General Purpose & Special Purpose Financial Statements

For the Year Ended 30 June 2019

camden council

Camden Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2019

Camden, the Best of Both Worlds

Executive Summary – 2018/19 Annual Financial Statements

Camden continues to be one of the fastest growing areas in New South Wales with more than 100 new residents per week. This growth places substantial pressure on Council's finances and resources. The cost of planning for growth is an upfront 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 2018/19 and 2017/18:

Income Statement	2018/19 $'000	2017/18 $'000
Total Income from Continuing Operations	$238,973	$275,285
Total Expenses from Continuing Operations	$124,608	$109,689
Surplus Operating Result from Continuing Operations	$114,365	$165,596
Grants and Contributions provided for Capital Purposes	$130,445	$174,338
Net Operating Result before Grants and Contributions provided for Capital Purposes (deficit)	($16,080)	($8,742)

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 a cash basis. The reported surplus of $114.37 million (after capital items) does not mean Council has additional funds of $114.37 million to spend. Alternatively, the fact that Council's Income Statement has a reported deficit of $16.08 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 25 to the Financial Statements.

Operating Result (after capital items)

The 2018/19 Operating Result after accounting for capital income is a surplus of $114.37 million ($165.60 million 2017/18). 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 2018/19 was $89.79 million ($142.75 million 2017/18). 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 $16.08 million. This result excludes capital income of $130.45 million. In comparing this result to the previous financial year deficit of $8.74 million the increase in the operating deficit to $16.08 million is predominately a result of increased depreciation expense, due to the construction and dedication of new infrastructure assets. Council's depreciation expense has increased by $8.91 million over the past 2 years. The impact of depreciation expense is significant due to a unique environment of substantial growth, Council's current economies of scale and the method used to calculate depreciation expense. Council is currently constructing or receiving dedicated assets that provide for a population in the future. The straight-line method of calculating depreciation expense does not consider growth or the current population, meaning the expense is representative of a higher capacity to pay or greater economies of scale. There is also a timing issue to consider, Council must provide for infrastructure now, this cannot be done after the population arrives.

Council has not ignored the need to understand the consumption of assets and the need to provide for future renewal. Council has invested over $23 million in community infrastructure renewal programs over the past 10 years and will continue to invest in renewal programs representative of its capacity to pay. Significant growth in infrastructure and council's economies of scale will continue to be an issue for Council and needs to be understood when considering Council's financial performance in a rapidly growing environment. It has been through the Council's understanding of this that it remains in a strong cash position with a good capacity for debt to assist in managing its growth now and into the future.

Other significant movements include an increase in Rates and charges income of $6.11 million (growth), an increase in User charges and fees of $2.95 million (growth), a decrease in Other revenues of $2.63 million (due to a one-

off recognition in 2017/18 of Air Bridge lease), an increase in the ELE provision $3.69 million (increase in staff numbers and less discounting due to declining interest rates). Council allowed for an additional 32.8 new positions during 2018/19 to meet the demand for essential services which resulted in an increase in employee costs of $3.11 million (excludes ELE provision). Materials and Contracts had an increase of $9.1 million representing additional works and services undertaken during 2018/19, depreciation expense increased by $2.80 million and disposal of assets expense decreased by $3.92 million (less removal of road base).

Council continues to monitor its operating result and whilst Council's liquidity position is strong, Council recognises that longer term, operating deficits are not sustainable and that sustained reported deficits will ultimately reduce Council's ability to maintain or replace its asset base over time. Council expects that this position will continue to improve over time through increased income associated with growth and prudent long-term financial management of expenditure budgets that consider the timing of future income.

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**

Council still has a good capacity to borrow for capital projects (one-off) upon the appropriate financial assessment being completed. Council also considers low-interest loan programs under the Local Infrastructure Renewal Scheme (LIRS) offered by the State Government. This program has already realised Council over $700,000 in loan interest savings.

✓ **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 Programs**

Council endorsed a $5.1 million Community Infrastructure Renewal Program as part of its 2019/20 budget to continue the renewal of assets in a poor condition. This program was put in place without the need to raise rates beyond that approved by IPART for 2019/20.

✓ **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 Local Infrastructure Renewal Schemes.

✓ **Organisational Improvement Plan**

Council remains committed to continuously improving its financial and non-financial performance and ensuring its customer service is of the highest standard. To this end, a new Organisational Strategy Plan, designed to guide Councils future corporate improvement efforts and promote best practice service delivery, was finalised during the 2018/19 Financial Year.

Statement of Financial Position

The net value of assets owned by our community is $1.65 billion ($1.54 billion in 2017/18). 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.

Council's loan debt is now $28.25 million with a decrease of $3.37 million from 2017/18; primarily a result of principal and interest repayments during 2018/19 and no new loans being taken up in 2018/19.

Financial Health Indicators

The financial health indicators for the 2018/19 financial year can be found in Note 25 (pages 83-86) and Special Schedule – Report on Infrastructure Assets (pages 8-9). These sections of the financial statements provide a detailed explanation of each indicator and any unique considerations which need to be taken into account when assessing Council's financial performance. Overall, the indicators provide a positive outlook for Council's continued financial sustainability.

Chief Financial Officer (Responsible Accounting Officer

Camden Council

General Purpose Financial Statements

for the year ended 30 June 2019

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Camden Council

General Purpose Financial Statements
for the year ended 30 June 2019

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

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

2. The Statement of Comprehensive Income
Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

3. The Statement of Financial Position
A 30 June snapshot of Council's financial position indicating its assets, liabilities and “net wealth”.

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

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Camden Council

General Purpose Financial Statements
for the year ended 30 June 2019

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 24/09/2019

Theresa Fedeli
Mayor
24/09/2019

Rob Mills
Deputy Mayor
24/09/2019

Ron Moore
General Manager
24/09/2019

Paul Rofe
Responsible Accounting Officer
24/09/2019

Camden Council

Income Statement

for the year ended 30 June 2019

Original unaudited budget 2019 $ '000		Notes	Actual 2019 $ '000	Actual 2018 [1] $ '000
	Income from continuing operations			
	Revenue:			
69,947	Rates and annual charges	3a	70,403	64,290
18,993	User charges and fees	3b	21,077	18,124
2,800	Interest and investment revenue	3c	3,703	3,793
1,698	Other revenues	3d	3,421	6,055
6,744	Grants and contributions provided for operating purposes	3e,3f	9,176	8,564
166,211	Grants and contributions provided for capital purposes	3e,3f	130,445	174,338
	Other income:			
–	Fair value increment on investment properties		748	–
–	Net share of interests in joint ventures and associates using the equity method	16	–	121
266,393	**Total income from continuing operations**		238,973	275,285
	Expenses from continuing operations			
47,147	Employee benefits and on-costs	4a	48,878	42,072
1,274	Borrowing costs	4b	1,559	1,808
27,643	Materials and contracts	4c	37,726	28,623
16,220	Depreciation and amortisation	4d	25,139	22,370
10,340	Other expenses	4e	9,082	8,715
–	Net losses from the disposal of assets	5	2,158	6,086
–	Fair value decrement on investment properties		–	15
–	Net share of interests in joint ventures and associates using the equity method	16	66	–
102,624	**Total expenses from continuing operations**		124,608	109,689
163,769	**Operating result from continuing operations**		114,365	165,596
163,769	Net operating result for the year		114,365	165,596
163,769	Net operating result attributable to council		114,365	165,596
(2,442)	**Net operating result for the year before grants and contributions provided for capital purposes**		(16,080)	(8,742)

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under *AASB 139 Financial Instruments: Recognition and Measurement*

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

Camden Council

Statement of Comprehensive Income

for the year ended 30 June 2019

	Actual 2019 $ '000	Actual 2018 [1] $ '000
Net operating result for the year (as per Income Statement)	**114,365**	**165,596**
Other comprehensive income:		
Amounts which will not be reclassified subsequently to the operating result		
Gain (loss) on revaluation of land and building	–	54,031
Gain (loss) on revaluation of land under roads	–	(3,874)
Correction of asset duplication	1,043	–
Total items which will not be reclassified subsequently to the operating result	1,043	50,157
Amounts which will be reclassified subsequently to the operating result when specific conditions are met		
Realised (gain) loss on financial assets at fair value through other comprehensive income	(33)	–
Total items which will be reclassified subsequently to the operating result when specific conditions are met	(33)	–
Total other comprehensive income for the year	1,010	50,157
Total comprehensive income for the year	115,375	215,753
Total comprehensive income attributable to Council	115,375	215,753

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under *AASB 139 Financial Instruments: Recognition and Measurement*

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

Camden Council

Statement of Financial Position
as at 30 June 2019

	Notes	Actual 2019 $ '000	Actual 2018 [1] $ '000
ASSETS			
Current assets			
Cash and cash equivalent assets	6(a)	8,607	8,637
Investments	6(b)	96,856	84,200
Receivables	7	7,104	7,327
Inventories	8a	351	347
Other	8b	283	135
Total current assets		113,201	100,646
Non-current assets			
Investments	6(b)	32,700	29,500
Receivables	7	3,297	3,326
Infrastructure, property, plant and equipment	9(a)	1,543,829	1,451,163
Investment property	10a	31,095	27,300
Intangible assets	11	999	1,014
Investments accounted for using the equity method	16	128	194
Total non-current assets		1,612,048	1,512,497
TOTAL ASSETS		1,725,249	1,613,143
LIABILITIES			
Current liabilities			
Payables	12	18,399	21,439
Income received in advance	12	1,525	1,166
Borrowings	12	3,721	3,665
Provisions	13	13,000	10,129
Total current liabilities		36,645	36,399
Non-current liabilities			
Payables	12	11,283	11,107
Borrowings	12	24,528	27,957
Provisions	13	275	626
Total non-current liabilities		36,086	39,690
TOTAL LIABILITIES		72,731	76,089
Net assets		1,652,518	1,537,054
EQUITY			
Accumulated surplus	14a	1,161,047	1,046,682
Revaluation reserves	14a	491,415	490,372
Other reserves	14a	56	–
Council equity interest		1,652,518	1,537,054
Total equity		1,652,518	1,537,054

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under *AASB 139 Financial Instruments: Recognition and Measurement*

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

Camden Council

Statement of Changes in Equity

for the year ended 30 June 2019

	Notes	2019 Accumulated surplus $ '000	2019 IPP&E revaluation reserve $ '000	2019 Financial assets at FVOCI $ '000	2019 Total equity $ '000	2018 [1] Accumulated surplus $ '000	2018 [1] IPP&E revaluation reserve $ '000	2018 [1] Financial assets at FVOCI $ '000	2018 [1] Total equity $ '000
Opening balance		1,046,682	490,372	–	1,537,054	881,086	440,215	–	1,321,301
Net operating result for the year		114,365	–	–	114,365	165,596	–	–	165,596
Other comprehensive income									
– Gain (loss) on revaluation of IPP&E	9(a)	–	1,043	–	1,043	–	–	–	–
– Realised (gain) loss on financial assets at fair value through other comprehensive income		–	–	(33)	(33)	–	–	–	–
– Gain (loss) on revaluation of land and buildings		–	–	–	–	–	54,031	–	54,031
– Gain (loss) on revaluation of land under roads		–	–	–	–	–	(3,874)	–	(3,874)
Other comprehensive income		–	1,043	(33)	1,010	–	50,157	–	50,157
Total comprehensive income		114,365	1,043	(33)	115,375	165,596	50,157	–	215,753
Distributions to/(contributions from) non-controlling interests		–	–	89	89	–	–	–	–
Equity – balance at end of the reporting period		1,161,047	491,415	56	1,652,518	1,046,682	490,372	–	1,537,054

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under *AASB 139 Financial Instruments: Recognition and Measurement*

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

Camden Council

Statement of Cash Flows

for the year ended 30 June 2019

Original unaudited budget 2019 $ '000		Notes	Actual 2019 $ '000	Actual 2018 $ '000
	Cash flows from operating activities			
	Receipts			
69,947	Rates and annual charges		69,837	63,888
18,993	User charges and fees		21,479	19,761
2,800	Investment and interest revenue received		3,599	3,706
25,969	Grants and contributions		49,381	56,946
–	Bonds, deposits and retention amounts received		6,429	8,201
5,065	Other		12,617	8,279
	Payments			
(42,430)	Employee benefits and on-costs		(47,177)	(41,902)
(32,361)	Materials and contracts		(39,839)	(37,663)
(1,274)	Borrowing costs		(1,287)	(1,399)
–	Bonds, deposits and retention amounts refunded		(9,430)	(6,265)
(13,890)	Other		(14,011)	(8,352)
32,819	**Net cash provided (or used in) operating activities**	15b	51,598	65,200
	Cash flows from investing activities			
	Receipts			
–	Sale of investment securities		139,800	136,200
535	Sale of infrastructure, property, plant and equipment		800	345
	Payments			
–	Purchase of investment securities		(155,600)	(149,500)
–	Purchase of investment property		(30)	–
(26,163)	Purchase of infrastructure, property, plant and equipment		(32,683)	(46,550)
–	Purchase of intangible assets		(251)	(782)
(25,628)	**Net cash provided (or used in) investing activities**		(47,964)	(60,287)
	Cash flows from financing activities			
	Payments			
(3,664)	Repayment of borrowings and advances		(3,664)	(3,795)
(3,664)	**Net cash flow provided (used in) financing activities**		(3,664)	(3,795)
3,527	**Net increase/(decrease) in cash and cash equivalents**		(30)	1,118
59,197	Plus: cash and cash equivalents – beginning of year	15a	8,637	7,519
62,724	Cash and cash equivalents – end of the year	15a	8,607	8,637
	Additional Information:			
–	plus: Investments on hand – end of year	6(b)	129,556	113,700
62,724	Total cash, cash equivalents and investments		138,163	122,337

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

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Camden Council

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

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 24/09/2019. Council has the power to amend and reissue these financial statements.

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

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

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

Council is a not for-profit entity.

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

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

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

and are clearly marked.

(a) New and amended standards adopted by Council

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

(b) Historical cost convention

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

(c) Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

(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 13.

Significant judgements in applying the council's accounting policies

(i) Impairment of receivables

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

continued on next page ...

Camden Council

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

Note 1. Basis of preparation (continued)

(ii) Camden Region Economic Taskforce

Council has determined not to consolidate the operations of CRET, a not for profit organisation, into its financial statements. Council records the contribution to CRET, with very limited other income sources, and these funds are used to achieve the focus of the organisation of developing and promoting the Camden LGA.

Control
Council is the only member of the company and has the right to appoint all Directors.
Furthermore there is a service level agreement that prescribes the business to be undertaken by CRET as the entity is established to advance the objectives of the Council.

Council's exposure, or rights to variable returns from its involvement with CRET
CRET is prohibited by its constitution from paying any of its income to the member by virtue of the member's membership. In the event of CRET winding up, the constitution also prohibits any payments to council.The liability to Council is also limited to $50.00 in the event of winding up.

This however does not take away the rights to non-financial returns but will influence the disclosure requirements in the Consolidated Financial Statements.

Based on the above, Camden Council is exposed to and has rights to variable returns from its involvment with CRET

Material considerations
On the Basis of materiality Council has not consolidated CRET as at 30 June 2019.

iii) Southern Phone Company Limited.
Southern Phones is a telecommunications service provider to regional communities.
The Company's main services include fixed line, mobile and internet communications.
The Company is owned by 35 Local Government Councils.
Council receive dividends from its operations each year (see note 3c).
Note 6b records the net asset value to Council with the net change in valuation included in the statement of comprehensive income.

Monies and other assets received by Council

(a) The Consolidated Fund

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

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

- 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 property received by the council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

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

Council does not hold any monies or property that are not under control of the Council.

continued on next page ...

Camden Council

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

Note 1. Basis of preparation (continued)

Goods and Services Tax (GST)

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

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

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

New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

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

As at the date of authorisation of these financial statements, Council does not consider that any of those standards are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

Council has not elected to apply any pronouncements before their operative date in these financial statements.

AASB 16 Leases

AASB 16 will result (for YE 19/20 and beyond) in almost all operating leases being recognised on the balance sheet by Council (alongisde existing finance leases) with the distinction between operating and finance leases removed.

Under the new standard, a financial liability (ie. a lease liability) and an asset (ie. a right to use the leased item) will be recognised for nearly all arrangements where Council commits itself to paying a rental fee for the use of a specific asset.

The only exceptions are short-term and low-value leases which are exempt from the accounting (but not disclosure) requirements of AASB 16 - Leases.

Council staff have reviewed all of Council’s leasing arrangements over the last 12 months taking into consideration the new lease accounting rules in AASB 16 (applicable from 1/7/19).

AASB 16 will (on the whole) affect Council's accounting for existing operating lease agreements that are in place as at 30/6/19.

At the end of this reporting period, Council has non-cancellable operating lease commitments of $2,660K - refer Note 17.

Council’s activities as a lessor are not material and hence Council does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

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

AASB15 introduces a five-step process for revenue recognition, with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

Accounting policy changes will arise in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.

Councils will assess each revenue stream but particular impact is expected for grant income and rates which are paid before the commencement of the rating period.

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Camden Council

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

Note 1. Basis of preparation (continued)

The changes in revenue recognition requirements in AASB15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

Council has reviewed it revenue stream and have identified significant changes to income recognition for 2019/20.There is income that has previously been recognised in the year that the income was received but have had unfulfilled obligations. These will no longer be recognised until the obligation associated with the revenue is fulfilled.

These impacts and changes will be part of the restated financial reports for 2020.

AASB 1058 Income of NFP Entities

AASB 1058 supersedes all the income recognition requirements relating to councils, previously in AASB 1004 Contributions.

Under AASB 1058 the future timing of income recognition will depend on whether the transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service) related to an asset (such as cash or another asset) received by an entity.

AASB 1058 also applies when a council receives volunteer services or enters into other transactions in which the consideration to acquire an asset is significantly less than the fair value of the asset, and where the council's objective is principally to enable the asset to further the 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 the applicable accounting standard, such as:

(a) contributions by owners
(b) revenue, or a 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), the council recognises a liability for the excess of the fair value of the transfer over any related amounts recognised. Council will then 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.

AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities

This Standard provides a temporary option for not-for-profit entities to not apply the fair value initial measurement requirements for right-of-use assets arising under leases with significantly below market terms and conditions, principally to enable the entity to further its objectives (for example, concessionary or peppercorn leases).

The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such right-of-use assets at cost rather than fair value) to include additional disclosures in the financial statements to ensure users understand the effects on the financial position, financial performance and cash flows of the entity arising from these leases

As per a NSW Office of Local Government recommendation, Council has elected to measure right-of-use assets (under a concessionary or peppercorn lease) at cost. The standard requires additional disclosures be provided in relation to below market-value leases measured at cost.

Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2018.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

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

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

	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2019 $ '000	2018 $ '000	2019 $ '000	2018 $ '000	2019 $ '000	2018 $ '000	2019 $ '000	2018 $ '000	2019 $ '000	2018 $ '000
Functions or activities										
Governance	–	26	955	1,809	(955)	(1,783)	–	–	–	–
Managing Camden's Growth	55,290	56,718	10,360	10,374	44,930	46,344	870	–	88,388	6
Urban and Natural Environments	37,699	64,507	26,613	27,969	11,086	36,538	150	301	12,537	1,522
Prosperous Economy	28	21	911	1,066	(883)	(1,045)	–	–	30,826	9
Sustainable Transport	68,123	80,830	25,490	19,804	42,633	61,026	4,115	6,045	1,237,430	1,007,885
Enriched and Connected Community	10,341	9,228	12,552	13,051	(2,211)	(3,823)	4,005	1,726	54,475	67,589
Stong Local Leadership (Governance)	67,492	63,955	47,727	35,616	19,765	28,339	3,973	4,371	301,593	536,132
Total functions and activities	238,973	275,285	124,608	109,689	114,365	165,596	13,113	12,443	1,725,249	1,613,143

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

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

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

Governance

Costs relating to the overseeing and decision making process of the elected members of council.

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.

Stong 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 2019

Note 3. Income from continuing operations

	2019 Actual $ '000	2018 Actual $ '000
(a) Rates and annual charges		
Ordinary rates		
Residential	46,669	42,849
Farmland	566	547
Business	8,679	8,156
Less: pensioner rebates (mandatory)	(601)	(575)
Rates levied to ratepayers	55,313	50,977
Pensioner rate subsidies received	330	316
Total ordinary rates	55,643	51,293
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	14,056	12,489
Section 611 charges	55	52
Less: pensioner rebates (mandatory)	(178)	(166)
Stormwater management levy	729	531
Annual charges levied	14,662	12,906
Pensioner subsidies received:		
– Domestic waste management	98	91
Total annual charges	14,760	12,997
TOTAL RATES AND ANNUAL CHARGES	70,403	64,290

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

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

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

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

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

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Camden Council

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

Note 3. Income from continuing operations (continued)

	2019 Actual $ '000	2018 Actual $ '000
(b) User charges and fees		
Specific user charges		
(per s.502 - specific 'actual use' charges)		
Domestic waste management services (additional services)	45	38
On site sewerage inspection	29	34
Commercial waste management	705	625
On site sewerage annual charges	187	181
Total specific user charges	966	878
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Building services – other	3,515	4,451
Private works – section 67	3,554	111
Section 10.7 certificates (EP&A Act)	405	460
Section 603 certificates	213	248
Town planning	2,985	3,694
Other	41	–
Total fees and charges – statutory/regulatory	10,713	8,964
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Cemeteries	361	414
Child care (family day care services)	444	461
Leaseback fees – Council vehicles	964	902
Recycling income (non-domestic)	1	–
Library services	40	39
Parks and leisure centres	6,099	5,185
Public halls	1,275	1,144
Other	214	137
Total fees and charges – other	9,398	8,282
TOTAL USER CHARGES AND FEES	21,077	18,124

Accounting policy for user charges and fees
User charges and fees are recognised as revenue when the service has been provided.

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Camden Council

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

Note 3. Income from continuing operations (continued)

	2019 Actual $ '000	2018 Actual $ '000
(c) Interest and investment revenue (including losses)		
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	201	182
– Restricted funds	2,420	1,953
– General funds	1,071	1,647
Dividend income relating to investments held at fair value through other comprehensive income	11	11
TOTAL INTEREST AND INVESTMENT REVENUE	3,703	3,793
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	201	182
General Council cash and investments	1,084	1,660
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	1,600	1,394
– Other Developer Contributions	410	197
Domestic waste management operations	306	260
Department of Planning Interest Free Loan	102	100
Total interest and investment revenue	3,703	3,793

Accounting policy for interest and investment revenue
Interest income is recognised using the effective interest rate at the date that interest is earned.

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

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Camden Council

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

Note 3. Income from continuing operations (continued)

	Notes	2019 Actual $ '000	2018 Actual $ '000
(d) Other revenues			
Rental income – investment properties	10	802	383
Fines		246	286
Fines – parking		61	56
Fines – other		61	61
Legal fees recovery – rates and charges (extra charges)		183	124
Legal fees recovery – other		510	424
Commissions and agency fees		97	145
Diesel rebate		69	60
Insurance claims recoveries		270	164
Sales – general		30	55
Easement compensation		142	119
Employee relations		71	116
Rental income – council properties		69	87
Risk mgmt. performance incentive rebates		294	201
Other		352	461
Contributions to long service leave – other councils		164	179
Energy Savings Rebate		–	184
Recognition of Air Bridge Lease		–	2,950
TOTAL OTHER REVENUE		3,421	6,055

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.

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Camden Council

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

Note 3. Income from continuing operations (continued)

	Operating 2019 Actual $ '000	Operating 2018 Actual $ '000	Capital 2019 Actual $ '000	Capital 2018 Actual $ '000
(e) Grants				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	1,181	1,234	–	–
Financial assistance – local roads component	726	682	–	–
Payment in advance - future year allocation				
Financial assistance – general component	1,224	1,267	–	–
Financial assistance – local roads component	754	660	–	–
Total general purpose	3,885	3,843	–	–
Specific purpose				
Aged care	1	3	–	–
Better waste and recycling fund	112	110	–	–
Bushfire and emergency services	173	163	–	–
Child care (family day care)	1,678	1,353	–	–
Community services	142	151	18	–
Floodplain management	106	31	–	–
Heritage and cultural	–	–	14	–
Library	166	180	–	–
Library – special projects	–	–	47	23
LIRS subsidy	88	99	–	–
Noxious weeds	38	29	–	–
Planning Studies	750	151	–	–
Recreation and culture	76	39	1,688	–
Recreational services	16	17	–	–
Street lighting	131	128	–	–
Transport (other roads and bridges funding)	71	72	3,449	5,085
Transport (roads to recovery)	464	966	–	–
Total specific purpose	4,012	3,492	5,216	5,108
Total grants	7,897	7,335	5,216	5,108
Grant revenue is attributable to:				
– Commonwealth funding	6,073	6,155	3,327	4,693
– State funding	1,824	1,180	1,889	415
	7,897	7,335	5,216	5,108

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Camden Council

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

Note 3. Income from continuing operations (continued)

	Notes	Operating 2019 Actual $ '000	Operating 2018 Actual $ '000	Capital 2019 Actual $ '000	Capital 2018 Actual $ '000
(f) Contributions					
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
VPA – other cash revenue		582	331	16,221	1,816
Other section 7.11 developer contributions		210	513	172	210
Open space		–	–	6,015	7,882
Traffic facilities		–	–	169	261
Drainage		–	–	4,742	4,172
Roadworks		–	–	3,218	3,961
Community facilities		–	–	4,617	7,952
Total developer contributions – cash		792	844	35,154	26,254
Non-cash contributions					
VPA – dedicated drainage		–	–	91	1,671
VPA – dedicated open space		–	–	4,573	2,188
VPA – dedicated roads		–	–	1,010	2,011
VPA – dedicated community facilities		–	–	–	12,875
VPA – dedicated land		–	–	–	16,292
WIKA - Roadworks		–	–	163	–
Total developer contributions non-cash		–	–	5,837	35,037
Total developer contributions	24	792	844	40,991	61,291
Other contributions:					
Cash contributions					
Heritage/cultural		70	14	–	–
Other councils – joint works/services		36	12	–	–
Recreation and culture		2	5	2	50
Roads and bridges		–	–	266	172
RMS contributions (regional roads, block grant)		310	304	–	–
Other		69	50	18	–
Total other contributions – cash		487	385	286	222
Non-cash contributions					
Bushfire services		–	–	350	690
Dedicated Community Land		–	–	–	2,103
Dedicated land under roads		–	–	2,710	10,865
Dedicated subdivision roads		–	–	56,170	60,340
Dedicated drainage		–	–	20,102	23,145
Dedications – RMS		–	–	4,611	–
Dedicated operational land		–	–	–	10,420
Dedicated open space assets		–	–	9	154
Total other contributions – non-cash		–	–	83,952	107,717
Total other contributions		487	385	84,238	107,939
Total contributions		1,279	1,229	125,229	169,230
TOTAL GRANTS AND CONTRIBUTIONS		9,176	8,564	130,445	174,338

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Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

Accounting policy for grants and contributions

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

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

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

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

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

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

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Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

	2019 Actual $ '000	2018 Actual $ '000

(g) Unspent grants and contributions

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

Operating grants

Unexpended at the close of the previous reporting period	2,187	253
Add: operating grants recognised in the current period but not yet spent	459	147
Add: operating grants received for the provision of goods and services in a future period	1,926	1,927
Less: operating grants recognised in a previous reporting period now spent	(2,174)	(140)
Unexpended and held as restricted assets (operating grants)	2,398	2,187

$2.187m of operating grants were not expended as of 30 June 2018 being mainly the Financial Assistance Grant advance payment for 2018/19 plus some smaller operating grants for example Better Waste and Recycling and of this $2.174m was spent in 2018/19. Council again received the Financial Assistance Grant payment in advance for 2019/20 ($1.926m).

Capital grants

Unexpended at the close of the previous reporting period	983	648
Add: capital grants recognised in the current period but not yet spent	1,424	188
Add: capital grants received for the provision of goods and services in a future period	600	699
Less: capital grants recognised in a previous reporting period now spent	(271)	(552)
Unexpended and held as restricted assets (capital grants)	2,736	983

$983k of capital grants were not expended as of 30 June 2019 being 4 grants related to road construction, $271k of this was spent during 2018/19. Council received $1.424m of capital grants during 2018/19 which have not been spent. These grants include City Deals funding for Facilities being constructed and Housing Acceleration Funding for Road Upgrade Design works in Leppington. $600k Grant Income was received in advance from City Deals for Fergusons Land Sportsgrounds

Contributions

Unexpended at the close of the previous reporting period	61,636	43,847
Add: contributions recognised in the current period but not yet spent	28,236	19,971
Less: contributions recognised in a previous reporting period now spent	(4,291)	(2,182)
Unexpended and held as restricted assets (contributions)	85,581	61,636

This section includes the section 7.11 funds recevied towards the provision, extension or augmentation of local infrastructure only where development is likely to require the provision of or increase the demand for local infrastructure in new release areas; and the recoupment of the cost of providing existing local infrastructure. Refer to note 24 Developer Contributions for more details.

Camden Council

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

Note 4. Expenses from continuing operations

	2019 Actual $ '000	2018 Actual $ '000
(a) Employee benefits and on-costs		
Salaries and wages	36,559	33,266
Travel expenses	2,373	2,133
Employee leave entitlements (ELE)	6,332	2,641
Superannuation	4,029	4,081
Workers' compensation insurance	594	632
Fringe benefit tax (FBT)	230	218
Training costs (other than salaries and wages)	364	289
Protective clothing	58	59
Other	265	219
Total employee costs	50,804	43,538
Less: capitalised costs	(1,926)	(1,466)
TOTAL EMPLOYEE COSTS EXPENSED	48,878	42,072

Accounting policy for employee benefits and on-costs
Employee benefit expenses are recorded when the service has been provided by the employee.

Retirement benefit obligations

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

Superannuation plans

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

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

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Camden Council

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

Note 4. Expenses from continuing operations (continued)

	2019 Actual $ '000	2018 Actual $ '000
(b) Borrowing costs		
(i) Interest bearing liability costs		
Interest on loans	1,267	1,393
Total interest bearing liability costs expensed	1,267	1,393
(ii) Other borrowing costs		
Amortisation of discounts and premiums – interest free loan	292	415
Total other borrowing costs	292	415
TOTAL BORROWING COSTS EXPENSED	1,559	1,808

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

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Camden Council

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

Note 4. Expenses from continuing operations (continued)

	2019 Actual $ '000	2018 Actual $ '000
(c) Materials and contracts		
Raw materials and consumables	11,470	6,487
– Leisure centre and pools	5,504	4,760
– Waste management	5,613	4,809
– Parks and garden maintenance	3,909	4,196
– Information technology	2,597	2,136
– Town Planning	262	55
– Agency agreements	255	393
Auditors remuneration [2]	181	193
Legal expenses:		
– Legal expenses: planning and development	498	352
– Legal expenses: debt recovery	228	78
– Legal expenses: other	1,104	666
Operating leases:		
– Operating lease rentals: minimum lease payments [1]	109	75
Advertising – recruitment related	106	234
Building maintenance	365	112
Community support programs	3,273	2,827
Companion animal control	90	115
Environmental education	4	–
Infrastructure maintenance and repairs	626	379
Noxious weeds control	56	58
Other	1,476	698
Total materials and contracts	37,726	28,623
TOTAL MATERIALS AND CONTRACTS	37,726	28,623

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

1. Operating lease payments are attributable to:

Other	109	75
	109	75

2. Auditor remuneration
During the year, the following fees were incurred 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	109	94
Remuneration for audit and other assurance services	109	94
Total Auditor-General remuneration	109	94

Non NSW Auditor-General audit firms

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Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

	2019 Actual $ '000	2018 Actual $ '000
(i) Audit and other assurance services		
Other audit and assurance services – Internal Audit	72	99
Remuneration for audit and other assurance services	72	99
Total remuneration of non NSW Auditor-General audit firms	72	99
Total Auditor remuneration	181	193

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Camden Council

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

Note 4. Expenses from continuing operations (continued)

	Notes	2019 Actual $ '000	2018 Actual $ '000
(d) Depreciation, amortisation and impairment of intangible assets and IPP&E			
Depreciation and amortisation			
Plant and equipment		2,077	1,770
Office equipment		506	423
Furniture and fittings		375	366
Land improvements (depreciable)		750	667
Infrastructure:			
– Buildings – non-specialised		4,301	4,108
– Other structures		1,297	1,089
– Roads		10,963	9,567
– Bridges		511	544
– Footpaths		936	795
– Stormwater drainage		2,748	2,535
– Other open space/recreational assets		668	455
Other assets:			
– Library books		203	183
– Other		397	336
Intangible assets	11	266	221
Total gross depreciation and amortisation costs		25,998	23,059
Less: capitalised costs		(859)	(689)
Total depreciation and amortisation costs		25,139	22,370
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT FOR INTANGIBLES AND IPP&E		25,139	22,370

Accounting policy for depreciation, amortisation and impairment expenses of intangibles and IPP&E
Intangible assets are usually costs associated with software development.
They have a useful life of a number of years but are not worth any material value other than for the output produced.
These assets are amortised over a period of generally 3-5 years.
They are assessed annually for impairments along with all other assets.

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 and Note 12 for intangible assets.

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

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

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Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

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

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

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Camden Council

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

Note 4. Expenses from continuing operations (continued)

	2019 Actual $ '000	2018 Actual $ '000
(e) Other expenses		
Advertising	229	284
Bad and doubtful debts	426	350
Bank charges	189	183
Cleaning	452	160
Contributions/levies to other levels of government		
– Department of planning levy	42	41
– Emergency services levy (includes FRNSW, SES, and RFS levies)	708	709
Councillor expenses – mayoral fee	36	35
Councillor expenses – councillors' fees	147	144
Councillors' expenses (incl. mayor) – other (excluding fees above)	93	67
Development operating expenses	69	196
Donations, contributions and assistance to other organisations (Section 356)	282	263
Electricity and heating	696	680
Emergency services	48	29
Information technology expenses	318	256
Insurance	706	588
Postage	267	242
Printing and stationery	153	138
Rates collection charges	58	43
Sec 7.11 administration – operating expenses	180	276
Street lighting	2,303	2,009
Telephone and communications	252	214
Tourism expenses (excluding employee costs)	156	128
Valuation fees	228	206
Water charges	424	468
Other	620	1,006
Total other expenses	9,082	8,715
TOTAL OTHER EXPENSES	9,082	8,715

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

Camden Council

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

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

	Notes	2019 Actual $ '000	2018 Actual $ '000
Property (excl. investment property)			
Proceeds from disposal – property		–	–
Less: carrying amount of property assets sold/written off		–	(1,075)
Net gain/(loss) on disposal		–	(1,075)
Plant and equipment	9(a)		
Proceeds from disposal – plant and equipment		801	345
Less: carrying amount of plant and equipment assets sold/written off		(610)	(242)
Net gain/(loss) on disposal		191	103
Infrastructure	9(a)		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets written off		(2,349)	(5,114)
Net gain/(loss) on disposal		(2,349)	(5,114)
Investments	6(b)		
Proceeds from disposal/redemptions/maturities – investments		139,800	136,200
Less: carrying amount of investments sold/redeemed/matured		(139,800)	(136,200)
Net gain/(loss) on disposal		–	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(2,158)	(6,086)

Accounting policy for disposal of assets
Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 6(a). Cash and cash equivalent assets

	2019 Actual $ '000	2018 Actual $ '000
Cash and cash equivalents		
Cash on hand and at bank	2,107	3,637
Cash-equivalent assets		
– Deposits at call	6,500	5,000
Total cash and cash equivalents	8,607	8,637

Accounting policy for cash and cash equivalents

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

Camden Council

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

Note 6(b). Investments

	2019 Current Actual $ '000	2019 Non-current Actual $ '000	2018 Current Actual $ '000	2018 Non-current Actual $ '000
Investments				
a. 'Financial assets at fair value through profit and loss'				
b. 'Financial assets at amortised cost' / 'held to maturity' (2018)	96,800	32,700	84,200	29,500
d. Council has a share in Southern Phones with an initial value of $89K but has had a share of the loss for the year of $33K shown in Statement of Comprehensive Income leaving a closing equity of $56K	56	–	–	–
Total Investments	96,856	32,700	84,200	29,500
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS	105,463	32,700	92,837	29,500
Financial assets at amortised cost / held to maturity (2018)				
Term deposits	96,800	32,700	84,200	29,500
Total	96,800	32,700	84,200	29,500
Financial assets at fair value through other comprehensive income / available for sale financial assets (2018)				
Unlisted equity securities- Southern Phones	56	–	–	–
Total	56	–	–	–

Accounting policy for investments

Accounting policy under AASB 9 – applicable from 1 July 2018
Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

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

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

Classification
On initial recognition, Council classifies its financial assets into the following categories – those measured at:
- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost
Assets measured at amortised cost are financial assets where:
- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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Camden Council

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

Note 6(b). Investments (continued)

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

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

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

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

Accounting policy under AASB 139 – applicable for 2018 comparatives only

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

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

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

(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 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.

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

Impairment of financial assets
Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition

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Camden Council

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

Note 6(b). Investments (continued)

of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Impairment of available for sale investments
In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

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

	2019 Current Actual $ '000	2019 Non-current Actual $ '000	2018 Current Actual $ '000	2018 Non-current Actual $ '000
Total cash, cash equivalents and investments	105,463	32,700	92,837	29,500
attributable to:				
External restrictions	73,204	32,700	48,654	29,500
Internal restrictions	31,018	–	43,684	–
Unrestricted	1,241	–	499	–
	105,463	32,700	92,837	29,500

	2019 Actual $ '000	2018 Actual $ '000
Details of restrictions		
External restrictions – included in liabilities		
Specific purpose unexpended loans – general	3,611	3,508
Section 7.11 – works in kinds (refundable)	–	304
External restrictions – included in liabilities	3,611	3,812
External restrictions – other		
Developer contributions – general	85,569	61,320
Specific purpose unexpended grants	5,134	3,170
Domestic waste management	11,533	9,714
Stormwater management levy	38	119
Other	19	19
External restrictions – other	102,293	74,342
Total external restrictions	105,904	78,154
Internal restrictions		
Plant and vehicle replacement	1,284	1,711
Employees leave entitlement	1,990	2,663
Deposits, retentions and bonds	14,197	16,881
Revote/carry forward reserve	2,155	5,825
Asset renewal reserve	251	494
Camden parking reserve	121	121
Capital works reserve	3,471	5,754
Cemetery improvements	723	452
Camden Regional Economic Taskforce	83	–
Commercial waste services	381	363
Community infrastructure program (2014-19)	–	963
DOP loan repayment reserve	2,200	4,200
Elections reserve	221	101
Engineering services deposits	204	197
Family day care trust	49	55
Information technology reserve	1,043	680
Public appeals reserve	36	36
Risk management reserve	318	319

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Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

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

	2019 Actual $ '000	2018 Actual $ '000
Sec 355 committee reserve	766	708
Stormwater management (general fund)	184	171
Water savings action plan reserve	116	96
Working funds reserve	706	1,733
Other	519	161
Total internal restrictions	31,018	43,684
TOTAL RESTRICTIONS	136,922	121,838

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 7. Receivables

	2019 Current Actual $ '000	2019 Non-current Actual $ '000	2018 Current Actual $ '000	2018 Non-current Actual $ '000
Purpose				
Rates and annual charges	2,879	336	2,344	305
Interest and extra charges	227	143	164	137
User charges and fees	3	–	–	–
Restoration and private works	17	–	63	–
Accrued revenues				
– Interest on investments	1,216	–	1,181	–
City Deal projects	–	–	3	–
Commercial waste	14	–	22	–
Community and recreational facilities	291	–	268	–
Easement compensation	–	–	14	–
Employee accounts	17	–	20	–
Gas main rating charge	55	–	51	–
Government grants and subsidies	1,146	–	695	–
Health and environment inspections	65	–	63	–
Land compensation	–	–	1,190	–
Legal cost recovery	1,248	–	822	–
Leisure centre contracts	215	–	166	–
Net GST receivable	474	–	749	–
Section 7.11 contributions	12	–	12	–
Energy Efficiency	–	–	185	–
Air Bridge Lease Receivable	65	2,818	66	2,884
Other debtors	434	–	152	–
Total	8,378	3,297	8,230	3,326
Less: provision of impairment				
Other debtors	(1,274)	–	(903)	–
Total provision for impairment – receivables	(1,274)	–	(903)	–
TOTAL NET RECEIVABLES	7,104	3,297	7,327	3,326
Externally restricted receivables				
Domestic waste management	641	74	518	72
Stormwater management	30	1	19	1
Other				
Section 7.11 contributions	12	–	12	–
Government Grants	1,146	–	695	–
Total external restrictions	1,829	75	1,244	73
Internally restricted receivables				
Commercial Waste Reserve	13	–	22	–
Revotes Reserve	3,057	–	–	–
Internally restricted receivables	3,070	–	22	–
Unrestricted receivables	**2,205**	**3,222**	**6,061**	**3,253**
TOTAL NET RECEIVABLES	7,104	3,297	7,327	3,326

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Camden Council

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

Note 7. Receivables (continued)

	2019 Actual $ '000	2018 Actual $ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	903	588
+ new provisions recognised during the year	371	315
Balance at the end of the period	1,274	903

Accounting policy for receivables

Recognition and measurement
Receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.
Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

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

Impairment

Accounting policy under AASB 9 applicable from 1 July 2018
Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

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

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

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

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Accounting policy under AASB 139 – applicable for 2018 comparatives only
For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

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

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Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 7. Receivables (continued)

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

Rates and annual charges outstanding are secured against the property.

Camden Council

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

Note 8. Inventories and other assets

	2019 Current Actual $ '000	2019 Non-current Actual $ '000	2018 Current Actual $ '000	2018 Non-current Actual $ '000
(a) Inventories				
(i) Inventories at cost				
Stores and materials	295	–	311	–
Trading stock	44	–	24	–
Stores and materials – domestic waste	12	–	12	–
Total inventories at cost	351	–	347	–
TOTAL INVENTORIES	351	–	347	–
(b) Other assets				
Prepayments	95	–	71	–
Information technology holding account	53	–	62	–
Bond CVW Graham hill	135	–	2	–
TOTAL OTHER ASSETS	283	–	135	–

Externally restricted assets

	2019 Current Actual $ '000	2019 Non-current Actual $ '000	2018 Current Actual $ '000	2018 Non-current Actual $ '000
Domestic waste management				
Stores and materials	12	–	12	–
Total domestic waste management	12	–	12	–

	2019 Current Actual $ '000	2019 Non-current Actual $ '000	2018 Current Actual $ '000	2018 Non-current Actual $ '000
Total externally restricted assets	12	–	12	–
Total unrestricted assets	622	–	470	–
TOTAL INVENTORIES AND OTHER ASSETS	634	–	482	–

Accounting policy for inventories and other assets

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

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Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 8. Inventories and other assets (continued)

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.

Land held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

Notes to the Financial Statements

for the year ended 30 June 2019

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

	as at 30/6/2018			Asset movements during the reporting period									as at 30/6/2019		
	Gross carrying amount $ '000	Accumulated depreciation $ '000	Net carrying amount $ '000	Additions renewals [1] $ '000	Additions new assets $ '000	Carrying value of disposals $ '000	Depreciation expense $ '000	WIP transfers $ '000	Adjustments and transfers $ '000	Tfrs from/(to) investment properties $ '000	Revaluation decrements to equity (ARR) $ '000	Revaluation increments to equity (ARR) $ '000	Gross carrying amount $ '000	Accumulated depreciation $ '000	Net carrying amount $ '000
Capital work in progress	13,443	–	13,443	–	7,203	–	–	(9,751)	(948)	–	–	–	9,947	–	9,947
Plant and equipment	18,654	(10,744)	7,910	–	4,380	(582)	(2,077)	–	(149)	–	–	–	20,048	(10,566)	9,482
Office equipment	5,602	(4,493)	1,109	–	172	(28)	(506)	–	231	–	–	–	5,328	(4,350)	978
Furniture and fittings	4,118	(1,819)	2,299	–	142	–	(375)	–	(4)	–	–	–	4,199	(2,137)	2,062
Land:															
– Operational land	132,505	–	132,505	–	7,058	–	–	–	3,167	(3,017)	–	–	139,713	–	139,713
– Community land	115,459	–	115,459	–	–	–	–	–	(3,167)	–	(3,611)	–	108,681	–	108,681
– Crown Land	2,103	–	2,103	–	–	–	–	–	–	–	–	–	2,103	–	2,103
– Land under roads (post 30/6/08)	114,009	–	114,009	–	2,710	–	–	–	–	–	–	4,654	121,373	–	121,373
Land improvements – non-depreciable	29,732	–	29,732	–	–	–	–	–	–	–	–	–	29,732	–	29,732
Land improvements – depreciable	11,202	(4,643)	6,559	–	115	(186)	(750)	–	–	–	–	–	10,734	(4,996)	5,738
Infrastructure:															
– Buildings – non-specialised	159,241	(42,287)	116,954	975	996	–	(4,301)	178	152	(30)	–	–	161,359	(46,435)	114,924
– Other structures	36,243	(15,518)	20,725	7,316	–	(30)	(1,297)	68	2,046	–	–	–	46,159	(17,331)	28,828
– Roads	633,141	(131,903)	501,238	11,514	46,700	(1,637)	(10,963)	7,662	(41,548)	–	–	–	654,117	(141,151)	512,966
– Bridges	48,493	(14,023)	34,470	419	1,147	–	(511)	–	–	–	–	–	50,059	(14,534)	35,525
– Footpaths	50,006	(11,373)	38,633	2,273	7,457	(383)	(936)	–	(4)	–	–	–	59,019	(11,979)	47,040
– Bulk earthworks (non-depreciable)	23,641	–	23,641	–	–	–	–	–	39,024	–	–	–	62,665	–	62,665
– Stormwater drainage	321,735	(39,318)	282,417	1,044	20,566	(96)	(2,748)	150	(5)	–	–	–	343,316	(41,988)	301,328
– Other open space/recreational assets	8,085	(3,234)	4,851	1,225	–	(17)	(668)	1,693	264	–	–	–	11,106	(3,758)	7,348
Other assets:															
– Library books	4,557	(2,837)	1,720	381	–	–	(203)	–	(73)	–	–	–	4,905	(3,080)	1,825
– Other	6,186	(4,800)	1,386	589	–	–	(397)	–	(7)	–	–	–	6,744	(5,173)	1,571
Total Infrastructure, property, plant and equipment	1,738,155	(286,992)	1,451,163	25,736	98,646	(2,959)	(25,732)	–	(1,021)	(3,047)	(3,611)	4,654	1,851,307	(307,478)	1,543,829

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

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Notes to the Financial Statements

for the year ended 30 June 2019

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

	as at 30/6/2017			Asset movements during the reporting period									as at 30/6/2018		
	Gross carrying amount $ '000	Accumulated depreciation $ '000	Net carrying amount $ '000	Additions renewals [1] $ '000	Additions new assets $ '000	Carrying value of disposals $ '000	Depreciation expense $ '000	WIP transfers $ '000	Adjustments and transfers $ '000	Tfrs from/(to) investment properties $ '000	Revaluation decrements to equity (ARR) $ '000	Revaluation increments to equity (ARR) $ '000	Gross carrying amount $ '000	Accumulated depreciation $ '000	Net carrying amount $ '000
Capital work in progress	44,598	–	44,598	–	11,380	–	–	–	–	–	–	–	13,443	–	13,443
Plant and equipment	16,295	(10,847)	5,448	–	4,475	(242)	(1,770)	(1,770)	–	–	–	–	18,654	(10,744)	7,910
Office equipment	6,173	(4,428)	1,745	–	1,023	–	(423)	(644)	–	–	–	–	5,602	(4,493)	1,109
Furniture and fittings	3,180	(1,452)	1,728	–	939	–	(366)	(366)	–	–	–	–	4,118	(1,819)	2,299
Land:															
– Operational land	91,063	–	91,063	–	22,400	(1,075)	–	–	(4,298)	(8,245)	–	26,626	132,505	–	132,505
– Community land	112,884	–	112,884	–	2,474	–	–	–	101	–	–	–	115,459	–	115,459
– 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)	(667)	–	–	–	–	11,202	(4,643)	6,559
– Crown Land	–	–	–	–	2,103	–	–	–	–	–	–	–	2,103	–	2,103
Infrastructure:															
– Buildings – non–specialised	111,721	(44,248)	67,473	100	16,903	–	(4,108)	(4,098)	–	(6,720)	–	27,016	159,241	(42,287)	116,954
– Buildings – specialised	2,101	(1,179)	922	–	–	–	–	(10)	–	–	–	358	–	–	–
– Other structures	31,989	(14,446)	17,543	69	2,276	(14)	(1,089)	(1,544)	–	–	–	–	36,243	(15,518)	20,725
– Roads	572,820	(123,153)	449,667	1,205	49,458	(5,031)	(9,567)	(9,567)	–	–	–	–	633,141	(131,903)	501,238
– Bridges	42,972	(13,479)	29,493	1,114	4,407	–	(544)	(544)	–	–	–	–	48,493	(14,023)	34,470
– Footpaths	44,810	(10,584)	34,226	265	4,942	(3)	(795)	(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)	(2,535)	–	–	–	–	321,735	(39,318)	282,417
– Other open space/recreational assets	6,371	(2,779)	3,592	–	1,725	–	(455)	–	–	–	–	–	8,085	(3,234)	4,851
Other assets:															
– Library books	3,713	(2,654)	1,059	–	844	–	(183)	(183)	–	–	–	–	4,557	(2,837)	1,720
– Other	5,642	(4,466)	1,176	–	544	–	(336)	(336)	–	–	–	–	6,186	(4,800)	1,386
Total Infrastructure, property, plant and equipment	1,546,474	(274,482)	1,271,992	2,753	171,761	(6,431)	(22,838)	(23,059)	–	(14,965)	(3,874)	54,000	1,738,155	(286,992)	1,451,163

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

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Camden Council

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

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

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

Increases in the carrying amounts arising on revaluation are credited to the 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.

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

Land is not depreciated. 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 the Council will obtain ownership at the end of the lease term. 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:

Plant and equipment	Years
Office equipment	5 to 10
Office furniture	7 to 10
Computer equipment	4 to 5
Vehicles	5 to 7
Heavy plant/road making equipment	5 to 7
Other plant and equipment	5 to 7

Other equipment	Years
Playground equipment	15
Benches, seats etc.	20 to 30
Buildings	
Structure	45 to 150
Internal Finishes	25
Lift & escalators	25
Fire services	40

Right of Use Assets	
Air Bridge	99
Library Books	10

Stormwater assets	
Drains	70 to 150
Culverts	80 to 100
Flood control structures	50 to 150

Transportation assets	
Sealed roads: surface	20 to 50
Sealed roads: structure	40 to 100
Bridge:	30 to 100
Kerb, gutter and footpaths	10 to 80

Other infrastructure assets	
Bulk earthworks	Infinite
Other open space/recreational assets	15 to 30
Other infrastructure	5 to 100

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

Council has elected to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

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

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Camden Council

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

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

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

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

Rural Fire Service assets
Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting 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 firefighting equipment has been purchased or constructed".

These Rural Fire Service assets are recognised as assets of the Council in these financial statements.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

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

	2019			2018		
	Gross carrying amount $ '000	Accumulated depn. and impairment $ '000	Net carrying amount $ '000	Gross carrying amount $ '000	Accumulated depn. and impairment $ '000	Net carrying amount $ '000
Domestic waste management						
Plant and equipment	12,025	6,755	5,270	12,253	7,349	4,904
Land						
– Operational land	1,865	–	1,865	1,865	–	1,865
Buildings	1,151	657	494	1,151	623	528
Total DWM	15,041	7,412	7,629	15,269	7,972	7,297
TOTAL RESTRICTED I,PP&E	15,041	7,412	7,629	15,269	7,972	7,297

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 10. Investment property

	2019 $ '000	2018 $ '000
(a) Investment property at fair value		
Investment property on hand	31,095	27,300
Reconciliation of annual movement:		
Opening balance	27,300	12,350
– Net gain/(loss) from fair value adjustments	748	(15)
– Transfers from/(to) owner occupied (Note 9)	3,047	14,965
CLOSING BALANCE – INVESTMENT PROPERTY	31,095	27,300

(b) Valuation basis

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

The 2019 revaluations were based on independent assessments made by:Scott Fullarton FAPI CPP, Certified Practicing Valuer- Scott Fullarton Valuations PTY LTD - ABN 40 003 683 878

(c) Leasing arrangements – Council as lessor

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

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

Within 1 year	783	1,024
Later than 1 year but less than 5 years	2,591	4,681
Later than 5 years	1,533	–
Total minimum lease payments receivable	4,907	5,705

The Lease terms associated with the above Investment Properties range from 3 to 10 years with the exception of two properties that are not under a current lease.

(d) Investment property income and expenditure – summary

Rental income from investment property:		
– Minimum lease payments	802	383
Net revenue contribution from investment property	802	383
plus:		
Fair value movement for year	748	(15)
Total income attributable to investment property	1,550	368

Accounting policy for investment property

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

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Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 10. Investment property (continued)

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

Camden Council

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

Note 11. Intangible assets

	2019 Actual $ '000	2018 Actual $ '000
Intangible assets are as follows:		
Opening values at 1 July		
Gross book value	1,592	810
Accumulated amortisation	(578)	(537)
Net book value – opening balance	1,014	273
Movements for the year		
– Purchases	251	–
– Amortisation charges	(266)	–
Closing values at 30 June		
Gross book value	1,843	1,592
Accumulated amortisation	(844)	(578)
TOTAL INTANGIBLE ASSETS – NET BOOK VALUE	999	1,014
The net book value of intangible assets represents:		
– Software	999	1,014
	999	1,014

Accounting policy for intangible assets

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

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

Camden Council

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

Note 12. Payables and borrowings

	2019 Current Actual $ '000	2019 Non-current Actual $ '000	2018 Current Actual $ '000	2018 Non-current Actual $ '000
Payables				
Goods and services – operating expenditure	4,124	–	3,094	–
Accrued expenses:				
– Borrowings	498	–	518	–
– Salaries and wages	195	–	942	–
Security bonds, deposits and retentions	13,578	–	16,579	–
Section 7.11 – works in kind agreements	–	11,283	304	11,107
Other	4	–	2	–
Total payables	18,399	11,283	21,439	11,107
Income received in advance				
Payments received in advance	1,525	–	1,166	–
Total income received in advance	1,525	–	1,166	–
Borrowings				
Loans – secured [1]	3,721	24,528	3,665	27,957
Total borrowings	3,721	24,528	3,665	27,957
TOTAL PAYABLES AND BORROWINGS	23,645	35,811	26,270	39,064

(1) Loans are secured over the general rating income of Council.
Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 20.

	2019 Current Actual $ '000	2019 Non-current Actual $ '000	2018 Current Actual $ '000	2018 Non-current Actual $ '000
(a) Payables and borrowings relating to restricted assets				
Externally restricted assets				
Section 7.11 – Works in kind agreements	–	11,283	304	11,107
Payables and borrowings relating to externally restricted assets	–	11,283	304	11,107
Total payables and borrowings relating to restricted assets	–	11,283	304	11,107
Total payables and borrowings relating to unrestricted assets	**23,645**	**24,528**	**25,966**	**27,957**
TOTAL PAYABLES AND BORROWINGS	23,645	35,811	26,270	39,064

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Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 12. Payables and borrowings (continued)

	2019 Actual $ '000	2018 Actual $ '000
(b) Current payables and borrowings not anticipated to be settled within the next twelve months		
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	10,563	8,289
Total payables and borrowings	10,563	8,289

(c) Changes in liabilities arising from financing activities

	as at 30/6/2018 Opening Balance $ '000	Cash flows $ '000	Non-cash acquisitions $ '000	Non-cash fair value changes $ '000	Other non-cash movements $ '000	as at 30/6/2019 Closing balance $ '000
Loans – secured	31,622	(3,373)	–	–	–	28,249
TOTAL	31,622	(3,373)	–	–	–	28,249

	as at 30/6/2017 Opening Balance $ '000	Cash flows $ '000	Non-cash acquisitions $ '000	Non-cash fair value changes $ '000	Other non-cash movements $ '000	as at 30/6/2018 Closing balance $ '000
Loans – secured	35,002	(3,380)	–	–	–	31,622
TOTAL	35,002	(3,380)	–	–	–	31,622

	2019 Actual $ '000	2018 Actual $ '000
(d) Financing arrangements		
(i) Unrestricted access was available at balance date to the following lines of credit:		
Bank overdraft facilities [1]	150	150
Credit cards/purchase cards	450	450
Total financing arrangements	600	600
Undrawn facilities as at balance date:		
– Bank overdraft facilities	150	150
– Credit cards/purchase cards	450	450
Total undrawn financing arrangements	600	600

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

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Camden Council

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

Note 12. Payables and borrowings (continued)

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

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

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

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

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

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

Finance leases
Council has no Finance Leases

Camden Council

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

Note 13. Provisions

	2019 Current Actual $ '000	2019 Non-current Actual $ '000	2018 Current Actual $ '000	2018 Non-current Actual $ '000
Provisions				
Employee benefits				
Annual leave	4,097	–	3,583	–
Long service leave	8,903	275	6,546	626
Sub-total – aggregate employee benefits	13,000	275	10,129	626
TOTAL PROVISIONS	13,000	275	10,129	626

	2019 Actual $ '000	2018 Actual $ '000
(a) 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	10,032	6,522
	10,032	6,522

(b) Description of and movements in provisions

	ELE provisions		
	Annual leave $ '000	Long service leave $ '000	Total $ '000
2019			
At beginning of year	3,583	7,172	10,755
Additional provisions	2,954	2,654	5,608
Amounts used (payments)	(2,440)	(648)	(3,088)
Total ELE provisions at end of period	4,097	9,178	13,275
2018			
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
Total ELE provisions at end of period	3,583	7,172	10,755

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.

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Camden Council

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

Note 13. Provisions (continued)

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

Employee benefits

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

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

Self-insurance

Council insures its various risks, including public liability/ public indemnity, through Civic Risk Insurance Mutual. Under this insurance arrangement claims are paid on the basis of an excess (paid by Council), a mutual layer (paid by Civic Risk mutual) and an insurer layer (paid by the insurer).

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

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

(a) Nature and purpose of reserves

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

Fair value through other comprehensive income reserve (FVOCI)
Changes in the fair value of financial assets are taken through the fair value through other comprehensive income revaluation reserve. The accumulated changes in fair value are transferred to profit or loss when the financial asset is derecognised or impaired.

Available for sale investments revaluation reserve (2018 only)
Changes in fair value are taken to the available-for-sale investments revaluation reserve, amounts are recognised in profit and loss when the associated assets are sold or impaired.

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

The Council has adopted AASB 9 Financial Instruments for the first time in the current year with a date of initial adoption of 1 July 2018. The impact of the adoption is disclosed in Note 6b.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 15. Statement of cash flows - additional information

	Notes	2019 Actual $ '000	2018 Actual $ '000
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6(a)	8,607	8,637
Balance as per the Statement of Cash Flows		8,607	8,637
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		114,365	165,596
Adjust for non-cash items:			
Depreciation and amortisation		25,139	22,370
Net losses/(gains) on disposal of assets		2,158	6,086
Non-cash capital grants and contributions		(89,789)	(126,462)
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– investment property		(748)	15
Amortisation of premiums, discounts and prior period fair valuations			
– Interest exp. on interest-free loans received by Council (previously fair valued)		292	415
Share of net (profits)/losses of associates/joint ventures using the equity method		66	(121)
+/– Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(119)	(2,569)
Increase/(decrease) in provision for impairment of receivables		371	315
Decrease/(increase) in inventories		(4)	80
Decrease/(increase) in other current assets		(148)	65
Increase/(decrease) in payables		1,030	(2,609)
Increase/(decrease) in accrued interest payable		(20)	(6)
Increase/(decrease) in other accrued expenses payable		(747)	283
Increase/(decrease) in other liabilities		(2,768)	1,900
Increase/(decrease) in provision for employee benefits		2,520	(158)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		51,598	65,200
(c) Non-cash investing and financing activities			
Other dedications		89,789	126,462
Total non-cash investing and financing activities		89,789	126,462
(d) Net cash flows attributable to discontinued operations			

Camden Council

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

Note 16. Interests in other entities

	Council's share of net income		Council's share of net assets	
	2019 Actual $ '000	2018 Actual $ '000	2019 Actual $ '000	2018 Actual $ '000
Joint ventures Civic Risk West and Civic Risk Mutual	(66)	121	128	194
Total	(66)	121	128	194

Joint arrangements

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

(a) Net carrying amounts – Council's share

	Nature of relationship	Measurement method	2019 $ '000	2018 $ '000
Civic Risk West	Joint Venture	Equity	83	57
Civic Risk Mutual	Joint Venture	Equity	45	137
Total carrying amounts – material joint ventures			128	194

(b) Details

	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

	Interest in outputs		Interest in ownership		Proportion of voting power	
	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Civic Risk West	0.2%	0.1%	0.2%	0.1%	9.1%	10.0%
Civic Risk Mutual	0.6%	1.6%	0.6%	1.6%	5.9%	6.3%

(d) Summarised financial information for joint ventures

	Civic Risk West		Civic Risk Mutual	
	2019 Actual $ '000	2018 Actual $ '000	2019 Actual $ '000	2018 Actual $ '000

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Camden Council

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

Note 16. Interests in other entities (continued)

	Civic Risk West		Civic Risk Mutual	
	2019 Actual $ '000	2018 Actual $ '000	2019 Actual $ '000	2018 Actual $ '000
Statement of financial position				
Current assets				
Cash and cash equivalents	2,961	3,022	1,813	1,158
Other current assets	27,370	19,442	7,215	5,759
Non-current assets	36,522	41,740	5,368	5,989
Current liabilities				
Current financial liabilities (excluding trade and other payables and provisions)	6,657	6,111	4,827	2,691
Other current liabilities	740	720	346	299
Non-current liabilities				
Non-current financial liabilities (excluding trade and other payables and provisions)	12,116	15,612	2,279	1,448
Net assets	47,340	41,761	6,944	8,468
Reconciliation of the carrying amount				
Opening net assets (1 July)	41,761	37,976	8,468	6,490
Profit/(loss) for the period	5,579	5,913	(1,524)	1,978
Dividends paid	–	(2,128)	–	–
Closing net assets	47,340	41,761	6,944	8,468
Council's share of net assets (%)	0.2%	0.1%	0.7%	1.6%
Council's share of net assets ($)	85	58	45	137
Statement of comprehensive income				
Income	9,918	9,337	11,320	9,673
Interest income	3,623	3,261	448	419
Interest expense	(18)	(17)	–	–
Other expenses	(7,944)	(6,668)	(13,292)	(8,114)
Profit/(loss) from continuing operations	5,579	5,913	(1,524)	1,978
Profit/(loss) for the period	**5,579**	**5,913**	**(1,524)**	**1,978**
Total comprehensive income	5,579	5,913	(1,524)	1,978
Share of income – Council (%)	0.2%	0.6%	5.1%	4.2%
Profit/(loss) – Council ($)	11	37	(77)	84
Total comprehensive income – Council ($)	11	37	(77)	84
Summarised Statement of cash flows				
Cash flows from operating activities	2,439	113	2,904	903
Cash flows from investing activities	(2,500)	1,510	(2,250)	(250)
Cash flows from financing activities	–	(1,537)	–	–
Net increase (decrease) in cash and cash equivalents	(61)	86	654	653

Camden Council

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

Note 17. Commitments

	2019 Actual $ '000	2018 Actual $ '000

(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	3,164	985
Plant and equipment	2,504	1,656
Infrastructure assets	6,319	9,003
Other	45	317
Total commitments	12,032	11,961
These expenditures are payable as follows:		
Within the next year	12,032	11,961
Total payable	12,032	11,961
Sources for funding of capital commitments:		
Unrestricted general funds	12,032	11,961
Total sources of funding	12,032	11,961

Details of capital commitments
The above capital committments capital committments relate to signed contracts as at 30/06/19

(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	1,545	1,611
Later than one year and not later than 5 years	1,115	1,142
Later than 5 years	–	1
Total non-cancellable operating lease commitments	2,660	2,754

b. Non-cancellable operating leases include the following assets:
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 maybe payable depending on the condition of items of usage during the lease term.
All operating Lease arrangements impose financial restrictions on Council regarding future debt etc.

Conditions relating to finance and operating leases:
– All agreements are secured only against the leased asset.

– No lease agreements impose any financial restrictions on Council regarding future debt etc.

(c) Investment in joint operations – commitments

For capital commitments and other commitments relating to investments in joint operations, refer to Note 16 (c)

Camden Council

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

Note 18. Contingencies and other assets/liabilities not recognised

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

LIABILITIES NOT RECOGNISED

1. Guarantees

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

– Assets are not segregated within the sub-group according to the employees of each sponsoring employer.

– The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.

– Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.

– The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

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

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

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

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

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of $40 million per annum from 1 July 2017 for 4 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.

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2019 was $508,908.35. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA on 12 December 2017, and covers the period ended 30 June 2018.

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Camden Council

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

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

The amount of additional contributions included in the total employer contribution advised above is $250,000. Council's expected contribution to the plan for the next annual reporting period is $460,166.32.

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

Employer reserves only *	$millions	Asset Coverage
Assets	1.798.7	
Past Service Liabilities	1.784.2	100.8%
Vested Benefits	1,792.2	100.4%

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

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

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

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

* Plus promotional increases

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

(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.

ASSETS NOT RECOGNISED

(i) Infringement notices/fines

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

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

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Camden Council

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

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

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

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

(ii) 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 2019-20 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 2019

Note 19. Financial risk management

Risk management

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

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

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

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

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

	Carrying value 2019 $ '000	Carrying value 2018 $ '000	Fair value 2019 $ '000	Fair value 2018 $ '000
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	8,607	8,637	8,607	8,637
Receivables	10,401	10,653	10,401	10,653
Investments				
– 'Financial assets at amortised cost' / 'held to maturity' (2018)	129,500	113,700	129,500	113,700
Fair value through other comprehensive income				
Investments				
– 'Financial assets at fair value through other comprehensive income' / 'available for sale financial assets' (2018)	56	–	56	–
Total financial assets	148,564	132,990	148,564	132,990
Financial liabilities				
Payables	29,682	32,546	29,682	32,546
Loans/advances	28,249	31,622	28,249	31,622
Other financial liabilities	1,525	1,166	1,525	1,166
Total financial liabilities	59,456	65,334	59,456	65,334

Fair value is determined as follows:

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

Council'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.

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Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Financial risk management (continued)

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

The risks associated with the instruments held are:

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

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

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

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit $ '000	Equity $ '000	Profit $ '000	Equity $ '000
2019				
Possible impact of a 1% movement in interest rates	1,310	1,310	(1,310)	(1,310)
2018				
Possible impact of a 1% movement in interest rates	1,223	1,223	(1,223)	(1,223)

(b) Credit risk

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

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

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

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

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.

Credit risk profile

continued on next page ...

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Financial risk management (continued)

Receivables – rates and annual charges

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

	Not yet overdue $ '000	< 1 year overdue $ '000	1 - 2 years overdue $ '000	2 - 5 years overdue $ '000	> 5 years overdue $ '000	Total $ '000
2019						
Gross carrying amount	2,879	–	–	–	336	3,215
2018						
Gross carrying amount	2,207	–	–	–	442	2,649

Receivables - non-rates and annual charges

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

Council has carried out an evaluation of expected credit losses for the year and as most of the non-rate and annual charge debtors are of a nature where there is very little or no risk the provision or expected loss would be of a very small nature.

	Not yet overdue $ '000	0 - 30 days overdue $ '000	31 - 60 days overdue $ '000	61 - 90 days overdue $ '000	> 91 days overdue $ '000	Total $ '000
2019						
Gross carrying amount	6,513	1,585	112	125	125	8,460
2018						
Gross carrying amount	1,372	2,124	1,181	695	3,535	8,907

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Camden Council

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

Note 19. Financial risk management (continued)

(c) Liquidity risk

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

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

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

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

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

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

	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
	%	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
2019							
Trade/other payables	0.00%	24,861	4,821	–	–	29,682	29,682
Loans and advances	5.58%	–	3,721	4,964	19,564	28,249	28,249
Total financial liabilities		24,861	8,542	4,964	19,564	57,931	57,931
2018							
Trade/other payables	0.00%	27,686	4,860	–	–	32,546	32,546
Loans and advances	5.87%	–	3,665	7,571	20,386	31,622	31,622
Total financial liabilities		27,686	8,525	7,571	20,386	64,168	64,168

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Material budget variations

Council's original financial budget for 18/19 was adopted by the Council on 26/06/18 and is unaudited.

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

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

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

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

$ '000	2019 Budget	2019 Actual	2019 Variance		
REVENUES					
Rates and annual charges	**69,947**	**70,403**	**456**	**1%**	**F**
User charges and fees	**18,993**	**21,077**	**2,084**	**11%**	**F**
This favourable increase relates to a recognition of works done on behalf of the RMS of $3.554M recognised as private works, less a decrease in revenue generated from DA fees etc of Approx $2.10m					
Interest and investment revenue	**2,800**	**3,703**	**903**	**32%**	**F**
This was mainly due to Council's Investment portfolio being higher than estimated at budget estimates time with additional increase of contributions during the year generated greater revenue even with reducing interest rates.					
Other revenues	**1,698**	**3,421**	**1,723**	**101%**	**F**
This favourable increase was mainly due to rental property income increase of $777K as rented periods available were greater than in prior years, legal recovery of costs $510K, insurance recovery of $294K and an initial risk management rebate of $80K not included in original estimates.					
Operating grants and contributions	**6,744**	**9,176**	**2,432**	**36%**	**F**
Due to Family day care subsidies increase of $550k, Planning studies $750K, Contributions from Sect 7.11 of $792K other Grants & contributions $340K.					
Capital grants and contributions	**166,211**	**130,445**	**(35,766)**	**(22)%**	**U**
Mainly relating to less dedicated assets from developers than estimated.					
Fair value increment on investment property	**–**	**748**	**748**	**∞**	**F**
The $748K is the movement in fair value for Council's investment properties for the year. This was not included in council's annual estimates as it is a non cash entry.					
EXPENSES					
Employee benefits and on-costs	**47,147**	**48,878**	**(1,731)**	**(4)%**	**U**
Borrowing costs	**1,274**	**1,559**	**(285)**	**(22)%**	**U**
Mainly due to the amortisation of an interest free loan in order to represent fair value. This is not a cash entry and was not included in budget estimates.					
Materials and contracts	**27,643**	**37,726**	**(10,083)**	**(36)%**	**U**
$6.3M relates to costs for RMS works funded from private works, Work In Progress expenses from prior years and utility service relocation costs from the Town centre stage 3&4 works which were not capital in nature.					

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Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Material budget variations (continued)

$ '000	2019 Budget	2019 Actual	2019 Variance		
There are increased costs for Pool management offset by increased revenue. Increased Materials and contracts for new facility at Oran Park Admin centre and Library.					
Depreciation and amortisation	**16,220**	**25,139**	**(8,919)**	**(55)%**	**U**
This is a direct result of Council constructing and receiving dedicated assets with the effect of increased depreciation once commissioned.					
Other expenses	**10,340**	**9,082**	**1,258**	**12%**	**F**
Mainly due to street lighting saving $200K, Insurance savings of $220K, Emergency Services contributions of $100K. Electricity savings of $255K and general savings of $420K.					
Net losses from disposal of assets	**–**	**2,158**	**(2,158)**	**∞**	**U**
Loss on disposal of infrastructure assets were not included in the Original budget estimates.					
Joint ventures and associates – net losses	**–**	**66**	**(66)**	**∞**	**U**
Joint Venture results from Civic Risk and Civic Mutual are not included in the original budget estimates.					
STATEMENT OF CASH FLOWS					
Net cash provided from (used in) operating activities	**32,819**	**51,598**	**18,779**	**57%**	**F**
Mainly relates to an decrease in Grants and Contributions of $23.432m. User Charges and Fees relating to private works $2.276m, investment income $800K, Other Revenue $7.566M for GST grossed up not included in council's budget and an increase in Employee costs of $4.747m, Materials and Contracts of $10.083m and non recognition of movement in Bonds Deposits and Retentions.					
Net cash provided from (used in) investing activities	**(25,628)**	**(47,964)**	**(22,336)**	**87%**	**U**
Mainly relating to Purchase of Property Plant & Equipment that is funded from operational activities of $6.1M Unfavourable and growth in investment portfolio of $15.7M					
Net cash provided from (used in) financing activities	**(3,664)**	**(3,664)**	**–**	**0%**	**F**

Camden Council

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

Note 21. Fair Value Measurement

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

– Infrastructure, property, plant and equipment
– Investment property

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

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

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

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

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

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Camden Council

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

Note 21. Fair Value Measurement (continued)

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

2019	Notes	Date of latest valuation	Fair value measurement hierarchy: Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv-able inputs	Total
Recurring fair value measurements						
Investment property	10					
Properties		30/06/19	–	31,095	–	31,095
Total investment property			–	31,095	–	31,095
Infrastructure, property, plant and equipment	9(a)					
Operational Land		30/06/18	–	139,713	–	139,713
Community Land		30/06/16	–	–	108,681	108,681
Crown Land		30/06/16	–	–	2,103	2,103
Land under Roads		30/06/17	–	–	121,373	121,373
Land Improvements		30/06/16	–	–	35,470	35,470
Buildings (Specialised & Non Specialised)		30/06/18	–	114,924	–	114,924
Other Structures		30/06/16	–	–	28,828	28,828
Roads		30/06/15	–	–	512,966	512,966
Bridges		30/06/15	–	–	35,525	35,525
Footpaths		30/06/15	–	–	47,040	47,040
Bulk Earthworks		30/06/15	–	–	62,665	62,665
Stormwater Drainage		30/06/15	–	–	301,328	301,328
Other Open Space / Recreational Assets		30/06/16	–	–	7,348	7,348
Other Assets		30/06/15	–	–	3,396	3,396
Total infrastructure, property, plant and equipment			–	254,637	1,266,723	1,521,360

2018	Notes	Date of latest valuation	Fair value measurement hierarchy: Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv-able inputs	Total
Recurring fair value measurements						
Investment property	10					
Properties		30/06/18	–	20,195	–	20,195
Total investment property			–	27,300	–	27,300
Infrastructure, property, plant and equipment	9(a)					
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	–	–	3,106	3,106

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Camden Council

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

Note 21. Fair Value Measurement (continued)

2018	Notes	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv-able inputs	Total
Total infrastructure, property, plant and equipment			–	249,459	1,176,943	1,426,402

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

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

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

Investment property

Land - Operational and Investment properties
Level two valuation input 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 proces of comparable land sites in close proximity are adjusted for differences in key atributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Building and Investments properties
The commercial property market across the Macarthur region has shown clear signs of improvement over the last three (3) years with an increase in sale volumes and escalating values. Specialised buildings were valued using the cost approach using registered valuers. The unit rate based on square meters could be supported from market evidence.

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 last valued operational land at fair value in June 2018. Operational land values were provided by an external valuer (Scott Fullarton Valuations Pty Ltd).

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

Community Land

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

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

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

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Camden Council

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

Note 21. Fair Value Measurement (continued)

Land under Roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips. Council initially recognised land under roads in 2011. All land under roads has been recognised on an 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 2020. 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 class of asset during the reporting period.

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.

The gross value of each building was obtained by applying a unit rate to a structure, or a square meter rate to 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.

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.

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Camden Council

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

Note 21. Fair Value Measurement (continued)

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

Roads

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

Bridges

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

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

Condition assessments were conducted through
1.in-house level visual inspection and sample testing.
2. External Data collection by Pavement Management Services.
Condition assessments were based on four key components: superstructure, abutment, sub-structure and general/miscellaneous.

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

Footpaths

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

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Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 21. Fair Value Measurement (continued)

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

Stormwater Drainage

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

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

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

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

(3) Highest and best use

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Related Party Transactions

(a) Key management personnel

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

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

	2019 $ '000	2018 $ '000
Compensation:		
Short-term benefits	1,989	1,972
Post-employment benefits	145	169
Other long-term benefits	44	52
Total	2,178	2,193

(b) Other transactions with KMP and their related parties

Nature of the transaction	Ref	Value of transactions during year $ '000	Outstanding balance (incl. loans and commitments) $ '000	Terms and conditions	Provisions for impairment of receivables outstanding $ '000	Expense recognised for impairment of receivables $ '000
2019						
Traineeship Program	1	741	–		–	–
2018						
Traineeship Program	1	709	–		–	–

Camden Council uses a training company to source trainees that are offered apprenticeships at Camden Council. The funding of this program is endorsed by the Council upon adoption of 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 an influence or control over the transactions between the two entirties. AASB124 Related Party Disclosures does not allow the exclusion of transactions between related parties for reporting purposes even deemed at arms length.

Camden Council

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

Note 23. Events occurring after the reporting date

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 24. Statement of developer contributions

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

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

Summary of contributions and levies

	as at 30/6/2018	Contributions received during the year					as at 30/6/2019	
	Opening Balance	Cash	Non-cash	Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Drainage	14,425	3,243	–	572	(3,947)	(854)	13,439	6,854
Roads	6,598	3,095	–	(379)	(1,626)	206	7,894	(20,638)
Traffic facilities	161	170	–	(1)	(81)	–	249	(499)
Parking	–	123	–	(97)	–	–	26	(3,463)
Open space	18,018	6,153	–	1,192	(2,744)	(1,062)	21,557	21,803
Community facilities	12,999	4,478	–	290	(4,128)	1,402	15,041	(3,158)
Other	1,603	381	–	23	(783)	308	1,532	(899)
S7.11 contributions – under a plan	53,804	17,643	–	1,600	(13,309)	–	59,738	–
Total S7.11 and S7.12 revenue under plans	53,804	17,643	–	1,600	(13,309)	–	59,738	–
S7.11 not under plans	130	–	–	4	–	–	134	–
S7.4 planning agreements	7,702	18,303	5,837	407	(703)	–	25,709	–
Total contributions	61,636	35,946	5,837	2,011	(14,012)	–	85,581	–

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Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 24. Statement of developer contributions (continued)

	as at 30/6/2018	Contributions received during the year					as at 30/6/2019	
	Opening Balance	Cash	Non-cash	Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
S7.11 Contributions – under a plan								
CONTRIBUTION PLAN - MANAGEMENT & PROVISION OF INFRASTRUCTURE IN LGA								
Drainage	5,226	2,432	–	355	(10)	(854)	7,149	6,854
Roads	–	2,455	–	(571)	(640)	–	1,244	(20,676)
Traffic facilities	–	169	–	(6)	(81)	–	82	(278)
Parking	–	123	–	(97)	–	–	26	(3,463)
Open space	7,056	1,586	–	829	(2,471)	–	7,000	21,582
Community facilities	–	2,257	–	(91)	(2,817)	651	–	(3,158)
Other	868	280	–	7	(332)	203	1,026	(861)
Total	13,150	9,302	–	426	(6,351)	–	16,527	–
CONTRIBUTION PLAN NO 3 - UPPER NARELLAN CREEK (TRUNK DRAINAGE & WATER QUALITY FACILITIES)								
Drainage	4,681	248	–	142	–	–	5,071	–
Total	4,681	248	–	142	–	–	5,071	–
CONTRIBUTION PLAN NO 5 - TRUNK DRAINAGE CATHERINE FIELD								
Drainage	148	–	–	4	–	–	152	–
Total	148	–	–	4	–	–	152	–
CONTRIBUTION PLAN NO 7 - ROAD MAINTENANCE - EXTRACTIVE INDUSTRIES								
Roads	410	–	–	12	(200)	–	222	–
Total	410	–	–	12	(200)	–	222	–
CONTRIBUTION PLAN NO 11 - SMEATON GRANGE ROADWORKS								
Roads	2,261	196	–	69	(135)	–	2,391	–
Total	2,261	196	–	69	(135)	–	2,391	–
CONTRIBUTION PLAN NUMBER 16 - ELLIS LANE / GRASMERE DEVELOPMENT								
Roads	743	95	–	24	–	–	862	38
Traffic facilities	161	–	–	5	–	–	166	–

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 24. Statement of developer contributions (continued)

	as at 30/6/2018	Contributions received during the year					as at 30/6/2019	
	Opening Balance	Cash	Non-cash	Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Community facilities	120	–	–	4	–	–	124	–
Total	1,031	111	–	32	–	–	1,174	–
CONTRIBUTION PLAN NO 17 - NARELLAN TOWN CENTRE								
Traffic facilities	–	1	–	–	–	–	1	(221)
Open space	1,122	1	–	33	–	–	1,156	221
Other	323	–	–	9	–	–	332	–
Total	1,445	2	–	42	–	–	1,489	–
CONTRIBUTION PLAN NO 18 - HARRINGTON PARK RELEASE AREA (COMMUNITY & RECREATION FACILITIES)								
Open space	763	–	–	22	–	(751)	34	–
Community facilities	15	–	–	(16)	(750)	751	–	–
Total	778	–	–	6	(750)	–	34	–
CONTRIBUTION PLAN - ORAN PARK AND TURNER ROAD PRECINCTS								
Drainage	4,076	429	–	121	–	(3,934)	692	3,895
Roads	3,030	275	–	89	(275)	(102)	3,017	223
Open space	8,090	3,756	–	275	(114)	(116)	11,891	116
Community facilities	11,642	1,892	–	355	(409)	–	13,480	–
Other	295	62	–	10	(196)	(78)	93	197
Total	27,133	6,414	–	850	(994)	(4,230)	29,173	4,431
CONTRIBUTION PLAN NUMBER - CATHERINE FIELD (PART) PRECINCT								
Drainage	294	–	–	9	–	–	303	–
Roads	154	–	–	4	–	–	158	–
Open space	970	346	–	33	–	–	1,349	–
Community facilities	1,222	318	–	38	(152)	–	1,426	–
Other	100	17	–	3	(61)	–	59	–
Total	2,740	681	–	87	(213)	–	3,295	–
CONTRIBUTION PLAN NUMBER - LEPPINGTON NORTH PRECINCT								
Total	–	–	–	(70)	(4,160)	4,230	–	(4,431)

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Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 24. Statement of developer contributions (continued)

	as at 30/6/2018	Contributions received during the year					as at 30/6/2019	
	Opening Balance	Cash	Non-cash	Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
CONTRIBUTION PLAN NUMBER - LEPPINGTON PRECINCT								
Drainage	–	134	–	–	(62)	–	72	–
Roads	–	74	–	(1)	(279)	206	–	–
Open space	17	464	–	2	(45)	(311)	127	–
Community facilities	–	11	–	–	–	–	11	–
Other	10	6	–	(1)	(120)	105	–	–
Total	27	689	–	–	(506)	–	210	–

S7.11 Contributions – not under a plan

S7.11 CONTRIBUTIONS – NOT UNDER A PLAN								
Drainage	23	–	–	1	–	–	24	–
Open space	62	–	–	2	–	–	64	–
Community facilities	45	–	–	1	–	–	46	–
Total	130	–	–	4	–	–	134	–

S7.4 planning agreements

S7.4 planning agreements								
Drainage	–	1,500	91	12	–	–	1,512	–
Roads	–	220	1,173	4	–	–	224	–
Open space	1,460	7,045	4,573	84	–	–	8,589	–
Community facilities	5,259	9,167	–	270	(394)	–	14,302	–
Other	983	371	–	37	(309)	–	1,082	–
Total	7,702	18,303	5,837	407	(703)	–	25,709	–

Camden Council

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

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

$ '000	Amounts 2019	Indicator 2019	Prior periods 2018	Prior periods 2017	Benchmark
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue [1] excluding capital grants and contributions less operating expenses	**(14,604)**	**-13.55%**	-2.74%	0.03%	> 0.00%
Total continuing operating revenue [1] excluding capital grants and contributions	**107,780**				
2a. Own source operating revenue ratio					
Total continuing operating revenue [1] excluding all grants and contributions	**98,176**	**41.21%**	33.38%	43.01%	> 60.00%
Total continuing operating revenue [1]	**238,225**				
2b. Own source operating revenue ratio (less non-cash capital dedications)					
Total continuing operating revenue [1] excluding all grants and contributions	**98,176**	**66.14%**	69.37%	72.11%	
Total continuing operating revenue [1] excluding non-cash capital dedications	**148,436**				
3. Unrestricted current ratio					
Current assets less all external restrictions [2]	**38,007**	**2.37x**	2.38x	2.66x	> 1.5x
Current liabilities less specific purpose liabilities [3, 4]	**16,050**				
4. Debt service cover ratio					
Operating result [1] before capital excluding interest and depreciation/impairment/amortisation	**12,094**	**2.32x**	3.82x	3.23x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	**5,223**				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	**3,585**	**4.89%**	4.46%	3.37%	< 5% metro
Rates, annual and extra charges collectible	**73,309**				
5b. Rates, annual charges, interest and extra charges Outstanding Percentage (excluding pensioners)					
Rates, annual and extra charges outstanding (excluding pensioners)	**3,205**	**4.37%**	2.54%	2.69%	
Rates, annual and extra charges collectible	**73,309**				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	**138,107**	**14.36 mths**	14.8 mths	14.9 mths	> 3 mths
Monthly payments from cash flow of operating and financing activities	**9,617**				

Camden Council

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

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

Notes on the ratios from the previous page

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

(2) Refer Notes 6-8 inclusive.
Also excludes any real estate and land for resale not expected to be sold in the next 12 months.

(3) Refer to Notes 11 and 12.

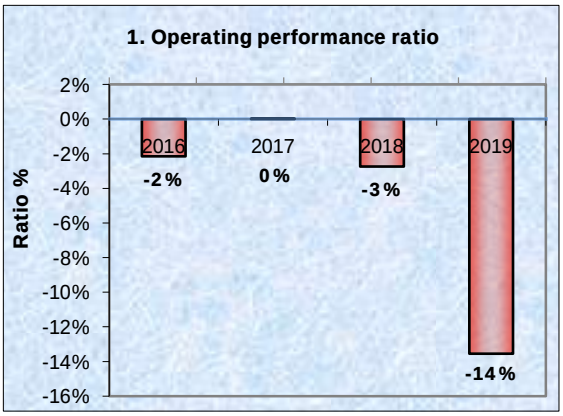
(4) Refer to Note 11(b) and 11(b) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

End of audited financial statements

Camden Council

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

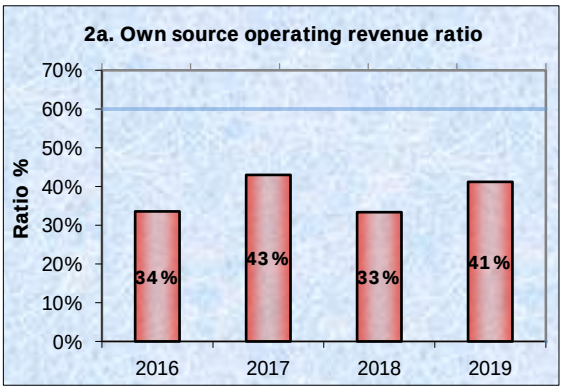
Note 25(b). Statement of performance measures – consolidated results (graphs)



Purpose of operating performance ratio	Commentary on 2018/19 result
This ratio measures Council's achievement of containing operating expenditure within operating revenue.	**2018/19 ratio -13.55%** Council's ratio of -13.55% is below the benchmark and is lower than last year's ratio of -2.74%. The increase in depreciation cost is a result of extraordinary growth in Council's assets associated with large development in the LGA to allow for future growth. There has been a significant increase in employee benefits and on costs relating to EOY calculations and with a lower discounted rate, materials and contracts have included expenditure for 2018 expensed from Work in Progress

Benchmark: ——— Minimum >=0.00%
Source for benchmark: Code of Accounting Practice and Financial Reporting #27

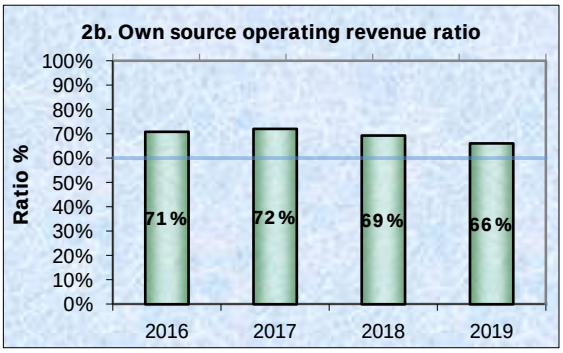
Ratio achieves benchmark
Ratio is outside benchmark



Purpose of own source operating revenue ratio	Commentary on 2018/19 result
This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.	**2018/19 ratio 41.21%** This ratio has increased from 33.38% to 41.12% but is still below the benchmark of 60.00%. This indicator is impacted by the high level of non-cash income Council receives through the dedication of assets from developers. Upon removing the non-cash income, the ratio is better than benchmark. An additional ratio is provided below removing the non-cash income, which is a better representation of Council's own source revenue

Benchmark: ——— Minimum >=60.00%
Source for benchmark: Code of Accounting Practice and Financial Reporting #27

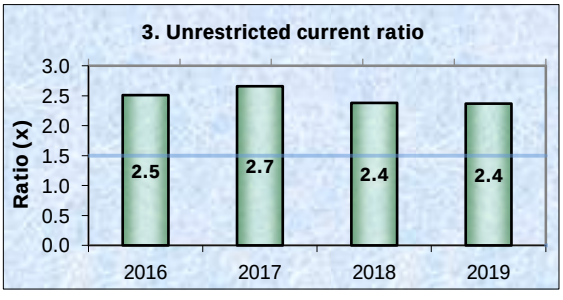
Ratio achieves benchmark
Ratio is outside benchmark



Purpose of own source operating revenue ratio	Commentary on 2018/19 result
This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.	**2018/19 ratio 66.14%** The benchmark for this ratio is greater than 60%. Upon removal of non cash income ($89,789M) relating to the dedication of assets ratio significantly improves from 41.12% to 66.14%. 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 extraordinarylevel of non cash income

Benchmark: ——— Minimum >=60.00%
Source for benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark
Ratio is outside benchmark



Purpose of unrestricted current ratio	Commentary on 2018/19 result
To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.	**2018/19 ratio 2.37x** This ratio is similar to last years at 2.38X which is well above the benchmark due to council's strong liquidity position and controls around levels of debt

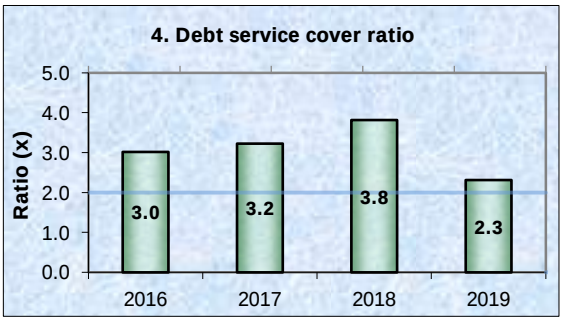
Benchmark: ——— Minimum >=1.50
Source for benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark
Ratio is outside benchmark

Camden Council

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

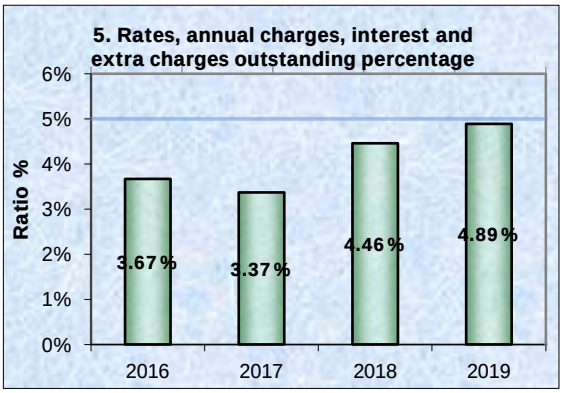
Note 25(b). Statement of performance measures – consolidated results (graphs)



Purpose of debt service cover ratio	Commentary on 2018/19 result
This ratio measures the availability of operating cash to service debt including interest, principal and lease payments	**2018/19 ratio 2.32x** This ratio has decreased since last year from3.82X to 2.33x but is still above benchmark. The decrease in the benchmark is predominately due to a reduction in the operating result from one off operational results

Benchmark: ——— Minimum >=2.00
Source for benchmark: Code of Accounting Practice and Financial Reporting #27

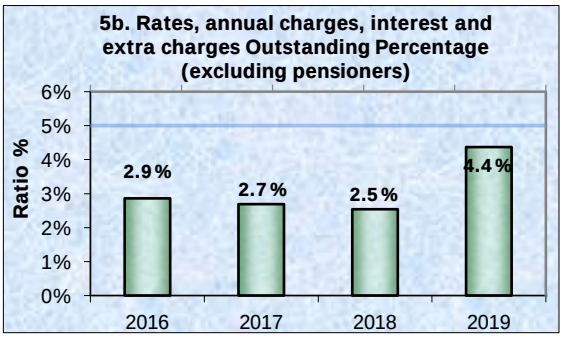
Ratio achieves benchmark
Ratio is outside benchmark



Purpose of rates and annual charges outstanding ratio	Commentary on 2018/19 result
To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.	**2018/19 ratio 4.89%** This ratio has increased from 4.46% to 4.89% but is still below the benchmark of 5%. While council has not changed methods from previous years the increase is predominately a result of a slowing economy and people's capacity to pay.Council also has a policy of not taking legal action against pensioners. An additional ratio is provided below removing pensioners from the amount outstanding, improving the ratio.

Benchmark: ——— Maximum <5.00%
Source for Benchmark: Code of Accounting Practice and Financial Reporting #27

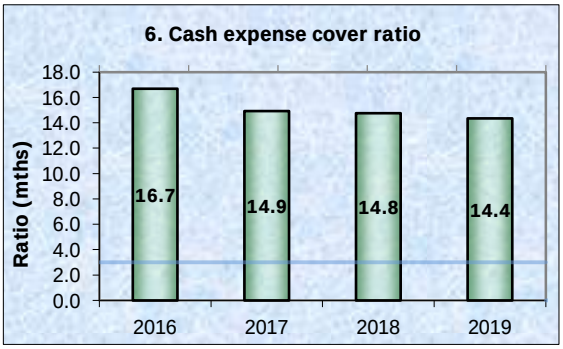
Ratio is within Benchmark
Ratio is outside Benchmark



Purpose of rates and annual charges outstanding ratio	Commentary on red result
To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.	**2018/19 ratio 4.37%** As indicated above the removing of pensioners from the ratio reduces the result for 2018/19 to 4.37%

Benchmark: ——— Maximum <5.00%
Source for Benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio is within Benchmark
Ratio is outside Benchmark



Purpose of cash expense cover ratio	Commentary on 2018/19 result
This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.	**2018/19 ratio 14.36 mths** This ratio is consistently between 14 to 15 months which is better than the benchmark of greater than 3 months. This is a result of Council's strong cash position and budgetary controls

Benchmark: ——— Minimum >=3.00
Source for benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark
Ratio is outside benchmark

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 26. Financial review

	2019 $ '000	2018 $ '000	2017 $ '000	2016 $ '000	2015 $ '000
Key financial figures of Council over the past 5 years					
Inflows:					
Rates and annual charges revenue	70,403	64,290	57,907	52,107	46,113
User charges revenue	21,077	18,124	17,344	16,187	14,851
Interest and investment revenue (losses)	3,703	3,793	3,403	3,493	3,219
Grants income – operating and capital	13,113	12,443	9,471	7,988	6,383
Total income from continuing operations	238,973	275,285	188,734	218,130	158,657
Sale proceeds from I,PP&E	800	345	611	213	104
Outfows:					
Employee benefits and on-cost expenses	48,878	42,072	38,831	35,318	31,098
Borrowing costs	1,559	1,808	1,960	1,793	1,250
Materials and contracts expenses	37,726	28,623	25,792	23,501	22,853
Total expenses from continuing operations	124,608	109,689	92,030	83,377	78,459
Total cash purchases of I,PP&E	32,683	46,550	37,044	46,218	14,363
Total loan repayments (incl. finance leases)	3,664	3,795	3,732	3,173	2,542
Operating surplus/(deficit) (excl. capital income)	(16,080)	(8,742)	(1,668)	(3,086)	(4,194)
Financial position figures					
Current assets	113,201	100,646	82,198	80,946	58,226
Current liabilities	36,645	36,399	36,116	28,012	21,700
Net current assets	76,556	64,247	46,082	52,934	36,526
Available working capital (Unrestricted net current assets)	(15,237)	(14,969)	(13,998)	(929)	(2,639)
Cash and investments – unrestricted	1,241	499	2,323	7,553	3,663
Cash and investments – internal restrictions	31,018	43,684	49,396	30,103	30,723
Cash and investments – total	138,163	122,337	107,919	101,091	84,575
Total borrowings outstanding (Loans, advances and finance leases)	28,249	31,622	35,002	38,201	17,783
Total value of I,PP&E (excl. land and earthworks)	1,389,143	1,322,809	1,194,022	1,072,481	911,669
Total accumulated depreciation	307,478	286,992	274,482	258,634	239,844
Indicative remaining useful life (as a % of GBV)	78%	78%	77%	76%	74%
Depreciation Expense	25,297	22,149	16,389	14,909	16,336

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

Camden Council

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

Note 27. Council information and contact details

Principal place of business:
70 Central Ave
Oran Park NSW 2570

Contact details

Mailing Address:
PO Box 183
Camden NSW 2570

Telephone: (02) 4654 7777
Facsimile: (02) 4654 7829

Opening hours:
8:30am - 5:00pm
Monday to Friday

Internet: www.camden.nsw.gov.au
Email: Camden@council.nsw.gov.au

Officers
Ron Moore
General Manager

Paul Rofe
Responsible Accounting Officer

Auditors
Audit Office of New South Wales
GPO box 12
SYDNEY NSW 2001

Elected members
Mayor
Theresa Fedeli

Deputy Mayor
Rob Mills

Councillors
Ashleigh Cagney
Cindy Cagney
Eva Campbell
Paul Farrow
Michael Morrison
Peter Sidgreaves
Lara Symkowiak

Other information
ABN: 3117341764

INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Camden Council

To the Councillors of the Camden Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does not provide assurance:

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

Caroline Karakatsanis
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

9 October 2019
SYDNEY

Theresa Fedeli
Mayor
Camden Council
70 Central Ave
ORAN PARK NSW 2570

Contact: Caroline Karakatsanis
Phone no: 02 92757143
Our ref: D1923712/1705

8 October 2019

Dear Mayor

Report on the Conduct of the Audit

for the year ended 30 June 2019

Camden Council

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

I will express an unmodified opinion on the Council's GPFS.

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

INCOME STATEMENT

Operating result

	2019 $m	2018 $m	Variance %
Rates and annual charges revenue	70.4	64.3	9.5
Grants and contributions revenue	139.6	182.9	23.7
Operating result for the year	114.4	165.6	30.9
Net operating result before capital grants and contributions	(16.1)	(8.7)	85.1

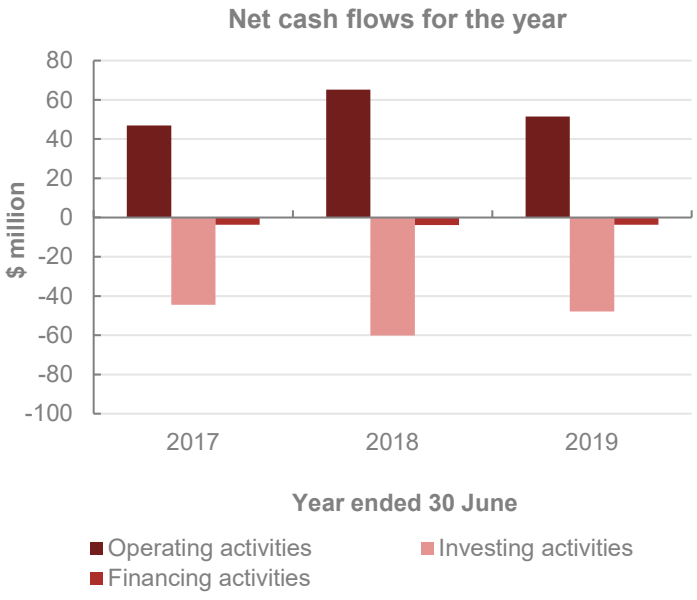
Council's operating result $114.4 million was $51.2 million lower than the 2017–18 result. This is largely due to significant decline in asset dedications to the Council from $182.9 million in 2017–18 to $139.6 million. This was offset by increase in residential rates due to more households being assessed as the Council continues to grow.

The net operating result before capital grants and contributions was a deficit of $16.1 million in 2018–19 and was $7.4 million more than the 2017–18 deficit. This was mainly due to the increase in depreciation expenses associated with construction and dedication of infrastructure assets as the Council continues experiencing significant growth.

Grants and contributions revenue $139.6 million decreased by $43.3 million (23.7 per cent) in 2018–2019 mainly due to lower dedications of community facilities and land that is based on timing of when construction is completed. In 2018–19 there were less developments that were completed as compared to the previous year.

STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents and investments was $138.1 million ($122.3 million for the year ended 30 June 2018) which is an increase of 13 per cent from 2017–18.
- Net cash provided by operating activities has decreased by $13.6 million. This is mainly due to the increase in other payments and employee related payments offset by increase in cash receipts in rates and annual charges.
- Net cash used in investing activities decreased by $12.3 million. This is mainly due to the decrease of payments for purchase of infrastructure, property, plant and equipment.



FINANCIAL POSITION

Cash and investments

Cash and investments	2019	2018	Commentary
	$m	$m	
External restrictions	106	78	The increase in externally restricted balance is mainly due to: • more developer contributions received in 2018–19 and • funding in relation to purchase of vehicles for domestic waste management. Balances are internally restricted due to Council policy or decisions for forward plans including works program Decline in internally restricted cash due to utilisation of capital works reserve and more repayments of bonds. Unrestricted balances provide liquidity for day-to-day operations.
Internal restrictions	31	43.5	
Unrestricted	1	0.5	
Cash and investments	138	122	

Debt

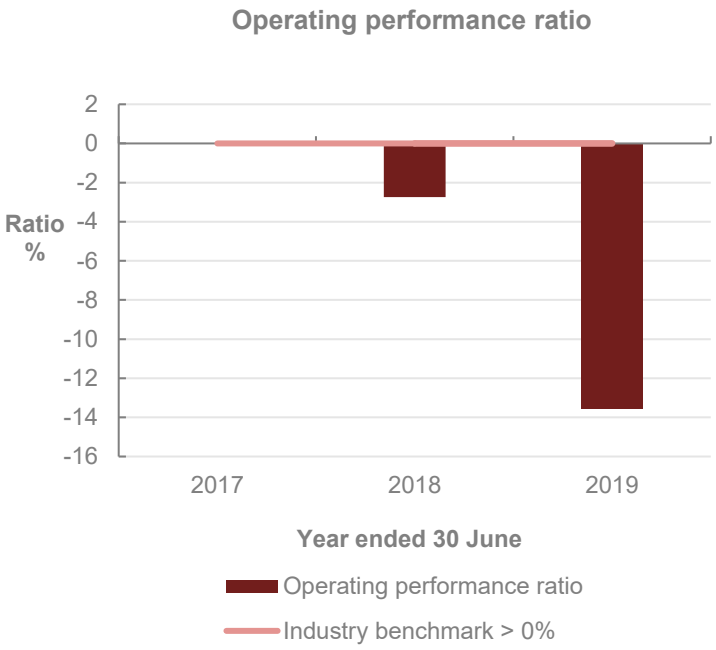
Council has $28.2 million of external borrowings (2018: $31.6 million) which is secured over the revenue of Council. Council repaid $3.4 million of borrowings in 2018–19.

PERFORMANCE

Operating performance ratio

- The operating performance ratio of (13.55)% is below the industry benchmark.
- The operating performance ratio decreased mainly due to the increase in materials and contracts expenses and depreciation expenses in response to significant growth of the Council.

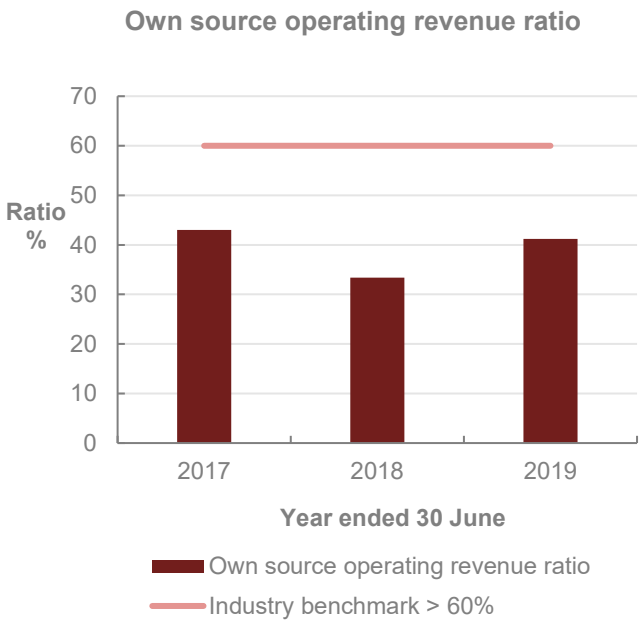
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the former Office of Local Government (OLG) is greater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



Own source operating revenue ratio

- The Council's own source operating revenue ratio of 41.21% is 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 improved in 2019, due to decline in capital purpose grants and contributions and increase in rates and annual charges attributable to continuous growth of Council.

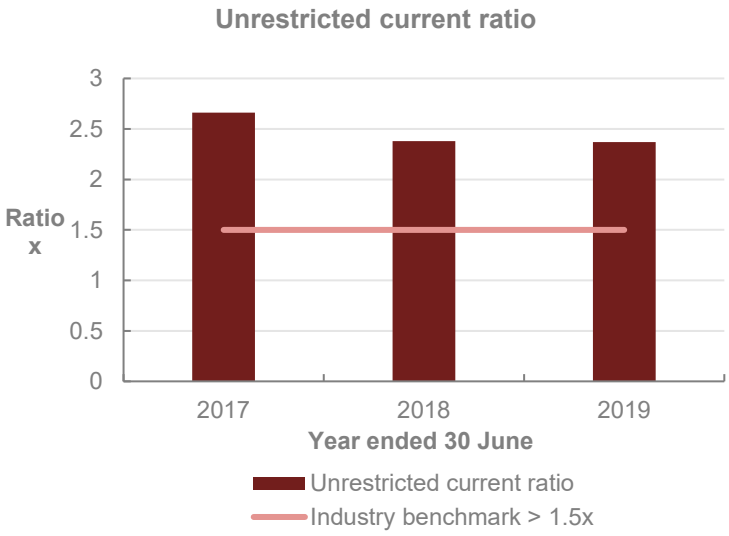
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by the former OLG is greater than 60 per cent.



Unrestricted current ratio

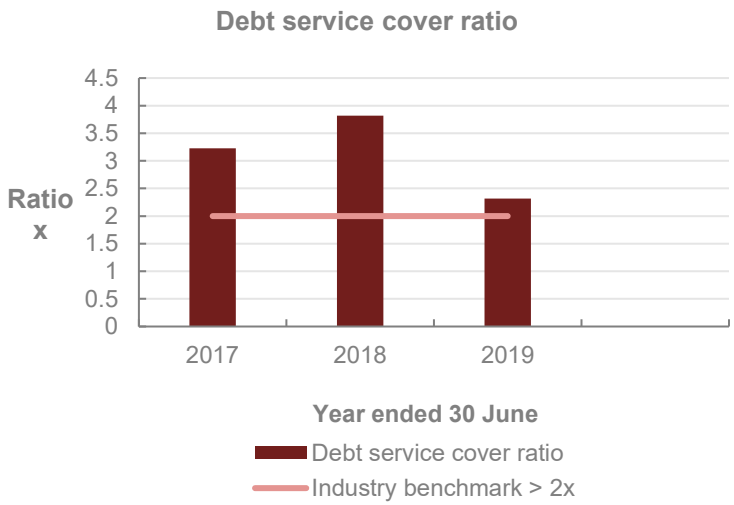
- Council continues to exceed the benchmark
- The Council's unrestricted current ratio remained relatively stable from 2017–18.

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



Debt service cover ratio

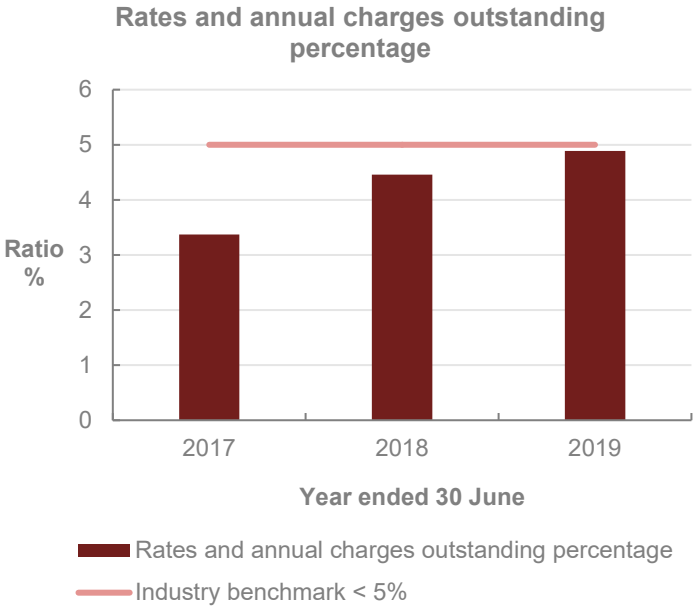
- The Council's debt service cover ratio of 2.32 times is greater than the benchmark. This ratio declined due to higher materials and contracts expenses in 2018–19.
- The 'debt service cover ratio' measure the operating cash to service debt including interest, principal and lease payments. The benchmark set by the former OLG is greater than two times.



Rates and annual charges outstanding percentage

- The Council's rates and annual charges outstanding ratio of 4.89% is just within the industry benchmark of less than 5% for metro councils.
- The rates and annual charges outstanding percentage has increased over the last three years resulting from increased assessments due to growth in the Council.

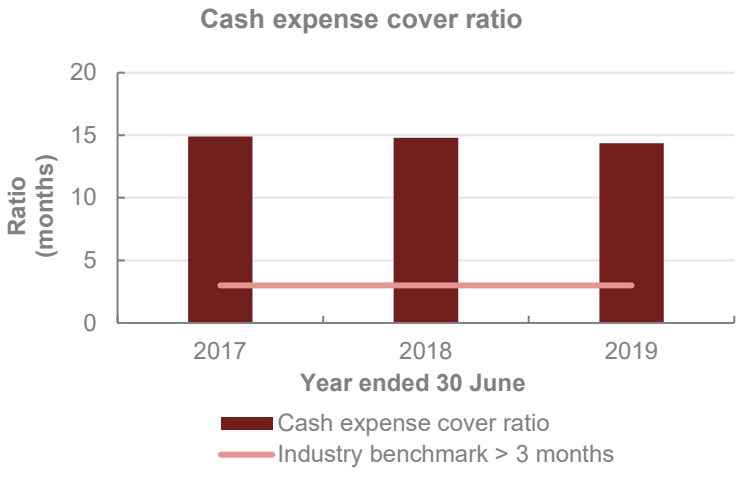
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by the former OLG is less than 5 per cent for metro council.



Cash expense cover ratio

- The Council's cash expense cover ratio of 14.36 months, exceeded the industry 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 the former OLG is greater than three months.



Infrastructure, property, plant and equipment renewals

Council's performance is as follows:

- asset renewals were $25.7 million in 2018–19 compared to $2.7 million in the prior year, $11.5 million relating to road renewals
- the unaudited infrastructure renewals ratio was 13.71 per cent compared to 14.42 per cent in the prior year (benchmark set by OLG is 100). Council did not meet this benchmark as spending on assets is lower than depreciation as a large proportion of the Council's assets are still new.

OTHER MATTERS

New accounting standards implemented

Application period	Overview
AASB 9 'Financial Instruments' and revised AASB 7 'Financial Instruments: Disclosures'	
For the year ended 30 June 2019	AASB 9 replaces AASB 139 'Financial Instruments: Recognition and Measurement' and changes the way financial instruments are treated for financial reporting. Key changes include: • a simplified model for classifying and measuring financial assets • a new method for calculating impairment • a new type of hedge accounting that more closely aligns with risk management. The revised AASB 7 includes new disclosures as a result of AASB 9. Council's disclosure of the impact of adopting AASB 9 is disclosed in Note 6.

Legislative compliance

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

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

Caroline Karakatsanis
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

cc: Ron Moore, General Manager
John Gordon, Chair of Audit, Risk and Improvement Committee
Jim Betts, Secretary of the Department of Planning, Industry and Environment

Camden Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2019

Camden, the Best of Both Worlds

Camden Council

Special Purpose Financial Statements
for the year ended 30 June 2019

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Statement by Councillors & Management 3

Special Purpose Financial Statements

Income Statement – Commercial Waste 4

Statement of Financial Position – Commercial Waste 5

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Auditor's Report on Special Purpose Financial Statements 9

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 2019

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 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 24/09/2019.

Theresa Fedeli
Mayor
24/09/2019

Rob Mills
Deputy Mayor
24/09/2019

Ron Moore
General Manager
24/09/2019

Paul Rofe
Responsible Accounting Officer
24/09/2019

Camden Council

Income Statement – Commercial Waste

for the year ended 30 June 2019

	2019 Category 2 Actual $ '000	2018 Category 2 Actual $ '000
Income from continuing operations		
User charges	1,110	993
Total income from continuing operations	1,110	993
Expenses from continuing operations		
Employee benefits and on-costs	225	236
Materials and contracts	272	220
Depreciation, amortisation and impairment	62	51
Other expenses	162	162
Total expenses from continuing operations	721	669
Surplus (deficit) from continuing operations before capital amounts	389	324
Surplus (deficit) from continuing operations after capital amounts	**389**	**324**
Surplus (deficit) from all operations before tax	**389**	**324**
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(107)	(89)
SURPLUS (DEFICIT) AFTER TAX	282	235
Plus accumulated surplus	685	491
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	107	89
Less:		
– Dividend paid	(176)	(130)
Closing accumulated surplus	898	685
Return on capital %	77.2%	107.6%

Camden Council

Statement of Financial Position – Commercial Waste

as at 30 June 2019

	2019 Category 2 Actual $ '000	2018 Category 2 Actual $ '000
ASSETS		
Current assets		
Cash and cash equivalents	381	365
Receivables	13	22
Total current assets	394	387
Non-current assets		
Infrastructure, property, plant and equipment	504	301
Total non-current assets	504	301
TOTAL ASSETS	898	688
LIABILITIES		
Current liabilities		
Payables	–	3
Total current liabilities	–	3
TOTAL LIABILITIES	–	3
NET ASSETS	898	685
EQUITY		
Accumulated surplus	898	685
TOTAL EQUITY	898	685

Camden Council

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2019

Note 1. Significant Accounting Policies

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 2005*, 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.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

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 diversfied range of waste removal services to business operations in the Camden local government area

continued on next page ...

Camden Council

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

Note 1. Significant Accounting Policies (continued)

Monetary amounts

Amounts shown in the financial statements are in Australian dollars and rounded to the nearest one 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 Finanncial 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 – 27.5**%**

Land tax – the first $692,000 of combined land values attracts **0%**. For the combined land values in excess of $692,001 up to $4,231,000 the rate is **1.6% + $100**. For the remaining combined land value that exceeds $4,231,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of $850,000.

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 27.5%.

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 27.5% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

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

continued on next page ...

Camden Council

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

Note 1. Significant Accounting Policies (continued)

(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:

$$\frac{\text{Operating result before capital income + interest expense}}{\text{Written down value of I,PP\&E as at 30 June}}$$

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 1.32% at 30/6/19.

(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 statements

Camden Council

To the Councillors of the Camden Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Camden Council's (the Council) declared business activity, Commercial Waste, which comprise the Income Statement of the declared business activity for the year ended 30 June 2019, the Statement of Financial Position of the declared business activity as at 30 June 2019, Note 1 Significant accounting policies for the business activity declared by Council, and the Statement by Councillors and Management.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared business activity as at 30 June 2019, 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 – update number 27 (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 Statements' section of my report.

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

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

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

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

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as 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 the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in Note 1 to the financial statements, 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 statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. 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 financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Caroline Karakatsanis
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

9 October 2019
SYDNEY

Camden Council

SPECIAL SCHEDULES

for the year ended 30 June 2019

Camden, the Best of Both Worlds

Camden Council

Special Schedules
for the year ended 30 June 2019

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Camden Council

Permissible income for general rates

for the year ended 30 June 2019

		Calculation 2019/20 $ '000	Calculation 2018/19 $ '000
Notional general income calculation [1]			
Last year notional general income yield	a	53,860	49,249
Plus or minus adjustments [2]	b	2,880	3,368
Notional general income	c = a + b	**56,740**	**52,617**
Permissible income calculation			
Or rate peg percentage	e	2.70%	2.30%
Or plus rate peg amount	i = e x (c + g)	1,532	1,210
Sub-total	k = (c + g + h + i + j)	**58,272**	**53,827**
Plus (or minus) last year's carry forward total	l	61	60
Less valuation objections claimed in the previous year	m	(34)	–
Sub-total	n = (l + m)	**27**	**60**
Total permissible income	o = k + n	58,299	53,887
Less notional general income yield	p	58,290	53,860
Catch-up or (excess) result	q = o – p	**9**	**27**
Plus income lost due to valuation objections claimed [4]	r	59	34
Carry forward to next year [6]	t = q + r + s	**68**	**61**

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.

(4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.

(6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

INDEPENDENT AUDITOR'S REPORT

Special Schedule - Permissible income for general rates

Camden Council

To the Councillors of Camden Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

Caroline Karakatsanis
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

9 October 2019
SYDNEY

Camden Council

Report on Infrastructure Assets

as at 30 June 2019

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	2018/19 Required maintenance [a]	2018/19 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost 1	2	3	4	5
(a) Report on Infrastructure Assets - Values												
Buildings	Buildings	5,144	5,144	1,741	2,792	114,924	183,724	37.0%	30.0%	26.0%	7.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	**5,144**	**5,144**	**1,741**	**2,792**	**114,924**	**183,724**	**37.0%**	**30.0%**	**26.0%**	**7.0%**	**0.0%**
Other structures	Other	1,061	1,061	5,365	4,695	28,828	59,980	39.0%	31.0%	25.0%	3.0%	2.0%
	Sub-total	**1,061**	**1,061**	**5,365**	**4,695**	**28,828**	**59,980**	**39.0%**	**31.0%**	**25.0%**	**3.0%**	**2.0%**
Roads	Sealed roads	5,631	5,631	4,298	3,760	658,196	927,414	59.0%	29.0%	11.0%	1.0%	0.0%
	Sub-total	**5,631**	**5,631**	**4,298**	**3,760**	**658,196**	**927,414**	**59.0%**	**29.0%**	**11.0%**	**1.0%**	**0.0%**
Stormwater drainage	Stormwater drainage	395	395	383	611	301,328	387,606	75.0%	25.0%	0.0%	0.0%	0.0%
	Sub-total	**395**	**395**	**383**	**611**	**301,328**	**387,606**	**75.0%**	**25.0%**	**0.0%**	**0.0%**	**0.0%**
Open space / recreational assets	Open Space Recreational Assets – Parks and Reserve	645	645	543	488	7,348	8,085	38.0%	31.0%	24.0%	4.0%	3.0%
	Sub-total	**645**	**645**	**543**	**488**	**7,348**	**8,085**	**38.0%**	**31.0%**	**24.0%**	**4.0%**	**3.0%**
	TOTAL - ALL ASSETS	**12,876**	**12,876**	**12,330**	**12,346**	**1,110,624**	**1,566,809**	**59.5%**	**28.2%**	**10.6%**	**1.5%**	**0.2%**

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

Infrastructure asset condition assessment 'key'

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

continued on next page ...

Camden Council

Report on Infrastructure Assets (continued)

as at 30 June 2019

$ '000	Amounts 2019	Indicator 2019	Prior periods 2018	Prior periods 2017	Benchmark
Infrastructure asset performance indicators (consolidated) *					
Buildings and infrastructure renewals ratio [1]					
Asset renewals [2]	**2,937**	**13.71%**	14.42%	38.24%	>=100.00%
Depreciation, amortisation and impairment	**21,424**				
Infrastructure backlog ratio [1]					
Estimated cost to bring assets to a satisfactory standard	**12,876**	**1.16%**	1.12%	1.23%	<2.00%
Net carrying amount of infrastructure assets	**1,110,624**				
Asset maintenance ratio					
Actual asset maintenance	**12,346**	**100.13%**	91.78%	100.02%	>100.00%
Required asset maintenance	**12,330**				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	**12,876**	**0.82%**	0.89%	0.95%	
Gross replacement cost	**1,566,809**				

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

(1) Excludes Work In Progress (WIP)

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

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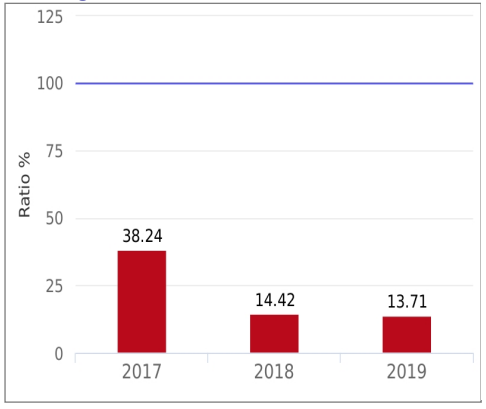
Camden Council

Report on Infrastructure Assets (continued)

as at 30 June 2019

Buildings and infrastructure renewals ratio [1]



Infrastructure renewals ratio	Commentary on result
	18/19 ratio 13.71%
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.	Council has put into place a number of renewal programs for the past couple of years and will continue to do so. It is difficult to Justify a high ratio for Camden Council when there is a higher portion of new assets that have been constructed for future growth. The life cycle of these assets can be quite significant and are only at the commencement of there life cycle.

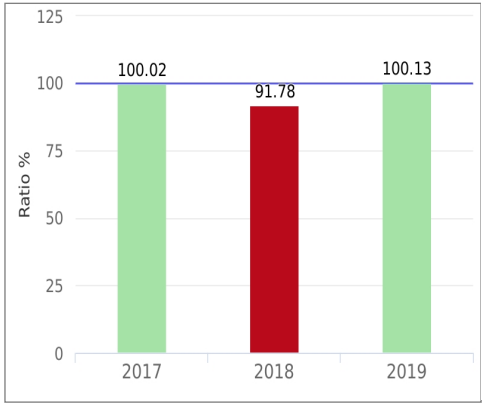
Benchmark: — >= 100.00%

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

Ratio achieves benchmark

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio	Commentary on result
	18/19 ratio 100.13%
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.	Council's ratio of 100.13% is around where the benchmark requires 100.00% which is another indication that the backlog is not growing significantly.

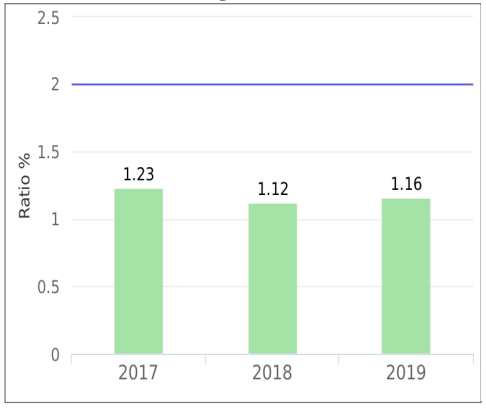
Benchmark: — > 100.00%

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

Ratio achieves benchmark

Ratio is outside benchmark

Infrastructure backlog ratio [1]



Infrastructure backlog ratio	Commentary on result
	18/19 ratio 1.16%
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.	Councils current infrastructure backlog ratio of 1.16 is fairly consistent to prior years and is within the industry benchmark of less than 2.00%.Council's backlog is manageable and an indication that with a continuation of current renewals programs that the backlog is not increasing significantly.

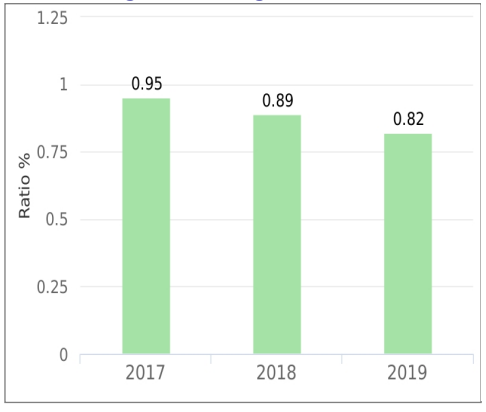
Benchmark: — < 2.00%

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

Ratio achieves benchmark

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level	Commentary on result
	18/19 ratio 0.82%
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.	Council is continuing to implement renewal programs, based on asset management plans, to further improve this ratio over time.

(1) Excludes Work In Progress (WIP)