



General Purpose & Special Purpose Financial Statements

For the Year Ended 30 June 2016



Camden Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Camden, the Best of Both Worlds



Camden Council

General Purpose Financial Statements

for the year ended 30 June 2016

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the operations for Camden Council.
- (ii) Camden Council is a body politic of NSW, Australia – being constituted as a local government area by proclamation and is duly empowered by the *Local Government Act 1993* (LGA).

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

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

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

- (iii) All figures presented in these financial statements are presented in Australian currency.
- (iv) These financial statements were authorised for issue by the Council on 25 October 2016. Council has the power to amend and reissue these financial statements.
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Camden Council

General Purpose Financial Statements

for the year ended 30 June 2016

Understanding Council's financial statements

Introduction

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

What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2016.

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 5 'primary' financial statements:

1. The Income Statement

This 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

This statement primarily records changes in the fair values of Council's infrastructure, property, plant and equipment.

3. The Statement of Financial Position

An end of year snapshot of Council's financial position indicating its assets, liabilities and equity ('net wealth').

4. The Statement of Changes in Equity

The overall change for the year (in \$'000) of Council's "net wealth".

5. The Statement of Cash Flows

This statement 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 external accountants (that generally specialise in local government). In NSW, the auditor provides 2 audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance 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 7 days and 5 weeks after the date of the Audit Report.

The public can make submissions to Council up to 7 days subsequent to the public presentation of the financial statements.

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

Camden Council

General Purpose Financial Statements for the year ended 30 June 2016

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 financial statements:

- present fairly the Council's operating result and financial position for the year, and
- 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.

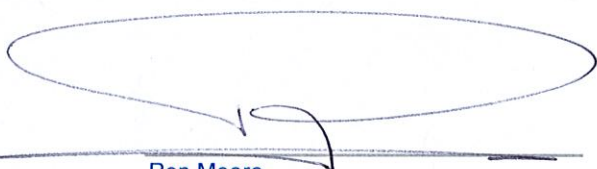
Signed in accordance with a resolution of Council made on 25 October 2016.



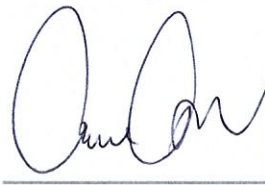
Cr Lara Symkowiak
Mayor



Cr Theresa Fedeli
Deputy Mayor



Ron Moore
General Manager



Paul Rofe
Responsible Accounting Officer

Executive Summary - 2015/16 Annual Financial Statements

Camden continues to be one of the fastest growing areas in New South Wales. This growth places substantial pressure on Council's finances and resources as we plan for an additional 150,000 people by 2036. The cost of planning for growth is an up front cost that is required before additional rate income is realised through growth.

Council works closely with all levels of Government and the community to ensure there is a balance between providing for existing residents and those we welcome to Camden in the future.

The information below provides a snap shot of Council's financial performance over the past 12 months, more detailed information is provided within the Financial Statements.

Financial Performance

The following table highlights the 'financial performance' comparison between 2015/16 and 2014/15:

Income Statement	2015/16 \$'000	2014/15 \$'000
Total Income from Continuing Operations	\$218,130	\$158,657
Total Expenses from Continuing Operations	\$83,377	\$78,459
Surplus Operating Result from Continuing Operations	\$134,753	\$80,198
Grants and Contributions provided for Capital Purposes	\$137,839	\$84,392
Net Operating Result before Grants and Contributions provided for Capital Purposes (deficit)	(\$3,086)	(\$4,194)

Local Government Accounting - Operating Result

It is important to note that the operating result shown in the Income Statement is not Council's budget or cash position. The Income statement complies with the International Financial Reporting Standards and is required to be reported on an accruals basis, it considers non-cash entries and the timing of the receipt or payment of money. Council's budget is done on cash basis. The reported surplus of \$134.75 million (after capital items) does not mean Council has additional funds of \$134.75 million to spend. Alternatively the fact that Council's Income Statement has a reported deficit of \$3.086 million

(before capital items) does not mean Council's budget is over spent or Council's liquidity position is poor.

Council continues to balance its budget annually and its liquidity position is strong as demonstrated by the financial indicators in Note 13 to the Financial Statements.

Operating Result (after capital items)

The 2015/16 Operating Result after accounting for capital income is a surplus of \$134.75 million (\$80.20 million 2014/15). This surplus is primarily due to non-cash contributions made by developers for infrastructure such as roads, drainage and open space. The value of these non-cash dedications for 2015/16 was \$114.83 million (\$72.30 million 2014/15). Accounting standards require the dedication of assets to be brought to account as income which inflates the surplus reported.

Operating Result (before capital items)

Council's operating result before capital items is a deficit of \$3.09 million. This result excludes capital income of \$137.84 million. In comparing this result to the previous year deficit of \$4.19 million the improvement in the operating deficit of \$1.11 million increase is predominately a result of a decrease in depreciation expense (decrease in expenditure by \$1.43 million), increase in the rates and annual charges by \$5.99 million attributed to growth within the Camden LGA and an increase of \$1.0 million in the user fees and charges associated with building services and town planning associated with the growth.

Council continues to monitor its operating result and whilst Council's liquidity position is strong, Council recognises that longer term, operating deficits are not sustainable and that sustained reported deficits will ultimately reduce Council's ability to maintain or replace its asset base over time. Council expects that this position will continue to improve over time through increased income associated with growth and a further review of depreciation expense. Camden Council is 1 of only 7 metropolitan Council's to be deemed fit for future as part of IPART's recent review into the financial sustainability of NSW Council's.

Measures that Council has adopted to improve and ensure that its long term financial position remains sustainable include:

✓ **Balanced Budget**

Council annually adopts and maintains a balanced cash budget position and does not spend beyond its means.

✓ **Loans and Loan Reduction Program**

Council has adopted a loan reduction program for re-current loan borrowings which currently part fund

Council's annual road reconstruction program. With no reliance on re-current loan borrowings by 2017/18.

Council still has capacity to borrow for capital projects upon the appropriate financial assessment being completed.

✓ **Long-Term Financial Planning (LTFP)**

Council has a 10 year LTFP which is updated quarterly. The LTFP is critical to Council's planning and monitoring of its immediate and future financial sustainability. It is central to correcting the reported operating deficit in the Income Statement by containing expenditure and allowing natural growth in Council's income base to achieve a balanced or reported operating surplus. It allows Council to make informed decisions about sustainable levels of debt and reserves (liquidity) it also forms part of a suite of resourcing plans that support Council's Integrated Planning and Reporting Package.

✓ **Asset Management Planning**

Sound asset management and the correct allocation of resources are central to Council's sustainability. As part of Council's adaptive organisational framework and Organisational Improvement Plan an asset management section has been created dedicated to understanding the financing and resourcing needs of our current and future asset base. This will enhance Council's decision making and longer term forecasting.

✓ **Cash Reserves and Investing in the Future**

Council has established reserves for capital improvement, asset replacement and technology improvements.

✓ **Community Infrastructure Renewal Program**

Council realises that ageing infrastructure will continue to be an issue for the residents of Camden, in 2013 IPART approved a special rate variation for a \$6 million (over 6 years) Community Infrastructure Renewal Program aimed at addressing those assets in poor condition.

✓ **Building Partnerships**

Council continues to actively pursue both State and Federal funding opportunities to fund infrastructure and service requirements when made available. Examples include accessing the low interest rate loans under Local Infrastructure Renewal Schemes.

✓ **Organisational Improvement Plan**

As part of demonstrating Council is "fit for the future" an organisational improvement plan has been implemented that addresses all areas of the organisation both financial and non-financial that will allow Council to demonstrate a modern contemporary organisation that is financially sound and able to service its community now and into the future.

Statement of Financial Position

The net value of assets owned by our community is \$1.173 billion (\$1.019 billion in 2014/15). The majority of this equity relates to the ownership of land and infrastructure assets such as roads, stormwater drainage, footpaths and bridges. Council's equity will continue to grow as more assets are handed over by developers from new land releases.

Council's loan debt is now \$39.60 million with a net increase of \$19.8 million from 2014/15; primarily a result of an additional \$23.00 million borrowed to part fund the construction of the new administration centre located at Oran Park to accommodate the workforce which will be required to serve its growing community.

Financial Health Indicators

The financial health indicators for the 2015/16 financial year can be found in Note 13 (pages 53-56) and Special Schedule 7 (pages SS 5 - SS 9). These sections of the financial statements provide a detailed explanation of each indicator and any unique considerations which need to be taken into account when assessing Council's financial performance. Overall, the indicators provide a positive outlook for Council's continued financial sustainability.

2015/16 & Beyond

Council continues to apply prudent financial practices and policy to ensure the future needs of our community are met. Through long term financial planning, asset management planning, workforce planning, Council will continue to address its infrastructure renewal backlog and provide for the expected growth over the next 20-30 years.

The adoption of an Organisational Improvement Plan also supports Council's title of being "fit for the future".

Manager Finance & Corporate Planning
Responsible Accounting Officer

Camden Council

Income Statement

for the year ended 30 June 2016

Budget ¹ 2016	\$ '000	Notes	Actual 2016	Actual 2015
Income from continuing operations				
Revenue:				
49,705	Rates and annual charges	3a	52,107	46,113
14,767	User charges and fees	3b	16,187	14,851
2,127	Interest and investment revenue	3c	3,493	3,219
1,681	Other revenues	3d	1,469	3,158
5,913	Grants and contributions provided for operating purposes	3e,f	7,035	6,846
58,169	Grants and contributions provided for capital purposes	3e,f	137,839	84,392
Other income:				
–	Net share of interests in joint ventures and associates using the equity method	19	–	78
132,362	Total income from continuing operations		218,130	158,657
Expenses from continuing operations				
36,225	Employee benefits and on-costs	4a	35,318	31,098
631	Borrowing costs	4b	1,793	1,250
19,254	Materials and contracts	4c	23,501	22,853
12,721	Depreciation and amortisation	4d	14,909	16,336
7,305	Other expenses	4e	6,496	6,352
–	Net losses from the disposal of assets	5	1,326	570
–	Net share of interests in joint ventures and associates using the equity method	19	34	–
76,136	Total expenses from continuing operations		83,377	78,459
56,226	Operating result from continuing operations		134,753	80,198
56,226	Net operating result for the year		134,753	80,198
56,226	Net operating result attributable to Council		134,753	80,198
(1,943)	Net operating result for the year before grants and contributions provided for capital purposes		(3,086)	(4,194)

¹ Original budget as approved by Council – refer Note 16

Camden Council

Statement of Comprehensive Income
for the year ended 30 June 2016

\$ '000	Notes	Actual 2016	Actual 2015
Net operating result for the year (as per Income Statement)		134,753	80,198
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of Community Land	20b (ii)	10,035	–
Gain (loss) on revaluation of Land Improvements -non depreciable	20b (ii)	3,922	–
Gain (loss) on revaluation of Land Improvements -depreciable	20b (ii)	1,069	–
Gain (loss) on revaluation of Other Structures	20b (ii)	2,973	–
Gain (loss) on revaluation of Other Open Space /recreation assets	20b (ii)	723	–
Gain (loss) on revaluation of Roads	20b (ii)	–	15,082
Gain (loss) on revaluation of Bridges	20b (ii)	–	14,992
Gain (loss) on revaluation of Foothpaths	20b (ii)	–	13,116
Gain (loss) on revaluation of Stormwater Drainage	20b (ii)	–	(4,036)
Correction of error	20b (ii)	–	(33,791)
Total items which will not be reclassified subsequently to the operating result		18,722	5,363
Total other comprehensive income for the year		18,722	5,363
Total comprehensive income for the year		153,475	85,561
Total comprehensive income attributable to Council		153,475	85,561

Camden Council

Statement of Financial Position
as at 30 June 2016

\$ '000	Notes	Actual 2016	Actual 2015
ASSETS			
Current assets			
Cash and cash equivalents	6a	8,691	7,875
Investments	6b	65,200	43,500
Receivables	7	6,440	5,978
Inventories	8	452	442
Other	8	163	431
Total current assets		80,946	58,226
Non-current assets			
Investments	6b	27,200	33,200
Receivables	7	1,633	1,545
Infrastructure, property, plant and equipment	9	1,138,617	975,297
Investments accounted for using the equity method	19	44	78
Total non-current assets		1,167,494	1,010,120
TOTAL ASSETS		1,248,440	1,068,346
LIABILITIES			
Current liabilities			
Payables	10	15,005	9,988
Borrowings	10	3,732	3,173
Provisions	10	9,275	8,539
Total current liabilities		28,012	21,700
Non-current liabilities			
Payables	10	12,075	11,746
Borrowings	10	34,479	14,610
Provisions	10	525	416
Total non-current liabilities		47,079	26,772
TOTAL LIABILITIES		75,091	48,472
Net assets		1,173,349	1,019,874
EQUITY			
Retained earnings	20	784,382	649,629
Revaluation reserves	20	388,967	370,245
Council equity interest		1,173,349	1,019,874
Total equity		1,173,349	1,019,874

Camden Council

Statement of Changes in Equity

for the year ended 30 June 2016

\$ '000	Notes	Retained earnings	Reserves (Refer 20b)	Council interest	Non-controlling Interest	Total equity
2016						
Opening balance (as per last year's audited accounts)		649,629	370,245	1,019,874	–	1,019,874
Revised opening balance (as at 1/7/15)		649,629	370,245	1,019,874	–	1,019,874
a. Net operating result for the year		134,753	–	134,753	–	134,753
b. Other comprehensive income						
– Revaluations: Asset Revaluation Reserve	20b (ii)	–	18,722	18,722	–	18,722
Other comprehensive income		–	18,722	18,722	–	18,722
Total comprehensive income (c&d)		134,753	18,722	153,475	–	153,475
Equity – balance at end of the reporting period		784,382	388,967	1,173,349	–	1,173,349

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-Interest	Total Equity
2015						
Opening balance (as per last year's audited accounts)		603,222	331,091	934,313	–	934,313
Revised opening balance (as at 1/7/14)		603,222	331,091	934,313	–	934,313
a. Net operating result for the year		80,198	–	80,198	–	80,198
b. Other comprehensive income						
– Revaluations: Asset Revaluation Reserve	20b (ii)	–	39,154	39,154	–	39,154
– Correction of error (retained earnings)	20a	(33,791)	–	(33,791)	–	(33,791)
Other comprehensive income		(33,791)	39,154	5,363	–	5,363
Total comprehensive income (c&d)		46,407	39,154	85,561	–	85,561
Equity – balance at end of the reporting period		649,629	370,245	1,019,874	–	1,019,874

Camden Council

Statement of Cash Flows

for the year ended 30 June 2016

Budget 2016	\$ '000	Notes	Actual 2016	Actual 2015
Cash flows from operating activities				
Receipts:				
49,406	Rates and annual charges		52,065	46,184
14,767	User charges and fees		17,503	14,845
2,223	Investment and interest revenue received		3,597	2,958
15,663	Grants and contributions		30,469	18,620
–	Bonds, deposits and retention amounts received		1,655	5,110
1,576	Other		6,775	5,829
Payments:				
(35,387)	Employee benefits and on-costs		(34,274)	(30,509)
(18,743)	Materials and contracts		(27,595)	(21,902)
(631)	Borrowing costs		(628)	(623)
–	Bonds, deposits and retention amounts refunded		(2,199)	(4,122)
(6,262)	Other		(4,674)	(11,042)
22,612	Net cash provided (or used in) operating activities	11b	42,694	25,348
Cash flows from investing activities				
Receipts:				
53,000	Sale of investment securities		126,600	77,650
319	Sale of infrastructure, property, plant and equipment		213	104
Payments:				
(44,000)	Purchase of investment securities		(142,300)	(86,000)
(53,620)	Purchase of infrastructure, property, plant and equipment		(46,218)	(14,363)
(44,301)	Net cash provided (or used in) investing activities		(61,705)	(22,609)
Cash flows from financing activities				
Receipts:				
23,000	Proceeds from borrowings and advances		23,000	2,250
Payments:				
(3,162)	Repayment of borrowings and advances		(3,173)	(2,542)
19,838	Net cash flow provided (used in) financing activities		19,827	(292)
(1,851)	Net increase/(decrease) in cash and cash equivalents		816	2,447
8,691	Plus: cash and cash equivalents – beginning of year	11a	7,875	5,428
6,840	Cash and cash equivalents – end of the year	11a	8,691	7,875
Additional Information:				
	plus: Investments on hand – end of year	6b	92,400	76,700
	Total cash, cash equivalents and investments		101,091	84,575

Please refer to Note 11 for additional cash flow information.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

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n/a – not applicable

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Notes to the Financial Statements for the financial year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

(iii) New and amended standards adopted by Council

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

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

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

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

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

(iv) Early adoption of Accounting Standards

Council has early adopted the relief provision in AASB 13 to reduce the quantitative and sensitivity disclosure in Note 27 for level 3 hierarchy assets.

(v) Basis of Accounting

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

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of non-current assets (eg. Infrastructure, Property, Plant & Equipment and

Camden Council

Notes to the Financial Statements for the financial year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

Investment Property) that are accounted for at fair valuation.

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

(vi) Changes in Accounting Policies

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

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated.

(vii) Critical Accounting Estimates

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

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

Critical accounting estimates and assumptions

Camden Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the estimated fair values of infrastructure, property, plant and equipment.

(b) Revenue recognition

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

Council bases any estimates on historical results, taking into consideration the type of customer, the

type of transaction and the specifics of each arrangement.

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

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

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

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g). This note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

Camden Council

Notes to the Financial Statements for the financial year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

Rental income is accounted for on a straight-line basis over the lease term. Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

Dividend Income

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

Other Income

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

(c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2016) and **(ii)** all the related operating results (for the financial year ended the 30 June 2016).

Detailed information relating to the entities that Council Controls can be found at Note 19 (a).

(i) The Consolidated Fund

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

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

The following entities have been included as part of the Consolidated Fund:

- Camden Bicentennial Equestrian Park Committee
- Camden Town Farm Committee
- Camden Seniors Programs Committee
- Camden International Friendship Association

(ii) The Trust Fund

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

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

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

(iii) Joint Ventures

It should be noted that Council is a Shareholder in the Southern Phone Company for two shares at \$1.00 each being one A class share and one in the B to ZZ class.

Also, Camden Council from 1 July 2014 became a member of the Westpool and United Independent Group

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

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

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

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

(iv) Associates

Camden Council does not currently have any associated entities, i.e. entities where Council has the power to participate in the financial and operating decisions of the entity.

(v) County Councils

Council is not a member of any County Councils.

(d) Leases

Finance Leases

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

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum

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

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

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

Council currently holds no finance lease.

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

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

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

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

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

(f) Investments and Other Financial Assets

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

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

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

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

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

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

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

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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

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

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

Financial Assets – Reclassification

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

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Council may also choose to reclassify financial assets that would meet the definition of loans and

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

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

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

General Accounting & Measurement of Financial Instruments:

Initial Recognition

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

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

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

Subsequent Measurement

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

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

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

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

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

Impairment

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

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

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

Assets Carried at Amortised Cost

If there is evidence of impairment for any of Council's financial assets carried at amortised cost (eg. 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. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Investment Policy

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

Government Act and S212 of the LG (General) Regulation 2005.

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

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

(g) Fair value estimation – financial Instruments

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

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

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

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

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

(h) Receivables

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

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

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

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

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

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

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

Acquisition of assets

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

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

- **Operational land** (External Valuation)
- **Buildings – Specialised/Non Specialised** (External Valuation)
- **Plant and equipment** (as approximated by depreciated historical cost)

- **Roads assets - roads, bridges and footpaths** (Internal Valuation)
- **Drainage assets** (Internal Valuation)
- **Bulk earthworks** (Internal Valuation)
- **Community land** (Internal Valuation – Valuer General)
- **Land improvements** (External and Internal Valuation)
- **Other structures** (External and Internal Valuation)
- **Other assets** (External and Internal Valuation)

Initial Recognition

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

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

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

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

Subsequent costs

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

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

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

Asset Revaluations (including Indexation)

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

- Increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve.
- To the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.
- Council has undertaken revaluation of the following asset classes as at 30 June 2016:-
Community land, other assets, other structures and land improvements.

Capitalisation Thresholds

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

Land

- Council land	100% Capitalised
- open space	100% Capitalised
- land under roads	100% Capitalised

Plant & Equipment

Office Furniture	> \$2,000
Office Equipment	> \$2,000
Other Plant & Equipment	> \$2,000

Buildings & Land Improvements

Park Furniture & Equipment	100% Capitalised
Building	
- construction/extensions	100% Capitalised
- renovations	100% Capitalised
Other Structures	100% Capitalised

Stormwater Assets

Drains & Culverts	100% Capitalised
Other	100% Capitalised

Transport Assets

Road construction & reconstruction	100% Capitalised
Reseal/Re-sheet & major repairs	100% Capitalised
Bridge construction & reconstruction	100% Capitalised

Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life. Land is not depreciated.

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

Plant & Equipment

- Office Equipment	5 years
- Office furniture	7 years
- Vehicles	5 to 7 years
- Heavy Plant/Road Making equip.	5 to 7 years
- Other plant and equipment	5 to 7 years

Other Equipment / Assets

- Playground equipment	15 years
- Benches, seats etc.	20 to 30 years
- Library Books	10 years

Buildings

- Structure	40 to 60 years
- Roof Membrane & Air Conditioning	20 years
- Lift & Escalators	25 years
- Fire Services	30 years
- Floor Coverings	10 years

Stormwater Drainage

- Drains	50 to 150 years
- Culverts	100 years
- Flood Control Structures	50 to 150 years

Transportation Assets

- Sealed Roads: Surface	20 to 50 years
- Sealed Roads: Structure	40 to 100 years
- Bridge: Concrete	40 to 80 years
- Footpaths	10 to 60 year

Other Infrastructure Assets

- Bulk earthworks	Infinite
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All asset residual values and useful lives are reviewed and adjusted (if appropriate), at each reporting date.

Camden Council

Notes to the Financial Statements for the financial year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

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

(k) Land

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

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

(l) Land under roads

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

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

Although Land Under Roads acquired after 1 July 2008 should be recognised in accordance with AASB 116- Property, Plant and Equipment the industry was yet to determine a methodology for the valuation of Land Under Roads.

Council therefore initially recognised all land under roads in 2011. In accordance with AASB 116, as Council already owned the land under roads, the initial movements in valuation were recorded in the Asset Revaluation Reserve.

Land under roads dedicated to Council in the 2016 financial year has been recognised as additional

assets, with the value being calculated according to the revised municipal rate.

(m) Intangible Assets

Council has not classified any assets as Intangible.

(n) Crown Reserves

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

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

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

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

(o) Rural Fire Service assets

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

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to incorporate the assets, their values and depreciation charges within these financial.

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

(p) Investment property

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

Council does not own any investment properties.

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

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either **(i)** their carrying amount and **(ii)** fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June 2016 and the replacement assets were already purchased and accounted for as at 30 June 2016.

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

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

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

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

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

(r) Impairment of assets

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

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

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

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

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

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

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

(s) Payables

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

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

(t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

In April 2010, Council secured an \$11.8 million interest free loan from the NSW Local Infrastructure Fund. In accordance with AASB 139 Financial Instruments: Recognition and Measurement, this loan has been recognised at fair value. In 2016 Council also raised new loan of \$23M to finance the new Administration Building in Oran Park. Council indebtedness equates to \$39.6M as shown in Special Schedule 2 of the financial reports.

(u) Borrowing costs

Borrowing costs are expensed except to the extent that they are incurred during the construction of qualifying assets.

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

(v) Provisions

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

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

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

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

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

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

(w) Employee benefits

(i) Short Term Obligations

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

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

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

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

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

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

(ii) Other Long Term Obligations

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

Camden Council

Notes to the Financial Statements for the financial year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

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

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

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

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

The last valuation of the Scheme was performed by Mr Richard Boyfield (FIAA) on 24 February 2016, relating to the period ending 30 June 2015.

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2016 was \$713,888.

The amount of additional contributions included in the total employer contribution advised above is \$261,779.

Council has been advised that an additional contribution of \$261,779 are estimated to be required until 30 June 2020. However, the Trustee is considering extending this period to ensure that there is a sufficient contingency against weaker investment returns.

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

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

Camden Council

Notes to the Financial Statements for the financial year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

Defined Contribution Plans

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

(iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30 June 2016.

(x) Self insurance

Council has determined to self-insure for various risks including public liability and professional indemnity.

On 1 July 2014, Camden Council became a member of Westpool and United Independent Pools. Westpool is a co-operative Local Government self – insurance scheme. Westpool was established to help stabilise insurance premiums costs and achieve significant cost savings and long term benefits for member Councils through effective risk management.

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

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

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

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

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

(z) Taxes

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

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

Goods & Services Tax (GST)

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

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

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

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

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

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

Camden Council

Notes to the Financial Statements for the financial year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

(aa) New accounting standards and interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2016.

Council has not adopted any of these standards early. Council's assessment of the impact of these new standards and interpretations is set out below.

Applicable to Local Government:

AASB 9 - Financial Instruments (and associated amending standards)

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

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

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

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

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

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

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies

relating to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

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

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

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

AASB 124 - Related Party Disclosures

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

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

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

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

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

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

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

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

Camden Council

Notes to the Financial Statements for the financial year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

AASB 2014 - 3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11]

This Standard amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business.

The amendments require:

- (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and
- (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

This Standard also makes an editorial correction to AASB 11.

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

If a joint operation is acquired during the reporting period, then this standard clarifies the accounting for the acquisition to be in accordance with AASB 3, i.e. assets and liabilities acquired to be measured at fair value.

(ab) Rounding of amounts

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

(ac) Comparative Figures

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

(ad) Disclaimer

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

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

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).												
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current & non-current)	
	Original budget	Actual	Actual	Original budget	Actual	Actual	Original budget	Actual	Actual	Actual	Actual	Actual	Actual
	2016	2016	2015	2016	2016	2015	2016	2016	2015	2016	2015	2016	2015
Managing Camden's Growth	14,280	8,504	8,708	9,026	6,653	5,426	5,254	1,851	3,282	–	–	108,892	36,063
Urban and Natural Environments	40,526	48,605	42,617	22,518	14,002	20,589	18,008	34,603	22,028	302	371	246,148	229,563
Prosperous Economy	8	39	36	487	418	488	(479)	(379)	(452)	–	–	1,072	282
Sustainable Transport	20,902	85,993	51,463	13,314	13,239	19,553	7,588	72,754	31,910	1,593	665	561,732	489,388
Enriched and Connected Community	8,648	22,613	8,086	10,933	23,204	14,588	(2,285)	(591)	(6,502)	2,355	1,675	297,039	285,749
Strong Local Leadership (Governance)	1,948	4,311	4,529	19,858	25,827	17,815	(17,910)	(21,516)	(13,286)	170	180	33,514	27,223
Total functions and activities	86,312	170,065	115,439	76,136	83,343	78,459	10,176	86,722	36,980	4,420	2,891	1,248,396	1,068,268
Share of gains/(losses) in associates and joint ventures (using the equity method)	–	–	78	–	34	–	–	(34)	78	–	–	44	78
General purpose income ¹	46,050	48,065	43,140	–	–	–	46,050	48,065	43,140	3,568	3,492	–	–
Operating result from continuing operations	132,362	218,130	158,657	76,136	83,377	78,459	56,226	134,753	80,198	7,988	6,383	1,248,440	1,068,346

1. Includes: rates and annual charges (incl. ex-gratia), untied general purpose grants and unrestricted interest and investment income.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

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

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

ACTIVELY MANAGING CAMDEN'S GROWTH

Managing growth determined under the State Government's Metropolitan Strategy while retaining Camden's rural setting, country town feel and the lifestyle of the community.

Costs relating to the delivery of this strategic outcome include: Development Control, Heritage Protection and Urban and Rural Planning.

HEALTHY URBAN AND NATURAL ENVIRONMENTS

A Camden in which its unique natural systems have been protected and enhanced and are enjoyed and valued by the community.

Costs relating to the delivery of this strategic outcome include: Regulating the Use of Public Areas, Public Health, Protecting Natural Environment, Parks and Playgrounds, Environmental Activities, Enforcement of Legislation and Policies and Appearance of Public Areas.

A PROSPEROUS ECONOMY

A Camden which is characterised by vibrant town and commercial centres, thriving local businesses, stable and diverse employment opportunities, skilled local residents and a thriving tourist/visitor market.

Costs relating to the delivery of this strategic outcome include: Economic development, tourism and the management of significant places.

EFFECTIVE AND SUSTAINABLE TRANSPORT

A Camden that provides an affordable, convenient and integrated public transport system for equitable access to services, facilities and places for all members of the community.

Costs relating to the delivery of this strategic outcome include: Transport Options, Road Safety, Local Traffic Management, Construction and Maintenance of Local Roads, Footpath and Kerbing.

AN ENRICHED AND CONNECTED COMMUNITY

A Camden which has achieved a broad range of opportunities for a prosperous and complete lifestyle.

Costs relating to the delivery of this strategic outcome include: Recreational Services and Facilities, Community and Cultural Development & Planning, Community Support Facilities and Services, Community Safety, Community Events and Library Services.

STRONG LOCAL LEADERSHIP (GOVERNANCE)

A Camden which has strong leadership who are responsible to the community and who are working together to achieve the community's vision for the future.

Costs relating to the delivery of this strategic outcome include: Strong Local Democracy, Stewardship of Community Resources, Community Engagement, Community Information, Management of Emergency Events, and Support Services.

Camden Council

Notes to the Financial Statements
for the year ended 30 June 2016

Note 3. Income from continuing operations

\$ '000	Notes	Actual 2016	Actual 2015
(a) Rates and annual charges			
Ordinary rates			
Residential		34,247	29,901
Farmland		651	730
Business		7,657	7,220
Total ordinary rates		42,555	37,851
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		9,064	7,814
Section 611 charges		44	37
Stormwater management levy		444	411
Total annual charges		9,552	8,262
<u>TOTAL RATES AND ANNUAL CHARGES</u>		<u>52,107</u>	<u>46,113</u>

Council has used 2013 year valuations provided by the NSW Valuer General in calculating its rates.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2016	Actual 2015
(b) User charges and fees			
Specific user charges (per s.502 – specific 'actual use' charges)			
Domestic waste management services (additional services)		26	22
On site sewerage inspection		44	32
Commercial waste management		745	686
On site sewerage annual charges		169	165
Total user charges		984	905
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building services – other		3,477	2,850
Private works – section 67		39	32
Section 149 certificates (EPA Act)		429	381
Section 603 certificates		237	238
Town planning		4,272	3,916
Total fees and charges – statutory/regulatory		8,454	7,417
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Cemeteries		185	222
Child care (family day care services)		357	247
Leaseback fees – Council vehicles		743	699
Library services		61	61
Parks and leisure centres		4,441	4,203
Public halls		855	1,021
Other		107	76
Total fees and charges – other		6,749	6,529
TOTAL USER CHARGES AND FEES		16,187	14,851

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2016	Actual 2015
(c) Interest and investment revenue (including losses)			
Interest			
– Interest on overdue rates and annual charges (incl. special purpose rates)		154	147
– Interest earned on investments (Interest on Restricted Funds)		1,551	1,422
– Interest (General Funds)		1,788	1,650
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>		<u>3,493</u>	<u>3,219</u>
Interest revenue is attributable to:			
Unrestricted investments/financial assets:			
Overdue rates and annual charges (general fund)		154	147
General Council cash and investments		1,788	1,650
Restricted investments/funds – external:			
Development contributions			
– Section 94 (under plans)		1,449	1,351
– Section 93F (under plans)		98	67
– Section 94 (not under plans)		4	4
<u>Total interest and investment revenue recognised</u>		<u>3,493</u>	<u>3,219</u>
(d) Other revenues			
Fines		221	110
Legal fees recovery – rates and charges (extra charges)		139	87
Legal fees recovery – other		255	94
Commissions and agency fees		89	105
Insurance claim recoveries		82	–
Sales – general		30	19
Bushfire services		36	91
Contributions to long service leave – other councils		289	332
Domestic waste management		15	14
Easement compensation		23	194
Employee relations		139	113
Land compensation (IFA agreement)		–	1,650
Rental income – council properties		15	21
Risk Mgmt performance incentive rebates		84	60
Other		52	268
<u>TOTAL OTHER REVENUE</u>		<u>1,469</u>	<u>3,158</u>

Camden Council

Notes to the Financial Statements
for the year ended 30 June 2016

Note 3. Income from continuing operations (continued)

\$ '000	2016 Operating	2015 Operating	2016 Capital	2015 Capital
(e) Grants				
General purpose (untied)				
Financial assistance – general component	2,124	2,082	–	–
Financial assistance – local roads component	1,048	1,023	–	–
Pensioners' rates subsidies – general component	396	387	–	–
Total general purpose	3,568	3,492	–	–
Specific purpose				
Better waste and recycling fund	79	167	–	–
Child care (family day care)	1,139	1,334	–	–
Community services	324	151	–	20
Environment education	108	–	–	–
Environmental protection	14	–	–	–
Floodplain management	72	54	–	–
Library	178	170	200	–
LIRS subsidy	86	57	–	–
Noxious weeds	29	25	–	–
Emergency services	170	179	–	21
Recreational services	20	102	494	–
Street lighting	128	128	–	–
Transport (other roads and bridges funding)	–	–	1,379	483
Total specific purpose	2,347	2,367	2,073	524
Total grants	5,915	5,859	2,073	524
Grant revenue is attributable to:				
– Commonwealth funding	4,311	4,460	1,379	200
– State funding	1,604	1,399	694	324
	5,915	5,859	2,073	524

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 3. Income from continuing operations (continued)

\$ '000	2016 Operating	2015 Operating	2016 Capital	2015 Capital
(f) Contributions				
Developer contributions:				
(s93 & s94 – EP&A Act, s64 of the LGA):				
- VPA – other cash revenue	244	381	3,295	338
- VPA – dedicated drainage	–	–	881	402
- VPA – dedicated open space	–	–	972	–
- VPA – dedicated roads	–	–	1,983	555
- Other section 94 developer contributions	483	401	171	17
- Open space	–	–	3,177	3,482
- Traffic facilities	–	–	88	9
- Drainage	–	–	2,261	1,330
- Roadworks (in kind)	–	–	–	148
- Roadworks	–	–	2,293	1,044
- Community facilities	–	–	6,641	4,297
Total developer contributions	727	782	21,762	11,622
	17			
Other contributions:				
Dedicated land under roads	–	–	7,798	6,245
Dedicated subdivision roads	–	–	65,800	41,507
Dedicated open space	–	–	–	301
Dedicated drainage	–	–	34,048	23,145
Dedications - RMS Foothpath	–	–	3,347	–
Community services	–	–	567	–
Planning studies	–	128	–	–
RMS contributions (regional roads, block grant)	93	77	2,444	1,048
Housing Acceleration Fund	300	–	–	–
Total other contributions	393	205	114,004	72,246
Total contributions	1,120	987	135,766	83,868
TOTAL GRANTS AND CONTRIBUTIONS	7,035	6,846	137,839	84,392

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 3. Income from continuing operations (continued)

\$ '000	Actual 2016	Actual 2015
(g) Restrictions relating to grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the close of the previous reporting period	41,351	34,608
Add: grants and contributions recognised in the current period but not yet spent:	18,724	12,294
Less: grants and contributions recognised in a previous reporting period now spent	(5,138)	(5,551)
Net increase (decrease) in restricted assets during the period	13,586	6,743
Unexpended and held as restricted assets	54,937	41,351
Comprising:		
– Specific purpose unexpended grants	1,027	789
– Developer contributions	48,188	38,449
– Other contributions	5,722	2,113
	54,937	41,351

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 2016	Actual 2015
(a) Employee benefits and on-costs			
Salaries and wages		26,297	23,259
Travel expenses		1,662	1,520
Employee leave entitlements (ELE)		3,925	3,133
Superannuation		3,123	2,788
Workers' compensation insurance		656	704
Fringe benefit tax (FBT)		207	174
Training costs (other than salaries and wages)		242	217
Other		197	144
Total employee costs		36,309	31,939
Less: capitalised costs		(991)	(841)
TOTAL EMPLOYEE COSTS EXPENSED		35,318	31,098
Number of 'full-time equivalent' employees (FTE) at year end		347	342
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		1,192	621
Total interest bearing liability costs expensed		1,192	621
(ii) Other borrowing costs			
Amortisation of discounts and premiums – interest free loan		601	629
Total other borrowing costs		601	629
TOTAL BORROWING COSTS EXPENSED		1,793	1,250

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2016	Actual 2015
(c) Materials and contracts			
Contractor and consultancy costs		501	518
Auditors remuneration ⁽¹⁾		69	52
Legal expenses:			
– Legal expenses: planning and development		410	250
– Legal expenses: debt recovery		137	91
– Legal expenses: other		254	570
Agency agreements		94	47
Advertising – recruitment related		161	194
Building maintenance		1,128	946
Community support programs		2,002	2,190
Companion animal control		64	95
Emergency services		87	92
Environmental education		4	28
Function centre administration		187	192
Information technology		1,536	1,090
Infrastructure maintenance and repairs		2,827	2,896
Leisure centre and pools		3,737	4,121
Noxious weeds control		17	31
Office administration		372	332
Parks and gardens maintenance		3,235	2,673
Plant management		1,550	1,585
Traineeship program		311	307
Tree maintenance		404	379
Waste management		4,123	3,659
Other		291	515
TOTAL MATERIALS AND CONTRACTS		23,501	22,853

Auditor remuneration

During the year, the following fees were incurred for services provided by the Council's Auditor:

Audit and other assurance services

– Audit and review of financial statements: Council's Auditor	59	52
– Other audit and assurance services	10	–

Remuneration for audit and other assurance services

69	52
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Total Auditor remuneration

69	52
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Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Impairment costs		Depreciation/amortisation	
		Actual 2016	Actual 2015	Actual 2016	Actual 2015
Plant and equipment		–	–	1,135	1,284
Office equipment		–	–	441	340
Furniture and fittings		–	–	19	38
Land improvements (depreciable)		–	–	295	249
Infrastructure:					
– Buildings – non-specialised		–	–	2,381	2,299
– Buildings – specialised		–	–	60	53
– Other structures		–	–	918	909
– Roads		–	–	6,926	7,990
– Bridges		–	–	403	485
– Footpaths		–	–	625	552
– Stormwater drainage		–	–	2,001	2,369
Other assets					
– Library books		–	–	154	165
– Other		–	–	215	219
Total depreciation and impairment costs		–	–	15,573	16,952
Less: capitalised costs		–	–	(664)	(616)
<u>TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED</u>		<u>–</u>	<u>–</u>	<u>14,909</u>	<u>16,336</u>

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2016	Actual 2015
(e) Other expenses			
Other expenses for the year include the following:			
Advertising		195	254
Bad and doubtful debts		99	295
Bank charges		166	152
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		627	597
Councillor expenses – mayoral fee		34	34
Councillor expenses – councillors' fees		140	140
Councillors' expenses (incl. mayor) – other (excluding fees above)		70	51
Development operating expenses		287	84
Donations, contributions and assistance to other organisations (Section 356)		222	214
Electricity and heating		397	419
Emergency services		42	54
Information technology expenses		130	206
Insurance		555	614
Postage		196	134
Printing and stationery		153	172
Rates collection charges		195	172
Street lighting		1,487	1,777
Telephone and communications		312	366
Water charges		224	243
Sec 94 Administration - Operating Expenses		624	–
Other		341	374
<u>TOTAL OTHER EXPENSES</u>		<u>6,496</u>	<u>6,352</u>

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	Actual 2016	Actual 2015
Plant and equipment			
Proceeds from disposal – plant and equipment		213	104
Less: carrying amount of plant and equipment assets sold		(52)	(15)
Net gain/(loss) on disposal		161	89
Infrastructure			
Less: carrying amount of infrastructure written off		(1,486)	(614)
Net gain/(loss) on disposal		(1,486)	(614)
Financial assets			
Proceeds from disposal/redemptions/maturities – financial assets		126,600	77,650
Less: carrying amount of financial assets sold/redeemed/matured		(126,600)	(77,650)
Net gain/(loss) on disposal		–	–
Other structures			
Less: carrying amount of other structures written off		(1)	(45)
Net gain/(loss) on disposal		(1)	(45)
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(1,326)	(570)

Camden Council

Notes to the Financial Statements
for the year ended 30 June 2016

Note 6a. – Cash assets and Note 6b. – investments

\$ '000	Notes	2016 Actual Current	2016 Actual Non-current	2015 Actual Current	2015 Actual Non-current
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		3,191	–	525	–
Cash-equivalent assets ¹					
– Deposits at call		5,500	–	7,350	–
Total cash and cash equivalents		8,691	–	7,875	–
Investments (Note 6b)					
– Term deposits		65,200	27,200	43,500	33,200
Total investments		65,200	27,200	43,500	33,200
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		73,891	27,200	51,375	33,200

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

**Cash, cash equivalents and investments were
classified at year end in accordance with
AASB 139 as follows:**

Cash and cash equivalents

a. 'At fair value through the profit and loss'

8,691	–	7,875	–
--------------	----------	--------------	----------

Investments

a. 'Held to maturity'

65,200	27,200	43,500	33,200
--------	--------	--------	--------

Investments

65,200	27,200	43,500	33,200
---------------	---------------	---------------	---------------

Note 6(b-i)

**Reconciliation of investments
classified as 'held to maturity'**

Balance at the beginning of the year	43,500	33,200	45,150	23,200
Additions	138,300	4,000	73,500	12,500
Disposals (sales and redemptions)	(116,600)	(10,000)	(75,150)	(2,500)
Balance at end of year	65,200	27,200	43,500	33,200

Comprising:

– Term deposits	65,200	27,200	43,500	33,200
Total	65,200	27,200	43,500	33,200

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

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

\$ '000	2016	2016	2015	2015
	Actual Current	Actual Non-current	Actual Current	Actual Non-current
Total cash, cash equivalents and investments	73,891	27,200	51,375	33,200
attributable to:				
External restrictions (refer below)	36,235	27,200	16,989	33,200
Internal restrictions (refer below)	30,103	–	30,723	–
Unrestricted	7,553	–	3,663	–
	73,891	27,200	51,375	33,200

2016 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended loans (A)	3,189	112	–	3,301
Section 94- works in kinds (refundable) (B)	286	–	(8)	278
External restrictions – included in liabilities	3,475	112	(8)	3,579

External restrictions – other

Developer contributions – general (B)	40,254	20,204	(6,838)	53,620
Specific purpose unexpended grants (C)	789	869	(631)	1,027
Domestic waste management (D)	5,154	1,762	(1,972)	4,944
Stormwater management levy (D)	340	443	(613)	170
Other	177	–	(82)	95
External restrictions – other	46,714	23,278	(10,136)	59,856
Total external restrictions	50,189	23,390	(10,144)	63,435

- A Loan moneys which must be applied for the purposes for which the loans were raised.
- B Section 94 Developer Contribution to be refunded within the next 12 months by resolution of Council (refer note 10a).
- C Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- D Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- E Stormwater Management, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

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

2016 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
Internal restrictions				
Plant and vehicle replacement	2,279	757	(883)	2,153
Employees leave entitlement	1,868	841	(748)	1,961
Deposits, retentions and bonds	6,293	2,795	(3,343)	5,745
Asset renewal reserve	662	3,620	(2,268)	2,014
Camden parking reserve	121	–	–	121
Camden town centre reserve	1,145	–	(878)	267
Capital works reserve	921	3,604	(1,504)	3,021
Cemetery improvements	733	134	(83)	784
Central administration building reserve	4,310	1,286	(1,330)	4,266
Commercial waste services	1,190	158	(978)	370
Community infrastructure program (2014-19)	2,735	922	(1,644)	2,013
DOP loan repayment reserve	2,156	–	(1,600)	556
Elections reserve	148	82	–	230
Engineering services deposits	187	15	(14)	188
Expenditure revotes reserve	3,674	2,922	(2,721)	3,875
Family day care trust	82	–	(82)	–
Stormwater Management (General Fund)	641	164	(93)	712
Information technology reserve	565	103	(158)	510
Risk management reserve	243	–	(10)	233
Public appeals reserve	36	–	–	36
Sec 355 committee reserve	435	–	–	435
Water savings action plan reserve	88	22	(3)	107
Working funds reserve	190	276	(14)	452
Other	21	43	(10)	54
Total internal restrictions	30,723	17,744	(18,364)	30,103
TOTAL RESTRICTIONS	80,912	41,134	(28,508)	93,538

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 7. Receivables

\$ '000	Notes	2016		2015	
		Current	Non-current	Current	Non-current
Purpose					
Rates and annual charges		1,411	275	1,377	267
Interest and extra charges		140	168	227	88
Restoration and private works		4	–	4	–
Accrued revenues					
– Interest on investments		1,034	–	1,131	–
Commercial waste		8	–	12	–
Community and recreational facilities		209	–	133	–
Easement compensation		137	–	155	–
Employee accounts		26	–	9	–
Gas main rating charge		44	–	37	–
Government grants and subsidies		794	–	1,060	–
Health and environment inspections		46	–	40	–
Land Compensation		625	1,190	625	1,190
Legal cost recovery		371	–	284	–
Leisure centre contracts		63	–	374	–
Net GST receivable		959	–	472	–
Section 94 contributions		12	–	22	–
Contribution to Oran Park Library		624	–	–	–
Other debtors		379	–	362	–
Total		6,886	1,633	6,324	1,545
Less: provision for impairment					
Other debtors		(446)	–	(346)	–
Total provision for impairment – receivables		(446)	–	(346)	–
TOTAL NET RECEIVABLES		6,440	1,633	5,978	1,545
Externally restricted receivables					
Domestic waste management		386	63	347	63
Stormwater management		17	1	16	1
Other					
Section 94 contributions		12	–	22	–
Total external restrictions		415	64	385	64
Internally restricted receivables					
Commercial waste reserve		8	–	12	–
Working funds reserve		–	–	1,000	–
Capital works reserve		1,000	–	2,000	–
Asset renewal reserve		500	–	904	–
Central administration building reserve		2,435	–	–	–
Internally restricted receivables		3,943	–	3,916	–
Unrestricted receivables		2,082	1,569	1,677	1,481
TOTAL NET RECEIVABLES		6,440	1,633	5,978	1,545

Notes on debtors above:

- (i) Rates and annual charges outstanding are secured against the property.
- (ii) Doubtful rates debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates and charges at 8.0% (2015 8.50%).
Generally all other receivables are non-interest bearing.
- (iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

Camden Council

Notes to the Financial Statements
for the year ended 30 June 2016

Note 8. Inventories and other assets

\$ '000	Notes	2016		2015	
		Current	Non-current	Current	Non-current
(a) Inventories					
(i) Inventories at cost					
Stores and materials		394	–	382	–
Trading stock		46	–	46	–
Stores & materials - Domestic Waste		12	–	14	–
Total inventories at cost		452	–	442	–
(ii) Inventories at net realisable value (NRV)					
Nil					
TOTAL INVENTORIES		452	–	442	–
(b) Other assets					
Prepayments		151	–	356	–
Information technology holding account		12	–	75	–
TOTAL OTHER ASSETS		163	–	431	–
Externally restricted assets					
Domestic waste management					
Stores and materials		12	–	14	–
Total domestic waste management		12	–	14	–
Total externally restricted assets		12	–	14	–
Total internally restricted assets		–	–	–	–
Total unrestricted assets		603	–	859	–
TOTAL INVENTORIES AND OTHER ASSETS		615	–	873	–

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 9a. Infrastructure, property, plant and equipment

	as at 30/6/2015				Asset movements during the reporting period						as at 30/6/2016			
	At	At	Accumulated	Carrying	Additions	Additions	Carrying	Depreciation	Adjustments	Revaluation	At	At	Accumulated	Carrying
	cost	fair value	depreciation	value	new assets	Renewals	value of disposals	expense	and transfers	increments to equity (ARR)	cost	fair value	depreciation	value
\$ '000														
Capital work in progress	18,807	–	–	18,807	33,498		–	–	(34)	–	52,271	–	–	52,271
Plant and equipment	–	13,514	10,216	3,298	3,222		(52)	(1,135)	–	–	–	16,193	10,411	5,782
Office equipment	–	4,584	3,416	1,168	1,107		–	(441)	–	–	–	5,690	3,856	1,834
Furniture and fittings	–	1,377	1,298	79	819		–	(19)	–	–	–	2,196	1,317	879
Land:														
– Operational land	–	88,028	–	88,028	–		–	–	–	–	–	88,028	–	88,028
– Community land	–	102,933	–	102,933	–		–	–	–	10,035	–	112,968	–	112,968
– Land under roads (post 30/6/08)	–	47,752	–	47,752	7,799		–	–	–	–	–	55,551	–	55,551
Land improvements – non-depreciable*	–	25,523	–	25,523	272		–	–	15	3,922	–	29,732	–	29,732
Land improvements – depreciable*	–	5,512	2,436	3,076	294	135	–	(295)	(13)	1,069	–	7,936	3,670	4,266
Infrastructure:														
– Buildings – non-specialised	–	83,834	40,715	43,119	473	266	–	(2,381)	61	–	–	84,633	43,095	41,538
– Buildings – specialised	–	2,101	1,109	992	–		–	(60)	–	–	–	2,101	1,169	932
– Other structures*	–	20,473	9,134	11,339	1,012		(1)	(918)	(209)	2,973	–	27,770	13,574	14,196
– Roads	–	465,763	111,045	354,718	64,901	3,598	(1,475)	(6,926)	–	–	–	531,676	116,860	414,816
– Bridges	–	36,133	10,235	25,898	216		–	(403)	–	–	–	36,349	10,638	25,711
– Footpaths	–	35,002	9,489	25,513	6,942		(8)	(625)	–	–	–	41,932	10,110	31,822
– Bulk earthworks (non-depreciable)	–	15,952	–	15,952	–		–	–	–	–	–	15,952	–	15,952
– Stormwater drainage	–	236,349	32,664	203,685	36,064		(3)	(2,001)	–	–	–	272,409	34,664	237,745
– Other open space/recreational assets*	–	3,473	1,783	1,690	–		–	–	208	723	–	5,217	2,596	2,621
Other assets:														
– Library books	–	3,265	2,323	942	221		–	(154)	–	–	–	3,486	2,477	1,009
– Other	–	4,766	3,981	785	394		–	(215)	–	–	–	5,161	4,197	964
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	18,807	1,196,334	239,844	975,297	157,234	3,999	(1,539)	(15,573)	28	18,722	52,271	1,344,980	258,634	1,138,617

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

Refer to Note 27. Fair value measurement for information regarding the fair value of other infrastructure, property, plant and equipment.

* Council has undertaken a comprehensive assessment of its asset classes and reclassified a number of assets therefore the opening balances of some asset classes do not reflect closing balance to last year statement but the overall total has not changed.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

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

\$ '000 Class of asset	Actual 2016				Actual 2015			
	At cost	At fair value	A/Dep & impairm't	Carrying value	At cost	At fair value	A/Dep & impairm't	Carrying value
Domestic waste management								
Plant and equipment	–	10,965	6,940	4,025	–	8,932	6,494	2,438
Land	–	–	–	–	–	–	–	–
– Operational land	–	1,657	–	1,657	–	1,657	–	1,657
Buildings	–	1,167	759	408	–	1,167	689	478
Total DWM	–	13,789	7,699	6,090	–	11,756	7,183	4,573
TOTAL RESTRICTED I,PP&E	–	13,789	7,699	6,090	–	11,756	7,183	4,573

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

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2016		2015	
		Current	Non-current	Current	Non-current
Payables					
Goods and services – operating expenditure		6,659	–	3,174	–
Payments received In advance		178	–	176	–
Accrued expenses:					
– Borrowings		600	–	36	–
– Salaries and wages		484	–	199	–
Security bonds, deposits and retentions		6,806	–	6,117	–
Section 94 – works in kind agreements		278	12,075	286	11,746
Total payables		15,005	12,075	9,988	11,746
Borrowings					
Loans – secured ¹		3,732	34,479	3,173	14,610
Total borrowings		3,732	34,479	3,173	14,610
Provisions					
Employee benefits:					
Annual leave		2,966	–	2,614	–
Long service leave		6,309	525	5,925	416
Total provisions		9,275	525	8,539	416
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		28,012	47,079	21,700	26,772
(i) Liabilities relating to restricted assets					
		2016		2015	
		Current	Non-current	Current	Non-current
Externally restricted assets					
Domestic waste management		167	–	127	–
Section 94 - Works in kind agreements		278	12,075	286	11,746
Liabilities relating to externally restricted assets		445	12,075	413	11,746
Internally restricted assets					
Nil					
Total liabilities relating to restricted assets		445	12,075	413	11,746
Total liabilities relating to unrestricted assets		27,567	35,004	21,287	15,026
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		28,012	47,079	21,700	26,772

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 15.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 10a. Payables, borrowings and provisions (continued)

\$ '000	Actual 2016	Actual 2015
(ii) Current liabilities 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.		
Provisions – employees benefits	6,525	5,869
Payables – security bonds, deposits and retentions	3,413	5,380
	9,938	11,249

Note 10b. Description of and movements in provisions

Class of provision	2015		2016			Closing balance as at 30/6/16
	Opening balance as at 1/7/15	Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	
Annual leave	2,614	2,351	(1,999)	–	–	2,966
Long service leave	6,341	1,392	(912)	13	–	6,834
TOTAL	8,955	3,743	(2,911)	13	–	9,800

Employees leave entitlements and on-costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 2016	Actual 2015
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	8,691	7,875
Balance as per the Statement of Cash Flows		8,691	7,875
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		134,753	80,198
Adjust for non-cash items:			
Depreciation and amortisation		14,909	16,336
Net losses/(gains) on disposal of assets		1,326	570
Non-cash capital grants and contributions		(114,828)	(72,303)
Amortisation of premiums, discounts and prior period fair valuations			
– Interest exp. on interest-free loans received by Council (previously fair valued)		601	629
Share of net (profits) or losses of associates/joint ventures		34	(78)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(650)	(2,460)
Increase/(decrease) in provision for doubtful debts		100	295
Decrease/(increase) in inventories		(10)	51
Decrease/(increase) in other assets		268	(167)
Increase/(decrease) in payables		3,485	900
Increase/(decrease) in accrued interest payable		564	(2)
Increase/(decrease) in other accrued expenses payable		285	(217)
Increase/(decrease) in other liabilities		1,012	790
Increase/(decrease) in employee leave entitlements		845	806
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		42,694	25,348

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 11. Statement of cash flows – additional information (continued)

\$ '000	Notes	Actual 2016	Actual 2015
(c) Non-cash investing and financing activities			
S94 contributions 'in kind'		–	148
Other dedications		114,828	72,155
Total non-cash investing and financing activities		114,828	72,303
(d) Financing arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank overdraft facilities ⁽¹⁾		150	150
Credit cards/purchase cards		450	450
Total financing arrangements		600	600

1. The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.
Interest rates on overdrafts are interest rates on loans and other payables are disclosed in Note 15.

(ii) Secured loan liabilities

Loans are secured by a mortgage over future years rate revenue only.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 12. Commitments for expenditure

\$ '000	Notes	Actual 2016	Actual 2015
(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		15,224	28,070
Plant and equipment		345	1,217
Infrastructure assets		4,853	1,947
Other		2,694	63
Total commitments		23,116	31,297
These expenditures are payable as follows:			
Within the next year		23,116	22,299
Later than one year and not later than 5 years		–	8,998
Total payable		23,116	31,297
Sources for funding of capital commitments:			
Unrestricted general funds		22,116	8,297
New loans (to be raised)		1,000	23,000
Total sources of funding		23,116	31,297
Details of capital commitments			
The above commitments represents contractual commitments for works which are currently in progress.			

(b) Finance lease commitments

Nil

(c) Operating lease commitments (non-cancellable)**a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:**

Within the next year	1,009	926
Later than one year and not later than 5 years	956	577
Later than 5 years	–	–
Total non-cancellable operating lease commitments	1,965	1,503

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

Motor Vehicles, Photocopiers and Other Equipment. These leases range from 1 to 5 years in length. Contingent rentals may be payable depending on the condition of items or usage during the lease term.

Conditions relating to operating leases:

- All operating lease agreements are secured only against the leased asset.
- No lease agreements impose any financial restrictions on Council regarding future debt etc.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 13a(i). Statement of performance measurement – indicators (consolidated)

\$ '000	Amounts	Indicator	Prior periods	
	2016	2016	2015	2014
Local government industry indicators – consolidated				
1. Operating performance ratio				
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	<u>(1,726)</u>	-2.15%	-4.99%	-19.20%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	80,291			
2a. Own source operating revenue ratio				
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>73,256</u>	33.58%	42.47%	50.74%
Total continuing operating revenue ⁽¹⁾	218,130			
2b. Own source operating revenue ratio (less non-cash capital dedications)				
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>73,256</u>	70.91%	78.05%	73.98%
Total continuing operating revenue ⁽¹⁾ excluding non-cash capital dedications	103,302			
3. Unrestricted current ratio				
Current assets less all external restrictions ⁽²⁾	<u>44,284</u>	2.51x	4.07x	4.92x
Current liabilities less specific purpose liabilities ^(3, 4)	17,629			
4. Debt service cover ratio				
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>14,976</u>	301.57x	366.14x	138.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	4,966			
5a. Rates, annual charges, interest and extra charges outstanding percentage				
Rates, annual and extra charges outstanding	<u>1,994</u>	3.67%	4.23%	4.16%
Rates, annual and extra charges collectible	54,359			
5b. Rates, annual charges, interest and extra charges Outstanding Percentage (excluding pensioners)				
Rates, annual and extra charges outstanding (excluding pensioners) ⁽⁵⁾	<u>1,553</u>	2.86%	3.17%	3.15%
Rates, annual and extra charges collectible	54,359			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	<u>101,091</u>	16.72 mths	14.3 mths	13.7 mths
Payments from cash flow of operating and financing activities	6,045			

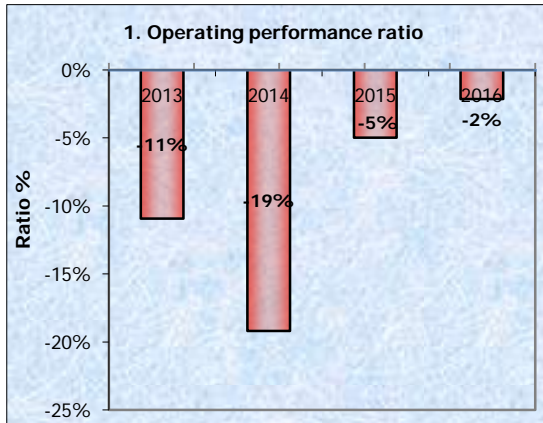
Notes

- (1) Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures and associates.
- (2) Refer Notes 6-8 inclusive.
Also excludes any real estate and land for resale not expected to be sold in the next 12 months.
- (3) Refer to Note 10(a).
- (4) Refer to Note 10(a)(ii) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).
- (5) Council has a policy of not taking legal action against pensioners for unpaid rates and charges.
This additional ratio has been provided to demonstrate the impact on the ratio.

Camden Council

Notes to the Financial Statements
for the year ended 30 June 2016

Note 13a(ii). Local government industry indicators – graphs (consolidated)



Purpose of operating performance ratio

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

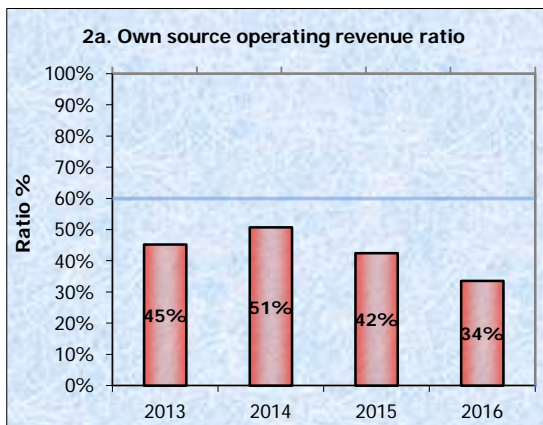
Commentary on 2015/16 result

2015/16 ratio -2.15%

The benchmark for this ratio is better than 0.00% or \$0.00. This ratio excludes capital income, net losses from disposal of assets and loss or gain from joint ventures. The deficit of \$1.726 million is below the benchmark but better than the FY14-15 which can be attributed to an increase in interest revenue, decrease in depreciation expense, increase in operating grants and increase in the rates and annual charges. This ratio is expected to improve further over time.

Benchmark: — Minimum >=0.00%
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

■ Ratio achieves benchmark
■ Ratio is outside benchmark



Purpose of own source operating revenue ratio

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

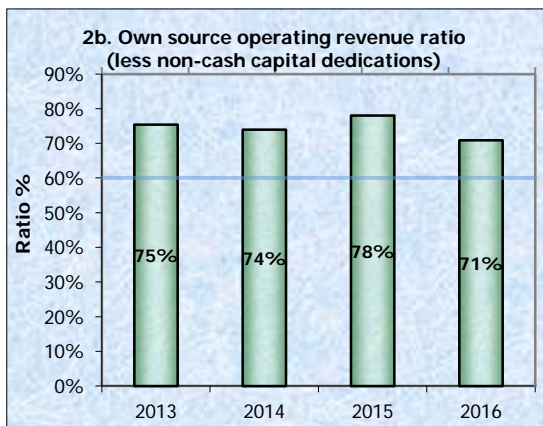
Commentary on 2015/16 result

2015/16 ratio 33.58%

The benchmark for this ratio is greater than 60%. The ratio as at 30 June 2016 was 33.58%. The ratio is less than 2015 ratio of 42%. This indicator is impacted by the high level of non cash income Council receives through dedication of non cash assets which distorts the ratio. An additional ratio has been provided below (2b) which clearly demonstrates that Council meets this benchmark upon removal of non cash income relating to the dedication of assets.

Benchmark: — Minimum >=60.00%
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

■ Ratio achieves benchmark
■ Ratio is outside benchmark



Purpose of own source operating revenue ratio

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

Commentary on 2015/16 result

2015/16 ratio 70.91%

The benchmark for this ratio is greater than 60%. Upon the removal of non cash income (\$115M) relating to the dedication of assets the ratio significantly improves from 34.0% to 71.0%. This additional ratio has been provided to ensure there is a fair comparison against benchmark as not all Councils in NSW experience high level of growth that result in an extraordinary level of non cash income.

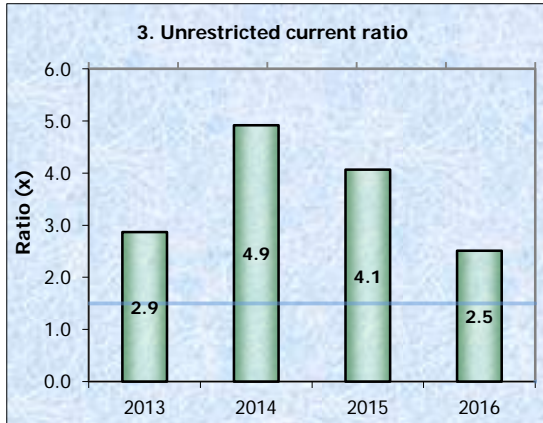
Benchmark: — Minimum >=60.00%
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

■ Ratio achieves benchmark
■ Ratio is outside benchmark

Camden Council

Notes to the Financial Statements for the year ended 30 June 2016

Note 13a(ii). Local government industry indicators – graphs (consolidated)



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.

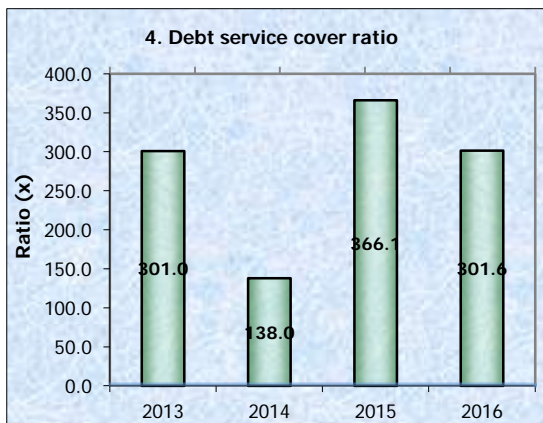
Commentary on 2015/16 result

2015/16 ratio 2.51x

The benchmark for this ratio is better than 1.50:1. The ratio is well above the benchmark at 2.5:1 which indicates that for every \$1 of liability council has \$2.5 of assets to pay for that liability. Compared to FY 14/15 the ratio has declined from 4.0 which can be attributed to payments for the construction of the Oran Park Administration centre. The Council still maintains a very strong liquidity position.

Benchmark: Minimum ≥ 1.50
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of debt service cover ratio

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

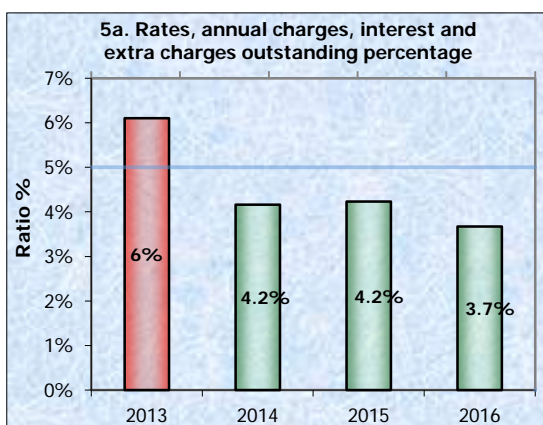
Commentary on 2015/16 result

2015/16 ratio 301.57x

The benchmark for this ratio is better than 200x. This ratio is above the benchmark at 301.57x. Council borrowed \$23 Million for the construction of Oran Park Administration centre and the increase in borrowing cost (interest payment) has impacted the ratio compared to last Financial Year, which reflected a ratio of 366.1x.

Benchmark: Minimum ≥ 2.00
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of rates and annual charges outstanding ratio

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

Commentary on 2015/16 result

2015/16 ratio 3.67%

The benchmark for this ratio is less than 5%. The 2016 ratio is better than the benchmark at 3.67%. The ratio has decreased from last year ratio of 4.06% which can be attributed to Council growing rating base and reflects a continuous improvement in Council debt recovery process. Furthermore, Council has a policy to not take legal action against pensioners. Upon removing pensioners from the arrears of rates and charges the percentage reduces to 2.86% well within the benchmark.

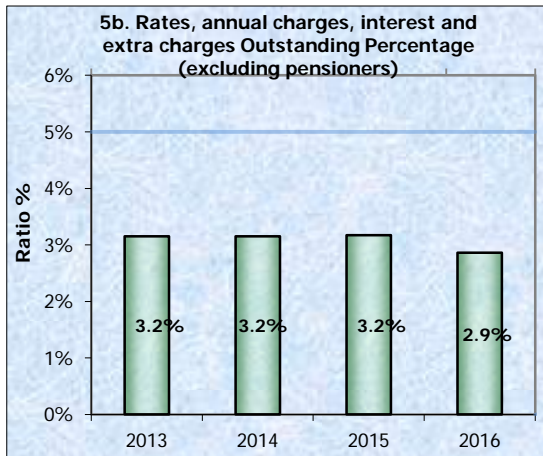
Benchmark: Maximum $< 5.00\%$
Source for Benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio is within Benchmark
 Ratio is outside Benchmark

Camden Council

Notes to the Financial Statements
for the year ended 30 June 2016

Note 13a(ii). Local government industry indicators – graphs (consolidated)



Purpose of rates and annual charges outstanding ratio

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

Commentary on 2015/16 result

2015/16 ratio 2.86%

As can be clearly demonstrated this ratio further improves to 2.86% in 2015-16 with the removal of arrears relating to pensioners.

Benchmark: Maximum <5.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting #24



Ratio is within Benchmark

Ratio is outside Benchmark



Purpose of cash expense cover ratio

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

Commentary on 2015/16 result

2015/16 ratio 16.72 mths

The benchmark for this ratio is more than 3 months. The ratio is well above benchmark at 16.72 months representing Councils strong liquidity position. This can be attributed to Council increase in Investments and revenue generated through increase in council rating base.

Benchmark: Minimum >=3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #24



Ratio achieves benchmark

Ratio is outside benchmark

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 14. Investment properties

\$ '000

Council has not classified any land or buildings as 'investment properties'.

Note 15. 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.

	Carrying value		Fair value	
	2016	2015	2016	2015
Financial assets				
Cash and cash equivalents	8,691	7,875	8,691	7,875
Investments				
– 'Held to maturity'	92,400	76,700	92,400	76,700
Receivables	8,073	7,523	8,073	7,523
Total financial assets	109,164	92,098	109,164	92,098
Financial liabilities				
Payables	26,902	21,558	26,902	21,558
Loans/advances	38,211	17,783	38,211	17,783
Total financial liabilities	65,113	39,341	65,113	39,341

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.

Refer to Note 27. Fair value measurement for information regarding the fair value of financial assets and liabilities.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 15. Financial risk management (continued)

\$ '000

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

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

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

The risks associated with the investments held are:

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

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

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

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

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2016				
Possible impact of a 1% movement in interest rates	1,011	1,011	(1,011)	(1,011)
2015				
Possible impact of a 1% movement in interest rates	846	846	(846)	(846)

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 15. Financial risk management (continued)

\$ '000

(b) Credit risk

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

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

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

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

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

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

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

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

A profile of Council's receivables credit risk at reporting date was:

	2016 Rates and annual charges	2016 Other receivables	2015 Rates and annual charges	2015 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	0%	88%	0%	94%
Overdue	100%	12%	100%	6%
	100%	100%	100%	100%

	Rates and annual charges	Other receivables	Rates and annual charges	Other receivables
(ii) Ageing of receivables – value				
Rates and annual charges				
Current	1,551	5,782	1,604	5,577
< 1 year overdue	–	52	–	86
1 – 2 years overdue	–	318	–	18
2 – 5 years overdue	–	1	–	24
> 5 years overdue	443	372	355	205
	1,994	6,525	1,959	5,910

(iii) Movement in provision for impairment of receivables

	2016	2015
Balance at the beginning of the year	346	51
+ new provisions recognised during the year	100	295
Balance at the end of the year	446	346

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 15. Financial risk management (continued)

\$ '000

(c) Liquidity risk

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total cash outflows	Actual carrying values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2016									
Trade/other payables	6,806	7,790	4,376	2,643	3,500	1,479	308	26,902	26,902
Loans and advances	–	3,732	3,796	3,664	3,721	1,371	23,316	39,600	38,211
Total financial liabilities	6,806	11,522	8,172	6,307	7,221	2,850	23,624	66,502	65,113
2015									
Trade/other payables	6,117	3,871	3,737	3,052	4,307	400	250	21,734	21,558
Loans and advances	–	3,173	3,354	3,401	3,251	3,289	3,304	19,772	17,783
Total financial liabilities	6,117	7,044	7,091	6,453	7,558	3,689	3,554	41,506	39,341

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 the diversification of borrowing types, maturities and interest rate structures.

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

	2016		2015	
	Carrying value	Average interest rate	Carrying value	Average interest rate
Bank overdraft	–	8.38%	–	8.40%
Trade/other payables	26,902	0.00%	21,558	0.00%
Loans and advances – fixed interest rate	38,211	6.22%	17,783	6.70%
	<u>65,113</u>		<u>39,341</u>	

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 16. Material budget variations

\$ '000

Council's original financial budget for 15/16 was adopted by the Council on 23 June 2015.

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

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

Note that for variations* of budget to actual :

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

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

\$ '000	2016 Budget	2016 Actual	2016 ----- Variance* -----		
REVENUES					
Interest and investment revenue	2,127	3,493	1,366	64%	F
Interest and investment revenue has exceeded budget expectations by \$1.37M (F). Council part invested a loan drawdown of \$23 Million for the construction of the Oran Park Administration Centre which resulted in higher interest revenue. Furthermore, an increase in Section 94 developer contributions cash receipts resulted in obtaining higher interest and investment revenue.					
Operating grants and contributions	5,913	7,035	1,122	19%	F
Operating grants and contributions have exceeded original budget by \$1,122K (F). This increase is mainly due to Metropolitan Greenspace Program Grant of \$455K, Contribution of \$300K for Housing Acceleration Fund, Contribution for Oran park library Infrastructure of \$200K and \$167K in other grants and contributions.					
Capital grants and contributions	58,169	137,839	79,670	137%	F
Capital grants and contributions have exceeded original budget by \$80M (F). This increase is mainly due to infrastructure dedications which Council has received as a result of the development process throughout the year. Total dedications (non cash) received during the 2015/16 financial year totalled \$115M. There was also a significant increase in the level of Section 94 cash contributions received during the 2015/16.					

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 16. Material budget variations (continued)

\$ '000	2016 Budget	2016 Actual	----- 2016 Variance* -----	
EXPENSES				
Borrowing costs	631	1,793	(1,162)	(184%) U
Actual borrowing costs were higher than the original budget by \$1.2M (U). This is primarily due to accrued interest loan repayment for the Construction of the Oran park Administration Centre and the amortisation of the Department of Planning interest free loan. This entry is required to recognise the fair value of the interest free loan and does not impact on Council's cash budget result.				
Materials and contracts	19,254	23,501	(4,247)	(22%) U
The Materials and Contracts expenses exceeded the budget by \$4.24M (U). This is mainly due to increase and focus on council asset maintenance and service delivery to community.				
Depreciation and amortisation	12,721	14,909	(2,188)	(17%) U
The depreciation expenses have exceeded original budget by \$2.2M (U). However, is \$1.4M better than the FY 14/15 which can be attributed to better estimation of Useful life and Unit Rate costs within Infrastructure asset class.				
Net losses from disposal of assets	–	1,326	(1,326)	0% U
The net loss from the disposal assets resulted in a variation to budget of \$1.3M (U). This is primarily due to the profit from the sale of plant and equipment \$160K (F) and disposal of road infrastructure assets of \$1.5M (U).				
Budget variations relating to Council's Cash Flow Statement include:				
Cash flows from operating activities	22,612	42,694	20,082	88.8% F
The favourable variance of \$20.1M was as a result of increase in Grants and Contributions Income by \$15.2M primary due to Section 94 Contribution, Rates and charges Income by \$2.0M and Interest Income by \$1.7M.				
Cash flows from investing activities	(44,301)	(61,705)	(17,404)	39.3% U
The Cash Flows from investing Activities decreased by \$17.4M (U) predominately due to increase in purchase of Investments and growth in the portfolio.				

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 17. Statement of developer contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	11,256	2,261	–	423	(170)	17	13,787	–
Roads	4,982	2,293	–	(292)	(2,239)	592	5,336	(14,300)
Traffic facilities	1,273	88	–	33	(272)	4	1,126	(219)
Parking	177	–	–	6	–	–	183	–
Open space	6,806	3,177	–	784	(291)	(459)	10,017	15,080
Community facilities	13,050	6,641	–	488	(3,521)	–	16,658	–
Other	788	654	–	7	(335)	(154)	960	(561)
S94 contributions – under a plan	38,332	15,114	–	1,449	(6,828)	–	48,067	–
Total S94 revenue under plans	38,332	15,114	–	1,449	(6,828)	–	48,067	–
S94 not under plans	117	–	–	4	–	–	121	–
S93F planning agreements	2,113	3,539	3,836	98	(3,864)	–	5,722	–
Total contributions	40,562	18,653	3,836	1,551	(10,692)	–	53,910	–

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN - MANAGEMENT & PROVISION OF INFRASTRUCTURE IN LGA

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	4,334	1,286	–	170	(170)	17	5,637	–
Roads	–	1,554	–	(466)	(1,813)	726	1	(14,300)
Traffic facilities	1,128	83	–	36	(272)	–	975	–
Parking	177	–	–	6	–	–	183	–
Open space	4,684	1,368	–	680	(291)	(455)	5,986	14,861
Community facilities	9,500	3,923	–	337	(3,521)	–	10,239	–
Other	–	484	–	(22)	(309)	(154)	(1)	(561)
Total	19,823	8,698	–	741	(6,376)	134	23,020	–

CONTRIBUTION PLAN NO 3 - UPPER NARELLAN CREEK (TRUNK DRAINAGE & WATER QUALITY FACILITIES)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	4,369	130	–	154	–	–	4,653	–
Total	4,369	130	–	154	–	–	4,653	–

CONTRIBUTION PLAN NO 5 - TRUNK DRAINAGE CATHERINE FIELD

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	118	–	–	4	–	–	122	–
Total	118	–	–	4	–	–	122	–

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN NO 7 - ROAD MAINTENANCE - EXTRACTIVE INDUSTRIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	809	–	–	27	(426)	–	410	–
Total	809	–	–	27	(426)	–	410	–

CONTRIBUTION PLAN NO 11 - SMEATON GRANGE ROADWORKS

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	1,809	90	–	64	–	–	1,963	–
Total	1,809	90	–	64	–	–	1,963	–

CONTRIBUTION PLAN NUMBER 16 - ELLIS LANE / GRASMERE DEVELOPMENT

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	705	72	–	22	–	(134)	665	–
Traffic facilities	145	1	–	5	–	–	151	–
Community facilities	103	4	–	4	–	–	111	–
Other	(56)	15	–	(2)	–	–	(43)	–
Total	897	92	–	29	–	(134)	884	–

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN NO 17 - NARELLAN TOWN CENTRE

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Traffic facilities	–	4	–	(8)	–	4	–	(219)
Open space	785	14	–	35	–	(4)	830	219
Other	637	52	–	23	(15)	–	697	–
Total	1,422	70	–	50	(15)	–	1,527	–

CONTRIBUTION PLAN NO 18 - HARRINGTON PARK RELEASE AREA (COMMUNITY & RECREATION FACILITIES)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	660	–	–	23	–	–	683	–
Community facilities	(13)	–	–	–	–	–	(13)	–
Total	647	–	–	23	–	–	670	–

CONTRIBUTION PLAN - ORAN PARK AND TURNER ROAD PRECINCTS

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	2,435	845	–	95	–	–	3,375	–
Roads	1,659	577	–	61	–	–	2,297	–
Open space	677	1,795	–	46	–	–	2,518	–
Community facilities	3,460	2,714	–	147	–	–	6,321	–
Other	207	103	–	8	(11)	–	307	–
Total	8,438	6,034	–	357	(11)	–	14,818	–

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – NOT UNDER A PLAN

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	20	–	–	1	–	–	21	–
Open space	56	–	–	2	–	–	58	–
Community facilities	41	–	–	1	–	–	42	–
Total	117	–	–	4	–	–	121	–

S93F levies - under a planning agreement

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	–	–	879	–	(879)	–	–	–
Roads	–	–	1,825	–	(1,825)	–	–	–
Open space	462	137	–	17	–	–	616	–
Community facilities	1,069	3,158	1,132	56	(1,132)	–	4,283	–
Other	582	244	–	25	(28)	–	823	–
Total	2,113	3,539	3,836	98	(3,864)	–	5,722	–

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 18. Contingencies and other assets/liabilities not recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

Defined benefit superannuation contribution plans

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

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

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

The position is monitored annually and the Actuary has estimated that as at 30 June 2016 a deficit still exists. The share of this deficit that can be broadly attributed to the Council was estimated to be in the order of \$465,325 as at 30 June 2016.

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

Council's Fit for future (FFTF) Submission

The Local Government Independent Review Panel has recommended "no change" for Camden Council and its current boundaries. Camden council fully supports this recommendation. Council's FFTF submission to IPART in June 2015 also clearly demonstrated that Council has the necessary scale and capacity to support this recommendation.

Section 94 Developer Contributions Plans

Council levies Section 94 Contributions upon various development across the Council area through the required Contribution Plans. As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

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

These future expenses do not yet qualify as liabilities as of the reporting date, but represent Council's intention to spend funds in the manner and timing set out in those Plans.

Land Credits

Council is currently negotiating the settlement of outstanding 'work in kind' credits with a major developer going back several decades. The negotiation is ongoing and is expected to be settled within the 2016-17 financial year. The outcome of this negotiation may result in Council needing to recognise the liability for these credits in the Statement of Financial Position.

Other guarantees

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

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 has no material contingent insurance liabilities.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 19. Interests in other entities

\$ '000

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

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other councils, bodies and other outside organisations.

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

Controlled entities (subsidiaries)**Note 19(a)**

Operational arrangements where Council's control (but not necessarily interest) exceeds 50%.

Joint ventures and associates**Note 19(b)**

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

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

Joint operations**Note 19(c)**

Operational arrangements where the parties that have joint control have rights to specific assets and obligations for specific liabilities relating to the arrangement rather than a right to the net assets of the arrangement.

Unconsolidated structured entities**Note 19(d)**

Unconsolidated structured entities represent "special vehicles" that Council has an interest in but which are not controlled by Council and therefore not consolidated as a subsidiary, joint arrangement or associate. Attributes of structured entities include restricted activities, a narrow and well-defined objective and insufficient equity to finance its activities without financial support.

Subsidiaries, joint arrangements and associates not recognised**Note 19(e)****Accounting recognition:**

(i) Subsidiaries disclosed under Note 19(a) and joint operations disclosed at Note 19(c) are accounted for on a 'line by line' consolidation basis within the Income Statement and Statement of Financial Position.

(ii) Joint ventures and associates as per Note 19(b) are accounted for using the equity accounting method and are disclosed as a 1 line entry in both the Income Statement and Statement of Financial Position.

	Council's share of net income		Council's share of net assets	
	Actual 2016	Actual 2015	Actual 2016	Actual 2015
Joint ventures	(34)	78	44	78
Total	(34)	78	44	78

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 19. Interests in other entities (continued)

\$ '000

(a) Controlled entities (subsidiaries) – being entities and operations controlled by Council

Council has no interest in any controlled entities (subsidiaries).

(b) Joint ventures and associates

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

(a) Net carrying amounts – Council's share

Name of entity	Nature of relationship	Measurement method	2016	2015
Westpool	Self Insure PI	Equity	(28)	(26)
United Independent Pools	Self Insure MV	Equity	72	104
Total carrying amounts – material joint ventures and associates			44	78

(b) Details

Name of entity	Principal activity	Place of business
Westpool	Liability insurance and risk management	Penrith
United Independent Pools	General insurance and risk management	Penrith

(c) Relevant interests and fair values

Name of entity	Interest in outputs		Interest in ownership		Proportion of voting power	
	2016	2015	2016	2015	2016	2015
Westpool	-0.1%	-0.1%	-0.1%	-0.1%	10%	10%
United Independent Pools	1.0%	1.40%	1.0%	1.4%	5.3%	5.3%

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 19. Interests in other entities (continued)

\$ '000

(b) Joint ventures and associates (continued)

(d) Summarised financial information for joint ventures and associates

	Westpool		United Independent Pools	
	2016	2015	2016	2015
Statement of financial position				
Current assets				
Cash and cash equivalents	2,960	3,093	171	1,554
Other current assets	9,749	5,591	4,177	4,473
Total current assets	12,709	8,684	4,348	6,027
Non-current assets	47,864	48,488	8,539	5,761
Current liabilities				
Financial liabilities (excl. accounts payable)	4,999	4,442	2,800	1,539
Other current liabilities	523	300	346	269
Total current liabilities	5,522	4,742	3,146	1,808
Non-current liabilities	22,856	22,486	2,454	2,462
Net assets	32,195	29,944	7,287	7,518
Reconciliation of the carrying amount				
Opening net assets (1 July)	29,943	28,012	7,518	6,906
Profit/(loss) for the period	3,498	4,333	(231)	612
Other adjustments to equity	(1,246)	(2,402)	–	–
Closing net assets	32,195	29,943	7,287	7,518
Council's share of net assets (%)	-0.087%	-0.09%	1.0%	1.38%
Council's share of net assets (\$)	(28)	(26)	72	104
Statement of comprehensive income				
Statement of comprehensive income				
Income	7,421	7,875	8,551	8,696
Interest income	2,438	3,494	423	388
Depreciation and amortisation	–	(16)	–	–
Interest expense	(17)	(17)	–	–
Other expenses	(6,344)	(7,003)	(9,205)	(8,472)
Profit/(loss) from continuing operations	3,498	4,333	(231)	612
Share of income – Council (%)	0.06%	-0.6%	13.9%	17.0%
Profit/(loss) – Council (\$)	(2)	(26)	(32)	104
Total comprehensive income – Council (\$)	(2)	(26)	(32)	104

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 19. Interests in other entities (continued)

\$ '000

(c) Joint operations

Council has no interest in any joint operations.

(d) Unconsolidated structured entities

Council has no unconsolidated structured entities

(e) Subsidiaries, joint arrangements and associates not recognised

The following subsidiaries, joint arrangements and associates have not been recognised in this financial report.

	Principal place of business	2016 % Owned	2015 % owned
Macarthur Regional Organisation of Councils (MACROC)	Australia	33	33

Reasons for non-recognition

The Macarthur Regional Organisation of Councils (MACROC) is an advisory body for the Macarthur region's three local government authorities:

Camden Council
Campbelltown City Council
Wollondilly Shire Council

Formed in 1986, MACROC's mission is to work at a regional level to advocate, lobby, promote regional cooperation and to leverage additional funding for a wide range of projects of regional significance.

MACROC works collaboratively with other organizations to achieve positive outcomes for the region.

MACROC is established under Section 355 of the Local Government Act 1993. Decisions of MACROC will not limit the individual integrity of the operation of each member of Council, nor affect the right of an individual Council acting in its own right on matters.

Member Councils are committed to MACROC being self funding. Member Council's shall contribute to an equal agreed sum as its financial contribution towards the operating cost of MACROC. Such funds are held and managed by Campbelltown City Council as are financial reporting obligations. Each member Council will contribute equally to the cost of managing the financial affairs of MACROC.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

\$ '000	Notes	Actual 2016	Actual 2015
(a) Retained earnings			
Movements in retained earnings were as follows:			
Balance at beginning of year (from previous years audited accounts)		649,629	603,222
a. Correction of Error		–	(33,791)
b Net operating result for the year		134,753	80,198
Balance at end of the reporting period		784,382	649,629
(b) Reserves			
(i) Reserves are represented by:			
– Infrastructure, property, plant and equipment revaluation reserve		388,967	370,245
Total		388,967	370,245
(ii) Reconciliation of movements in reserves:			
Infrastructure, property, plant and equipment revaluation reserve			
– Opening balance		370,245	331,091
– Revaluations for the year	9(a)	18,722	39,154
– Balance at end of year		388,967	370,245
TOTAL VALUE OF RESERVES		388,967	370,245
Revaluation – Roads		–	15,082
Revaluation – Bridges		–	14,992
Revaluation – Footpaths		–	13,116
Revaluation – Stormwater Drainage		–	(4,036)
Revaluation – Community Land		10,035	–
Revaluation – Land Improvements - non depreciable		3,922	–
Revaluation – Land Improvements - depreciable		1,069	–
Revaluation – Other Structures		2,973	–
Revaluation – Other Open Space/recreational assets		723	–
		18,722	39,154
(iii) 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.			

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 21. Financial result and financial position by fund

\$ '000

Council utilises only a general fund for its operations.

Note 22. 'Held for sale' non-current assets and disposal groups

Council did not have any non current assets held for sale in the year 2016.

Note 23. Events occurring after the reporting date

Events that occur between the end of the reporting period (30 June 2016) and the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

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

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

Accordingly, the 'authorised for issue' date is 25/10/16.

Note 24. Discontinued operations

Council has not classified any of its operations as 'discontinued'.

Note 25. Intangible assets

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

Council is unaware of any control over intangible assets that warrant recognition in the financial statements, including either internally generated and developed assets or purchased assets.

Note 26. Reinstatement, rehabilitation and restoration liabilities

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement

\$ '000

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

2016	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant & Equipment		–	–	5,782	5,782
Office Equipment		–	–	1,834	1,834
Furniture & Fittings		–	–	879	879
Operational Land	30/06/13	–	–	88,028	88,028
Community Land	30/06/16	–	–	112,968	112,968
Land under Roads	30/06/14	–	–	55,551	55,551
Land Improvements	30/06/16	–	–	33,998	33,998
Buildings (Specialised & Non Specialised)	30/06/13	–	–	42,470	42,470
Other Structures	30/06/16	–	–	14,196	14,196
Roads	30/06/15	–	–	414,816	414,816
Bridges	30/06/15	–	–	25,711	25,711
Footpaths	30/06/15	–	–	31,822	31,822
Bulk Earthworks	30/06/15	–	–	15,952	15,952
Stormwater Drainage	30/06/15	–	–	237,745	237,745
Other Open Space / Recreational Assets	30/06/16	–	–	2,621	2,621
Library Books		–	–	1,009	1,009
Other Assets		–	–	964	964
Total infrastructure, property, plant and equipment		–	–	1,086,346	1,086,346

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement (continued)

\$ '000

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

2015	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant & Equipment		–	–	3,747	3,747
Office Equipment		–	–	1,168	1,168
Furniture & Fittings		–	–	79	79
Operational Land	30/06/13	–	–	88,028	88,028
Community Land	30/06/16	–	–	102,933	102,933
Land under Roads	30/06/14	–	–	47,752	47,752
Land Improvements	30/06/16	–	–	36,422	36,422
Buildings (Specialised & Non Specialised)	30/06/13	–	–	44,111	44,111
Other Structures	30/06/16	–	–	868	868
Roads	30/06/15	–	–	354,718	354,718
Bridges	30/06/15	–	–	25,898	25,898
Footpaths	30/06/15	–	–	25,513	25,513
Bulk Earthworks	30/06/15	–	–	15,952	15,952
Stormwater Drainage	30/06/15	–	–	203,685	203,685
Other Open Space / Recreational Assets	30/06/16	–	–	3,889	3,889
Library Books		–	–	942	942
Other Assets		–	–	785	785
Total infrastructure, property, plant and equipment		–	–	956,490	956,490

(2) Transfers between level 1 and level 2 fair value hierarchies

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement (continued)

\$ '000

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

The fair valuation techniques Council has employed while utilising level 3 inputs are as follows:

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

Plant & Equipment, Office Equipment and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. Council assumes that the carrying amount of the assets reflects fair value due to the nature of the items.

Examples of assets included within these classes include:

Plant & Equipment - road construction plant, trucks, utility vehicles, streetsweeper, tractors, mowers and equipment

Office Equipment - computer equipment, staff amenities

Furniture & Fittings - office furniture

There has been no change to the valuation process for this asset class during this reporting period.

Operational Land

This asset class contains land defined as operational land in accordance with the NSW Local Government Act 1993. Council last valued operational land at fair value in June 2013. Operational land values were provided by an external valuer (Scott Fullarton Valuations Pty Ltd).

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 agency management would rationally pay to acquire the asset if it did not hold it, taking into account; quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset and cashflows from the future use and disposal.

There has been no change to the valuation process for this asset class during this reporting period. Council Operational land is being utilised for its highest and best use.

Community Land

This asset class contains land defined as community land in accordance with the NSW Local Government Act 1993. Community land is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access. Therefore there a number of restrictions on community land including that; it cannot be sold, cannot be leased for more than 21 years, and must have a plan of management.

Councils are permitted to use the NSW Valuer General's valuations to represent fair valuation for the revaluation of community land. Camden Council has adopted this approach for the valuation of its community land assets. Community land was valued as at 30 June 2016 using the NSW Valuer General's valuations.

There has been no change to the valuation process for this asset class during this reporting period. Council Community Land is being utilised for its highest and best use.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement (continued)

\$ '000

(3) Valuation techniques used to derive level 3 fair values (continued)

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

Land under Roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips. Council initially recognised land under roads in 2011. All land under roads has been recognised on an englobio valuation basis, based upon a municipal rate. The englobio basis of valuation is based on the concept of developing a raw land value for land under roads.

Land under roads were revalued as at 30 June 2014 financial year, the value being calculated according to the revised municipal rate. The next revaluation will be conducted as at 30 June 2019. There has been no change to the valuation process for this asset class during this reporting period.

Land Improvements

This asset class contains all works carried out on land to improve its utility, service potential or make it ready for an identified use. It includes items such as but not limited to playing courts and fields, irrigation and landscaping. In 2015-16, valuations were undertaken for this Asset Category and were completed by Council staff using the depreciable replacement cost. This was completed with the assistance of specialist staff such as Landscape Architects within the Council and developer/contractor component breakdown. To estimate the replacement cost rates for this Asset Category, the following sources were accessed:

- Cordell Commercial Building Cost Guide 2016,
- Rawlinsons – 2016 – Australian Construction Handbook and/or
- Actual supplied project cost rates for unique items.

The inputs used to value these assets, including estimates of residual value, patterns of consumption, asset condition and useful life required extensive professional judgement which has had a significant impact on the final determination of fair value.

There has been no change to the valuation process for this asset class during this reporting period. However, item valuation methodology has been changed based on advice received analysis of component breakdown of each Asset Type.

Buildings (Specialised & Non Specialised)

Council's buildings (specialised and non-specialised) were valued by an external valuer in June 2013. The valuations were provided by Scott Fullarton Pty Ltd.

The gross value of each building was obtained by applying a unit rate to a structure, or a square meter rate to a building, based on its current replacement costs, which is the lowest cost of replacing the economic benefits of the existing asset using modern technology. Whilst each building was physically inspected, the inputs used to value these assets, including estimates of residual value, patterns of consumption, asset condition and useful life required extensive professional judgement which has had a significant impact on the final determination of fair value.

There has been no change to the valuation process for this asset class during this reporting period. New Buildings received by developers in FY16 have been brought into account based on at construction cost. The next revaluation will be conducted as at 30 June 2018.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement (continued)

\$ '000

(3) Valuation techniques used to derive level 3 fair values (continued)

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

Other Structures

This asset class contains all other structures not included in the category of buildings that are controlled by Council and have been constructed for a variety of purposes. It includes park furniture, park signage, play equipment, fencing and retaining walls. For FY16, the Other Structures Asset Category has been further componentised into:

- Other Structures - In 2015-16, valuations were undertaken for this Asset Category and were completed by Council staff using the depreciable replacement cost. This was completed with the assistance of specialist staff such as Landscape Architects within the Council and developer/contractor component breakdown. To estimate the replacement cost rates for this Asset Category, the following sources were accessed:
 - Cordell Commercial Building Cost Guide 2016,
 - Rawlinsons – 2016 – Australian Construction Handbook and/or
 - Actual supplied project cost rates for unique items.
- Other Structures (Artworks, Sculptures, Murals) – In 2015-16, valuations were undertaken for this category and were completed by McWilliams & Associated Pty Ltd where the Valuer nominated Market Value was utilised as the Current Replacement Cost of an Asset.
- Other Structures (Paintings) - In 2015-16, valuations were undertaken for this category and were completed by McWilliams & Associated Pty Ltd where the Valuer nominated Market Value was utilised as the Current Replacement Cost of an Asset.

The inputs used to value these assets, including estimates of residual value, patterns of consumption, asset condition and useful life required extensive professional judgement which has had a significant impact on the final determination of fair value.

There has been no change to the valuation process for this asset class during this reporting period.

Roads

This asset class comprises of the road structure (carriageway), kerb and gutter, traffic signs, road structures (such as roundabouts and medians) and road furniture (such as bus shelters and guardrails). The valuation of roads and road structures was undertaken as at 30 June 2015 using the depreciable replacement cost (unit rate). The construction cost estimation was undertaken using 2014 Rawlinsons – Australian Construction Handbook standard rates.

The condition assessment for all Asset Classes under Roads Asset category was conducted using several methodologies:

1. External Data Collection by Pavement Management Services
2. Internal Asset Data collection by Camden Council – LGA wide sample testing

The level of componentisation adopted by Council is in accordance with AASB116, OLG Circular 09-09 and the Institute of Public Works Engineers International Infrastructure Management Manual (IIMM).

The written down value of each asset was determined based on asset remaining useful life and asset depreciation was calculated using straight-line depreciation methodology as described in AASB116. The component standard useful lives have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation and consumption pattern within Camden or in comparison with other Councils.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement (continued)

\$ '000

(3) Valuation techniques used to derive level 3 fair values (continued)

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

Bridges

Council has three main types of bridges which are culverts, footbridges and road bridges. The valuation of bridges was undertaken as at 30 June 2015 using the depreciable replacement cost (unit rate). The construction cost estimation was based on actual project cost rates for footbridges and road bridges. The construction cost rate estimation for culverts was undertaken using 2014 Rawlinsons – Australian Construction Handbook standard rates.

The inputs used to value these assets, including estimates of residual value; patterns of consumption, asset condition and useful life have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation pattern in the Council and comparing the information with other Councils.

Condition assessments were conducted through in-house level 1 visual inspection in 2014-15. The assessment was conducted by internal Council staff. Condition assessments were based on four key components: superstructure, abutment, sub-structure and general/miscellaneous.

The written down value of each asset was determined based on asset remaining useful life and asset depreciation was calculated using straight-line depreciation methodology as described in AASB116. The component standard useful lives have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation and consumption pattern within Camden or in comparison with other Councils.

Footpaths

This asset class comprises footpaths and cycle ways. The valuation of footpaths was as at 30 June 2015 using the depreciable replacement cost (unit rate). The construction cost estimation was undertaken using 2014 Rawlinsons – Australian Construction Handbook standard rates.

The condition assessment for all Asset Classes under Footpath asset class was conducted by internal Asset Data collection by Camden Council – LGA wide sample data collection in 2014-15. The internal data collection was undertaken to provide comprehensive condition assessment for footpath and cycleway assets.

The written down value of each asset was determined based on asset remaining useful life and asset depreciation was calculated using straight-line depreciation methodology as described in AASB116. The component standard useful lives have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation and consumption pattern within Camden or in comparison with other Councils.

Stormwater Drainage

Council has grouped its stormwater assets into four main types which are pits, pipes, headwalls and stormwater quality improvement devices. The valuation of stormwater drainage was as at 30 June 2015 using the depreciable replacement cost (unit rate). The construction cost estimation was undertaken using 2014 Rawlinsons – Australian Construction Handbook standard rates.

The inputs used to value these assets, including estimates of pattern of consumption; asset condition and useful life have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation pattern in the Council and comparing the information with other Councils.

Condition assessments were conducted through in-house sample data collection by conducting visual inspections including collecting photographic evidence of sample assets. The assessment was conducted by internal Council staff in 2014-15.

The written down value of each asset was determined based on asset remaining useful life and asset depreciation was calculated using straight-line depreciation methodology as described in AASB116. The component standard useful lives have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation and consumption pattern within Camden or in comparison with other Councils.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2016

Note 27. Fair value measurement (continued)

\$ '000

(3) Valuation techniques used to derive level 3 fair values (continued)

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

Library Books

Library books includes books, reference material, electronic resources and publications. Council assumes the carrying amount of these assets reflects fair value due to the nature of the items.

There has been no change to the valuation process for this asset class during this reporting period.

Open Space / Recreational Assets & Other Assets

This asset class includes all of the Council's Playgrounds and associated Playground Components such as fitness equipment, play equipment, playground Softfall and edging assets.

Valuations were undertaken in 2015-16 and were completed by Playfix Pty Ltd using the depreciable replacement cost for all Playground Equipment. The inputs used to value these the Playground Assets, including estimates of residual value, patterns of consumption required extensive professional judgement which was externally sourced. The external valuer also performed detailed condition and defect assessments and assessed the total and remaining useful lives of each playground equipment component.

In 2015-16, valuations were undertaken for the Playground Softfall and Softfall Edging assets and were completed by Council staff using the depreciable replacement cost. This was completed with the assistance of specialist staff such as Landscape Architects within the Council and developer/contractor component breakdown. To estimate the replacement cost rates for this Asset Category, the following sources were accessed:

- Cordell Commercial Building Cost Guide 2016,
- Rawlinsons – 2016 – Australian Construction Handbook and/or
- Actual supplied project cost rates for unique items.

The inputs used to value the assets in this Asset Category, including estimates of residual value, patterns of consumption, asset condition and useful life required extensive professional judgement which has had a significant impact on the final determination of fair value.

There has been no change to the valuation process for this asset class during this reporting period and the written down value of each asset was determined based on asset remaining useful life and asset depreciation was calculated using straight-line depreciation methodology as described in AASB116.

(4). Highest and best use

Local Government has a responsibility to provide many assets for community purposes and therefore not all assets are held at highest and best use.

(5). Reconciliation of movements

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 can be seen in Note 9 (a) of the Financial Statements.



Camden Council

Independent auditor's report to the Council – s417(2) Report on the general purpose financial statements

Report on the financial statements

We have audited the accompanying financial statements of the Camden Council (the Council), which comprise the statement of financial position as at 30 June 2016 and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, accompanying notes to the financial statements and the Statement by Councillors and Management in the approved form as required by Section 413(2) of the Local Government Act 1993.

Councillors' responsibility for the financial statements

The Councillors of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1993 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.

Auditor's responsibility

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

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

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial statements.

Our audit responsibility does not extend to the Original Budget Figures included in the Income Statement, Statement of Cash Flows and the Original Budget disclosures in notes 2(a) and 16 nor the attached Special Schedules, and accordingly, we express no opinion on them.

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T +61 2 8266 0000, F +61 2 8266 9999, www.pwc.com.au

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

Auditor's opinion:

In our opinion:

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13 part 3 Division 2 (the Division); and
- (b) the financial statements:
 - (i) have been presented, in all material respects, in accordance with the requirements of this Division
 - (ii) are consistent with the Council's accounting records
 - (iii) present fairly, in all material respects, the Council's financial position as at 30 June 2016 and its Financial Performance and its Cash Flows for the year then ended in accordance with Australian Accounting Standards
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that have come to light during the course of the audit.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Marc Upcroft'.

Marc Upcroft
Partner

Sydney
25 October 2016



Private & Confidential
The Mayor
Councillor Lara Symkowiak
Camden Council
DX 25807
CAMDEN

Dear Councillor Symkowiak

Report on the conduct of the Audit for year ended 30 June 2016 – Section 417(3)

We have completed our audit of the financial reports of the Council for the year ended 30 June 2016, in accordance with Section 415 of the Local Government Act 1993.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial reports are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial reports, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial reports are presented fairly in accordance with Australian Accounting Standards as well as statutory requirements so as to present a view which is consistent with our understanding of the Council's financial position, the results of its operations and its cash flows.

This report should be read in conjunction with our audit opinion on the general purpose financial statements provided under Section 417(2) of the Local Government Act 1993.

Flowing from our audit, there are a number of comments we wish to raise concerning the trends in Council's finances. These are set out below.

Operating result

Council's operating surplus improved from \$80 million in the previous year to \$135 million in the current period. The net operating result before Capital Contributions was a deficit of \$3 million against the previous year's deficit of \$4 million.

Cash position

Council's overall cash position increased from \$85 million to \$101 million during the period under review. The following table highlights the composition of cash.

	2016 \$m	2015 \$m
Externally restricted	63	50
Internally restricted	30	31
Unrestricted	8	3
Total	101	84

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au



Working capital

Council's net current assets increased from \$37 million to \$53 million during the period under review. The value of net current assets needs to be adjusted in order to establish the available working capital position.

	2016	2015
	\$m	\$m
Net current assets	53	37
Less: External restrictions	(36)	(17)
Internal restrictions	(30)	(31)
Add: Current liabilities deferred	16	13
Available working capital	3	2

The effective unrestricted or available working capital upon which Council could build its 2017 budget was \$3 million.

Performance indicators

The financial reports disclose of a number of indicators in Note 13 and these are detailed below:

	2016	2015
	%	%
Operating Performance Ratio	(2)	(5)
Own Source Operating Revenue Ratio	34	42
Unrestricted Current Ratio	251	407
Debt Service Cover Ratio	302	366
Rates Outstanding Ratio	3.7	4.2
Cash Expense Cover Ratio	17	14

The Operating Performance Ratio improved but remained below the industry benchmark of 0%.

The Own Source Operating Revenue Ratio declined to 34% and remained below the industry benchmark of 60%. Higher Capital grants contributed to this and it is not a reflection on Council's financial sustainability.

The Unrestricted Current Ratio declined but remained above the industry benchmark of 150%.

The Debt Service Cover Ratio declined but remained above the industry benchmark of 200%

The Rates Outstanding Ratio improved and remained better than the industry benchmark of 5%.

The Cash Expense Cover Ratio indicated that Council could continue to cover its operating costs for 17 months should cash inflows cease. This compares very favourably with the industry benchmark of 3 months.



Council is considered to be in a sound and stable financial position.

General

The books of accounts and records inspected by us have been kept in an accurate and conscientious manner. We thank the General Manager and his staff for the cooperation and courtesy extended to us during the course of our audit.

Yours faithfully

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Marc Upcroft' in a cursive style.

Marc Upcroft
Partner

Sydney

Camden Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Camden, the Best of Both Worlds



Camden Council

Special Purpose Financial Statements

for the year ended 30 June 2016

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Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
 - (ii) The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
 - (iii) For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
 - (iv) In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).
-

Camden Council

Special Purpose Financial Statements

for the year ended 30 June 2016

Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Office of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,

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


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

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

Signed in accordance with a resolution of Council made on 25 October 2016.



Cr Lara Symkowiak
Mayor



Cr Theresa Fedeli
Deputy Mayor



Paul Rofe
Responsible Accounting Officer



Ron Moore
General Manager

Camden Council

Income Statement of Council's Other Business Activities

for the year ended 30 June 2016

Commercial Waste

\$ '000	Category 2	
	Actual 2016	Actual 2015
Income from continuing operations		
User charges	745	685
Total income from continuing operations	745	685
Expenses from continuing operations		
Employee benefits and on-costs	204	119
Materials and contracts	205	191
Depreciation and impairment	43	42
Other expenses	158	153
Total expenses from continuing operations	610	505
Surplus (deficit) from continuing operations before capital amounts	135	180
Grants and contributions provided for capital purposes	–	–
Surplus (deficit) from continuing operations after capital amounts	135	180
Surplus (deficit) from all operations before tax	135	180
Less: corporate taxation equivalent (30%) [based on result before capital]	(41)	(54)
SURPLUS (DEFICIT) AFTER TAX	95	126
Plus opening retained profits	1,858	1,678
– Corporate taxation equivalent	41	54
Less:		
– Dividend paid	–	–
Closing retained profits	1,993	1,858
Return on capital %	101.5%	120.0%
Subsidy from Council	–	–

Camden Council

Statement of Financial Position – Council's Other Business Activities

as at 30 June 2016

\$ '000	Commercial Waste	
	Category 2	
	Actual 2016	Actual 2015
ASSETS		
Current assets		
Cash and cash equivalents	1,858	1,699
Investments	–	–
Receivables	9	15
Inventories	–	–
Total Current Assets	1,867	1,714
Non-current assets		
Infrastructure, property, plant and equipment	133	150
Total non-current assets	133	150
TOTAL ASSETS	2,000	1,864
LIABILITIES		
Current liabilities		
Payables	7	6
Total current liabilities	7	6
Non-current liabilities		
Payables	–	–
Total non-current liabilities	–	–
TOTAL LIABILITIES	7	6
NET ASSETS	1,993	1,858
EQUITY		
Retained earnings	1,993	1,858
Council equity interest	1,993	1,858
TOTAL EQUITY	1,993	1,858

Camden Council

Special Purpose Financial Statements

for the year ended 30 June 2016

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	SP 6

Camden Council

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2016

Note 1. Significant accounting policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Office of Local Government.

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in the SPFS, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and
- Australian Accounting Interpretations.

The disclosures in the SPFS have been prepared in accordance with:

- the Local Government Act (1993) NSW,
- the Local Government (General) Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 government policy statement, *Application of National Competition Policy to Local Government*.

The *Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality*, issued by the Office of Local Government in July 1997, has also been adopted.

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

Declared business activities

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

Category 1

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

Nil

Category 2

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

Camden Commercial Waste Activity

Provide a diversified range of waste removal services to business operations in the Camden local government area.

Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars.

(i) Taxation-equivalent charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

Camden Council

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2016

Note 1. Significant accounting policies (continued)

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – 30%

Land tax – the first **\$482,000** of combined land values attracts **0%**. For that valued from \$482,001 to \$2,947,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,947,000, a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$750,000.

Income tax

An income tax equivalent has been applied on the profits of each reported business activity.

While income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

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

Income tax is only applied where a positive gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since this taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations, it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in Council's General Purpose Financial Statements.

The 30% rate applied is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

(ii) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

(iii) Return on investments (rate of return)

The policy statement requires that councils with category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Such funds are subsequently available for meeting commitments or financing future investment strategies.

Camden Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2016

Note 1. Significant accounting policies (continued)

The rate of return on capital is calculated as follows:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.17% at 30/6/16.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

(iv) Dividends

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



Camden Council

Independent auditor's report Report on the special purpose financial statements

Report on the financial statements

We have audited the accompanying financial statements, being the special purpose financial statements, of the Camden Council (the Council), which comprises the Statement of Financial Position by Business Activity for the year ended 30 June 2016, the Income Statements by Business Activity for the year then ended, Notes to the financial statements for the Business Activities identified by Council and the Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting for the year ended 30 June 2016.

Councillors' responsibility for the financial report

The Councillors of the Council are responsible for the preparation and fair presentation of the financial statements and have determined that the accounting policies described in note 1 to the financial statements which form part of the financial statements, are appropriate to meet the requirements of the Local Government Code of Accounting Practice and Financial Reporting. The Councillors responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's responsibility

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

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

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



Auditor's opinion:

In our opinion, the financial statements presents fairly, in all material respects, the financial position by Business Activity of the Council as of 30 June 2016 and its financial performance by Business Activity for the year then ended in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 to the financial statements, and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describe the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the Local Government Code of Accounting Practice and Financial Reporting. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Council.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Marc Upcroft'.

Marc Upcroft
Partner

Sydney
25 October 2016

Camden Council

SPECIAL SCHEDULES
for the year ended 30 June 2016

Camden, the Best of Both Worlds



Camden Council

Special Schedules

for the year ended 30 June 2016

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Special Schedules¹

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Special Schedule 8	Permissible Income Calculation	SS 10

¹ Special Schedules are not audited (with the exception of Special Schedule 8).

Background

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

Camden Council

Special Schedule 1 – Net Cost of Services

for the year ended 30 June 2016

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	1,702	26	–	(1,676)
Administration	24,125	3,720	565	(19,840)
Public order and safety				
Fire service levy, fire protection, emergency services	771	206	–	(565)
Enforcement of local government regulations	69	15	–	(54)
Animal control	614	62	–	(552)
Other	–	–	–	–
Total public order and safety	1,454	283	–	(1,171)
Health	833	250	–	(583)
Environment				
Noxious plants and insect/vermin control	143	35	–	(108)
Other environmental protection	11	–	–	(11)
Solid waste management	8,755	10,210	–	1,455
Drainage	–	–	881	881
Stormwater management	2,806	466	36,480	34,140
Total environment	11,715	10,711	37,361	36,357
Community services and education				
Administration and education	222	26	–	(196)
Social protection (welfare)	2,388	1,665	–	(723)
Aged persons and disabled	18	–	–	(18)
Children's services	158	–	–	(158)
Total community services and education	2,786	1,691	–	(1,095)
Housing and community amenities				
Public cemeteries	43	185	–	142
Street lighting	1,487	(1)	–	(1,488)
Town planning	3,441	423	–	(3,018)
Other community amenities	204	196	6,643	6,635
Total housing and community amenities	5,175	803	6,643	2,271

Camden Council

Special Schedule 1 – Net Cost of Services (continued)
for the year ended 30 June 2016

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	1,968	249	200	(1,519)
Community centres and halls	1,322	844	–	(478)
Other cultural services	4	–	–	(4)
Swimming pools	4,268	4,341	–	73
Parks and gardens (lakes)	7,650	86	7,753	189
Other sport and recreation	31	3	–	(28)
Total recreation and culture	15,243	5,523	7,953	(1,767)
Mining, manufacturing and construction				
Building control	6,653	8,504	–	1,851
Other mining, manufacturing and construction	–	–	–	–
Total mining, manufacturing and const.	6,653	8,504	–	1,851
Transport and communication				
Urban roads (UR) – local	12,669	3	81,106	68,440
Urban roads – regional	–	23	–	23
Bridges on UR – local	7	–	–	(7)
Parking areas	12	–	–	(12)
Footpaths	44	–	–	(44)
Other transport and communication	507	650	4,211	4,354
Total transport and communication	13,239	676	85,317	72,754
Economic affairs				
Other economic affairs	418	39	–	(379)
Total economic affairs	418	39	–	(379)
Totals – functions	83,343	32,226	137,839	86,722
General purpose revenues ⁽¹⁾		48,065		48,065
Share of interests – joint ventures and associates using the equity method	34	–		(34)
NET OPERATING RESULT ⁽²⁾	83,377	80,291	137,839	134,753

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

(2) As reported in the Income Statement

Camden Council

Special Schedule 2(a) – Statement of Long Term Debt (all purpose)

for the year ended 30 June 2016

\$'000

Classification of debt	Principal outstanding at beginning of the year			New loans raised during the year	Debt redemption during the year		Transfers to sinking funds	Interest applicable for year	Principal outstanding at the end of the year		
	Current	Non-current	Total		From revenue	Sinking funds			Current	Non-current	Total
Loans (by source)											
Financial institutions	1,573	8,500	10,073	23,000	1,573	–	–	1,192	1,832	29,668	31,500
Dept of Planning (NSW Treasury)	1,600	8,100	9,700	–	1,600	–	–	–	1,900	6,200	8,100
Total loans	3,173	16,600	19,773	23,000	3,173	–	–	1,192	3,732	35,868	39,600
Total debt	3,173	16,600	19,773	23,000	3,173	–	–	1,192	3,732	35,868	39,600

Notes: excludes (i) internal loans and (ii) principal inflows/outflows relating to loan re-financing.

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

Camden Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2016

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	2015/16 Required maintenance	2015/16 Actual maintenance	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
							1	2	3	4	5
Buildings	Council Offices / Administration Centres	–	80	81	4,558	11,758	0%	0%	100%	0%	0%
	Council Works Depot	39	43	41	1,059	3,360	3%	3%	92%	2%	0%
	Council Public Halls	–	93	134	4,211	8,282	0%	25%	75%	0%	0%
	Libraries	–	56	88	7,943	12,739	0%	100%	0%	0%	0%
	Cultural Facilities	–	–	–	372	591	0%	100%	0%	0%	0%
	Council Other Buildings - Civic Centre	–	29	32	2,101	4,730	0%	0%	100%	0%	0%
	Council Other Buildings - Bushfire & SES Buildings	233	25	17	1,079	1,829	37%	5%	32%	25%	0%
	Council Other Buildings - Toilet Blocks & Amenities	453	45	57	11,279	22,307	19%	18%	59%	4%	0%
	Council Other Buildings -Leased Properties	302	11	6	103	897	0%	0%	33%	67%	0%
	Council Other Buildings - Other Including Swimming Pool	447	53	18	9,718	19,743	47%	5%	44%	5%	0%
	Buildings - Specialised	184	11	12	47	498	0%	0%	26%	74%	0%
Sub-total	1,658	446	486	42,470	86,734	16.5%	23.6%	56.1%	3.8%	0.0%	
Other structures	Other structures	1,046	–	–	14,196	27,433	10%	43%	40%	7%	0%
	Land Improvements - Depreciable	328	–	–	4,266	8,273	18%	32%	42%	8%	0%
	Sub-total	1,374	–	–	18,462	35,706	11.9%	40.5%	40.5%	7.2%	0.0%

Camden Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2016 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	2015/16 Required maintenance	2015/16 Actual maintenance	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
							1	2	3	4	5
Roads	Sealed Roads Surface	1,952	2,256	2,042	68,906	103,206	51%	32%	13%	4%	0%
	Sealed Roads Structures & Formation	1,704	–	–	189,920	226,110	53%	34%	11%	2%	0%
	Road Formation (Non Depreciables)	–	–	–	34,773	34,773					
	Bridges & Culverts	194	429	96	25,705	36,340	6%	36%	57%	1%	0%
	Footpaths	296	257	268	16,201	22,867	54%	35%	9%	2%	0%
	Cycle Ways	261	–	–	15,602	19,017	60%	34%	3%	3%	0%
	Kerb and Gutter	1,209	221	206	122,726	162,878	23%	30%	45%	2%	0%
	Other Road Assets - Road Furniture	28	234	150	2,088	4,147	30%	64%	5%	1%	0%
	Other Road Assets - Road Structures	36	–	–	9,512	12,151	17%	72%	10%	1%	0%
	Carparks	171	–	–	2,381	3,934	12%	15%	65%	6%	2%
Carpark Formation (non depreciables)	–	–	–	487	486						
	Sub-total	5,851	3,397	2,762	488,301	625,909	40.7%	33.3%	23.8%	2.1%	0.0%
Stormwater drainage	Retarding Basins	–	159	95	4,468	6,901	14%	77%	9%	0%	0%
	Retarding Basins (Non Depreciables - Earthworks)	–	–	–	5,425	5,425					
	Stormwater Conduits	594	39	195	154,828	171,987	63%	30%	6%	1%	0%
	Inlet and Juntions Pits	150	320	287	50,924	63,045	56%	39%	5%	0%	0%
	Head Walls	7	–	–	1,744	2,191	50%	44%	5%	1%	0%
	Outfall Structures	–	–	–	1,619	1,624	92%	7%	1%	0%	0%
	Stormwater Converters	–	–	–	11,618	13,087	47%	34%	19%	0%	0%
	Other - Channels	–	–	–	7,119	8,149	15%	77%	8%	0%	0%
	Sub-total	751	518	577	237,745	272,409	58.4%	34.8%	6.2%	0.6%	0.0%
Open space/recreational assets	Parks and Reserve	418	308	310	2,621	5,217	30%	24%	31%	15%	0%
	Sub-total	418	308	310	2,621	5,217	30.0%	24.0%	31.0%	15.0%	0.0%

Camden Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2016 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	2015/16 Required maintenance	2015/16 Actual maintenance	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
							1	2	3	4	5
	TOTAL – ALL ASSETS	10,052	4,669	4,135	789,599	1,025,975	42.3%	33.1%	22.5%	2.1%	0.0%

Notes:

- (1). Satisfactory is defined as “satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate”.
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).
- (2). Required Annual Maintenance is “what should be spent to maintain assets in a satisfactory standard.
- (3). Actual Maintenance is what has been spent in the current year to maintain the assets.
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Written Down Value is in accordance with Note 9 of Council’s General Purpose Financial Statements
- (5). **Infrastructure Asset Condition Assessment "Key"**

1	Excellent	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Average	Maintenance work required

4	Poor	Renewal required
5	Very Poor	Urgent renewal/upgrading required

Camden Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2016

\$ '000	Amounts 2016	Indicator 2016	Prior periods	
			2015	2014
Infrastructure asset performance indicators * consolidated				
1. Building, Infrastructure & Other Structures Renewals ratio				
Asset renewals ⁽¹⁾				
<u>(Building, Infrastructure & Other Structures)⁽¹⁾</u>	<u>4,208</u>	31.61%	13.85%	24.73%
Depreciation, amortisation and impairment	13,314			
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	<u>10,052</u>	1.27%	1.63%	2.39%
Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	<u>789,599</u>			
3. Asset maintenance ratio				
Actual asset maintenance	<u>4,135</u>	0.89	0.97	0.78
Required asset maintenance	4,669			
4. Capital expenditure ratio				
Annual capital expenditure	<u>159,694</u>	10.71	5.14	2.70
Annual depreciation	<u>14,909</u>			

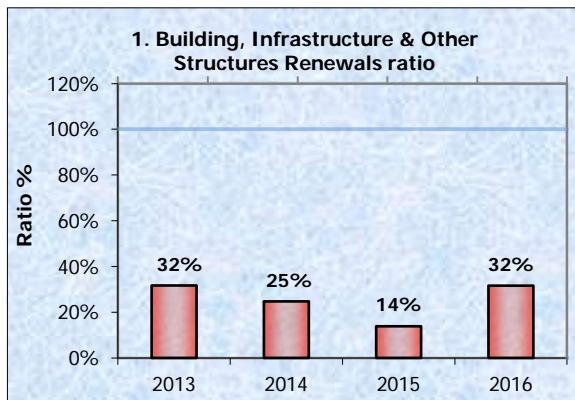
Notes

⁽¹⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other Structure assets only.

⁽²⁾ Written Down Value

Camden Council

Special Schedule 7 – Report on Infrastructure Assets (continued) for the year ended 30 June 2016



Purpose of asset renewals ratio

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

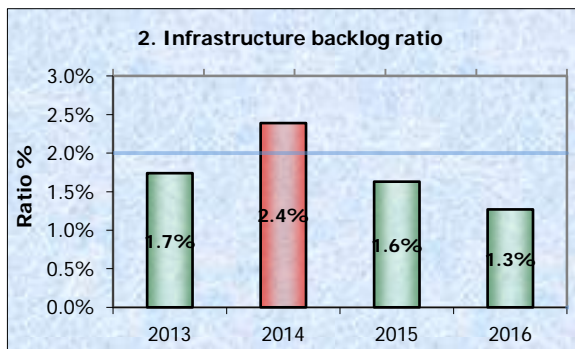
Commentary on 2015/16 result

2015/16 Ratio 31.61%

The benchmark for this ratio is better than 100%. Due to revaluation conducted in last financial year 14/15 which adjusted infrastructure assets useful life and unit rate cost a reduction in depreciation expenses from previous year has been reflected. This decrease in depreciation expense and higher renewal spending by Council has resulted in a much better ratio than last year. It is difficult to justify a ratio of more than 100% for Camden Council when Council has a high proportion of new assets that at this point in their life cycle do not require renewal. This ratio does not allow the inclusion of transfers to the asset renewal reserve for future renewal purpose.

Benchmark: Minimum $\geq 100.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of infrastructure backlog ratio

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

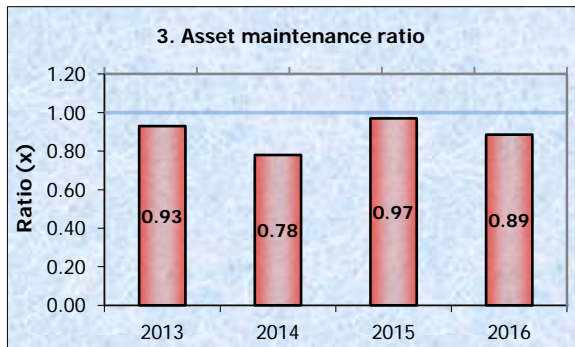
Commentary on 2015/16 result

2015/16 Ratio 1.27%

The benchmark for this ratio is less than 2%. Councils current infrastructure backlog is below the allowable indicator of 2% and much better than last year ratio of 1.6% meaning that Council's backlog is manageable and an indication with a continuation of current renewal programs as reflected above that the backlog is being addressed and also attributed to growth in Council asset base.

Benchmark: Maximum $< 2.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of 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.

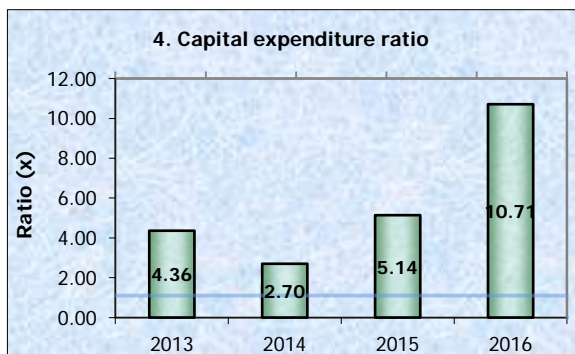
Commentary on 2015/16 result

2015/16 Ratio 0.89 x

The benchmark for this ratio is better than 1.00. Councils current asset maintenance allocation is 0.89 which is just below the benchmark. Council is consistently investing in its maintenance program to maintain assets at a good standard.

Benchmark: Minimum > 1.00
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark
 Ratio is outside benchmark



Purpose of capital expenditure ratio

To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.

Commentary on 2015/16 result

2015/16 Ratio 10.71 x

The benchmark for this ratio is better than 1.10. Council current capital expenditure ratio is 10.7 which is 5.56 higher than last year and approximately 9 times higher than the benchmark. This provides a good indication how quickly Councils infrastructure asset base is growing and the challenges facing Council in the future. These challenges will be addressed by Council through the continuation of asset related programs, the use of leading asset management practices that is supported by a dedicated asset management team.

Benchmark: Minimum > 1.10
Source for benchmark: Code of Accounting Practice and Financial Reporting #24

Ratio achieves benchmark
 Ratio is outside benchmark

Camden Council

Special Schedule 8 – Permissible Income Calculation

for the year ended 30 June 2017

\$'000		Calculation 2015/16	Calculation 2016/17
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	36,918	40,366
Plus or minus adjustments ⁽²⁾	b	2,515	4,197
Notional general income	c = (a + b)	39,433	44,563
Permissible income calculation			
Special variation percentage ⁽³⁾	d	0.00%	0.00%
Or rate peg percentage	e	2.40%	1.80%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	–	–
Plus special variation amount	h = d x (c – g)	–	–
Or plus rate peg amount	i = c x e	946	802
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–
Sub-total	k = (c + g + h + i + j)	40,379	45,365
Plus (or minus) last year's carry forward total	l	59	60
Less valuation objections claimed in the previous year	m	(30)	(18)
Sub-total	n = (l + m)	29	42
Total permissible income	o = k + n	40,408	45,408
Less notional general income yield	p	40,366	45,348
Catch-up or (excess) result	q = o – p	42	60
Plus income lost due to valuation objections claimed ⁽⁴⁾	r	18	–
Less unused catch-up ⁽⁵⁾	s	–	–
Carry forward to next year	t = q + r – s	60	60

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Special Schedule 8 in the financial data return (FDR) to administer this process.



Camden Council

Independent auditor's report Report on the Special Schedule No. 8

Report on the Special Schedule No. 8

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 8) of Camden Council ("the Council") for the year ending 30 June 2017.

Councillors' responsibility for Special Schedule No. 8

The Councillors of the Council are responsible for the preparation and fair presentation of Special Schedule No. 8 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 24. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 8 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on Special Schedule No. 8 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 8 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 8. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 8, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 8.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 8 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757

Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

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Audit Opinion

In our opinion, Special Schedule No. 8 of the Camden Council for the year ending 30 June 2017 is properly drawn up in all material respects in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

Restriction on distribution

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of the total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose. Our report is intended solely for the council and the Office of Local Government.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Marc Upcroft', written in a cursive style.

Marc Upcroft
Partner

Sydney
25 October 2016