



**Burwood**  
Inc.1874

**GENERAL PURPOSE  
FINANCIAL STATEMENT  
FOR THE YEAR ENDED  
30 JUNE 2019**



# General Purpose Financial Statements

for the year ended 30 June 2019

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## Overview

Burwood Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:  
Suite 1, Level 2, 1-17 Elsie Street  
BURWOOD NSW 2134

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

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

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

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

## General Purpose Financial Statements

for the year ended 30 June 2019

### Understanding Council's Financial Statements

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#### Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their council and community.

#### What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2019.

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

#### About the Councillor/Management Statement

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

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

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

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

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

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

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

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

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

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

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

#### Who uses the Financial Statements?

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

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

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

## General Purpose Financial Statements

for the year ended 30 June 2019

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 27 August 2019



Councillor Faker  
Mayor  
27 August 2019



Councillor Furneaux-Cook  
Councillor  
27 August 2019



Tommaso Briscese  
Acting General Manager  
27 August 2019



Wayne Armitage  
Responsible Accounting Officer  
27 August 2019

## Income Statement

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018
<b>Income from continuing operations</b>				
<u>Revenue:</u>				
27,641	Rates and annual charges	3a	28,600	26,933
10,362	User charges and fees	3b	11,151	11,622
1,300	Interest and investment revenue	3c	1,828	1,392
4,647	Other revenues	3d	5,502	5,400
3,286	Grants and contributions provided for operating purposes	3e,3f	3,438	3,240
4,530	Grants and contributions provided for capital purposes	3e,3f	10,002	14,164
<u>Other income:</u>				
–	Fair value increment on investment properties	10	160	220
–	Net share of interests in joint ventures and associates using the equity method	16	–	104
51,766	<b>Total income from continuing operations</b>		60,681	63,075
<b>Expenses from continuing operations</b>				
20,651	Employee benefits and on-costs	4a	19,649	17,885
347	Borrowing costs	4b	345	325
10,731	Materials and contracts	4c	12,943	11,796
7,175	Depreciation and amortisation of intangible assets and IPP&E	4d	7,505	6,969
9,670	Other expenses	4e	8,370	8,232
–	Net losses from the disposal of assets	5	487	1,386
–	Net share of interests in joint ventures and associates using the equity method	16	13	–
48,574	<b>Total expenses from continuing operations</b>		49,312	46,593
3,192	<b>Operating result from continuing operations</b>		11,369	16,482
3,192	<b>Net operating result for the year</b>		11,369	16,482
3,192	Net operating result attributable to council		11,369	16,482
(1,338)	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		1,367	2,318

The above Income Statement should be read in conjunction with the accompanying notes.

## Statement of Comprehensive Income

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
<b>Net operating result for the year (as per Income Statement)</b>		<b>11,369</b>	<b>16,482</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9(a)	4,728	85,445
Other comprehensive income – joint ventures and associates <sup>1</sup>	16	(1)	–
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>4,727</b>	<b>85,445</b>
<b>Total other comprehensive income for the year</b>		<b>4,727</b>	<b>85,445</b>
<b>Total comprehensive income for the year</b>		<b>16,096</b>	<b>101,927</b>
Total comprehensive income attributable to Council		16,096	101,927

(1) Joint Venture - Roundings variation from 2017-18

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## Statement of Financial Position

as at 30 June 2019

\$ '000	Notes	2019	2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalent assets	6(a)	1,941	7,187
Investments	6(b)	60,250	40,000
Receivables	7	4,495	4,268
Other	8	490	456
<b>Total current assets</b>		<u>67,176</u>	<u>51,911</u>
<b>Non-current assets</b>			
Investments	6(b)	3,000	10,000
Infrastructure, property, plant and equipment	9(a)	465,443	457,041
Investment property	10a	3,980	3,820
Intangible assets	11	331	–
Investments accounted for using the equity method	16	120	134
<b>Total non-current assets</b>		<u>472,874</u>	<u>470,995</u>
<b>TOTAL ASSETS</b>		<u>540,050</u>	<u>522,906</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	12	9,112	8,447
Income received in advance	12	967	1,266
Borrowings	12	690	574
Provisions	13	7,022	6,772
<b>Total current liabilities</b>		<u>17,791</u>	<u>17,059</u>
<b>Non-current liabilities</b>			
Borrowings	12	6,208	5,920
Provisions	13	130	102
<b>Total non-current liabilities</b>		<u>6,338</u>	<u>6,022</u>
<b>TOTAL LIABILITIES</b>		<u>24,129</u>	<u>23,081</u>
<b>Net assets</b>		<u>515,921</u>	<u>499,825</u>
<b>EQUITY</b>			
Accumulated surplus	14a	224,709	213,341
Revaluation reserves	14a	291,212	286,484
<b>Council equity interest</b>		<u>515,921</u>	<u>499,825</u>
<b>Total equity</b>		<u>515,921</u>	<u>499,825</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

for the year ended 30 June 2019

\$ '000	Notes	2019			2018		
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity
Opening balance		213,341	286,484	499,825	196,859	201,039	397,898
Net operating result for the year		11,369	–	11,369	16,482	–	16,482
<b>Other comprehensive income</b>							
– Gain (loss) on revaluation of IPP&E	9(a)	–	4,728	4,728	–	85,445	85,445
– Joint ventures and associates <sup>1</sup>	16	(1)	–	(1)	–	–	–
<b>Other comprehensive income</b>		<b>(1)</b>	<b>4,728</b>	<b>4,727</b>	<b>–</b>	<b>85,445</b>	<b>85,445</b>
<b>Total comprehensive income</b>		<b>11,368</b>	<b>4,728</b>	<b>16,096</b>	<b>16,482</b>	<b>85,445</b>	<b>101,927</b>
<b>Equity – balance at end of the reporting period</b>		<b>224,709</b>	<b>291,212</b>	<b>515,921</b>	<b>213,341</b>	<b>286,484</b>	<b>499,825</b>

(1) Joint Venture - Roundings variation from 2017-18

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Statement of Cash Flows

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018
<b>Cash flows from operating activities</b>				
<u>Receipts</u>				
27,619	Rates and annual charges		28,470	26,625
10,364	User charges and fees		11,275	12,496
1,291	Investment and interest revenue received		1,689	1,235
10,347	Grants and contributions		14,088	16,549
1,500	Bonds, deposits and retention amounts received		1,220	1,574
3,275	Other		7,827	7,303
<u>Payments</u>				
(20,612)	Employee benefits and on-costs		(19,324)	(17,943)
(10,925)	Materials and contracts		(14,585)	(14,036)
(345)	Borrowing costs		(342)	(320)
(1,500)	Bonds, deposits and retention amounts refunded		(1,825)	(1,244)
(8,170)	Other		(9,087)	(9,111)
<b>12,844</b>	<b>Net cash provided (or used in) operating activities</b>	15b	<b>19,406</b>	<b>23,128</b>
<b>Cash flows from investing activities</b>				
<u>Receipts</u>				
30,000	Sale of investment securities		25,250	50,000
700	Sale of infrastructure, property, plant and equipment		2,293	442
<u>Payments</u>				
(30,000)	Purchase of investment securities		(38,500)	(60,250)
(11,903)	Purchase of infrastructure, property, plant and equipment		(13,550)	(12,994)
–	Purchase of intangible assets		(549)	–
<b>(11,203)</b>	<b>Net cash provided (or used in) investing activities</b>		<b>(25,056)</b>	<b>(22,802)</b>
<b>Cash flows from financing activities</b>				
<u>Receipts</u>				
1,000	Proceeds from borrowings and advances		1,000	1,000
<u>Payments</u>				
(633)	Repayment of borrowings and advances		(596)	(466)
<b>367</b>	<b>Net cash flow provided (used in) financing activities</b>		<b>404</b>	<b>534</b>
<b>2,008</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(5,246)</b>	<b>860</b>
–	Plus: cash and cash equivalents – beginning of year	15a	7,187	6,327
<b>2,008</b>	<b>Cash and cash equivalents – end of the year</b>	15a	<b>1,941</b>	<b>7,187</b>
Additional Information:				
–	plus: Investments on hand – end of year	6(b)	63,250	50,000
<b>2,008</b>	<b>Total cash, cash equivalents and investments</b>		<b>65,191</b>	<b>57,187</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Notes to the Financial Statements

for the year ended 30 June 2019

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## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 1. Basis of preparation

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These financial statements were authorised for issue by Council on 27 August 2019. Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

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

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 20 – Material budget variations

and are clearly marked.

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

During the year, Council adopted all standards which were mandatorily effective for the first time at 30 June 2019.

#### (b) Historical cost convention

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

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

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

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

#### Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- estimated fair values of investment properties – refer Note 10
- estimated fair values of infrastructure, property, plant and equipment – refer Note 9
- employee benefit provisions – refer Note 13.

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

- Impairment of receivables

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

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 1. Basis of preparation (continued)

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#### Monies and other assets received by Council

##### (a) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the Local Government Act 1993 (NSW), all money and 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.

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

- General purpose operations

##### (b) The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and 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 other assets subject to Council's control have been included in these reports.

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

#### Goods and Services Tax (GST)

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

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

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

#### New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods (and which have not been early adopted by Council).

As at the date of authorisation of these financial statements, Council does not consider that any of those standards are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows, except for AASB15 and Council's assessment of this standard and interpretation is set out below:

##### AASB 15 Revenue from Contracts with Customers and associated amending standards

AASB15 introduces a five-step process for revenue recognition, with the core principle of the new standard being for entities to recognise revenue 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. Accounting policy changes will arise in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.

Council has assessed each revenue stream but particular impact is expected for grant income. The changes in revenue recognition requirements in AASB15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

Council was awarded a number of grants, mainly relating to new and/or renewals of park amenities and as at 30 June 2019 there was \$2.6 million remaining unspent. The grant agreements set out specific performance obligations and in accordance with AASB15 the amount of \$2.6 million would be held as a liability and recorded as income when the performance obligation is satisfied. From a financial position standpoint, as a result of recognising the above liability, Council's net assets (as at 1 July 2019) will be \$2.6 million lower and from a financial performance standpoint, the net operating result will decrease by \$2.6 million.

## Notes to the Financial Statements

for the year ended 30 June 2019

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

Income, expenses and assets have been directly attributed to the following functions or activities.  
Details of those functions or activities are provided in Note 2(b).

\$ '000	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Functions or activities</b>										
Community Lifestyle	3,435	3,567	9,248	10,518	(5,813)	(6,951)	1,262	1,492	41,873	41,680
Leadership Innovation	2,330	2,398	11,466	11,397	(9,136)	(8,999)	107	166	114,419	104,867
Healthy Sustainable Environment	11,123	8,783	11,789	10,171	(666)	(1,388)	3,849	1,617	120,388	113,520
Planning Infrastructure	17,935	24,246	16,013	13,840	1,922	10,406	859	614	261,760	261,315
Vibrant City Villages	119	131	783	667	(664)	(536)	–	9	1,490	1,390
Other – Share of gains /losses in Joint Ventures (using equity method)	–	104	13	–	(13)	104	–	–	120	134
General purpose income	25,739	23,846	–	–	25,739	23,846	872	754	–	–
<b>Total functions and activities</b>	<b>60,681</b>	<b>63,075</b>	<b>49,312</b>	<b>46,593</b>	<b>11,369</b>	<b>16,482</b>	<b>6,949</b>	<b>4,652</b>	<b>540,050</b>	<b>522,906</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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

#### Community and Lifestyle

The theme 'community and lifestyle' relates to supporting the community to create a feeling of belonging, inclusiveness and wellbeing amongst Burwood's diverse population. Community and lifestyle is about people being proud of where they live, feeling safe and engaged in the community and having access to facilities and services that ensure they can lead a healthy and satisfying lifestyle.

#### Leadership Innovation

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

#### Healthy and Sustainable Environment

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

#### Planning and Infrastructure

This theme relates to the services and infrastructure that supports our community including roads, public transport, health facilities and education providers. It also encompasses our strategic planning to ensure we can accommodate our growing population. This theme aims to improve the quality and equitable access to services in our community and also to enhance the visual appearance of our neighbourhoods, streetscapes and town centre. Transport plays a major role in keeping our community physically connected to work, recreational spaces and services. Being able to move around easily plays a key role in the liveability and sustainability of our area.

#### Vibrant City and Villages

This theme relates to harnessing Burwood's strategic status and supporting the businesses and services that contribute to the wider Burwood economy. Burwood is characterised by a vibrant CBD and several business and shopping precincts. This theme aims to ensure an economically sustainable and prosperous future in Burwood with a strong network of services that support existing businesses and institutions, and attract new and diverse organisations. It also aims to stimulate the local economy and activate our surrounding villages to foster a sense of pride and enhance our local identity.

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

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

#### General purpose income

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations

\$ '000	2019	2018
<b>(a) Rates and annual charges</b>		
<b>Ordinary rates</b>		
Residential	16,831	16,231
Business	5,977	5,504
Less: pensioner rebates (mandatory)	(141)	(143)
Less: pensioner rebates (Council policy)	(82)	(175)
<b>Rates levied to ratepayers</b>	<b>22,585</b>	<b>21,417</b>
Pensioner rate subsidies received	173	175
<b>Total ordinary rates</b>	<b>22,758</b>	<b>21,592</b>
<b>Annual charges</b>		
<small>(pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</small>		
Domestic waste management services	5,553	5,053
Stormwater management services	282	279
Section 611 charges	49	50
Less: pensioner rebates (mandatory)	(42)	(41)
Less: pensioner rebates (Council policy)	(52)	(50)
<b>Annual charges levied</b>	<b>5,790</b>	<b>5,291</b>
Pensioner subsidies received:		
– Domestic waste management	52	50
<b>Total annual charges</b>	<b>5,842</b>	<b>5,341</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>	<b>28,600</b>	<b>26,933</b>

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

**Accounting policy for rates and charges**

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates.

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.

## Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	2019	2018
<b>(b) User charges and fees</b>		
<b>Specific user charges</b>		
<small>(per s.502 - specific 'actual use' charges)</small>		
Domestic waste management services	32	30
Waste management services (non-domestic)	417	404
<b>Total specific user charges</b>	<b>449</b>	<b>434</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Private works – section 67	250	345
Section 10.7 certificates (EP&A Act)	79	84
Section 603 certificates	43	47
Other	3	3
Developer fees	473	774
Engineering and administration	1,850	2,235
Licence and inspection fees	334	334
Licence fees – outdoor eating	92	104
<b>Total fees and charges – statutory/regulatory</b>	<b>3,124</b>	<b>3,926</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Community centres	219	262
Leaseback fees – Council vehicles	213	192
Park rents	71	92
Car parking meters	1,849	1,846
Car parking station	1,206	1,137
Cultural event hire charges	6	86
Property rental – commercial	968	838
Property rental – residential	189	211
Street furniture advertising income	991	965
Swimming centre and gym fees	1,804	1,557
Other	62	76
<b>Total fees and charges – other</b>	<b>7,578</b>	<b>7,262</b>
<b>TOTAL USER CHARGES AND FEES</b>	<b>11,151</b>	<b>11,622</b>

**Accounting policy for user charges and fees**

User charges and fees are recognised as revenue when the service has been provided.

## Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	2019	2018
<b>(c) Interest and investment revenue (including losses)</b>		
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	57	41
– Cash and investments	1,770	1,347
Dividend income (other)	1	4
<b><u>TOTAL INTEREST AND INVESTMENT REVENUE</u></b>	<b><u>1,828</u></b>	<b><u>1,392</u></b>
<b>Interest revenue is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	57	41
General Council cash and investments	1,578	1,203
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	193	148
<b>Total interest and investment revenue</b>	<b><u>1,828</u></b>	<b><u>1,392</u></b>

**Accounting policy for interest and investment revenue**

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

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

## Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	Notes	2019	2018
<b>(d) Other revenues</b>			
Rental income – investment property	10	324	314
Fines		307	496
Fines – parking		4,119	3,861
Legal fees recovery – rates and charges (extra charges)		34	37
Legal fees recovery – other		90	232
Diesel rebate		9	8
Insurance claims recoveries		–	8
Sale of abandoned vehicles		7	5
Sales – general		32	27
Animal control fees		26	34
OHS incentive rebate		186	133
Operating lease reimbursement		9	–
Recycling (domestic waste)		8	129
Refund Carbon Tax		6	6
Other		318	80
Sales – library		16	19
Urban growth reimbursement		5	7
Workers compensation recovery		6	4
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>5,502</u></b>	<b><u>5,400</u></b>

**Accounting policy for other revenue**

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

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

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

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

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

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	Operating 2019	Operating 2018	Capital 2019	Capital 2018
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance – general component	428	369	–	–
Financial assistance – local roads component	137	126	–	–
<b>Payment in advance - future year allocation</b>				
Financial assistance – general component	444	385	–	–
Financial assistance – local roads component	143	130	–	–
<b>Total general purpose</b>	<b>1,152</b>	<b>1,010</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>				
Environmental programs	86	77	–	–
Library – per capita	84	73	–	–
Library – special projects	1	–	15	139
LIRS subsidy	33	41	–	–
Recreation and culture	30	–	3,771	1,627
Street lighting	80	80	–	–
Traffic route subsidy	32	21	–	–
Transport (roads to recovery)	–	–	–	236
Transport (other roads and bridges funding)	77	73	470	80
Community services	1,095	1,115	–	–
Family leave subsidy	23	75	–	–
Other	–	5	–	–
<b>Total specific purpose</b>	<b>1,541</b>	<b>1,560</b>	<b>4,256</b>	<b>2,082</b>
<b>Total grants</b>	<b>2,693</b>	<b>2,570</b>	<b>4,256</b>	<b>2,082</b>
<b>Grant revenue is attributable to:</b>				
– Commonwealth funding	2,224	2,062	1,006	1,863
– State funding	469	508	3,250	219
	<b>2,693</b>	<b>2,570</b>	<b>4,256</b>	<b>2,082</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	Notes	Operating 2019	Operating 2018	Capital 2019	Capital 2018
<b>(f) Contributions</b>					
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 7.4 – contributions using planning agreements		–	–	302	5,464
S 7.11 – contributions towards amenities/services		–	–	3,585	5,128
<b>Total developer contributions – cash</b>		<b>–</b>	<b>–</b>	<b>3,887</b>	<b>10,592</b>
<b>Total developer contributions</b>	24	<b>–</b>	<b>–</b>	<b>3,887</b>	<b>10,592</b>
<b>Other contributions:</b>					
<b>Cash contributions</b>					
Community services		25	35	–	–
Kerb and gutter		509	472	1,859	1,490
Other councils – joint works/services		16	3	–	–
Recreation and culture		31	17	–	–
RMS contributions (regional roads, block grant)		102	100	–	–
Other		–	7	–	–
LSL transfer between councils		62	36	–	–
<b>Total other contributions – cash</b>		<b>745</b>	<b>670</b>	<b>1,859</b>	<b>1,490</b>
<b>Total other contributions</b>		<b>745</b>	<b>670</b>	<b>1,859</b>	<b>1,490</b>
<b>Total contributions</b>		<b>745</b>	<b>670</b>	<b>5,746</b>	<b>12,082</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>		<b>3,438</b>	<b>3,240</b>	<b>10,002</b>	<b>14,164</b>

**Accounting policy for grants and contributions**

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

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

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979*.

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon 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 liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at reporting date.

## Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	2019	2018
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## (g) Unspent grants and contributions

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

**Operating grants**

Unexpended at the close of the previous reporting period	247	575
<b>Add:</b> operating grants recognised in the current period but not yet spent	248	116
<b>Add:</b> operating grants received for the provision of goods and services in a future period	–	–
<b>Less:</b> operating grants recognised in a previous reporting period now spent	(247)	(444)
<b>Unexpended and held as restricted assets (operating grants)</b>	<u>248</u>	<u>247</u>

Council receives a variety of Operating Grants and Subsidies during the year. These are Local Infrastructure Interest Subsidies, Family Leave subsidy, Community Services projects, Library grants, Youth Projects, Roads & Maritime Services projects all of which were spent during the year. Those Grants & Subsidies received during the year which are carried over to the following year relate to specific projects which were either partly completed during the year or are to commence in the 2019-20 financial year. In total the balance of the carry over grants are \$247,933.

**Capital grants**

Unexpended at the close of the previous reporting period	445	319
<b>Add:</b> capital grants recognised in the current period but not yet spent	2,371	139
<b>Add:</b> capital grants received for the provision of goods and services in a future period	–	–
<b>Less:</b> capital grants recognised in a previous reporting period now spent	(10)	(13)
<b>Unexpended and held as restricted assets (capital grants)</b>	<u>2,806</u>	<u>445</u>

During the year Council received \$4,255,306 from Federal and State Government Offices for Park Improvement projects and Road and Traffic projects, Library Resources, and Innovative and Digitally Response project. The total carry over of the grants totals \$2,806,000 which will be spent during the 2019-20 financial year.

**Contributions**

Unexpended at the close of the previous reporting period	18,092	10,416
<b>Add:</b> contributions recognised in the current period but not yet spent	4,080	10,740
<b>Add:</b> contributions received for the provision of goods and services in a future period	–	–
<b>Add:</b> contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	–	–
<b>Less:</b> contributions recognised in a previous reporting period now spent	(2,913)	(3,064)
<b>Unexpended and held as restricted assets (contributions)</b>	<u>19,259</u>	<u>18,092</u>

During the year Council received Capital Contributions from Developers relating to building development approvals. These contributions take the form of either S7.4 - planning agreements or S7.11 - development consent levies. An amount of \$3,887,293 was received and an amount of \$2,913,473 was expended.

Refer to Note 24 - Statement of Developers Contribution for a detailed reconciliation.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses from continuing operations

\$ '000	2019	2018
<b>(a) Employee benefits and on-costs</b>		
Salaries and wages	14,006	13,239
Employee termination costs (where material – other than vested leave paid)	412	241
Employee leave entitlements (ELE)	2,885	2,298
Superannuation	1,684	1,573
Superannuation – defined benefit plans	21	33
Workers' compensation insurance	327	354
Fringe benefit tax (FBT)	234	213
Training costs (other than salaries and wages)	136	67
Other	2	–
<b>Total employee costs</b>	<b>19,707</b>	<b>18,018</b>
Less: capitalised costs	(58)	(133)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>	<b>19,649</b>	<b>17,885</b>
Number of 'full-time equivalent' employees (FTE) at year end	158	154

**Accounting policy for employee benefits and on-costs**

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

*Retirement benefit obligations*

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

*Superannuation plans*

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 18 for more information.

## Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	2019	2018
<b>(b) Borrowing costs</b>		
<b>(i) Interest bearing liability costs</b>		
Interest on loans	345	325
<b>Total interest bearing liability costs expensed</b>	<b>345</b>	<b>325</b>
<b>(ii) Other borrowing costs</b>		
Fair value adjustments on recognition of advances and deferred debtors	–	–
<b>Total other borrowing costs</b>	<b>–</b>	<b>–</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>	<b>345</b>	<b>325</b>

**Accounting policy for borrowing costs**

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

\$ '000	2019	2018
<b>(c) Materials and contracts</b>		
Raw materials and consumables	1,756	1,636
Contractor and consultancy costs		
– Agency staff	2,291	2,021
– Domestic waste	994	927
– General	4,708	4,274
– Recycling	477	472
– SDR processing	549	499
– Other contractor and consultancy costs	1,209	962
Auditors remuneration <sup>2</sup>	94	92
<b>Legal expenses:</b>		
– Legal expenses: planning and development	249	317
– Legal expenses: debt recovery	34	39
– Legal expenses: other	522	427
<b>Operating leases:</b>		
– Operating lease rentals: minimum lease payments <sup>1</sup>	60	130
<b>Total materials and contracts</b>	<b>12,943</b>	<b>11,796</b>
<b>TOTAL MATERIALS AND CONTRACTS</b>	<b>12,943</b>	<b>11,796</b>

**Accounting policy for operating leases**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

**1. Operating lease payments are attributable to:**

Computers	–	109
Other	60	21
	<b>60</b>	<b>130</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	2019	2018
<b>2. Auditor remuneration</b>		
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
<b>Auditors of the Council - NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	71	59
<b>Remuneration for audit and other assurance services</b>	<b>71</b>	<b>59</b>
<b>Total Auditor-General remuneration</b>	<b>71</b>	<b>59</b>
<b>Non NSW Auditor-General audit firms</b>		
<b>(ii) Non-assurance services</b>		
Other audit and assurance services	23	33
<b>Remuneration for non-assurance services</b>	<b>23</b>	<b>33</b>
<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>23</b>	<b>33</b>
<b>Total Auditor remuneration</b>	<b>94</b>	<b>92</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	Notes	2019	2018
<b>(d) Depreciation and amortisation of intangible assets and IPP&amp;E</b>			
<b>Depreciation and amortisation</b>			
Plant and equipment		882	821
Office equipment		173	166
Furniture and fittings		314	305
Land improvements (depreciable)		285	282
<b>Infrastructure:</b>			
– Buildings – non-specialised		89	78
– Buildings – specialised		1,226	988
– Other structures		117	110
– Roads		1,989	1,951
– Footpaths		724	701
– Other road assets		207	199
– Stormwater drainage		671	656
– Swimming pools		127	128
– Other open space/recreational assets		338	215
<b>Other assets:</b>			
– Library books		118	129
– Other		27	240
Intangible assets	11	218	–
<b>Total gross depreciation and amortisation costs</b>		<b>7,505</b>	<b>6,969</b>
Total depreciation and amortisation costs		7,505	6,969
<b><u>TOTAL DEPRECIATION AND AMORTISATION FOR INTANGIBLES AND IPP&amp;E</u></b>		<b><u>7,505</u></b>	<b><u>6,969</u></b>

**Accounting policy for depreciation, amortisation and impairment expenses of intangibles and IPP&E****Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 10 for IPPE assets.

**Impairment of non-financial assets**

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	2019	2018
<b>(e) Other expenses</b>		
Advertising	190	254
Bad and doubtful debts	(5)	50
Bank charges	179	159
Computing	967	977
Contributions/levies to other levels of government		
– Department of planning levy	76	74
– Emergency services levy (includes FRNSW, SES, and RFS levies)	52	56
– NSW fire brigade levy	562	548
– Waste levy	–	6
Councillor expenses – mayoral fee	43	42
Councillor expenses – councillors' fees	139	129
Councillors' expenses (incl. mayor) – other (excluding fees above)	139	96
Donations, contributions and assistance to other organisations (Section 356)	55	46
Electricity and heating	481	382
Insurance	595	586
Postage	96	107
Printing and stationery	217	236
Rental	80	80
Strata levy	190	74
Street lighting	639	564
Subscriptions and publications	192	141
Subscriptions LGA and SSROC	123	149
Telephone and communications	106	94
Valuation fees – council properties	11	28
Valuation fees – rates land values	51	50
Waste disposal fees	3,038	3,129
Water and sewerage charges	120	124
Other	34	51
<b>Total other expenses</b>	<b>8,370</b>	<b>8,232</b>
<b>TOTAL OTHER EXPENSES</b>	<b>8,370</b>	<b>8,232</b>

**Accounting policy for other expenses**

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 5. Gains or losses from the disposal, replacement and de-recognition of assets

\$ '000	Notes	2019	2018
<b>Property (excl. investment property)</b>			
Less: carrying amount of property assets sold/written off		(1,727)	–
<b>Net gain/(loss) on disposal</b>		<b>(1,727)</b>	<b>–</b>
<b>Plant and equipment</b>			
	9(a)		
Proceeds from disposal – plant and equipment		565	442
Less: carrying amount of plant and equipment assets sold/written off		(395)	(349)
<b>Net gain/(loss) on disposal</b>		<b>170</b>	<b>93</b>
<b>Infrastructure</b>			
	9(a)		
Proceeds from disposal – infrastructure		1,727	–
Less: carrying amount of infrastructure assets sold/written off		(658)	(1,479)
<b>Net gain/(loss) on disposal</b>		<b>1,069</b>	<b>(1,479)</b>
<b>Investments</b>			
	6(b)		
Proceeds from disposal/redemptions/maturities – investments		–	50,000
Less: carrying amount of investments sold/redeemed/matured		–	(50,000)
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Other</b>			
Proceeds from disposal – Office Furniture		1	–
<b>Net gain/(loss) on disposal</b>		<b>1</b>	<b>–</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(487)</b>	<b>(1,386)</b>

**Accounting policy for disposal of assets**

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

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

During the 2018-19, Council sold a parcel of Land at Hornsey Street, Burwood. This asset could not be identified within Council's asset register and was given a nominal value for sale.

## Note 6(a). Cash and cash equivalent assets

\$ '000	2019	2018
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	373	4,064
Cash-equivalent assets		
– Deposits at call	1,568	123
– Short-term deposits	–	3,000
<b>Total cash and cash equivalents</b>	<b>1,941</b>	<b>7,187</b>

**Accounting policy for cash and cash equivalents**

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 6(b). Investments

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Investments</b>				
a. 'Financial assets at fair value through profit and loss' – 'Designated at fair value on initial recognition'	60,250	3,000	–	–
b. 'Financial assets at amortised cost' / 'held to maturity' (2018)	–	–	40,000	10,000
<b>Total Investments</b>	<b>60,250</b>	<b>3,000</b>	<b>40,000</b>	<b>10,000</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>	<b>62,191</b>	<b>3,000</b>	<b>47,187</b>	<b>10,000</b>
<b>Financial assets at fair value through the profit and loss</b>				
Long term deposits	35,000	3,000	–	–
NCD's, FRN's (with maturities > 3 months)	25,250	–	–	–
<b>Total</b>	<b>60,250</b>	<b>3,000</b>	<b>–</b>	<b>–</b>
<b>Financial assets at amortised cost / held to maturity (2018)</b>				
Long term deposits	–	–	21,500	10,000
NCD's, FRN's (with maturities > 3 months)	–	–	18,500	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>40,000</b>	<b>10,000</b>

## Accounting policy for investments

## Accounting policy under AASB 9 – applicable from 1 July 2018

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

## Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

## Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

## Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Council's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 6(b). Investments (continued)

**Financial assets through profit or loss**

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

Council's financial assets measured at fair value through profit or loss comprise investments in FRNs and NCDs in the Statement of Financial Position.

**Accounting policy under AASB 139 – applicable for 2018 comparatives only****Classification**

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

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

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

**(b) Held to maturity investments**

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

**Recognition and de-recognition**

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

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

**Impairment of financial assets**

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

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

\$ '000	2019	2019	2018	2018
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	62,191	3,000	47,187	10,000
<b>attributable to:</b>				
External restrictions	22,695	3,000	12,673	10,000
Internal restrictions	33,588	–	28,701	–
Unrestricted	5,908	–	5,813	–
	62,191	3,000	47,187	10,000

## Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	2019	2018
<b>Details of restrictions</b>		
<b>External restrictions – other</b>		
Developer contributions – general	19,259	18,092
Specific purpose unexpended grants	3,054	692
Domestic waste management	2,276	2,308
Unexpended general purpose loans	1,106	1,581
<b>External restrictions – other</b>	<b>25,695</b>	<b>22,673</b>
<b>Total external restrictions</b>	<b>25,695</b>	<b>22,673</b>
<b>Internal restrictions</b>		
Plant and vehicle replacement	3,229	2,926
Employees leave entitlement	1,465	1,378
Carry over works	2,368	1,748
Deposits, retentions and bonds	4,373	4,978
Burwood park upgrade	1,186	1,000
Car park upgrades	574	574
CCTV	434	477
Election	275	185
Enfield aquatic centre maintenance/upgrade	1,153	1,156
Financial assistance grant (in advance)	587	516
Future property investment	7,640	5,917
Information technology	438	323
Insurances	1,286	1,136
LATMS	250	154
Organisational alignment	500	500
Parking meter replacement	527	227
Payments in advance	95	95
Property maintenance	1,924	1,400
Property sales	500	500
Road and footpath restorations (private works)	549	894
Furniture and equipment replacement	700	–
Technology enhancements (Smart City – Burwood)	1,250	1,250
Operations centre upgrade	1,000	750
WHS	303	130
Woodstock community building upgrade	287	287
Town centre festive decorations	250	–
Other	445	200
<b>Total internal restrictions</b>	<b>33,588</b>	<b>28,701</b>
<b>TOTAL RESTRICTIONS</b>	<b>59,283</b>	<b>51,374</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 7. Receivables

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Purpose</b>				
Rates and annual charges	780	–	650	–
Interest and extra charges	74	–	65	–
User charges and fees	757	–	310	–
Private works	98	–	204	–
Accrued revenues				
– Interest on investments	571	–	441	–
– Parking fine income	391	–	449	–
– Other income accruals	298	–	398	–
Government grants and subsidies	908	–	1,371	–
Net GST receivable	740	–	524	–
Other debtors - Active Kids	7	–	–	–
Other debtors	8	–	12	–
<b>Total</b>	<b>4,632</b>	<b>–</b>	<b>4,424</b>	<b>–</b>
<b>Less: provision of impairment</b>				
User charges and fees	(137)	–	(156)	–
<b>Total provision for impairment – receivables</b>	<b>(137)</b>	<b>–</b>	<b>(156)</b>	<b>–</b>
<b>TOTAL NET RECEIVABLES</b>	<b>4,495</b>	<b>–</b>	<b>4,268</b>	<b>–</b>
<b>Externally restricted receivables</b>				
Domestic waste management	158	–	127	–
Stormwater management	10	–	8	–
<b>Total external restrictions</b>	<b>168</b>	<b>–</b>	<b>135</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>4,327</b>	<b>–</b>	<b>4,133</b>	<b>–</b>
<b>TOTAL NET RECEIVABLES</b>	<b>4,495</b>	<b>–</b>	<b>4,268</b>	<b>–</b>

\$ '000	2019	2018
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	156	119
+ new provisions recognised during the year	6	50
– amounts already provided for and written off this year	(25)	(13)
<b>Balance at the end of the period</b>	<b>137</b>	<b>156</b>

#### Accounting policy for receivables

##### Recognition and measurement

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 7. Receivables (continued)

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#### Impairment

##### Accounting policy under AASB 9 applicable from 1 July 2018

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Council uses the presentation that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 12 months past due, whichever occurs first.

None of the receivables that have been written off during the year are subject to enforcement activity.

Where the Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

##### Accounting policy under AASB 139 – applicable for 2018 comparatives only

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

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable 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.

Rates and annual charges outstanding are secured against the property.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 8. Other assets

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Other assets</b>				
Prepayments	490	–	456	–
<b><u>TOTAL OTHER ASSETS</u></b>	<b><u>490</u></b>	<b><u>–</u></b>	<b><u>456</u></b>	<b><u>–</u></b>

## Notes to the Financial Statements for the year ended 30 June 2019

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

\$ '000	as at 30/6/2018			Asset movements during the reporting period							as at 30/6/2019		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	1,000	–	1,000	–	615	(102)	–	(806)	–	–	708	–	708
Plant and equipment	8,739	(4,885)	3,854	225	1,299	(395)	(882)	18	–	–	9,309	(5,192)	4,117
Office equipment	2,520	(1,955)	565	216	102	(2)	(173)	–	–	–	2,836	(2,127)	709
Furniture and fittings	4,356	(2,283)	2,073	25	319	–	(314)	–	–	–	4,700	(2,597)	2,103
<b>Land:</b>													
– Operational land	121,430	–	121,430	–	–	–	–	–	–	–	121,430	–	121,430
– Community land	36,583	–	36,583	–	–	–	–	–	–	4,728	41,312	–	41,312
Land improvements – depreciable	16,301	(3,393)	12,908	161	53	(31)	(285)	5	–	–	16,466	(3,653)	12,813
<b>Infrastructure:</b>													
– Buildings – non-specialised	4,582	(3,446)	1,136	–	–	–	(89)	–	–	–	4,174	(3,127)	1,047
– Buildings – specialised	63,266	(12,106)	51,160	874	953	(23)	(1,226)	314	–	–	65,344	(13,292)	52,052
– Other structures	3,594	(607)	2,987	14	111	–	(117)	–	–	–	3,719	(724)	2,995
– Roads	201,457	(60,694)	140,763	2,189	1	(568)	(1,989)	15	–	–	202,365	(61,955)	140,410
– Footpaths	57,761	(20,704)	37,057	3,112	–	(1,290)	(724)	284	–	–	59,013	(20,574)	38,439
– Other road assets	8,538	(1,782)	6,756	303	362	(91)	(207)	32	–	–	9,075	(1,920)	7,155
– Stormwater drainage	68,832	(40,984)	27,848	60	1,379	(27)	(671)	61	–	–	70,165	(41,515)	28,650
– Swimming pools	6,008	(2,682)	3,326	11	–	–	(127)	–	–	–	6,018	(2,810)	3,208
– Other open space/recreational assets	9,026	(2,219)	6,807	1,140	280	(251)	(338)	53	–	–	10,113	(2,421)	7,692
<b>Other assets:</b>													
– Library books	1,592	(1,248)	344	–	141	–	(118)	–	–	–	1,733	(1,366)	367
– Other <sup>2</sup>	3,058	(2,614)	444	52	12	–	(27)	24	(269)	–	757	(521)	236
<b>Total Infrastructure, property, plant and equipment</b>	<b>618,643</b>	<b>(161,602)</b>	<b>457,041</b>	<b>8,382</b>	<b>5,627</b>	<b>(2,780)</b>	<b>(7,287)</b>	<b>–</b>	<b>(269)</b>	<b>4,728</b>	<b>629,237</b>	<b>(163,794)</b>	<b>465,443</b>

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

(2) Amounts were transferred from Other Assets to the Intangible Assets class (refer note 11). Recognition of software as Intangible Assets represents a change in accounting policy, effective 1 July 2018.

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2019

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

**Accounting policy for infrastructure, property, plant and equipment**

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

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

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

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

<b>Plant and equipment</b>	Years	<b>Other equipment</b>	Years
Office equipment	5 to 10	Playground equipment	15 to 25
Office furniture	5 to 20	Benches, seats etc.	10 to 20
Computer equipment	5		
Vehicles	5	<b>Buildings</b>	
Heavy plant/road making equipment	8 to 10	Buildings: masonry	50 to 100
Other plant and equipment	5 to 20	Buildings: other	20 to 40
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	20 to 30	Bulk earthworks	Infinite
Sealed roads: structure	Infinite	Swimming pools	60
Unsealed roads	20	Unsealed roads	20
Bridge: concrete	100	Other open space/recreational assets	15 to 80
Bridge: other	50	Other infrastructure	10 to 80
Road pavements	75 to 225	Stormwater assets	100 to 200
Kerb, gutter and footpaths	50 to 90		

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

**Land under roads**

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2019

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

**Crown reserves**

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

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

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

\$ '000	2019			2018		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
<b>Domestic waste management</b>						
Plant and equipment	857	552	305	791	606	185
<b>Total DWM</b>	<b>857</b>	<b>552</b>	<b>305</b>	<b>791</b>	<b>606</b>	<b>185</b>
<b><u>TOTAL RESTRICTED I,PP&amp;E</u></b>	<b>857</b>	<b>552</b>	<b>305</b>	<b>791</b>	<b>606</b>	<b>185</b>

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

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

## Note 10. Investment property

\$ '000	2019	2018
(a) Investment property at fair value		
<b>Investment property on hand</b>	<b>3,980</b>	<b>3,820</b>
<b>Reconciliation of annual movement:</b>		
<b>Opening balance</b>	3,820	3,600
– Net gain/(loss) from fair value adjustments	160	220
<b>CLOSING BALANCE – INVESTMENT PROPERTY</b>	<b>3,980</b>	<b>3,820</b>

## (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 2019 revaluations were based on independent assessments made by:  
Scott Fullarton Valuations Pty Ltd (FAP)

## (c) Contractual obligations at reporting date

Refer to Note 17 for disclosures relating to any capital and service obligations that have been contracted.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 10. Investment property (continued)

\$ '000	2019	2018
<b>(d) Leasing arrangements – Council as lessor</b>		
The investment properties are leased to tenants under long-term operating leases with rentals payable monthly.		
Future minimum lease payments receivable under non-cancellable investment property operating leases not recognised in the financial statements are receivable as follows:		
Within 1 year	337	324
Later than 1 year but less than 5 years	279	1,412
Later than 5 years	–	1,750
<b>Total minimum lease payments receivable</b>	<b>616</b>	<b>3,486</b>

Council has three properties classified as Investment properties.

Shop C1A, 1-17 Elsie Street Burwood has three year lease plus a three year option.

Rental is paid Monthly with a fixed yearly percentage lease increase.

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

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

**(e) Investment property income and expenditure – summary****Rental income from investment property:**

– Minimum lease payments	324	314
<b>Net revenue contribution from investment property</b>	<b>324</b>	<b>314</b>

plus:

<b>Fair value movement for year</b>	160	220
<b>Total income attributable to investment property</b>	<b>484</b>	<b>534</b>

**Accounting policy for investment property**

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as a separate line item.

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

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 11. Intangible assets

\$ '000	2019	2018
<b>Intangible assets are as follows:</b>		
<b>Opening values at 1 July</b>		
Gross book value <sup>1</sup>	2,389	–
Accumulated amortisation	(2,120)	–
<b>Net book value – opening balance</b>	<b>269</b>	<b>–</b>
<b>Movements for the year</b>		
– Purchases	281	–
– Amortisation charges	218	–
<b>Closing values at 30 June</b>		
Gross book value	2,670	–
Accumulated amortisation	(2,339)	–
<b><u>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE</u></b>	<b><u>331</u></b>	<b><u>–</u></b>
<b>The net book value of intangible assets represents:</b>		
– Software	331	–
	<b>331</b>	<b>–</b>

#### Accounting policy for intangible assets

##### IT development and software

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

Costs capitalised include external direct costs of materials and service, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

(1) Refer Note 9a: software assets held at 1 July 2018 were transferred to Intangible Assets class from "Other Assets". The carrying value of these assets as at 30 June 2018 was as shown in the Opening Balance above of \$269k.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 12. Payables and borrowings

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Payables</b>				
Goods and services – operating expenditure	2,048	–	1,204	–
Goods and services – capital expenditure	1,660	–	1,469	–
Accrued expenses:				
– Borrowings	24	–	21	–
– Salaries and wages	629	–	551	–
– Other expenditure accruals	360	–	212	–
Security bonds, deposits and retentions	4,373	–	4,978	–
Other	18	–	12	–
<b>Total payables</b>	<b>9,112</b>	<b>–</b>	<b>8,447</b>	<b>–</b>
<b>Income received in advance</b>				
Payments received in advance	967	–	1,266	–
<b>Total income received in advance</b>	<b>967</b>	<b>–</b>	<b>1,266</b>	<b>–</b>
<b>Borrowings</b>				
Loans – secured <sup>1</sup>	690	6,208	574	5,920
<b>Total borrowings</b>	<b>690</b>	<b>6,208</b>	<b>574</b>	<b>5,920</b>
<b><u>TOTAL PAYABLES AND BORROWINGS</u></b>	<b><u>10,769</u></b>	<b><u>6,208</u></b>	<b><u>10,287</u></b>	<b><u>5,920</u></b>

(1) Loans are secured over the general rating income of Council.

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 20.

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>(a) Payables and borrowings relating to restricted assets</b>				
<b>Externally restricted assets</b>				
Domestic waste management	366	19	420	19
Payables and borrowings relating to externally restricted assets	366	19	420	19
<b>Total payables and borrowings relating to restricted assets</b>	<b>366</b>	<b>19</b>	<b>420</b>	<b>19</b>
<b>Total payables and borrowings relating to unrestricted assets</b>	<b>10,403</b>	<b>6,189</b>	<b>9,867</b>	<b>5,901</b>
<b><u>TOTAL PAYABLES AND BORROWINGS</u></b>	<b><u>10,769</u></b>	<b><u>6,208</u></b>	<b><u>10,287</u></b>	<b><u>5,920</u></b>

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 12. Payables and borrowings (continued)

\$ '000	2019	2018
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**(b) Current payables and borrowings not anticipated to be settled within the next twelve months**

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

Payables – security bonds, deposits and retentions	2,933	4,013
<b>Total payables and borrowings</b>	<b>2,933</b>	<b>4,013</b>

**(c) Changes in liabilities arising from financing activities**

\$ '000	as at 30/6/2018					as at 30/6/2019
	Opening Balance	Cash flows	Non-cash acquisitions	Non-cash fair value changes	Other non-cash movements	Closing balance
Loans – secured	6,494	(596)	1,000	–	–	6,898
<b>TOTAL</b>	<b>6,494</b>	<b>(596)</b>	<b>1,000</b>	<b>–</b>	<b>–</b>	<b>6,898</b>

\$ '000	as at 30/6/2017					as at 30/6/2018
	Opening Balance	Cash flows	Non-cash acquisitions	Non-cash fair value changes	Other non-cash movements	Closing balance
Loans – secured	5,960	(466)	1,000	–	–	6,494
<b>TOTAL</b>	<b>5,960</b>	<b>(466)</b>	<b>1,000</b>	<b>–</b>	<b>–</b>	<b>6,494</b>

\$ '000	2019	2018
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**(d) Financing arrangements****(i) Unrestricted access was available at balance date to the following lines of credit:**

Credit cards/purchase cards	50	50
<b>Total financing arrangements</b>	<b>50</b>	<b>50</b>

**Drawn facilities as at balance date:**

– Credit cards/purchase cards	12	6
<b>Total drawn financing arrangements</b>	<b>12</b>	<b>6</b>

**Undrawn facilities as at balance date:**

– Credit cards/purchase cards	38	44
<b>Total undrawn financing arrangements</b>	<b>38</b>	<b>44</b>

**Accounting policy for payables and borrowings**

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Council comprise trade payables, bank and other loans and finance lease liabilities.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 12. Payables and borrowings (continued)

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#### **Payables**

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

#### **Borrowings**

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 13. Provisions

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Provisions</b>				
<b>Employee benefits</b>				
Annual leave	1,722	–	1,819	–
Long service leave	4,783	128	4,373	100
Other – RDO/TIL	393	–	437	–
ELE on-costs	124	2	143	2
<b>Sub-total – aggregate employee benefits</b>	<b>7,022</b>	<b>130</b>	<b>6,772</b>	<b>102</b>
<b>TOTAL PROVISIONS</b>	<b>7,022</b>	<b>130</b>	<b>6,772</b>	<b>102</b>

#### (a) Provisions relating to restricted assets

<b>Total provisions relating to restricted assets</b>	–	–	–	–
<b>Total provisions relating to unrestricted assets</b>	<b>7,022</b>	<b>130</b>	<b>6,772</b>	<b>102</b>
<b>TOTAL PROVISIONS</b>	<b>7,022</b>	<b>130</b>	<b>6,772</b>	<b>102</b>

\$ '000	2019	2018
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#### (b) Current provisions not anticipated to be settled within the next twelve months

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

Provisions – employees benefits	5,002	4,646
	<b>5,002</b>	<b>4,646</b>

#### (c) Description of and movements in provisions

\$ '000	ELE provisions				Total
	Annual leave	Long service leave	ELE on-costs	Other employee benefits	
<b>2019</b>					
At beginning of year	1,819	4,473	145	437	6,874
Additional provisions	1,114	989	–	167	2,270
Amounts used (payments)	(1,211)	(551)	(19)	(211)	(1,992)
<b>Total ELE provisions at end of period</b>	<b>1,722</b>	<b>4,911</b>	<b>126</b>	<b>393</b>	<b>7,152</b>
<b>2018</b>					
At beginning of year	1,962	4,312	126	398	6,798
Additional provisions	983	456	19	279	1,737
Amounts used (payments)	(1,126)	(295)	–	(240)	(1,661)
<b>Total ELE provisions at end of period</b>	<b>1,819</b>	<b>4,473</b>	<b>145</b>	<b>437</b>	<b>6,874</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 13. Provisions (continued)

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#### Accounting policy for provisions

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

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

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

#### Employee benefits

##### Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

##### Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

##### On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

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

#### Self-insurance

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

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 14. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

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#### (a) Nature and purpose of reserves

##### **Infrastructure, property, plant and equipment revaluation reserve**

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

#### (b) Changes in accounting policies due to adoption of new accounting standards (not-retrospective)

During the year, Council adopted a number of new accounting standards. The impact of the adoption and associated transition disclosures are shown below.

The Council has adopted AASB 9 Financial Instruments for the first time in the current year with a date of initial adoption of 1 July 2017. As part of the adoption of AASB 9, the Council adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 Presentation of Financial Statements requires the impairment of financial assets to be presented in a separate line item in the income statement. In prior year, this information was presented as part of other expenses.
- AASB 7 Financial Instruments: Disclosures requires amended disclosures due to changes arising from AASB 9. These disclosures have been provided for the current year.

The key changes to Council's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except Council has not restated any amounts relating to classification and measurement requirements, including impairment, which have been applied from 1 July 2018.

##### **Classification of financial assets**

The financial assets of Council have been reclassified into one of the following categories on adoption of AASB 9, based primarily on the business model in which a financial asset is managed and its contractual cash flow characteristics are:

- measured at amortised cost
- fair value through profit or loss
- fair value through other comprehensive income – equity instruments

##### **Measurement of equity instruments**

All equity instruments of the Council are measured at fair value under AASB 9 whereas there was a cost exception under AASB 139 that allowed certain unlisted investments to be carried at amortised cost in the absence of a reliable measurement of fair value. Any difference in the previous carrying amount and the fair value is recognised in the opening retained earnings (or other component of equity, as appropriate) at 1 July 2018.

Equity instruments are no longer subject to impairment testing and therefore all movements on equity instruments, classified as fair value through other comprehensive income, are taken to the relevant reserve.

##### **Impairment of financial assets**

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost. This has resulted in the earlier recognition of credit loss (bad debt provisions).

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 15. Statement of cash flows - additional information

\$ '000	Notes	2019	2018
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6(a)	1,941	7,187
<b>Balance as per the Statement of Cash Flows</b>		<b>1,941</b>	<b>7,187</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		11,369	16,482
<b>Adjust for non-cash items:</b>			
Depreciation and amortisation		7,505	6,969
Net losses/(gains) on disposal of assets		487	1,386
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Investment property		(160)	(220)
Share of net (profits)/losses of associates/joint ventures using the equity method		13	(104)
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		(208)	(1,803)
Increase/(decrease) in provision for impairment of receivables		(19)	37
Decrease/(increase) in other current assets		(34)	(41)
Increase/(decrease) in payables		844	(62)
Increase/(decrease) in accrued interest payable		3	5
Increase/(decrease) in other accrued expenses payable		226	(113)
Increase/(decrease) in other liabilities		(898)	516
Increase/(decrease) in provision for employee benefits		278	76
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>19,406</b>	<b>23,128</b>

## Note 16. Interests in other entities

\$ '000	Council's share of net income		Council's share of net assets	
	2019	2018	2019	2018
Joint ventures	(13)	104	120	134
<b>Total</b>	<b>(13)</b>	<b>104</b>	<b>120</b>	<b>134</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 16. Interests in other entities (continued)

## Joint arrangements

**(i) Joint ventures**

Each member of the relevant joint entity has an equal voting right to each other member while they insure through the entity.

**Civic Risk Metro**

Civic Risk Metro is an alliance of councils who have joined together to protect member assets and liabilities through establishing manageable levels of self insured risk and minimising the cost of insurance of public liability and professional indemnity risks.

**Civic Risk Mutual**

CivicRisk Mutual is an alliance of councils who have joined together to protect member assets and liabilities through establishing manageable levels of self insured risk and minimising the cost of insurance of property, motor and other classes of risks.

Both joint ventures have the same year end date as the council.

Both Civic Risk Metro and CivicRisk Mutual operate on insurance principles, charging annual contributions to cover expected insurance and other costs and returning surplus funds to members from time to time as determined by their respective Boards. Council does not make loans or advances to either joint venture.

**Material joint ventures**

The following information is provided for joint ventures that are individually material to the Council. Included are the total amounts as per the joint venture financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share.

**(a) Net carrying amounts – Council's share**

\$ '000	Nature of relationship	Measurement method	2019	2018
CivicRisk Metro	Joint Venture	Equity Method	67	41
CivicRisk Mutual	Joint Venture	Equity Method	53	93
<b>Total carrying amounts – material joint ventures</b>			<b>120</b>	<b>134</b>

**(b) Details**

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 16. Interests in other entities (continued)

\$ '000	Interest in outputs		Interest in ownership		Proportion of voting power	
	2019	2018	2019	2018	2019	2018
<b>(c) Relevant interests and fair values</b>						
CivicRisk Metro	0.5%	0.3%	0.5%	0.3%	16.7%	16.7%
CivicRisk Mutual	0.8%	1.1%	0.8%	1.1%	5.9%	6.3%
<b>(d) Summarised financial information for joint ventures</b>						
\$ '000	CivicRisk Metro		CivicRisk Mutual			
	2019	2018	2019	2018		
<b>Statement of financial position</b>						
<b>Current assets</b>						
Cash and cash equivalents	254	1,635	1,813	1,158		
Other current assets	9,900	6,494	7,215	5,759		
<b>Non-current assets</b>	12,769	16,220	5,368	5,989		
<b>Current liabilities</b>						
Current financial liabilities (excluding trade and other payables and provisions)	1,313	1,714	4,827	2,690		
Other current liabilities	311	101	346	299		
<b>Non-current liabilities</b>						
Non-current financial liabilities (excluding trade and other payables and provisions)	6,651	8,985	2,279	1,448		
<b>Net assets</b>	<b>14,648</b>	<b>13,549</b>	<b>6,944</b>	<b>8,469</b>		
<b>Reconciliation of the carrying amount</b>						
Opening net assets (1 July)	13,549	11,611	8,468	6,490		
Profit/(loss) for the period	1,099	1,938	(1,524)	1,978		
<b>Closing net assets</b>	<b>14,648</b>	<b>13,549</b>	<b>6,944</b>	<b>8,468</b>		
<b>Council's share of net assets (%)</b>	0.5%	0.3%	0.8%	1.1%		
<b>Council's share of net assets (\$)</b>	67	41	53	93		
<b>Statement of comprehensive income</b>						
Income	2,116	2,115	11,320	9,425		
Interest income	1,013	1,077	448	439		
Other expenses	(2,030)	(1,254)	(13,292)	(7,886)		
<b>Profit/(loss) from continuing operations</b>	<b>1,099</b>	<b>1,938</b>	<b>(1,524)</b>	<b>1,978</b>		
<b>Profit/(loss) for the period</b>	<b>1,099</b>	<b>1,938</b>	<b>(1,524)</b>	<b>1,978</b>		
<b>Total comprehensive income</b>	<b>1,099</b>	<b>1,938</b>	<b>(1,524)</b>	<b>1,978</b>		
<b>Share of income – Council (%)</b>	2.4%	2.6%	2.6%	2.7%		
<b>Profit/(loss) – Council (\$)</b>	27	50	(40)	54		
<b>Total comprehensive income – Council (\$)</b>	27	50	(40)	54		

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 16. Interests in other entities (continued)

#### **Accounting policy for joint arrangements**

The council has determined that it has only joint ventures.

#### ***Joint ventures***

Interests in joint ventures are accounted for using the equity method in accordance with AASB128 Investments in Associates and Joint Ventures.

Under this method, the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise the council's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition.

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 17. Commitments

\$ '000	2019	2018
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## (a) Capital commitments (exclusive of GST)

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

**Property, plant and equipment**

Buildings	250	1,099
Plant and equipment	268	–
Other – Structures	153	–
<b>Total commitments</b>	<b>671</b>	<b>1,099</b>

**These expenditures are payable as follows:**

Within the next year	671	1,099
<b>Total payable</b>	<b>671</b>	<b>1,099</b>

**Sources for funding of capital commitments:**

Future grants and contributions	131	60
Section 7.11 and 64 funds/reserves	272	1,039
Externally restricted reserves	268	–
<b>Total sources of funding</b>	<b>671</b>	<b>1,099</b>

**Details of capital commitments**

Plant & Equipment - Purchase of two Isuzu Crew Cab Trucks and one Light Passenger Vehicle  
 Buildings - Design Architecture for Library and Community Hub and Henley Park Amenities Building  
 Other Structures - Woodstock Gazebo and Wangal Park Lights

## (b) Operating lease commitments (non-cancellable)

**a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:**

Within the next year	8	108
Later than one year and not later than 5 years	22	2
<b>Total non-cancellable operating lease commitments</b>	<b>30</b>	<b>110</b>

**b. Non-cancellable operating leases include the following assets:**

- Office equipment.

- Contingent rentals may be payable depending on the condition of items or usage during the lease term.

**Conditions relating to finance and 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.

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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

#### LIABILITIES NOT RECOGNISED

##### 1. Guarantees

###### (i) Defined benefit plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members).

###### *Description of the funding arrangements.*

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the fund.

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

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

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2018 for 3 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2018. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2018.

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

###### *Description of the extent to which Council can be liable to the plan for other Council's obligations under the terms and conditions of the multi-employer plan*

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2019 was \$ 326,639.74. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA on 31 December 2018, and covers the period ended 30 June 2018.

## Notes to the Financial Statements

for the year ended 30 June 2019

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

Council's expected contribution to the plan for the next annual reporting period is \$295,524.44.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2019 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	1,798.7	
Past Service Liabilities	1,784.2	100.8%
Vested Benefits	1,792.0	100.4%

\* excluding member accounts and reserves in both assets and liabilities.

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$346,000 as at 30 June 2019.

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

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

Investment return	5.75% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

\* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

**(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.

**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.

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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

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

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

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

#### (iii) Joint Venture

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

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

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

### ASSETS NOT RECOGNISED

#### (i) Land under roads

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

#### (ii) Infringement notices/fines

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

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 19. Financial risk management

## Risk management

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

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

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

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

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

\$ '000	Carrying value 2019	Carrying value 2018	Fair value 2019	Fair value 2018
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	1,941	7,187	1,941	7,187
Receivables	4,495	4,268	4,495	4,268
Investments				
– 'Financial assets at amortised cost' / 'held to maturity' (2018)	–	50,000	–	50,000
<b>Fair value through profit and loss</b>				
Investments				
– 'Designated at fair value on initial recognition'	63,250	–	63,250	–
<b>Total financial assets</b>	<b>69,686</b>	<b>61,455</b>	<b>69,686</b>	<b>61,455</b>
<b>Financial liabilities</b>				
Payables	9,112	8,447	9,112	8,447
Loans/advances	6,898	6,494	6,898	6,494
<b>Total financial liabilities</b>	<b>16,010</b>	<b>14,941</b>	<b>16,010</b>	<b>14,941</b>

Fair value is determined as follows:

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

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

Council also seeks advice from its independent advisers (Imperium Markets) before placing any cash and investments.

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

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisers (Imperium Markets).

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 19. Financial risk management (continued)

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or 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.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

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

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

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

\$ '000	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
<b>2019</b>				
Possible impact of a 1% movement in interest rates	652	652	(652)	(652)
<b>2018</b>				
Possible impact of a 1% movement in interest rates	572	572	(572)	(572)

## (b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 19. Financial risk management (continued)

**Receivables – rates and annual charges**

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
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**Credit risk profile****2019**

Gross carrying amount	–	697	19	28	36	780
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**2018**

Gross carrying amount	–	439	–	70	141	650
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**Receivables - non-rates and annual charges**

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision as at 30 June 2019 is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
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**2019**

Gross carrying amount	2,997	87	526	28	214	3,852
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Expected loss rate (%)	0.00%	0.00%	0.00%	9.53%	62.40%	3.54%
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<b>ECL provision</b>	–	–	–	3	134	137
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**2018**

Gross carrying amount	2,543	877	52	91	211	3,774
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Expected loss rate (%)	0.00%	0.00%	25.31%	0.00%	67.60%	4.13%
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<b>ECL provision</b>	–	–	13	–	143	156
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## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 19. Financial risk management (continued)

## (c) Liquidity risk

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

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

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

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through diversification of borrowing types, maturities and interest rate structures. The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2019</b>							
Trade/other payables	0.00%	4,373	4,686	–	–	9,059	9,112
Loans and advances	4.11%	–	1,040	4,494	1,364	6,898	6,898
<b>Total financial liabilities</b>		<b>4,373</b>	<b>5,726</b>	<b>4,494</b>	<b>1,364</b>	<b>15,957</b>	<b>16,010</b>
<b>2018</b>							
Trade/other payables	0.00%	4,978	3,468	–	–	8,446	8,447
Loans and advances	4.32%	–	918	3,532	2,658	7,108	6,494
<b>Total financial liabilities</b>		<b>4,978</b>	<b>4,386</b>	<b>3,532</b>	<b>2,658</b>	<b>15,554</b>	<b>14,941</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 20. Material budget variations

Council's original financial budget for 18/19 was adopted by the Council on 26 June 2018 along with the Operational Plan and is not required to be audited.

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

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

Material variations represent those variances between the original budget figure and the actual result that amount to **10%** or more.

**Variation Key:** **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance -----	
<b>REVENUES</b>				
Rates and annual charges	27,641	28,600	959	3% <b>F</b>
User charges and fees	10,362	11,151	789	8% <b>F</b>
Interest and investment revenue	1,300	1,828	528	41% <b>F</b>
The increase in Investment income was attributed to a conservative approach in calculating the budget income for the year due to economic uncertainty and the RBA's hinting of future rate cuts leading up to budget preparation. Also attributing to the increase was a slow start in Council's Capital Works programme and the unanticipated receipt of Capital Grants throughout the year.				
Other revenues	4,647	5,502	855	18% <b>F</b>
Council received additional \$295k in Fines and Costs due to increased policing of construction sites within the Burwood Town Centre and surrounding area and \$170k in impounding fees from abandoned shopping trolleys which was not originally budgeted as the service was only introduced in the last quarter of the financial year. In addition Council received \$173k in Workers Compensation incentive bonus rebate and \$189k in parking income attributed to continued weekend and night patrols.				
Operating grants and contributions	3,286	3,438	152	5% <b>F</b>
Capital grants and contributions	4,530	10,002	5,472	121% <b>F</b>
During the year Council unexpectedly received Grant funding totalling \$4.25m from Commonwealth and State Governments for the upgrading of Blair Park, Wangal Park and Henley Park. Council also received \$148k in Blackspot funding from the Roads and Maritime Services. An additional \$859k was received in Kerb and Gutter construction contributions on top of the budgeted amount.				
Fair value increment on investment property	–	160	160	∞ <b>F</b>
Council does not budget for Fair Value movements in its Investment Property.				
Joint ventures and associates – net profits	–	–	–	∞ <b>F</b>
Council does not budget for its joint venture.				

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 20. Material budget variations

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance -----	
<b>EXPENSES</b>				
<b>Employee benefits and on-costs</b>	20,651	19,649	1,002	5% <b>F</b>
<b>Borrowing costs</b>	347	345	2	1% <b>F</b>
<b>Materials and contracts</b>	10,731	12,943	(2,212)	(21)% <b>U</b>
The variance is mostly attributed to contracted staff which were unbudgeted totalling \$2.1m some cost offset were found within Employee Costs and Other Expenses. There were other minor ups and downs within the area having no material effects.				
<b>Depreciation and amortisation</b>	7,175	7,505	(330)	(5)% <b>U</b>
<b>Other expenses</b>	9,670	8,370	1,300	13% <b>F</b>
The variance is attributed through continued savings in Insurance Premiums and Excesses \$160k, further savings in the areas of Waste and Trade Waste Disposal \$400k, \$95k in Printing and Stationery, Telephone and Internet charges \$25k, Computer Licences and Support Warranties \$205k, Water and Gas charges \$28k, Advertising \$83k and \$48k in Motor Vehicle Insurance and CTP. In addition there was a further saving of \$22k in Councillors expenses.				
<b>Net losses from disposal of assets</b>	-	487	(487)	∞ <b>U</b>
Council writes off infrastructure assets as part of its renewal programme replacing the written down value of the assets with the current replacement costs of the renewal. In addition Council sold a small parcel of Land which partially offset the write off of the infrastructure assets.				
<b>Joint ventures and associates – net losses</b>	-	13	(13)	∞ <b>U</b>
Council does not budget for for it's Joint Venture.				
<b>STATEMENT OF CASH FLOWS</b>				
<b>Net cash provided from (used in) operating activities</b>	12,844	19,406	6,562	51% <b>F</b>
The variance between actual and budget can be attributed to unexpected Grant monies received during the year which increased Investment Income along with increases in Fines and Costs, Parking Income, Shopping Trolley impounding fees and Workers Compensation premiums. Also Council increased it's Rates and Annual Charges during the year through strata units coming on line associated with the Burwood Town Centre development. Council was also successful in obtaining a favourable land objection which also had a impact on Council's rating income. In addition there were savings in Employee Costs however these savings were offset against increased Temporary Agency Staffing levels.				
<b>Net cash provided from (used in) investing activities</b>	(11,203)	(25,056)	(13,853)	124% <b>U</b>
The variance between actual and budget was attributed to unexpected Grant monies received during the year, sale of a parcel of land which resulted in larger than expected investment purchases.				
<b>Net cash provided from (used in) financing activities</b>	367	404	37	10% <b>F</b>
Council took up the new Loan earlier than anticipated which required an additional repayment.				

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 21. Fair Value Measurement

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

- Infrastructure, property, plant and equipment
- Investment property

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

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

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

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

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

#### (1) Assets and liabilities that have been measured and recognised at fair values

2019	Notes	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	
<b>Recurring fair value measurements</b>						
<b>Investment property</b>						
	10					
Investment Property		30/06/19	–	3,980	–	3,980
<b>Total investment property</b>			<b>–</b>	<b>3,980</b>	<b>–</b>	<b>3,980</b>
<b>Infrastructure, property, plant and equipment</b>						
	9(a)					
Plant and office equipment and furniture and fittings		30/06/19	–	–	6,929	6,929
Operational land		30/06/18	–	121,430	–	121,430
Community land		01/07/18	–	–	41,312	41,312
Land improvements – depreciable		30/06/16	–	–	12,813	12,813
Buildings – non-specialised		30/06/18	–	1,047	–	1,047
Buildings – specialised		30/06/18	–	–	52,052	52,052
Other structures		30/06/17	–	–	2,995	2,995
Roads		30/06/16	–	–	140,410	140,410
Footpaths and kerb and gutter		30/06/16	–	–	38,439	38,439
Drainage infrastructure		30/06/16	–	–	28,650	28,650
Swimming pools		30/06/18	–	–	3,208	3,208
Library books		30/06/16	–	–	367	367
Other assets		30/06/14	–	–	236	236
Openspace/Recreational		30/06/16	–	–	7,692	7,692
Other Road Assets		30/06/16	–	–	7,155	7,155
<b>Total infrastructure, property, plant and equipment</b>			<b>–</b>	<b>122,477</b>	<b>342,258</b>	<b>464,735</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 21. Fair Value Measurement (continued)

2018	Notes	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	
<b>Recurring fair value measurements</b>						
<b>Investment property</b>						
	10					
Investment Property		30/06/18	–	3,820	–	3,820
<b>Total investment property</b>			<b>–</b>	<b>3,820</b>	<b>–</b>	<b>3,820</b>
<b>Infrastructure, property, plant and equipment</b>						
	9(a)					
Plant and office equipment and furniture and fittings		30/06/18	–	–	6,492	6,492
Operational land		30/06/18	–	121,430	–	121,430
Community land		30/06/17	–	–	36,583	36,583
Land improvements – depreciable		30/06/16	–	–	12,908	12,908
Buildings – non-specialised		30/06/18	–	1,136	–	1,136
Buildings – specialised		30/06/18	–	–	51,160	51,160
Other structures		30/06/17	–	–	2,987	2,987
Roads		30/06/16	–	–	140,763	140,763
Footpaths and kerb and gutter		30/06/16	–	–	37,057	37,057
Drainage infrastructure		30/06/16	–	–	27,848	27,848
Swimming pools		30/06/18	–	–	3,326	3,326
Library books		30/06/16	–	–	344	344
Other assets		30/06/14	–	–	444	444
Openspace/Recreational		30/06/16	–	–	6,807	6,807
Other Road Assets		30/06/16	–	–	6,756	6,756
<b>Total infrastructure, property, plant and equipment</b>			<b>–</b>	<b>122,566</b>	<b>333,475</b>	<b>456,041</b>

Note that capital WIP is not included above since it is carried at cost.

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

Where Council is unable to derive fair valuations using quoted market prices of identical assets (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:

#### Investment property

Council obtains independent valuations of its investment property on an annual basis and at the end of each reporting period to ensure the financial statements reflect the most up-to-date valuation. The best evidence of fair value is the current price in an active market for similar assets. The investment property valuation is included in level 2 of the hierarchy. The key unobservable input to the valuation is the price per square metre.

The fair value of the investment property is determined by an independent, qualified valuer on an annual basis who has experience in the location of the property. The Council reviews the valuation report and discusses significant movements with the valuer. As at 30 June 2019 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.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 21. Fair Value Measurement (continued)

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#### Infrastructure, property, plant and equipment (IPP&E)

##### Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The last valuation was undertaken at 30 June 2018 and was performed by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144.

Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, if management intend to replace the asset, the remaining useful life and condition of the asset; and cash flows from the future use and disposal.

##### Buildings Non-Specialised

Buildings were valued by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144 in June 2018 using the cost approach. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While all buildings were physically inspected inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. Non-Specialised buildings were classified as having been valued using Level 2 valuation inputs.

##### Plant & Equipment, Office Equipment and Furniture & Fittings

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

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

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

##### Community Land

Valuations of all Council's Community Land and Council managed land were based on either the land values provided by the Valuer-General or an average unit rate based on the land values for similar properties where the Valuer-General did not provide a land value having regard to the highest and best use for this land. As these rates were not considered to be observable market evidence they have been classified as Level 3.

##### Land Improvements – Depreciable

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

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

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 21. Fair Value Measurement (continued)

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#### **Buildings - Specialised**

Buildings were valued by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144 in June 2018 using the cost approach. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While all buildings were physically inspected inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. Specialised buildings were classified as having been valued using Level 3 valuation inputs.

During the financial year Council refurbished the Foyer at the Enfield Aquatic Centre. Costs to refurbish were current costs.

#### **Other Structures**

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

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

#### **Roads**

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

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

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

#### **Footpaths and Kerb & Gutter**

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

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

#### **Other Road assets**

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

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 21. Fair Value Measurement (continued)

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#### **Drainage Infrastructure**

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

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

#### **Swimming Pools**

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

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

#### **Other Open Space/Recreational Assets**

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

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

During the financial year Council received Grant Funding for Blair Park included Flood Lighting, Playground, Picnic Shelters, Fencing and park Seating. Also during the year Council replaced Sports Field Lighting, Cricket Practice Nets, Shelters and BBq's and Exercise Equipment at Henley Park and one Playground at Sanders Reserve. Costs to build were current costs and the written down values of those assets replaced were written off.

#### **Library Books**

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

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

#### **Other Assets**

This asset class comprises all other assets which do not fall into the above asset classes ie, Planter Boxes, Hanging Baskets.

#### **Non-current assets classified as 'held for sale'**

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 21. Fair Value Measurement (continued)

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

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

\$ '000	Investment property	Plant and Equipment	Operational Land	Community Land	Land Improvement – depreciable
<b>2018</b>					
<b>Opening balance</b>	3,600	6,028	43,732	36,583	13,074
Purchases (GBV)	–	2,104	–	–	142
Disposals (WDV)	–	(349)	–	–	(26)
Depreciation and impairment	–	(1,291)	–	–	(282)
Fair value adjustment	220	–	77,698	–	–
<b>Closing balance</b>	<b>3,820</b>	<b>6,492</b>	<b>121,430</b>	<b>36,583</b>	<b>12,908</b>
<b>2019</b>					
<b>Opening balance</b>	3,820	6,492	121,430	36,583	12,908
Purchases (GBV)	–	2,204	–	–	219
Disposals (WDV)	–	(397)	–	–	(31)
Depreciation and impairment	–	(1,369)	–	–	(285)
Fair value adjustment	160	–	–	4,728	–
<b>Closing balance</b>	<b>3,980</b>	<b>6,930</b>	<b>121,430</b>	<b>41,311</b>	<b>12,811</b>

\$ '000	Buildings	Other structures	Other road assets	Open Space / Recreational	Roads
<b>2018</b>					
<b>Opening balance</b>	44,971	2,998	6,839	4,690	140,997
Purchases (GBV)	124	99	132	2,372	2,159
Disposals (WDV)	–	–	(16)	(80)	(442)
Depreciation and impairment	(1,066)	(110)	(199)	(215)	(1,951)
Fair value adjustment	8,267	–	–	–	–
WIP Transfers	–	–	–	40	–
<b>Closing balance</b>	<b>52,296</b>	<b>2,987</b>	<b>6,756</b>	<b>6,807</b>	<b>140,763</b>
<b>2019</b>					
<b>Opening balance</b>	52,296	2,987	6,756	6,807	140,763
Purchases (GBV)	2,141	125	697	1,473	2,205
Disposals (WDV)	(23)	–	(91)	(251)	(568)
Depreciation and impairment	(1,315)	(117)	(207)	(338)	(1,989)
<b>Closing balance</b>	<b>53,099</b>	<b>2,995</b>	<b>7,155</b>	<b>7,691</b>	<b>140,411</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 21. Fair Value Measurement (continued)

\$ '000	Footpaths	Drainage	Swimming pool
<b>2018</b>			
<b>Opening balance</b>	35,843	27,978	3,133
Purchases (GBV)	2,719	637	668
Disposals (WDV)	(804)	(111)	–
Depreciation and impairment	(701)	(656)	(128)
Fair value adjustment	–	–	(520)
WIP Transfers	–	–	173
<b>Closing balance</b>	<b>37,057</b>	<b>27,848</b>	<b>3,326</b>
<b>2019</b>			
<b>Opening balance</b>	37,057	27,848	3,326
Purchases (GBV)	3,396	1,500	11
Disposals (WDV)	(1,290)	(27)	–
Depreciation and impairment	(724)	(671)	(127)
<b>Closing balance</b>	<b>38,439</b>	<b>28,650</b>	<b>3,210</b>
\$ '000	Library books	Other Assets	Total
<b>2018</b>			
<b>Opening balance</b>	343	542	<b>371,351</b>
Purchases (GBV)	130	142	<b>11,428</b>
Disposals (WDV)	–	–	<b>(1,828)</b>
Depreciation and impairment	(129)	(240)	<b>(6,968)</b>
Fair value adjustment	–	–	<b>85,665</b>
<b>Closing balance</b>	<b>344</b>	<b>444</b>	<b>459,861</b>
<b>2019</b>			
<b>Opening balance</b>	344	444	<b>459,861</b>
Transfer to Intangible Assets (Note 11)	–	(269)	<b>(269)</b>
Purchases (GBV)	141	88	<b>14,200</b>
Disposals (WDV)	–	–	<b>(2,678)</b>
Depreciation and impairment	(118)	(27)	<b>(7,287)</b>
Fair value adjustment	–	–	<b>4,888</b>
<b>Closing balance</b>	<b>367</b>	<b>236</b>	<b>468,715</b>

**b. Information relating to the transfers into and out of the level 3 fair valuation hierarchy (as disclosed in the table above) includes:**

There are no transfers identified in the above table.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 21. Fair Value Measurement (continued)

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

\$ '000	Fair value (30/6/19)	Valuation technique/s	Unobservable inputs
<b>c. Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.</b>			
<b>Investment properties</b>			
Commercial Office and Retail	3,980	Qualified Valuer	<ul style="list-style-type: none"> <li>• Estimated rental value (rate per square metre)</li> <li>• Rental Yield</li> </ul>

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 21. Fair Value Measurement (continued)

\$ '000	Fair value (30/6/19)	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>			
Operational Land	121,430	Qualified Valuer	• Price per square metre
Buildings – Non Specialised	1,047	Qualified Valuer	• Gross Replacement Cost • Asset Condition • Remaining useful life • Residual value
Plant & Equipment, Office Equipment and Furniture & Fittings	6,929	Cost approach	• Gross Replacement Cost • Remaining useful life • Residual value
Community Land	41,312	Land values obtained from the NSW Valuer General	• Unimproved Capital Value (price per square metre)
Land Improvements – depreciable	12,813	Cost approach	• Gross Replacement Cost • Asset Condition • Remaining useful life • Residual value
Buildings - Specialised	52,052	Qualified Valuer	• Gross Replacement Cost • Asset Condition • Remaining useful life • Residual value
Other Structures	2,995	Cost approach	• Gross Replacement Cost • Asset Condition • Remaining useful life
Roads	140,410	Qualified Valuer	• Gross Replacement Cost • Asset Condition • Remaining useful life
Footpaths	38,439	Qualified Valuer	• Gross Replacement Cost • Asset Condition • Remaining useful life
Other Road Assets	7,155	Qualified Valuer	• Gross Replacement Cost • Asset Condition • Remaining useful life
Drainage Infrastructure	28,650	Qualified Valuer	• Gross Replacement Cost • Asset Condition • Remaining useful life
Swimming Pools	3,208	Qualified Valuer	• Gross Replacement Cost • Asset Condition • Remaining useful life
Library Books	367	Cost approach	• Gross Replacement Cost • Asset Condition • Remaining useful life
Other - Open Space / Recreational	7,692	Qualified Valuer	• Gross Replacement Cost • Asset Condition • Remaining useful life
Other Assets	236	Cost approach	• Gross Replacement Cost • Asset Condition • Remaining useful life • Residual value

**d. The valuation process for level 3 fair value measurements**

Valuation process has been incorporated within 3 above.

**(4) Highest and best use**

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 22. Related Party Transactions

## (a) Key management personnel

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

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

\$ '000	2019	2018
<b>Compensation:</b>		
Short-term benefits	1,200	1,346
Post-employment benefits	145	204
Other long-term benefits	20	46
Termination benefits	446	385
<b>Total</b>	<b>1,811</b>	<b>1,981</b>

## (b) Other transactions with KMP and their related parties

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

There have been no transactions identified through the related party disclosure process indicating to be any significant disclosures from Key Management Persons during the year ended 30 June 2019.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 22. Related Party Transactions (continued)

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#### (c) Other related party transactions

There were no other related party transactions identified through the related party disclosure process during the year ended 30 June 2019.

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

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 24. Statement of developer contributions

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

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

## Summary of contributions and levies

\$ '000	as at 30/6/2018						as at 30/6/2019	
	Opening Balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Traffic facilities	289	–	–	3	–	–	292	–
Parking	322	–	–	3	–	–	325	–
Burwood town centre	7,639	3,018	–	87	(1,508)	–	9,236	–
Burwood LGA	1,355	567	–	16	(1,164)	–	774	–
<b>S7.11 contributions – under a plan</b>	<b>9,605</b>	<b>3,585</b>	<b>–</b>	<b>109</b>	<b>(2,672)</b>	<b>–</b>	<b>10,627</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>9,605</b>	<b>3,585</b>	<b>–</b>	<b>109</b>	<b>(2,672)</b>	<b>–</b>	<b>10,627</b>	<b>–</b>
S7.4 planning agreements	8,487	302	–	84	(241)	–	8,632	–
<b>Total contributions</b>	<b>18,092</b>	<b>3,887</b>	<b>–</b>	<b>193</b>	<b>(2,913)</b>	<b>–</b>	<b>19,259</b>	<b>–</b>

## S7.11 Contributions – under a plan

## CONTRIBUTION PLAN NUMBER - 94A New LEP

Traffic facilities	289	–	–	3	–	–	292	–
Parking	322	–	–	3	–	–	325	–
Burwood town centre	7,639	3,018	–	87	(1,508)	–	9,236	–
Burwood LGA	1,355	567	–	16	(1,164)	–	774	–
<b>Total</b>	<b>9,605</b>	<b>3,585</b>	<b>–</b>	<b>109</b>	<b>(2,672)</b>	<b>–</b>	<b>10,627</b>	<b>–</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 25(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2019	Indicator 2019	2018	Prior periods		Benchmark
				2017	2016	
<b>1. Operating performance ratio</b>						
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>1,707</b>	<b>3.38%</b>	6.96%	5.58%	(0.11)%	>0.00%
Total continuing operating revenue excluding capital grants and contributions	<b>50,519</b>					
<b>2. Own source operating revenue ratio</b>						
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>46,856</b>	<b>77.42%</b>	71.91%	83.95%	76.82%	>60.00%
Total continuing operating revenue <sup>1</sup>	<b>60,521</b>					
<b>3. Unrestricted current ratio</b>						
Current assets less all external restrictions	<b>44,313</b>	<b>4.67x</b>	4.90x	4.43x	3.59x	>1.50x
Current liabilities less specific purpose liabilities	<b>9,490</b>					
<b>4. Debt service cover ratio</b>						
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>9,557</b>	<b>10.16x</b>	13.49x	12.40x	8.63x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>941</b>					
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>						
Rates, annual and extra charges outstanding	<b>854</b>	<b>2.93%</b>	2.61%	2.45%	2.57%	<5.00%
Rates, annual and extra charges collectible	<b>29,181</b>					
<b>6. Cash expense cover ratio</b>						
Current year's cash and cash equivalents plus all term deposits	<b>39,941</b>	<b>10.47</b>	10.77	11.40	9.90	>3.00
Monthly payments from cash flow of operating and financing activities	<b>3,813</b>	<b>mths</b>	mths	mths	mths	mths

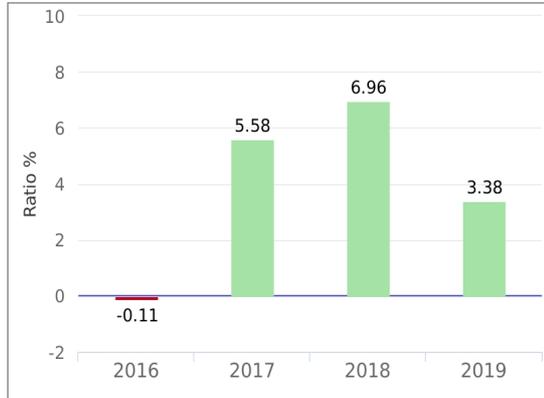
(1) Excludes fair value adjustments, reversal of revaluation decrements, net gain on sale of assets, and net loss of interests in joint ventures and associates.

(2) Excludes impairment/revaluation decrements, net loss on sale of assets, and net loss on share of interests in joint ventures and associates

Notes to the Financial Statements  
for the year ended 30 June 2019

Note 25(b). Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



**Purpose of operating performance ratio**

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

**Commentary on 2018/19 result**

**2018/19 ratio 3.38%**

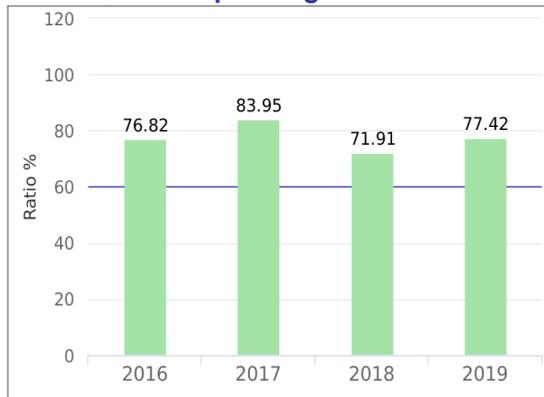
Council's operating performance ratio has reduced slightly during the current year due to increased expenditure on past years, however Council's strategies to address the longer term are now evident moving to the future with Special Rate Variation, improved budget monitoring and expanding rating base.

Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark  
Ratio is outside benchmark

2. Own source operating revenue ratio



**Purpose of own source operating revenue ratio**

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

**Commentary on 2018/19 result**

**2018/19 ratio 77.42%**

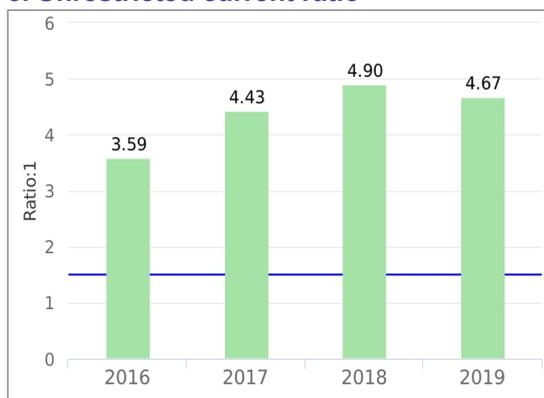
The ratio remains above the 60% benchmark. This can be attributed to the increased rating base associated with the new LEP and Special Rate Variation.

Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark  
Ratio is outside benchmark

3. Unrestricted current ratio



**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 2018/19 result**

**2018/19 ratio 4.67x**

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

Benchmark: — > 1.50x

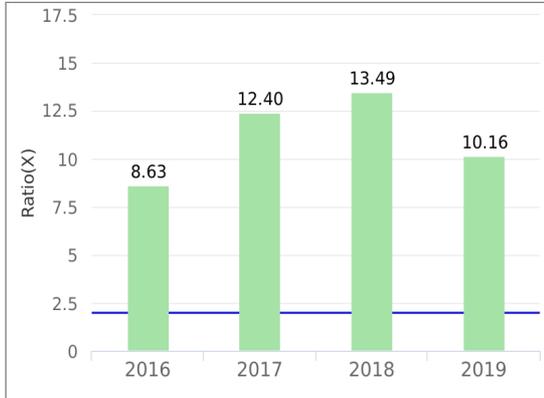
Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark  
Ratio is outside benchmark

Notes to the Financial Statements  
for the year ended 30 June 2019

Note 25(b). Statement of performance measures – consolidated results (graphs)

4. Debt service cover ratio



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 2018/19 result

2018/19 ratio 10.16x

Council's Debt Service Ratio has declined in part to the additional loan funds borrowed during the year associated with Council's Capital Works programme.

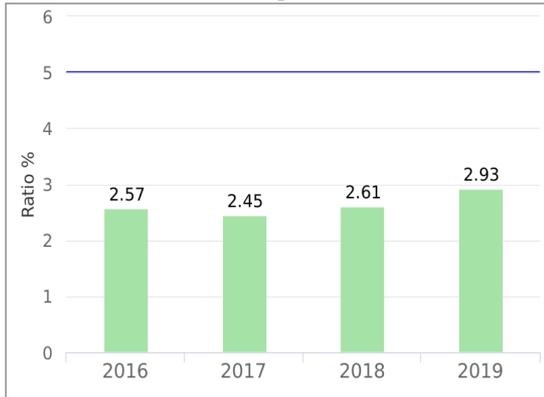
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates, annual charges, interest and extra charges outstanding percentage



Purpose of rates, annual charges, interest and extra charges outstanding

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

Commentary on 2018/19 result

2018/19 ratio 2.93%

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

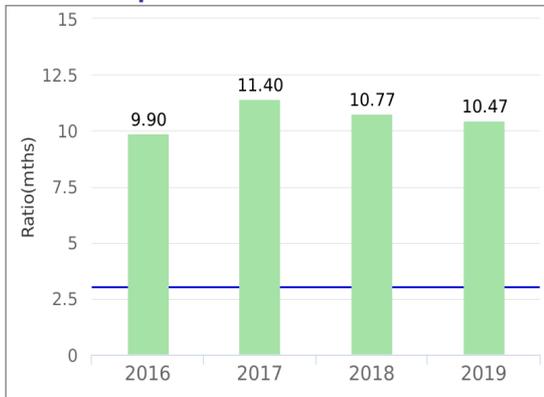
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



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 2018/19 result

2018/19 ratio 10.47 mths

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

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

Ratio is outside benchmark

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 26. Financial review

\$ '000	2019	2018	2017	2016	2015
<b>Key financial figures of Council over the past 5 years</b>					
<b>Inflows:</b>					
Rates and annual charges revenue	28,600	26,933	24,927	22,888	21,577
User charges revenue	11,151	11,622	10,235	9,563	8,765
Interest and investment revenue (losses)	1,828	1,392	1,215	2,048	1,356
Grants income – operating and capital	6,949	4,652	4,217	3,786	2,891
Total income from continuing operations	60,681	63,075	49,219	50,962	44,503
Sale proceeds from I,PP&E	2,293	442	2,357	781	3,962
New loan borrowings and advances	1,000	1,000	–	–	2,000
<b>Outflows:</b>					
Employee benefits and on-cost expenses	19,649	17,885	17,462	17,634	16,937
Borrowing costs	345	325	335	354	325
Materials and contracts expenses	12,943	11,796	10,201	10,956	10,066
Total expenses from continuing operations	49,312	46,593	42,479	42,815	41,310
Total cash purchases of I,PP&E	13,550	12,994	10,311	17,700	9,483
Total loan repayments (incl. finance leases)	596	466	444	422	324
Operating surplus/(deficit) (excl. capital income)	1,367	2,318	2,786	(9)	1,695
<b>Financial position figures</b>					
Current assets	67,176	51,911	48,993	43,690	43,093
Current liabilities	17,791	17,059	17,109	16,588	12,793
Net current assets	49,385	34,852	31,884	27,102	30,300
Available working capital (Unrestricted net current assets)	1,012	1,109	(1,552)	(2,081)	1,643
Cash and investments – unrestricted	5,908	5,813	5,274	3,263	3,239
Cash and investments – internal restrictions	33,588	28,701	26,633	21,124	25,560
Cash and investments – total	65,191	57,187	46,077	39,449	40,856
Total borrowings outstanding (Loans, advances and finance leases)	6,898	6,494	5,960	6,404	6,826
Total value of I,PP&E (excl. land and earthworks)	466,495	460,630	898,188	439,889	425,645
Total accumulated depreciation	163,794	161,602	322,864	159,098	159,342
Indicative remaining useful life (as a % of GBV)	65%	65%	64%	64%	63%

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

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 27. Council information and contact details

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**Principal place of business:**

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

**Mailing address:**

PO Box 240  
Burwood NSW 1805

**Telephone:** 02 9911 9911

**Facsimile:** 02 9911 9900

**Opening hours:**

8.30am to 4.45pm  
Monday to Friday

**Internet:** [www.burwood.nsw.gov.au](http://www.burwood.nsw.gov.au)

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

#### Officers

**Tommaso Briscese**

Acting General Manager

**Wayne Armitage**

Responsible Accounting Officer

**Pina Viney**

Public Officer

**Auditors**

Audit Office of New South Wales  
Level 19, Darling Park Tower 2  
201 Sussex Street  
Sydney NSW 2000

#### Elected members

Councillor Faker

**Mayor**

**Councillors**

Councillor Furneaux-Cook

Councillor Chan

Councillor Crichton

Councillor Del Duca

Councillor Dixit

Councillor Mannah

#### Other information

**ABN:** 84 362 114 428



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Burwood Council

To the Councillors of the Burwood Council

### Opinion

I have audited the accompanying financial statements of Burwood Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been presented, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

### Basis for Opinion

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

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

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

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

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

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

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

## **Other Information**

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 20 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in black ink, appearing to read 'MML'.

Min Lee  
A/Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

16 October 2019  
SYDNEY



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

Contact: Min Lee  
Phone no: (02) 9275 7151  
Our ref: D1924042/1702

16 October 2019

Dear Mayor

**Report on the Conduct of the Audit  
for the year ended 30 June 2019  
Burwood Council**

I have audited the general purpose financial statements (GPFS) of Burwood Council (the Council) for the year ended 30 June 2019 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2019 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

## **INCOME STATEMENT**

### **Operating result**

	<b>2019</b>	<b>2018</b>	<b>Variance</b>
	<b>\$m</b>	<b>\$m</b>	<b>%</b>
Rates and annual charges revenue	28.6	26.9	↑ 6.3
Grants and contributions revenue	13.4	17.4	↓ 22.9
Operating result for the year	11.4	16.5	↓ 30.9
Net operating result before capital grants and contributions	1.4	2.3	↓ 41.0

Council’s operating result (\$11.4 million including the effect of depreciation and amortisation expense of \$7.5 million) was \$5.1 million lower than the 2017–18 result. This was mainly due to a decrease in capital grants of \$4.1 million, and increased employee related expenses and depreciation.

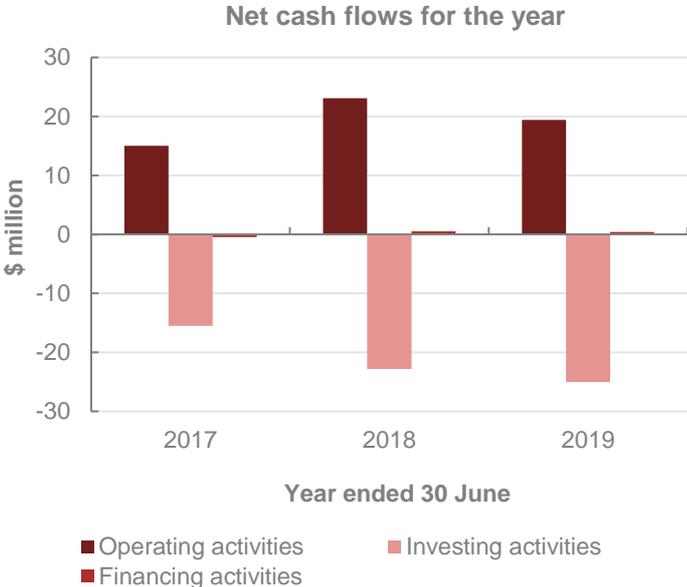
The net operating result before capital grants and contributions (\$1.4 million) was \$0.9 million lower than the 2017–18 result.

Rates and annual charges revenue (\$28.6 million) increased by \$1.7 million (6.3 per cent) in 2018–2019. This was attributed to the increase in rates income in line with the IPART approved rate peg of 2.3%. Annual Charges also increased by approximately \$0.5 million as a result of increase in Domestic waste management services.

Grants and contributions revenue (\$13.4 million) decreased by \$4 million (22.8 per cent) in 2018–2019 due to \$6.7 million decrease in developer contributions in the current financial year. This decrease is in line with business understanding of developments occurring within the Council. This is offset against an increase in capital grants relating to \$2.6 million in stronger communities grant funding.

**STATEMENT OF CASH FLOWS**

- The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year and reveals that cash decreased by \$5.2 million to \$1.9 million at the close of the year.
- Net cash provided by operating activities has decreased by \$3.7 million. The decrease relates to an increase in employee related expenses of \$1.4 million, in addition to decrease in grants and contributions of \$2.5 million.
- Net cash used in investing activities has increased by \$2.3 million. This is mainly due to decrease in sale of investment securities by \$25 million and purchase of investment securities of \$21.8 million.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2019	2018	Commentary
	\$m	\$m	
External restrictions	25.7	22.7	• Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase is mainly due to specific purpose grants.
Internal restrictions	33.6	28.7	
Unrestricted	5.9	5.8	
<b>Cash and investments</b>	<b>65.2</b>	<b>57.2</b>	<ul style="list-style-type: none"> <li>• Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. The internally restricted funds as at 30 June 2019 were higher as compared to the prior year due to increase in funds in various projects.</li> <li>• Unrestricted cash and investments was \$5.9 million, which is available to provide liquidity for day-to-day operations of the Council.</li> </ul>

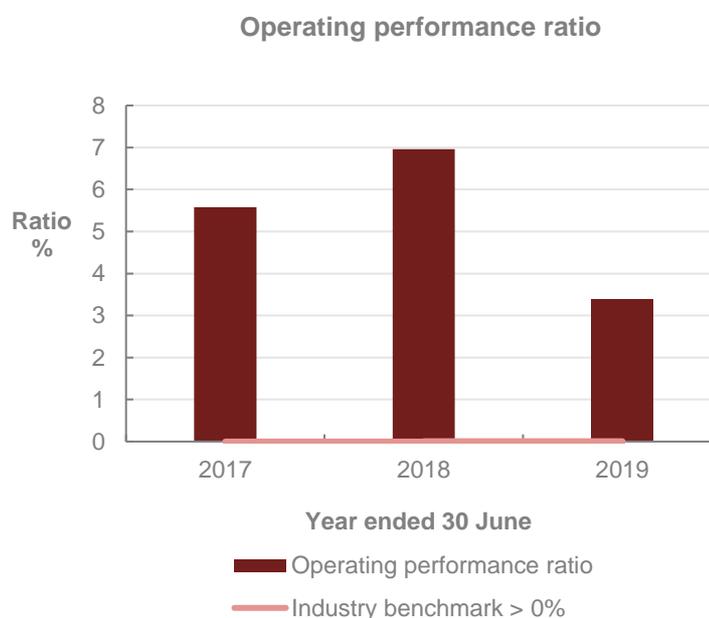
### Debt

After repaying principal and interest of \$596,000 and taking up an additional borrowing of \$1 million during the financial year, total debt as at 30 June 2019 is \$6.9 million (2018: \$6.5 million)

## PERFORMANCE

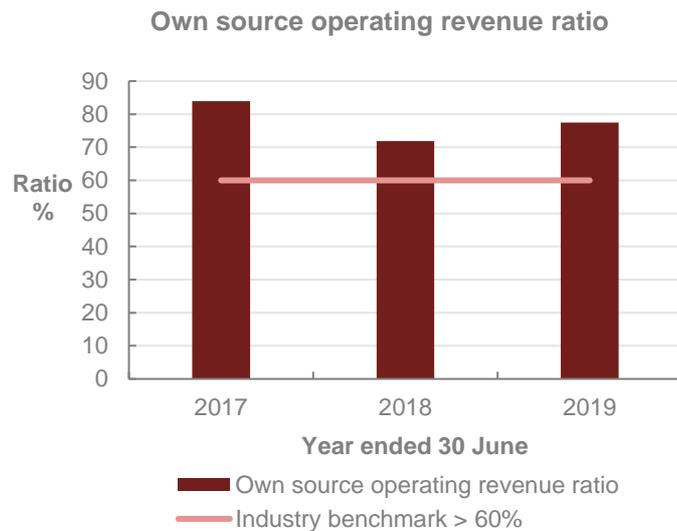
### Operating performance ratio

- Council's operating performance indicator of 3.4 per cent in 2018–19 (6.9 per cent in 2017–18) exceeded the industry benchmark. This is mainly due to an expanding rates base due to development activities. The ratio reduced in the current year, due to increase in employee related expenses and materials and contracts.
- The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the former Office of Local Government (OLG) is greater than zero per cent.



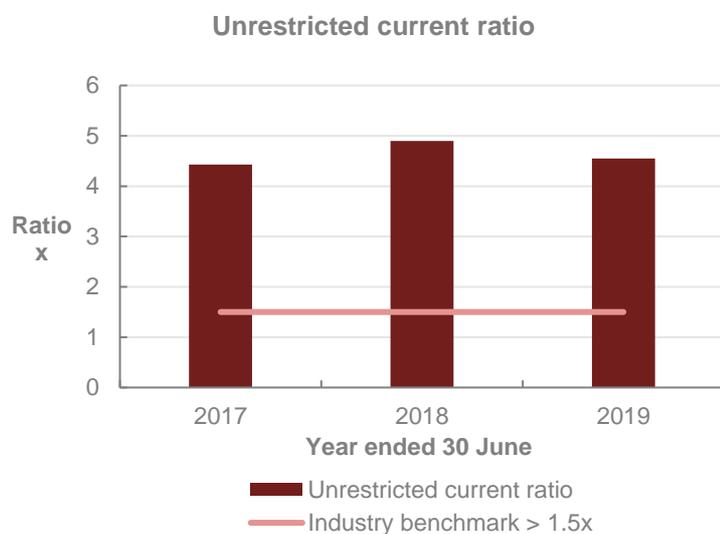
## Own source operating revenue ratio

- Council's own source operating revenue ratio of 77.4 per cent in 2018–19 (71.9 per cent in 2017–18) exceeded the industry benchmark.
- This ratio is obtained by calculating the total continuing operating revenue excluding all grants and contributions divided by the total continuing operating revenue. This indicator fluctuates with movements in grants and contributions, which were slightly higher in 2017–18.
- The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by the former OLG is greater than 60 per cent.



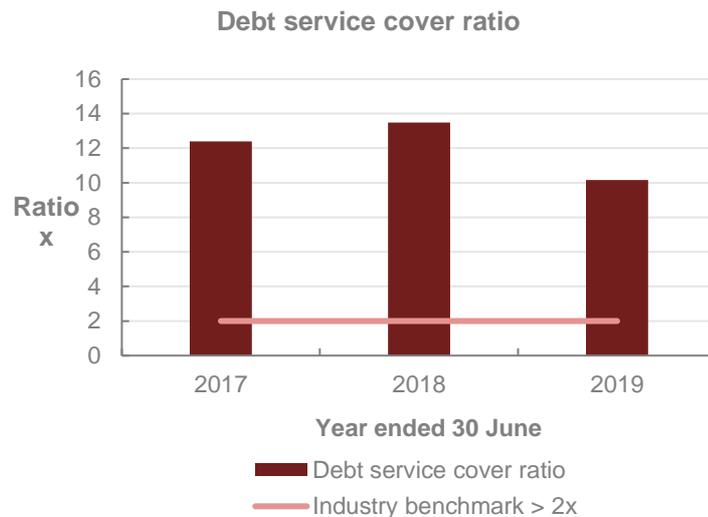
## Unrestricted current ratio

- This ratio indicated that Council currently had 4.6 times of unrestricted assets available to service every one dollar of its unrestricted current liabilities
- Council's unrestricted current ratio as at 30 June 2019 is 4.6 (4.9 in 2017-8) and exceeded the benchmark of 1.5 times. The positive ratio is due to increased cash and investments over its restricted liabilities.
- The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by the former OLG is greater than 1.5 times.



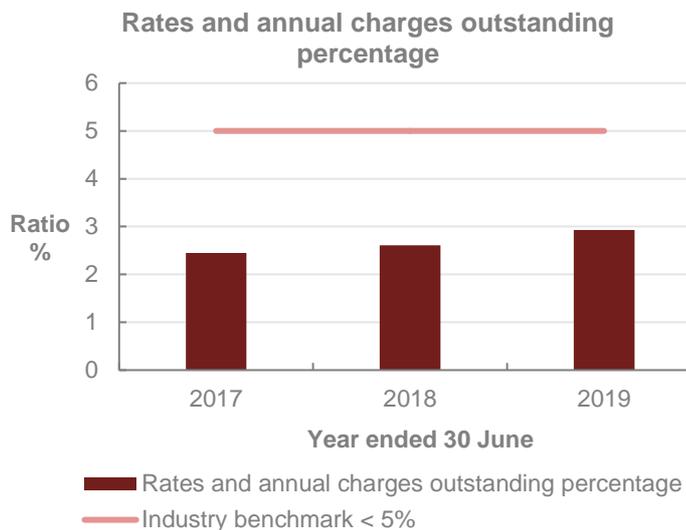
## Debt service cover ratio

- The debt service cover ratio for the Council as at 30 June 2019 is 10.1 (13.5 in 2017–18) which is above the industry benchmark.
- The ratio has decreased due to a slight increase in principal repayments compared to 2017–18, and a smaller operating result in 2018–19 (excluding interest and depreciation).
- The 'debt service cover ratio' measure the operating cash to service debt including interest, principal and lease payments. The benchmark set by the former OLG is greater than two times.



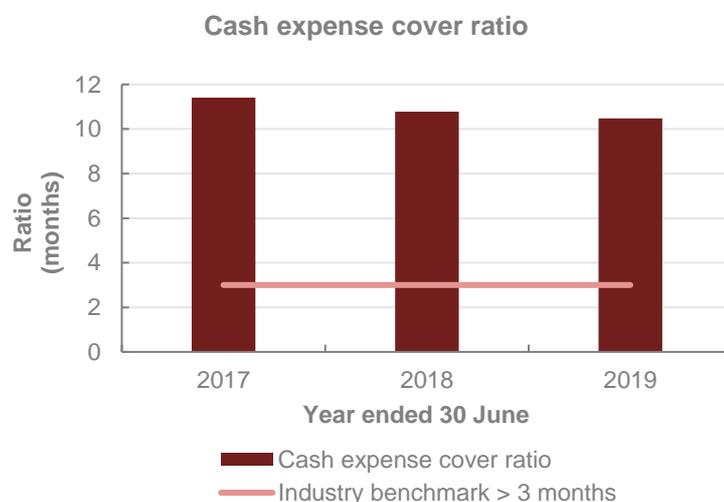
## Rates and annual charges outstanding percentage

- The rates and annual charges outstanding ratio of the Council is 2.9 per cent as at 30 June 2019 (2.6 per cent as at 30 June 2018) and continues to better than the industry benchmark of being below 5 per cent.
- The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by the former OLG is less than 5 per cent for metro councils.



## Cash expense cover ratio

- Council's cash expense cover ratio of 10.5 months in 2018–19 (10.8 months in 2017) well exceeded the industry benchmark. This indicates that Council had the capacity to cover 10.5 months of operating cash expenditure without additional cash inflows at 30 June 2019.
- This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by the former OLG is greater than three months.



## Infrastructure, property, plant and equipment renewals

The Council's building and infrastructure renewals ratio of 152.73 per cent (170.63 per cent in the prior year) is well above the industry benchmark of greater than 100 per cent. This indicated the Council's infrastructure renewal program sufficiently renewed assets at a greater rate than they were depreciating. The following impacted the renewal ratio:

- slightly lower capital renewal projects being undertaken in the 2018–19 financial year than what was budgeted
- depreciation expense for building and infrastructure have increased by \$0.5 million and now represent a larger portion of costs relative to capital renewals.

## OTHER MATTERS

### New accounting standards implemented

Application period	Overview
<b>AASB 9 'Financial Instruments' and revised AASB 7 'Financial Instruments: Disclosures'</b>	
For the year ended 30 June 2019	<p>AASB 9 replaces AASB 139 'Financial Instruments: Recognition and Measurement' and changes the way financial instruments are treated for financial reporting.</p> <p>Key changes include:</p> <ul style="list-style-type: none"><li>• a simplified model for classifying and measuring financial assets</li><li>• a new method for calculating impairment</li><li>• a new type of hedge accounting that more closely aligns with risk management.</li></ul> <p>The revised AASB 7 includes new disclosures as a result of AASB 9.</p> <p>Council's disclosure of the impact of adopting AASB 9 is disclosed in Note 14 (b).</p>

## Legislative compliance

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

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

The Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the general purpose financial statements
- staff provided all accounting records and information relevant to the audit.



Min Lee  
A/Director

Delegate of the Auditor-General for New South Wales

cc: Mr Tommaso Briscese, Acting General Manager  
Ms Sandra Mulder, Chair of the Audit Committee  
Jim Betts, Secretary of the Department of Planning, Industry and Environment

# Burwood Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2019

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*A well connected, sustainable and safe community that  
embraces and celebrates its culture and diversity.*



**Burwood**  
heritage • progress • pride

**Special Purpose Financial Statements**  
for the year ended 30 June 2019

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

# Burwood Council

SPECIAL SCHEDULES  
for the year ended 30 June 2019

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*A well connected, sustainable and safe community that  
embraces and celebrates its culture and diversity.*



**Burwood**  
heritage • progress • pride

**Special Schedules**

for the year ended 30 June 2019

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## Permissible income for general rates for the year ended 30 June 2019

\$ '000		Calculation 2019/20	Calculation 2018/19
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	22,454	21,654
Plus or minus adjustments <sup>2</sup>	b	588	130
<b>Notional general income</b>	<b>c = a + b</b>	<b>23,042</b>	<b>21,784</b>
<b>Permissible income calculation</b>			
Special variation percentage <sup>3</sup>	d	4.70%	0.00%
Or rate peg percentage	e	0.00%	2.30%
Plus special variation amount	$h = d \times (c + g)$	1,083	–
Or plus rate peg amount	$i = e \times (c + g)$	–	501
<b>Sub-total</b>	<b>k = (c + g + h + i + j)</b>	<b>24,125</b>	<b>22,285</b>
Plus (or minus) last year's carry forward total	l	–	100
Less valuation objections claimed in the previous year	m	(69)	–
<b>Sub-total</b>	<b>n = (l + m)</b>	<b>(69)</b>	<b>100</b>
<b>Total permissible income</b>	<b>o = k + n</b>	<b>24,056</b>	<b>22,385</b>
Less notional general income yield	p	24,061	22,454
<b>Catch-up or (excess) result</b>	<b>q = o – p</b>	<b>(5)</b>	<b>(69)</b>
Plus income lost due to valuation objections claimed <sup>4</sup>	r	5	69
<b>Carry forward to next year <sup>6</sup></b>	<b>t = q + r + s</b>	<b>–</b>	<b>–</b>

### Notes

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



**INDEPENDENT AUDITOR'S REPORT**  
**Special Schedule - Permissible income for general rates**  
**Burwood Council**

To the Councillors of Burwood Council

### **Opinion**

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Burwood Council (the Council) for the year ending 30 June 2020.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting – update number 27 (LG Code), and is in accordance with the books and records of the Council.

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

### **Basis for Opinion**

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

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

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

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

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

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

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

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

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

## Other Information

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2019'.

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Schedule

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

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

My opinion does not provide assurance:

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

A handwritten signature in black ink, appearing to read 'M. Lee' or similar, with a stylized, cursive font.

Min Lee  
A/Director, Financial Audit Services  
Delegate of the Auditor-General for New South Wales

16 October 2019  
SYDNEY

## Report on Infrastructure Assets

as at 30 June 2019

Asset Class	Asset Category	Estimated cost		2018/19 Required maintenance <sup>a</sup>	2018/19 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
<b>Buildings</b>	Council Offices / Administration Centre	100	100	160	199	10,804	12,005	100.0%	0.0%	0.0%	0.0%	0.0%
	Council Works Depot	600	600	120	229	533	2,390	0.0%	0.0%	0.0%	100.0%	0.0%
	Council Public Halls	250	250	150	166	6,014	6,419	70.0%	30.0%	0.0%	0.0%	0.0%
	Libraries	–	–	160	400	11,667	13,854	100.0%	0.0%	0.0%	0.0%	0.0%
	Other Buildings	230	230	60	37	409	613	80.0%	20.0%	0.0%	0.0%	0.0%
	Child Care Centres	50	50	60	13	3,296	5,291	0.0%	100.0%	0.0%	0.0%	0.0%
	Amenities Buildings	80	80	80	66	2,955	5,763	20.0%	10.0%	70.0%	0.0%	0.0%
	SES	100	100	–	5	230	998	0.0%	0.0%	100.0%	0.0%	0.0%
	Council Houses	500	500	60	172	1,047	4,174	0.0%	17.0%	83.0%	0.0%	0.0%
	Car Park	85	85	100	420	16,144	18,191	50.0%	50.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>1,995</b>	<b>1,995</b>	<b>950</b>	<b>1,707</b>	<b>53,099</b>	<b>69,698</b>	<b>59.0%</b>	<b>25.4%</b>	<b>12.2%</b>	<b>3.4%</b>	<b>0.0%</b>
<b>Other structures</b>	Other structures	200	200	250	269	2,995	3,719	60.0%	15.0%	15.0%	10.0%	0.0%
	<b>Sub-total</b>	<b>200</b>	<b>200</b>	<b>250</b>	<b>269</b>	<b>2,995</b>	<b>3,719</b>	<b>60.0%</b>	<b>15.0%</b>	<b>15.0%</b>	<b>10.0%</b>	<b>0.0%</b>
<b>Roads</b>	Other road assets	–	–	330	360	7,155	9,075	38.0%	57.0%	4.0%	1.0%	0.0%
	Sealed Roads Surface	6,356	6,356	339	339	16,048	34,387	24.0%	18.0%	32.0%	20.0%	6.0%
	Sealed Roads Structure	827	827	97	97	124,363	167,978	26.0%	22.0%	48.0%	3.0%	1.0%
	Footpaths	–	–	982	982	19,789	26,601	16.0%	12.0%	67.0%	5.0%	0.0%
	Kerb & Gutter	–	–	172	172	18,649	32,412	5.0%	8.0%	86.0%	1.0%	0.0%
	<b>Sub-total</b>	<b>7,183</b>	<b>7,183</b>	<b>1,920</b>	<b>1,950</b>	<b>186,004</b>	<b>270,453</b>	<b>22.6%</b>	<b>20.0%</b>	<b>50.9%</b>	<b>5.1%</b>	<b>1.4%</b>
<b>Stormwater drainage</b>	Stormwater Pipes	8,230	8,230	406	217	22,155	58,472	46.0%	13.0%	12.0%	4.0%	25.0%
	Stormwater Pits and Grates	1,333	1,333	81	81	6,495	11,693	46.0%	13.0%	12.0%	4.0%	25.0%
	<b>Sub-total</b>	<b>9,563</b>	<b>9,563</b>	<b>487</b>	<b>298</b>	<b>28,650</b>	<b>70,165</b>	<b>46.0%</b>	<b>13.0%</b>	<b>12.0%</b>	<b>4.0%</b>	<b>25.0%</b>
<b>Open space / recreational assets</b>	Swimming pools	700	700	400	539	3,208	6,018	25.0%	45.0%	30.0%	0.0%	0.0%
	Open space / Recreational	–	–	2,000	2,426	7,692	10,113	52.0%	25.0%	22.0%	1.0%	0.0%
	<b>Sub-total</b>	<b>700</b>	<b>700</b>	<b>2,400</b>	<b>2,965</b>	<b>10,900</b>	<b>16,131</b>	<b>41.9%</b>	<b>32.5%</b>	<b>25.0%</b>	<b>0.6%</b>	<b>0.0%</b>
<b>TOTAL - ALL ASSETS</b>		<b>19,641</b>	<b>19,641</b>	<b>6,007</b>	<b>7,189</b>	<b>281,648</b>	<b>430,166</b>	<b>33.4%</b>	<b>20.2%</b>	<b>37.0%</b>	<b>4.5%</b>	<b>4.9%</b>

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

## Report on Infrastructure Assets - Values (continued)

as at 30 June 2019

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### Infrastructure asset condition assessment 'key'

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

## Report on Infrastructure Assets (continued)

as at 30 June 2019

\$ '000	Amounts 2019	Indicator 2019	2018	Prior periods		Benchmark
				2017	2016	
<b>Infrastructure asset performance indicators (consolidated) *</b>						
<b>Buildings and infrastructure renewals ratio <sup>1</sup></b>						
Asset renewals <sup>2</sup>	<b>8,382</b>					
Depreciation, amortisation and impairment	<b>5,488</b>	<b>152.73%</b>	170.63%	117.71%	139.73%	>=100.00%
<b>Infrastructure backlog ratio <sup>1</sup></b>						
Estimated cost to bring assets to a satisfactory standard	<b>19,641</b>					
Net carrying amount of infrastructure assets	<b>281,648</b>	<b>6.97%</b>	7.42%	7.28%	7.64%	<2.00%
<b>Asset maintenance ratio</b>						
Actual asset maintenance	<b>7,189</b>					
Required asset maintenance	<b>6,007</b>	<b>119.68%</b>	120.42%	102.59%	90.86%	>100.00%
<b>Cost to bring assets to agreed service level</b>						
Estimated cost to bring assets to an agreed service level set by Council	<b>19,641</b>					
Gross replacement cost	<b>430,166</b>	<b>4.57%</b>	5.03%	5.16%	5.22%	

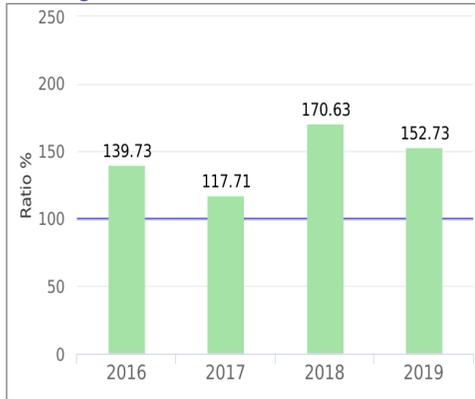
(\*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Excludes Work In Progress (WIP)

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

Report on Infrastructure Assets (continued)  
as at 30 June 2019

**Buildings and infrastructure renewals ratio <sup>1</sup>**



**Infrastructure renewals ratio**

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

Commentary on result	
18/19 ratio	152.73%
Council continues with its strategic assets management programme delivering another positive result for the year.	

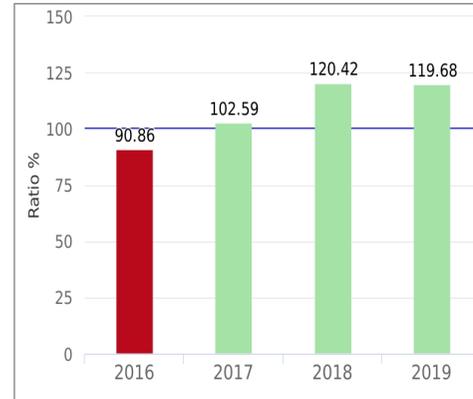
Benchmark: —  $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio is outside benchmark

**Asset maintenance ratio**



**Asset maintenance ratio**

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

Commentary on result	
18/19 ratio	119.68%
Council continues to effectively manage its assets, resulting in another positive outcome for the year.	

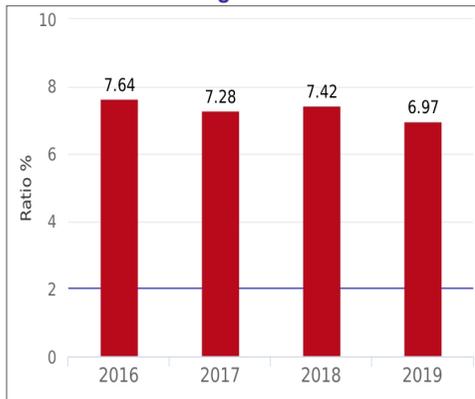
Benchmark: —  $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio is outside benchmark

**Infrastructure backlog ratio <sup>1</sup>**



**Infrastructure backlog ratio**

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

Commentary on result	
18/19 ratio	6.97%
Council is slowly reducing its backlog through a strategic asset management programme.	

Benchmark: —  $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio is outside benchmark

**Cost to bring assets to agreed service level**



**Cost to bring assets to agreed service level**

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

Commentary on result	
18/19 ratio	4.57%
Council continues with its strategic asset management programme effectively managing its assets.	

(1) Excludes Work In Progress (WIP)