654
Catch-up or (excess) result	q = o – p	(69)	100
Plus income lost due to valuation objections claimed ⁽⁴⁾	r	–	–
Less unused catch-up ⁽⁵⁾	s	–	–
Carry forward to next year	t = q + r – s	(69)	100

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule 2 - Permissible Income for general rates

Burwood Council

To the Councillors of Burwood Council

Opinion

I have audited the accompanying Special Schedule 2 – Permissible Income for general rates (the Schedule) of Burwood Council (the Council) for the year ending 30 June 2019.

In my opinion, the Schedule of the Council for the year ending 30 June 2019 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule had been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and the Special Schedules excluding Special Schedule 2 (the other Schedules).

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

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

A handwritten signature in black ink, appearing to read 'R Meimaroglou', followed by a period.

Renee Meimaroglou
Director, Financial Audit Services

19 October 2018
SYDNEY

Burwood Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance ^a	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Council Offices / Administration Centre	100	100	160	177	11,005	11,923	100%	0%	0%	0%	0%
	Council Works Depot	600	600	120	113	576	3,500	0%	0%	0%	100%	0%
	Council Public Halls	250	250	150	179	4,904	6,576	60%	40%	0%	0%	0%
	Libraries	–	–	160	210	11,967	12,418	100%	0%	0%	0%	0%
	Other Buildings	230	230	60	27	421	2,399	85%	15%	0%	0%	0%
	Child Care Centres	50	50	60	24	3,411	3,756	0%	100%	0%	0%	0%
	Amenities Buildings	80	80	80	72	2,166	4,195	10%	0%	75%	15%	0%
	SES	100	100	–	4	251	813	0%	0%	100%	0%	0%
	Council Houses	500	500	60	62	1,136	4,413	0%	17%	83%	0%	0%
	Car Park	85	85	100	266	16,459	16,106	50%	50%	0%	0%	0%
	Sub-total	1,995	1,995	950	1,134	52,296	66,099	58.7%	23.5%	11.5%	6.2%	0.0%
Other structures	Other structures	200	200	250	172	2,987	3,495	60%	15%	15%	10%	0%
	Sub-total	200	200	250	172	2,987	3,495	60.0%	15.0%	15.0%	10.0%	0.0%
Roads	Sealed Roads Surface	6,684	6,684	355	502	16,508	31,491	22%	18%	32%	22%	6%
	Sealed Roads Structure	946	946	147	1,213	124,255	164,639	26%	22%	48%	3%	1%
	Other road assets	–	–	326	287	6,756	8,432	38%	57%	4%	1%	0%
	Footpaths	–	–	571	571	18,587	22,827	13%	12%	69%	6%	0%
	Kerb & Gutter	–	–	203	203	18,470	31,351	5%	8%	86%	1%	0%
	Sub-total	7,630	7,630	1,602	2,776	184,576	258,740	22.2%	20.1%	51.1%	5.3%	1.4%

Burwood Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance ^a	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Stormwater drainage	Stormwater Pipes	8,671	8,671	555	134	21,692	56,533	46%	13%	12%	4%	25%
	Stormwater Pits and Grates	1,426	1,426	124	40	6,156	10,910	46%	13%	12%	4%	25%
	Sub-total	10,097	10,097	679	174	27,848	67,443	46.0%	13.0%	12.0%	4.0%	25.0%
Open space/recreational assets	Swimming pools	700	700	400	494	3,326	5,325	25%	45%	30%	0%	0%
	Open space / Recreational	–	–	2,000	2,332	6,807	8,482	50%	25%	25%	0%	0%
	Sub-total	700	700	2,400	2,826	10,133	13,807	40.4%	32.7%	26.9%	0.0%	0.0%
TOTAL – ALL ASSETS		20,622	20,622	5,881	7,082	277,840	409,584	33.0%	19.8%	37.1%	5.1%	5.0%

Notes:

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

Infrastructure asset condition assessment 'key'

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

Burwood Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2018

	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
Infrastructure asset performance indicators * consolidated					
1. Buildings and infrastructure renewals ratio ⁽¹⁾					
Asset renewals ⁽²⁾	8,576	170.63%	117.71%	139.73%	>= 100%
Depreciation, amortisation and impairment	5,026				
2. Infrastructure backlog ratio ⁽¹⁾					
Estimated cost to bring assets to a satisfactory standard	20,622	7.09%	7.28%	7.64%	< 2.00%
Net carrying amount of infrastructure assets	290,748				
3. Asset maintenance ratio					
Actual asset maintenance	7,082	120.42%	102.59%	90.86%	> 100%
Required asset maintenance	5,881				
4. Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	20,622	5.03%	5.16%	5.22%	
Gross replacement cost	409,584				

Notes

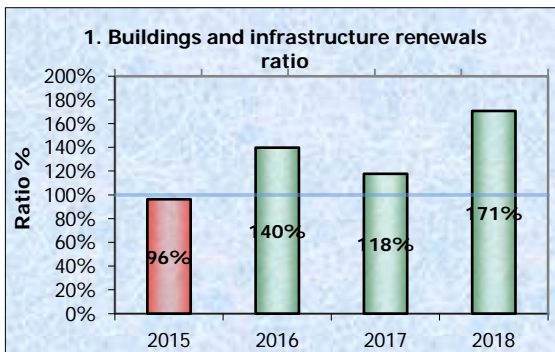
* All asset performance indicators are calculated using the asset classes identified in the previous table.

(1) Excludes Work In Progress (WIP)

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

Burwood Council

Special Schedule 7 – Report on Infrastructure Assets (continued) for the year ended 30 June 2018



Purpose of asset renewals ratio

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

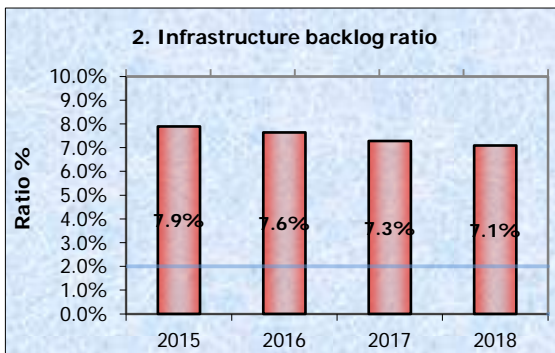
Commentary on 2017/18 result

2017/18 Ratio 170.63%

Council continues with its strategic assets management programme delivering another improved result for the year.

Benchmark: ——— Minimum $\geq 100.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

■ Ratio achieves benchmark
■ Ratio is outside benchmark



Purpose of infrastructure backlog ratio

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

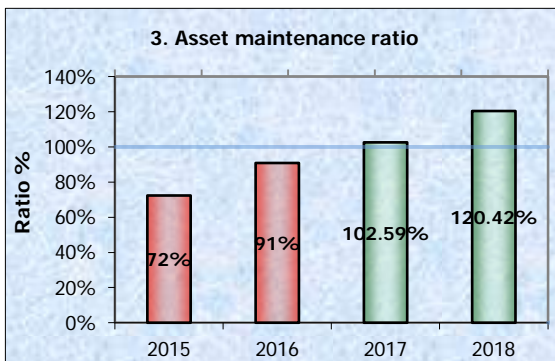
Commentary on 2017/18 result

2017/18 Ratio 7.09%

Council is slowly reducing its backlog through a strategic asset management programme.

Benchmark: ——— Maximum $< 2.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

■ Ratio achieves benchmark
■ Ratio is outside benchmark



Purpose of asset maintenance ratio

Compares actual vs. required annual asset maintenance. A ratio above 100% indicates Council is investing enough funds to stop the infrastructure backlog growing.

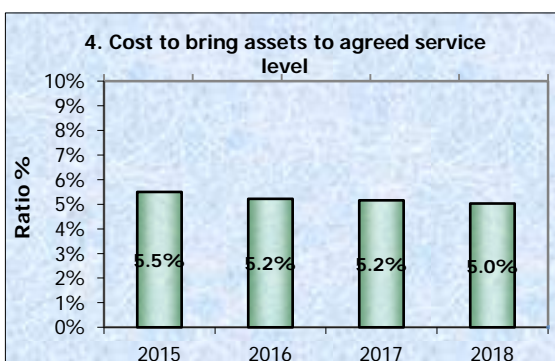
Commentary on 2017/18 result

2017/18 Ratio 120.42%

Council continues to effectively manage its assets, resulting in another improved outcome for the year.

Benchmark: ——— Minimum $> 100.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

■ Ratio achieves benchmark
■ Ratio is outside benchmark



Purpose of agreed service level ratio

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

Commentary on 2017/18 result

2017/18 Ratio 5.03%

Council continues with its strategic asset management programme effectively managing its assets.