



# General Purpose & Special Purpose Financial Statements

For the Year Ended 30 June 2018

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# Camden Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2018

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**Camden, the Best of Both Worlds**



## Executive Summary – 2017/18 Annual Financial Statements

Camden continues to be one of the fastest growing areas in New South Wales with more than 150 new residents per week. This growth places substantial pressure on Council's finances and resources. 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 2017/18 and 2016/17:

Income Statement	2017/18 \$'000	2016/17 \$'000
Total Income from Continuing Operations	\$275,285	\$188,734
Total Expenses from Continuing Operations	\$109,689	\$92,030
Surplus Operating Result from Continuing Operations	<b>\$165,596</b>	<b>\$96,704</b>
Grants and Contributions provided for Capital Purposes	\$175,225	\$98,372
Net Operating Result before Grants and Contributions provided for Capital Purposes (deficit)	<b>(\$9,629)</b>	<b>(\$1,668)</b>

### 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 \$165.59 million (after capital items) does not mean Council has additional funds of \$165.59 million to spend. Alternatively the fact that Council's Income Statement has a reported deficit of \$9.63 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 23 to the Financial Statements.

### Operating Result (after capital items)

The 2017/18 Operating Result after accounting for capital income is a surplus of \$165.59 million (\$96.70 million 2016/17). 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 2017/18 was \$142.75 million (\$76.16 million 2016/17). 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 \$9.63 million. This result excludes capital income of \$175.23 million. In comparing this result to the previous financial year, the deficit has increased from \$1.67 million to \$9.63 million. This is predominately due to the disposal of Infrastructure assets (non-cash) and an increase in depreciation expense (non-cash). The disposal of infrastructure assets included the write-off of roads upon renewal (\$2.55 million), the write-off of assets transferred to the RMS (\$2.48 million) and operational land (\$1.08 million). The increase in depreciation was a result of the removal of residual values on road surface assets (\$1.03 million) and an extraordinary increase in Council's asset base where major construction works were completed including the new administration building and Oran Park library which increase the amount of depreciation expense recognised.

Other significant movements in income include Rates and Annual Charges increasing by \$5.97 million, and Fees and Charges by \$978K predominately in building services and town planning associated with growth. To maintain existing service levels Council has employed additional staff during 2017/18 which increased employee costs by \$3.19 million. Materials and Contracts also increased by \$3.20 million representing additional works and services undertaken to meet service demand.

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 improve over time through increased income associated with growth and prudent long-term financial management of expenditure budgets that consider the timing of future income. Council's disposals (per note 5) were unusually high this financial year which resulted in a one-off expense in Council's income statement to recognise a decrease in equity.

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 budget position and does not spend beyond its means.

✓ **Loans and Loan Reduction Program**

Historically Council has part funded its annual road reconstruction program through loans. In 2013/14 Council adopted a loan reduction program to gradually reduce Council's reliance on re-current loan borrowings. Council has completed this program 2 years ahead of schedule. Council did not borrow for its annual road reconstruction program during 2017/18 and has no future re-current loan borrowings in its long-term financial plan (10 years).

Council still has capacity to borrow for capital projects (one-off) 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 was 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 (CIRP)**

In 2013, IPART approved a special rate variation for a \$6 million (over 6 years) CIRP. The last year of this program is 2018/19. The program has been essential to Council continuing to address its renewal backlog. As part of the 2019/20 budget process Council will assess the need to continue this program. A continuation of this program requires consultation with the community before any application can be made to IPART for its continuation.

✓ **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 loans under the Local Infrastructure Renewal Schemes. This scheme will again be available for the 2019/20 financial year with applications closing in May 2019.

✓ **Organisational Improvement Plan**

As part of demonstrating Council is "fit for the future" an organisational business improvement plan (BIP) was implemented, this plan is now complete with all 57 Priority Action projects completed.

To ensure future organisational improvement efforts are structured in a similar, systematic manner and that Camden continues in its efforts to be a benchmark local government organisation, Council is currently developing an Organisational Strategic Plan ('OSP'). The OSP will act as the new 'BIP' and a mechanism to prioritise and guide the selection of future organisational strategic improvement priorities.

**Statement of Financial Position**

The net value of assets owned by our community is \$1.537 billion (\$1.321 billion in 2016/17). The majority of this equity relates to the ownership of land and infrastructure assets such as roads, stormwater drainage, footpaths and bridges. Council's increase in equity is predominately due to infrastructure assets being dedicated to Council as part of new release areas being developed and the reclassification of four property assets to investment properties.

In 2017/18 Council converted four of its buildings to investment properties by leasing them to the private sector. An independent valuation of these four properties (including land) has also resulted in a fair value increment of \$6.053 million, which has been transferred to Council's revaluation reserve. The value of Council's investment properties as at 30 June 2018 is \$27.3 million.

Council revalued operational land and buildings as at 30 June 2018. The increase in value has been transferred to Council's revaluation reserve (\$54.00 million).

Council's loan debt is now \$31.62 million with a net decrease of \$3.38 million from 2016/17; primarily a result of principal repayments during 2017/18 and no new loans being taken up in 2017/18.

**Financial Health Indicators**

The financial health indicators for the 2017/18 financial year can be found in Note 23(a) (pages 74-77) and Special Schedule 7 (pages 12-13). 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.

It should also be noted that Camden Council was 1 of only 7 metropolitan Council's to be deemed fit for future as part of IPART's review into the financial sustainability of NSW Council's.

**Responsible Accounting Officer**

# Camden Council

## General Purpose Financial Statements

for the year ended 30 June 2018

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### Overview

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

70 Central Avenue  
Oran Park NSW 2570

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

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

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

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



## Camden Council

### General Purpose Financial Statements for the year ended 30 June 2018

## Understanding Council's financial statements

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### Introduction

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

### What you will find in the statements

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

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

### About the Councillor/Management Statement

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

### About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

#### 1. The Income Statement

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

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

#### 2. The Statement of Comprehensive Income

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

#### 3. The Statement of Financial Position

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

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

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

### 5. The Statement of Cash Flows

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

### About the Notes to the Financial Statements

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

### About the Auditor's Reports

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

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

### Who uses the financial statements?

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

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

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

## Camden Council

### General Purpose Financial Statements for the year ended 30 June 2018

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

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

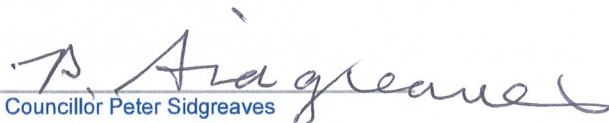
- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.


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

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

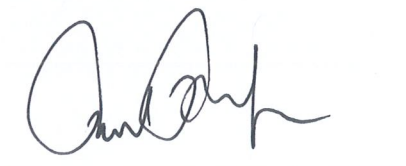
We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 30 October 2018.

  
Councillor Peter Sidgreaves  
Mayor  
30 October 2018

  
Councillor Theresa Fedeli  
Deputy Mayor  
30 October 2018

  
Ron Moore  
General Manager  
30 October 2018

  
Paul Rofe  
Responsible Accounting Officer  
30 October 2018

## Camden Council

## Income Statement

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
<b>Income from continuing operations</b>				
<b>Revenue:</b>				
62,348	Rates and annual charges	3a	63,882	57,907
17,273	User charges and fees	3b	18,322	17,344
2,620	Interest and investment revenue	3c	3,782	3,403
2,098	Other revenues	3d	5,868	2,501
6,597	Grants and contributions provided for operating purposes	3e,f	8,085	9,178
175,580	Grants and contributions provided for capital purposes	3e,f	175,225	98,372
<b>Other income:</b>				
–	Net share of interests in joint ventures and associates using the equity method	15	121	29
<b>266,516</b>	<b>Total income from continuing operations</b>		<b>275,285</b>	<b>188,734</b>
<b>Expenses from continuing operations</b>				
44,440	Employee benefits and on-costs	4a	42,027	38,831
1,386	Borrowing costs	4b	1,808	1,960
24,350	Materials and contracts	4c	28,990	25,792
16,071	Depreciation and amortisation	4d	22,370	16,389
10,019	Other expenses	4e	8,393	7,334
–	Net losses from the disposal of assets	5	6,086	1,724
–	Fair value decrement on investment property	10	15	–
<b>96,266</b>	<b>Total expenses from continuing operations</b>		<b>109,689</b>	<b>92,030</b>
<b>170,250</b>	<b>Operating result from continuing operations</b>		<b>165,596</b>	<b>96,704</b>
<b>170,250</b>	<b>Net operating result for the year</b>		<b>165,596</b>	<b>96,704</b>
170,250	Net operating result attributable to Council		165,596	96,704
	Net operating result attributable to non-controlling interests		–	–
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>				
<b>(5,330)</b>			<b>(9,629)</b>	<b>(1,668)</b>



## Camden Council

# Statement of Comprehensive Income

for the year ended 30 June 2018

\$ '000	2018	2017
<b>Net operating result for the year</b> (as per Income Statement)	<b>165,596</b>	<b>96,704</b>
<b>Other comprehensive income:</b>		
Amounts that will not be reclassified subsequently to the operating result		
Gain (loss) on revaluation of land and building	54,031	8,791
Gain (loss) on revaluation of land under roads	(3,874)	42,457
<b>Total items which will not be reclassified subsequently to the operating result</b>	<b>50,157</b>	<b>51,248</b>
<b>Total other comprehensive income for the year</b>	<b>50,157</b>	<b>51,248</b>
<b>Total comprehensive income for the year</b>	<b>215,753</b>	<b>147,952</b>
Total comprehensive income attributable to Council	215,753	147,952

## Camden Council

Statement of Financial Position  
as at 30 June 2018

\$ '000	Notes	2018	2017
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6a	8,637	7,519
Investments	6b	84,200	68,200
Receivables	7	6,407	5,852
Inventories	8	347	427
Other	8	135	200
<b>Total current assets</b>		<b>99,726</b>	<b>82,198</b>
<b>Non-current assets</b>			
Investments	6b	29,500	32,200
Receivables	7	3,326	1,627
Infrastructure, property, plant and equipment	9	1,452,177	1,271,992
Investment property	10	27,300	12,350
Investments accounted for using the equity method	15	194	73
<b>Total non-current assets</b>		<b>1,512,497</b>	<b>1,318,242</b>
<b>TOTAL ASSETS</b>		<b>1,612,223</b>	<b>1,400,440</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	11	21,439	21,807
Income received in advance	11	246	258
Borrowings	11	3,665	3,797
Provisions	12	10,129	10,254
<b>Total current liabilities</b>		<b>35,479</b>	<b>36,116</b>
<b>Non-current liabilities</b>			
Payables	11	11,107	11,159
Borrowings	11	27,957	31,205
Provisions	12	626	659
<b>Total non-current liabilities</b>		<b>39,690</b>	<b>43,023</b>
<b>TOTAL LIABILITIES</b>		<b>75,169</b>	<b>79,139</b>
<b>Net assets</b>		<b>1,537,054</b>	<b>1,321,301</b>
<b>EQUITY</b>			
Accumulated surplus		1,046,682	881,086
Revaluation reserves	13	490,372	440,215
<b>Council equity interest</b>		<b>1,537,054</b>	<b>1,321,301</b>
<b>Total equity</b>		<b>1,537,054</b>	<b>1,321,301</b>

## Camden Council

## Statement of Changes in Equity

for the year ended 30 June 2018

\$ '000	Notes	2018	IPP&E	Total	2017	IPP&E	Total
		Accumulated surplus	revaluation reserve	equity	Accumulated surplus	revaluation reserve	equity
<b>Opening balance</b>		881,086	440,215	<b>1,321,301</b>	784,382	388,967	<b>1,173,349</b>
<b>Net operating result for the year</b>		<b>165,596</b>	<b>–</b>	<b>165,596</b>	<b>96,704</b>	<b>–</b>	<b>96,704</b>
<b>Other comprehensive income</b>							
– Gain (loss) on revaluation of land and buildings	9a	–	54,031	<b>54,031</b>	–	8,791	<b>8,791</b>
– Gain (loss) on revaluation of land under roads	9a	–	(3,874)	<b>(3,874)</b>	–	42,457	<b>42,457</b>
<b>Other comprehensive income</b>		<b>–</b>	<b>50,157</b>	<b>50,157</b>	<b>–</b>	<b>51,248</b>	<b>51,248</b>
<b>Total comprehensive income</b>		<b>165,596</b>	<b>50,157</b>	<b>215,753</b>	<b>96,704</b>	<b>51,248</b>	<b>147,952</b>
<b>Equity – balance at end of the reporting period</b>		<b>1,046,682</b>	<b>490,372</b>	<b>1,537,054</b>	<b>881,086</b>	<b>440,215</b>	<b>1,321,301</b>

## Camden Council

## Statement of Cash Flows

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
62,348	Rates and annual charges		63,888	57,858
17,273	User charges and fees		19,761	18,450
2,620	Investment and interest revenue received		3,706	3,339
21,334	Grants and contributions		56,946	31,394
–	Bonds, deposits and retention amounts received		8,201	9,493
5,464	Other		8,279	9,420
<b>Payments:</b>				
(43,107)	Employee benefits and on-costs		(41,902)	(37,616)
(24,349)	Materials and contracts		(37,663)	(33,889)
(1,386)	Borrowing costs		(1,399)	(1,513)
–	Bonds, deposits and retention amounts refunded		(6,265)	(1,656)
(13,575)	Other		(8,352)	(8,287)
<b>26,622</b>	<b>Net cash provided (or used in) operating activities</b>	14b	<b>65,200</b>	<b>46,993</b>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
–	Sale of investment securities		136,200	123,900
535	Sale of infrastructure, property, plant and equipment		345	611
<b>Payments:</b>				
–	Purchase of investment securities		(149,500)	(131,900)
(24,601)	Purchase of infrastructure, property, plant and equipment		(47,332)	(37,044)
<b>(24,066)</b>	<b>Net cash provided (or used in) investing activities</b>		<b>(60,287)</b>	<b>(44,433)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
Nil				
<b>Payments:</b>				
(3,795)	Repayment of borrowings and advances		(3,795)	(3,732)
<b>(3,795)</b>	<b>Net cash flow provided (used in) financing activities</b>		<b>(3,795)</b>	<b>(3,732)</b>
<b>(1,239)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,118</b>	<b>(1,172)</b>
7,519	Plus: cash and cash equivalents – beginning of year	14a	7,519	8,691
<b>6,280</b>	<b>Cash and cash equivalents – end of the year</b>	14a	<b>8,637</b>	<b>7,519</b>

## Camden Council

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

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## Camden Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Basis of preparation

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These financial statements were authorised for issue by Council on 30 October 2018.

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

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

#### Basis of preparation

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

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

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

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

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

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

and are clearly marked.

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

There have been no new (or amended) accounting standards adopted by Council in this year's financial statements which have had any material impact on reported financial position, performance or cash flows.

#### (b) Historical cost convention

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

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

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

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

#### **Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk

## Camden Council

### Notes to the Financial Statements

for the year ended 30 June 2018

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

of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

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

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

- (iv) Impairment of receivables

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

#### **Monies and other assets received by Council**

##### **(a) The Consolidated Fund**

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

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

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

##### **(b) The Trust Fund**

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

Trust monies and property held by Council but not subject to the control of Council have been excluded from these reports. A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

#### **Goods and Services Tax (GST)**

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

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

## Camden Council

### Notes to the Financial Statements

for the year ended 30 June 2018

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

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

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

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

As at the date of authorisation of these financial statements, Council considers that the standards and interpretations listed below will have an impact upon future published financial statements ranging from additional and / or revised disclosures to actual changes as to how certain transactions and balances are accounted for.

#### **Effective for annual reporting periods beginning on or after 1 January 2018**

- *AASB 9 Financial Instruments (and associated amending standards)*

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement, and addresses the classification, measurement and disclosure of financial assets and liabilities. Effective date for reporting periods beginning on or after 1 January 2018.

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

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

#### **Effective for annual reporting periods beginning on or after 1 January 2019**

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

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

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

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

- *AASB 16 Leases*

AASB16 will result in most of the operating leases of an entity being brought onto the Statement of Financial Position. There are limited exceptions relating to short term leases and low-value assets which may remain off the balance sheet.

The calculation of the lease liability will take into account appropriate discount rates, assumptions about the lease term, and increases in lease payments.

## Camden Council

### Notes to the Financial Statements

for the year ended 30 June 2018

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

A corresponding right to use assets will be recognised which will be amortised over the term of the lease.

Rent expense will no longer be shown. The profit and loss impact of the leases will be through amortisation and interest charges. Council is currently a party to leases that are not recognised in the Statement of Financial Position.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2019; i.e. councils financial statements for year ended 30 June 2020.

- AASB 1058 Income for Not for Profit Entities

AASB 1058 supersedes all the income recognition requirements relating to Councils, previously in AASB 1004 Contribution. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.

AASB 1058 applies when a council receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset and where Council's objective is principally to enable the asset to further Council's objectives.

Upon initial recognition of the asset, this Standard requires Council to consider whether any other financial statement elements (called 'related amounts') should be recognised in accordance with applicable Accounting Standard, such as:

- (a) contributions by owners;
- (b) revenue, or contract liability arising from a contract with a customer;
- (c) a lease liability;
- (d) a financial instrument; or
- (e) a provision.

If the transaction is a transfer of a financial asset to enable Council to acquire or construct a recognisable non-financial asset to be controlled by Council (i.e. an in-substance acquisition of a non-financial asset), Council recognises a liability for the excess of the fair value of the transfer over any related amounts recognised.

Council will recognise income as it satisfies its obligations under the transfer similarly to income recognition in relation to performance obligations under AASB 15.

If the transaction does not enable Council to acquire or construct a recognisable non-financial asset to be controlled by Council, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income.

Annual reporting periods beginning on or after 1 January 2019; i.e. Council's financial statements for year ended 30 June 2020.

The changes in revenue recognition requirements in AASB15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. Each revenue stream, including grant agreements, will be reviewed to determine the impact of AASB 1058.

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).									
	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Governance	26	25	1,809	1,882	(1,783)	(1,857)	–	–	–	3,702
Managing Camden's Growth	56,718	8,695	10,374	6,710	46,344	1,985	–	–	6	66,308
Urban and Natural Environments	64,507	35,855	27,969	14,804	36,538	21,051	301	430	1,522	273,758
Prosperous Economy	21	38	1,066	509	(1,045)	(471)	–	5	9	19,935
Sustainable Transport	80,830	57,447	19,804	14,819	61,026	42,628	1,794	1,367	1,007,885	658,311
Enriched and Connected Community	9,228	27,226	13,051	24,387	(3,823)	2,839	1,726	1,826	67,589	352,565
Strong Local Leadership (Governance)	63,955	59,448	35,616	28,919	28,339	30,529	4,421	5,843	535,212	25,861
<b>Total functions and activities</b>	<b>275,285</b>	<b>188,734</b>	<b>109,689</b>	<b>92,030</b>	<b>165,596</b>	<b>96,704</b>	<b>8,242</b>	<b>9,471</b>	<b>1,612,223</b>	<b>1,400,440</b>



## Camden Council

### Notes to the Financial Statements

for the year ended 30 June 2018

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

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

##### Governance

###### 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.

###### 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.

###### 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.

###### 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.

###### 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 2018

## Note 3. Income from continuing operations

\$ '000	2018	2017
<b>(a) Rates and annual charges</b>		
<b>Ordinary rates</b>		
Residential	42,273	38,049
Farmland	547	500
Business	8,156	7,999
<b>Total ordinary rates</b>	<b>50,976</b>	<b>46,548</b>
<b>Annual charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	12,323	10,822
Section 611 charges	52	48
Stormwater management levy	531	489
<b>Total annual charges</b>	<b>12,906</b>	<b>11,359</b>
<b><u>TOTAL RATES AND ANNUAL CHARGES</u></b>	<b><u>63,882</u></b>	<b><u>57,907</u></b>

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

**Accounting policy for rates and annual charges**

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

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

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018	2017
<b>(b) User charges and fees</b>		
<b>Specific user charges</b> (per s.502 – specific ‘actual use’ charges)		
Domestic waste management services (additional services)	38	30
On site sewerage inspection	34	45
Commercial waste management	625	565
On site sewerage annual charges	181	176
<b>Total specific user charges</b>	<b>878</b>	<b>816</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Building services – other	4,451	4,144
Private works – section 67	111	24
Section 149 certificates (EPA Act)	460	467
Section 603 certificates	248	259
Town planning	3,892	4,224
<b>Total fees and charges – statutory/regulatory</b>	<b>9,162</b>	<b>9,118</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Cemeteries	414	355
Child care (family day care services)	461	492
Fire and emergency services levy (FESL) implementation	–	275
Leaseback fees – Council vehicles	902	830
Library services	39	47
Parks and leisure centres	5,185	4,005
Public halls	1,144	1,298
Other	137	108
<b>Total fees and charges – other</b>	<b>8,282</b>	<b>7,410</b>
<b>TOTAL USER CHARGES AND FEES</b>	<b>18,322</b>	<b>17,344</b>

**Accounting policy for user charges and fees**

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

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018	2017
<b>(c) Interest and investment revenue (including losses)</b>		
<b>Interest</b>		
– Overdue rates and annual charges (incl. special purpose rates)	182	174
– Restricted funds	1,953	1,731
– General funds	1,647	1,498
<b><u>TOTAL INTEREST AND INVESTMENT REVENUE</u></b>	<b><u>3,782</u></b>	<b><u>3,403</u></b>
<b>Interest revenue is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	182	174
General Council cash and investments	1,649	1,498
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	1,394	1,239
– Section 64	197	173
Domestic waste management operations	260	211
Department of Planning Interest Free Loan	100	108
<b>Total interest and investment revenue recognised</b>	<b><u>3,782</u></b>	<b><u>3,403</u></b>

**Accounting policy for interest and investment revenue**

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

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	Notes	2018	2017
<b>(d) Other revenues</b>			
Rental income – investment properties	10	383	42
Fines		205	440
Legal fees recovery – rates and charges (extra charges)		124	140
Legal fees recovery – other		424	10
Bushfire services		–	6
Commissions and agency fees		205	112
Domestic waste management		–	19
Easement compensation		119	1
Employee relations		116	178
Insurance claim recoveries		164	430
Rental income – council properties		87	33
Risk mgmt. performance incentive rebates		201	188
Sales – general		55	33
Contributions to long service leave – other councils		179	430
Energy Savings Rebate		184	–
Recognition of Air Bridge Lease		2,950	–
Other		472	439
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>5,868</u></b>	<b><u>2,501</u></b>

**Accounting policy for other revenue**

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

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

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

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

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

Council has recognised the fair value of income generated from the air bridge over Camden Valley Way using a discounted cash flow which is to be amortised over the life of the lease (99 years).



## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018 Operating	2017 Operating	2018 Capital	2017 Capital
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance – general component	2,502	3,542	–	–
Financial assistance – local roads component	1,341	1,742	–	–
Pensioners' rates subsidies – general component	316	316	–	–
<b>Total general purpose</b>	<b>4,159</b>	<b>5,600</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>				
Pensioners' rates subsidies:				
– Domestic waste management	91	89	–	–
Aged care	3	–	–	–
Better waste and recycling fund	110	60	–	–
Bushfire and emergency services	163	–	–	–
Child care (family day care)	1,353	1,386	–	–
Community services	151	171	–	–
Economic development	–	5	–	–
Environment education	–	112	–	–
Floodplain management	–	–	31	140
Library	203	193	–	–
LIRS subsidy	99	110	–	–
Noxious weeds	29	29	–	–
NSW rural fire services	–	243	–	–
Recreation and culture	39	6	–	–
Recreational services	17	25	–	45
Street lighting	128	128	–	–
Transport (other roads and bridges funding)	–	–	1,666	1,129
<b>Total specific purpose</b>	<b>2,386</b>	<b>2,557</b>	<b>1,697</b>	<b>1,314</b>
<b>Total grants</b>	<b>6,545</b>	<b>8,157</b>	<b>1,697</b>	<b>1,314</b>
<b>Grant revenue is attributable to:</b>				
– Commonwealth funding	5,189	7,114	1,666	1,298
– State funding	1,356	1,043	31	16
	<b>6,545</b>	<b>8,157</b>	<b>1,697</b>	<b>1,314</b>

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	Notes	2018 Operating	2017 Operating	2018 Capital	2017 Capital
<b>(f) Contributions</b>					
<b>Developer contributions:</b>					
<b>(s7.4 &amp; s7.11 – EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
VPA – other cash revenue		331	368	1,816	1,875
Other section 7.11 developer contributions		513	444	210	51
Open space		–	–	7,882	5,690
Traffic facilities		–	–	261	93
Drainage		–	–	4,172	2,386
Roadworks		–	–	3,961	3,082
Community facilities		–	–	7,953	6,289
Other developer contributions		–	–	–	37
<b>Total developer contributions – cash</b>		<b>844</b>	<b>812</b>	<b>26,255</b>	<b>19,503</b>
<b>Non-cash contributions</b>					
VPA – dedicated drainage		–	–	1,671	1,394
VPA – dedicated open space		–	–	2,188	–
VPA – dedicated roads		–	–	2,011	617
VPA - dedicated community facilities		–	–	12,875	2,547
VPA - dedicated land		–	–	16,292	4,148
Roadworks (in kind)		–	–	–	235
Drainage (in kind)		–	–	–	157
<b>Total developer contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>35,037</b>	<b>9,098</b>
<b>Total developer contributions</b>	22	<b>844</b>	<b>812</b>	<b>61,292</b>	<b>28,601</b>
<b>Other contributions:</b>					
<b>Cash contributions</b>					
Community services		–	1	–	91
Heritage/cultural		14	–	–	–
Other councils – joint works/services		12	80	–	–
Paving		–	–	–	102
Planning studies		151	–	–	–
Recreation and culture		5	2	50	53
Roads and bridges		–	–	172	95
RMS contributions (regional roads, block grant)		122	106	4,297	1,093
Housing acceleration fund		392	13	–	–
Other		–	7	–	1
<b>Total other contributions – cash</b>		<b>696</b>	<b>209</b>	<b>4,519</b>	<b>1,435</b>
<b>Non-cash contributions</b>					
Bushfire services		–	–	690	–
Dedicated Community Land		–	–	2,103	–
Dedicated land under roads		–	–	10,865	4,814
Dedicated subdivision roads		–	–	60,340	38,138
Dedicated Bridges		–	–	–	3,608
Dedicated drainage		–	–	23,145	18,411
Dedications – subdivisions (other than by s7.11)		–	–	–	30
Dedicated operational land		–	–	10,420	2,021
Dedicated open space assets		–	–	154	–
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>107,717</b>	<b>67,022</b>
<b>Total other contributions</b>		<b>696</b>	<b>209</b>	<b>112,236</b>	<b>68,457</b>
<b>Total contributions</b>		<b>1,540</b>	<b>1,021</b>	<b>173,528</b>	<b>97,058</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>		<b>8,085</b>	<b>9,178</b>	<b>175,225</b>	<b>98,372</b>

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

**Accounting policy for contributions**

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

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 benefit comprising the contribution will flow to the Council and (ii) the amount of 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 un-discharged at reporting date, the unused grant or contribution is disclosed above.

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

\$ '000	2018	2017
<b>(g) Unspent grants and contributions</b>		
<b>Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
<b>Operating grants</b>		
Unexpended at the close of the previous reporting period	253	248
<b>Add:</b> operating grants recognised in the current period but not yet spent	147	153
<b>Add:</b> operating grants received for the provision of goods and services in a future period	1,927	17
<b>Less:</b> operating grants recognised in a previous reporting period now spent	(140)	(165)
<b>Unexpended and held as restricted assets (operating grants)</b>	<b>2,187</b>	<b>253</b>
<b>Capital grants</b>		
Unexpended at the close of the previous reporting period	648	787
<b>Add:</b> capital grants recognised in the current period but not yet spent	188	348
<b>Add:</b> capital grants received for the provision of goods and services in a future period	699	100
<b>Less:</b> capital grants recognised in a previous reporting period now spent	(552)	(587)
<b>Unexpended and held as restricted assets (capital grants)</b>	<b>983</b>	<b>648</b>
<b>Contributions</b>		
Unexpended at the close of the previous reporting period	43,847	53,902
<b>Add:</b> contributions recognised in the current period but not yet spent	19,971	5,081
<b>Less:</b> contributions recognised in a previous reporting period now spent	(2,182)	(15,136)
<b>Unexpended and held as restricted assets (contributions)</b>	<b>61,636</b>	<b>43,847</b>

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 4. Expenses from continuing operations

\$ '000	2018	2017
<b>(a) Employee benefits and on-costs</b>		
Salaries and wages	33,266	29,035
Travel expenses	2,133	2,019
Employee leave entitlements (ELE)	2,641	4,034
Superannuation	4,223	3,339
Workers' compensation insurance	490	737
Fringe benefit tax (FBT)	218	201
Training costs (other than salaries and wages)	289	359
Other	233	169
<b>Total employee costs</b>	<b>43,493</b>	<b>39,893</b>
Less: capitalised costs	(1,466)	(1,062)
<b><u>TOTAL EMPLOYEE COSTS EXPENSED</u></b>	<b><u>42,027</u></b>	<b><u>38,831</u></b>

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

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

**Retirement benefit obligations**

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

**Superannuation plans**

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

- a. Funding arrangements and methods used to determine the entity's rate of contribution and any minimum funding requirements.

Council participates in a Defined Benefit Plan under the Local Government Superannuation Scheme.

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

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

- Division B 1.9 times employee contribution
- Division C 2.5% salaries
- Division D 1.64 times employee contribution

The additional lump sum contribution for each pooled employer is a share of the total additional contributions of \$40m per annum from 1 July 2017 for four years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2017. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2017.

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

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

## (a) Employee benefits and on-costs (continued)

- b. Extent to which the entity can be liable to the plan for other entities' obligations under the terms and condition of the multi - employer plan.

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

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

- c. Description of any agreed allocation of a deficit or surplus on:

- (i) wind - up of the plan

There are no specific provisions under the Funds trust deed dealing with deficit or surplus on wind- up.

- (ii) the entity's withdrawal from the plan

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

- d. Further information relating to reasons for accounting for the pooled employer fund as a defined contribution plan:

- (i) The fact that the plan is a defined benefit plan; we confirm the plan is a defined benefit plan;

- (ii) The reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan;

We believe that the pooled employers sub group can be considered a defined benefit multi employer plan. As such we do not believe that there is sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

- (iii) The expected contributions to the plan for the next annual reporting period is \$569,023

- (iv) Information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity

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

- (v) Indication of the level of participation of the entity in the plan compared with other participating entities.

Council's participation in the scheme compared with other entities is about 0.62% based on Council's current level of additional contributions of \$750,000 against total contributions of \$40m each year from 1 July 2017 to 30 June 2021. The amount of employer contributions to the defined benefits section of the Fund and recognised as an expense for the year ending 30 June 2018 was \$621,586.



## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018	2017
<b>(b) Borrowing costs</b>		
<b>(i) Interest bearing liability costs</b>		
Interest on loans	1,393	1,437
<b>Total interest bearing liability costs expensed</b>	<b>1,393</b>	<b>1,437</b>
<b>(ii) Other borrowing costs</b>		
Amortisation of discounts and premiums - interest free loan	415	523
<b>Total other borrowing costs</b>	<b>415</b>	<b>523</b>
<b><u>TOTAL BORROWING COSTS EXPENSED</u></b>	<b><u>1,808</u></b>	<b><u>1,960</u></b>
<b>Accounting policy for borrowing costs</b>		
Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.		
<b>(c) Materials and contracts</b>		
Raw materials and consumables	9,230	8,923
Contractor and consultancy costs		
– Leisure centre and pools	4,202	3,369
– Waste management	4,670	4,245
– Parks and garden maintenance	4,196	3,578
– Information technology	2,082	1,856
– Community support programs	2,952	2,711
– Agency agreements	393	378
Auditors remuneration <sup>(2)</sup>	94	71
Legal expenses:		
– Legal expenses: planning and development	352	124
– Legal expenses: debt recovery	78	141
– Legal expenses: other	666	396
Operating leases:		
– Operating lease rentals: minimum lease payments <sup>(1)</sup>	75	–
<b><u>TOTAL MATERIALS AND CONTRACTS</u></b>	<b><u>28,990</u></b>	<b><u>25,792</u></b>

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018	2017
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## (c) Materials and contracts (continued)

**Operating leases**

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

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

Other	75	—
	<b>75</b>	<b>—</b>

**2. Auditor remuneration**

During the year the following fees were paid or payable for services provided by the auditor of Council, related practices and non-related audit firms

**Auditors of the Council – NSW Auditor-General:****(i) Audit and other assurance services**

Audit and review of financial statements	94	71
<b>Remuneration for audit and other assurance services</b>	<b>94</b>	<b>71</b>
<b>Total Auditor-General remuneration</b>	<b>94</b>	<b>71</b>

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018	2017
<b>(d) Depreciation, amortisation and impairment</b>		
<b>Depreciation and amortisation</b>		
Plant and equipment	1,770	1,168
Office equipment	644	570
Furniture and fittings	366	135
Land improvements (depreciable)	667	432
<b>Infrastructure:</b>		
– Buildings – non-specialised	4,098	2,373
– Buildings – specialised	10	10
– Other structures	1,544	1,193
– Roads	9,567	7,430
– Bridges	544	485
– Footpaths	795	688
– Stormwater drainage	2,535	2,126
<b>Other assets:</b>		
– Library books	183	176
– Other	336	271
<b>Total gross depreciation and amortisation costs</b>	<b>23,059</b>	<b>17,057</b>
Less: capitalised costs	(689)	(668)
<b>Total depreciation and amortisation costs</b>	<b>22,370</b>	<b>16,389</b>
<b>Impairment / revaluation decrement of IPP&amp;E</b>		
Nil		
<b>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT COSTS EXPENSED</b>	<b>22,370</b>	<b>16,389</b>

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

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

Residual values for infrastructure assets are not used as infrastructure assets do not have an open market for the purpose of buying and selling.

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018	2017
<b>(e) Other expenses</b>		
Advertising	284	168
Bad and doubtful debts	350	142
Bank charges	183	187
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	709	700
Councillor expenses – mayoral fee	35	34
Councillor expenses – councillors' fees	144	137
Councillors' expenses (incl. mayor) – other (excluding fees above)	67	91
Development operating expenses	196	188
Donations, contributions and assistance to other organisations (Section 356)	263	266
Election expenses	–	334
Electricity and heating	680	471
Emergency services	29	52
Information technology expenses	256	193
Insurance	588	632
Postage	242	213
Printing and stationery	138	155
Rates collection charges	249	195
Sec 7.11 administration – operating expenses	276	169
Street lighting	2,009	1,657
Telephone and communications	215	275
Write-down of inventories held for sale or distribution	53	–
Water charges	468	270
Reversal of housing acceleration fund debtor	–	300
Other	959	505
<b><u>TOTAL OTHER EXPENSES</u></b>	<b><u>8,393</u></b>	<b><u>7,334</u></b>

**Accounting policy for other expenses**

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

Council changed its internal accounting policy for treatment of loose tools items and now expenses those items to jobs upon purchase. Previously these items were kept as inventory within Councils balance sheet.

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	2018	2017
<b>Property</b> (excl. investment property)	9		
Proceeds from disposal – property		–	519
Less: carrying amount of property assets sold/written off		(1,075)	(84)
<b>Net gain/(loss) on disposal</b>		<b>(1,075)</b>	<b>435</b>
<b>Plant and equipment</b>	9		
Proceeds from disposal – plant and equipment		345	92
Less: carrying amount of plant and equipment assets sold/written off		(242)	–
<b>Net gain/(loss) on disposal</b>		<b>103</b>	<b>92</b>
<b>Infrastructure</b>	9		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets written off		(5,114)	(2,251)
<b>Net gain/(loss) on disposal</b>		<b>(5,114)</b>	<b>(2,251)</b>
<b>Financial assets</b>	6		
Proceeds from disposal/redemptions/maturities – financial assets		136,200	123,900
Less: carrying amount of financial assets sold/redeemed/matured		(136,200)	(123,900)
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(6,086)</b>	<b>(1,724)</b>

**Accounting policy for disposal of assets**

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

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

\$ '000	2018	2017
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	3,637	2,519
Cash-equivalent assets		
– Deposits at call	5,000	5,000
<b>Total cash and cash equivalents</b>	<b>8,637</b>	<b>7,519</b>

**Accounting policy for cash and cash equivalents**

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

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 6(b). Investments

\$ '000	2018 Current	2018 Non-current	2017 Current	2017 Non-current
<b>Investments</b>				
'Held to maturity'	84,200	29,500	68,200	32,200
<b>Total investments</b>	<b>84,200</b>	<b>29,500</b>	<b>68,200</b>	<b>32,200</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>	<b>92,837</b>	<b>29,500</b>	<b>75,719</b>	<b>32,200</b>
<b>Held to maturity investments</b>				
Term deposits	84,200	29,500	68,200	32,200
<b>Total</b>	<b>84,200</b>	<b>29,500</b>	<b>68,200</b>	<b>32,200</b>

**Accounting policy for investments****Classification**

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

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

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

**(b) Held to maturity investments**

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

**(c) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in other receivables (Note 8) and receivables (Note 7) in the Statement of Financial Position. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

**(d) Available for sale financial assets**

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

**Recognition and de-recognition**

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

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018 Current	2018 Non-current	2017 Current	2017 Non-current
Total cash, cash equivalents and investments	92,837	29,500	75,719	32,200
attributable to:				
External restrictions (refer below)	48,654	29,500	24,000	32,200
Internal restrictions (refer below)	43,684	–	49,396	–
Unrestricted	499	–	2,323	–
	92,837	29,500	75,719	32,200

\$ '000	2018	2017
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## Details of restrictions

## External restrictions – included in liabilities

Specific purpose unexpended loans – general	3,508	3,408
Section 7.11 – works in kinds (refundable)	304	278
External restrictions – included in liabilities	3,812	3,686

## External restrictions – other

Developer contributions – general	61,320	43,567
Specific purpose unexpended grants	3,170	873
Domestic waste management	9,714	7,974
Stormwater management levy	119	81
Other	19	19
External restrictions – other	74,342	52,514
Total external restrictions	78,154	56,200

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018	2017
<b>Internal restrictions</b>		
Plant and vehicle replacement	1,711	2,245
Employees leave entitlement	2,663	2,576
Deposits, retentions and bonds	16,881	14,930
Revote/carry forward reserve	5,825	6,061
Asset renewal reserve	494	1,901
Camden parking reserve	121	121
Camden town centre reserve	–	110
Capital works reserve	5,754	8,957
Cemetery improvements	452	98
Commercial waste services	363	334
Community infrastructure program (2014-19)	963	1,607
DOP loan repayment reserve	4,200	6,200
Elections reserve	101	–
Engineering services deposits	197	205
Family day care trust	55	43
Information technology reserve	680	588
Public appeals reserve	36	36
Risk management reserve	319	370
Sec 355 committee reserve	708	686
Stormwater management (general fund)	171	255
Water savings action plan reserve	96	128
Working funds reserve	1,733	1,859
Other	161	86
<b>Total internal restrictions</b>	<b>43,684</b>	<b>49,396</b>
<b>TOTAL RESTRICTIONS</b>	<b>121,838</b>	<b>105,596</b>



## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 7. Receivables

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Purpose</b>				
Rates and annual charges	1,424	305	1,434	301
Interest and extra charges	164	137	157	136
Restoration and private works	63	–	5	–
Accrued revenues				
– Interest on investments	1,181	–	1,113	–
City Deal projects	3	–	11	–
Commercial waste	22	–	11	–
Community and recreational facilities	268	–	259	–
Easement compensation	14	–	–	–
Employee accounts	20	–	40	–
Gas main rating charge	51	–	48	–
Government grants and subsidies	695	–	793	–
Health and environment inspections	63	–	64	–
Land compensation	1,190	–	625	1,190
Legal cost recovery	822	–	502	–
Leisure centre contracts	166	–	255	–
Net GST receivable	749	–	815	–
Section 7.11 contributions	12	–	12	–
Insurance recoveries	–	–	140	–
Contribution to Mount Annan leisure centre	–	–	110	–
Energy Efficiency	185	–	–	–
Air Bridge Lease Receivable	66	2,884	–	–
Other debtors	152	–	46	–
<b>Total</b>	<b>7,310</b>	<b>3,326</b>	<b>6,440</b>	<b>1,627</b>
<b>Less: provision for impairment</b>				
Other debtors	(903)	–	(588)	–
<b>Total provision for impairment – receivables</b>	<b>(903)</b>	<b>–</b>	<b>(588)</b>	<b>–</b>
<b>TOTAL NET RECEIVABLES</b>	<b>6,407</b>	<b>3,326</b>	<b>5,852</b>	<b>1,627</b>
<b>Externally restricted receivables</b>				
Domestic waste management	518	72	461	70
Stormwater management	19	1	17	1
Section 7.11 contributions	12	–	12	–
Government Grants	695	–	793	–
<b>Total external restrictions</b>	<b>1,244</b>	<b>73</b>	<b>1,283</b>	<b>71</b>
<b>Internally restricted receivables</b>				
Commercial waste reserve	22	–	11	–
<b>Internally restricted receivables</b>	<b>22</b>	<b>–</b>	<b>11</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>5,141</b>	<b>3,253</b>	<b>4,558</b>	<b>1,556</b>
<b>TOTAL NET RECEIVABLES</b>	<b>6,407</b>	<b>3,326</b>	<b>5,852</b>	<b>1,627</b>
<b>Movement in provision for impairment of receivables</b>			<b>2018</b>	<b>2017</b>
Balance at the beginning of the year			588	446
+ new provisions recognised during the year			315	142
<b>Balance at the end of the year</b>			<b>903</b>	<b>588</b>

## Camden Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 7. Receivables (continued)

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##### Accounting policy for receivables

##### Recognition and measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables (Note 7) in the Statement of Financial Position.

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

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

##### Impairment

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

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

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

##### Finance leases

Leases of property, plant and equipment where Council, as lessee, 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 fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged 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.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that Council will obtain ownership at the end of the lease term.

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 8. Inventories and other assets

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>(a) Inventories</b>				
<b>(i) Inventories at cost</b>				
Stores and materials	311	–	393	–
Trading stock	24	–	22	–
Stores and materials – domestic waste	12	–	12	–
<b>Total inventories at cost</b>	<b>347</b>	<b>–</b>	<b>427</b>	<b>–</b>
<b><u>TOTAL INVENTORIES</u></b>	<b><u>347</u></b>	<b><u>–</u></b>	<b><u>427</u></b>	<b><u>–</u></b>
<b>(b) Other assets</b>				
Prepayments	71	–	117	–
Information technology holding account	62	–	81	–
Other	2	–	2	–
<b><u>TOTAL OTHER ASSETS</u></b>	<b><u>135</u></b>	<b><u>–</u></b>	<b><u>200</u></b>	<b><u>–</u></b>
<b>Externally restricted assets</b>				
<b>Domestic waste management</b>				
Stores and materials	12	–	12	–
<b>Total domestic waste management</b>	<b>12</b>	<b>–</b>	<b>12</b>	<b>–</b>
<b>Total externally restricted assets</b>	<b>12</b>	<b>–</b>	<b>12</b>	<b>–</b>
<b>Total unrestricted assets</b>	<b>470</b>	<b>–</b>	<b>615</b>	<b>–</b>
<b><u>TOTAL INVENTORIES AND OTHER ASSETS</u></b>	<b><u>482</u></b>	<b><u>–</u></b>	<b><u>627</u></b>	<b><u>–</u></b>

## Accounting policy

## Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. 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.

## Inventory held for distribution

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

## Camden Council

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

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

Asset class \$ '000	as at 30/6/2017			Asset movements during the reporting period									as at 30/6/2018		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Tfrs from/(to) investment property	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	44,598	–	44,598	–	11,380	–	–	(42,535)	–	–	–	–	13,443	–	13,443
Plant and equipment	16,295	10,847	5,448	–	4,475	(242)	(1,770)	–	–	–	–	–	18,654	10,744	7,910
Office equipment	6,173	4,428	1,745	–	1,023	–	(644)	–	–	–	–	–	7,194	5,071	2,123
Furniture and fittings	3,180	1,452	1,728	–	939	–	(366)	–	–	–	–	–	4,118	1,819	2,299
<b>Land:</b>															
– Operational land	91,063	–	91,063	–	22,400	(1,075)	–	6,034	(4,298)	(8,245)	–	26,626	132,505	–	132,505
– Community land	112,884	–	112,884	–	2,474	–	–	–	101	–	–	–	115,459	–	115,459
– Crown Land	–	–	–	–	2,103	–	–	–	–	–	–	–	2,103	–	2,103
– Land under roads (post 30/6/08)	102,821	–	102,821	–	10,865	–	–	–	4,197	–	(3,874)	–	114,009	–	114,009
Land improvements – non-depreciable	29,732	–	29,732	–	–	–	–	–	–	–	–	–	29,732	–	29,732
Land improvements – depreciable	8,418	3,977	4,441	–	1,079	–	(667)	1,706	–	–	–	–	11,202	4,643	6,559
<b>Infrastructure:</b>															
– Buildings – non-specialised	111,721	44,248	67,473	100	16,903	–	(4,098)	15,009	–	(6,720)	–	27,016	156,658	40,974	115,684
– Buildings – specialised	2,101	1,179	922	–	–	–	(10)	–	–	–	–	358	2,583	1,313	1,270
– Other structures	31,989	14,446	17,543	69	2,276	(14)	(1,544)	1,930	–	–	–	–	36,243	15,518	20,725
– Roads	572,820	123,153	449,667	1,205	49,458	(5,031)	(9,567)	15,502	–	–	–	–	633,141	131,903	501,238
– Bridges	42,972	13,479	29,493	1,114	4,407	–	(544)	–	–	–	–	–	48,493	14,023	34,470
– Footpaths	44,810	10,584	34,226	265	4,942	(3)	(795)	–	–	–	–	–	50,006	11,373	38,633
– Bulk earthworks (non-depreciable)	15,952	–	15,952	–	7,689	–	–	–	–	–	–	–	23,641	–	23,641
– Stormwater drainage	293,219	36,790	256,429	–	26,235	(66)	(2,535)	2,354	–	–	–	–	321,735	39,318	282,417
– Other open space/recreational assets	6,371	2,779	3,592	–	1,725	–	–	–	–	–	–	–	8,085	3,234	4,851
<b>Other assets:</b>															
– Library books	3,713	2,654	1,059	–	844	–	(183)	–	–	–	–	–	4,557	2,837	1,720
– Other	5,642	4,466	1,176	–	544	–	(336)	–	–	–	–	–	6,186	4,800	1,386
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.</b>	<b>1,546,474</b>	<b>274,482</b>	<b>1,271,992</b>	<b>2,753</b>	<b>171,761</b>	<b>(6,431)</b>	<b>(23,059)</b>	<b>–</b>	<b>–</b>	<b>(14,965)</b>	<b>(3,874)</b>	<b>54,000</b>	<b>1,739,747</b>	<b>287,570</b>	<b>1,452,177</b>

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

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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

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

**Externally valued:**

Operational Land  
Community Land  
Land Improvements  
Buildings - specialised/non specialised  
Other open space/recreational assets  
Other Infrastructure/structures  
Other assets

**Internally valued:**

Roads assets including roads, bridges and footpaths  
Bulk earthworks  
Stormwater drainage  
Other non infrastructure assets

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

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

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

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5 to 10	Playground equipment	15
Office furniture	7 to 10	Benches, seats etc.	20 to 30
Computer equipment	4 to 5	Library books	10
Vehicles	5 to 7		
Heavy plant/road making equipment	5 to 7		
Other plant and equipment	5 to 7		
<b>Buildings</b>		<b>Stormwater assets</b>	
Structure	40 to 60	Drains	50 to 150
Roof membrane and air conditioning	20	Culverts	100
Lift and escalators	25	Flood control structures	50 to 150
Fire services	30		
Floor coverings	10		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	20 to 50	Bulk earthworks	Infinite
Sealed roads: structure	40 to 100		
Bridge: concrete	40 to 80		
Footpaths	10 to 60		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income statement.

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

**Land under roads**

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

Council has recognised land under roads acquired before 1 July 2008 in accordance with AASB 1051.

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

**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.

**Rural Fire Service assets**

Under section 119 of the *Rural Fire Services Act 1997 (NSW)*, "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".

Council recognises all Rural Fire Service assets, including land, building, plant and vehicles.

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

\$ '000 Class of asset	2018			2017		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
<b>Domestic waste management</b>						
Plant and equipment	12,253	7,349	<b>4,904</b>	10,875	7,321	<b>3,554</b>
Land						
– Operational land	1,865	–	<b>1,865</b>	1,657	–	<b>1,657</b>
Buildings	1,151	623	<b>528</b>	1,179	746	<b>433</b>
<b>Total DWM</b>	<b>15,269</b>	<b>7,972</b>	<b>7,297</b>	<b>13,711</b>	<b>8,067</b>	<b>5,644</b>
<b>TOTAL RESTRICTED IPP&amp;E</b>	<b>15,269</b>	<b>7,972</b>	<b>7,297</b>	<b>13,711</b>	<b>8,067</b>	<b>5,644</b>

**Camden Council**  
**Notes to the Financial Statements**  
for the year ended 30 June 2018  
**Note 10. Investment property**

\$ '000	2018	2017
<b>(a) Investment property at fair value</b>		
<u>Investment property on hand</u>	<u>27,300</u>	<u>12,350</u>
<b>Reconciliation of annual movement:</b>		
Opening balance	12,350	–
– Net gain/(loss) from fair value adjustments	(15)	–
– Transfers from/(to) owner occupied (Note 9)	14,965	12,350
<b>CLOSING BALANCE – INVESTMENT PROPERTY</b>	<b>27,300</b>	<b>12,350</b>

**(b) Valuation basis**

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

The 2018 revaluations were based on independent assessments made by:  
Scott Fullarton FAPI CPP, Certified Practicing Valuer -Scott Fullarton Valuations Pty Ltd - ABN 40 003 683 878

**(c) Leasing arrangements – Council as lessor**

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

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

Within 1 year	1,024	83
Later than 1 year but less than 5 years	4,681	166
<b>Total minimum lease payments receivable</b>	<b>5,705</b>	<b>249</b>

**(d) Investment property income and expenditure – summary**

<b>Rental income from investment property:</b>		
– Minimum lease payments	383	42
<b>Net revenue contribution from investment property</b>	<b>383</b>	<b>42</b>
plus:		
<b>Fair value movement for year</b>	<b>(15)</b>	<b>–</b>
<b>Total income attributable to investment property</b>	<b>368</b>	<b>42</b>

**Accounting policy for investment property**

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

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

## Camden Council

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

## Note 11. Payables and borrowings

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Payables</b>				
Goods and services – operating expenditure	3,094	–	5,703	–
Accrued expenses:				
– Borrowings	518	–	524	–
– Salaries and wages	942	–	659	–
Security bonds, deposits and retentions	16,579	–	14,643	–
Section 7.11 – works in kind agreements	304	11,107	278	11,159
Other	2	–	–	–
<b>Total payables</b>	<b>21,439</b>	<b>11,107</b>	<b>21,807</b>	<b>11,159</b>
<b>Income received in advance</b>				
Payments received in advance	246	–	258	–
<b>Total income received in advance</b>	<b>246</b>	<b>–</b>	<b>258</b>	<b>–</b>
<b>Borrowings</b>				
Loans – secured <sup>1</sup>	3,665	27,957	3,797	31,205
<b>Total borrowings</b>	<b>3,665</b>	<b>27,957</b>	<b>3,797</b>	<b>31,205</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>25,350</b>	<b>39,064</b>	<b>25,862</b>	<b>42,364</b>

## (a) Payables and borrowings relating to restricted assets

	2018		2017	
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Domestic waste management	–	–	6	–
Section 7.11 – Works in kind agreements	304	11,107	278	11,159
Payables and borrowings relating to externally restricted assets	304	11,107	284	11,159
<b>Total payables and borrowings relating to restricted assets</b>	<b>304</b>	<b>11,107</b>	<b>284</b>	<b>11,159</b>
<b>Total payables and borrowings relating to unrestricted assets</b>	<b>25,046</b>	<b>27,957</b>	<b>25,578</b>	<b>31,205</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>25,350</b>	<b>39,064</b>	<b>25,862</b>	<b>42,364</b>

<sup>1</sup>. Loans are secured over the general rating income of Council

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



## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 11. Payables and borrowings (continued)

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

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

Payables – security bonds, deposits and retentions	8,289	7,253
	<b>8,289</b>	<b>7,253</b>

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

Class of borrowings	2017	Non-cash changes				2018
	Opening balance as at 1/7/17	Cash flows	Acquisition	Fair value changes	Other non-cash movements	Closing balance as at 30/6/18
Loans – secured	35,002	(3,380)	–	–	–	31,622
<b>TOTAL</b>	<b>35,002</b>	<b>(3,380)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>31,622</b>

\$ '000	2018	2017
---------	------	------

**(d) Financing arrangements****(i) Unrestricted access was available at balance date to the following lines of credit:**

Bank overdraft facilities <sup>(1)</sup>	150	150
Credit cards/purchase cards	450	450
<b>Total financing arrangements</b>	<b>600</b>	<b>600</b>
<b>Undrawn facilities as at balance date:</b>		
– Bank overdraft facilities	150	150
– Credit cards/purchase cards	450	450
<b>Total undrawn financing arrangements</b>	<b>600</b>	<b>600</b>

1. The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

## Camden Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 11. Payables and borrowings (continued)

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##### Accounting policy for payables and borrowings

###### Payables

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

###### Borrowings

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

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

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

**Camden Council**  
**Notes to the Financial Statements**  
for the year ended 30 June 2018

**Note 12. Provisions**

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Provisions</b>				
<b>Employee benefits:</b>				
Annual leave	3,583	—	3,360	—
Long service leave	6,546	626	6,894	659
<b><u>TOTAL PROVISIONS</u></b>	<b><u>10,129</u></b>	<b><u>626</u></b>	<b><u>10,254</u></b>	<b><u>659</u></b>

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

There are restricted assets (internal) applicable to the above provisions

**Internally restricted assets**

Employee Leave Entitlement	2,663		2,576	
Provisions relating to internally restricted assets	2,663	—	2,576	—
<b>Total provisions relating to restricted assets</b>	<b>2,663</b>	<b>—</b>	<b>2,576</b>	<b>—</b>
<b>Total provisions relating to unrestricted assets</b>	<b>7,466</b>	<b>626</b>	<b>7,678</b>	<b>659</b>
<b><u>TOTAL PROVISIONS</u></b>	<b><u>10,129</u></b>	<b><u>626</u></b>	<b><u>10,254</u></b>	<b><u>659</u></b>

\$ '000	2018	2017
---------	------	------

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

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

Provisions – employees benefits	6,522	7,174
	<b><u>6,522</u></b>	<b><u>7,174</u></b>

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

ELE provisions			
2018	Annual leave	Long service leave	Total
At beginning of year	3,360	7,553	10,913
Additional provisions	263	252	515
Amounts used (payments)	(79)	(729)	(808)
Remeasurement effects	39	96	135
<b>Total ELE provisions at end of year</b>	<b><u>3,583</u></b>	<b><u>7,172</u></b>	<b><u>10,755</u></b>
<b>2017</b>			
At beginning of year	2,966	6,309	9,275
Additional provisions	394	1,244	1,638
<b>Total ELE provisions at end of year</b>	<b><u>3,360</u></b>	<b><u>7,553</u></b>	<b><u>10,913</u></b>

# Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 12. Provisions (continued)

#### Accounting policy for provisions

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

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

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

#### Employee benefits

##### Short-term obligations

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

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

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

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

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

#### Self-insurance

Council has decided to self-insure for various risks, including public liability and professional indemnity. On 1 July 2014, Camden Council became a member of Civic Risk Mutual formerly known as Westpool and United Independent Pools.

Civic Risk Mutual is a co-operative Local Government self insurance scheme. Civic Risk Mutual was established to help stabilise insurance premium costs and achieve significant cost saving and long term benefit for member Councils through effective risk management.

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

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

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

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

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 14. Statement of cash flows – additional information

\$ '000	Notes	2018	2017
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6a	8,637	7,519
<b>Balance as per the Statement of Cash Flows</b>		<b>8,637</b>	<b>7,519</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		<b>165,596</b>	<b>96,704</b>
<b>Adjust for non-cash items:</b>			
Depreciation and amortisation		22,370	16,389
Net losses/(gains) on disposal of assets		6,086	1,724
Non-cash capital grants and contributions		(126,462)	(76,157)
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– investment property		15	–
Amortisation of premiums, discounts and prior period fair valuations			
– Interest exp. on interest-free loans received by Council (previously fair valued)		415	523
Share of net (profits) or losses of associates/joint ventures		(121)	(29)
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		(2,569)	452
Increase/(decrease) in provision for doubtful debts		315	142
Decrease/(increase) in inventories		80	25
Decrease/(increase) in other assets		65	(37)
Increase/(decrease) in payables		(2,609)	(956)
Increase/(decrease) in accrued interest payable		(6)	(76)
Increase/(decrease) in other accrued expenses payable		283	175
Increase/(decrease) in other liabilities		1,900	7,001
Increase/(decrease) in employee leave entitlements		(158)	1,113
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>65,200</b>	<b>46,993</b>
<b>(c) Non-cash investing and financing activities</b>			
Developer contributions 'in kind'		–	392
Other dedications		126,462	75,765
<b>Total non-cash investing and financing activities</b>		<b>126,462</b>	<b>76,157</b>

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 15. Interests in other entities

	Council's share of net income		Council's share of net assets	
	2018	2017	2018	2017
Joint ventures	121	29	194	73
<b>Total</b>	<b>121</b>	<b>29</b>	<b>194</b>	<b>73</b>

## (a) Joint arrangements

## (i) Joint ventures

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

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

Name of entity	Nature of relationship	Measurement method	2018	2017
Civic Risk West	Joint venture	Equity	57	20
Civic Risk Mutual	Joint venture	Equity	137	53
<b>Total carrying amounts – material joint ventures</b>			<b>194</b>	<b>73</b>

## (b) Details

Name of entity	Principal activity	Place of business
Civic Risk West	Liability insurance and risk management	Penrith
Civic Risk Mutual	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	
	2018	2017	2018	2017	2018	2017
Civic Risk West	0.1%	0.1%	0.1%	0.1%	10.0%	10.0%
Civic Risk Mutual	1.6%	0.8%	1.6%	0.8%	6.3%	5.9%

## (d) Summarised financial information for joint ventures

	Civic Risk West		Civic Risk Mutual	
Statement of financial position	2018	2017	2018	2017
<b>Current assets</b>				
Cash and cash equivalents	3,022	2,935	1,158	506
Other current assets	19,442	13,732	5,759	6,239
<b>Non-current assets</b>	41,740	47,434	5,989	5,889
<b>Less Current liabilities</b>				
Current financial liabilities (excluding trade and other payables and provisions)	6,111	5,008	2,691	2,891
Other current liabilities	720	688	299	423
<b>Less Non-current liabilities</b>				
Non-current financial liabilities (excluding trade and other payables and provisions)	15,612	20,429	1,448	2,830
<b>Net assets</b>	<b>41,761</b>	<b>37,976</b>	<b>8,468</b>	<b>6,490</b>

## Camden Council

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

## Note 15. Interests in other entities (continued)

\$ '000

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

	Civic Risk West		Civic Risk Mutual	
	2018	2017	2018	2017
<b>Reconciliation of the carrying amount</b>				
Opening net assets (1 July)	37,976	32,195	6,490	7,287
Profit/(loss) for the period	5,913	7,465	1,978	(797)
Dividends paid	(2,128)	(1,684)	—	—
<b>Closing net assets</b>	<b>41,761</b>	<b>37,976</b>	<b>8,468</b>	<b>6,490</b>
<b>Council's share of net assets (%)</b>	<b>0.137%</b>	<b>0.052%</b>	<b>1.622%</b>	<b>0.810%</b>
<b>Council's share of net assets (\$)</b>	<b>57</b>	<b>20</b>	<b>137</b>	<b>53</b>
<b>Statement of comprehensive income</b>				
Income	9,337	7,066	9,673	8,301
Interest income	3,261	3,757	419	584
Interest expense	(17)	(17)	—	—
Other expenses	(6,668)	(3,341)	(8,114)	(9,682)
<b>Profit/(loss) from continuing operations</b>	<b>5,913</b>	<b>7,465</b>	<b>1,978</b>	<b>(797)</b>
<b>Profit/(loss) for period</b>	<b>5,913</b>	<b>7,465</b>	<b>1,978</b>	<b>(797)</b>
<b>Total comprehensive income</b>	<b>5,913</b>	<b>7,465</b>	<b>1,978</b>	<b>(797)</b>
<b>Share of income – Council (%)</b>	<b>0.626%</b>	<b>0.640%</b>	<b>4.240%</b>	<b>2.340%</b>
<b>Profit/(loss) – Council (\$)</b>	<b>37</b>	<b>48</b>	<b>84</b>	<b>(19)</b>
<b>Total comprehensive income – Council (\$)</b>	<b>37</b>	<b>48</b>	<b>84</b>	<b>(19)</b>
<b>Summarised Statement of cash flows</b>				
Cash flows from operating activities	113	3,219	903	(1,115)
Cash flows from investing activities	1,510	(2,396)	(250)	(1)
Cash flows from financing activities	(1,537)	(847)	—	—
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>86</b>	<b>(24)</b>	<b>653</b>	<b>(1,116)</b>

## Camden Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 15. Interests in other entities (continued)

##### (b) Subsidiaries, joint arrangements and associates not recognised

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

Name of entity/operation	Principal activity/type of entity	2018	2018
		Net profit	Net assets
<b>Macarthur Regional Organisation of Councils (MACROC)</b>	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 2018

## Note 16. Commitments for expenditure

\$ '000	2018	2017
---------	------	------

## (a) Capital commitments (exclusive of GST)

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

**Property, plant and equipment**

Buildings	985	1,619
Plant and equipment	1,656	2,836
Infrastructure assets	9,003	6,564
Other	317	626
<b>Total commitments</b>	<b>11,961</b>	<b>11,645</b>

**These expenditures are payable as follows:**

Within the next year	11,961	11,645
<b>Total payable</b>	<b>11,961</b>	<b>11,645</b>

**Sources for funding of capital commitments:**

Unrestricted general funds	11,961	11,645
<b>Total sources of funding</b>	<b>11,961</b>	<b>11,645</b>

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

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

Within the next year	1,611	1,040
Later than one year and not later than 5 years	1,142	777
Later than 5 years	1	—
<b>Total non-cancellable operating lease commitments</b>	<b>2,754</b>	<b>1,817</b>

**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 2018

## Note 17. Contingencies and other liabilities/assets not recognised

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

### LIABILITIES NOT RECOGNISED:

#### 1. Guarantees

##### (i) Defined benefit superannuation contribution plans

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

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

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

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

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 has been advised that an additional contribution of \$750,000 is estimated to be required until 30 June 2021. The amount of employer contribution to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2018 was \$621,586. The last valuation of the Fund was performed by the Actuary, Mr Richard Boyfield, FIAA on 12 December 2017, relating to the period ending 30 June 2017.

##### (ii) Other guarantees

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

#### 2. Other liabilities

##### (i) Third party claims

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

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

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

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

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

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

##### (iii) Land Credits

Council is currently negotiating the settlement of outstanding 'work in kind' credits with a major developer going back four decades. The negotiation is ongoing and is expected to be settled within the 2018-19 financial year. The outcome of this negotiation may result in Council needing to recognise a liability in the Statement of Financial Position.

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 18. Financial risk management

\$ '000

## Risk management

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

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

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

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

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

	Carrying value		Fair value	
	2018	2017	2018	2017
<b>Financial assets</b>				
Cash and cash equivalents	8,637	7,519	8,637	7,519
Investments				
– 'Held to maturity'	113,700	100,400	113,700	100,400
Receivables	9,733	7,479	9,733	7,479
<b>Total financial assets</b>	<b>132,070</b>	<b>115,398</b>	<b>132,070</b>	<b>115,398</b>
<b>Financial liabilities</b>				
Payables	32,546	32,966	32,546	32,966
Loans/advances	31,622	35,002	31,622	35,002
<b>Total financial liabilities</b>	<b>64,168</b>	<b>67,968</b>	<b>64,168</b>	<b>67,968</b>

Fair value is determined as follows:

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

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 18. Financial risk management (continued)

\$ '000

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

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

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

The risks associated with the investments held are:

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

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

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

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

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
<b>2018</b>				
Possible impact of a 1% movement in interest rates	1,223	1,223	(1,223)	(1,223)
<b>2017</b>				
Possible impact of a 1% movement in interest rates	1,079	1,079	(1,079)	(1,079)

**Camden Council**  
**Notes to the Financial Statements**  
for the year ended 30 June 2018

**Note 18. Financial risk management** (continued)

\$ '000

**(b) Credit risk**

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

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

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

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

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

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 balance date follows:

	2018 Rates and annual charges	2018 Other receivables	2017 Rates and annual charges	2017 Other receivables
<b>(i) Ageing of receivables – %</b>				
Current (not yet overdue)	0%	85%	0%	85%
Overdue	100%	15%	100%	15%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**(ii) Ageing of receivables – value**

**Rates and annual charges**

	2018	2017
Current	1,287	1,298
> 5 years overdue	442	437
	<b>1,729</b>	<b>1,735</b>

**Other receivables**

	2018	2017
Current	1,372	3,456
0 – 30 days overdue	2,124	624
31 – 60 days overdue	1,181	1,113
61 – 90 days overdue	695	502
> 91 days overdue	3,535	637
	<b>8,907</b>	<b>6,332</b>

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 18. Financial risk management (continued)

\$ '000

## (c) Liquidity risk

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

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

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

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk by diversification of borrowing types, maturities and interest rate structure.

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 – 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2018</b>							
Trade/other payables		16,579	15,967	–	–	32,546	<b>32,546</b>
Loans and advances		–	3,665	7,571	20,386	31,622	<b>31,622</b>
<b>Total financial liabilities</b>		<b>16,579</b>	<b>19,632</b>	<b>7,571</b>	<b>20,386</b>	<b>64,168</b>	<b>64,168</b>
<b>2017</b>							
Trade/other payables		25,802	7,164	–	–	32,966	<b>32,966</b>
Loans and advances		–	3,796	9,965	22,107	35,868	<b>35,868</b>
<b>Total financial liabilities</b>		<b>25,802</b>	<b>10,960</b>	<b>9,965</b>	<b>22,107</b>	<b>68,834</b>	<b>68,834</b>

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 19. Material budget variations

\$ '000

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

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

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

**Note that for variations\* of budget to actual :**

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

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

\$ '000	2018 Budget	2018 Actual	2018 Variance* -----		
<b>REVENUES</b>					
<b>Interest and investment revenue</b>	<b>2,620</b>	<b>3,782</b>	<b>1,162</b>	44%	<b>F</b>
Interest and investment revenue has exceeded budget expectation by \$1.162M (F). This was mainly due to Council's investment portfolio being higher than first anticipated at the time of preparing the budget. Furthermore, an increase in Section 93F developer contributions cash receipts resulted in obtaining higher interest and investment revenue.					
<b>Other revenues</b>	<b>2,098</b>	<b>5,868</b>	<b>3,770</b>	180%	<b>F</b>
Other revenues has exceeded the original budget by \$3.77M (F). This increase is mainly due to Council recognising Fair Value of rental income of \$2.90M (F) for a long term lease. Further, Council received \$400K (F) in legal recovery fees, \$184K Energy Saving Rebate, \$380K (F) in rental income from investment properties.					
<b>Operating grants and contributions</b>	<b>6,597</b>	<b>8,085</b>	<b>1,488</b>	23%	<b>F</b>
Operating grants and contributions exceeded original budget by \$1,488K (F). This increase is mainly due to the Contribution for family day care \$349K(F), Contribution of \$549K for Section 7.11. Contribution for planning studies for \$151K, contribution for Housing Acceleration funding of \$392K(F).					

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 19. Material budget variations (continued)

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----	
<b>EXPENSES</b>				
<b>Borrowing costs</b>	<b>1,386</b>	<b>1,808</b>	<b>(422)</b>	(30%) <b>U</b>
Actual borrowing costs were higher than the original budget by \$422K (U). This is primarily due to the amortisation of an interest free loan in order to represent fair value. This is a non-cash entry and therefore is not included in the original budget figures.				
<b>Materials and contracts</b>	<b>24,350</b>	<b>28,990</b>	<b>(4,640)</b>	(19%) <b>U</b>
The Materials and Contract expenses exceeded the budget by \$4.64M (U). This is mainly due to an increase in service demand due to growth and a focus on asset maintenance and service delivery to the community.				
<b>Depreciation and amortisation</b>	<b>16,071</b>	<b>22,370</b>	<b>(6,299)</b>	(39%) <b>U</b>
The depreciation expense has exceeded the budget by \$6,299K (U). Council's asset base is growing at an extraordinary rate. This has a flow on effect by increasing depreciation expense as new high value assets are depreciated. Council has removed residual values associated with road surface assets and this impacted depreciation by \$1.03M.				
<b>Other expenses</b>	<b>10,019</b>	<b>8,393</b>	<b>1,626</b>	16% <b>F</b>
Other expenses were lower than the original budget by \$1,626K (F). This is predominately due to saving in street lighting charges \$195K, workers compensation and insurance saving for \$485K, general electricity saving for \$240K and fleet saving of \$705K.				
<b>Net losses from disposal of assets</b>	<b>–</b>	<b>6,086</b>	<b>(6,086)</b>	0% <b>U</b>
The net loss from the disposal of assets resulted in a variation to budget of \$6,086M (U). This is primary due to disposal of road infrastructure assets of \$5.031M(U) and disposal of two parcel of operational land of \$1.075M (U).				
<b>Budget variations relating to Council's Cash Flow Statement include:</b>				
<b>Cash flows from operating activities</b>	<b>26,622</b>	<b>65,200</b>	<b>38,578</b>	144.9% <b>F</b>
The favourable variance of \$22,286K was a result of increased in Grants and Contribution income by \$19.11M (F), an increase in income received for rates, user charges and fees by \$2.07M (F) and \$1.1M(F) increase in investment income. These items were unknown at the time of preparing the original budget.				
<b>Cash flows from investing activities</b>	<b>(24,066)</b>	<b>(60,287)</b>	<b>(36,221)</b>	150.5% <b>U</b>
The cash flow from investing activities increased by \$19.93M (U) predominately due to an increase in the purchase of investments and growth in the portfolio.				



## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 20. Fair value measurement

\$ '000

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

- Infrastructure, property, plant and equipment
- Investment property

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

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

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

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

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

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

		Fair value measurement hierarchy			
2018		Level 1	Level 2	Level 3	Total
	Date of latest valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Recurring fair value measurements					
Investment property					
Land	30/06/18	–	20,195	–	20,195
Building	30/06/18	–	7,105	–	7,105
Total investment property		–	27,300	–	27,300
Infrastructure, property, plant and equipment					
Operational Land	30/06/18	–	132,505	–	132,505
Community Land	30/06/16	–	–	115,459	115,459
Crown Land	30/06/16	–	–	2,103	2,103
Land under Roads	30/06/17	–	–	114,009	114,009
Land Improvements	30/06/16	–	–	36,291	36,291
Buildings (Specialised & Non Specialised)	30/06/18	–	116,954	–	116,954
Other Structures	30/06/16	–	–	20,725	20,725
Roads	30/06/15	–	–	501,238	501,238
Bridges	30/06/15	–	–	34,470	34,470
Footpaths	30/06/15	–	–	38,633	38,633
Bulk Earthworks	30/06/15	–	–	23,641	23,641
Stormwater Drainage	30/06/15	–	–	282,417	282,417
Other Open Space / Recreational Assets	30/06/16	–	–	4,851	4,851
Other Assets	30/06/15	–	–	1,386	1,386
Total infrastructure, property, plant and equipment		–	249,459	1,175,223	1,424,682

## Camden Council

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

## Note 20. Fair value measurement (continued)

\$ '000

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

Fair values (continued).		Fair value measurement hierarchy			
2017		Level 1	Level 2	Level 3	Total
	Date of latest valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Recurring fair value measurements					
Investment property					
Land	30/06/17	—	11,950	—	11,950
Building	30/06/17	—	400	—	400
Total investment property		—	12,350	—	12,350
Infrastructure, property, plant and equipment					
Operational Land	30/06/13	—	91,063	—	91,063
Community Land	30/06/16	—	—	112,884	112,884
Land under Roads	30/06/17	—	—	102,821	102,821
Land Improvements	30/06/16	—	—	34,173	34,173
Buildings (Specialised & Non Specialised)	30/06/13	—	68,395	—	68,395
Other Structures	30/06/16	—	—	17,543	17,543
Roads	30/06/15	—	—	449,667	449,667
Bridges	30/06/15	—	—	29,493	29,493
Footpaths	30/06/15	—	—	34,225	34,225
Bulk Earthworks	30/06/15	—	—	15,952	15,952
Stormwater Drainage	30/06/15	—	—	256,429	256,429
Other Open Space / Recreational Assets	30/06/16	—	—	3,592	3,592
Other Assets		—	—	1,177	1,177
Total infrastructure, property, plant and equipment		—	159,458	1,057,956	1,217,414

## (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 2018

#### Note 20. Fair value measurement (continued)

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

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

##### **Investments properties**

Investment properties are valued based on the market approach.

Level two valuation inputs were used to value land held in freehold title as well as land used for special purposes which is restricted in use under current zoning rules. Sales proceeds of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

These were valued by Scott Fullarton FAPI CPP, Certified Practicing Valuer -Scott Fullarton Valuations Pty Ltd and the last comprehensive valuation was done at 30/06/2017.

In FY 17-18 Council has converted four properties to investment properties and their accounting treatment has been reflected in note 9a.

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

##### **Operational Land**

This asset class contains land defined as operational land in accordance with the NSW Local Government Act 1993. Council valued operational land at fair value as at 30 June 2018. Operational land values were provided by an external valuer (Scott Fullarton Valuations Pty Ltd).

Operational land was valued for financial reporting purposes in accordance with Australian Accounting Standards - AASB 13 Fair Value Measurement and AASB 116 Property, Plant and Equipment. Operational Land was valued as per market approach.

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 cash flows 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.

## Camden Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 20. Fair value measurement (continued)

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

##### 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 are 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. In 2017-18 Council added \$2.1 million Crown land onto its books for which council has control. The valuation method used to value these parcels of crown land were based on the NSW Valuer

##### 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 Englobo valuation basis, based upon a municipal rate. The Englobo 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 2017 financial year, the value being calculated according to the revised municipal rate. Council uses the Englobo basis for valuation and as per the methodology a discount rate of 90% is applied for Land under roads. 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,
- Rawlinson's – 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

## Camden Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 20. Fair value measurement (continued)

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

###### **Buildings (Specialised & Non Specialised)**

Council's buildings (specialised and non-specialised) were valued by an external valuer in June 2018. The valuations were provided by Scott Fullarton Pty Ltd. Non Specialised buildings were valued as per market approach and specialised buildings were valued at cost approach. Buildings were last comprehensively revalued as at 30 June 2013.

The gross value of each building was obtained by applying a unit rate to a structure, or a square metre 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 from developers in FY18 have been initially brought into the asset register based on at construction cost and then subsequently revalued by external valuer - Scott Fullarton Pty Ltd to reflect current fair value and movements to revaluation reserve.

###### **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 FY18, 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,
- Rawlinson's – 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.

- Other Structures (Cemetery) - In 2016-17, Camden Cemetery Stage 1 works were completed. The Assets constructed in-house in FY17 have been brought into account based on at construction cost.

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.

## Camden Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 20. Fair value measurement (continued)

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

###### 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 internally as at 30 June 2015 using the depreciable replacement cost (unit rate). The construction cost estimation was undertaken using 2014 Rawlinson's – 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. During the year council has removed residual values from the road pavements and car park pavements. This removal of residuals has resulted in an increased depreciation charge for roads assets class for the FY 17-18.

###### Bridges

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 bridges was undertaken internally as at 30 June 2015 using the depreciable replacement cost (unit rate). The construction cost estimation was undertaken using 2014 Rawlinson's – 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 2018

#### Note 20. Fair value measurement (continued)

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

###### Footpaths and Cycleways

This asset class comprises footpaths and cycle ways. The valuation of footpaths was done internally at 30 June 2015 using the depreciable replacement cost (unit rate). The construction cost estimation was undertaken using 2014 Rawlinson's – 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 done internally at 30 June 2015 using the depreciable replacement cost (unit rate). The construction cost estimation was undertaken using 2014 Rawlinson's – 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 within Camden or in comparison with other Councils.

## Camden Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 20. Fair value measurement (continued)

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

###### 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 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,
- Rawlinson's – 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 purpose and therefore not all assets are held at highest and best use.

##### (5). Reconciliation of movements

A reconciliation of movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

	2018 (\$'000)	2017 (\$'000)
Balance at 1 July	\$1,057,956	\$946,344
<b>Total Gain or Losses for the period</b>		
Carrying amount recognised in profit or loss - realised (Note 5)	(\$5,114)	(\$2,251)
Recognised in other comprehensive income revaluation surplus	(\$3,871)	\$42,489
<b>Other movements</b>		
Purchases	\$137,942	\$83,995
Sales	-	-
Transfer into Level 3	\$4,298	-
Transfer out of Level 3	-	-
Other movements	-	-
<b>Depreciation</b>	(\$15,988)	(\$12,621)
Balance as at 30 June	\$1,175,223	\$1,057,956



## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 21. Related party transactions

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\$ '000

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**a. Key management personnel**

Key management personnel (KMP) of the Council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly comprising Mayor, Councillors, Chief Executive Officer and Directors.

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

<b>Compensation:</b>	<b>2018</b>	<b>2017</b>
Short-term benefits	1,972	1,530
Post-employment benefits	169	145
Other long-term benefits	52	40
<b>Total</b>	<b>2,193</b>	<b>1,715</b>

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 21. Related party transactions (continued)

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

Nature of the transaction	Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
	Actual \$	Actual \$		Actual \$	Actual \$
<b>2017</b>					
Traineeship Program <sup>1</sup>	708,906		30 day term on invoices	—	—

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

- 1 Camden Council uses a training company to source trainees that are offered apprenticeships and traineeships at Camden Council. The funding for this program is endorsed by the Council upon adopting the budget each year which includes a public exhibition period of 28 days. A KMP of the training company is a close family member of a KMP of Camden Council. The KMP of Camden Council has no influence or control over the transactions between the two entities. AASB 124 Related Party Disclosures does not allow the exclusion of transactions between related parties for reporting purposes even if deemed at arm's length.

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions

\$ '000

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

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

## SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	9,931	4,172	–	541	(219)	–	14,425	6,000
Roads	6,864	3,962	–	(422)	(993)	(2,813)	6,598	(20,638)
Traffic facilities	197	261	–	3	(578)	278	161	(499)
Parking	–	–	–	(74)	(2,356)	2,430	–	(3,463)
Open space	9,531	7,887	–	1,036	(311)	(125)	18,018	21,803
Community facilities	10,179	7,945	–	290	(5,645)	230	12,999	(2,507)
Other	1,159	725	–	16	(297)	–	1,603	(696)
<b>S7.11 contributions – under a plan</b>	<b>37,861</b>	<b>24,952</b>	<b>–</b>	<b>1,390</b>	<b>(10,399)</b>	<b>–</b>	<b>53,804</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>37,861</b>	<b>24,952</b>	<b>–</b>	<b>1,390</b>	<b>(10,399)</b>	<b>–</b>	<b>53,804</b>	<b>–</b>
S7.11 not under plans	126	–	–	4	–	–	130	–
S7.4 planning agreements	5,870	2,147	18,745	197	(19,257)	–	7,702	–
<b>Total contributions</b>	<b>43,857</b>	<b>27,099</b>	<b>18,745</b>	<b>1,591</b>	<b>(29,656)</b>	<b>–</b>	<b>61,636</b>	<b>–</b>

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

**S7.11 CONTRIBUTIONS – UNDER A PLAN**

## CONTRIBUTION PLAN - MANAGEMENT &amp; 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	1,208	3,788	–	276	(46)		5,226	6,000
Roads	235	3,755	–	(620)	(557)	(2,813)	–	(20,676)
Traffic facilities	41	261	–	(2)	(578)	278	–	(278)
Parking	–	–	–	(74)	(2,356)	2,430	–	(3,463)
Open space	2,094	4,624	–	766	(303)	(125)	7,056	21,582
Community facilities	–	4,746	–	(58)	(4,918)	230	–	(2,507)
Other	–	430	–	(18)	–	–	412	(658)
<b>Total</b>	<b>3,578</b>	<b>17,604</b>	<b>–</b>	<b>270</b>	<b>(8,758)</b>	<b>–</b>	<b>12,694</b>	<b>–</b>

## CONTRIBUTION PLAN NO 3 - UPPER NARELLAN CREEK (TRUNK DRAINAGE &amp; 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	4,635	78	–	138	(170)	–	4,681	–
<b>Total</b>	<b>4,635</b>	<b>78</b>	<b>–</b>	<b>138</b>	<b>(170)</b>	<b>–</b>	<b>4,681</b>	<b>–</b>

## 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	128	16	–	4	–	–	148	–
<b>Total</b>	<b>128</b>	<b>16</b>	<b>–</b>	<b>4</b>	<b>–</b>	<b>–</b>	<b>148</b>	<b>–</b>

## Camden Council

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

## Note 22. Statement of developer contributions (continued)

\$ '000

**S7.11 CONTRIBUTIONS – UNDER A PLAN****CONTRIBUTION PLAN 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	422	–	–	12	(24)	–	410	–
<b>Total</b>	<b>422</b>	<b>–</b>	<b>–</b>	<b>12</b>	<b>(24)</b>	<b>–</b>	<b>410</b>	<b>–</b>

**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	2,185	–	–	65	–	11	2,261	–
<b>Total</b>	<b>2,185</b>	<b>–</b>	<b>–</b>	<b>65</b>	<b>–</b>	<b>11</b>	<b>2,261</b>	<b>–</b>

**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	688	33	–	22	–	–	743	38
Traffic facilities	156	–	–	5	–	–	161	–
Community facilities	117	0	–	3	–	–	120	–
Other	–	8	–	(1)	–	–	7	(38)
<b>Total</b>	<b>961</b>	<b>41</b>	<b>–</b>	<b>29</b>	<b>–</b>	<b>–</b>	<b>1,031</b>	<b>–</b>

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

**S7.11 CONTRIBUTIONS – UNDER A PLAN**

## CONTRIBUTION PLAN 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	–	–	–	–	–	–	–	(221)
Open space	1,090	–	–	32	–	–	1,122	221
Other	741	51	–	22	(35)	–	779	–
<b>Total</b>	<b>1,831</b>	<b>51</b>	<b>–</b>	<b>54</b>	<b>(35)</b>	<b>–</b>	<b>1,901</b>	<b>–</b>

## CONTRIBUTION PLAN NO 18 - HARRINGTON PARK RELEASE AREA (COMMUNITY &amp; 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	741	–	–	22	–	–	763	–
Community facilities	15	–	–	0	–	–	15	–
<b>Total</b>	<b>756</b>	<b>–</b>	<b>–</b>	<b>22</b>	<b>–</b>	<b>–</b>	<b>778</b>	<b>–</b>

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

**S7.11 CONTRIBUTIONS – UNDER A PLAN**

## CONTRIBUTION PLAN - 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	3,960	2	–	117	–	(3)	4,076	3
Roads	3,288	69	–	97	(303)	(121)	3,030	121
Open space	5,278	2,624	–	196	(8)	–	8,090	–
Community facilities	9,587	2,464	–	318	(727)	–	11,642	–
Other	398	112	–	11	(107)	(119)	295	119
<b>Total</b>	<b>22,511</b>	<b>5,271</b>	<b>–</b>	<b>739</b>	<b>(1,145)</b>	<b>(243)</b>	<b>27,133</b>	<b>243</b>

## CONTRIBUTION PLAN NUMBER - CATHERINE FIELD (PART) PRECINCT

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	–	288	–	6	–	–	294	–
Roads	46	105	–	3	–	–	154	–
Open space	328	622	–	20	–	–	970	–
Community facilities	460	735	–	27	–	–	1,222	–
Other	20	111	–	3	(34)	–	100	–
<b>Total</b>	<b>854</b>	<b>1,861</b>	<b>–</b>	<b>59</b>	<b>(34)</b>	<b>–</b>	<b>2,740</b>	<b>–</b>

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

**S7.11 CONTRIBUTIONS – UNDER A PLAN**

## CONTRIBUTION PLAN NUMBER - LEPPINGTON NORTH PRECINCT

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	–	–	–	–	(3)	3	–	(3)
Roads	–	–	–	(1)	(109)	110	–	(121)
Other	–	–	–	(1)	(118)	119	–	(119)
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(2)</b>	<b>(230)</b>	<b>232</b>	<b>–</b>	<b>(243)</b>

## CONTRIBUTION PLAN NUMBER - LEPPINGTON PRECINCT

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	–	17	–	–	–	–	17	–
Other	–	13	–	–	(3)	–	10	–
<b>Total</b>	<b>–</b>	<b>30</b>	<b>–</b>	<b>–</b>	<b>(3)</b>	<b>–</b>	<b>27</b>	<b>–</b>



## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Statement of developer contributions (continued)

\$ '000

## S7.11 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	22	–	–	1	–	–	23	–
Open space	60	–	–	2	–	–	62	–
Community facilities	44	–	–	1	–	–	45	–
<b>Total</b>	<b>126</b>	<b>–</b>	<b>–</b>	<b>4</b>	<b>–</b>	<b>–</b>	<b>130</b>	<b>–</b>

## S7.4 planning agreements

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	–	–	1,671	–	(1,671)	–	–	–
Roads	–	–	2,037	–	(2,037)	–	–	–
Open space	869	568	276	23	(276)	–	1,460	–
Community facilities	3,784	1,377	14,387	131	(14,420)	–	5,259	–
Other	1,217	202	374	43	(853)	–	983	–
<b>Total</b>	<b>5,870</b>	<b>2,147</b>	<b>18,745</b>	<b>197</b>	<b>(19,257)</b>	<b>–</b>	<b>7,702</b>	<b>–</b>

## Camden Council

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

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

\$ '000	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	(3,649)	-3.65%	0.03%	-2.15%	> 0.00%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	99,939				
2a. Own source operating revenue ratio					
Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions	91,854	33.38%	43.01%	33.58%	> 60.00%
Total continuing operating revenue <sup>(1)</sup>	275,164				
2b. Own source operating revenue ratio (less non-cash capital dedications)					
Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions	91,854	61.77%	72.11%	70.91%	
Total continuing operating revenue <sup>(1)</sup> excluding non-cash capital dedications	148,702				
3. Unrestricted current ratio					
Current assets less all external restrictions <sup>(2)</sup>	49,816	2.45x	2.66x	2.51x	> 1.5x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>	20,364				
4. Debt service cover ratio					
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	20,529	3.66x	3.23x	3.02x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	5,603				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	2,030	3.07%	3.37%	3.67%	< 5% metro
Rates, annual and extra charges collectible	66,216				
5b. Rates, annual charges, interest and extra charges Outstanding Percentage (excluding pensioners)					
Rates, annual and extra charges outstanding (excluding pensioners)	1,683	2.54%	2.69%	2.86%	
Rates, annual and extra charges collectible	66,216				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	122,337	14.77 mths	14.9 mths	16.7 mths	> 3 mths
Monthly payments from cash flow of operating and financing activities	8,281				

## Camden Council

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

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

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**Notes on the ratios from the previous page**

- <sup>(1)</sup> 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.
- <sup>(2)</sup> Refer Notes 6-8 inclusive.  
Also excludes any real estate and land for resale not expected to be sold in the next 12 months.
- <sup>(3)</sup> Refer to Notes 11 and 12.
- <sup>(4)</sup> Refer to Note 11(b) and 11(b) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

**End of audited financial statements**

# Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

<p><b>1. Operating performance ratio</b></p> <p>Benchmark: — Minimum <math>\geq 0.00\%</math></p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of operating performance ratio</b></p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 ratio -3.65%</b></p> <p>The benchmark for this ratio is better than 0.00% or \$0.00. Council's ratio of -3.65% is below the benchmark and is lower than last years ratio of 0.03%. This is due to the disposal of infrastructure assets (non- cash) and an increase in depreciation expense (non- cash). The disposal of infrastructure assets include the write-off of roads upon renewal (\$2.55 million), the write-off of assets transferred to RMS (\$2.48 million) and operational land (\$1.08 million). The increase in depreciation was a result of the removal of residual values on road surface assets (\$1.03 million) and extraordinary growth in Council's asset base over the past two years.</p> <p>Ratio achieves benchmark Ratio is outside benchmark</p>
<p><b>2a. Own source operating revenue ratio</b></p> <p>Benchmark: — Minimum <math>\geq 60.00\%</math></p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of own source operating revenue ratio</b></p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 ratio 33.38%</b></p> <p>The benchmark for this ratio is greater than 60%. The ratio as at 30 June 2018 was 33.0%. This ratio is lower than 2017 ratio of 43.0%. 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.</p> <p>Ratio achieves benchmark Ratio is outside benchmark</p>
<p><b>2b. Own source operating revenue ratio excluding non cash income</b></p> <p>Benchmark: — Minimum <math>\geq 60.00\%</math></p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of own source operating revenue ratio excluding non cash income</b></p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 ratio 61.77%</b></p> <p>The benchmark for this ratio is greater than 60%. Upon the removal of non cash income (\$143.0M) relating to the dedication of assets the ratio significantly improves from 33.0% to 69.0%. 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 results in an extraordinary level of non cash income.</p> <p>Ratio achieves benchmark Ratio is outside benchmark</p>
<p><b>3. Unrestricted current ratio</b></p> <p>Benchmark: — Minimum <math>\geq 1.50</math></p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of unrestricted current ratio</b></p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 ratio 2.45x</b></p> <p>The benchmark for this ratio is better than 1.50:1. This ratio is well above the benchmark at 2.4:1 which indicates that for every \$1 of liability council has \$2.4 of assets to pay for that liability. This ratio continues to be above the benchmark due to Council's strong liquidity position and controls around Council's level of debt.</p> <p>Ratio achieves benchmark Ratio is outside benchmark</p>

## Camden Council

## Notes to the Financial Statements

for the year ended 30 June 2018

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

Benchmark: — Minimum  $\geq 2.00$ 

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

**Purpose of debt service cover ratio**

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

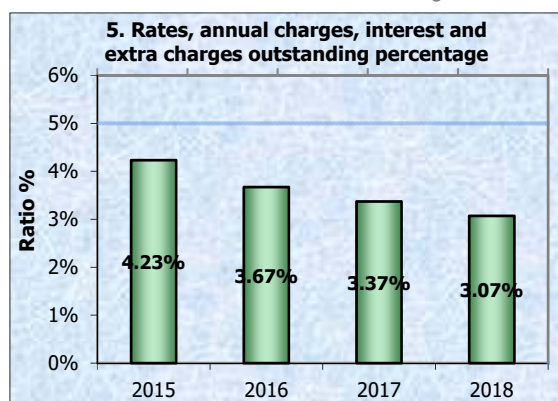
**Commentary on 2017/18 result****2017/18 ratio 3.66x**

The benchmark for this ratio is better than 2.0x. This ratio is above the benchmark at 3.7x. The ratio has improved from last year due to the repayment of debt, increasing income due to growth.



Ratio achieves benchmark

Ratio is outside benchmark

Benchmark: — Maximum  $< 5.00\%$ 

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

**Purpose of rates and annual charges outstanding ratio**

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

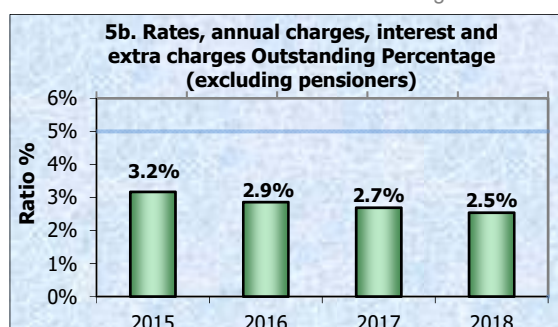
**Commentary on 2017/18 result****2017/18 ratio 3.07%**

The benchmark for this ratio is less than 5%. The 2018 ratio is better than the benchmark at 3.07%. The ratio has decreased from last year's ratio of 3.37% which can be attributed to Council growing rate base and reflects a continuous improvement in Council's debt recovery processes. Furthermore, Council has a policy of not taking legal action against pensioners. An additional ratio has been provided below to show the impact on this ratio.



Ratio is within Benchmark

Ratio is outside Benchmark

Benchmark: — Maximum  $< 5.00\%$ 

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

**Purpose of rates and annual charges outstanding ratio (excluding pensioners)**

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

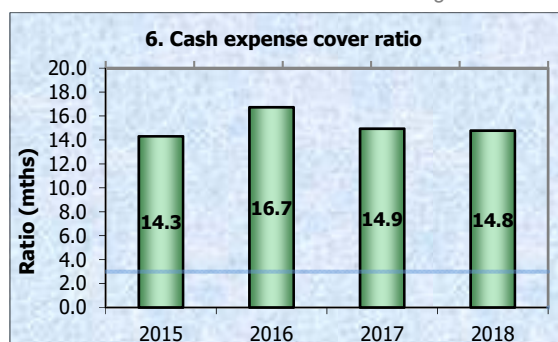
**Commentary on 2017/18 result****2017/18 ratio 2.5%**

As indicated above the removing of pensioners from the ratio reduces the result for 2017/18 to 2.5%.



Ratio is within Benchmark

Ratio is outside Benchmark

Benchmark: — Minimum  $\geq 3.00$ 

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

**Purpose of cash expense cover ratio**

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

**Commentary on 2017/18 result****2017/18 ratio 14.77 mths**

The benchmark for this ratio is more than 3 months. The ratio is well above the benchmark at 15 months. This can be predominately attributed to Council's strong cash position and budgetary controls.



Ratio achieves benchmark

Ratio is outside benchmark



## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the general purpose financial report**

#### **Camden Council**

To the Councillors of the Camden Council

### **Opinion**

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

In my opinion,

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

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

### **Basis for Opinion**

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

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

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

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

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

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

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

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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



Caroline Karakatsanis  
Director, Financial Audit Services

31 October 2018  
SYDNEY



Clr Peter Sidgreaves  
Mayor  
Camden Council  
70 Central Ave  
ORAN PARK NSW 2570

Contact: Caroline Karakatsanis  
Phone no: 02 9275 7143  
Our ref: D1827006/1705

31 October 2018

Dear Mayor

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

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

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

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

## **INCOME STATEMENT**

### **Operating result**

	<b>2018</b> \$m	<b>2017</b> \$m	<b>Variance</b> %
<b>Rates and annual charges revenue</b>	63.9	57.9	↑ 10.4
<b>Grants and contributions revenue</b>	183.3	107.6	↑ 70.3
<b>Operating result for the year</b>	165.6	96.7	↑ 71.3
<b>Net operating result before capital amounts</b>	(9.6)	(1.7)	↓ 464.7

Council's operating result (\$165.6 million) is higher than 2016-17 result due to the significant increase in asset dedications to the Council. This is largely attributable to the fast growth experienced by the Council. There was also a reduction in state funding and developer contributions in the 2017-18 financial year.

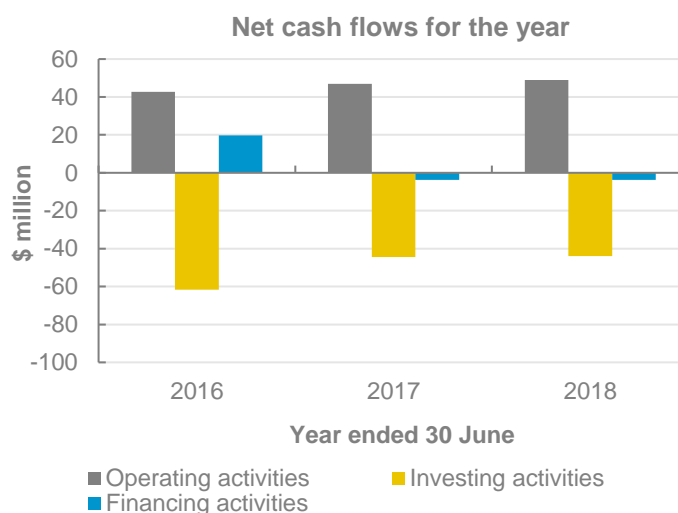
The net operating result before capital grants and contributions (-\$9.6 million) was \$8.0 million lower than the 2016-17 result. This was mainly due to the increase in expenses as a result of growth and a disposal of some items of Infrastructure, Property, Plant and Equipment with a carrying value of \$6 million. Depreciation expense also increased due to the increase in the assets held by the Council.

Rates and annual charges revenue (\$63.9 million) increased by \$6 million (10.3 per cent) in 2017–2018. This was mainly due to the increase in the number of assessments due to growth.

Grants and contributions revenue (\$183.3 million) increased by \$75.7 million (70.3 per cent) in 2017–2018 due to a significant increase in asset dedications to the Council in the current year.

## STATEMENT OF CASH FLOWS

- Increase in cash receipts from operating activities due to increasing rate and annual charges income.
- Slightly reduced capital expenditure in the current financial year.
- Financing outflows relate to the repayment of borrowings.



## FINANCIAL POSITION

### Cash and Investments

Cash and Investments	2018	2017	Commentary
	\$m	\$m	
External restrictions	78.2	56.2	<ul style="list-style-type: none"> <li>Externally restricted cash mainly relating to developer contributions, specific purpose unexpended grants and domestic waste funds. Increase due to significant developer contributions received during the year.</li> </ul>
Internal restrictions	43.7	49.4	
Unrestricted	0.5	2.3	
<b>Cash and investments</b>	<b>122.4</b>	<b>107.9</b>	<ul style="list-style-type: none"> <li>Internally restricted cash reduction due to the utilisation of the capital works reserve.</li> <li>Internal restrictions mainly for capital works, loan payments and deposits, retentions and bonds.</li> </ul>

### Debt

Total debt during 2017-18 decreased to \$31.7 million (2016-17: \$35.0 million). This is in line with the existing loan amortisation schedules.

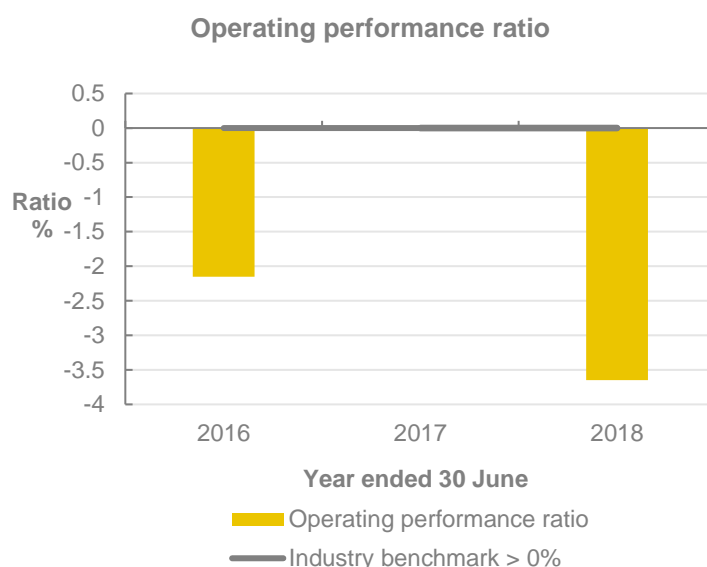
## PERFORMANCE RATIOS

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

### Operating performance ratio

- Council did not meet the benchmark due to the non-cash disposal of infrastructure assets and increase in depreciation expense.

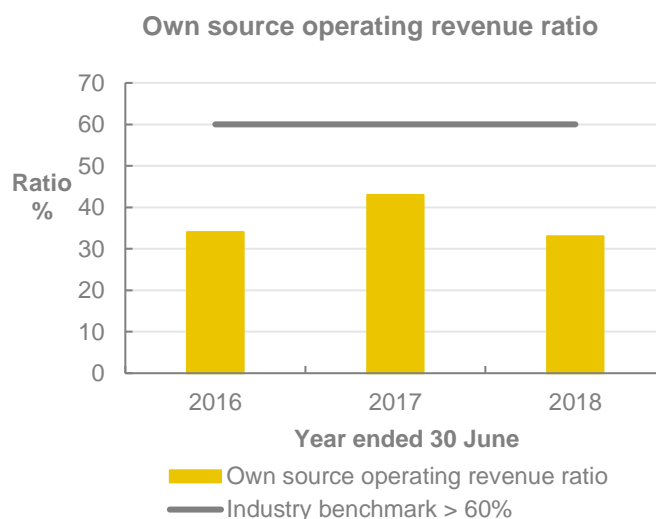
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than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



### Own source operating revenue ratio

- Ratio below the benchmark due to significant levels of non-cash contributions received by the Council in response to rapid growth.

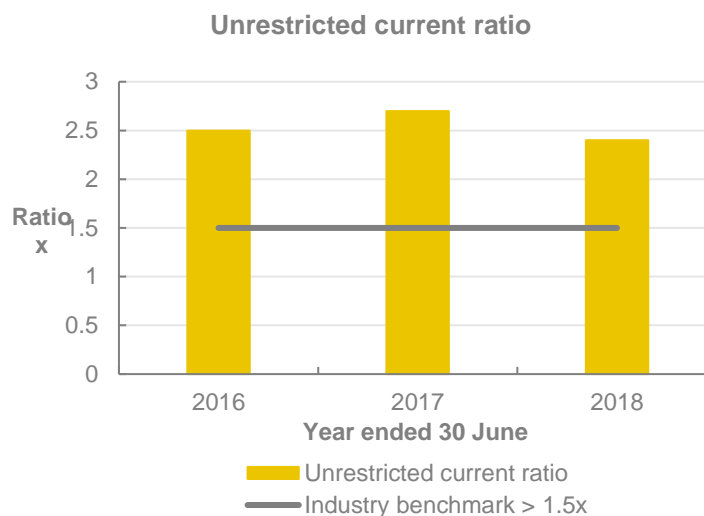
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



## Unrestricted current ratio

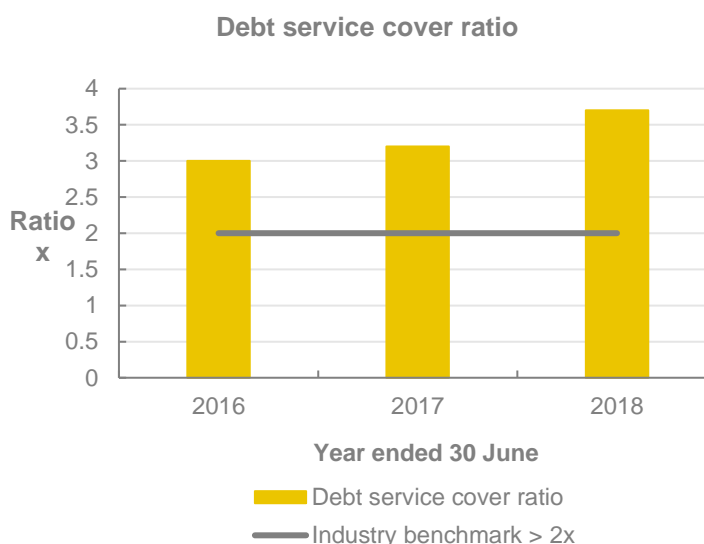
- Council continues to exceed benchmark due to significant cash balances.
- Decrease due to utilisation of restricted cash on specified expenditure.

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



## Debt service cover ratio

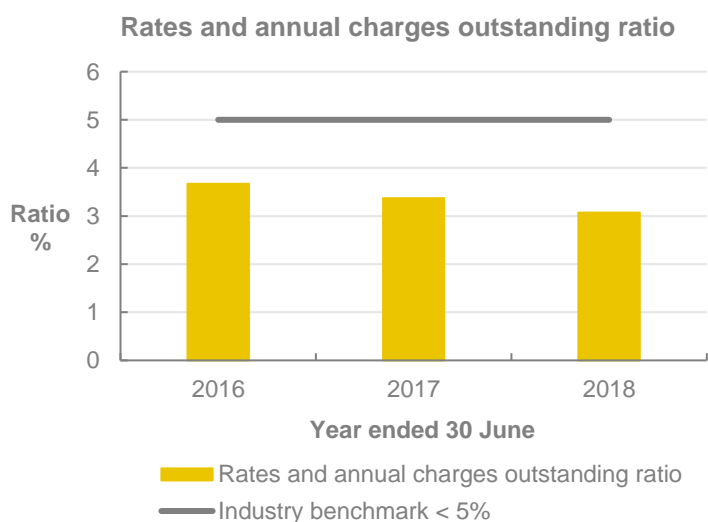
- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.
- The Council's debt service cover ratio is greater than the industry benchmark of greater than 2 times.
- The ratio indicates that Council has 3.7 times in operating cash available to service its debts, essentially indicating that Council generates sufficient cash from its operations to fund its debt obligations.



## Rates and annual charges outstanding ratio

- Council manages to collect debts to exceed the benchmark

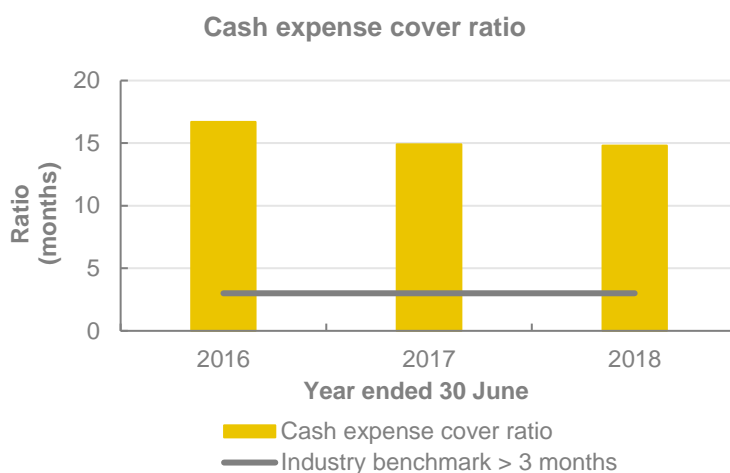
The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metro councils.



## Cash expense cover ratio

- The cash expense cover ratio of 15 months exceeded the benchmark of greater than 3 months.

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

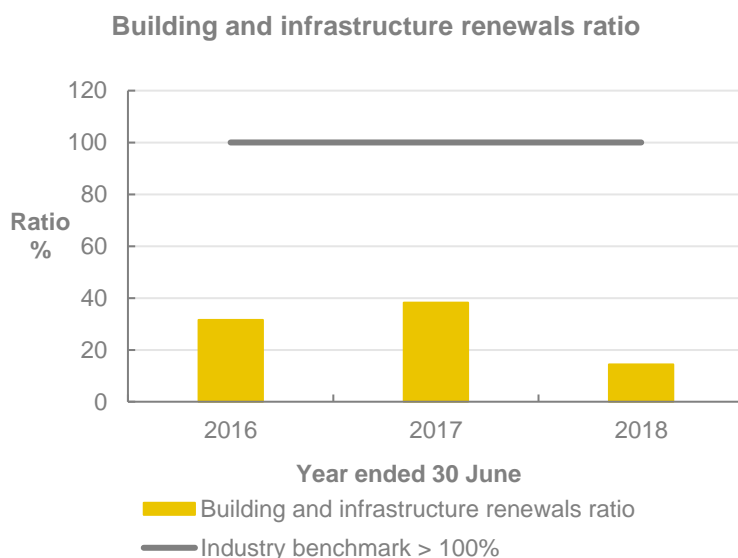


## Building and infrastructure renewals ratio (unaudited)

- Council did not meet the benchmark as spending on assets is lower than depreciation as a large proportion of the Council's assets are still new.
- The ratio decreased from 2017 due to the increase in depreciation.

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

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



## OTHER MATTERS

### New accounting standards implemented

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

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

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

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

## Legislative compliance

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

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



Caroline Karakatsanis  
Director, Financial Audit Services

cc: Ron Moore, General Manager  
Camden Council  
70 Central Ave  
ORAN PARK NSW 2570

Tim Hurst, Acting Chief Executive of the Office of Local Government  
Locked Bag 3015, NOWRA NSW 2541

# Camden Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2018

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**Camden, the Best of Both Worlds**



## Camden Council

### Special Purpose Financial Statements

for the year ended 30 June 2018

Contents	Page
<b>1. Statement by Councillors and Management</b>	SP2
<b>2. Special Purpose Financial Statements:</b>	
Income Statement – Other Business Activities	SP3
Statement of Financial Position – Other Business Activities	SP4
<b>3. Notes to the Special Purpose Financial Statements</b>	SP5
<b>4. Auditor's Report</b>	SP9

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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 2018

### 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:

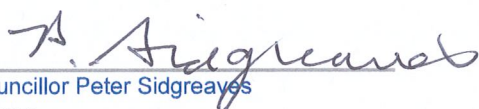
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,

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.

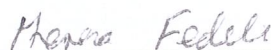
Signed in accordance with a resolution of Council made on 30 October 2018.



Councillor Peter Sidgreaves

Mayor

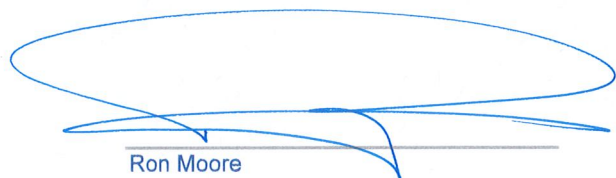
30 October 2018



Councillor Theresa Fedeli

Councillor

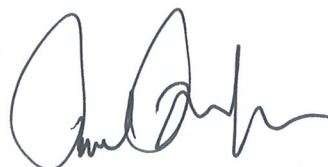
30 October 2018



Ron Moore

General Manager

30 October 2018



Paul Rofe

Responsible Accounting Officer

30 October 2018

## Camden Council

## Income Statement of Council's Other Business Activities

for the year ended 30 June 2018

Commercial Waste\*

Category 2

\$ '000	2018	2017
<b>Income from continuing operations</b>		
User charges	993	878
<b>Total income from continuing operations</b>	<b>993</b>	<b>878</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	238	229
Materials and contracts	220	220
Depreciation, amortisation and impairment	51	46
Other expenses	162	163
<b>Total expenses from continuing operations</b>	<b>671</b>	<b>658</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>322</b>	<b>220</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>322</b>	<b>220</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>322</b>	<b>220</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	(97)	(66)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>225</b>	<b>154</b>
<b>Plus opening retained profits</b>	491	1,243
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	97	66
<b>Less:</b>		
– Dividend paid	(130)	(972)
<b>Closing retained profits</b>	<b>683</b>	<b>491</b>
<b>Return on capital %</b>	<b>107.0%</b>	<b>150.7%</b>

\*Commercial Waste - Category 2: Where gross operating turnover is less than \$2 million.

## Camden Council

## Statement of Financial Position – Council's Other Business Activities

as at 30 June 2018

	Commercial Waste* Category 2	
\$ '000	2018	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	363	334
Receivables	22	11
<b>Total Current Assets</b>	<b>385</b>	<b>345</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	301	146
<b>Total non-current assets</b>	<b>301</b>	<b>146</b>
<b>TOTAL ASSETS</b>	<b>686</b>	<b>491</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	3	–
<b>Total current liabilities</b>	<b>3</b>	<b>–</b>
<b>TOTAL LIABILITIES</b>	<b>3</b>	<b>–</b>
<b>NET ASSETS</b>	<b>683</b>	<b>491</b>
<b>EQUITY</b>		
Accumulated surplus	683	491
Council equity interest	683	491
<b>TOTAL EQUITY</b>	<b>683</b>	<b>491</b>

\*Commercial Waste - Category 2: Where gross operating turnover is less than \$2 million.

## Camden Council

### Special Purpose Financial Statements for the year ended 30 June 2018

#### Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	SP6

## Camden Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

#### Note 1. Significant accounting policies

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A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these Special Purpose Financial Statements 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 these Special Purpose Financial Statements 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 prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. 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' in 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 NSW government policy statement titled '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 a standard for disclosure requirements.

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.

## Camden Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

#### Note 1. Significant accounting policies (continued)

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##### 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. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

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 \$629,000 of combined land values attracts **0%**. For the combined land values in excess of \$629,001 up to \$3,846,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$3,846,000 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 the business activities.

Whilst 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/(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 gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the 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 the SPFS.

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

## Camden Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

#### Note 1. Significant accounting policies (continued)

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##### **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 NCP 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.

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

The rate of return is calculated as follows:

**Operating result before capital income + interest expense**

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

As a minimum, business activities should generate a return equal to the Commonwealth 10year bond rate which is 2.63% at 30/6/18.

##### *(iv) Dividends*

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



## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the special purpose financial report**

#### **Camden Council**

To the Councillors of the Camden Council

### **Opinion**

I have audited the accompanying special purpose financial report (the financial report) of Camden Council's (the Council) Declared Business Activity, which comprise the Income Statement of the Declared Business Activity for the year ended 30 June 2018, the Statement of Financial Position of the Declared Business Activity as at 30 June 2018, notes comprising a summary of Significant accounting policies and other explanatory information for the Business Activity declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- Commercial Waste.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Council's declared Business Activity as at 30 June 2018, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

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

### **Basis for Opinion**

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

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

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

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

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

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

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



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

Without modifying my opinion, I draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

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

The Councillors are responsible for the preparation and fair presentation of the financial report and for determining that the accounting policies, described in Note 1 to the financial report, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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

My objectives are to:

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

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

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

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the best practice management disclosures in Notes 2 and 3 of the financial report
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.

A handwritten signature in black ink, appearing to read 'C. Karakatsanis', with a stylized flourish at the end.

Caroline Karakatsanis  
Director, Financial Audit Services

31 October 2018  
SYDNEY

# Camden Council

SPECIAL SCHEDULES  
for the year ended 30 June 2018

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**Camden, the Best of Both Worlds**



# Camden Council

## Special Schedules for the year ended 30 June 2018

Contents		Page
<b>Special Schedules <sup>1</sup></b>		
<b>Special Schedule 1</b>	Net Cost of Services	2
<b>Special Schedule 2</b>	Permissible income for general rates	4
<b>Special Schedule 2</b>	Independent Auditors Report	5
<b>Special Schedule 7</b>	Report on Infrastructure Assets	8

<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 2).

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### 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 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Governance</b>	<b>1,809</b>	<b>26</b>	<b>–</b>	<b>(1,783)</b>
<b>Administration</b>	<b>37,778</b>	<b>2,796</b>	<b>2,103</b>	<b>(32,879)</b>
<b>Public order and safety</b>				
Fire service levy, fire protection, emergency services	1,133	165	690	(278)
Beach control	–	–	–	–
Enforcement of local government regulations	11	–	–	(11)
Animal control	892	132	–	(760)
Other	12	–	–	(12)
<b>Total public order and safety</b>	<b>2,048</b>	<b>297</b>	<b>690</b>	<b>(1,061)</b>
<b>Health</b>	<b>1,005</b>	<b>153</b>	<b>–</b>	<b>(852)</b>
<b>Environment</b>				
Noxious plants and insect/vermin control	129	32	–	(97)
Other environmental protection	12	186	–	174
Solid waste management	9,967	13,794	–	3,827
Street cleaning	–	–	–	–
Drainage	–	–	–	–
Stormwater management	3,336	546	45,490	42,700
<b>Total environment</b>	<b>13,444</b>	<b>14,558</b>	<b>45,490</b>	<b>46,604</b>
<b>Community services and education</b>				
Administration and education	237	22	–	(215)
Social protection (welfare)	724	160	–	(564)
Aged persons and disabled	47	4	–	(43)
Youth Services	167	–	–	(167)
Children's services	1,975	1,823	–	(152)
Other Community Services	21	2	–	(19)
<b>Total community services and education</b>	<b>3,171</b>	<b>2,011</b>	<b>–</b>	<b>(1,160)</b>
<b>Housing and community amenities</b>				
Public cemeteries	52	414	–	362
Public conveniences	176	–	–	(176)
Street lighting	2,078	–	–	(2,078)
Town planning	3,763	5,952	22	2,211
Other community amenities	37	–	–	(37)
<b>Total housing and community amenities</b>	<b>6,106</b>	<b>6,366</b>	<b>22</b>	<b>282</b>

## Camden Council

# Special Schedule 1 – Net Cost of Services (continued)

for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Recreation and culture</b>				
Public libraries	2,852	244	—	(2,608)
Museums	—	—	—	—
Art galleries	96	—	—	(96)
Community centres and halls	1,555	1,398	25,692	25,535
Performing arts venues	—	—	—	—
Other performing arts	—	—	—	—
Other cultural services	—	—	—	—
Sporting grounds and venues	562	17	50	(495)
Swimming pools	4,815	5,470	—	655
Parks and gardens (lakes)	10,800	257	19,023	8,480
Other sport and recreation	380	46	4	(330)
<b>Total recreation and culture</b>	<b>21,060</b>	<b>7,432</b>	<b>44,769</b>	<b>31,141</b>
<b>Fuel and energy</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Agriculture</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Mining, manufacturing and construction</b>				
Building control	6,760	8,212	—	1,452
Other mining, manufacturing and construction	—	—	—	—
<b>Total mining, manufacturing and const.</b>	<b>6,760</b>	<b>8,212</b>	<b>—</b>	<b>1,452</b>
<b>Transport and communication</b>				
Urban roads (UR) – local	13,656	397	81,493	68,234
Urban roads – regional	—	17	—	17
Sealed rural roads (SRR) – local	—	—	—	—
Sealed rural roads (SRR) – regional	—	—	—	—
Unsealed rural roads (URR) – local	—	—	—	—
Unsealed rural roads (URR) – regional	—	—	—	—
Bridges on UR – local	1,394	—	—	(1,394)
Bridges on SRR – local	—	—	—	—
Bridges on URR – local	—	—	—	—
Bridges on regional roads	—	—	—	—
Parking areas	13	—	—	(13)
Footpaths	41	—	13	(28)
Aerodromes	—	—	—	—
Other transport and communication	324	311	645	632
<b>Total transport and communication</b>	<b>15,428</b>	<b>725</b>	<b>82,151</b>	<b>67,448</b>
<b>Economic affairs</b>				
Camping areas and caravan parks	—	—	—	—
Other economic affairs	1,080	397	—	(683)
<b>Total economic affairs</b>	<b>1,080</b>	<b>397</b>	<b>—</b>	<b>(683)</b>
<b>Totals – functions</b>	<b>109,689</b>	<b>42,973</b>	<b>175,225</b>	<b>108,509</b>
<b>General purpose revenues <sup>(1)</sup></b>		<b>56,966</b>		<b>56,966</b>
<b>Share of interests – joint ventures and associates using the equity method</b>	<b>—</b>	<b>121</b>		<b>121</b>
<b>NET OPERATING RESULT <sup>(2)</sup></b>	<b>109,689</b>	<b>100,060</b>	<b>175,225</b>	<b>165,596</b>

(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 – Permissible income for general rates

for the year ended 30 June 2019

\$'000		Calculation 2018/19	Calculation 2017/18
<b>Notional general income calculation <sup>(1)</sup></b>			
Last year notional general income yield	a	49,249	45,348
Plus or minus adjustments <sup>(2)</sup>	b	3,368	3,173
<b>Notional general income</b>	<b>c = (a + b)</b>	<b>52,617</b>	<b>48,521</b>
<b>Permissible income calculation</b>			
Special variation percentage <sup>(3)</sup>	d	0.00%	0.00%
Or rate peg percentage	e	2.30%	1.50%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	—	—
Plus special variation amount	$h = d \times (c - g)$	—	—
Or plus rate peg amount	$i = c \times e$	1,210	728
Or plus Crown land adjustment and rate peg amount	$j = c \times f$	—	—
<b>Sub-total</b>	<b>k = (c + g + h + i + j)</b>	<b>53,827</b>	<b>49,249</b>
Plus (or minus) last year's carry forward total	l	60	60
Less valuation objections claimed in the previous year	m	—	—
<b>Sub-total</b>	<b>n = (l + m)</b>	<b>60</b>	<b>60</b>
<b>Total permissible income</b>	<b>o = k + n</b>	<b>53,887</b>	<b>49,309</b>
Less notional general income yield	p	53,860	49,249
<b>Catch-up or (excess) result</b>	<b>q = o - p</b>	<b>27</b>	<b>60</b>
Plus income lost due to valuation objections claimed <sup>(4)</sup>	r	34	—
Less unused catch-up <sup>(5)</sup>	s	—	—
<b>Carry forward to next year</b>	<b>t = q + r - s</b>	<b>61</b>	<b>60</b>

## Notes

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



## **INDEPENDENT AUDITOR'S REPORT**

### **Special Schedule 2 - Permissible Income for general rates**

#### **Camden Council**

To the Councillors of Camden Council

### **Opinion**

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

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

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

### **Basis for Opinion**

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

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

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

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

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

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

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

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

Without modifying my opinion, I draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.



## Other Information

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

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Schedule

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

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

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

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

A handwritten signature in black ink, appearing to read 'C. Karakatsanis', with a stylized, cursive script.

Caroline Karakatsanis  
Director, Financial Audit Services

31 October 2018  
SYDNEY

## Camden Council

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

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance <sup>a</sup>	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
<b>Buildings</b>	Council Offices / Administration Centres	–	–	334	150	30,514	33,405	100%	0%	0%	0%	0%
	Council Works Depot	86	86	36	79	1,761	3,588	6%	3%	79%	12%	0%
	Council Public Halls	489	489	102	160	6,822	10,188	26%	0%	50%	24%	0%
	Libraries	–	–	299	104	25,979	29,856	47%	40%	13%	0%	0%
	Cultural Facilities	–	–	31	–	2,242	3,094	0%	0%	100%	0%	0%
	Council Other Buildings – Civic Centre	–	–	56	27	2,817	5,629	0%	0%	100%	0%	0%
	Council Other Buildings – Bushfire & SES Buildings	20	20	18	44	1,048	1,784	20%	6%	72%	2%	0%
	Council Other Buildings – Toilet Blocks & Amenities	1,630	1,630	314	79	18,878	31,353	28%	4%	42%	26%	0%
	Council Other Buildings – Leased Properties	41	41	19	348	806	1,887	0%	0%	89%	11%	0%
	Council Other Buildings – Other Including Swimming Pool	–	–	36	48	1,824	3,600	0%	53%	47%	0%	0%
	Other	836	836	174	53	24,263	34,857	18%	53%	17%	12%	0%
	<b>Sub-total</b>	<b>3,102</b>	<b>3,102</b>	<b>1,418</b>	<b>1,092</b>	<b>116,954</b>	<b>159,241</b>	<b>41.3%</b>	<b>21.2%</b>	<b>27.8%</b>	<b>9.7%</b>	<b>0.0%</b>
<b>Other structures</b>	Other structures	724	724	181	–	20,725	36,243	18%	40%	37%	4%	1%
	Land Improvements – Depreciable	224	224	112	–	6,559	11,202	46%	25%	24%	4%	1%
	<b>Sub-total</b>	<b>948</b>	<b>948</b>	<b>293</b>	<b>–</b>	<b>27,284</b>	<b>47,445</b>	<b>24.6%</b>	<b>36.5%</b>	<b>33.9%</b>	<b>4.0%</b>	<b>1.0%</b>

## Camden Council

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

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance <sup>a</sup>	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Roads	Sealed Roads Surface	2,032	2,032	1,296	1,957	86,405	127,011	52%	32%	12%	4%	0%
	Sealed Roads Structures & Formation	1,050	1,050	525	–	222,116	262,538	58%	30%	11%	1%	0%
	Road Formation (Non Depreciables)	–	–	–	–	49,634	49,634	0%	0%	0%	0%	100%
	Bridges and Culverts	97	97	97	54	34,470	48,493	8%	32%	59%	1%	0%
	Footpaths	1,024	1,024	211	630	22,666	30,118	32%	35%	16%	14%	3%
	Cycle Ways	320	320	139	–	15,963	19,889	65%	24%	5%	4%	2%
	Kerb and Gutter	1,134	1,134	378	299	145,204	189,072	30%	28%	39%	2%	1%
	Other Road Assets – Road Furniture	35	35	103	233	2,748	5,141	41%	53%	4%	1%	1%
	Other Road Assets – Road Structures	40	40	164	–	13,407	16,414	26%	65%	6%	3%	0%
	Carparks	116	116	116	–	4,085	5,808	31%	15%	49%	4%	1%
	Carpark Formation (non depreciables)	–	–	–	–	1,284	1,163	0%	0%	0%	0%	100%
	<b>Sub-total</b>	<b>5,848</b>	<b>5,848</b>	<b>3,029</b>	<b>3,173</b>	<b>597,982</b>	<b>755,281</b>	<b>41.0%</b>	<b>28.8%</b>	<b>20.7%</b>	<b>2.4%</b>	<b>7.2%</b>

## Camden Council

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

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance <sup>a</sup>	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Stormwater drainage	Retarding Basins	–	–	11	230	7,881	10,666	40%	51%	9%	0%	0%
	Depreciables – Earthworks)	–	–	–	–	5,750	5,750	0%	0%	0%	0%	100%
	Stormwater Conduits	792	792	–	23	178,639	198,228	81%	16%	2%	1%	0%
	Inlet and Juntions Pits	306	306	383	346	63,081	76,625	64%	31%	4%	1%	0%
	Head Walls	101	101	25	–	2,045	2,533	56%	39%	4%	1%	0%
	Outfall Structures	102	102	26	–	2,558	2,602	86%	11%	2%	1%	0%
	Stormwater Converters	–	–	17	–	15,180	16,961	73%	22%	5%	0%	0%
	Other – Channels	17	17	8	–	7,283	8,370	14%	78%	7%	1%	0%
	<b>Sub-total</b>	<b>1,318</b>	<b>1,318</b>	<b>470</b>	<b>599</b>	<b>282,417</b>	<b>321,735</b>	<b>71.8%</b>	<b>22.5%</b>	<b>3.0%</b>	<b>0.9%</b>	<b>1.8%</b>
Open space/recreational assets	Open Space Recreational Assets – Parks and Reserve	291	291	485	363	4,851	8,085	48%	19%	24%	9%	0%
	<b>Sub-total</b>	<b>291</b>	<b>291</b>	<b>485</b>	<b>363</b>	<b>4,851</b>	<b>8,085</b>	<b>48.0%</b>	<b>19.0%</b>	<b>24.0%</b>	<b>9.0%</b>	<b>0.0%</b>

## Camden Council

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

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard*	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance <sup>a</sup>	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
	<b>TOTAL – ALL ASSETS</b>	<b>11,507</b>	<b>11,507</b>	<b>5,695</b>	<b>5,227</b>	<b>1,029,488</b>	<b>1,291,787</b>	<b>48.2%</b>	<b>26.5%</b>	<b>17.7%</b>	<b>3.0%</b>	<b>4.7%</b>

\*Council's "cost to bring assets to an agreed service level" is the same as Council's cost to bring assets to a satisfactory standard as they are both calculated using a condition 2 (good) rating.

## Notes:

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

## Infrastructure asset condition assessment 'key'

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

## Camden Council

# Special Schedule 7 – Report on Infrastructure Assets (continued)

for the year ended 30 June 2018

	Amounts 2018	Indicator 2018	Prior periods 2017      2016		Benchmark
<b>Infrastructure asset performance indicators * consolidated</b>					
<b>1. Buildings and infrastructure renewals ratio <sup>(1)</sup></b>					
Asset renewals <sup>(2)</sup>	<b>2,753</b>	<b>14.42%</b>	38.24%	31.61%	>= 100%
Depreciation, amortisation and impairment	<b>19,093</b>				
<b>2. Infrastructure backlog ratio <sup>(1)</sup></b>					
Estimated cost to bring assets to a satisfactory standard	<b>11,507</b>	<b>1.12%</b>	1.23%	1.27%	< 2.00%
Net carrying amount of infrastructure assets	<b>1,029,488</b>				
<b>3. Asset maintenance ratio</b>					
Actual asset maintenance	<b>5,227</b>	<b>91.78%</b>	100.02%	88.56%	> 100%
Required asset maintenance	<b>5,695</b>				
<b>4. Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>11,507</b>	<b>0.89%</b>	0.95%	0.98%	
Gross replacement cost	<b>1,291,787</b>				

## Notes

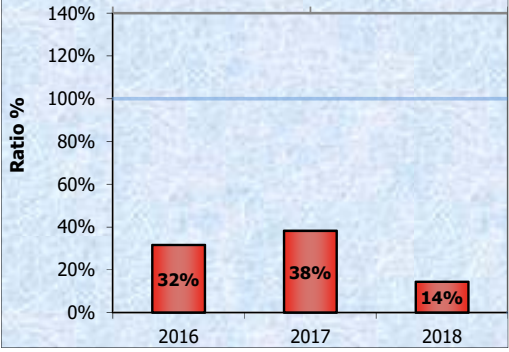
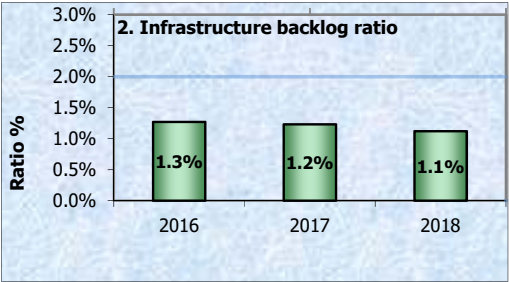
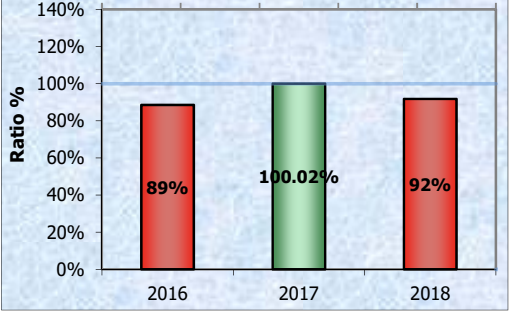
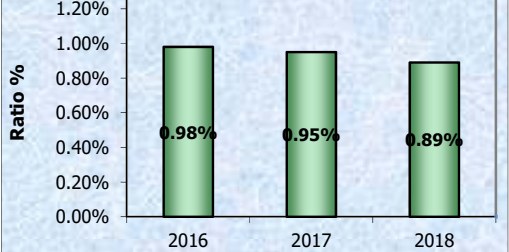
\* All asset performance indicators are calculated using the asset classes identified in the previous table.

<sup>(1)</sup> Excludes Work In Progress (WIP)

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

## Camden Council

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

<p><b>1. Buildings and infrastructure renewals ratio</b></p>  <p>Benchmark: — Minimum <math>\geq 100.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of asset renewals ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 Ratio 14.42%</b></p> <p>The benchmark for this ratio is better than 100%. Although Council has put in place a number of renewal programs the ratio compared to last financial year has decreased as a result of increasing depreciation expense through growth in the asset base. It is difficult to justify a high ratio for Camden Council when Council has a higher proportion of new assets that at this point in their life cycle do not require renewal.</p>
<p><b>2. Infrastructure backlog ratio</b></p>  <p>Benchmark: — Maximum <math>&lt; 2.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of infrastructure backlog ratio</b></p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 Ratio 1.12%</b></p> <p>Council's current infrastructure backlog is 1.12% which is within the industry benchmark of less than 2.00%. Council's backlog is manageable and an indication that with a continuation of current renewal programs that the backlog is not increasing.</p>
<p><b>3. Asset maintenance ratio</b></p>  <p>Benchmark: — Minimum <math>&gt; 100.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of asset maintenance ratio</b></p> <p>Compares actual vs. required annual asset maintenance. A ratio above 100% indicates Council is investing enough funds to stop the infrastructure backlog growing.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 Ratio 0.92x</b></p> <p>The benchmark for this ratio is greater than 1.00. Council's ratio of 0.92 is marginally lower than last financial year's ratio of 1.00. Council completed 92% of the maintenance program for the financial year 2017-18.</p>
<p><b>4. Cost to bring assets to agreed service level</b></p>  <p>Benchmark: — Minimum <math>&gt; 100.00\%</math> Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p><b>Purpose of agreed service level ratio</b></p> <p>This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.</p>	<p><b>Commentary on 2017/18 result</b></p> <p><b>2017/18 Ratio 0.89%</b></p> <p>Council's "cost to bring assets to an agreed service level" is the same as Council's cost to bring assets to a satisfactory standard as they are both calculated using a condition 2 (good) rating. Council continues to implement renewal programs to further improve this ratio over time.</p>