



Burwood Council
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GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2015

Burwood Council

General Purpose Financial Statements

for the financial year ended 30 June 2015

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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 11 September 2015. 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 2015

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 2015.

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 Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by Senior staff as "presenting fairly" the Council's financial results for the year, and are required to be adopted by Council - ensuring both responsibility for & 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 Office of Local Government.

Burwood Council

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

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

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

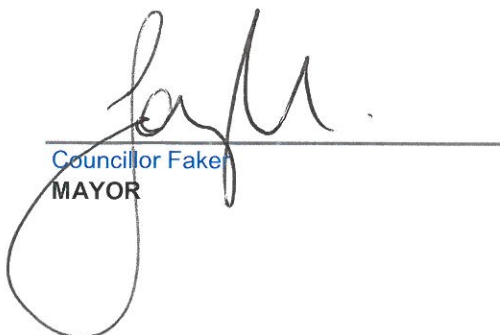
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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

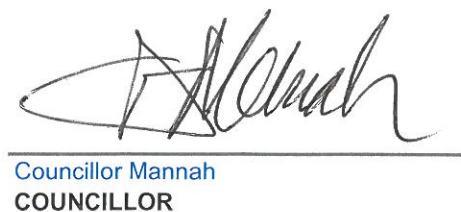
- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 08 September 2015.



Councillor Faker
MAYOR



Councillor Mannah
COUNCILLOR



Michael McMahon
GENERAL MANAGER



Wayne Armitage
RESPONSIBLE ACCOUNTING OFFICER

Burwood Council

Income Statement

for the financial year ended 30 June 2015

Budget ¹ 2015	\$ '000	Notes	Actual 2015	Actual 2014
Income from Continuing Operations				
<i>Revenue:</i>				
21,468	Rates & Annual Charges	3a	21,577	20,669
8,140	User Charges & Fees	3b	8,765	7,648
1,303	Interest & Investment Revenue	3c	1,356	1,619
3,659	Other Revenues	3d	4,121	4,103
3,635	Grants & Contributions provided for Operating Purposes	3e,f	3,777	3,611 ²
2,539	Grants & Contributions provided for Capital Purposes	3e,f	1,498	7,766
<i>Other Income:</i>				
-	Net gains from the disposal of assets	5	3,409	-
-	Net Share of interests in Joint Ventures & Associates using the equity method	19	-	137
40,744	Total Income from Continuing Operations		44,503	45,553
Expenses from Continuing Operations				
17,429	Employee Benefits & On-Costs	4a	16,937	16,172
359	Borrowing Costs	4b	325	260
8,784	Materials & Contracts	4c	10,066	8,691
6,135	Depreciation & Amortisation	4d	6,733	6,624
-	Impairment	4d	-	-
8,010	Other Expenses	4e	7,178	7,292
-	Net Losses from the Disposal of Assets	5	-	1,540
-	Net Share of interests in Joint Ventures & Associates using the equity method	19	71	-
40,717	Total Expenses from Continuing Operations		41,310	40,579
27	Operating Result from Continuing Operations		3,193	4,974
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
27	Net Operating Result for the Year		3,193	4,974
27	Net Operating Result attributable to Council		3,193	4,974
-	Net Operating Result attributable to Non-controlling Interests		-	-
(2,512)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		1,695	(2,792)

¹ Original Budget as approved by Council - refer Note 16

² Financial Assistance Grants for 13/14 were lower reflecting one off timing differences due to a change in how the grant was paid in prior years - refer Note 3 (e)

Burwood Council

Statement of Comprehensive Income
for the financial year ended 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
Net Operating Result for the year (as per Income statement)		3,193	4,974
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	(29,829)	-
Total Items which will not be reclassified subsequently to the Operating Result		(29,829)	-
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Other Comprehensive Income for the year		(29,829)	-
Total Comprehensive Income for the Year		(26,636)	4,974
Total Comprehensive Income attributable to Council		(26,636)	4,974
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Burwood Council

Statement of Financial Position

as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	9,352	34,379
Investments	6b	31,504	2,508
Receivables	7	1,946	2,101
Inventories	8	-	-
Other	8	291	182
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		43,093	39,170
Non-Current Assets			
Investments	6b	-	-
Receivables	7	-	-
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	339,550	367,182
Investments accounted for using the equity method	19	66	137
Investment Property	14	3,420	3,250
Intangible Assets	25	-	-
Other	8	-	-
Total Non-Current Assets		343,036	370,569
TOTAL ASSETS		386,129	409,739
LIABILITIES			
Current Liabilities			
Payables	10	6,471	5,533
Borrowings	10	442	249
Provisions	10	5,880	5,464
Total Current Liabilities		12,793	11,246
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	6,384	4,901
Provisions	10	221	225
Total Non-Current Liabilities		6,605	5,126
TOTAL LIABILITIES		19,398	16,372
Net Assets		366,731	393,367
EQUITY			
Retained Earnings	20	181,972	178,779
Revaluation Reserves	20	184,759	214,588
Total Equity		366,731	393,367

Burwood Council

Statement of Changes in Equity
for the financial year ended 30 June 2015

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2015						
Opening Balance (as per Last Year's Audited Accounts)		178,779	214,588	393,367	-	393,367
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/14)		178,779	214,588	393,367	-	393,367
c. Net Operating Result for the Year		3,193	-	3,193	-	3,193
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	(29,829)	(29,829)	-	(29,829)
Other Comprehensive Income		-	(29,829)	(29,829)	-	(29,829)
Total Comprehensive Income (c&d)		3,193	(29,829)	(26,636)	-	(26,636)
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		181,972	184,759	366,731	-	366,731

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2014						
Opening Balance (as per Last Year's Audited Accounts)		173,805	214,588	388,393	-	388,393
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/13)		173,805	214,588	388,393	-	388,393
c. Net Operating Result for the Year		4,974	-	4,974	-	4,974
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	-	-	-	-
Total Comprehensive Income (c&d)		4,974	-	4,974	-	4,974
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		178,779	214,588	393,367	-	393,367

Burwood Council

Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
Cash Flows from Operating Activities				
Receipts:				
21,445	Rates & Annual Charges		21,542	20,650
8,066	User Charges & Fees		8,787	8,506
1,303	Investment & Interest Revenue Received		1,260	1,405
8,792	Grants & Contributions		5,433	11,408
600	Bonds, Deposits & Retention amounts received		1,065	639
3,094	Other		6,436	7,148
Payments:				
(17,429)	Employee Benefits & On-Costs		(16,279)	(15,879)
(8,852)	Materials & Contracts		(11,296)	(12,259)
(354)	Borrowing Costs		(323)	(254)
(500)	Bonds, Deposits & Retention amounts refunded		(576)	(575)
(7,523)	Other		(8,257)	(8,173)
8,642	Net Cash provided (or used in) Operating Activities	11b	7,792	12,616
Cash Flows from Investing Activities				
Receipts:				
26,000	Sale of Investment Securities		28,526	15,266
620	Sale of Infrastructure, Property, Plant & Equipment		3,962	9,599
Payments:				
(26,000)	Purchase of Investment Securities		(57,500)	(15,000)
(11,048)	Purchase of Infrastructure, Property, Plant & Equipment		(9,483)	(26,367)
(10,428)	Net Cash provided (or used in) Investing Activities		(34,495)	(16,502)
Cash Flows from Financing Activities				
Receipts:				
2,000	Proceeds from Borrowings & Advances		2,000	1,000
Payments:				
(364)	Repayment of Borrowings & Advances		(324)	(197)
1,636	Net Cash Flow provided (used in) Financing Activities		1,676	803
(150)	Net Increase/(Decrease) in Cash & Cash Equivalents		(25,027)	(3,083)
34,379	plus: Cash & Cash Equivalents - beginning of year	11a	34,379	37,462
34,229	Cash & Cash Equivalents - end of the year	11a	9,352	34,379
Additional Information:				
	plus: Investments on hand - end of year	6b	31,504	2,508
	Total Cash, Cash Equivalents & Investments		40,856	36,887

Please refer to Note 11 for additional cash flow information

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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n/a - not applicable

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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 Australian Accounting 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

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

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

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

AASB 11 classified joint arrangements into either joint ventures (equity accounting) or joint operations (accounting for share of assets and liabilities).

AASB 12 has increased the level of disclosures required where Council has any interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

(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 2014.

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) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(ii) the write down of any Asset on the basis of Impairment (if warranted) and

(iii) certain classes of non current assets (eg. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

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

(vi) Changes in Accounting Policies

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

(iii) Estimated remediation provisions.

Critical judgements in applying Council's accounting policies

(i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

(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 it 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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 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

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

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

Dividend Income

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

Other Income

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

(c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2015) and **(ii)** all the related operating results (for the financial year ended the 30th June 2015).

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.

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(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.

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 Arrangements

Council has no interest in any Joint Arrangements.

Joint Ventures

Joint Ventures represent operational arrangements where the parties joint control parties have rights to the net assets of the arrangement.

Any interests in Joint Ventures are accounted for using the equity method and are carried at cost.

Under the equity method, Council's share of the operation's profits/(losses) are recognised in the income statement, and its share of movements in retained earnings & reserves are recognised in the balance sheet.

Detailed information relating to Council's Joint Ventures can be found at Note 19 (a).

(iv) Associates

Council has no interest in any Associates.

(v) County Councils

Council is not a member of any County Councils.

(vi) Unconsolidated Structured Entities

Council has no interest in any Unconsolidated Structured Entities.

(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.

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, cash and cash equivalents includes;

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

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

(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.

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(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 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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 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.

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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.

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 Office 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)

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

- **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.

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

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.

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

Other Infrastructure Assets

Swimming Pools	> \$10,000
Other Open Space/Recreational Assets	> \$10,000

Other Infrastructure > \$10,000

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.

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	5 years
- Vehicles	5 to 10 years
- Heavy Plant/Road Making equip	5 to 10 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	100 to 200 years
- Culverts	80 to 100 years

Transportation Assets

- Sealed Roads : Surface	25 to 30 years
- Sealed Roads : Structure	Infinite
- Unsealed roads	20 years

- Bridge : Concrete	100 years
- Bridge : Other	50 years

- Road Pavements	75 to 225 years
- Kerb, Gutter & Paths	50 to 90 years

Other Infrastructure Assets

- Bulk earthworks	Infinite
- Swimming Pools	50 years
- Other Open Space/ Recreational Assets	5 to 15 years

All asset residual values and useful lives are reviewed and adjusted (if appropriate), at each reporting 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.

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 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.

Investment property is carried at fair value, representing an open-market value determined annually by external valuers.

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 year. During 2014-15 Council revalued it's Investment Property through an external provider (Scott Fullarton Valuations Pty Ltd).

Council's Investment Property was dated 30 June 2015.

(q) 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.

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 Council 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.

(r) 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.

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.

(s) 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.

(t) 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.

(u) 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.

(v) Provisions

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

- 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.

(w) 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 wholly 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.

All other short-term employee benefit obligations are presented as payables.

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 wholly 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.

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 30 June 2015 and covers the period ended 30 June 2015.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2015 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 2015 was \$ 415,889.28.

The amount of additional contributions included in the total employer contribution advised above is \$ 203,811.00.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$227,304.00 as at 30 June 2015.

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.

(iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/06/15.

(x) Self insurance

Council has determined to self-insure for various risks including public liability and professional indemnity through a Joint Venture activity "Metro Pool" comprising a number of Local Government Council's.

Council maintains cash and investments to meet expected future claims and these are detailed in Note 6(c).

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(y) 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.

(z) 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.

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.

(aa) New accounting standards and interpretations

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

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.

Apart from the AASB disclosures below, there are no other standards that are "not yet effective" which are expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

Applicable to Local Government:

AASB 9 - Financial Instruments (and associated amending standards)

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

- fair value and
- amortised cost (where financial assets will only be able to be measured at amortised cost where very specific conditions are met).

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

AASB 15 will introduce a five step process for revenue recognition with the core principle of the new Standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

The full impact of AASB 15 has not yet been ascertained or quantified.

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

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

AASB 124 - Related Party Disclosures

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties (and fall under the related party reporting requirements).

AASB 2014 - 10 Sale or contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not).

A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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

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

Not applicable to Local Government per se;

None

(ab) Rounding of amounts

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

(ac) 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.

(ad) 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 2015

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
	2015	2015	2014	2015	2015	2014	2015	2015	2014	2015	2014	2015	2014
Governance	7	22	14	631	612	564	(624)	(590)	(550)	-	-	23,978	40,037
Administration	929	5,408	2,065	10,925	11,020	12,398	(9,996)	(5,612)	(10,333)	159	112	28,320	27,678
Public Order & Safety	240	209	216	1,845	1,666	1,387	(1,605)	(1,457)	(1,171)	-	-	1,459	1,474
Health	245	215	258	255	274	248	(10)	(59)	10	-	-	56	52
Environment	5,561	5,584	5,686	7,387	7,401	7,234	(1,826)	(1,817)	(1,548)	176	225	51,000	51,698
Community Services & Education	1,224	753	1,108	2,327	2,070	2,370	(1,103)	(1,317)	(1,262)	720	1,087	2,586	5,891
Housing & Community Amenities	2,865	2,350	8,391	2,388	3,290	2,679	477	(940)	5,712	80	157	1,272	1,335
Recreation & Culture	2,248	1,601	1,622	6,740	7,109	6,291	(4,492)	(5,508)	(4,669)	272	161	71,420	67,391
Mining, Manufacturing & Construction	-	-	-	355	342	376	(355)	(342)	(376)	-	-	76	98
Transport & Communication	7,946	8,924	7,920	7,849	7,422	7,013	97	1,502	907	320	310	202,476	210,698
Economic Affairs	288	307	281	15	33	19	273	274	262	-	-	3,420	3,250
Total Functions & Activities	21,553	25,373	27,561	40,717	41,239	40,579	(19,164)	(15,866)	(13,018)	1,727	2,052	386,063	409,602
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	137	-	71	-	-	(71)	137	-	-	66	137
General Purpose Income ¹	19,191	19,130	17,855	-	-	-	19,191	19,130	17,855	1,164	677	-	-
Operating Result from Continuing Operations	40,744	44,503	45,553	40,717	41,310	40,579	27	3,193	4,974	2,891	2,729	386,129	409,739

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 2015

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,

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, RMS 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 2015

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		12,188	11,414
Business		4,617	4,394
Total Ordinary Rates		16,805	15,808
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		4,465	4,429
Stormwater Management Services		266	267
Section 611 Charges		41	165
Total Annual Charges		4,772	4,861
TOTAL RATES & ANNUAL CHARGES		21,577	20,669

Council has used 2013 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 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		25	23
Waste Management Services (non-domestic)		453	473
Total User Charges		478	496
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Developer Fees		685	398
Engineering & Administration		699	411
Licence & Inspection Fees		256	307
Licence Fees - Outdoor Eating		165	142
Private Works - Section 67		249	133
Section 149 Certificates (EPA Act)		89	89
Section 603 Certificates		44	45
Other		2	4
Total Fees & Charges - Statutory/Regulatory		2,189	1,529
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Car Parking Meters		1,552	1,313
Car Parking Station		967	936
Community Centres		147	93
Cultural Event Hire Charges		73	62
Leaseback Fees - Council Vehicles		210	202
Park Rents		99	100
Property Rental - Commercial		582	557
Property Rental - Residential		199	171
Street Furniture Advertising Income		915	938
Swimming Centre & Gym Fees		1,286	1,197
Other		68	54
Total Fees & Charges - Other		6,098	5,623
TOTAL USER CHARGES & FEES		8,765	7,648

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		40	41
- Interest earned on Investments (interest & coupon payment income)		1,294	1,371
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		22	207
TOTAL INTEREST & INVESTMENT REVENUE		1,356	1,619
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		40	41
General Council Cash & Investments		1,121	1,329
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		195	249
Total Interest & Investment Revenue Recognised		1,356	1,619
(d) Other Revenues			
Fair Value Adjustments - Investment Properties	14	170	375
Rental Income - Investment Properties	14	289	279
Fines - Parking		3,139	2,800
Fines - Other		29	33
Legal Fees Recovery - Rates & Charges (Extra Charges)		25	27
Legal Fees Recovery - Other		63	69
Animal Control Fees		14	14
Diesel Rebate		6	4
Insurance Claim Recoveries		2	13
OHS Incentive Rebate		-	45
Operating Lease Reimbursement		69	104
Recycling (Domestic Waste)		131	132
Sale of Abandoned Vehicles		3	3
Sales - General		22	24
Sales - Library		12	8
Workers Compensation Recovery		18	61
Other - Urban Growth Reimbursement		49	-
Other		80	112
TOTAL OTHER REVENUE		4,121	4,103

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance - General Component	1 729	370	-	-
Financial Assistance - Local Roads Component	1 250	124	-	-
Pensioners' Rates Subsidies - General Component	185	183	-	-
Total General Purpose	1,164	677	-	-

¹ The Financial Assistance Grant for the comparative 13/14 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 13/14 year by up to 50% as had occurred in previous years.

Specific Purpose

Pensioners' Rates Subsidies:

- Domestic Waste Management	62	65	-	-
Clean Energy Future	-	-	-	33
Community Services	720	1,087	-	-
Environmental Protection	114	133	-	-
Flood Mitigation	-	27	-	-
Library - per capita	66	64	-	-
Library - special projects	-	-	32	32
LIRS Subsidy	61	52	-	-
Planning Control	-	77	-	-
Recreation & Culture	-	-	174	65
Street Lighting	80	80	-	-
Traffic Route Subsidy	22	24	-	-
Transport (Roads to Recovery)	-	-	118	120
Transport (Other Roads & Bridges Funding)	155	140	25	26
Other - Family Leave Subsidy	78	26	-	-
Other	20	1	-	-
Total Specific Purpose	1,378	1,776	349	276
Total Grants	2,542	2,453	349	276

Grant Revenue is attributable to:

- Commonwealth Funding	914	1,038	118	153
- State Funding	1,628	1,415	231	123
	2,542	2,453	349	276

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 93F - Contributions using Planning Agreements	-	-	-	(5)
S 94 - Contributions towards amenities/services	-	-	41	392
S 94A - Fixed Development Consent Levies	-	-	961	7,048
Total Developer Contributions 17	-	-	1,002	7,435
Other Contributions:				
Community Services	49	24	-	-
Kerb & Gutter	1,038	1,015	99	55
LSL Transfer between Councils	11	-	-	-
Recreation & Culture	18	6	48	-
Roads & Bridges	14	-	-	-
RMS Contributions (Regional Roads, Block Grant)	89	92	-	-
Other	16	21	-	-
Total Other Contributions	1,235	1,158	147	55
Total Contributions	1,235	1,158	1,149	7,490
TOTAL GRANTS & CONTRIBUTIONS	3,777	3,611	1,498	7,766

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

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

Unexpended at the Close of the Previous Reporting Period	11,489	11,250
add: Grants & contributions recognised in the current period but not yet spent:	1,521	7,684
less: Grants & contributions recognised in a previous reporting period now spent:	(4,942)	(7,445)
Net Increase (Decrease) in Restricted Assets during the Period	(3,421)	239
Unexpended and held as Restricted Assets	8,068	11,489
Comprising:		
- Specific Purpose Unexpended Grants	1,030	1,359
- Developer Contributions	7,038	10,130
	8,068	11,489

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Employee Benefits & On-Costs			
Salaries and Wages		12,694	11,959
Employee Leave Entitlements (ELE)		2,234	2,024
Superannuation		1,573	1,496
Superannuation - Defined Benefit Plans		27	26
Workers' Compensation Insurance		258	444
Fringe Benefit Tax (FBT)		207	194
Training Costs (other than Salaries & Wages)		97	101
Other		1	33
Total Employee Costs		17,091	16,277
less: Capitalised Costs		(154)	(105)
TOTAL EMPLOYEE COSTS EXPENSED		16,937	16,172
Number of "Equivalent Full Time" Employees at year end		170	170
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		325	260
Total Interest Bearing Liability Costs Expensed		325	260
(ii) Other Borrowing Costs			
Nil			
TOTAL BORROWING COSTS EXPENSED		325	260

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Materials & Contracts			
Raw Materials & Consumables		1,519	1,517
Contractor & Consultancy Costs			
- Agency Staff		924	563
- Contractor & Consultancy Costs		800	585
- Domestic Waste		851	833
- General		4,104	3,486
- Recycling		463	453
- SDR Processing		445	444
Auditors Remuneration ⁽¹⁾		92	47
Legal Expenses:			
- Legal Expenses: Planning & Development		472	327
- Legal Expenses: Debt Recovery		32	37
- Legal Expenses: Other		128	188
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payment ⁽²⁾		236	211
TOTAL MATERIALS & CONTRACTS		10,066	8,691
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):			
Audit and Other Assurance Services			
- Audit & review of financial statements: Council's Auditor		41	40
- Other audit & assurance services		51	7
Remuneration for audit and other assurance services		92	47
Total Auditor Remuneration		92	47
2. Operating Lease Payments are attributable to:			
Computers		79	11
Motor Vehicles		69	104
Other		88	96
		236	211

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
Plant and Equipment		-	-	876	831
Office Equipment		-	-	169	167
Furniture & Fittings		-	-	277	270
Land Improvements (depreciable)		-	-	156	142
Buildings - Non Specialised		-	-	70	67
Buildings - Specialised		-	-	860	882
Other Structures		-	-	205	160
Infrastructure:					
- Roads		-	-	1,556	1,527
- Footpaths		-	-	748	737
- Stormwater Drainage		-	-	1,268	1,266
- Swimming Pools		-	-	109	108
Other Assets					
- Library Books		-	-	172	149
- Other		-	-	267	318
<u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u>		<u>-</u>	<u>-</u>	<u>6,733</u>	<u>6,624</u>

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		321	328
Bad & Doubtful Debts		56	(20)
Bank Charges		120	155
Computing		865	849
Contributions/Levies to Other Levels of Government			
- Department of Planning Levy		69	67
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		49	44
- NSW Fire Brigade Levy		433	433
Councillor Expenses - Mayoral Fee		39	38
Councillor Expenses - Councillors' Fees		124	122
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		129	85
Donations, Contributions & Assistance to other organisations (Section 356)		37	38
Electricity & Heating		370	430
Insurance		589	626
Land Tax		-	14
Postage		81	78
Printing & Stationery		257	260
Rental		52	347
Strata Levy		50	43
Street Lighting		565	655
Subscriptions LGA and SSROC		101	94
Subscriptions & Publications		116	100
Telephone & Communications		72	87
Valuation Fees - Council Properties		7	2
Valuation Fees - Rates Land Values		48	47
Waste Disposal Fees		2,511	2,233
Water & Sewerage Charges		103	125
Other		14	12
<u>TOTAL OTHER EXPENSES</u>		<u>7,178</u>	<u>7,292</u>

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2015	Actual 2014
Property (excl. Investment Property)			
Proceeds from Disposal - Property		-	1,150
less: Carrying Amount of Property Assets Sold / Written Off		(8)	(2,324)
Net Gain/(Loss) on Disposal		(8)	(1,174)
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		526	449
less: Carrying Amount of P&E Assets Sold / Written Off		(444)	(796)
Net Gain/(Loss) on Disposal		82	(347)
Infrastructure			
Proceeds from Disposal - Infrastructure		3,436	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(101)	-
Net Gain/(Loss) on Disposal		3,335	-
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		28,526	15,266
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(28,526)	(15,285)
Net Gain/(Loss) on Disposal		-	(19)
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>3,409</u>	<u>(1,540)</u>

During 2014-15, Council sold part of Waimea Street boundary to boundary including underground drains. These assets could not be identified within Council's asset register and were given a nominal value for sale.

In the 2013-14 financial year Council refurbished 2 Conder Street Burwood now known as the Burwood Library and Community Hub. The refurbishment required asset write offs of \$1.315 million in book value of obsolete furnishings and fittings, consisting of mechanical services, fire services, floorcoverings, vertical transportation, office alterations etc.

*** 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 2015

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

\$ '000	Notes	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		2,252	-	293	-
Cash-Equivalent Asset ¹					
- Deposits at Call		4,100	-	3,586	-
- Short Term Deposits		3,000	-	30,500	-
Total Cash & Cash Equivalents		9,352	-	34,379	-
Investments (Note 6b)					
- Long Term Deposits		28,000	-	2,000	-
- NCD's, FRN's (with Maturities > 3 months)		3,000	-	-	-
- CDO's		504	-	508	-
Total Investments		31,504	-	2,508	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		40,856	-	36,887	-

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"		9,352	-	34,379	-
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Investments

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	504	-	508	-
b. "Held to Maturity"	6(b-ii)	31,000	-	2,000	-
Investments		31,504	-	2,508	-

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 6b. Investments (continued)

\$ '000	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	508	-	586	-
Revaluations (through the Income Statement)	22	-	207	-
Additions	2,500	-	1,000	-
Disposals (sales & redemptions)	(2,526)	-	(1,285)	-
Balance at End of Year	504	-	508	-
Comprising:				
- CDO's	504	-	508	-
Total	504	-	508	-
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	2,000	-	2,000	-
Additions	55,000	-	14,000	-
Disposals (sales & redemptions)	(26,000)	-	(14,000)	-
Balance at End of Year	31,000	-	2,000	-
Comprising:				
- Long Term Deposits	28,000	-	2,000	-
- NCD's, FRN's (with Maturities > 3 months)	3,000	-	-	-
Total	31,000	-	2,000	-

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015	2015	2014	2014
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	40,856	-	36,887	-
attributable to:				
External Restrictions (refer below)	12,057	-	13,550	-
Internal Restrictions (refer below)	25,560	-	21,724	-
Unrestricted	3,239	-	1,613	-
	40,856	-	36,887	-

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

External Restrictions - Included in Liabilities

Nil

External Restrictions - Other

Developer Contributions - General	(D)	10,130	1,197	(4,289)	7,038
Specific Purpose Unexpended Grants	(F)	1,359	-	(329)	1,030
Domestic Waste Management	(G)	1,227	494	-	1,721
Stormwater Management	(G)	3	-	(3)	-
Unexpended General Purpose Loans		831	2,000	(563)	2,268
External Restrictions - Other		13,550	3,691	(5,184)	12,057
Total External Restrictions		13,550	3,691	(5,184)	12,057

D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)

G Domestic Waste Management (DWM) & other Special Rates/Levies/Charges (Stormwater Management) 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 2015

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

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	1,293	1,427	(710)	2,010
Employees Leave Entitlement	1,165	85	-	1,250
Carry Over Works	690	-	-	690
CCTV	160	-	(15)	145
Deposits, Retentions & Bonds	1,308	1,202	-	2,510
Election	120	50	-	170
Financial Assistance Grant	477	-	(477)	-
Information Technology	560	25	(80)	505
Infrastructure (SRV)	-	28	-	28
Insurances	806	750	-	1,556
OHS	30	-	-	30
Parking Meter Replacement	-	100	-	100
Property Sales	14,477	3,436	(1,907)	16,006
Road & Footpath Restorations	281	-	(149)	132
Other	357	186	(115)	428
Total Internal Restrictions	21,724	7,289	(3,453)	25,560
TOTAL RESTRICTIONS	35,274	10,980	(8,637)	37,617

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		513	-	478	-
Interest & Extra Charges		61	-	59	-
User Charges & Fees		400	-	238	-
Private Works		164	-	31	-
Accrued Revenues					
- Interest on Investments		247	-	175	-
- Other Income Accruals		187	-	321	-
- Parking Fine Income		278	-	271	-
Government Grants & Subsidies		102	-	105	-
Net GST Receivable		15	-	418	-
Workers Compensation Premium Refund		10	-	42	-
Other Debtors		18	-	21	-
Total		1,995	-	2,159	-
less: Provision for Impairment					
Other Debtors		(49)	-	(58)	-
Total Provision for Impairment - Receivables		(49)	-	(58)	-
<u>TOTAL NET RECEIVABLES</u>		<u>1,946</u>	<u>-</u>	<u>2,101</u>	<u>-</u>
Externally Restricted Receivables					
Domestic Waste Management		115	-	119	-
Stormwater Management		7	-	6	-
Total External Restrictions		122	-	125	-
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		1,824	-	1,976	-
<u>TOTAL NET RECEIVABLES</u>		<u>1,946</u>	<u>-</u>	<u>2,101</u>	<u>-</u>

Notes on Debtors above:

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

Burwood Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 8. Inventories & Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
(a) Inventories					
Nil					
Other Assets					
Prepayments		291	-	182	-
Total Other Assets		291	-	182	-
TOTAL INVENTORIES / OTHER ASSETS		291	-	182	-

Externally Restricted Assets

There are no restrictions applicable to the above assets.

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2014					Asset Movements during the Reporting Period						as at 30/6/2015				
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Adjustments & Transfers	Revaluation Decrements 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	1,284	-	-	-	1,284	1,935	(83)	-	(223)	-	-	2,913	-	-	-	2,913
Plant & Equipment	-	9,441	4,874	-	4,567	1,060	(443)	(876)	-	(149)	-	-	8,911	4,753	-	4,158
Office Equipment	-	2,345	1,749	-	596	186	(1)	(169)	-	1	-	-	2,509	1,897	-	612
Furniture & Fittings	-	3,210	980	-	2,230	193	-	(277)	-	38	-	-	3,445	1,261	-	2,184
Land:																
- Operational Land	-	43,732	-	-	43,732	-	-	-	-	-	-	-	43,732	-	-	43,732
- Community Land	-	29,515	-	-	29,515	-	-	-	-	-	-	-	29,515	-	-	29,515
Land Improvements - depreciable	-	7,780	1,649	-	6,131	917	-	(156)	213	-	-	-	8,911	1,806	-	7,105
Buildings - Non Specialised	-	3,655	2,028	-	1,627	292	-	(70)	-	-	-	-	3,947	2,098	-	1,849
Buildings - Specialised	-	50,565	14,574	-	35,991	1,218	(8)	(860)	-	-	-	-	51,646	15,305	-	36,341
Other Structures	-	4,649	1,264	-	3,385	625	(2)	(205)	10	175	-	-	6,287	2,299	-	3,988
Infrastructure:																
- Roads	-	194,718	46,528	-	148,190	802	-	(1,556)	-	-	(7,608)	-	196,130	56,302	-	139,828
- Footpaths	-	60,435	26,189	-	34,246	1,110	-	(748)	-	-	(85)	-	54,179	19,656	-	34,523
- Stormwater Drainage	-	126,762	75,565	-	51,197	259	-	(1,268)	-	-	(22,136)	-	67,443	39,391	-	28,052
- Swimming Pools	-	4,575	1,841	-	2,734	635	-	(109)	-	-	-	-	5,209	1,949	-	3,260
Other Assets:																
- Library Books	-	3,799	3,380	-	419	103	-	(172)	-	-	-	-	3,888	3,537	-	351
- Other	-	10,856	9,518	-	1,338	150	(16)	(267)	-	(65)	-	-	10,227	9,088	-	1,139
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	1,284	556,037	190,139	-	367,182	9,485	(553)	(6,733)	-	-	(29,829)	2,913	495,979	159,342	-	339,550

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$4,637) and New Assets (\$1,220).

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

Commentary:

Council has revalued Infrastructure to comply with AASB 116 Property Plant & Equipment. This adjustment to Infrastructure at cost is based on Jeff Roorda & Associates' valuation and has been adjusted to Equity.

Council during 2014-15 continued on a Capital Works Improvement programme with the refurbishment of 1 Railway Parade (known as the Old Parcels Building) and surrounding area.

As part of the upgrade of the surrounding area Railway Square, a building known as 1a Railway Parade (Kiosk) was demolished. Council also refurbished the 25 meter pool at the Enfield Aquatic Centre.

Within Works in Progress Wangal Park Wetlands resides along with associated works with various road improvement projects not completed at reporting date.

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

Burwood Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

\$ '000 Class of Asset	Actual 2015				Actual 2014			
	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	-	568	526	42	-	568	486	82
Total DWM	-	568	526	42	-	568	486	82
TOTAL RESTRICTED I,PP&E	-	568	526	42	-	568	486	82

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 2015

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		1,882	-	2,097	-
Payments Received In Advance		557	-	644	-
Accrued Expenses:					
- Borrowings		18	-	16	-
- Salaries & Wages		282	-	-	-
- Other Expenditure Accruals		609	-	135	-
Security Bonds, Deposits & Retentions		3,106	-	2,617	-
Other		17	-	24	-
Total Payables		6,471	-	5,533	-
Borrowings					
Loans - Secured ¹		442	6,384	249	4,901
Total Borrowings		442	6,384	249	4,901
Provisions					
Employee Benefits;					
Annual Leave		1,934	-	1,969	-
Long Service Leave		3,549	216	3,063	215
Other Leave - Time in Lieu		88	-	95	-
Other Leave - Rostered Days Off		175	-	169	-
ELE On-Costs		134	5	168	10
Total Provisions		5,880	221	5,464	225
Total Payables, Borrowings & Provisions		12,793	6,605	11,246	5,126
(i) Liabilities relating to Restricted Assets					
		2015		2014	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Domestic Waste Management		250	15	185	14
Liabilities relating to externally restricted assets		250	15	185	14
Internally Restricted Assets					
Nil					
Total Liabilities relating to restricted assets		250	15	185	14
Total Liabilities relating to Unrestricted Assets		12,543	6,590	11,061	5,112
TOTAL PAYABLES, BORROWINGS & PROVISIONS		12,793	6,605	11,246	5,126

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 2015

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

\$ '000	Actual 2015	Actual 2014
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	3,887	3,874
Payables - Security Bonds, Deposits & Retentions	2,515	2,047
	<u>6,402</u>	<u>5,921</u>

Note 10b. Description of and movements in Provisions

Class of Provision	2014		2015			
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/15
Annual Leave	1,969	1,050	(1,085)	-	-	1,934
Long Service Leave	3,278	609	(122)	-	-	3,765
Other - TIL and RDO	264	148	(149)	-	-	263
ELE On-Costs	178	(39)	-	-	-	139
TOTAL	<u>5,689</u>	<u>1,768</u>	<u>(1,356)</u>	-	-	<u>6,101</u>

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2015	Actual 2014
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	9,352	34,379
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		9,352	34,379
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		3,193	4,974
Adjust for non cash items:			
Depreciation & Amortisation		6,733	6,624
Net Losses/(Gains) on Disposal of Assets		(3,409)	1,540
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		(22)	(207)
- Investment Properties		(170)	(375)
Share of Net (Profits) or Losses of Associates/Joint Ventures		71	(137)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		164	71
Increase/(Decrease) in Provision for Doubtful Debts		(9)	(27)
Decrease/(Increase) in Inventories		-	2
Decrease/(Increase) in Other Assets		(109)	25
Increase/(Decrease) in Payables		(215)	(64)
Increase/(Decrease) in accrued Interest Payable		2	6
Increase/(Decrease) in other accrued Expenses Payable		756	(250)
Increase/(Decrease) in Other Liabilities		395	100
Increase/(Decrease) in Employee Leave Entitlements		412	334
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		7,792	12,616

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
(c) Non-Cash Investing & Financing Activities			
Nil			
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Credit Cards / Purchase Cards		50	50
Total Financing Arrangements		50	50
Amounts utilised as at Balance Date:			
- Credit Cards / Purchase Cards		11	15
Total Financing Arrangements Utilised		11	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		206	2,351
Plant & Equipment		297	-
Other- Land Improvements		680	1,214
Total Commitments		1,183	3,565
These expenditures are payable as follows:			
Within the next year		1,183	3,565
Total Payable		1,183	3,565
Sources for Funding of Capital Commitments:			
Sect 94 Funds/Reserves		180	1,473
Externally Restricted Reserves		297	-
Internally Restricted Reserves		500	1,592
Unexpended Loans		206	500
Total Sources of Funding		1,183	3,565

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(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		230	208
Later than one year and not later than 5 years		178	158
Later than 5 years		-	-
Total Non Cancellable Operating Lease Commitments		408	366

b. Non Cancellable Operating Leases include the following assets:

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

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.

(d) Investment Property Commitments

Nil

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014 2013	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. Capital Grants & Contributions) - Operating Expenses</u>	<u>(1,835)</u>	-4.66%	-5.32%	-6.27%
Total continuing operating revenue ⁽¹⁾ (excl. Capital Grants & Contributions)	39,404			
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. ALL Grants & Contributions)</u>	<u>35,627</u>	87.10%	74.62%	80.44%
Total continuing operating revenue ⁽¹⁾	40,902			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	<u>30,914</u>	5.03x	4.96	7.07
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	<u>6,141</u>			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation	<u>5,223</u>	8.05x	10.75	0.78
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	<u>649</u>			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	<u>574</u>	2.59%	2.53%	2.65%
Rates, Annual and Extra Charges Collectible	<u>22,179</u>			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents + All Term Deposits	<u>37,352</u>	12.10	11.69	12.16
Payments from cash flow of operating and financing activities	<u>3,088</u>	mths		

Notes

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

(2) Refer Notes 6-8 inclusive.

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

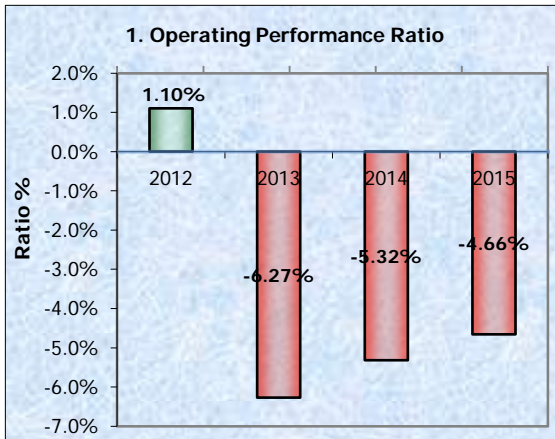
(3) Refer to Note 10(a).

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

Burwood Council

Notes to the Financial Statements for the financial year ended 30 June 2015

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



Purpose of Operating Performance Ratio

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

Commentary on 2014/15 Result

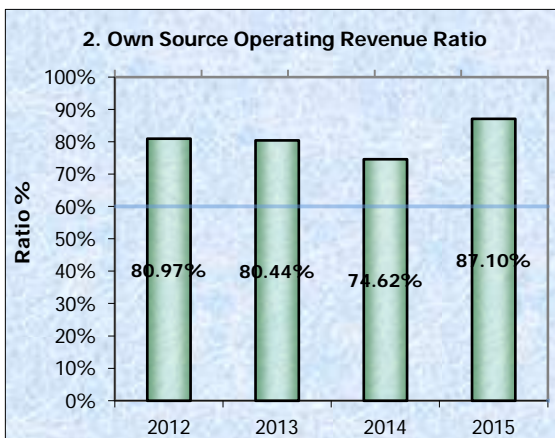
2014/15 Ratio -4.66%

Council's Operating Performance Ratio has improved during the current year. Council has introduced strategies to address the gap over the long term ie Service Reviews, LIRS and expanding Council's rating base.

Benchmark: ——— Minimum >=0.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of Own Source Operating Revenue Ratio

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

Commentary on 2014/15 Result

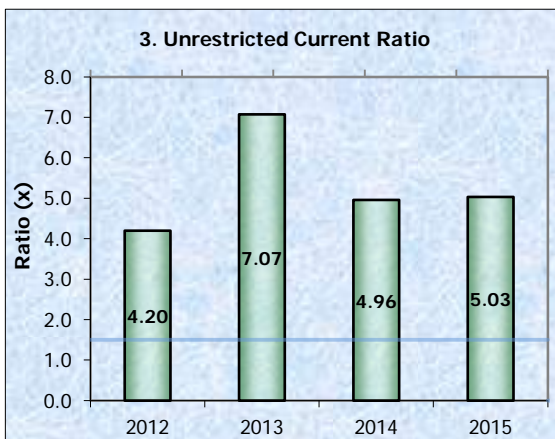
2014/15 Ratio 87.10%

Council is above the benchmark of 60%. Council continues to review it's annual fees and charges to maximise its fee structure. Council has an increased forecast rating base associated with the new LEP.

Benchmark: ——— Minimum >=60.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of Unrestricted Current Ratio

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

Commentary on 2014/15 Result

2014/15 Ratio 5.03x

Council's Unrestricted Ratio has stabilised considering it's Capital expenditure programme.

Benchmark: ——— Minimum >=1.50

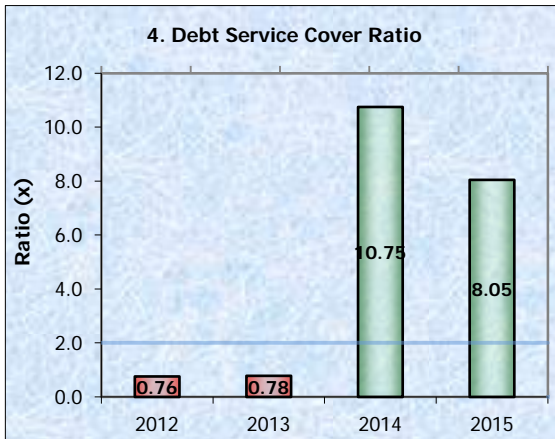
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark

Burwood Council

Notes to the Financial Statements for the financial year ended 30 June 2015

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



Purpose of Debt Service Cover Ratio

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

Commentary on 2014/15 Result

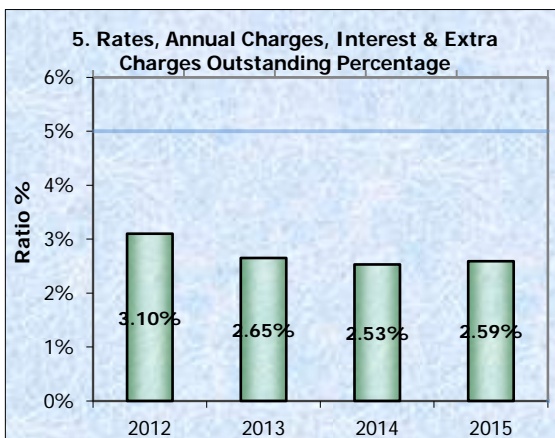
2014/15 Ratio 8.05x

Council's Debt Service Ratio has declined in part to the additional loan fund borrowing programme associated with Council's Capital Works programme.

Benchmark: Minimum >=2.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of Rates & Annual Charges Outstanding Ratio

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

Commentary on 2014/15 Result

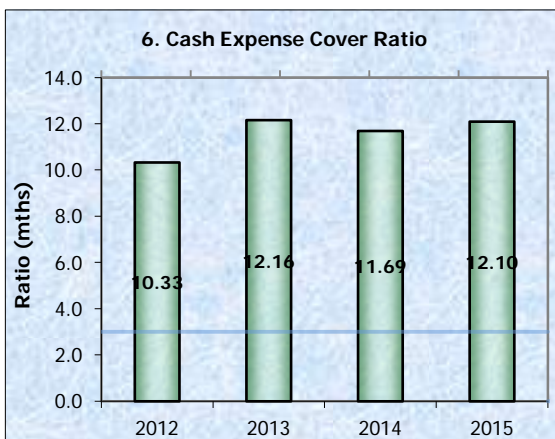
2014/15 Ratio 2.59%

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

Benchmark: Maximum <5.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of Cash Expense Cover Ratio

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

Commentary on 2014/15 Result

2014/15 Ratio 12.10 mths

Council is well above the benchmark of 3 months.

Benchmark: Minimum >=3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 14. Investment Properties

\$ '000	Notes	Actual 2015	Actual 2014
(a) Investment Properties at Fair value			
<u>Investment Properties on Hand</u>		<u>3,420</u>	<u>3,250</u>
Reconciliation of Annual Movement:			
Opening Balance		3,250	2,875
- Net Gain/(Loss) from Fair Value Adjustments		170	375
CLOSING BALANCE - INVESTMENT PROPERTIES		<u>3,420</u>	<u>3,250</u>

(b) Valuation Basis

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

The 2015 revaluations were based on Independent Assessments made by:
Scott Fullarton Valuations Pty Ltd (FAPI)

(c) Contractual Obligations at Reporting Date

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

(d) Investment Property Income & Expenditure - summary

Rental Income from Investment Properties:			
- Minimum Lease Payments		289	279
Net Revenue Contribution from Investment Properties		289	279
plus:			
Fair Value Movement for year		170	375
Total Income attributable to Investment Properties		<u>459</u>	<u>654</u>

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management

\$ '000

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2015	2014	2015	2014
Financial Assets				
Cash and Cash Equivalents	9,352	34,379	9,352	34,379
Investments				
- "Held for Trading"	504	508	504	508
- "Held to Maturity"	31,000	2,000	31,000	2,000
Receivables	1,946	2,101	1,946	2,101
Total Financial Assets	42,802	38,988	42,802	38,988
Financial Liabilities				
Payables	5,914	4,889	5,914	4,889
Loans / Advances	6,826	5,150	6,826	5,150
Total Financial Liabilities	12,740	10,039	12,740	10,039

Fair Value is determined as follows:

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

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

The risks associated with the investments held are:

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

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

In some circumstances Council seeks advice from independent advisers before placing funds in Cash Equivalents Investments.

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.

2015	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
Possible impact of a 10% movement in Market Values	50	50	(50)	(50)
Possible impact of a 1% movement in Interest Rates	409	409	(409)	(409)
2014				
Possible impact of a 10% movement in Market Values	51	51	(51)	(51)
Possible impact of a 1% movement in Interest Rates	369	369	(369)	(369)

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

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:

	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	0%	33%	0%	33%
Overdue	100%	67%	100%	67%
	100%	100%	100%	100%

		2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
(ii) Ageing of Receivables - value					
Rates & Annual Charges	Other Receivables				
Current	Current	-	941	-	1,525
< 1 year overdue	0 - 30 days overdue	246	376	245	30
1 - 2 years overdue	30 - 60 days overdue	-	-	-	39
2 - 5 years overdue	60 - 90 days overdue	95	36	79	3
> 5 years overdue	> 90 days overdue	172	129	154	84
		513	1,482	478	1,681

(iii) Movement in Provision for Impairment of Receivables

	2015	2014
Balance at the beginning of the year	58	85
+ new provisions recognised during the year	10	-
- amounts already provided for & written off this year	(19)	(7)
- amounts provided for but recovered during the year	-	(20)
Balance at the end of the year	49	58

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2015									
Trade/Other Payables	3,106	2,808	-	-	-	-	-	5,914	5,914
Loans & Advances	-	778	786	793	800	807	7,663	11,627	6,826
Total Financial Liabilities	3,106	3,586	786	793	800	807	7,663	17,541	12,740
2014									
Trade/Other Payables	2,617	2,272	-	-	-	-	-	4,889	4,889
Loans & Advances	-	524	530	537	543	550	7,170	9,854	5,150
Total Financial Liabilities	2,617	2,796	530	537	543	550	7,170	14,743	10,039

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

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

	2015		2014	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	5,914	0.0%	4,889	0.0%
Loans & Advances - Fixed Interest Rate	3,573	5.3%	1,827	5.7%
Loans & Advances - Variable Interest Rate	3,253	4.0%	3,323	5.9%
	<u>12,740</u>		<u>10,039</u>	

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 23 June 2014.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act requires Council to review its 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	2015 Budget	2015 Actual	2015 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	21,468	21,577	109	1%	F
User Charges & Fees	8,140	8,765	625	8%	F
Interest & Investment Revenue	1,303	1,356	53	4%	F
Other Revenues	3,659	4,121	462	13%	F
Council received an increased Fair Value adjustment of \$170k on it's Investment Property through the yearly revaluation process. An additional amount of \$42k in Legal Costs recovered through successful environmental and planning compliance processes and \$49k from Urban Growth through the secondment of staff. \$198k in Parking income, insurance claims and various other sundry income.					
Operating Grants & Contributions	3,635	3,777	142	4%	F
Capital Grants & Contributions	2,539	1,498	(1,041)	(41%)	U
Capital S94A Contributions were down \$1.2m on budget, this was due to the large amount of Development Application appeals lodged with the Land and Environment Court. Council also received a Grant of \$174k towards the construction of a Multipurpose Entertainment Facility in Burwood Park which was not budgeted.					
Net Gains from Disposal of Assets	-	3,409	3,409	0%	F
Council sold part of Waimea Street Burwood which was not budgeted. This sale has been an ongoing matter for several years requiring complex easements and rights of way to finalise the sale.					

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	17,429	16,937	492	3%	F
Borrowing Costs	359	325	34	9%	F
Materials & Contracts	8,784	10,066	(1,282)	(15%)	U
The variance is attributed to contracted staff which were unbudgeted totalling \$840k some costs offset with Employee Costs. Further unbudgeted expenses relating to Town Planning Legals \$387k and Consultancy costs \$335k (associated with development appeals within the LGA) with savings of \$173k in General Legal costs.					
Depreciation & Amortisation	6,135	6,733	(598)	(10%)	U
Other Expenses	8,010	7,178	832	10%	F
Joint Ventures & Associates - Net Losses	-	71	(71)	0%	U
Council does not budget for it's Joint Venture.					

Budget Variations relating to Council's Cash Flow Statement include:

Cash Flows from Operating Activities	8,642	7,792	(850)	(9.8%)	U
The variances between Actual and Budget were related to the reduction in S94A Contributions received during the year, reduction in Operating Grant monies received, increased Development Application fees and associated income. Increased Waste Disposal Charges along with increased Town Planning Consultancy costs and Legal Costs due to increased development within the LGA.					
Cash Flows from Investing Activities	(10,428)	(34,495)	(24,067)	230.8%	U
The variances between Actual and Budget were primarily with the purchase of \$28m investments from "Short Term Deposits" to "Held to Maturity". Further Council sold part of a road "Waimea Street" which was not budgeted. Further Council deferred several Capital Works projects until 2015-16 financial year due to inclement weather conditions "Wangal Park" or required further investigation before works could start.					
Cash Flows from Financing Activities	1,636	1,676	40	2.4%	F

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
S94A Levies - under a Plan	7,015	1,002	-	137	(1,770)	-	6,384	149,553	(151,483)	-	-
Total S94 Revenue Under Plans	7,015	1,002	-	137	(1,770)	-	6,384	149,553	(151,483)	-	-
S93F Planning Agreements	3,115	-	-	58	(2,519)	-	654	-	654	-	-
Total Contributions	10,130	1,002	-	195	(4,289)	-	7,038	149,553	(150,829)	-	-

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	679	1	-	13	(147)	-	546	-	-	-	-
Parking	305	-	-	6	-	-	311	-	-	-	-
Open Space	638	22	-	12	(539)	-	133	-	-	-	-
Community Facilities	229	17	-	4	(91)	-	159	-	-	-	-
Preparation & Admin Fees	-	1	-	-	(1)	-	-	-	-	-	-
Burwood Town Centre	4,451	301	-	82	(607)	-	4,227	103,093	(104,121)	-	-
Burwood LGA	713	660	-	20	(385)	-	1,008	46,460	(47,362)	-	-
Total	7,015	1,002	-	137	(1,770)	-	6,384	149,553	(151,483)	-	-

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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 it's 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 was a member of Statewide Mutual, a mutual pool scheme providing liability insurance to Local Government in 2012-13 financial year.

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

The future realisation and finalisation of claims incurred but not reported to 30/6 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 2015

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 2015

Note 19. Interests in Other Entities

\$ '000

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

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils, Bodies and other Outside Organisations.

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

Joint Ventures & Associates

Note 19(a)

Joint Ventures are operational arrangements where the parties that have joint control have rights to the net assets of the arrangement.

Associates are separate entities where Council has significant influence over the operations (but neither controls nor jointly controls them).

Accounting Recognition:

(i) Joint Ventures and Associates as per Note 19(a) are accounted for using the Equity Accounting Method and are disclosed as a 1 line entry in both the Income Statement and Statement of Financial Position.

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Joint Ventures	(71)	137	66	137
Total	(71)	137	66	137

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 19. Interests in Other Entities (continued)

\$ '000

(a) Joint Ventures and Associates

Council has incorporated the following Joint Ventures and Associates into its consolidated Financial Statements.

(a) Net Carrying Amounts - Council's Share

Name of Entity	Nature of Relationship	Measurement Method	2015	2014
Metro Pool	Joint Venture	Equity Method	15	66
United Independent Pool	Joint Venture	Equity Method	51	71
Total Carrying Amounts - Material Joint Ventures and Associates			66	137

(b) Details

Name of Entity	Principal Activity	Place of Business
Metro Pool	Local Govt. Insurance Coverage	Penrith
United Independent Pool	Local Govt. Insurance Coverage	Penrith

(c) Relevant Interests & Fair Values

Name of Entity	Quoted Fair Value		Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2015	2014	2015	2014	2015	2014	2015	2014
Metro Pool	N/A	N/A	0.2%	0.8%	0.2%	0.8%	11.1%	11.1%
United Independent Pool	N/A	N/A	0.7%	1.0%	0.7%	1.0%	5.3%	5.6%

(d) Summarised Financial Information for Joint Ventures & Associates

Statement of Financial Position	Metro Pool		United Independent Pool	
	2015	2014	2015	2014
Current Assets				
Cash and Cash Equivalents	4,762	18,893	6,027	8,097
Total Current Assets	4,762	18,893	6,027	8,097
Non-Current Assets	15,491	-	5,760	2,000
Current Liabilities				
Other Current Liabilities	1,237	2,608	1,808	1,156
Total Current Liabilities	1,237	2,608	1,808	1,156
Non-Current Liabilities	10,644	7,958	2,462	2,035
Net Assets	8,372	8,327	7,517	6,906
Reconciliation of the Carrying Amount				
Opening Net Assets (1 July)	8,327	8,211	6,906	6,405
Profit/(Loss) for the period	44	116	611	501
Closing Net Assets	8,371	8,327	7,517	6,906
Council's share of Net Assets (%)	0.2%	0.8%	0.7%	1.0%
Council's share of Net Assets (\$)	15	66	51	71

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 19. Interests in Other Entities (continued)

\$ '000

(a) Joint Ventures and Associates (continued)

(d) Summarised Financial Information for Joint Ventures & Associates (continued)

	Metro Pool		United Independent Pool	
	2015	2014	2015	2014
Statement of Comprehensive Income				
Income	3,341	3,392	8,696	8,743
Interest Income	953	1,031	388	310
Other Expenses	(4,250)	(4,307)	(8,472)	(8,552)
Profit/(Loss) from Continuing Operations	44	116	612	501
Profit/(Loss) for Period	44	116	612	501
Total Comprehensive Income	44	116	612	501
Council's share of Income (%)	(114.5%)	56.9%	(3.1%)	14.1%
Council's share of Profit/(Loss) (\$)	(51)	66	(19)	71
Council's share of Comprehensive Income (\$)	(51)	66	(19)	71

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2015	Actual 2014
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		178,779	173,805
a. Net Operating Result for the Year		3,193	4,974
Balance at End of the Reporting Period		181,972	178,779
(b) Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		184,759	214,588
Total		184,759	214,588
(ii) Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		214,588	214,588
- Revaluations for the year	9(a)	(29,829)	-
- Balance at End of Year		184,759	214,588
TOTAL VALUE OF RESERVES		184,759	214,588

(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 2015

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

Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

Note 23. Events occurring after the Reporting Date

Events that occur between the end of the reporting period (ending 30 June 2015) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 11 September 2015.

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 2015.

(ii) 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 2015 and which are only indicative of conditions that arose after 30 June 2015.

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

Burwood Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 24. Discontinued Operations

\$ '000

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

Note 25. Intangible Assets

Intangible Assets represent identifiable non-monetary asset 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 2015

Note 27. Fair Value Measurement

\$ '000

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

- Infrastructure, Property, Plant and Equipment
- Investment Property
- Financial Assets & Liabilities

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

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

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

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

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

2015	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Assets					
Investments					
- "Held for Trading"	30/06/15	-	-	504	504
Total Financial Assets		-	-	504	504
Investment Properties					
Investment Property	30/06/15	-	-	3,420	3,420
Total Investment Properties		-	-	3,420	3,420
Infrastructure, Property, Plant & Equipment					
Plant & Office Equipment and Furniture & Fittings	30/06/15	-	-	6,954	6,954
Operational Land	30/06/13	-	-	43,732	43,732
Community Land	30/06/11	-	-	29,515	29,515
Land Improvements - Depreciable	30/06/11	-	-	7,105	7,105
Buildings - Non-Specialised and Specialised	30/06/13	-	-	38,190	38,190
Other Structures	30/06/11	-	-	3,988	3,988
Roads	30/06/15	-	-	139,828	139,828
Footpaths and Kerb & Gutter	30/06/15	-	-	34,523	34,523
Drainage Infrastructure	30/06/15	-	-	28,052	28,052
Swimming Pools	30/06/13	-	-	3,260	3,260
Library Books	30/06/15	-	-	351	351
Other Assets	30/06/15	-	-	1,139	1,139
Works in Progress	30/06/15	-	-	2,913	2,913
Total Infrastructure, Property, Plant & Equipment		-	-	339,550	339,550

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

2014	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Assets					
Investments - "Held for Trading"	30/06/14	-	-	508	508
Total Financial Assets		-	-	508	508
Investment Properties					
Investment Property	30/06/14	-	-	3,250	3,250
Total Investment Properties		-	-	3,250	3,250
Infrastructure, Property, Plant & Equipment					
Plant & Office Equipment and Furniture & Fittings	30/06/14	-	-	7,393	7,393
Operational Land	30/06/13	-	-	43,732	43,732
Community Land	30/06/11	-	-	29,515	29,515
Land Improvements - Depreciable	30/06/11	-	-	6,131	6,131
Buildings - Non-Specialised and Specialised	30/06/14	-	-	37,618	37,618
Other Structures	30/06/14	-	-	3,385	3,385
Roads	30/06/10	-	-	148,190	148,190
Footpaths and Kerb & Gutter	30/06/10	-	-	34,246	34,246
Drainage Infrastructure	30/06/10	-	-	51,197	51,197
Swimming Pools	30/06/13	-	-	2,734	2,734
Library Books	30/06/14	-	-	419	419
Other Assets	30/06/14	-	-	1,338	1,338
Works in Progress	30/06/14	-	-	1,284	1,284
Total Infrastructure, Property, Plant & Equipment		-	-	367,182	367,182

(2) Transfers between Level 1 & Level 2 Fair Value Hierarchies

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (ie. Level 1 inputs), Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Financial Assets

Investments - At fair value through profit or loss are represented by Lehman Brothers Global Property Note (CDO) and Dresdner Bank – Octagon Ltd EMU Capital Guaranteed Note. Council obtains valuations from its Investment Advisor on a monthly basis and at the end of each reporting period to ensure the financial statements reflect the most up-to-date valuation. The best evidence of fair value is the current price in an active market for similar assets. The market for Australian mortgage backed securities, regardless of the robustness of the structure, is highly illiquid as a direct consequence of the global financial crisis. This has caused difficulties in valuing the security as there is limited “price discovery” in the market. At this stage, opportunistic bids for the tranches would be expected in the 20c and 96c in the dollar respectively. There has been no change to the valuation process during the reporting period.

Investment Properties

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

The fair value of the investment property is determined by an independent, qualified valuer on an annual basis who has experience in the location of the property. The Council reviews the valuation report and discusses significant movements with the valuer. As at 30 June 2015 the valuation of the investment property was performed by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144. There was a change to the valuation process during the reporting period.

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

Infrastructure, Property, Plant & Equipment

Plant & Equipment, Office Equipment and Furniture & Fittings

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

- Plant and Equipment - Trucks, tractors, ride-on mowers, street sweepers, earthmoving equipment, mini vans and motor vehicles
- Office Equipment - Computer equipment, flat screen monitors, whiteboards, refrigerators etc
- Furniture & Fittings - Chairs, desks and display systems

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

Operational Land

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

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

Community Land

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

Land Improvements – Depreciable

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

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

Buildings Non-Specialised and Specialised

Buildings were valued by by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144 in June 2013 using the cost approach. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While all buildings were physically inspected inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

During the financial year Council refurbished a building (1a Railway Parade). Costs to refurbish were current costs. There has been no change to the valuation process during the reporting period.

Other Structures

This asset class comprises playground equipment, pedestrian fencing, retaining walls, shade structures and seating.

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

Roads

This asset class comprises the Road Carriageway, Suburb Markers and Traffic facilities. The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter. The 'Cost Approach' using Level 3 inputs was used to value the road carriageway and other road infrastructure. Valuations for the road carriageway, comprising surface, pavement and formation were based on calculations carried out by JRA, Jeff Roorda Associates during 2015, utilising the detailed pavement information residing in Council's Pavement Management System - "Assetic System".

The cost approach was utilised with inputs such as estimates pattern of consumption, asset condition and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there some uncertainty regarding the actual design, specifications and dimensions of some assets.

Footpaths and Kerb & Gutter

Footpaths were valued by JRA, Jeff Roorda Associates during 2015 using the cost approach. Footpaths and Kerb & Gutter were segmented to match the adjacent road segment where possible and no further componentisation was undertaken. Footpaths and Kerb & Gutter were originally mapped and condition assessed using a combination of video condition assessment and physical inspection. Condition information is updated as changes in the network are observed through regular inspections.

Drainage Infrastructure

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

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The Level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. The Drainage system was valued by JRA, Jeff Roorda Associates during 2015 using the cost approach

Swimming Pools

Assets within this class comprise Council's Enfield Aquatic Centre. The indoor and outdoor pools at the aquatic centre was valued by Scott Fullarton Valuations Pty Ltd in June 2013 using the cost approach. The approach estimated the replacement cost for each pool by componentising its significant parts.

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

Swimming Pools (continued)

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

Library Books

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

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

Other Assets

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

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

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

a. The following tables present the changes in Level 3 Fair Value Asset Classes.

	Held for Trading	Investment Property	Plant and Equipment	Operational Operational Land	Community Land	Land Improvements Depreciable	Buildings	Other Structures	Total
Opening Balance - 1/7/13	586	2,875	6,270	44,208	29,515	5,561	20,233	1,984	111,232
Purchases (GBV)	-	-	3,187	312	-	712	19,871	1,561	25,643
Disposals (WDV)	(285)	-	(796)	-	-	-	(1,537)	-	(2,618)
Depreciation & Impairment	-	-	(1,268)	(788)	-	(142)	(949)	(160)	(3,307)
Other movement (Fair Value Adjustment)	207	375	-	-	-	-	-	-	582
Closing Balance - 30/6/14	508	3,250	7,393	43,732	29,515	6,131	37,618	3,385	131,532
Purchases (GBV)	2,500	-	1,439	-	-	917	1,510	625	6,991
Disposals (WDV)	(2,526)	-	(444)	-	-	-	(8)	(2)	(2,980)
Depreciation & Impairment	-	-	(1,322)	-	-	(156)	(930)	(205)	(2,613)
Other movement (Fair Value Adjustment)	22	170	-	-	-	-	-	-	192
Other movement WIP Transfers	-	-	(110)	-	-	213	-	185	288
Closing Balance - 30/6/15	504	3,420	6,956	43,732	29,515	7,105	38,190	3,988	133,410

¹ FV Gains recognised in the Income Statement relating to assets still on hand at year end total:

YE 13/14	207	375	-	-	-	-	-	-	582
YE 14/15	22	170	-	-	-	-	-	-	192

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) continued

a. The following tables present the changes in Level 3 Fair Value Asset Classes. (continued)

	Roads	Footpaths	Drainage	Swimming Pool	Library Books	Other Assets	Total
Opening Balance - 1/7/13	148,601	34,090	52,278	2,842	445	1,355	239,611
Purchases (GBV)	1,116	893	185	-	123	301	2,618
Depreciation & Impairment	(1,527)	(737)	(1,266)	(108)	(149)	(318)	(4,105)
Closing Balance - 30/6/14	148,190	34,246	51,197	2,734	419	1,338	238,124
Purchases (GBV)	802	1,110	259	635	102	149	3,057
Disposals (WDV)	-	-	-	-	-	(16)	(16)
Depreciation & Impairment	(1,556)	(748)	(1,268)	(109)	(172)	(267)	(4,120)
Other movement (Revaluation)	(7,608)	(85)	(22,136)	-	-	-	(29,829)
Other movement (WIP Transfer)	-	-	-	-	-	(65)	(65)
Closing Balance - 30/6/15	139,828	34,523	28,052	3,260	349	1,139	207,151

Burwood Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

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

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

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

Financial Assets

Class	Fair Value (30/6/15) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Held for Trading	504	Market Value	<ul style="list-style-type: none"> Unit Price 	<ul style="list-style-type: none"> \$0.18 to \$1.00 	Significant changes in the estimated unit price would result in significant changes to fair value measurement.

Financial Liabilities

n/a

Investment Properties

Class	Fair Value (30/6/15) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Commercial Office and Retail	3,420	Qualified Valuer	<ul style="list-style-type: none"> Estimated rental value (rate per square metre) Rental Yield 	<ul style="list-style-type: none"> \$570 - \$650 6% - 7% 	Significant changes in the estimated rental value or yield would result in significant changes to fair value measurement

Burwood Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

I,PP&E

Class	Fair Value (30/6/15) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Plant & Equipment, Office Equipment and Furniture & Fittings	6,954	Cost approach	<ul style="list-style-type: none"> Gross Replacement Cost Remaining useful life Residual value 	<ul style="list-style-type: none"> Varies significantly from asset to asset 5 to 20 years 0% to 40% 	Significant changes in the gross replacement value, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Operational Land	43,732	Qualified Valuer	<ul style="list-style-type: none"> Price per square metre 	<ul style="list-style-type: none"> \$100 - \$2,000 per square metre) 	Significant changes in the price per square metre would result in significant changes to fair value measurement.
Community Land	29,515	Valuer General or average unit rate based on land values similar properties	<ul style="list-style-type: none"> Unimproved Capital Value (price per square metre) 	<ul style="list-style-type: none"> \$4 - \$3,242 (per square metre) 	Significant changes in the price per square metre would result in significant changes to fair value measurement.
Land Improvements – depreciable	7,105	Cost approach	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life Residual value 	<ul style="list-style-type: none"> Varies significantly from asset to asset Very poor to good 25 – 100 years 80% 	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Buildings	38,190	Qualified Valuer	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life Residual value 	<ul style="list-style-type: none"> Varies significantly from asset to asset Poor to excellent 2 – 100 years 0% to 80% 	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Other Structures	3,988	Cost approach	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life 	<ul style="list-style-type: none"> Varies significantly from asset to asset Poor to good 2 – 100 years 	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.

Burwood Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

Class	Fair Value (30/6/15) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Roads	139,828	Qualified Valuer	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life 	<ul style="list-style-type: none"> Varies significantly from asset to asset Poor to excellent 2 – 225 years 	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Footpaths	34,523	Qualified Valuer	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life 	<ul style="list-style-type: none"> Varies significantly from asset to asset Poor to good 0 – 90 years 	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Drainage Infrastructure	28,052	Qualified Valuer	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life 	<ul style="list-style-type: none"> Varies significantly from asset to asset Very poor to good 0 – 200 years 	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Swimming Pools	3,260	Qualified Valuer	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life 	<ul style="list-style-type: none"> Varies significantly from asset to asset Average to good 10 – 40 years 	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Library Books	351	Cost approach	<ul style="list-style-type: none"> Gross Replacement Cost Asset Condition Remaining useful life 	<ul style="list-style-type: none"> Varies significantly from asset to asset Average to good 5 – 15 years 	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.

Burwood Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

Class	Fair Value (30/6/15) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Other Assets	1,139	Cost approach	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining useful life • Residual value 	<ul style="list-style-type: none"> • Varies significantly from asset to asset • Average to good • 5 – 10 years • 0% to 50% 	Significant changes in the gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.

c. The Valuation Process for Level 3 Fair Value Measurements

Valuation process has been incorporated within 3 above

(5). Highest and best use

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

Burwood Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 28. Financial Review

\$ '000

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

Financial Performance Figures	2015	2014	2013	2012	2011
Inflows:					
Rates & Annual Charges Revenue	21,577	20,669	19,013	18,321	17,565
User Charges Revenue	8,765	7,648	7,553	6,497	5,060
Interest & Investment Revenue (Losses)	1,356	1,619	2,132	2,609	2,841
Grants Income - Operating & Capital	2,891	2,729	3,601	3,905	3,305
Total Income from Continuing Operations	44,503	45,553	40,328	62,340	48,747
Sale Proceeds from I,PP&E	3,962	9,599	671	31,579	7,518
New Loan Borrowings & Advances	2,000	1,000	1,000	-	-
Outflows:					
Employee Benefits & On-cost Expenses	16,937	16,172	15,722	15,459	16,060
Borrowing Costs	325	260	392	937	998
Materials & Contracts Expenses	10,066	8,691	8,599	8,437	8,272
Total Expenses from Continuing Operations	41,310	40,579	39,570	38,691	38,742
Total Cash purchases of I,PP&E	9,483	26,367	8,298	6,228	3,119
Total Loan Repayments (incl. Finance Leases)	324	197	4,609	8,462	51
Operating Surplus/(Deficit) (excl. Capital Income)	1,695	(2,792)	(2,387)	18,968	7,026
Financial Position Figures	2015	2014	2013	2012	2011
Current Assets	43,093	39,170	50,402	45,665	26,740
Current Liabilities	12,793	11,246	11,040	13,794	21,359
Net Current Assets	30,300	27,924	39,362	31,871	5,381
Available Working Capital (Unrestricted Net Current Assets)	1,643	1,040	8,755	538	1,110
Cash & Investments - Unrestricted	3,239	1,613	1,430	713	746
Cash & Investments - Internal Restrictions	25,560	21,724	26,070	31,193	9,521
Cash & Investments - Total	40,856	36,887	40,048	42,454	18,728
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	6,826	5,150	4,347	7,956	16,418
Total Value of I,PP&E (excl. Land & Earthworks)	425,645	484,074	463,710	445,718	447,249
Total Accumulated Depreciation	159,342	190,139	186,874	176,122	171,005
Indicative Remaining Useful Life (as a % of GBV)	63%	61%	60%	60%	62%

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 2015

Note 29. 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

Ian McCallum

AUDITORS

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

Elected Members**MAYOR**

Councillor Faker

COUNCILLORS

Councillor Deans
Councillor Doueihy
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 2015, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

Responsibility of Council for the Financial Statements

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

Auditors' Responsibility

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

Assurance Partners

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Steer Assurance Partners

ABN 56 435 338 966

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

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

Independence

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

Auditor's Opinion

In our opinion,

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

HILL ROGERS SPENCER STEER



BRETT HANGER

Partner

Dated at Sydney this 11th day of September 2015

11 September 2015

The Mayor
Burwood Council
PO Box 240
BURWOOD NSW 2134

Mayor,

Audit Report - Year Ended 30 June 2015

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

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

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

I. RESULTS FOR THE YEAR

1.1 Operating Result

The operating result for the year was a surplus of \$3.193 million as compared with \$4.974 million in the previous year.

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

	2015	% of	2014	% of	Increase
	\$000	Total	\$000	Total (Decrease)	\$000
Revenues before capital items					
Rates & annual charges	21,577	50%	20,669	55%	908
User charges, fees & other revenues	16,295	38%	11,888	31%	4,407
Grants & contributions provided for operating purposes	3,777	9%	3,611	10%	166
Interest & investment revenue	1,356	3%	1,619	4%	(263)
	43,005	100%	37,787	100%	5,218
Expenses					
Employee benefits & costs	16,937	41%	16,172	40%	765
Materials, contracts & other expenses	17,315	42%	17,523	43%	(208)
Depreciation, amortisation & impairment	6,733	16%	6,624	16%	109
Borrowing costs	325	1%	260	1%	65
	41,310	100%	40,579	100%	731
Surplus (Deficit) before capital items	1,695		(2,792)		4,487
Grants & contributions provided for capital purposes	1,498		7,766		(6,268)
Net Surplus (Deficit) for the year	3,193		4,974		(1,781)
Performance Measures					
Operating Performance		2015		2014	
		-4.66%		-5.32%	
Own Source Operating Revenue		87.10%		74.62%	

The above table shows an overall decrease of \$1.781 million over the previous year. This can be attributed to a reduction of \$6.046 million in developer contributions received during the year; which were particularly high in the prior year. This decrease was offset by an increase in the profit on the disposal of assets; \$3.409 million, compared to a loss of \$1.54 million in the previous year.

Operating Performance measures the ability to contain operating expenditure within operating revenue excluding capital amounts. For 2015, this indicator was -4.66%; below the benchmark of 0%.

Own Source Operating Revenue measures the degree of reliance on external funding sources such as grants and contributions. For 2015, this indicator was 87.10% and exceeded the benchmark of 60%.

1.2 Funding Result

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

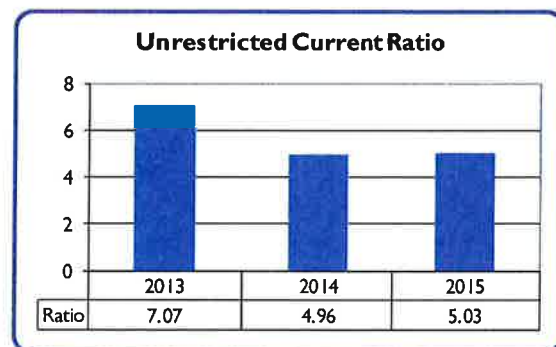
	2015	2014
Funds were provided by:-	\$000	\$000
Operating Result (as above)	3,193	4,974
Add back non funding items:-		
- Depreciation, amortisation & impairment	6,733	6,624
- Book value of non-current assets sold	553	3,120
- (Gain)/Loss of fair value to investment properties	(170)	(375)
- (Surplus)/Deficit in joint ventures	71	(137)
	10,380	14,206
New loan borrowings	2,000	1,000
Transfers from externally restricted assets (net)	1,561	0
Transfers from internal reserves (net)	0	4,346
Net Changes in current/non-current assets & liabilities	903	398
	14,844	19,950
Funds were applied to:-		
Purchase and construction of assets	(9,485)	(26,367)
Principal repaid on loans	(324)	(197)
Transfers to externally restricted assets (net)	0	(1,101)
Transfers to internal reserves (net)	(3,836)	0
	(13,645)	(27,665)
Increase/(Decrease) in Available Working Capital	1,199	(7,715)

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 \$24.773 million representing a factor of 5.03 to 1.



2.2 Available Working Capital – (Working Funds)

At the close of the year the Available Working Capital of Council stood at \$2.239 million as detailed below;

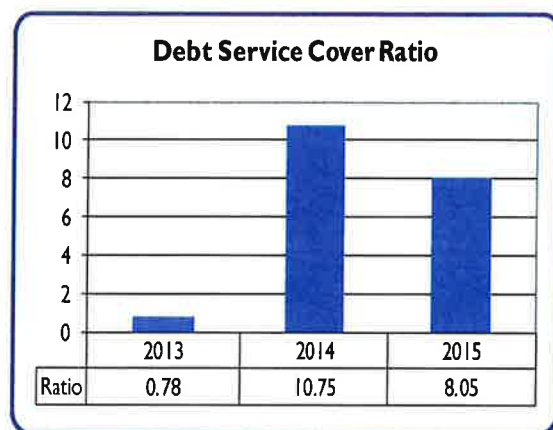
	2015	2014	Change
	\$000	\$000	\$000
Net Current Assets (Working Capital) as per Accounts	30,300	27,924	2,376
Add Payables & provisions not expected to be realised in the next 12 months included above	6,402	5,921	481
Adjusted Net Current Assets	36,702	33,845	2,857
Add Budgeted & expected to pay in the next 12 months			
- Borrowings	442	249	193
- Employees leave entitlements	1,993	1,590	403
- Deposits & retention moneys	591	570	21
Less: Externally restricted assets	(11,929)	(13,490)	1,561
Less: Internally restricted assets	(25,560)	(21,724)	(3,836)
Available Working Capital as at 30 June	2,239	1,040	1,199

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

2.3 Debt

After repaying principal and interest of \$649,000 and taking up new borrowings of \$2 million, total debt as at 30 June 2015 stood at \$6.826 million (2014 - \$5.15 million).

The debt service cover ratio measures the availability of operating cash to service debt repayments. For 2015, the ratio indicated that operating results before capital, interest and depreciation covered payments required to service debt by a factor of 8.05 to 1.



2.4 Summary

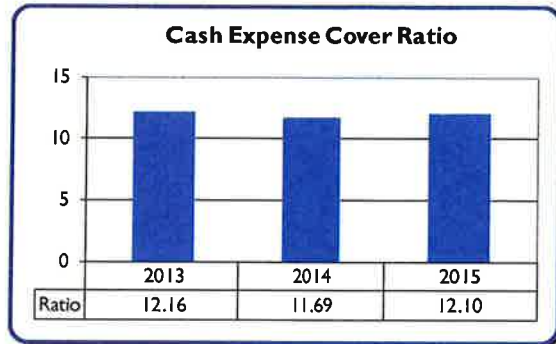
Council's overall financial position, when taking into account the above financial indicators was, in our opinion, sound.

3. CASH ASSETS

3.1 Cash Expense Cover Ratio

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

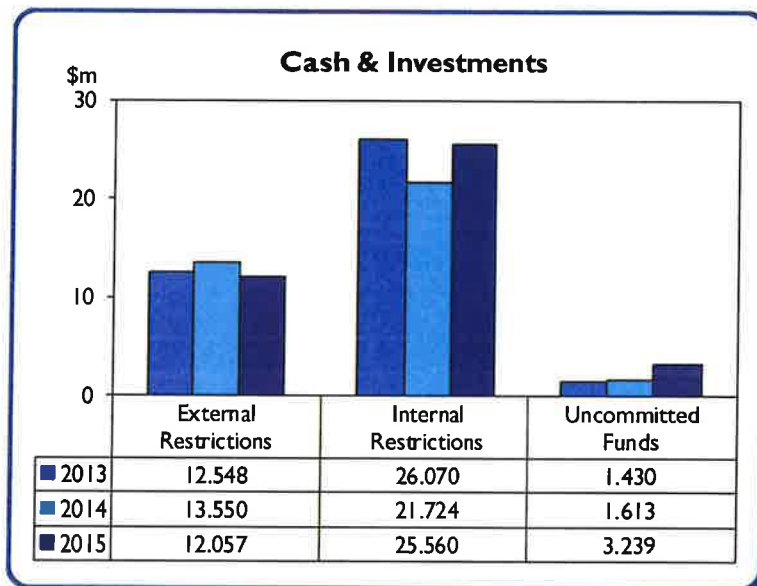
For 2015, this ratio stood at 12.1 months compared to the benchmark of 3.



3.2 Cash & Investment Securities

Cash and investments amounted \$40.856 million at 30 June 2015 as compared with \$36.887 million in 2014 and \$40.048 million in 2013.

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



Externally restricted cash and investments are restricted in their use by externally imposed requirements and consisted of development contributions under Section 94 (\$7.038 million), specific purpose grants (\$1.03 million), unexpended loans (\$2.268 million) and domestic waste charges (\$1.721 million).

Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's "**Reserves**". These Reserves totalled \$25.56 million and their purposes are more fully disclosed in Note 6 of the financial statements.

Unrestricted cash and investments amounted to \$3.239 million, which is available to provide liquidity for day to day operations.

3.3 Cash Flows

The Statement of Cash Flows illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that cash decreased by \$25.027 million to \$9.352 million at the close of the year.

In addition to operating activities which contributed net cash of \$7.792 million were the proceeds from the sale of assets (\$3.962 million), disposal of investments securities (\$28.526 million) and loan funds received (\$2 million). Cash outflows other than operating activities were used to purchase investments (\$57.5 million), purchase and construct assets (\$9.483 million) and repay loans (\$324,000).

4. RECEIVABLES

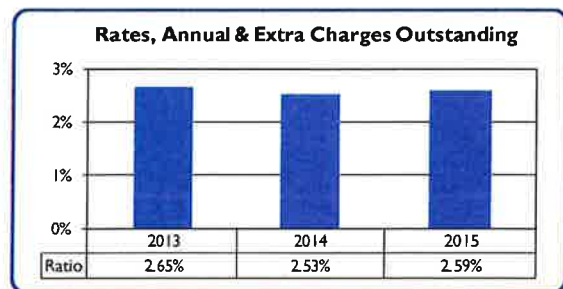
4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the year totalled \$21.577 million and represented 48% of Council's total revenues.

Including arrears, the total rates and annual charges collectible was \$22.055 million of which \$21.542 million (98%) was collected.

4.2 Rates, Annual & Extra Charges

Arrears of rates, annual and extra charges stood at \$574,000 at the end of the year and represented 2.59% of those receivables.



4.3 Other Receivables

Receivables (other than rates, annual & extra charges) totalled \$1.421 million and included user charges, fees and private works (\$564,000), accrued revenues (\$712,000) and amounts due from other levels of government (\$117,000).

Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$49,000.

5. PAYABLES

5.1 Employees Leave Entitlements

Council’s provision for its liability toward employees leave entitlements and associated on costs amounted to \$6.101 million. Internally restricted cash and investments of \$1.25 million was held representing 20% of this liability and was, in our opinion, sufficient to meet unbudgeted and unanticipated retirements.

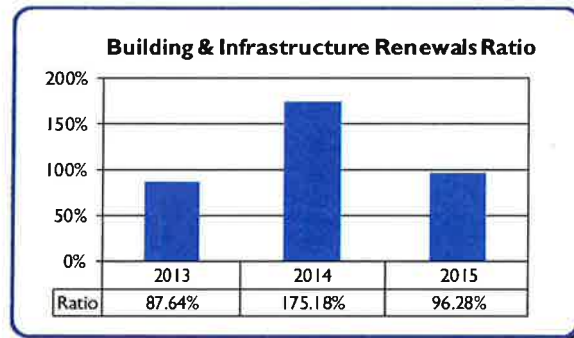
5.2 Deposits, Retentions & Bonds

Deposits, retentions and bonds held at year end amounted to \$3.106 million. A cash reserve of \$2.51 million was held at year end representing 81% 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.

Special Schedule No. 7 discloses that asset renewals for 2015 represented 96% of the depreciation charges for these assets. An industry benchmark is considered to be 100%, measured annually over the long term.



7. REVALUATION OF ASSETS

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

During the year, roads, footpaths and drainage assets were revalued. This resulted in a net decrease of \$29.829 million that was credited directly to Equity. Notes 1(j) and 9 of the financial statements provide further details.

8. MANAGEMENT LETTER

An audit management letter addressing the findings from our interim audit was issued on 3 February 2015. This included our recommendations on possible ways to strengthen and/or improve procedures. A response was received from management on 4 March 2015 outlining their proposed actions.

Hill Rogers
Spencer Steer

9. CONCLUSION

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

Yours faithfully,

HILL ROGERS SPENCER STEER



BRETT HANGER

Partner