

GENERAL PURPOSE FINANCIAL STATEMENTS

For the year ended 30 June 2013



Burwood Council

General Purpose Financial Statements

for the financial year ended 30 June 2013

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Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Burwood Council.

(ii) Burwood Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

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

- the ability to provide goods, services & facilities, and to carry out activities appropriate to the current & future needs of the local community and of the wider public,
- the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the area.

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

(iii) All figures presented in these financial statements are presented in Australian Currency.

(iv) These financial statements were authorised for issue by the Council on 10 September 2013. Council has the power to amend and reissue these financial statements.

Burwood Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their Council & Community.

What you will find in the Statements

The financial statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2013.

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

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income & 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 values of Council's Infrastructure, Property, Plant & Equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its Assets, Liabilities & "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 5 primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialize in Local Government).

In NSW, the Auditor provides 2 audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance & position, &
2. Their observations on the conduct of the Audit including commentary on the Council's financial performance & financial position.

Who uses the Financial Statements ?

The financial statements are publicly available documents & must be presented at a Council meeting between 7 days & 5 weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to 7 days subsequent to the public presentation of the financial statements.

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

More information

A snapshot of Council's financial performance and position for the past 5 financial years can be found at Note 27 of the financial statements.

Burwood Council

General Purpose Financial Statements

for the financial year ended 30 June 2013

Statement by Councillors and Management

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

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

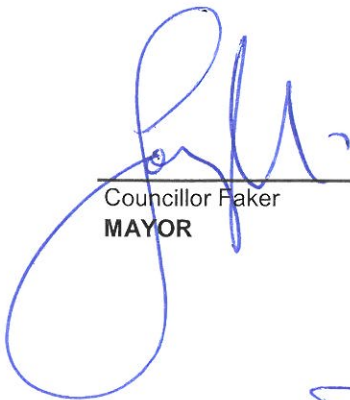
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

Signed in accordance with a resolution of Council made on 09 September 2013.




Councillor Faker
MAYOR



Councillor Doueih
COUNCILLOR



Michael McMahon
GENERAL MANAGER



Wayne Armitage
RESPONSIBLE ACCOUNTING OFFICER

Burwood Council

Income Statement

for the financial year ended 30 June 2013

Budget ⁽¹⁾ 2013	\$ '000	Notes	Actual 2013	Actual 2012
Income from Continuing Operations				
<i>Revenue:</i>				
19,020	Rates & Annual Charges	3a	19,013	18,321
6,552	User Charges & Fees	3b	7,553	6,497
1,735	Interest & Investment Revenue	3c	2,132	2,609
3,073	Other Revenues	3d	3,546	8,116
3,447	Grants & Contributions provided for Operating Purposes	3e,f	4,666	3,654
2,761	Grants & Contributions provided for Capital Purposes	3e,f	3,145	4,681
<i>Other Income:</i>				
550	Net gains from the disposal of assets	5	273	18,462
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
37,138	Total Income from Continuing Operations		40,328	62,340
Expenses from Continuing Operations				
15,926	Employee Benefits & On-Costs	4a	15,722	15,459
430	Borrowing Costs	4b	392	937
7,402	Materials & Contracts	4c	8,599	8,437
5,781	Depreciation & Amortisation	4d	5,832	5,754
-	Impairment	4d	-	-
9,200	Other Expenses	4e	9,025	8,104
38,739	Total Expenses from Continuing Operations		39,570	38,691
(1,601)	Operating Result from Continuing Operations		758	23,649
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
(1,601)	Net Operating Result for the Year		758	23,649
(1,601)	Net Operating Result attributable to Council		758	23,649
-	Net Operating Result attributable to Non-controlling Interests		-	-
(4,362)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(2,387)	18,968

(1) Original Budget as approved by Council - refer Note 16

Burwood Council

Statement of Comprehensive Income

for the financial year ended 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
Net Operating Result for the year (as per Income statement)		758	23,649
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	19,029	-
Total Items which will not be reclassified subsequently to the Operating Result		19,029	-
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Other Comprehensive Income for the year		19,029	-
Total Comprehensive Income for the Year		19,787	23,649
Total Comprehensive Income attributable to Council		19,787	23,649
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Burwood Council

Statement of Financial Position
as at 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	37,462	32,403
Investments	6b	2,586	10,051
Receivables	7	2,145	2,297
Inventories	8	2	3
Other	8	8,207	586
Non-current assets classified as "held for sale"	22	-	325
Total Current Assets		50,402	45,665
Non-Current Assets			
Investments	6b	-	-
Receivables	7	-	-
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	350,559	329,118
Investments accounted for using the equity method	19	-	-
Investment Property	14	2,875	3,343
Intangible Assets	25	-	-
Other	8	-	8,000
Total Non-Current Assets		353,434	340,461
TOTAL ASSETS		403,836	386,126
LIABILITIES			
Current Liabilities			
Payables	10	5,741	4,181
Borrowings	10	159	4,565
Provisions	10	5,140	5,048
Total Current Liabilities		11,040	13,794
Non-Current Liabilities			
Payables	10	-	120
Borrowings	10	4,188	3,391
Provisions	10	215	215
Total Non-Current Liabilities		4,403	3,726
TOTAL LIABILITIES		15,443	17,520
Net Assets		388,393	368,606
EQUITY			
Retained Earnings	20	173,805	173,047
Revaluation Reserves	20	214,588	195,559
Council Equity Interest		388,393	368,606
Non-controlling Interests		-	-
Total Equity		388,393	368,606

Burwood Council

Statement of Changes in Equity
for the financial year ended 30 June 2013

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2013						
Opening Balance (as per Last Year's Audited Accounts)		173,047	195,559	368,606	-	368,606
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/12)		173,047	195,559	368,606	-	368,606
c. Net Operating Result for the Year		758	-	758	-	758
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	19,029	19,029	-	19,029
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	19,029	19,029	-	19,029
Total Comprehensive Income (c&d)		758	19,029	19,787	-	19,787
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		173,805	214,588	388,393	-	388,393

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2012						
Opening Balance (as per Last Year's Audited Accounts)		149,398	195,559	344,957	-	344,957
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/11)		149,398	195,559	344,957	-	344,957
c. Net Operating Result for the Year		23,649	-	23,649	-	23,649
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	-	-	-	-
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	-	-	-	-
Total Comprehensive Income (c&d)		23,649	-	23,649	-	23,649
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		173,047	195,559	368,606	-	368,606

Burwood Council

Statement of Cash Flows

for the financial year ended 30 June 2013

Budget 2013	\$ '000	Notes	Actual 2013	Actual 2012
Cash Flows from Operating Activities				
Receipts:				
19,001	Rates & Annual Charges		19,067	18,206
6,468	User Charges & Fees		8,758	6,466
1,786	Investment & Interest Revenue Received		2,151	2,360
6,277	Grants & Contributions		7,793	8,803
500	Bonds, Deposits & Retention amounts received		507	790
3,141	Other		4,774	9,936
Payments:				
(15,926)	Employee Benefits & On-Costs		(15,701)	(14,837)
(7,440)	Materials & Contracts		(8,764)	(10,864)
(446)	Borrowing Costs		(395)	(995)
(400)	Bonds, Deposits & Retention amounts refunded		(340)	(468)
(8,800)	Other		(9,130)	(12,636)
4,161	Net Cash provided (or used in) Operating Activities	11b	8,720	6,761
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		19,562	1,566
550	Sale of Infrastructure, Property, Plant & Equipment		671	31,579
-	Deferred Debtors Receipts		13	-
Payments:				
-	Purchase of Investment Securities		(12,000)	(9,000)
(11,763)	Purchase of Infrastructure, Property, Plant & Equipment		(8,298)	(6,228)
(11,213)	Net Cash provided (or used in) Investing Activities		(52)	17,917
Cash Flows from Financing Activities				
Receipts:				
1,000	Proceeds from Borrowings & Advances		1,000	-
Payments:				
(4,652)	Repayment of Borrowings & Advances		(4,609)	(8,462)
(3,652)	Net Cash Flow provided (used in) Financing Activities		(3,609)	(8,462)
(10,704)	Net Increase/(Decrease) in Cash & Cash Equivalents		5,059	16,216
36,199	plus: Cash & Cash Equivalents - beginning of year	11a	32,403	16,187
25,495	Cash & Cash Equivalents - end of the year	11a	37,462	32,403
Additional Information:				
	plus: Investments on hand - end of year	6b	2,586	10,051
	Total Cash, Cash Equivalents & Investments		40,048	42,454

Please refer to Note 11 for additional cash flow information

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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n/a - not applicable

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Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below in order to assist in its general understanding.

Under Australian Accounting Standards (AASBs), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

(a) Basis of preparation

(i) Background

These financial statements are general purpose financial statements which have been prepared in accordance with;

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

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

(ii) Compliance with International Financial Reporting Standards (IFRSs)

Because AASBs are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's, or
- (b) specifically exclude application by Not for Profit entities.

Accordingly in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

Under the Local Government Act (LGA), Regulations and Local Government Code of Accounting Practice & Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with AASBs.

(iii) New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates.

(v) Basis of Accounting

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

- (i) financial assets and liabilities at fair value through profit or loss, available-for-sale financial assets and investment properties which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of Infrastructure, property, plant & equipment that are accounted for at fair valuation.

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

(vi) Changes in Accounting Policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

(vii) Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs).

Accordingly this requires management to exercise its judgement in the process of applying the Council's accounting policies.

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

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

Critical judgements in applying the entity's accounting policies

- (i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.
- (ii) Projected Section 94 Commitments - Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

(b) Revenue recognition

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

Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

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

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, **(i)** it is probable that the economic benefits comprising the contribution will flow to the Council and **(ii)** the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

unused grant or contribution is disclosed in Note 3(g).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

Whilst Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon their physical receipt by Council, due to the possibility that individual Development Consents may not be acted upon by the applicant and accordingly would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required but the Council may apply contributions according to the priorities established in work schedules.

A detailed Note relating to developer contributions can be found at Note 17.

User Charges, Fees and Other Income

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

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

Rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

Interest Income from Cash & Investments is accounted for using the Effective Interest method in accordance with AASB 139.

(c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of Council and any Entities (or operations) that it **controls** (as at 30 June 2013) and (ii) all the related operating results (for the financial year ended the 30th June 2013).

The financial statements also include Council's share of the assets, liabilities, income and expenses of any **Jointly Controlled Operations** under the appropriate headings.

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

(i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

The Consolidated Fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

(ii) The Trust Fund

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

Trust monies and property subject to Council's control have been included in these statements.

Trust monies and property held by Council but not subject to the control of Council, have been excluded from these statements.

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

(iii) Joint Ventures

Council has no interest in any Joint Venture Entities, Assets or Operations.

(iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity), ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the equity method of accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed Associates.

(v) County Councils

Council is not a member of any County Councils.

(vi) Additional Information

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

(d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either a Finance Lease or an Operating Lease.

Finance Leases

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

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased

property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of each leased asset's useful life and the lease term.

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

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

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

(f) Investments and Other Financial Assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss,**
- **loans and receivables,**
- **held-to-maturity investments,** and
- **available-for-sale financial assets.**

Each classification depends on the purpose/intention for which the investment was acquired & at the time it was acquired.

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss include financial assets that are "held for trading".

A financial asset is classified in the "held for trading" category if it is acquired principally for the purpose of selling in the short term.

Derivatives are classified as held for trading unless they are designated as hedges.

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

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

(iii) Held-to-maturity investments

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

In contrast to the "Loans & Receivables" classification, these investments are generally quoted in an active market.

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

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

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

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

Financial Assets – Reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

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

(ii) Subsequent Measurement

Available-for-sale financial assets and **financial assets at fair value through profit and loss** are subsequently carried at fair value.

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

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as "**fair value through profit or loss**" category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as "**available-for-sale**" are recognised in equity in the available-for-sale investments revaluation reserve.

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

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

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

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

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

Council maintains its investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

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

(g) Fair value estimation

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

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

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

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average costs.

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

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

Land Held for Resale/Capitalisation of Borrowing Costs

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

Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development.

When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made.

Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

(j) Infrastructure, Property, Plant and Equipment (I,PP&E)

Acquisition of assets

Council's non current assets are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the Division of Local Government.

At balance date, the following classes of I,PP&E were stated at their Fair Value;

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks**
(Not Applicable)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**
(External Valuation)
- **Plant and Equipment**
(as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**
(External Valuation)
- **Drainage Assets** (External Valuation)
- **Bulk Earthworks** (Not Applicable)
- **Community Land** (External Valuation)
- **Land Improvements**
(as approximated by depreciated historical cost)
- **Other Structures**
(as approximated by depreciated historical cost)
- **Other Assets**
(as approximated by depreciated historical cost)

Initial Recognition

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Asset Revaluations (including Indexation)

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

- Increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve.
- To the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water - Rates Reference Manual.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ

materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

Land	
- council land	100% Capitalised
- open space	100% Capitalised
- land under roads	100% Capitalised

Plant & Equipment	
Office Furniture	> \$1,000
Office Equipment	> \$1,000
Other Plant & Equipment	> \$1,000

Buildings & Land Improvements	
Park Furniture & Equipment	> \$1,000

Building	
- construction/extensions	100% Capitalised
- renovations	> \$10,000

Other Structures	> \$2,000
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Stormwater Assets	
Drains & Culverts	> \$5,000
Other	> \$5,000

Transport Assets	
Road construction & reconstruction	> \$20,000
Reseal/Re-sheet & major repairs:	> \$20,000

Bridge construction & reconstruction	> \$20,000
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Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

Land is not depreciated.

Estimated useful lives for Council's I,PP&E include:

Plant & Equipment	
- Office Equipment	5 to 10 years
- Office Furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip	5 to 8 years
- Other plant and equipment	5 to 15 years
Other Equipment	
- Playground equipment	5 to 15 years
- Benches, seats etc	10 to 20 years
Buildings	
- Buildings : Masonry	50 to 100 years
- Buildings : Other	20 to 100 years
Stormwater Drainage	
- Drains	80 to 100 years
- Culverts	80 to 100 years
Transportation Assets	
- Sealed Roads : Surface	20 years
- Sealed Roads : Structure	100 years
- Unsealed roads	20 years
- Bridge : Concrete	100 years
- Bridge : Other	50 years
- Road Pavements	100 years
- Kerb, Gutter & Paths	75 years
Other Infrastructure Assets	
- Bulk earthworks	Infinite

All asset residual values and useful lives are reviewed and adjusted (where appropriate), at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1(s) on Asset Impairment.

Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further

future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

(k) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community.

This classification of Land is disclosed in Note 9(a).

(l) Land under roads

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

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

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

(m) Intangible Assets

IT Development and Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project.

Amortisation is calculated on a straight line bases over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and

Burwood Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

are only recognised following completion of technical feasibility and where Council has an intention and ability to use the asset.

(n) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

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

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

(o) Rural Fire Service assets

Council does not operate a Rural Fire Service.

(p) Investment property

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council.

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of "Other Income".

Full revaluations are carried out every three years with an appropriate index utilised. During 2012-13 Council revalued its Investment Property through an external provider (Scott Fullarton Valuations Pty Ltd).

Council's Investment Property was dated 30/06/13.

(q) Provisions for close down, restoration and for environmental clean up costs – including Tips and Quarries

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

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

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

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

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

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

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

These costs are charged to the income statement.

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

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

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

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

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

Specific Information relating to Council's provisions relating to Close down, Restoration and Remediation costs can be found at Note 26.

(r) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of

either **(i)** their carrying amount and **(ii)** fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets "held for sale" are not depreciated or amortised while they are classified as "held for sale".

Non-current assets classified as "held for sale" are presented separately from the other assets in the balance sheet.

A Discontinued Operation is a component of the entity that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

(s) Impairment of assets

All Council's I,PP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

(t) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

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

(u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

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

(v) Borrowing costs

Borrowing costs are expensed.

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.

(w) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

(x) Employee benefits

(i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables..

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

(ii) Other Long Term Obligations

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

These liabilities are measured at the present value of the expected future payments to be made using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are then discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that

Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death.

Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Defined Benefit Plans

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

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B"

This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20th February 2013 and covers the period ended 30 June 2013.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2013 the prior period deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2013 was \$424,566.44.

The amount of additional contributions included in the total employer contribution advised above is \$203,811.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$947,589 as at 30 June 2013.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in these financial statements.

Council has, however, disclosed a contingent liability in Note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

Defined Contribution Plans

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

(y) Self insurance

During the 2012-13 Council did not self insure.

However, Council has determined to self-insure for various risks including public liability and professional indemnity during 2013-14 through Metro Pool.

(z) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

(aa) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Cash Flow Statement are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

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

(ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2013.

Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures (effective from 1 January 2015)

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the

recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures.

Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.

It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements.

However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

Applicable to Local Government but no implications for Council;

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 132 & AASB 7] (effective 1 January 2013)

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (effective 1 January 2014).

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

Applicable to Local Government but not relevant to Council at this stage;

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)

This revised standard on accounting for employee benefits requires the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by

applying the discount rate to the net defined benefit liability or asset.

This replaces the expected return on plan assets that is currently included in profit or loss.

The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits.

The amendments will have to be implemented retrospectively.

Council does not recognise defined benefit assets and liabilities for the reasons set out in paragraph (x) (iii) and so these changes will not have an impact on its reported results.

Not applicable to Local Government per se;

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle (effective 1 January 2013)

AASB 1 - this standard clarifies that an entity can apply AASB 1 more than once. An entity can elect to apply AASB 123 from the transition date or an earlier date.

AASB 101 - clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments.

AASB 116 - clarifies the classification of servicing equipment.

AASB 132 and Interpretation 2 - clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes

AASB 134 - provides clarification about segment reporting.

The amendments arising from this standard are not expected to change the reported financial position or performance of the Council.

Burwood Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

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

(ac) Rounding of amounts

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

(ad) Comparative Figures

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

(ae) Disclaimer

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 2(a). Council Functions / Activities - Financial Information

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2013	2013	2012	2013	2013	2012	2013	2013	2012	2013	2012	2013	2012
Governance	7	11	11	650	624	484	(643)	(613)	(473)	-	-	74,001	67,560
Administration	1,013	2,188	24,963	12,602	12,368	14,215	(11,589)	(10,180)	10,748	47	30	31,234	27,490
Public Order & Safety	159	183	171	1,305	1,351	1,173	(1,146)	(1,168)	(1,002)	-	-	630	483
Health	150	211	119	233	258	193	(83)	(47)	(74)	-	-	28	17
Environment	5,157	5,121	4,838	7,384	7,513	7,093	(2,227)	(2,392)	(2,255)	358	254	52,460	53,766
Community Services & Education	1,052	1,416	1,213	2,102	2,064	1,543	(1,050)	(648)	(330)	1,389	1,202	5,400	4,640
Housing & Community Amenities	3,270	3,693	2,641	2,236	2,658	2,087	1,034	1,035	554	136	179	1,300	346
Recreation & Culture	1,414	1,677	1,220	5,404	5,857	5,171	(3,990)	(4,180)	(3,951)	319	97	32,650	32,911
Mining, Manufacturing & Construction	-	-	-	370	386	404	(370)	(386)	(404)	-	-	94	183
Transport & Communication	6,990	7,874	8,733	6,413	6,449	6,230	577	1,425	2,503	262	807	203,164	195,387
Economic Affairs	228	221	173	40	42	98	188	179	75	-	-	2,875	3,343
Total Functions & Activities	19,440	22,595	44,082	38,739	39,570	38,691	(19,299)	(16,975)	5,391	2,511	2,569	403,836	386,126
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	17,698	17,733	18,258	-	-	-	17,698	17,733	18,258	1,090	1,336	-	-
Operating Result from Continuing Operations	37,138	40,328	62,340	38,739	39,570	38,691	(1,601)	758	23,649	3,601	3,905	403,836	386,126

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

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:

GOVERNANCE

Costs relating to the Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance.

ADMINISTRATION

Corporate Support and Other Support Services (not otherwise attributed to the listed functions / activities).

PUBLIC ORDER & SAFETY

Fire protection, animal control, beach control, enforcement of local government regulations, emergency services, other.

HEALTH

Inspection, immunisations, food control, health centres, other, administration.

ENVIRONMENT

Noxious plants and insect/vermin control, other environmental protection, solid waste management, street cleaning, drainage, stormwater management.

COMMUNITY SERVICES & EDUCATION

Administration, family day care, child care, youth services, other family and children, aged and disabled, migrant services, Aboriginal services, other community services, education.

HOUSING & COMMUNITY AMENITIES

Housing, town planning, street lighting, other sanitation and garbage, public cemeteries, public conveniences, other community amenities.

RECREATION & CULTURE

Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport and recreation.

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RTA works, other.

ECONOMIC AFFAIRS

Camping areas, caravan parks, tourism and area promotion, industrial development promotion, saleyards and markets, real estate development, commercial nurseries, other business undertakings.

Burwood Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		10,602	10,170
Business		4,213	4,143
Total Ordinary Rates		14,815	14,313
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		4,172	3,984
Section 611 Charges		26	24
Total Annual Charges		4,198	4,008
<u>TOTAL RATES & ANNUAL CHARGES</u>		<u>19,013</u>	<u>18,321</u>

Council has used 2010 year valuations provided by the NSW Valuer General in calculating its rates.

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		23	22
Waste Management Services (non-domestic)		459	476
Total User Charges		482	498
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Developer Fees		464	347
Engineering & Administration		514	384
Licence & Inspection Fees		230	149
Licence Fees - Outdoor Eating		141	118
Private Works - Section 67		120	126
Section 149 Certificates (EPA Act)		69	68
Section 603 Certificates		33	34
Other		2	1
Total Fees & Charges - Statutory/Regulatory		1,573	1,227
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Car Parking Station		976	804
Car Parking Meters		1,203	966
Community Centres		115	70
Leaseback Fees - Council Vehicles		207	184
Park Rents		72	71
Property Rental - Commercial		631	603
Property Rental - Residential		149	109
Street Furniture Advertising Income		883	920
Swimming Centre & Gym Fees		1,167	957
Other - Cultural Event Hire Charges		57	50
Other		38	38
Total Fees & Charges - Other		5,498	4,772
TOTAL USER CHARGES & FEES		7,553	6,497

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		43	53
- Interest earned on Investments (interest & coupon payment income)		1,973	1,894
- Interest - Delayed Property Settlement (Current Assets Held for Sale)		-	586
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		116	76
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>2,132</u>	<u>2,609</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		43	53
General Council Cash & Investments		1,785	2,314
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		304	242
<u>Total Interest & Investment Revenue Recognised</u>		<u>2,132</u>	<u>2,609</u>
(d) Other Revenues			
Rental Income - Investment Properties	14	221	173
Fines - Parking		2,542	2,431
Fines - Other		29	42
Legal Fees Recovery - Rates & Charges (Extra Charges)		36	33
Legal Fees Recovery - Other		12	17
Diesel Rebate		4	6
Insurance Claim Recoveries		20	457
OHS Incentive Rebate		64	67
Sale of Abandoned Vehicles		1	11
Sales - General		20	3
Sales - Library		9	10
Workers Compensation Recovery		315	191
Other - Operating Lease Reimbursement		104	104
Other - Animal Control Fees		21	17
Other - Forfeited Deposits on Property Sales		-	4,477
Other		148	77
<u>TOTAL OTHER REVENUE</u>		<u>3,546</u>	<u>8,116</u>

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance - General Component	676	863	-	-
Financial Assistance - Local Roads Component	231	293	-	-
Pensioners' Rates Subsidies - General Component	183	180	-	-
Total General Purpose	1,090	1,336	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Domestic Waste Management	65	63	-	-
Community Services	1,375	1,176	14	26
Employment & Training Programs	-	9	-	-
Environmental Protection	223	191	-	-
Library - per capita	63	62	-	-
Library - special projects	-	-	231	31
Recreation & Culture	-	-	25	4
Street Lighting	80	78	-	-
Traffic Route Subsidy	20	20	-	-
Transport (Roads to Recovery)	-	-	120	120
Transport (Other Roads & Bridges Funding)	62	62	60	605
Other - Planning Control	56	101	-	-
Other - Flood Mitigation	70	-	-	-
Other - LIRS Interest Subsidy	20	-	-	-
Other	27	21	-	-
Total Specific Purpose	2,061	1,783	450	786
Total Grants	3,151	3,119	450	786
Grant Revenue is attributable to:				
- Commonwealth Funding	2,029	9	120	120
- State Funding	1,122	3,110	330	666
	3,151	3,119	450	786

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 93F - Contributions using Planning Agreements	-	-	109	(14)
S 94 - Contributions towards amenities/services	-	-	848	373
S 94A - Fixed Development Consent Levies	-	-	1,702	1,634
Total Developer Contributions	17 -	-	2,659	1,993
Other Contributions:				
Community Services	51	33	-	-
Kerb & Gutter	1,224	279	36	1,902
Recreation & Culture	16	31	-	-
Roads & Bridges	59	34	-	-
RMS Contributions (Regional Roads, Block Grant)	90	86	-	-
Other - LSL Transfer between Councils	75	42	-	-
Other	-	30	-	-
Total Other Contributions	1,515	535	36	1,902
Total Contributions	1,515	535	2,695	3,895
TOTAL GRANTS & CONTRIBUTIONS	4,666	3,654	3,145	4,681

\$ '000	Actual 2013	Actual 2012
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(g) Restrictions relating to Grants and Contributions

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

Unexpended at the Close of the Previous Reporting Period	10,215	8,119
add: Grants & contributions recognised in the current period but not yet spent:	3,768	2,715
less: Grants & contributions recognised in a previous reporting period now spent:	(2,733)	(619)
Net Increase (Decrease) in Restricted Assets during the Period	1,035	2,096
Unexpended and held as Restricted Assets	11,250	10,215
Comprising:		
- Specific Purpose Unexpended Grants	2,217	1,412
- Developer Contributions	9,033	8,803
	11,250	10,215

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
(a) Employee Benefits & On-Costs			
Salaries and Wages		11,688	11,176
Employee Leave Entitlements (ELE)		1,791	2,110
Superannuation		1,424	1,361
Superannuation - Defined Benefit Plans		24	29
Workers' Compensation Insurance		598	520
Fringe Benefit Tax (FBT)		179	157
Training Costs (other than Salaries & Wages)		85	90
Other		35	34
Total Employee Costs		15,824	15,477
less: Capitalised Costs		(102)	(18)
TOTAL EMPLOYEE COSTS EXPENSED		15,722	15,459
Number of "Equivalent Full Time" Employees at year end		170	200
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		392	937
Total Interest Bearing Liability Costs Expensed		392	937
(ii) Other Borrowing Costs			
Nil			
TOTAL BORROWING COSTS EXPENSED		392	937

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(c) Materials & Contracts			
Raw Materials & Consumables		1,554	1,522
Contractor & Consultancy Costs			
- Agency Staff		746	644
- Domestic Waste		803	826
- General		2,949	3,348
- Recycling		424	405
- SDR Processing		375	419
- Contractor & Consultancy Costs		857	556
Auditors Remuneration ⁽¹⁾		41	36
Legal Expenses:			
- Legal Expenses: Planning & Development		382	133
- Legal Expenses: Other		245	306
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽²⁾		223	242
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>8,599</u>	<u>8,437</u>
1. Auditor Remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
(i) Audit and Other Assurance Services			
- Audit & review of financial statements: Council's Auditor		39	36
- Other audit & assurance services		2	-
Remuneration for audit and other assurance services		<u>41</u>	<u>36</u>
Total Auditor Remuneration		<u>41</u>	<u>36</u>
2. Operating Lease Payments are attributable to:			
Computers		7	7
Motor Vehicles		127	127
Other		89	108
		<u>223</u>	<u>242</u>

Burwood Council

Notes to the Financial Statements
for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2013	Actual 2012	Actual 2013	Actual 2012
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	765	653
Office Equipment		-	-	159	190
Furniture & Fittings		-	-	241	239
Land Improvements (depreciable)		-	-	141	141
Buildings - Non Specialised		-	-	25	29
Buildings - Specialised		-	-	445	421
Other Structures		-	-	136	113
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	2,220	2,170
- Stormwater Drainage		-	-	1,266	1,264
Other Assets					
- Library Books		-	-	145	130
- Other		-	-	289	404
<u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u>		<u>-</u>	<u>-</u>	<u>5,832</u>	<u>5,754</u>

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		417	300
Bad & Doubtful Debts		22	(4)
Bank Charges		116	101
Computing		837	795
Contributions/Levies to Other Levels of Government			
- Department of Planning Levy		66	64
- Emergency Services Levy		39	29
- NSW Fire Brigade Levy		421	431
Councillor Expenses - Mayoral Fee		37	36
Councillor Expenses - Councillors' Fees		116	107
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		128	59
Donations, Contributions & Assistance to other organisations (Section 356)		39	32
Electricity & Heating		459	356
Insurance		916	1,260
Land Tax		32	35
Postage		65	67
Printing & Stationery		183	123
Rental		1,187	1,109
Revaluation Decrements (Fair Valuation of Investment Properties)	14	468	-
Strata Levy		20	75
Street Lighting		638	558
Subscriptions LGA and SSROC		102	83
Subscriptions & Publications		95	78
Telephone & Communications		94	95
Valuation Fees - Council Properties		30	10
Valuation Fees - Rates Land Values		45	41
Waste Disposal Fees		2,334	2,173
Water & Sewerage Charges		117	79
Other		2	12
<u>TOTAL OTHER EXPENSES</u>		<u>9,025</u>	<u>8,104</u>

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2013	Actual 2012
Property (excl. Investment Property)			
Proceeds from Disposal - Property		250	675
less: Carrying Amount of Property Assets Sold / Written Off		-	(7,466)
Net Gain/(Loss) on Disposal		250	(6,791)
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		421	329
less: Carrying Amount of P&E Assets Sold / Written Off		(379)	(331)
Net Gain/(Loss) on Disposal		42	(2)
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		19,562	1,566
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(19,581)	(1,566)
Net Gain/(Loss) on Disposal		(19)	-
Non Current Assets Classified as "Held for Sale"			
Proceeds from Disposal - Non Current Assets "Held for Sale"		-	30,575
less: Carrying Amount of 'Held for Sale' Assets Sold / Written Off		-	(5,320)
Net Gain/(Loss) on Disposal		-	25,255
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		273	18,462
<p>During 2011-12 Financial Year Council decided to not proceed with the development of the proposed Civic Precinct. All expenditure previously associated with the project were written off through the disposal of Assets. An amount of \$6.791 million was written off during 2011-12.</p>			
* Financial Assets disposals / redemptions include:			
- Net Gain/(Loss) from Financial Instruments designated "Held for Trading"		(19)	-
Net Gain/(Loss) on Disposal of Financial Instruments		(19)	-

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 6a. - Cash Assets and Note 6b. - Investments

\$ '000	Notes	2013	2013	2012	2012
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		257	-	348	-
Cash-Equivalent Assets ¹					
- Deposits at Call		15,105	-	1,955	-
- Short Term Deposits		22,100	-	30,100	-
Total Cash & Cash Equivalents		37,462	-	32,403	-
Investments (Note 6b)					
- Long Term Deposits		2,000	-	9,000	-
- CDO's		586	-	1,051	-
Total Investments		2,586	-	10,051	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		40,048	-	42,454	-

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

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

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"		37,462	-	32,403	-
--	--	---------------	----------	---------------	----------

Investments

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	586	-	1,051	-
- "Designated at Fair Value on Initial Recognition"	6(b-i)	-	-	-	-
b. "Held to Maturity"	6(b-ii)	2,000	-	9,000	-
c. "Loans & Receivables"	6(b-iii)	-	-	-	-
d. "Available for Sale"	6(b-iv)	-	-	-	-
Investments		2,586	-	10,051	-

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 6b. Investments (continued)

\$ '000	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	1,051	-	2,541	-
Revaluations (through the Income Statement)	116	-	76	-
Disposals (sales & redemptions)	(581)	-	(1,566)	-
Balance at End of Year	586	-	1,051	-
Comprising:				
- CDO's	586	-	1,051	-
Total	586	-	1,051	-
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	9,000	-	-	-
Additions	12,000	-	9,000	-
Disposals (sales & redemptions)	(19,000)	-	-	-
Balance at End of Year	2,000	-	9,000	-
Comprising:				
- Long Term Deposits	2,000	-	9,000	-
Total	2,000	-	9,000	-
Note 6(b-iii)				
Reconciliation of Investments classified as "Loans & Receivables"				
Nil				
Note 6(b-iv)				
Reconciliation of Investments classified as "Available for Sale"				
Nil				

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details

\$ '000	2013	2013	2012	2012
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	40,048	-	42,454	-
attributable to:				
External Restrictions (refer below)	12,548	-	10,548	-
Internal Restrictions (refer below)	26,070	-	31,193	-
Unrestricted	1,430	-	713	-
	40,048	-	42,454	-

2013	Opening	Transfers to	Transfers from	Closing
\$ '000	Balance	Restrictions	Restrictions	Balance

Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	-	1,000	(412)	588
External Restrictions - Included in Liabilities	-	1,000	(412)	588

External Restrictions - Other

Developer Contributions - General (B)	8,803	2,963	(2,733)	9,033
Specific Purpose Unexpended Grants (C)	1,412	805	-	2,217
Domestic Waste Management (D)	333	377	-	710
External Restrictions - Other	10,548	4,145	(2,733)	11,960
Total External Restrictions	10,548	5,145	(3,145)	12,548

References

- A** Loan moneys which must be applied for the purposes for which the loans were raised.
- B** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- C** Grants which are not yet expended for the purposes for which the grants were obtained, (refer Note 1).
- D** Water, Sewerage, Domestic Waste Management (DWM) and other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details (continued)

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	982	1,179	(1,066)	1,095
Employees Leave Entitlement	1,046	51	-	1,097
Carry Over Works	-	750	-	750
Deposits, Retentions & Bonds	717	559	-	1,276
Election	100	-	(40)	60
Financial Assistance Grant	472	477	(472)	477
Information Technology	270	300	(25)	545
Insurances	134	116	-	250
OHS	30	-	-	30
Parking Meter Replacement	300	100	(178)	222
Property Sales	26,744	250	(7,412)	19,582
Road & Footpath Restorations	192	221	(34)	379
CCTV	-	100	-	100
Other	206	1	-	207
Total Internal Restrictions	31,193	4,104	(9,227)	26,070
TOTAL RESTRICTIONS	41,741	9,249	(12,372)	38,618

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 7. Receivables

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		459	-	513	-
Interest & Extra Charges		62	-	71	-
User Charges & Fees		230	-	648	-
Private Works		251	-	245	-
Accrued Revenues					
- Interest on Investments		165	-	291	-
- Other Income Accruals		98	-	111	-
- Parking Fine Income		193	-	188	-
Government Grants & Subsidies		86	-	24	-
Deferred Debtors		-	-	13	-
Net GST Receivable		300	-	297	-
Workers Compensation Premium Refund		201	-	-	-
Other Debtors		185	-	20	-
Total		2,230	-	2,421	-
less: Provision for Impairment					
Other Debtors		(85)	-	(124)	-
Total Provision for Impairment - Receivables		(85)	-	(124)	-
<u>TOTAL NET RECEIVABLES</u>		<u>2,145</u>	<u>-</u>	<u>2,297</u>	<u>-</u>
Externally Restricted Receivables					
Domestic Waste Management		131	-	110	-
Total External Restrictions		131	-	110	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		2,014	-	2,187	-
TOTAL NET RECEIVABLES		<u>2,145</u>	<u>-</u>	<u>2,297</u>	<u>-</u>

General Comments on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 10.00% (2012 11.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Burwood Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 8. Inventories & Other Assets

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		2	-	3	-
Total Inventories		2	-	3	-
Other Assets					
Prepayments		207	-	586	-
Other - Deferred Property Settlement		8,000	-	-	8,000
Total Other Assets		8,207	-	586	8,000
TOTAL INVENTORIES / OTHER ASSETS		8,209	-	589	8,000

Externally/Internally Restricted Assets

There are no restrictions applicable to the above assets.

Commentary:

During 2010-11 Financial year Council disposed of a property that included a deferred settlement component by way of a return of car park spaces in a future development or payment of \$8 Million by December 2013. This debt has now become current and due and payable during 2013-14 financial year.

Council also holds a mortgage over the property disposed to ensure delivery of the assets or cash as per sale.

Other Disclosures

(a) Inventory Write Downs

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

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2012					Asset Movements during the Reporting Period						as at 30/6/2013					
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Adjustments & Transfers	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying	
	Cost	Fair Value	Dep'n	Impairment	Value							Cost	Fair Value	Dep'n	Impairment	Value	
Capital Work in Progress	575	-	-	-	575	3,116	-	-	(497)	(16)	-	3,178	-	-	-	-	3,178
Plant & Equipment	-	8,024	4,271	-	3,753	1,158	(377)	(765)	-	-	-	-	8,329	4,560	-	-	3,769
Office Equipment	-	2,182	1,797	-	385	137	(2)	(159)	-	-	-	-	2,316	1,955	-	-	361
Furniture & Fittings	-	3,053	688	-	2,365	16		(241)	-	-	-	-	3,069	929	-	-	2,140
Land:																	
- Operational Land	-	30,007	-	-	30,007	-	-	-	-	325	13,876	-	44,208	-	-	-	44,208
- Community Land	-	29,515	-	-	29,515	-	-	-	-	-	-	-	29,515	-	-	-	29,515
Land Improvements - depreciable	-	7,068	1,366	-	5,702	-	-	(141)	-	-	-	-	7,068	1,507	-	-	5,561
Buildings - Non Specialised	-	1,895	1,569	-	326	-	-	(25)	-	-	701	-	2,963	1,961	-	-	1,002
Buildings - Specialised	-	28,277	11,848	-	16,429	754	-	(445)	-	882	4,452	-	39,747	17,675	-	-	22,072
Other Structures	-	3,991	1,320	-	2,671	330	-	(136)	1	(882)	-	-	3,088	1,104	-	-	1,984
Infrastructure:																	
- Roads, Bridges, Footpaths	-	250,276	68,233	-	182,043	2,371	-	(2,220)	496	-	-	-	253,143	70,453	-	-	182,690
- Stormwater Drainage	-	126,539	73,034	-	53,505	39	-	(1,266)	-	-	-	-	126,578	74,300	-	-	52,278
Other Assets:																	
- Library Books	-	3,526	3,086	-	440	150	-	(145)	-	-	-	-	3,676	3,231	-	-	445
- Other	-	10,312	8,910	-	1,402	243	-	(289)	-	-	-	-	10,555	9,199	-	-	1,356
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	575	504,665	176,122	-	329,118	8,314	(379)	(5,832)	-	309	19,029	3,178	534,255	186,874	-	-	350,559

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$3,466,781) and New Assets (\$523,272). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Commentary:

Council during 2012-13 embarked on a Capital Works improvement programme along with the purchase of Administration Office space and Council Chambers.

Within Works in Progress a deposit for the purchase of Administration Office space and Council Chambers resides along with works associated with upgrading of the Library and Community Hub, Woodstock Community Centre, Wangal Park Wetlands and Service Access, upgrading of Burwood Park Footpaths and various road improvement projects. The finalisation of the Administration Office space and Council Chambers along with the above works are scheduled to be completed during 2013-14.

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 9b. Externally Restricted Infrastructure, Property, Plant & Equipment

\$ '000 Class of Asset	Actual 2013				Actual 2012			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Domestic Waste Management								
Plant & Equipment	-	281	237	44	-	355	289	66
Total DWM	-	281	237	44	-	355	289	66
TOTAL RESTRICTED I,PP&E	-	281	237	44	-	355	289	66

Note 9c. Infrastructure, Property, Plant & Equipment - Current Year Impairments

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		2,161	-	932	-
Payments Received In Advance		608	-	429	-
Accrued Expenses:					
- Borrowings		10	-	13	-
- Other Expenditure Accruals		385	-	302	120
Security Bonds, Deposits & Retentions		2,553	-	2,386	-
Other		24	-	119	-
Total Payables		5,741	-	4,181	120
Borrowings					
Loans - Secured ¹		159	4,188	4,565	3,391
Total Borrowings		159	4,188	4,565	3,391
Provisions					
Employee Benefits;					
Annual Leave		1,928	-	1,988	-
Long Service Leave		2,753	205	2,742	207
Other Leave - Time in Lieu		210	-	167	-
ELE On-Costs		249	10	151	8
Total Provisions		5,140	215	5,048	215
Total Payables, Borrowings & Provisions		11,040	4,403	13,794	3,726
 (i) Liabilities relating to Restricted Assets					
		2013		2012	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Domestic Waste Management		290	12	201	11
Liabilities relating to externally restricted assets		290	12	201	11
Internally Restricted Assets					
Nil					
Total Liabilities relating to restricted assets		290	12	201	11
Total Liabilities relating to Unrestricted Assets		10,750	4,391	13,593	3,715
TOTAL PAYABLES, BORROWINGS & PROVISIONS		11,040	4,403	13,794	3,726

¹: Loans are secured over the General Rating Income of Council

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 10a. Payables, Borrowings & Provisions (continued)

\$ '000	Actual 2013	Actual 2012
(i) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	3,352	3,408
Payables - Security Bonds, Deposits & Retentions	2,066	1,847
	5,418	5,255

Note 10b. Description of and movements in Provisions

Class of Provision	2012		2013			
	Opening Balance as at 1/7/12	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/13
Annual Leave	1,988	877	(937)	-	-	1,928
Long Service Leave	2,949	346	(337)	-	-	2,958
Other Leave - Time in Lieu	167	93	(50)	-	-	210
ELE On-Costs	159	100	-	-	-	259
TOTAL	5,263	1,416	(1,324)	-	-	5,355

Reference:

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2013	Actual 2012
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	37,462	32,403
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		37,462	32,403
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		758	23,649
Adjust for non cash items:			
Depreciation & Amortisation		5,832	5,754
Net Losses/(Gains) on Disposal of Assets		(273)	(18,462)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		(116)	(76)
- Investment Properties		468	-
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		178	(467)
Increase/(Decrease) in Provision for Doubtful Debts		(39)	(4)
Decrease/(Increase) in Inventories		1	-
Decrease/(Increase) in Other Assets		379	(48)
Increase/(Decrease) in Payables		1,229	(1,070)
Increase/(Decrease) in accrued Interest Payable		(3)	(58)
Increase/(Decrease) in other accrued Expenses Payable		(37)	47
Increase/(Decrease) in Other Liabilities		251	(3,182)
Increase/(Decrease) in Employee Leave Entitlements		92	678
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		8,720	6,761

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 11. Statement of Cash Flows - Additional Information (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(c) Non-Cash Investing & Financing Activities			
Nil			
(d) Financing Arrangements			
(i) Unrestricted credit access available at balance date:			
Bank Overdraft Facilities ⁽¹⁾		-	1,600
Credit Cards / Purchase Cards		50	50
Total Financing Arrangements		50	1,650
Amounts utilised as at Balance Date:			
- Credit Cards / Purchase Cards		6	5
Total Financing Arrangements Utilised		6	5

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

(ii) Secured Loan Liabilities

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

Note 12. Commitments for Expenditure

(a) Capital Commitments (exclusive of GST)

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, Plant & Equipment			
Buildings		2,388	435
Plant & Equipment		-	192
Total Commitments		2,388	627
These expenditures are payable as follows:			
Within the next year		2,388	627
Total Payable		2,388	627
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		-	192
Internally Restricted Reserves		2,388	435
Total Sources of Funding		2,388	627

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2013	Actual 2012
(b) Finance Lease Commitments			
Nil			
(c) Operating Lease Commitments (Non Cancellable)			
a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:			
Within the next year		196	217
Later than one year and not later than 5 years		44	288
Later than 5 years		-	-
Total Non Cancellable Operating Lease Commitments		240	505

b. Non Cancellable Operating Leases include the following assets:

Motor Vehicles, Heavy Plant (Domestic Waste), Office Equipment (Printers etc)

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.
- Office Equipment leased has an average lease term of 2 years remaining.
- Plant & Equipment leased has an average lease term of 2 years remaining.

(d) Investment Property Commitments

Nil

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 13a(i). Statement of Performance Measurement - Indicators (Consolidated)

\$ '000	Amounts 2013	Indicator 2013	Prior Periods	
			2012	2011
Local Government Industry Indicators - Consolidated				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	<u>37,723</u>	7.07 : 1	4.20	1.10
Current Liabilities less Specific Purpose Liabilities ^(2,3)	<u>5,332</u>			
2. Debt Service Ratio				
Debt Service Cost	<u>5,001</u>	14.88%	16.98%	2.43%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)	<u>33,607</u>			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	<u>19,013</u>	47.15%	29.39%	36.03%
Income from Continuing Operations	<u>40,328</u>			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	<u>521</u>	2.65%	3.10%	2.53%
Rates, Annual & Extra Charges Collectible	<u>19,676</u>			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾	<u>3,467</u>	87.64%	89.75%	47.24%
Depreciation, Amortisation & Impairment	<u>3,956</u>			

Reference

⁽¹⁾ Refer Notes 6-8 inclusive.

Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

⁽²⁾ Refer to Note 10(a).

⁽³⁾ Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

⁽⁴⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

Burwood Council

Notes to the Financial Statements
for the financial year ended 30 June 2013


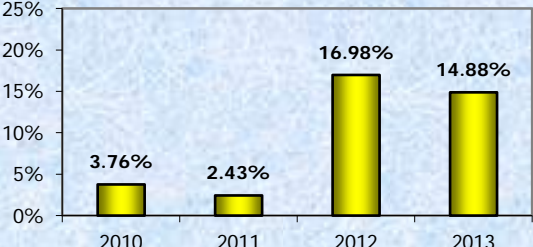
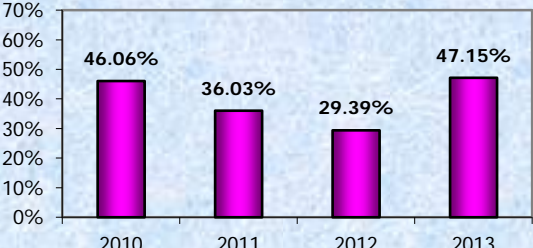
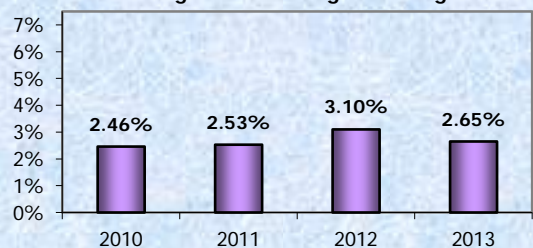
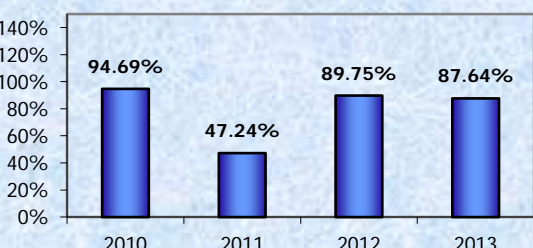
Note 13a(i). Statement of Performance Measurement - Indicators (Consolidated)

\$ '000	Amounts 2013	Indicator 2013	Prior Periods	
			2012	2011
TCorp Performance Measures - Consolidated				
a. Operating Performance				
Operating Revenue (excl. Capital Grants & Contributions)				
- Operating Expenses	<u>(2,035)</u>	-5.49%	32.81%	14.94%
Operating Revenue (excl. Capital Grants & Contributions)	<u>37,067</u>			
b. Own Source Operating Revenue				
Rates & Annual Charges + User Charges & Fees	<u>26,566</u>	66.06%	39.86%	46.62%
Total Operating Revenue (incl. Capital Grants & Contributions)	<u>40,212</u>			
c. Unrestricted Current Ratio				
Current Assets less all External Restrictions	<u>37,723</u>	7.07	4.20	1.10
Current Liabilities less Specific Purpose Liabilities	<u>5,332</u>			
d. Debt Service Cover Ratio				
Operating Result before Interest & Depreciation (EBITDA)	<u>4,189</u>	0.84	2.72	12.88
Principal Repayments (from the Statement of Cash Flows)	<u>5,001</u>			
+ Borrowing Interest Costs (from the Income Statement)				
e. Capital Expenditure Ratio				
Annual Capital Expenditure	<u>7,935</u>	1.36	-0.27	0.53
Annual Depreciation	<u>5,832</u>			
f. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	<u>158,117</u>	0.60	0.64	0.65
Total value of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	<u>265,587</u>			
g. Asset Maintenance Ratio				
Actual Asset Maintenance	<u>2,491</u>	0.65	0.55	0.41
Required Asset Maintenance	<u>3,833</u>			
h. Building & Infrastructure Renewals Ratio				
Asset Renewals	<u>3,467</u>	0.88	0.90	0.47
Depreciation of Building and Infrastructure Assets	<u>3,956</u>			
i. Cash Expense Cover Ratio				
Current Year's Cash & Cash Equivalents	<u>37,462</u>	13.48	12.15	6.06
(Total Expenses - Depreciation - Interest Costs) /12	<u>2,779</u>			
j. Interest Cover Ratio				
Operating Results before Interest & Depreciation (EBITDA)	<u>4,189</u>	10.69	27.30	13.54
Borrowing Interest Costs (from the income statement)	<u>392</u>			

Burwood Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)

<p>1. Unrestricted Current Ratio</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>2.64</td> </tr> <tr> <td>2011</td> <td>1.10</td> </tr> <tr> <td>2012</td> <td>4.20</td> </tr> <tr> <td>2013</td> <td>7.07</td> </tr> </tbody> </table>	Year	Ratio : 1	2010	2.64	2011	1.10	2012	4.20	2013	7.07	<p>Purpose of Unrestricted Current Ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 7.07 : 1</p> <p>Council's Unrestricted Ratio has been impacted by the movement of the Deferred Property Settlement from Non-Current to Current Asset status.</p>
Year	Ratio : 1											
2010	2.64											
2011	1.10											
2012	4.20											
2013	7.07											
<p>2. Debt Service Ratio</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>3.76%</td> </tr> <tr> <td>2011</td> <td>2.43%</td> </tr> <tr> <td>2012</td> <td>16.98%</td> </tr> <tr> <td>2013</td> <td>14.88%</td> </tr> </tbody> </table>	Year	Ratio %	2010	3.76%	2011	2.43%	2012	16.98%	2013	14.88%	<p>Purpose of Debt Service Ratio</p> <p>To assess the impact of loan principal & interest repayments on the discretionary revenue of council.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 14.88%</p> <p>Council's Debt Service Ratio is substantial again this year due to the retirement of Loan Borrowings in accordance with Council's adopted financial strategy.</p>
Year	Ratio %											
2010	3.76%											
2011	2.43%											
2012	16.98%											
2013	14.88%											
<p>3. Rates & Annual Charges Coverage Ratio</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>46.06%</td> </tr> <tr> <td>2011</td> <td>36.03%</td> </tr> <tr> <td>2012</td> <td>29.39%</td> </tr> <tr> <td>2013</td> <td>47.15%</td> </tr> </tbody> </table>	Year	Ratio %	2010	46.06%	2011	36.03%	2012	29.39%	2013	47.15%	<p>Purpose of Rates & Annual Charges Coverage Ratio</p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 47.15%</p> <p>Council's revenue stream in 2012-13 has reverted to a normal pattern as there were no property sales during the year.</p>
Year	Ratio %											
2010	46.06%											
2011	36.03%											
2012	29.39%											
2013	47.15%											
<p>4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>2.46%</td> </tr> <tr> <td>2011</td> <td>2.53%</td> </tr> <tr> <td>2012</td> <td>3.10%</td> </tr> <tr> <td>2013</td> <td>2.65%</td> </tr> </tbody> </table>	Year	Ratio %	2010	2.46%	2011	2.53%	2012	3.10%	2013	2.65%	<p>Purpose of Rates & Annual Charges Outstanding Ratio</p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 2.65%</p> <p>Council is continuing to effectively manage outstanding rates and charges under the bench mark rate of five per cent.</p>
Year	Ratio %											
2010	2.46%											
2011	2.53%											
2012	3.10%											
2013	2.65%											
<p>5. Building & Infrastructure Renewals Ratio</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>94.69%</td> </tr> <tr> <td>2011</td> <td>47.24%</td> </tr> <tr> <td>2012</td> <td>89.75%</td> </tr> <tr> <td>2013</td> <td>87.64%</td> </tr> </tbody> </table>	Year	Ratio %	2010	94.69%	2011	47.24%	2012	89.75%	2013	87.64%	<p>Purpose of Asset Renewals Ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 87.64%</p> <p>Council is committed to asset renewal and has embarked on an Infrastructure Renewal program during the year.</p>
Year	Ratio %											
2010	94.69%											
2011	47.24%											
2012	89.75%											
2013	87.64%											

Burwood Council

Notes to the Financial Statements
for the financial year ended 30 June 2013

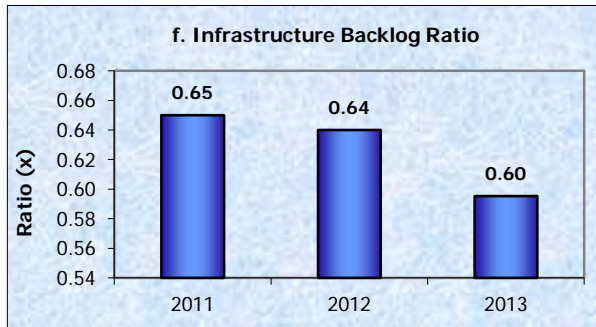
Note 13a(ii). TCorp Performance Measures - Graphs (Consolidated)

<p>a. Operating Performance</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>14.94%</td> </tr> <tr> <td>2012</td> <td>32.81%</td> </tr> <tr> <td>2013</td> <td>-5.49%</td> </tr> </tbody> </table>	Year	Ratio %	2011	14.94%	2012	32.81%	2013	-5.49%	<p>Purpose of Operating Performance Ratio</p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio -5.49%</p> <p>Council's Operating Performance is just below the negative 4% benchmark. Council has introduced strategies to address the gap over the long term ie Service Reviews, LIRS and expanding Council's rating base.</p>
Year	Ratio %									
2011	14.94%									
2012	32.81%									
2013	-5.49%									
<p>b. Own Source Operating Revenue</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>46.62%</td> </tr> <tr> <td>2012</td> <td>39.86%</td> </tr> <tr> <td>2013</td> <td>66.06%</td> </tr> </tbody> </table>	Year	Ratio %	2011	46.62%	2012	39.86%	2013	66.06%	<p>Purpose of Own Source Operating Revenue Ratio</p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 66.06%</p> <p>Council is above the benchmark of 60%. Council continues to review its annual fees and charges to maximise its fee structure. Council also has an increased forecast rating base associated with the new LEP coming online.</p>
Year	Ratio %									
2011	46.62%									
2012	39.86%									
2013	66.06%									
<p>c. Unrestricted Current Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>1.10</td> </tr> <tr> <td>2012</td> <td>4.20</td> </tr> <tr> <td>2013</td> <td>7.07</td> </tr> </tbody> </table>	Year	Ratio (x)	2011	1.10	2012	4.20	2013	7.07	<p>Purpose of Unrestricted Current Ratio</p> <p>To assess the adequacy of unrestricted working capital and Council's ability to meet short term obligations as they fall due.</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 7.07</p> <p>Council's Unrestricted Ratio has been impacted by the movement of the Deferred Property Settlement from Non-Current to Current Asset status.</p>
Year	Ratio (x)									
2011	1.10									
2012	4.20									
2013	7.07									
<p>d. Debt Service Cover Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>12.88</td> </tr> <tr> <td>2012</td> <td>2.72</td> </tr> <tr> <td>2013</td> <td>0.84</td> </tr> </tbody> </table>	Year	Ratio (x)	2011	12.88	2012	2.72	2013	0.84	<p>Purpose of Debt Service Cover Ratio</p> <p>This ratio measures the availability of operating cash to service debt including interest, principal and lease payments</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 0.84 x</p> <p>Council's Debt Service Cover Ratio is low this year due to the retirement of Loan Borrowings in accordance with Council's adopted financial strategy.</p>
Year	Ratio (x)									
2011	12.88									
2012	2.72									
2013	0.84									
<p>e. Capital Expenditure Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>0.53</td> </tr> <tr> <td>2012</td> <td>-0.27</td> </tr> <tr> <td>2013</td> <td>1.36</td> </tr> </tbody> </table>	Year	Ratio (x)	2011	0.53	2012	-0.27	2013	1.36	<p>Purpose of Capital Expenditure Ratio</p> <p>This ratio assesses the extent to which a Council is expanding its asset base with capital expenditure (on new assets, replacement & renewal of existing assets).</p>	<p>Commentary on 2012/13 Result</p> <p>2012/13 Ratio 1.36 x</p> <p>Council is above the benchmark due to embarking on a Capital Renewal programme which commenced during 2012-13 financial year. These works have been funded through property sales.</p>
Year	Ratio (x)									
2011	0.53									
2012	-0.27									
2013	1.36									

Burwood Council

Notes to the Financial Statements
for the financial year ended 30 June 2013

Note 13a(ii). TCorp Performance Measures - Graphs (Consolidated) continued



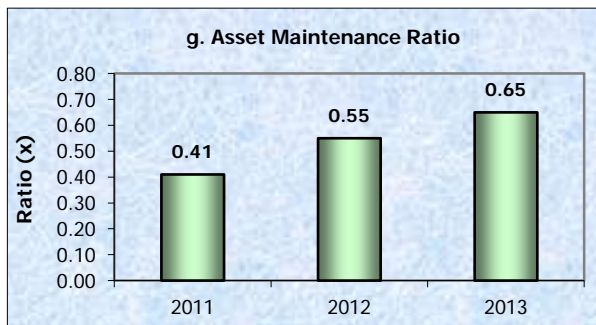
Purpose of Infrastructure Backlog Ratio

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

Commentary on 2012/13 Result

2012/13 Ratio 0.60 x

Council has commenced a strategic asset management programme to effectively manage Council's assets. A review of Council's asset backlog is scheduled to commence during 2013-14 financial year.



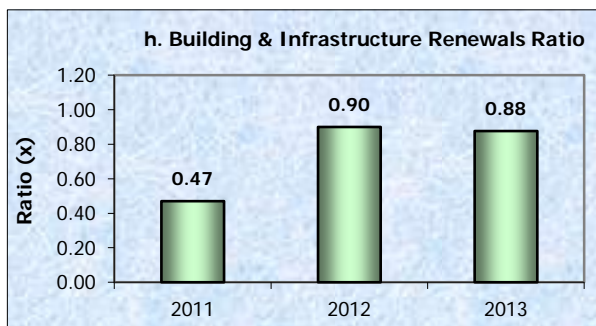
Purpose of Asset Maintenance Ratio

Compares actual vs. required annual asset maintenance. A ratio of > 1.0x indicates enough has been spent to stop the Infrastructure Backlog from growing.

Commentary on 2012/13 Result

2012/13 Ratio 0.65 x

Council has commenced a strategic asset management programme to effectively manage Council's assets. A review of Council's asset backlog is scheduled to commence during 2013-14 financial year.



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 2012/13 Result

2012/13 Ratio 0.88 x

Council has commenced a strategic asset management programme to effectively manage Council's assets.



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 2012/13 Result

2012/13 Ratio 13.48 mths

Council is well above the benchmark of 3 months. Council's ratio (net of Property Sales cash) equates to 6.4 months.



Purpose of Interest Cover Ratio

This ratio indicates the extent to which a Council can service (thru operating cash) its interest bearing debt & take on additional borrowings.

Commentary on 2012/13 Result

2012/13 Ratio 10.69 x

Council is well above the benchmark of 4%.

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 14. Investment Properties

\$ '000	Notes	Actual 2013	Actual 2012
(a) Investment Properties at Fair value			
<u>Investment Properties on Hand</u>		<u>2,875</u>	<u>3,343</u>
Reconciliation of Annual Movement:			
Opening Balance		3,343	3,343
- Net Gain/(Loss) from Fair Value Adjustments		(468)	-
CLOSING BALANCE - INVESTMENT PROPERTIES		<u>2,875</u>	<u>3,343</u>

(a) Valuation Basis

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

The 2013 revaluations were based on Independent Assessments made by:
Scott Fullarton Valuations Pty Ltd - Scott Fullarton FAPI

(b) Contractual Obligations at Reporting Date

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

(c) Investment Property Income & Expenditure - summary

Rental Income from Investment Properties:			
- Minimum Lease Payments		221	173
Net Revenue Contribution from Investment Properties		221	173
plus:			
Fair Value Movement for year		(468)	-
Total Income attributable to Investment Properties		<u>(247)</u>	<u>173</u>

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 15. Financial Risk Management

\$ '000

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2013	2012	2013	2012
Financial Assets				
Cash and Cash Equivalents	37,462	32,403	37,462	32,403
Investments				
- "Held for Trading"	586	1,051	586	1,051
- "Held to Maturity"	2,000	9,000	2,000	9,000
Receivables	2,145	2,297	2,145	2,297
Total Financial Assets	42,193	44,751	42,193	44,751
Financial Liabilities				
Payables	5,133	3,872	5,133	3,872
Loans / Advances	4,347	7,956	4,347	7,956
Total Financial Liabilities	9,480	11,828	9,480	11,828

Fair Value is determined as follows:

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 15. Financial Risk Management (continued)

\$ '000

(a) Fair Value Measurements

The fair value of financial assets and financial liabilities must be estimated in accordance with Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 7 Financial Instruments: Disclosures, requires the disclosure of how fair valuations have been arrived at for all financial assets and financial liabilities that have been measured at fair value.

Arriving at fair values for financial assets & liabilities can be broken up into 3 distinct measurement hierarchies:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

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

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

2013	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- "Held for Trading"	-	-	586	586
Total Financial Assets	-	-	586	586

2012	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- "Held for Trading"	-	-	1,051	1,051
Total Financial Assets	-	-	1,051	1,051

The following table presents the movement in Level 3 financial instruments

	Assets 2013	Assets 2012
Opening Balance (of Level 3 fair values)	1,051	2,541
Gains/(Losses) recognised in the Income Statement	97	76
Disposals	(562)	(1,566)
Closing Balance	586	1,051

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

The major risk associated with Investments is 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.

Cash & Investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income.

A further risk associated with Cash & Investments is credit risk - the risk that the investment counterparty) will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2013				
Possible impact of a 10% movement in Market Values	58	58	(58)	(58)
Possible impact of a 1% movement in Interest Rates	400	400	(400)	(400)
2012				
Possible impact of a 10% movement in Market Values	105	105	(105)	(105)
Possible impact of a 1% movement in Interest Rates	425	425	(425)	(425)

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 15. Financial Risk Management (continued)

\$ '000

(c) Receivables

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

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

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

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

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:

	2013	2013	2012	2012
	Rates &	Other	Rates &	Other
	Annual	Receivables	Annual	Receivables
	Charges		Charges	
(i) Ageing of Receivables				
Current (not yet overdue)	-	1,191	-	1,554
Past due by up to 30 days	240	281	243	135
Past due between 31 and 180 days	79	214	86	115
Past due between 181 and 365 days	47	74	93	10
Past due by more than 1 year	93	11	91	94
	459	1,771	513	1,908

(ii) Movement in Provision for Impairment of Receivables

	2013	2012
Balance at the beginning of the year	124	128
+ new provisions recognised during the year	20	(4)
- amounts already provided for & written off this year	(59)	-
Balance at the end of the year	85	124

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 15. Financial Risk Management (continued)

\$ '000

(d) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2013									
Trade/Other Payables	2,553	2,580	-	-	-	-	-	5,133	5,133
Loans & Advances	-	316	389	395	402	408	6,958	8,868	4,347
Total Financial Liabilities	2,553	2,896	389	395	402	408	6,958	14,001	9,480
2012									
Trade/Other Payables	2,386	1,366	120	-	-	-	-	3,872	3,872
Loans & Advances	-	4,984	244	250	257	263	6,671	12,669	7,956
Total Financial Liabilities	2,386	6,350	364	250	257	263	6,671	16,541	11,828

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

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

	2013		2012	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	5,133	0.0%	3,872	0.0%
Loans & Advances - Fixed Interest Rate	933	5.3%	4,500	6.7%
Loans & Advances - Variable Interest Rate	3,414	5.5%	3,456	5.5%
	<u>9,480</u>		<u>11,828</u>	

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 12/13 was adopted by the Council on 26 June 2013.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act requires Council to review its 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	2013 Budget	2013 Actual	2013 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	19,020	19,013	(7)	(0%)	U
User Charges & Fees	6,552	7,553	1,001	15%	F
Council's adoption of the new LEP resulted in increased Development Application Fees along with Building Permits resulting in an increase of approximately \$460k. Council's Enfield Aquatic Centre with the improved facilities added a further \$182k in revenue during the year. Parking Meter and Parking Station revenue increased by \$300k due to the installation of new parking meters.					
Interest & Investment Revenue	1,735	2,132	397	23%	F
Council's increase in Investment income was attributed to the delay in the purchase of Council's new Administration Offices and Council Chambers.					
Other Revenues	3,073	3,546	473	15%	F
Council received an additional amount of \$270k from Insurance claims which included settlement of old Workers Compensation claims. An additional amount of \$200k was received through Parking, Regulatory and Environmental compliance processes along with various other Sundry income.					
Operating Grants & Contributions	3,447	4,666	1,219	35%	F
Council received additional HACC funding of \$177k which was for Podiatry Services and Development programmes. Additional funding for Youth Services programmes of \$161k, Road and Footpath Restorations of \$582k, Flood Impact Study \$70k, Strategic Planning grant of \$56k, Environmental Services \$32k, LIRS Interest Subsidy of \$19k and received contributions for employees entitlements and civic events totalling \$122k.					

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 16. Material Budget Variations (continued)

\$ '000	2013 Budget	2013 Actual	2013 Variance*		
REVENUES (continued)					
Capital Grants & Contributions	2,761	3,145	384	14%	F
Capital S94A Contributions were up by \$1m on anticipated budget. This is due in part to Council's new LEP coming into effect. A reduction of \$275k in anticipated Recreational grants occurred as Council was unsuccessful in obtaining grant funding and \$447k in Road and Footpath Restorations as was reclassified to Operating Contributions.					
Net Gains from Disposal of Assets	550	273	(277)	(50%)	U
Council did not receive anticipated trade in returns on it's aged fleet as expected.					
EXPENSES					
Employee Benefits & On-Costs	15,926	15,722	204	1%	F
Borrowing Costs	430	392	38	9%	F
Materials & Contracts	7,402	8,599	(1,197)	(16%)	U
The variance is primarily due to contracted staff which were unbudgeted totalling \$670k some costs offset within Employee Costs. Further unbudgeted expenses related to Town Planning Legals \$259k (associated with developments within the LGA) along with External Plant Hire of \$180k due to critical drainage works.					
Depreciation & Amortisation	5,781	5,832	(51)	(1%)	U
Other Expenses	9,200	9,025	175	2%	F
Budget Variations relating to Council's Cash Flow Statement include:					
Cash Flows from Operating Activities	4,161	8,720	4,559	109.6%	F
The variances between Actual and Budget were related to S94A Contributions, additional Operating Grant monies received, Interest on Investments, Development Application fees and associated income. Car Parking Revenue from Parking Meters and Parking Stations fully coming on line and increased income from Enfield Aquatic Centre.					
Cash Flows from Investing Activities	(11,213)	(52)	11,161	(99.5%)	F
The variances between Actual and Budget were primarily associated with the retirement of \$7m investment from "Held for Trading" to "Short Term Deposits". Further Council deferred several Capital Works projects until 2013-14 financial year due to the extensive Tendering process.					
Cash Flows from Financing Activities	(3,652)	(3,609)	43	(1.2%)	F

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 17. Statement of Developer Contributions

\$ '000

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

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

Note: Council adopted the new S94A Plans for both the Burwood Town Centre and Burwood Local Government Area on 26 June 2012. Council also endorsed the rollover of all unspent S94 Contributions in the implementation of the Section 94A Plans.

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
S94A Levies - under a Plan	5,627	2,550	-	206	(2,670)	-	5,713				-
Total S94 Revenue Under Plans	5,627	2,550	-	206	(2,670)	-	5,713				-
S94 not under Plans	271	-	-	8	(57)	-	222	-	(222)	-	-
S93F Planning Agreements	2,905	109	-	90	(6)	-	3,098				
Total Contributions	8,803	2,659	-	304	(2,733)	-	9,033	-	(222)	-	-

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94A LEVIES - 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	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Traffic Facilities	716	15	-	21	(63)	-	689	-	-		-
Parking	1,287	-	-	39	-	-	1,326	-	-		-
Open Space	1,516	462	-	50	(804)	-	1,224	-	-		-
Community Facilities	776	337	-	27	(658)	-	482	-	-		-
Other - Preparation & Admin Fees	-	34	-	-	(34)	-	-	-	-		-
Other - Burwood Town Centre	1,332	1,621	-	68	(1,111)	-	1,910	109,815	(108,704)		-
Other - Burwood LGA	-	81	-	1	-	-	82	47,747	(47,747)		-
Total	5,627	2,550	-	206	(2,670)	-	5,713				-

S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Parking	271	-	-	8	(57)	-	222	-	(222)	-	-
Total	271	-	-	8	(57)	-	222	-	(222)	-	-

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

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

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions in future years.

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

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

(ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to Local Government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the Net Assets or Liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the Fund Years.

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

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

StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council.

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

These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

(iv) Other Guarantees

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

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

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

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Councils intention to spend funds in the manner and timing set out in those Plans.

(iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

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

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

ASSETS NOT RECOGNISED:

(i) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/08.

(ii) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils 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 financial year ended 30 June 2013

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

\$ '000

Council has no interest in any Controlled Entities, Associated Entities or Joint Ventures.

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2013	Actual 2012
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		173,047	149,398
a. Net Operating Result for the Year		758	23,649
Balance at End of the Reporting Period		173,805	173,047
(b) Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		214,588	195,559
Total		214,588	195,559
(ii) Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		195,559	195,559
- Revaluations for the year	9(a)	19,029	-
- Balance at End of Year		214,588	195,559
TOTAL VALUE OF RESERVES		214,588	195,559

(iii) Nature & Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve

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

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

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

(d) Voluntary Changes in Accounting Policies

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 21. Financial Result & Financial Position by Fund

\$ '000

Council utilises only a General Fund for its operations.

Note 22. "Held for Sale" Non Current Assets & Disposal Groups

\$ '000	2013 Current	2013 Non Current	2012 Current	2012 Non Current
(i) Non Current Assets & Disposal Group Assets				
Non Current Assets "Held for Sale"				
Land	-	-	93	-
Buildings	-	-	232	-
Total Non Current Assets "Held for Sale"	-	-	325	-
Disposal Group Assets "Held for Sale"				
None				
TOTAL NON CURRENT ASSETS CLASSIFIED AS "HELD FOR SALE"	-	-	325	-

(ii) Details of Assets & Disposal Groups

Council during 2012-13 financial year had seven parcels of Land and Buildings classified as Held for Sale. As these parcels of Land and Buildings were not actively available for sale it has been deemed that in accordance with the definition in AASB5 (6), (7) Council must reclassify those assets as Non-Current Assets.

It is envisaged that during 2013-14 financial year a determination as to whether these assets should be made available for sale will be made in conjunction with Council's Property Strategy currently being updated.

\$ '000	Assets "Held for Sale"	
	2013	2012
(iii) Reconciliation of Non Current Assets "Held for Sale" & Disposal Groups - i.e. Discontinued Operations		
Opening Balance	325	5,645
less: Carrying Value of Assets/Operations Sold	-	(5,320)
Balance still unsold after 12 months:	325	325
less: Assets no longer classified as "Held for Sale"	(325)	-
Closing Balance of "Held for Sale"	-	-
Non Current Assets & Operations	-	325

Burwood Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 23. Events occurring after the Reporting Period

\$ '000

Events that occur between the end of the reporting period (ending 30 June 2013) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 10/09/13.

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

(i) Events that provide evidence of conditions that existed at the Reporting Period

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2013.

(i) Events that provide evidence of conditions that arose after the Reporting Period

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2013 and which are only indicative of conditions that arose after 30 June 2013.

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

Note 24. Discontinued Operations

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

Note 25. Intangible Assets

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

Council is unaware of any control over Intangible Assets that warrant recognition in the Financial Statements, including either internally generated and developed assets or purchased assets.

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 27. Financial Review

\$ '000

Key Financial Figures of Council over the past 5 years (consolidated)

Financial Performance Figures	2013	2012	2011	2010	2009
Inflows:					
Rates & Annual Charges Revenue	19,013	18,321	17,565	17,693	16,334
User Charges Revenue	7,553	6,497	5,060	4,002	3,142
Interest & Investment Revenue (Losses)	2,132	2,609	2,841	651	45
Grants Income - Operating & Capital	3,601	3,905	3,305	2,839	2,812
Total Income from Continuing Operations	40,328	62,340	48,747	38,410	34,145
Sale Proceeds from I,PP&E	671	31,579	7,518	5,971	316
New Loan Borrowings & Advances	1,000	-	-	4,200	4,500
Outflows:					
Employee Benefits & On-cost Expenses	15,722	15,459	16,060	15,356	14,331
Borrowing Costs	392	937	998	660	512
Materials & Contracts Expenses	8,599	8,437	8,272	9,451	7,378
Total Expenses from Continuing Operations	39,570	38,691	38,742	35,140	30,960
Total Cash purchases of I,PP&E	8,298	6,228	3,119	8,483	8,548
Total Loan Repayments (incl. Finance Leases)	4,609	8,462	51	558	76
Operating Surplus/(Deficit) (excl. Capital Income)	(2,387)	18,968	7,026	(2)	923
Financial Position Figures	2013	2012	2011	2010	2009
Current Assets	50,402	45,665	26,740	18,840	19,959
Current Liabilities	11,040	13,794	21,359	9,741	9,618
Net Current Assets	39,362	31,871	5,381	9,099	10,341
Available Working Capital (Unrestricted Net Current Assets)	7,478	538	1,110	5,709	9,048
Cash & Investments - Unrestricted	1,430	713	746	439	1,762
Cash & Investments - Internal Restrictions	26,070	31,193	9,521	2,234	1,848
Cash & Investments - Total	40,048	42,454	18,728	9,199	7,874
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	4,347	7,956	16,418	16,469	12,827
Total Value of I,PP&E (excl. Land & Earthworks)	463,710	445,718	447,249	444,712	162,186
Total Accumulated Depreciation	186,874	176,122	171,005	165,890	57,836
Indicative Remaining Useful Life (as a % of GBV)	60%	60%	62%	63%	64%

Source: Published audited financial statements of Council (current year & prior year)

Burwood Council

Notes to the Financial Statements for the financial year ended 30 June 2013

Note 28. Council Information & 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**

Michael McMahon

RESPONSIBLE ACCOUNTING OFFICER

Wayne Armitage

PUBLIC OFFICER

Veronica Lee

AUDITORS

Hill Rogers Spencer Steer
Level 5
1 Chifley Square
Sydney NSW 2000

Elected Members**MAYOR**

Councillor Faker

COUNCILLORS

Councillor Wong

Councillor Deans

Councillor Doueihi

Councillor Furneaux-Cook

Councillor Mannah

Councillor Taunton

Other Information

ABN: 84 362 114 428

BURWOOD COUNCIL
GENERAL PURPOSE FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying *general purpose financial statements* of **Burwood Council**, which comprises the Statement of Financial Position as at 30 June 2013, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

Responsibility of Council for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. Our audit responsibility does not extend to the original budget information disclosed in the Income Statement, Statement of Cash Flows, and Note 2(a) or the budget variation explanations disclosed in Note 16. Nor does our responsibility extend to the projected future developer contributions and costs disclosed in Note 17, the infrastructure backlog and asset maintenance ratios disclosed in Note 13, or the additional disclosures in Notes 13a(ii), 27 and 28. Accordingly, no opinion is expressed on these matters.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

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Steer Assurance Partners

ABN 56 435 338 966

considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements. Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

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

Independence

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

Auditor's Opinion

In our opinion,

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

HILL ROGERS SPENCER STEER



BRETT HANGER

Partner

Dated at Sydney this 10th day of September 2013

Hill Rogers
Spencer Steer

10 September 2013

The Mayor
Burwood Council
PO Box 240
BURWOOD NSW 2134

Mayor,

Audit Report - Year Ended 30 June 2013

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2013 and that all information required by us was readily available. We have signed our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General Purpose Financial Statements.

Our audit has been conducted in accordance with Australian Auditing Standards so as to express an opinion on the General Purpose Financial Statements of the Council. We have ensured that the accounts have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) and the Local Government Code of Accounting Practice and Financial Reporting.

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

I. RESULTS FOR THE YEAR

1.1 Operating Result

The operating result for the year was a surplus of \$758,000 as compared to \$23.649 million in the previous year.

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

	2013	% of	2012	% of	Increase
	\$000	Total	\$000	Total	(Decrease)
					\$000
Revenues before capital items					
Rates & annual charges	19,013	51%	18,321	32%	692
User charges, fees & other revenues	11,372	31%	33,075	57%	(21,703)
Grants & contributions provided for operating purposes	4,666	13%	3,654	6%	1,012
Interest & investment revenue	2,132	6%	2,609	5%	(477)
	37,183	100%	57,659	100%	(20,476)
Expenses					
Employee benefits & costs	15,722	40%	15,459	40%	263
Materials, contracts & other expenses	17,624	45%	16,541	43%	1,083
Depreciation, amortisation & impairment	5,832	15%	5,754	15%	78
Borrowing costs	392	1%	937	2%	(545)
	39,570	100%	38,691	100%	879
Surplus/(Deficit) before capital items	(2,387)		18,968		(21,355)
Grants & contributions provided for capital purposes	3,145		4,681		(1,536)
Net Surplus/(Deficit) for the year	758		23,649		(22,891)

The above table shows an overall decrease of \$22.891 million over the previous year and can be mainly attributed to the property related transaction that occurred in the prior. Revenue in 2012 included net gains from the sale of property and assets of \$18.462 million and forfeited deposits on property sales of \$4.477 million.

1.2 Funding Result

The operating result does not take into account all revenues and all expenditures and in reviewing the overall financial performance of Council it is useful to take into account the total source of revenues and where they were spent during the year which is illustrated in the table below.

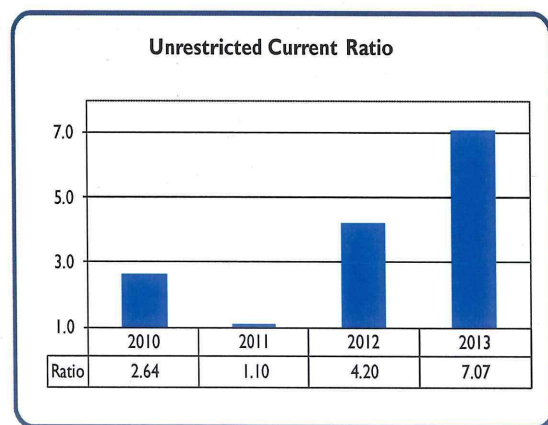
	2013	2012
	\$000	\$000
Funds were provided by:-		
Operating Result (as above)	758	23,649
Add back non funding items:-		
- Depreciation, amortisation & impairment	5,832	5,754
- Book value of non-current assets sold	379	7,797
- (Gain)/Loss of fair value to investment properties	468	0
	<u>7,437</u>	<u>37,200</u>
New loan borrowings	1,000	0
Transfers from internal reserves (net)	5,123	0
Repayments from deferred debtors	13	0
Net Changes in current/non-current assets & liabilities	7,830	1,000
	<u>21,403</u>	<u>38,200</u>
Funds were applied to:-		
Purchase and construction of assets	(8,314)	(6,228)
Principal repaid on loans	(4,609)	(8,462)
Transfers to externally restricted assets (net)	(1,932)	(2,310)
Transfers to internal reserves (net)	0	(21,672)
	<u>(14,855)</u>	<u>(38,672)</u>
Increase/(Decrease) in Available Working Capital	6,548	(472)

2. FINANCIAL POSITION

2.1 Unrestricted Current Ratio

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

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$32.391 million representing a factor of 7.07 to 1. The significant increase in this ratio is mainly due a property settlement due to Council becoming current.



2.2 Available Working Capital – (Working Funds)

At the close of the year the Available Working Capital of Council stood at \$8.755 million as detailed below;

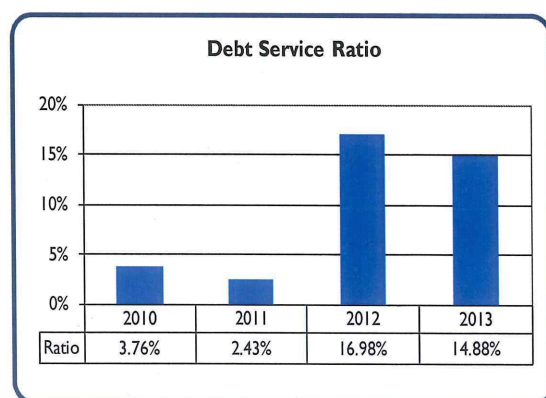
	2013	2012	Change
	\$000	\$000	\$000
Net Current Assets (Working Capital) as per Accounts	39,362	31,871	7,491
Add: Payables & provisions not expected to be realised in the next 12 months included above	5,418	5,255	163
Adjusted Net Current Assets	44,780	37,126	7,654
Add: Budgeted & expected to pay in the next 12 months			
- Borrowings	159	4,565	(4,406)
- Employees leave entitlements	1,788	1,640	148
- Deposits & retention moneys	487	539	(52)
- Deferred debtors	0	(13)	13
Less: Externally restricted assets	(12,389)	(10,457)	(1,932)
Less: Internally restricted assets	(26,070)	(31,193)	5,123
Available Working Capital as at 30 June	8,755	2,207	6,548

The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditure. The increase during the year is mainly due to a deferred property settlement becoming a current asset as the funds are due to be received by Council in December 2013. Taking into consideration the nature and level of the internally restricted assets (Reserves) set aside, we are of the opinion that Available Working Capital as at 30 June 2013 was sound.

2.3 Debt

Operating revenue (excluding special purpose grants and contributions) required to service debt (loan repayments) was 14.88%.

Principal and interest paid was \$5.001 million leaving total debt as at 30 June 2013 at \$4.347 million. This indicator remains high due to the substantial principal repayments made during the year.



2.4 Summary

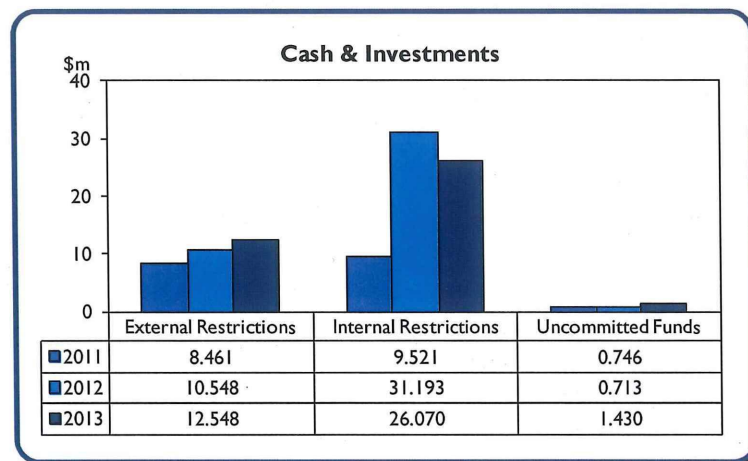
Council's overall financial position as at 30 June 2013, when taking into account the above financial indicators is, in our opinion, sound.

3. CASH ASSETS

3.1 Cash & Investments

Cash and investments securities totalled \$40.048 million at the close of the year as compared with \$42.454 million in 2011 and \$18.728 million in 2010.

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



Externally restricted cash and investments are restricted in their use by externally imposed requirements and consisted of development contributions under Section 94 (\$9.033 million), specific purpose grants (\$2.217 million), unexpended loans (\$588,000) and domestic waste management charges (\$710,000).

Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's "**Reserves**". These Reserves totalled \$26.07 million and their purposes are more fully disclosed in Note 6 of the financial statements.

Unrestricted cash and investments amounted to \$1.43 million, which is available to provide liquidity for day to day operations.

3.2 Cash Flows

The Statement of Cash Flows illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that Cash Assets increased by \$5.059 million to \$37.462 million at the close of the year.

Hill Rogers
Spencer Steer

In addition to operating activities which contributed net cash of \$8.720 million were the proceeds from the sale of assets (\$671,000), disposal of investments securities (\$19.562 million), loan funds received (\$1 million) and deferred debtor receipts (\$13,000). Cash outflows other than operating activities were used to purchase investments (\$12 million), purchase and construct assets (\$8.298 million) and repay loans (\$4.609 million).

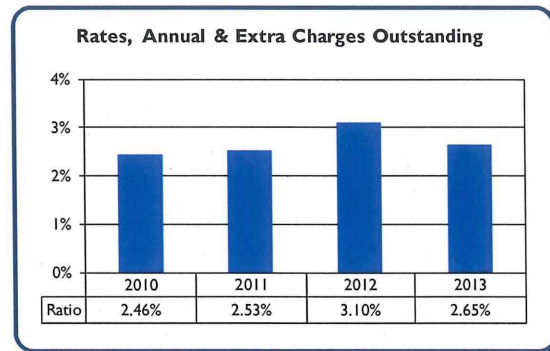
4. RECEIVABLES

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

Net rates and annual charges levied during the year totalled \$19.013 million and represented 47.15% of Council's total revenues. Including arrears, the total rates and annual charges collectible was \$19.526 million of which \$19.067 million (97.65%) was collected.

4.2 Rates, Annual & Extra Charges

Arrears of rates, annual & extra charges stood at \$521,000 at the end of the year and represented 2.65% of those receivables.



4.3 Other Receivables

Receivables (other than rates, annual & extra charges) totalled \$1.709 million and included user charges, fees and private works (\$481,000), accrued revenues (\$456,000), amounts due from other levels of government (\$386,000) and a workers compensation insurance premium refund (\$201,000).

Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$85,000.

5. PAYABLES

5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$5.355 million. A cash reserve of \$1.097 million was held at year end representing 20% of this liability and was, in our opinion, sufficient to enable Council to meet unbudgeted and unanticipated retirements.

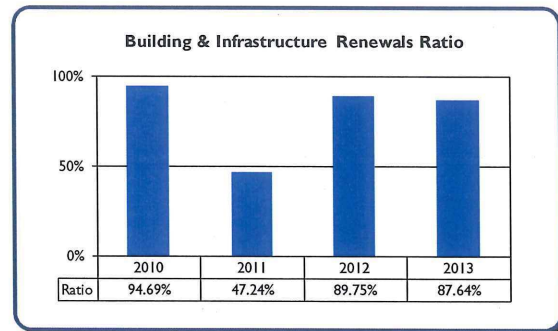
5.2 Deposits, Retentions & Bonds

Deposits, retentions and bonds held at year end amounted to \$2.553 million. A cash reserve of \$1.276 million was held at year end representing 50% of this liability.

6. BUILDING AND INFRASTRUCTURE RENEWALS

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

The ratio indicates that asset renewals for 2013 represented 88% of the depreciation charges for these assets. An industry benchmark is considered to be 100%, measured annually over the long term.



7. MANAGEMENT LETTER

An audit management letter addressing the findings from our interim audit was issued on 6 February 2013. This included our recommendations on possible ways to strengthen and/or improve procedures. A response was received from management on 26 February 2013 outlining their proposed actions.

8. CONCLUSION

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

Yours faithfully,

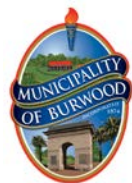
HILL ROGERS SPENCER STEER

BRETT HANGER

Partner

Burwood Council

SPECIAL SCHEDULES
for the year ended 30 June 2013



Burwood Council

heritage ▪ progress ▪ pride

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

Burwood Council

Special Schedules

for the financial year ended 30 June 2013

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- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply - Income Statement	n/a
- Special Schedule No. 4	Water Supply - Statement of Financial Position	n/a
- Special Schedule No. 5	Sewerage Service - Income Statement	n/a
- Special Schedule No. 6	Sewerage Service - Statement of Financial Position	n/a
- Notes to Special Schedules No. 3 & 5		n/a
- Special Schedule No. 7	Condition of Public Works	5
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¹ Special Purpose Schedules are not audited.

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as:
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS)
 - the NSW Office of Water
 - the Department of Environment, Climate Change and Water
 - the Division of Local Government (DLG)
- (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
 - the monitoring of the financial activities of specific services

Burwood Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from. Continuing. Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
Governance	624	11	-	(613)
Administration	12,368	2,188	-	(10,180)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	494	-	-	(494)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	740	20	-	(720)
Animal Control	84	22	-	(62)
Other	33	141	-	108
Total Public Order & Safety	1,351	183	-	(1,168)
Health	258	211	-	(47)
Environment				
Noxious Plants and Insect/Vermin Control	-	-	-	-
Other Environmental Protection	251	222	-	(29)
Solid Waste Management	4,500	4,829	-	329
Street Cleaning	1,136	-	-	(1,136)
Drainage	1,626	70	-	(1,556)
Stormwater Management	-	-	-	-
Total Environment	7,513	5,121	-	(2,392)
Community Services and Education				
Administration & Education	356	20	-	(336)
Social Protection (Welfare)	100	-	-	(100)
Aged Persons and Disabled	1,088	1,161	-	73
Children's Services	520	235	-	(285)
Total Community Services & Education	2,064	1,416	-	(648)
Housing and Community Amenities				
Public Cemeteries	-	-	-	-
Public Conveniences	8	-	-	(8)
Street Lighting	644	80	-	(564)
Town Planning	1,912	967	2,644	1,699
Other Community Amenities	94	2	-	(92)
Total Housing and Community Amenities	2,658	1,049	2,644	1,035
Water Supplies	-	-	-	-
Sewerage Services	-	-	-	-

Burwood Council

Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from Continuing Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
Recreation and Culture				
Public Libraries	1,759	86	231	(1,442)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	69	27	50	8
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	-	-	-	-
Swimming Pools	1,779	1,168	25	(586)
Parks & Gardens (Lakes)	2,250	90	-	(2,160)
Other Sport and Recreation	-	-	-	-
Total Recreation and Culture	5,857	1,371	306	(4,180)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	386	-	-	(386)
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	386	-	-	(386)
Transport and Communication				
Urban Roads (UR) - Local	2,543	1,383	130	(1,030)
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	1,414	4,732	-	3,318
Footpaths	2,033	176	-	(1,857)
Aerodromes	-	-	-	-
Other Transport & Communication	459	1,388	65	994
Total Transport and Communication	6,449	7,679	195	1,425
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	42	221	-	179
Total Economic Affairs	42	221	-	179
Totals – Functions	39,570	19,450	3,145	(16,975)
General Purpose Revenues⁽²⁾		17,733		17,733
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT⁽¹⁾	39,570	37,183	3,145	758

(1) As reported in the Income Statement

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

Burwood Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)
for the financial year ended 30 June 2013

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	4,565	3,391	7,956	1,000	4,609	-	-	392	159	4,188	4,347
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	4,565	3,391	7,956	1,000	4,609	-	-	392	159	4,188	4,347
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	4,565	3,391	7,956	1,000	4,609	-	-	392	159	4,188	4,347

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

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

Burwood Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2013

\$'000	Actual ⁽¹⁾ 12/13	Forecast ⁽³⁾ 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16	Forecast ⁽³⁾ 16/17	Forecast ⁽³⁾ 17/18	Forecast ⁽³⁾ 18/19	Forecast ⁽³⁾ 19/20	Forecast ⁽³⁾ 20/21	Forecast ⁽³⁾ 21/22	Forecast ⁽³⁾ 22/23
(i) OPERATING BUDGET											
Income from continuing operations	40,328	38,602	41,382	41,729	42,185	43,511	44,636	45,810	45,854	47,123	48,303
Expenses from continuing operations	39,570	38,792	39,925	41,059	41,878	42,957	43,771	44,808	45,791	46,999	48,095
Operating Result from Continuing Operations	758	(190)	1,457	670	307	554	865	1,002	63	124	208
(ii) CAPITAL BUDGET											
New Capital Works ⁽²⁾	523	1,898	-	-	-	-	-	-	-	-	-
Replacement/Refurbishment of Existing Assets	8,288	14,611	8,170	4,993	4,680	5,430	5,680	5,730	5,130	5,180	5,130
Total Capital Budget	8,811	16,509	8,170	4,993	4,680	5,430	5,680	5,730	5,130	5,180	5,130
Funded by:											
- Loans	412	1,000	1,000	-	-	-	-	-	-	-	-
- Asset sales	421	250	500	350	350	350	350	350	350	350	350
- Reserves	5,657	12,783	3,725	1,983	1,405	1,290	1,540	1,290	1,350	1,190	1,040
- Grants/Contributions	1,218	547	320	120	320	320	320	320	320	320	320
- Recurrent revenue	1,103	1,929	2,625	2,540	2,605	3,470	3,470	3,770	3,110	3,320	3,420
- Other	-	-	-	-	-	-	-	-	-	-	-
	8,811	16,509	8,170	4,993	4,680	5,430	5,680	5,730	5,130	5,180	5,130

Notes:

(1) From 12/13 Income Statement.

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

(3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.