



General Purpose & Special Purpose Financial Statements

For the Year Ended 30 June 2017



Camden Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Camden, the Best of Both Worlds



Camden Council

General Purpose Financial Statements for the year ended 30 June 2017

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Overview

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

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

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

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

- (iii) All figures presented in these financial statements are presented in Australian currency.
 - (iv) These financial statements were authorised for issue by the Council on 24 October 2017. Council has the power to amend and reissue these financial statements.
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Camden Council

General Purpose Financial Statements for the year ended 30 June 2017

Understanding Council's financial statements

Introduction

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

What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2017.

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

About the Councillor/Management Statement

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

About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

1. The Income Statement

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

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

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

Who uses the financial statements?

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

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

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

Camden Council

General Purpose Financial Statements for the year ended 30 June 2017

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

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

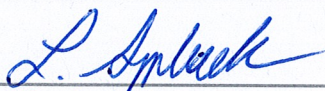
- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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


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

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

Signed in accordance with a resolution of Council made on 24 October 2017.



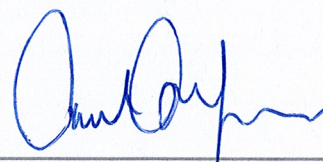
Cr Lara Symkowiak
MAYOR



Cr Theresa Fedeli
DEPUTY MAYOR



Ron Moore
GENERAL MANAGER



Paul Rofe
RESPONSIBLE ACCOUNTING OFFICER

Executive Summary – 2016/17 Annual Financial Statements

Camden continues to be one of the fastest growing areas in New South Wales with more than 150 new residents per week. This growth places substantial pressure on Council's finances and resources. The cost of planning for growth is an up front cost that is required before additional rate income is realised through growth.

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

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

Financial Performance

The following table highlights the 'financial performance' comparison between 2016/17 and 2015/16:

Income Statement	2016/17 \$'000	2015/16 \$'000
Total Income from Continuing Operations	\$188,734	\$218,130
Total Expenses from Continuing Operations	\$92,030	\$83,377
Surplus Operating Result from Continuing Operations	\$96,704	\$134,753
Grants and Contributions provided for Capital Purposes	\$98,372	\$137,839
Net Operating Result before Grants and Contributions provided for Capital Purposes (deficit)	(\$1,668)	(\$3,086)

Local Government Accounting - Operating Result

It is important to note that the operating result shown in the Income Statement is not Council's budget or cash position. The Income statement complies with the International Financial Reporting Standards and is required to be reported on an accruals basis, it considers non-cash entries and the timing of the receipt or payment of money. Council's budget is done on cash basis. The reported surplus of \$96.704 million (after capital items) does not mean Council has additional funds of \$96.704 million to spend. Alternatively the fact that Council's Income Statement has a reported deficit of \$1.67 million

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

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

Operating Result (after capital items)

The 2016/17 Operating Result after accounting for capital income is a surplus of \$96.70 million (\$134.75 million 2015/16). 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 2016/17 was \$76.16 million (\$114.83 million 2015/16). 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 \$1.67 million. This result excludes capital income of \$98.37 million. In comparing this result to the previous financial year deficit of \$3.09 million the improvement in the operating deficit to \$1.67 million is predominately a result of the Federal Government paying 50% of the 2017/18 Financial Assistance Grant in advance (\$1.8 million). Other significant movements in income included Rates and Annual Charges increasing by \$5.80 million, and Fees and Charges by \$1.12 million predominately in the area of building services and town planning associated with the growth. In order to maintain existing service levels Council has employed an additional 34.2 staff during 2016/17 which increased employee costs by \$3.51 million. Materials and Contracts also increased by \$2.29 million representing additional works and services undertaken to meet service demand.

Council continues to monitor its operating result and whilst Council's liquidity position is strong, Council recognises that longer term, operating deficits are not sustainable and that sustained reported deficits will ultimately reduce Council's ability to maintain or replace its asset base over time. Council expects that this position will 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 and Loan Reduction Program

Historically Council has part funded its annual road reconstruction program through loans. In 2013/14 Council adopted a loan reduction program to gradually reduce Council's reliance on re-current loan borrowings. Council has completed this program 1 year ahead of schedule. Council did not borrow for its annual road reconstruction program during 2016/17 and has no future re-current loan borrowings in its long-term financial plan (10 years).

Council still has capacity to borrow for capital projects (one-off) upon the appropriate financial assessment being completed.

✓ Long-Term Financial Planning (LTFP)

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

✓ Asset Management Planning

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

✓ Cash Reserves and Investing in the Future

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

✓ Community Infrastructure Renewal Program

Council realises that ageing infrastructure will continue to be an issue for the residents of Camden, in 2013 IPART approved a special rate variation for a \$6 million (over 6 years) Community Infrastructure Renewal Program aimed at addressing those assets in poor condition. The last year of this program is 2018/19.

✓ 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

As part of demonstrating Council is "fit for the future" an organisational improvement plan has been implemented that addresses all areas of the organisation both financial and non-financial that will allow Council to demonstrate a modern contemporary organisation that is financially sound and able to service its community now and into the future. This improvement program is regularly reviewed by the executive to ensure its progress is monitored and the plan is further developed over time.

Statement of Financial Position

The net value of assets owned by our community is \$1.321 billion (\$1.173 billion in 2015/16). The majority of this equity relates to the ownership of land and infrastructure assets such as roads, stormwater drainage, footpaths and bridges. Council's increase in equity is predominately due to infrastructure assets being dedicated to Council as part of new release areas being developed and the reclassification of two property assets to investment properties.

Council revalued land under roads as at 30 June 2017. The increase in value has been transferred to Council revaluation reserve (\$42.46 Million).

In 2016/17 Council converted two of its buildings to investment properties by leasing them to the private sector. Over time leasing will generate Council additional income of over \$0.8 million per annum. An independent valuation of these two properties (including land) has also resulted in a fair value increment of \$8.79 million, which has been transferred to Council's asset revaluation reserve.

Council's loan debt is now \$35.87 million with a net decrease of \$3.73 million from 2015/16; primarily a result of principal and interest repayments during 2016/17 and no new loans being taken up in 2016/17.

Financial Health Indicators

The financial health indicators for the 2016/17 financial year can be found in Note 13 (pages 50-53) and Special Schedule 7 (pages SS 5 - SS 9). These sections of the financial statements provide a detailed explanation of each indicator and any unique considerations which need to be taken into account when assessing Council's financial performance. Overall, the indicators provide a positive outlook for Council's continued financial sustainability.

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

Chief Financial Officer (Responsible Accounting Officer)

Camden Council

Income Statement

for the year ended 30 June 2017

Budget ¹ 2017	\$ '000	Notes	Actual 2017	Actual 2016
Income from continuing operations				
Revenue:				
56,078	Rates and annual charges	3a	57,907	52,107
16,015	User charges and fees	3b	17,344	16,187
2,280	Interest and investment revenue	3c	3,403	3,493
2,244	Other revenues	3d	2,501	1,469
5,961	Grants and contributions provided for operating purposes	3e,f	9,178	7,035
195,270	Grants and contributions provided for capital purposes	3e,f	98,372	137,839
Other income:				
–	Net share of interests in joint ventures and associates using the equity method	19	29	–
277,848	Total income from continuing operations		188,734	218,130
Expenses from continuing operations				
40,835	Employee benefits and on-costs	4a	38,831	35,318
1,514	Borrowing costs	4b	1,960	1,793
21,835	Materials and contracts	4c	25,792	23,501
14,118	Depreciation and amortisation	4d	16,389	14,909
8,922	Other expenses	4e	7,334	6,496
–	Net losses from the disposal of assets	5	1,724	1,326
–	Net share of interests in joint ventures and associates using the equity method	19	–	34
87,224	Total expenses from continuing operations		92,030	83,377
190,624	Operating result from continuing operations		96,704	134,753
Discontinued operations				
–	Net profit/(loss) from discontinued operations	24	–	–
190,624	Net operating result for the year		96,704	134,753
190,624	Net operating result attributable to Council		96,704	134,753
(4,646)	Net operating result for the year before grants and contributions provided for capital purposes		(1,668)	(3,086)

¹ Original budget as approved by Council – refer Note 16

Camden Council

Statement of Comprehensive Income

for the year ended 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
Net operating result for the year (as per Income Statement)		96,704	134,753
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of Land and Building*	20b (ii)	8,791	–
Gain (loss) on revaluation of Land Under Roads	20b (ii)	42,457	–
Gain (loss) on revaluation of Community Land	20b (ii)	–	10,035
Gain (loss) on revaluation of Land Improvements – non-depreciable	20b (ii)	–	3,922
Gain (loss) on revaluation of Land Improvements – depreciable	20b (ii)	–	1,069
Gain (loss) on revaluation of Other Structures	20b (ii)	–	2,973
Gain (loss) on revaluation of Other Open Space /recreation assets	20b (ii)	–	723
Total items which will not be reclassified subsequently to the operating result		51,248	18,722
* Revaluation of specific council properties carried out to comply with AASB 140 Investment Properties. A comprehensive revaluation will be conducted for Property, plant and equipment, operational land, building on 30 June 2018			
Total other comprehensive income for the year		51,248	18,722
Total comprehensive income for the year		147,952	153,475
Total comprehensive income attributable to Council		147,952	153,475

Camden Council

Statement of Financial Position

as at 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
ASSETS			
Current assets			
Cash and cash equivalents	6a	7,519	8,691
Investments	6b	68,200	65,200
Receivables	7	5,852	6,440
Inventories	8	427	452
Other	8	200	163
Total current assets		82,198	80,946
Non-current assets			
Investments	6b	32,200	27,200
Receivables	7	1,627	1,633
Infrastructure, property, plant and equipment	9	1,271,992	1,138,617
Investments accounted for using the equity method	19	73	44
Investment property	14	12,350	—
Total non-current assets		1,318,242	1,167,494
TOTAL ASSETS		1,400,440	1,248,440
LIABILITIES			
Current liabilities			
Payables	10	21,807	14,827
Income received in advance	10	258	178
Borrowings	10	3,797	3,732
Provisions	10	10,254	9,275
Total current liabilities		36,116	28,012
Non-current liabilities			
Payables	10	11,159	12,075
Borrowings	10	31,205	34,479
Provisions	10	659	525
Total non-current liabilities		43,023	47,079
TOTAL LIABILITIES		79,139	75,091
Net assets		1,321,301	1,173,349
EQUITY			
Retained earnings	20	881,086	784,382
Revaluation reserves	20	440,215	388,967
Council equity interest		1,321,301	1,173,349
Total equity		1,321,301	1,173,349

Camden Council

Statement of Changes in Equity
for the year ended 30 June 2017

\$ '000	Notes	2017					2016				
		Retained earnings	Asset revaluation reserve (Refer 20b)	Other reserves (Refer 20b)	Council interest	Total equity	Retained earnings	Asset revaluation reserve (Refer 20b)	Other reserves (Refer 20b)	Council interest	Total equity
Opening balance (as per last year's audited accounts)		784,382	388,967	–	1,173,349	1,173,349	649,629	370,245	–	1,019,874	1,019,874
Revised opening balance		784,382	388,967	–	1,173,349	1,173,349	649,629	370,245	–	1,019,874	1,019,874
a. Net operating result for the year		96,704	–	–	96,704	96,704	134,753	–	–	134,753	134,753
b. Other comprehensive income											
– Revaluation: Land and Buildings	20b (ii)	–	8,791	–	8,791	8,791	–	18,722	–	18,722	18,722
– Revaluation: Land Under Roads	20b (ii)	–	42,457	–	42,457	42,457	–	–	–	–	–
Other comprehensive income		–	51,248	–	51,248	51,248	–	18,722	–	18,722	18,722
Total comprehensive income		96,704	51,248	–	147,952	147,952	134,753	18,722	–	153,475	153,475
Equity – balance at end of the reporting period		881,086	440,215	–	1,321,301	1,321,301	784,382	388,967	–	1,173,349	1,173,349

Camden Council

Statement of Cash Flows

for the year ended 30 June 2017

Budget 2017	\$ '000	Notes	Actual 2017	Actual 2016
Cash flows from operating activities				
<u>Receipts:</u>				
56,078	Rates and annual charges		57,858	52,065
15,299	User charges and fees		18,450	17,503
2,280	Investment and interest revenue received		3,339	3,597
21,354	Grants and contributions		31,394	30,469
–	Bonds, deposits and retention amounts received		9,493	1,655
5,635	Other		9,420	6,775
<u>Payments:</u>				
(40,121)	Employee benefits and on-costs		(37,616)	(34,274)
(22,031)	Materials and contracts		(33,889)	(27,595)
(1,514)	Borrowing costs		(1,513)	(628)
–	Bonds, deposits and retention amounts refunded		(1,656)	(2,199)
(12,314)	Other		(8,287)	(4,674)
24,666	Net cash provided (or used in) operating activities	11b	46,993	42,694
Cash flows from investing activities				
<u>Receipts:</u>				
Nil				
–	Sale of investment securities		123,900	126,600
687	Sale of infrastructure, property, plant and equipment		611	213
<u>Payments:</u>				
–	Purchase of investment securities		(131,900)	(142,300)
(46,275)	Purchase of infrastructure, property, plant and equipment		(37,044)	(46,218)
(45,588)	Net cash provided (or used in) investing activities		(44,433)	(61,705)
Cash flows from financing activities				
<u>Receipts:</u>				
1,000	Proceeds from borrowings and advances		–	23,000
<u>Payments:</u>				
(3,732)	Repayment of borrowings and advances		(3,732)	(3,173)
(2,732)	Net cash flow provided (used in) financing activities		(3,732)	19,827
(23,654)	Net increase/(decrease) in cash and cash equivalents		(1,172)	816
8,691	Plus: cash and cash equivalents – beginning of year	11a	8,691	7,875
(14,963)	Cash and cash equivalents – end of the year	11a	7,519	8,691

Please refer to Note 11 for additional cash flow information.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

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n/a – not applicable

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies

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.

(a) Basis of preparation

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

(i) New and amended standards adopted by Council

AASB 124 Related Party Disclosures was adopted during the year, the impact of this standard had no impact on reported financial position or performance; however note 28 has been added.

(ii) Early adoption of standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting beginning 1 July 2016.

(iii) 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 property, plant and equipment and investment property.

(iii) 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

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

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

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

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 in Note 7.

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to 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.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

(i) Rates, annual charges, grants and contributions

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

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.

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

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

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

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

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

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

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.

(ii) User charges and fees

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

(iii) Sale of plant, property, infrastructure and equipment

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

(iv) Interest

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

(v) Rent

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

(vi) Dividend income

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

(vii) Other income

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

(c) Principles of consolidation

(i) 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 Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

- Camden Bicentennial Equestrian Park Committee

(ii) 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.

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

(iii) County Councils

Council is not a member of any county councils.

(iv) Interests in other entities

Joint ventures/associates

Camden Council is a Shareholder in the Southern Phone Company for two shares at \$1.00 each, being one in A class share and one in the B to ZZ class.

Also, Camden Council from 1 July 2014 became a member of Civic Risk Mutual formerly known as Westpool and United Independent Group.

Interests in joint ventures/associates are accounted for using the equity method in accordance with AASB128 Associates and Joint Ventures. Under this method, the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

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

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

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

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

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

(d) Leases

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

Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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.

Lease income from operating leases where Council is a lessor is recognised as income on a straight-line basis over the lease term.

Council currently holds no finance lease.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

(e) Impairment of assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

(f) Cash and cash equivalents

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

Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

(g) Inventories

(i) Raw materials and stores, work in progress and finished goods

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

Cost comprises direct materials, direct labour, and an appropriate proportion of variable and fixed

overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

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

(ii) Inventory held for distribution

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

(iii) 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.

(h) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets; assets arising from employee benefits; financial assets; and investment properties that are carried at fair value and contractual rights under insurance contracts,

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

(i) Investments and other financial assets

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.

(i) 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 classified as current assets.

(ii) Loans and receivables

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

Loans and receivables are included in other receivables and receivables (note 7) in the Statement of Financial Position.

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

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

(iii) 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. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

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

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

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.

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

Financial assets 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.

Subsequent measurement

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

Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

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

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.

(i) Assets carried at amortised cost

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. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Council may measure impairment on the basis of an instrument's fair value using an observable market price.

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

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of the impairment loss is recognised in the income statement within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Investment Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act 1993 (NSW) and Clause 212 of the Local Government (General) Regulation 2005 (NSW).

Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it, or its

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

representatives, exercise the care, diligence and skill that a prudent person would exercise in investing Council funds.

(j) Fair value estimation – financial instruments

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(k) Infrastructure, property, plant and equipment (IPPE)

Council's assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Office of Local Government. At reporting date, the following classes of IPPE were stated at their fair value:

Externally valued:

- Operational land
- Land improvements
- Buildings – specialised/non-specialised
- Other open space/recreational assets
- Other infrastructure
- Other assets

Internally valued:

- Community land
- Land improvements
- Roads assets including roads, bridges and footpaths
- Bulk earthworks
- Stormwater drainage
- Other infrastructure
- Other assets

As approximated by depreciated historical cost:

- Plant and equipment

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. Council has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and revalue the asset to that amount. Full revaluations are undertaken for all assets on a five-year cycle.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss.

Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

during the financial period in which they are incurred.

Land is not depreciated.

Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant & Equipment

- Office Equipment	5 to 10 years
- Office furniture	7 to 10 years
- Vehicles	5 to 7 years
- Heavy Plant/Road Making equip.	5 to 7 years
- Other plant and equipment	5 to 7 years

Other Equipment / Assets

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

Buildings

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

Stormwater Drainage

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

Transportation Assets

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

Other Infrastructure Assets

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

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

(l) Investment property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council.

Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, Council uses alternative valuation methods such as recent prices in less active markets, or discounted cash flow projections. Changes in fair values are recorded in the income statement as part of other income.

Properties that are under construction for future use as investment properties are regarded as investment properties. 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.

As at 30 June 2017 Council owns two investment properties.

(m) 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.

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

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.

In April 2010, Council secured an \$11.8 million interest free loan from the NSW Local Infrastructure Fund. In accordance with AASB 139 Financial Instruments: Recognition and Measurement, this loan has been recognised at fair value.

(o) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset have not been 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.

(p) Provisions

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

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

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

assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(q) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual 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 is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

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

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

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

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

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

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

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

The last valuation of the Scheme was performed by Mr Richard Boyfield (FIAA) on 2nd December 2016, relating to the period ending 30 June 2016.

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2017 was \$594,886.

The amount of additional contributions included in the total employer contribution advised above is \$245,383.

The position is monitored annually and the Actuary has estimated that as at 30 June 2017 a deficit still exists. The share of this deficit that can be broadly attributed to the Council was estimated to be in the order of \$655,767 anticipated as at 30 June 2017.

Council has been advised that an additional contribution of \$831,000 are estimated to be required until 30 June 2020. However, the Trustee is considering extending this period to ensure that there is a sufficient contingency against weaker investment returns.

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

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

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

Defined Contribution Plans

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

(iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30 June 2017.

(r) 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 all land under roads acquired before 1 July 2008 in accordance with AASB 1051.

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

Council revalued land under roads as at 30 June 2017. The increase in value has been transferred to Council revaluation reserve (\$42.46 Million).

(s) Self-insurance

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

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

(t) Intangible assets

Council has not classified any assets as intangible.

(u) 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.

(v) Rural fire service assets

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

Council from 1/7/2011 stopped capitalising plant and equipment as result of changes to the insurance arrangements between Council and RFS. As from 1/7/2011 the RFS moved to Red Fleet Insurance which meant Councils no longer had responsibility for insuring this plant and equipment. Council also had no control over the purchase or sale of plant and equipment nor do we receive any proceeds from sale. Once the need for council to insure the plant and equipment was removed from Council's responsibility it was determined that Council had no care or control over this plant and equipment and therefore it should not be included in Council's assets register. Also any maintenance undertaken by council on the plant and equipment was claimed back from the RFS. Council does keep a complete list of all plant and equipment within its plant register.

All buildings used by the RFS are council owned including tanks which are in councils assets register and depreciated accordingly.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

(w) 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 which that are recoverable from, or payable to the taxation authority are presented as operating cash flows.

(x) New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2017.

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

Applicable to Local Government:

AASB 9 - Financial Instruments (and associated amending standards)

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

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

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

- fair value and

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

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

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

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

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

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2018.

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

AASB 16 Leases

AASB 16 will result in most of the operating leases of an entity being brought onto the statements of financial position. There are limited exceptions relating to short term leases and low value assets which may remain off the balance sheet.

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

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

Rent expense will no longer be shown. The profit and loss impact of the leases will be through amortisation and interest charges.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

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

AASB 1058 Income of Not for Profit Entities

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

AASB 1058 applies when a council receives volunteer services or enters into other transactions in which the consideration to acquire an asset is significantly less than the fair value of the asset, and where the councils objectives is principally to enable the asset to further the councils objectives". In cases where the council enters into other transactions, the council recognises and measures the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 Property, Plant and Equipment).

Upon initial recognition of the asset, this Standard requires Council to consider whether any other financial statement (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
- (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 if 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 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.

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

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements, as well as additional disclosures. All revenue streams, including grant agreement, are currently being reviewed to determine the impact of AASB 1058.

Prepaid rates received prior to the beginning of a rating period will now be recognised as a financial liability until the commencement of the rating period

(y) Rounding of amounts

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

(z) Comparative figures

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

(aa) Disclaimer

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

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

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).												
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current & non-current)	
	Original budget	Actual	Actual	Original budget	Actual	Actual	Original budget	Actual	Actual	Actual	Actual	Actual	Actual
	2017	2017	2016	2017	2017	2016	2017	2017	2016	2017	2016	2017	2016
Governance	–	25	–	–	1,882	–	–	(1,857)	–	–	–	3,702	1
Managing Camden's Growth	17,116	8,695	8,504	10,517	6,710	6,653	6,599	1,985	1,851	–	–	66,308	108,892
Urban and Natural Environments	80,229	35,855	48,605	21,464	14,804	14,002	58,765	21,051	34,603	430	302	273,758	246,148
Prosperous Economy	8	38	39	665	509	418	(657)	(471)	(379)	5	–	19,935	1,072
Sustainable Transport	54,103	57,447	85,993	18,876	14,819	13,239	35,227	42,628	72,754	1,367	1,593	658,311	561,732
Enriched and Connected Community	72,765	27,226	22,613	11,277	24,387	23,204	61,488	2,839	(591)	1,826	2,355	352,565	297,038
Strong Local Leadership (Governance)	53,627	5,599	4,311	24,425	28,919	25,827	29,202	(23,320)	(21,516)	243	170	25,788	33,513
Total functions and activities	277,848	134,885	170,065	87,224	92,030	83,343	190,624	42,855	86,722	3,871	4,420	1,400,367	1,248,396
Share of gains/(losses) in associates and joint ventures (using the equity method)	–	29	–	–	–	34	–	29	(34)	–	–	73	44
General purpose income ¹	–	53,820	48,065	–	–	–	–	53,820	48,065	5,600	3,568	–	–
Operating result from continuing operations	277,848	188,734	218,130	87,224	92,030	83,377	190,624	96,704	134,753	9,471	7,988	1,400,440	1,248,440

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

Camden Council

Notes to the Financial Statements for the year ended 30 June 2017

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

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

ACTIVELY MANAGING CAMDEN'S GROWTH

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

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

HEALTHY URBAN AND NATURAL ENVIRONMENTS

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

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

A PROSPEROUS ECONOMY

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

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

EFFECTIVE AND SUSTAINABLE TRANSPORT

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

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

AN ENRICHED AND CONNECTED COMMUNITY

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

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

STRONG LOCAL LEADERSHIP (GOVERNANCE)

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

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
(a) Rates and annual charges			
Ordinary rates			
Residential		38,049	34,247
Farmland		500	651
Business		7,999	7,657
Total ordinary rates		46,548	42,555
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		10,822	9,064
Section 611 charges		48	44
Stormwater management levy		489	444
Total annual charges		11,359	9,552
<u>TOTAL RATES AND ANNUAL CHARGES</u>		<u>57,907</u>	<u>52,107</u>

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(b) User charges and fees			
Specific user charges (per s.502 – specific 'actual use' charges)			
Domestic waste management services (additional services)		30	26
On site sewerage inspection		45	44
Commercial waste management		565	745
On site sewerage annual charges		176	169
Total user charges		816	984
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building services – other		4,144	3,477
Private works – section 67		24	39
Section 149 certificates (EPA Act)		467	429
Section 603 certificates		259	237
Town planning		4,224	4,272
Total fees and charges – statutory/regulatory		9,118	8,454
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Cemeteries		355	185
Child care (family day care services)		492	357
Fire and emergency services levy (FESL) implementation		275	–
Leaseback fees – Council vehicles		830	743
Library services		47	61
Parks and leisure centres		4,005	4,441
Public halls		1,298	855
Other		108	107
Total fees and charges – other		7,410	6,749
TOTAL USER CHARGES AND FEES		17,344	16,187

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Interest and investment revenue (including losses)			
Interest			
– Interest on overdue rates and annual charges (incl. special purpose rates)		174	154
– Interest earned on investments (interest on restricted funds)		1,731	1,551
– Interest (general funds)		1,498	1,788
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>		<u>3,403</u>	<u>3,493</u>

Interest revenue is attributable to:
Unrestricted investments/financial assets:

Overdue rates and annual charges (general fund)	174	154
General Council cash and investments	1,498	1,480

Restricted investments/funds – external:

Development contributions		
– Section 94 (under plans)	1,234	1,449
– Section 93F (under plans)	173	98
– Section 94 (not under plans)	5	4
Domestic waste management operations	211	190
Department of Planning Interest Free Loan	108	118

Total interest and investment revenue recognised	3,403	3,493
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(d) Other revenues

Rental income – investment properties	14	42	–
Fines		440	221
Legal fees recovery – rates and charges (extra charges)		140	139
Legal fees recovery – other		10	255
Bushfire services		6	36
Commissions and agency fees		112	89
Contributions to long service leave – other councils		430	289
Domestic waste management		19	15
Easement compensation		1	23
Employee relations		178	139
Insurance claim recoveries		430	82
Rental income – council properties		33	15
Risk mgmt performance incentive rebates		188	84
Sales – general		33	30
Other		439	52
<u>TOTAL OTHER REVENUE</u>		<u>2,501</u>	<u>1,469</u>

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
(e) Grants				
General purpose (untied)				
Financial assistance – general component	3,542	2,124	–	–
Financial assistance – local roads component	1,742	1,048	–	–
Pensioners' rates subsidies – general component	316	396	–	–
Total general purpose	5,600	3,568	–	–
Specific purpose				
Domestic waste management	89	–	–	–
Better waste and recycling fund	60	79	–	–
Child care (family day care)	1,386	1,139	–	–
Community services	171	324	–	–
Economic development	5	–	–	–
Environment education	112	108	–	–
Environmental protection	–	14	–	–
Floodplain management	–	72	140	–
Library	193	178	–	200
LIRS subsidy	110	86	–	–
Noxious weeds	29	29	–	–
Emergency services	243	170	–	–
Recreation and culture	6	–	–	–
Recreational services	25	20	45	494
Street lighting	128	128	–	–
Transport (other roads and bridges funding)	–	–	1,129	1,379
Total specific purpose	2,557	2,347	1,314	2,073
Total grants	8,157	5,915	1,314	2,073
Grant revenue is attributable to:				
– Commonwealth funding	7,114	4,311	1,298	1,379
– State funding	1,043	1,604	16	694
	8,157	5,915	1,314	2,073

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
(f) Contributions				
Developer contributions:				
(s93 & s94 – EP&A Act, s64 of the LGA):				
VPA – other cash revenue	368	244	1,875	3,295
VPA – dedicated drainage	–	–	1,394	881
VPA – dedicated open space	–	–	–	972
VPA – dedicated roads	–	–	617	1,983
VPA – dedicated community facilities	–	–	2,547	–
VPA – dedicated land	–	–	4,148	–
Other section 94 developer contributions	444	483	51	171
Open space	–	–	5,690	3,177
Traffic facilities	–	–	93	88
Drainage	–	–	2,386	2,261
Roadworks (in kind)	–	–	235	–
Roadworks	–	–	3,082	2,293
Community facilities	–	–	6,289	6,641
Drainage (in kind)	–	–	157	–
Other developer contributions	–	–	37	–
Total developer contributions	812	727	28,601	21,762
Other contributions:				
Community services	1	–	91	567
Dedicated footpaths and cycleways	–	–	30	–
Dedicated land under roads	–	–	4,814	7,798
Dedicated subdivision roads	–	–	38,138	65,800
Dedicated Bridges	–	–	3,608	–
Dedicated drainage	–	–	18,411	34,048
Dedications – RMS footpath	–	–	–	3,347
Other councils – joint works/services	80	–	–	–
Paving	–	–	102	–
Recreation and culture	2	–	53	–
Roads and bridges	–	–	95	–
RMS contributions (regional roads, block grant)	106	93	1,093	2,444
Housing acceleration fund	13	300	–	–
Dedicated operational land	–	–	2,021	–
Other	7	–	1	–
Total other contributions	209	393	68,457	114,004
Total contributions	1,021	1,120	97,058	135,766
TOTAL GRANTS AND CONTRIBUTIONS	9,178	7,035	98,372	137,839

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	Actual 2017	Actual 2016
(g) Unspent grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the close of the previous reporting period	54,937	41,351
Add: grants and contributions recognised in the current period but not yet spent:	655	1,106
Add: grants and contributions received for the provision of goods and services in a future period	5,045	17,618
Less: grants and contributions recognised in a previous reporting period now spent:	(15,888)	(5,138)
Net increase (decrease) in restricted assets during the period	(10,188)	13,586
Unexpended and held as restricted assets	44,749	54,937
Comprising:		
– Specific purpose unexpended grants	892	1,027
– Developer contributions	37,987	48,188
– Other contributions	5,870	5,722
	44,749	54,937

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
(a) Employee benefits and on-costs			
Salaries and wages		29,035	26,297
Travel expenses		2,019	1,662
Employee leave entitlements (ELE)		4,034	3,925
Superannuation		3,339	3,123
Workers' compensation insurance		737	656
Fringe benefit tax (FBT)		201	207
Training costs (other than salaries and wages)		359	242
Other		169	197
Total employee costs		39,893	36,309
Less: capitalised costs		(1,062)	(991)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>38,831</u>	<u>35,318</u>
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		1,437	1,192
Total interest bearing liability costs expensed		1,437	1,192
(ii) Other borrowing costs			
Amortisation of discounts and premiums – interest free loan		523	601
Total other borrowing costs		523	601
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>1,960</u>	<u>1,793</u>

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Materials and contracts			
Raw materials and consumables		8,923	7,904
Contractor and consultancy costs			
– Leisure centre and pools		3,369	3,737
– Waste management		4,245	4,123
– Parks and garden maintenance		3,578	3,235
– Information technology		1,856	1,536
– Community support programs		2,711	2,002
– Agency agreements		378	94
Auditors remuneration ⁽¹⁾		71	69
Legal expenses:			
– Legal expenses: planning and development		124	410
– Legal expenses: debt recovery		141	137
– Legal expenses: other		396	254
Total materials and contracts		25,792	23,501
Less: capitalised costs		–	–
<u>TOTAL MATERIALS AND CONTRACTS</u>		<u>25,792</u>	<u>23,501</u>
1. Auditor remuneration			
a. During the year, the following fees were incurred for services provided by the Auditor-General:			
(i) Audit and other assurance services			
– Audit and review of financial statements: Auditor-General		71	–
(i) Audit and other assurance services			
– Audit and review of financial statements: Council's Auditor		–	59
– Other audit and assurance services		–	10
Remuneration for audit and other assurance services		–	69
Total Auditor remuneration		71	69

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(d) Depreciation, amortisation and impairment			
Plant and equipment		1,168	1,135
Office equipment		570	441
Furniture and fittings		135	19
Land improvements (depreciable)		432	295
Infrastructure:			
– Buildings – non-specialised		2,373	2,381
– Buildings – specialised		10	60
– Other structures		1,193	918
– Roads		7,429	6,926
– Bridges		485	403
– Footpaths		689	625
– Stormwater drainage		2,126	2,001
Other assets			
– Library books		176	154
– Other		271	215
Total gross depreciation and amortisation costs		17,057	15,573
Less: capitalised costs		(668)	(664)
Total depreciation and amortisation costs		16,389	14,909
<u>TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED</u>		<u>16,389</u>	<u>14,909</u>

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(e) Other expenses			
Advertising		168	195
Bad and doubtful debts		142	99
Bank charges		187	166
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		700	627
Councillor expenses – mayoral fee		34	34
Councillor expenses – councillors' fees		137	140
Councillors' expenses (incl. mayor) – other (excluding fees above)		91	70
Development operating expenses		188	287
Donations, contributions and assistance to other organisations (Section 356)		266	222
Election expenses		334	–
Electricity and heating		471	397
Emergency services		52	42
Information technology expenses		193	130
Insurance		632	555
Postage		213	196
Printing and stationery		155	153
Rates collection charges		195	195
Sec 94 administration – operating expenses		169	624
Street lighting		1,657	1,487
Telephone and communications		275	312
Water charges		270	224
Reversal of housing acceleration fund debtor		300	–
Other		505	341
<u>TOTAL OTHER EXPENSES</u>		<u>7,334</u>	<u>6,496</u>

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	Actual 2017	Actual 2016
Property (excl. investment property)			
Proceeds from disposal – property		519	–
Less: carrying amount of property assets sold/written off		(84)	–
Net gain/(loss) on disposal		435	–
Plant and equipment			
Proceeds from disposal – plant and equipment		92	213
Less: carrying amount of plant and equipment assets sold		–	(52)
Net gain/(loss) on disposal		92	161
Infrastructure			
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure written off		(2,251)	(1,487)
Net gain/(loss) on disposal		(2,251)	(1,487)
Financial assets *			
Proceeds from disposal/redemptions/maturities – financial assets		123,900	126,600
Less: carrying amount of financial assets sold/redeemed/matured		(123,900)	(126,600)
Net gain/(loss) on disposal		–	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(1,724)	(1,326)

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

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

		2017	2017	2016	2016
		Actual	Actual	Actual	Actual
\$ '000	Notes	Current	Non-current	Current	Non-current
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		2,519	–	3,191	–
Cash-equivalent assets ¹					
– Deposits at call		5,000	–	5,500	–
Total cash and cash equivalents		7,519	–	8,691	–
Investments (Note 6b)					
– Term deposits		68,200	32,200	65,200	27,200
Total investments		68,200	32,200	65,200	27,200
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		75,719	32,200	73,891	27,200

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

**Investments were classified at year
end in accordance with
AASB 139 as follows:**

Investments

Held to maturity	68,200	32,200	65,200	27,200
Investments	68,200	32,200	65,200	27,200

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

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

	2017 Actual Current	2017 Actual Non-current	2016 Actual Current	2016 Actual Non-current
\$ '000				
Total cash, cash equivalents and investments	75,719	32,200	73,891	27,200
attributable to:				
External restrictions (refer below)	24,000	32,200	36,235	27,200
Internal restrictions (refer below)	49,396	–	30,103	–
Unrestricted	2,323	–	7,553	–
	75,719	32,200	73,891	27,200

2017 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended loans (A)	3,301	107	–	3,408
Section 94 – works in kinds (refundable) (B)	278	–	–	278
External restrictions – included in liabilities	3,579	107	–	3,686

External restrictions – other

Developer contributions – general (C)	53,620	21,690	(31,743)	43,567
Specific purpose unexpended grants (D)	1,027	599	(752)	873
Domestic waste management (E)	4,944	3,281	(251)	7,974
Stormwater management levy (E)	170	504	(593)	81
Other	95	–	(76)	19
External restrictions – other	59,856	26,074	(33,415)	52,514
Total external restrictions	63,435	26,181	(33,415)	56,200

A Loan moneys which must be applied for the purposes for which the loans were raised.

B Section 94 Developer Contribution to be refunded within the next 12 months by resolution of Council (refer note 10a).

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

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

E Stormwater Management, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

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

2017 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
Internal restrictions				
Plant and vehicle replacement	2,153	1,001	(909)	2,245
Employees leave entitlement	1,961	1,210	(595)	2,576
Revote/Carry forward reserve	3,875	4,468	(2,282)	6,061
Deposits, retentions and bonds	5,745	11,386	(2,201)	14,930
Asset renewal reserve	2,014	1,659	(1,772)	1,901
Camden parking reserve	121	–	–	121
Camden town centre reserve	267	–	(157)	110
Capital works reserve	3,021	9,359	(3,423)	8,957
Cemetery improvements	784	299	(985)	98
Central administration building reserve	4,266	2,435	(6,689)	12
Commercial waste services	370	155	(191)	334
Community infrastructure program (2014-19)	2,013	520	(926)	1,607
DOP loan repayment reserve	556	6,200	(556)	6,200
Elections reserve	230	81	(311)	–
Engineering services deposits	188	17	–	205
Family day care trust	–	43	–	43
Information technology reserve	510	257	(179)	588
Public appeals reserve	36	–	–	36
Risk management reserve	233	149	(12)	370
Sec 355 committee reserve	435	251	–	686
Stormwater management (general fund)	712	30	(487)	255
Water savings action plan reserve	107	22	(1)	128
Working funds reserve	452	1,859	(452)	1,859
Other	54	39	(19)	74
Total internal restrictions	30,103	41,440	(22,147)	49,396
TOTAL RESTRICTIONS	93,538	67,621	(55,562)	105,596

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 7. Receivables

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
Purpose					
Rates and annual charges		1,434	301	1,411	275
Interest and extra charges		157	136	140	168
Restoration and private works		5	—	4	—
Accrued revenues					
– Interest on investments		1,113	—	1,034	—
City Deal projects		11	—	—	—
Commercial waste		11	—	8	—
Community and recreational facilities		259	—	209	—
Contribution to oran park library		—	—	624	—
Easement compensation		—	—	137	—
Employee accounts		40	—	26	—
Gas main rating charge		48	—	44	—
Government grants and subsidies		793	—	794	—
Health and environment inspections		64	—	46	—
Land compensation		625	1,190	625	1,190
Legal cost recovery		502	—	371	—
Leisure centre contracts		255	—	63	—
Net GST receivable		815	—	959	—
Section 94 contributions		12	—	12	—
Insurance Recoveries		140	—	—	—
Contribution to Mount Annan Leisure Centre		110	—	—	—
Other debtors		46	—	379	—
Total		6,440	1,627	6,886	1,633
Less: provision for impairment					
Other debtors		(588)	—	(446)	—
Total provision for impairment – receivables		(588)	—	(446)	—
<u>TOTAL NET RECEIVABLES</u>		<u>5,852</u>	<u>1,627</u>	<u>6,440</u>	<u>1,633</u>
Externally restricted receivables					
Domestic waste management		461	70	386	63
Stormwater management		17	1	17	1
Section 94 contributions		12	—	12	—
Government Grants		19	—	—	—
Total external restrictions		509	71	415	64
Internally restricted receivables					
Commercial waste reserve		11	—	8	—
Capital works reserve		—	—	1,000	—
Asset renewal reserve		—	—	500	—
Central administration building reserve		—	—	2,435	—
Internally restricted receivables		11	—	3,943	—
Unrestricted receivables		5,332	1,556	2,082	1,569
TOTAL NET RECEIVABLES		5,852	1,627	6,440	1,633

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 7. Receivables (continued)

\$ '000

Notes on debtors from previous page:

- (i) Rates and annual charges outstanding are secured against the property.
- (ii) Doubtful rates debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates and charges at 8.00% (2016 8.50%).
Generally all other receivables are non-interest bearing.
- (iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

Note 8. Inventories and other assets

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
(a) Inventories					
(i) Inventories at cost					
Stores and materials		393	—	394	—
Trading stock		22	—	46	—
Stores and materials – domestic waste		12	—	12	—
Total inventories at cost		427	—	452	—
(ii) Inventories at net realisable value (NRV)					
Nil					
TOTAL INVENTORIES		427	—	452	—
(b) Other assets					
Prepayments		117	—	151	—
Information technology holding account		81	—	12	—
Other		2	—	—	—
TOTAL OTHER ASSETS		200	—	163	—
Externally restricted assets					
Domestic waste management					
Stores and materials		12	—	12	—
Total domestic waste management		12	—	12	—
Total externally restricted assets		12	—	12	—
Total unrestricted assets		615	—	603	—
TOTAL INVENTORIES AND OTHER ASSETS		627	—	615	—

Camden Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 9a. Infrastructure, property, plant and equipment

Asset class	as at 30/6/2016			Asset movements during the reporting period								as at 30/6/2017			
				Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Tfrs from/(to) investment properties	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)				
\$ '000	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount									At cost	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	52,271	–	52,271	–	26,014	–	–	(33,687)	–	–	–	–	44,598	–	44,598
Plant and equipment	16,193	10,411	5,782	–	834	–	(1,168)	–	–	–	–	–	16,295	10,847	5,448
Office equipment	5,690	3,856	1,834	–	481	–	(570)	–	–	–	–	–	6,173	4,428	1,745
Furniture and fittings	2,196	1,317	879	–	984	–	(135)	–	–	–	–	–	3,180	1,452	1,728
Land:															
– Operational land	88,028	–	88,028	–	6,170	–	–	–	(11,950)	–	8,815	–	91,063	–	91,063
– Community land	112,968	–	112,968	–	–	(84)	–	–	–	–	–	–	112,884	–	112,884
– Land under roads (post 30/6/08)	55,551	–	55,551	–	4,813	–	–	–	–	–	42,457	–	102,821	–	102,821
Land improvements – non-depreciable	29,732	–	29,732	–	–	–	–	–	–	–	–	–	29,732	–	29,732
Land improvements – depreciable	7,936	3,670	4,266	–	169	(31)	(432)	469	–	–	–	–	8,418	3,977	4,441
Infrastructure:															
– Buildings – non-specialised	84,633	43,095	41,538	1,774	1,998	(120)	(2,373)	25,080	(400)	(24)	–	–	111,721	44,248	67,473
– Buildings – specialised	2,101	1,169	932	–	–	–	(10)	–	–	–	–	–	2,101	1,179	922
– Other structures	27,770	13,574	14,196	474	2,129	(35)	(1,193)	1,566	–	–	–	–	31,989	14,446	17,543
– Roads	531,676	116,860	414,816	2,502	38,580	(1,841)	(7,429)	3,039	–	–	–	–	572,820	123,153	449,667
– Bridges	36,349	10,638	25,711	5	4,214	–	(485)	48	–	–	–	–	42,972	13,479	29,493
– Footpaths	41,932	10,110	31,822	557	1,529	(220)	(689)	1,227	–	–	–	–	44,810	10,584	34,226
– Bulk earthworks (non-depreciable)	15,952	–	15,952	–	–	–	–	–	–	–	–	–	15,952	–	15,952
– Stormwater drainage	272,409	34,664	237,745	157	19,775	(4)	(2,126)	882	–	–	–	–	293,219	36,790	256,429
– Other open space/recreational assets	5,217	2,596	2,621	1	–	–	–	1,376	–	–	–	–	6,371	2,779	3,592
Other assets:															
– Library books	3,486	2,477	1,009	–	226	–	(176)	–	–	–	–	–	3,713	2,654	1,059
– Other	5,161	4,197	964	196	287	–	(271)	–	–	–	–	–	5,642	4,466	1,176
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	1,397,251	258,634	1,138,617	5,666	108,203	(2,335)	(17,057)	–	(12,350)	(24)	51,272	–	1,546,474	274,482	1,271,992

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

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

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

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

\$ '000 Class of asset	Actual 2017			Actual 2016		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Domestic waste management						
Plant and equipment	10,875	7,321	3,554	10,965	6,940	4,025
Land						
– Operational land	1,657	–	1,657	1,657	–	1,657
Buildings	1,179	746	433	1,167	759	408
Total DWM	13,711	8,067	5,644	13,789	7,699	6,090
TOTAL RESTRICTED I,PP&E	13,711	8,067	5,644	13,789	7,699	6,090

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

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

Camden Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
Payables					
Goods and services – operating expenditure		5,703	–	6,659	–
Accrued expenses:					
– Borrowings		524	–	600	–
– Salaries and wages		659	–	484	–
Security bonds, deposits and retentions		14,643	–	6,806	–
Section 94 – works in kind agreements		278	11,159	278	12,075
Total payables		21,807	11,159	14,827	12,075
Income received in advance					
Payments received in advance		258	–	178	–
Total income received in advance		258	–	178	–
Borrowings					
Loans – secured ¹		3,797	31,205	3,732	34,479
Total borrowings		3,797	31,205	3,732	34,479
Provisions					
Employee benefits:					
Annual leave		3,360	–	2,966	–
Long service leave		6,894	659	6,309	525
Total provisions		10,254	659	9,275	525
TOTAL PAYABLES, BORROWINGS AND PROVISIONS					
		36,116	43,023	28,012	47,079
(i) Liabilities relating to restricted assets					
		2017		2016	
		Current	Non-current	Current	Non-current
Externally restricted assets					
Domestic waste management		6	–	167	–
Section 94 – Works in kind agreements		278	11,159	278	12,075
Liabilities relating to externally restricted assets		284	11,159	445	12,075
Internally restricted assets					
Nil					
Total liabilities relating to restricted assets		284	11,159	445	12,075
Total liabilities relating to unrestricted assets		35,832	31,864	27,567	35,004
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		36,116	43,023	28,012	47,079

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 15.

Camden Council

Notes to the Financial Statements
for the year ended 30 June 2017

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

	Actual	Actual
\$ '000	2017	2016

(ii) Current liabilities not anticipated to be settled within the next twelve months

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

Provisions – employees benefits	7,174	6,525
Payables – security bonds, deposits and retentions	7,253	3,413
	14,427	9,938

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 2017	Actual 2016
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	7,519	8,691
Balance as per the Statement of Cash Flows		7,519	8,691
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		96,704	134,753
Adjust for non-cash items:			
Depreciation and amortisation		16,389	14,909
Net losses/(gains) on disposal of assets		1,724	1,326
Non-cash capital grants and contributions		(76,157)	(114,828)
– Interest exp. on interest-free loans received by Council (previously fair value)		523	601
Share of net (profits) or losses of associates/joint ventures		(29)	34
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		452	(650)
Increase/(decrease) in provision for doubtful debts		142	100
Decrease/(increase) in inventories		25	(10)
Decrease/(increase) in other assets		(37)	268
Increase/(decrease) in payables		(956)	3,485
Increase/(decrease) in accrued interest payable		(76)	564
Increase/(decrease) in other accrued expenses payable		175	285
Increase/(decrease) in other liabilities		7,001	1,012
Increase/(decrease) in employee leave entitlements		1,113	845
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		46,993	42,694

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

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

\$ '000	Notes	Actual 2017	Actual 2016
(c) Non-cash investing and financing activities			
S94 contributions 'in kind'		392	–
Other dedications		75,765	114,828
Total non-cash investing and financing activities		76,157	114,828
(d) Financing arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank overdraft facilities ⁽¹⁾		150	150
Credit cards/purchase cards		450	450
Total financing arrangements		600	600

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

Interest rates on overdrafts are interest rates on loans and other payables are disclosed in Note 15.

(ii) Secured loan liabilities

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 12. Commitments for expenditure

\$ '000	Notes	Actual 2017	Actual 2016
(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		1,619	15,224
Plant and equipment		2,836	345
Infrastructure assets		6,564	4,853
Other		626	2,694
Total commitments		11,645	23,116
These expenditures are payable as follows:			
Within the next year		11,645	23,116
Total payable		11,645	23,116
Sources for funding of capital commitments:			
Unrestricted general funds		11,645	22,116
New loans (to be raised)		–	1,000
Total sources of funding		11,645	23,116

(b) Finance lease commitments

Nil

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

Within the next year	1,040	1,009
Later than one year and not later than 5 years	777	956
Total non-cancellable operating lease commitments	1,817	1,965

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

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

Conditions relating to operating leases:

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

Camden Council

Notes to the Financial Statements
for the year ended 30 June 2017

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

\$ '000	Amounts 2017	Indicator 2017	Prior periods 2016	2015	Benchmark
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	27	0.03%	-2.15%	-4.99%	>0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	90,333				
2a. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	81,155	43.01%	33.58%	42.47%	>60.00%
Total continuing operating revenue ⁽¹⁾	188,705				
2b. Own source operating revenue ratio (less non-cash capital dedications)					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	81,155	72.11%	70.91%	78.05%	
Total continuing operating revenue ⁽¹⁾ excluding non-cash capital dedications	112,548				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	57,677	2.69x	2.51x	4.07x	>1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	21,405				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	18,376	3.23x	3.02x	366.14x	>2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	5,692				
5a. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	2,028	3.37%	3.67%	4.23%	< 5% Metro
Rates, annual and extra charges collectible	60,215				<10% Rural
5b. Rates, annual charges, interest and extra charges Outstanding Percentage (excluding pensioners)					
Rates, annual and extra charges outstanding (excluding pensioners)	1,617	2.69%	2.86%	3.17%	
Rates, annual and extra charges collectible	60,215				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	107,919	14.94 mths	16.7 mths	14.3 mths	> 3 mths
Payments from cash flow of operating and financing activities	7,224				

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

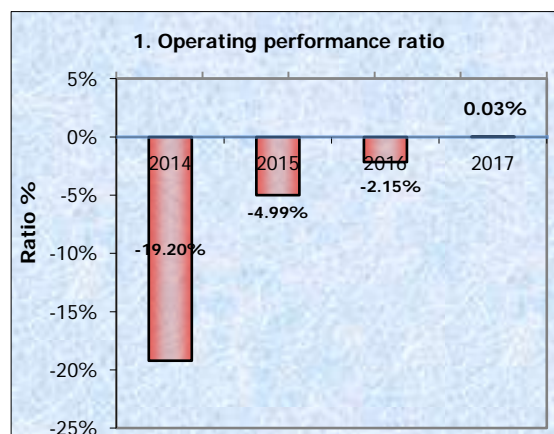
⁽³⁾ Refer to Note 10(a).

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

Camden Council

Notes to the Financial Statements
for the year ended 30 June 2017

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

Benchmark: — Minimum $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Purpose of operating performance ratio

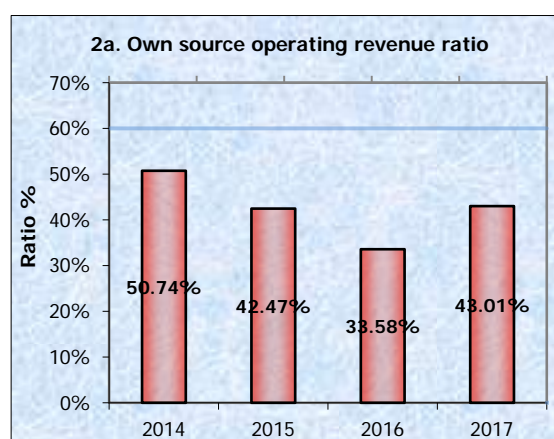
This ratio measures Council's achievement of containing operating expenditure within operating revenue.

Commentary on 2016/17 result**2016/17 ratio 0.03%**

The benchmark for this ratio is better than 0.00% or \$0.00. This ratio excludes capital income, fair value movement of investment properties, net losses from disposal of assets and loss or gain from joint ventures. Council's ratio of 0.03% is meeting the benchmark and is higher than last years ratio of -2.15%. The improved performance can be attributed to growth and 50% of the 2017/18 Financial Assistance Grant being paid in advance (\$1.8M) by the Federal Government.

Ratio achieves benchmark

Ratio is outside benchmark

Benchmark: — Minimum $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Purpose of own source operating revenue ratio

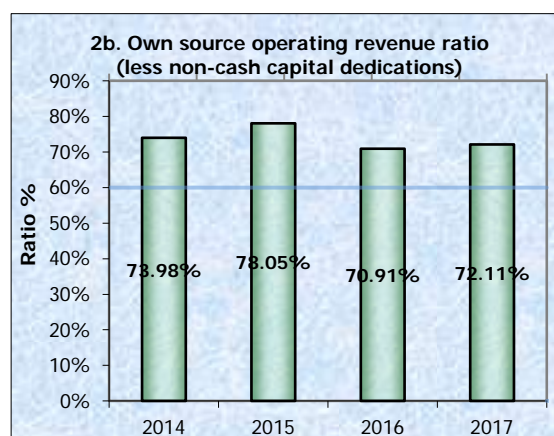
This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 2016/17 result**2016/17 ratio 43.01%**

The benchmark for this ratio is greater than 60%. The ratio as at 30 June 2017 was 43.01%. This ratio is higher than 2016 ratio of 34%. This indicator is impacted by the high level of non cash income Council receives through dedication of non cash assets which distorts the ratio. An additional ratio has been provided below (2b) which clearly demonstrates that Council meets this benchmark upon removal of non cash income relating to the dedication of assets.

Ratio achieves benchmark

Ratio is outside benchmark

Benchmark: — Minimum $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Purpose of own source operating revenue ratio

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

Commentary on 2016/17 result**2016/17 ratio 72.11%**

The benchmark for this ratio is greater than 60%. Upon the removal of non cash income (\$76.16M) relating to the dedication of assets the ratio significantly improves from 43.01% to 72.11%. This additional ratio has been provided to ensure there is a fair comparison against benchmark as not all Councils in NSW experience high level of growth that results in an extraordinary level of non cash income.

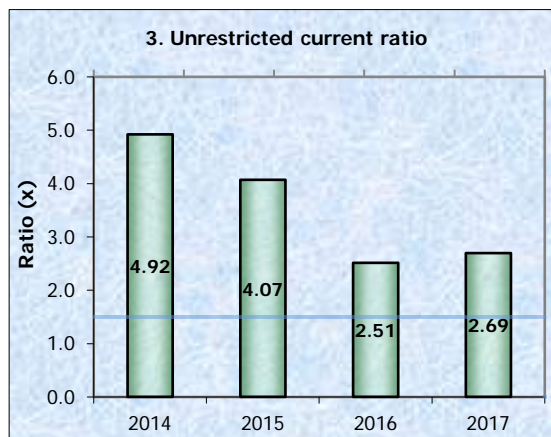
Ratio achieves benchmark

Ratio is outside benchmark

Camden Council

Notes to the Financial Statements
for the year ended 30 June 2017

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

Benchmark: — Minimum ≥ 1.50

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Purpose of unrestricted current ratio

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

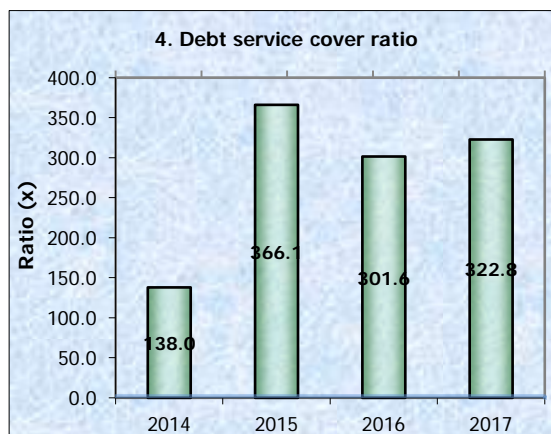
Commentary on 2016/17 result**2016/17 ratio 2.69x**

The benchmark for this ratio is better than 1.50:1. This ratio is well above the benchmark at 2.69:1 which indicates that for every \$1 of liability council has \$2.69 of assets to pay for that liability. Compared to FY15/16 the ratio has remained fairly constant. This ratio continues to be above the benchmark due to Council's strong liquidity (reserves) position and controls around Council's level of debt.



Ratio achieves benchmark

Ratio is outside benchmark

Benchmark: — Minimum ≥ 2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Purpose of debt service cover ratio

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

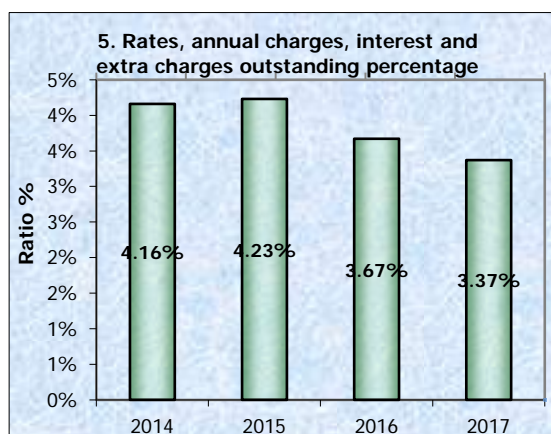
Commentary on 2016/17 result**2016/17 ratio 3.23x**

The benchmark for this ratio is better than 200x. This ratio is above the benchmark at 322.8x. The ratio has improved from last year due to Council having a stable debt portfolio and increasing income due to growth and the 50% advance payment of Council's Financial Assistance Grant by the Federal Government.



Ratio achieves benchmark

Ratio is outside benchmark

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

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

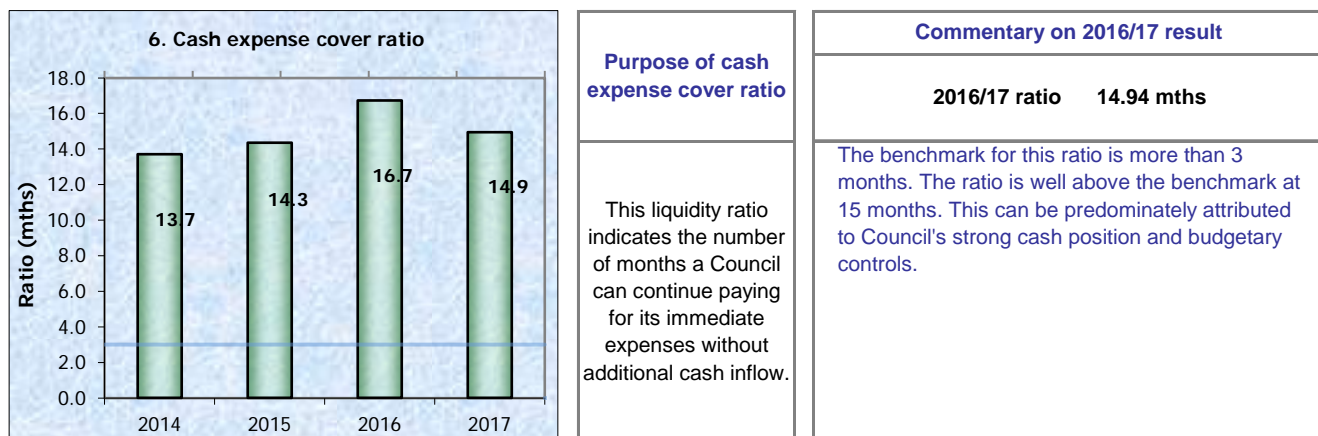
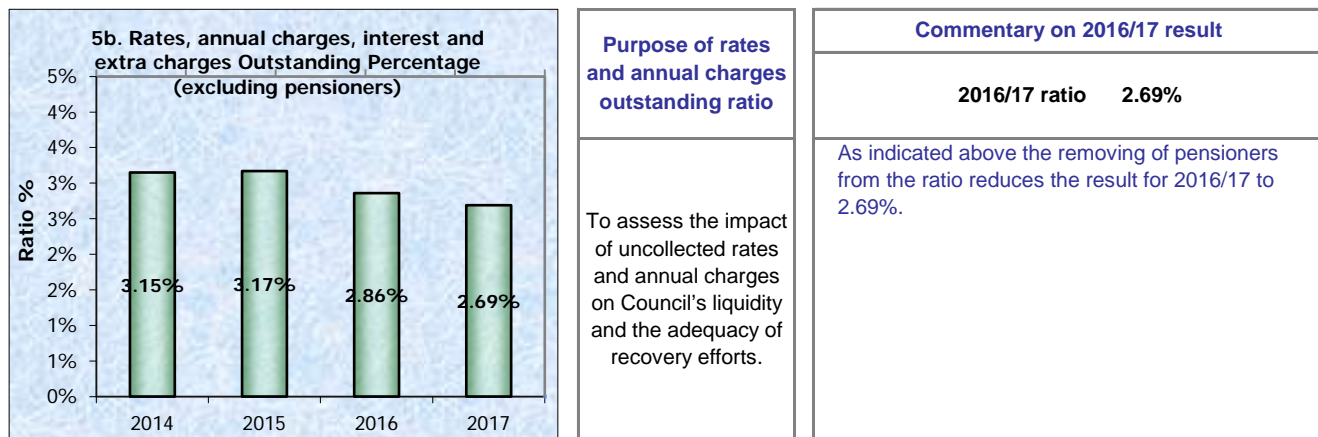
Commentary on 2016/17 result**2016/17 ratio 3.37%**

The benchmark for this ratio is less than 5%. The 2017 ratio is better than the benchmark at 3.37%. The ratio has decreased from last year's ratio of 3.67% which can be attributed to Council growing rate base and reflects a continuous improvement in Council's debt recovery processes. Furthermore, Council has a policy of not taking legal action against pensioners. An additional ratio has been provided below to show the impact on this ratio.


Camden Council


Notes to the Financial Statements
for the year ended 30 June 2017

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

Benchmark: — Minimum ≥ 3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

 Ratio achieves benchmark

 Ratio is outside benchmark

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 14. Investment properties

\$ '000	Notes	Actual 2017	Actual 2016
(a) Investment properties at fair value			
<u>Investment properties on hand</u>		<u>12,350</u>	<u>–</u>
Reconciliation of annual movement:			
– Net gain/(loss) from fair value adjustments		–	–
– Transfers from/(to) owner occupied (Note 9)		12,350	–
CLOSING BALANCE – INVESTMENT PROPERTIES		<u>12,350</u>	<u>–</u>

(b) Valuation basis

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

The 2017 revaluations were based on independent assessments made by:
Herron Todd White (South East NSW) Pty Ltd - ABN 57 164 272 002

(c) Contractual obligations at reporting date

Refer to Note 12 for disclosures relating to any capital and service obligations that have been contracted.

(d) Leasing arrangements – Council as lessor

Details of leased investment properties are as follows;

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	83	–
Later than 1 year but less than 5 years	166	–
Total minimum lease payments receivable	<u>249</u>	<u>–</u>

(e) Investment property income and expenditure – summary

Rental income from investment properties:

– Minimum lease payments	42	–
Net revenue contribution from investment properties	<u>42</u>	<u>–</u>
plus:		
Fair value movement for year	<u>–</u>	<u>–</u>
Total income attributable to investment properties	<u>42</u>	<u>–</u>

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Financial risk management

\$ '000

Risk management

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

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

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

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

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

	Carrying value		Fair value	
	2017	2016	2017	2016
Financial assets				
Cash and cash equivalents	7,519	8,691	7,519	8,691
Investments				
– 'Held to maturity'	100,400	92,400	100,400	92,400
Receivables	7,479	8,073	7,479	8,073
Total financial assets	115,398	109,164	115,398	109,164
Financial liabilities				
Payables	32,966	26,902	32,966	26,902
Loans/advances	35,002	38,211	35,002	38,211
Total financial liabilities	67,968	65,113	67,968	65,113

Fair value is determined as follows:

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

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

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

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

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

The risks associated with the investments held are:

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

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

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

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

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2017				
Possible impact of a 1% movement in interest rates	1,079	1,079	(1,079)	(1,079)
2016				
Possible impact of a 1% movement in interest rates	1,011	1,011	(1,011)	(1,011)

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

(b) Credit risk

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

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

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

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

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

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

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

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

A profile of Council's receivables credit risk at balance date follows:

		2017	2017	2016	2016
		Rates and annual charges	Other receivables	Rates and annual charges	Other receivables
(i) Ageing of receivables – %					
Current (not yet overdue)		0%	85%	0%	88%
Overdue		100%	15%	100%	12%
		100%	100%	100%	100%
(ii) Ageing of receivables – value					
Rates and annual charges	Other receivables	Rates and annual charges	Other receivables	Rates and annual charges	Other receivables
Current	Current	1,298	3,456	1,551	5,782
< 1 year overdue	0 – 30 days overdue	–	624	–	52
1 – 2 years overdue	31 – 60 days overdue	–	1,113	–	318
2 – 5 years overdue	61 – 90 days overdue	–	502	–	1
> 5 years overdue	> 91 days overdue	437	637	443	372
		1,735	6,332	1,994	6,525
(iii) Movement in provision for impairment of receivables				2017	2016
Balance at the beginning of the year				446	346
+ new provisions recognised during the year				142	100
Balance at the end of the year				588	446

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

(c) Liquidity risk

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total cash outflows	Actual carrying values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2017									
Trade/other payables	25,802	7,164						32,966	32,966
Loans and advances	–	3,796	3,664	3,721	1,371	1,209	22,107	35,868	35,868
Total financial liabilities	25,802	10,960	3,664	3,721	1,371	1,209	22,107	68,834	68,834
2016									
Trade/other payables	6,806	7,790	4,376	2,643	3,500	1,479	308	26,902	26,902
Loans and advances	–	3,732	3,796	3,664	3,721	1,371	23,316	39,600	39,600
Total financial liabilities	6,806	11,522	8,172	6,307	7,221	2,850	23,624	66,502	66,502

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

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

	2017		2016	
	Carrying value	Average interest rate	Carrying value	Average interest rate
Bank overdraft	–	8.21%	–	8.38%
Trade/other payables	32,966	0.00%	26,902	0.00%
Loans and advances – fixed interest rate	35,868	6.14%	39,600	6.22%
	<u>68,834</u>		<u>66,502</u>	

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Material budget variations

\$ '000

Council's original financial budget for 16/17 was adopted by the Council on 28 June 2016.

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

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

Note that for variations* of budget to actual :

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

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

\$ '000	2017 Budget	2017 Actual	2017 Variance*	
REVENUES				
Interest and investment revenue	2,280	3,403	1,123	49% F
Interest and investment revenue has exceeded budget expectations by \$1.12M (F). This was mainly due to Council's investment portfolio being higher than first anticipated at the time of preparing the budget. Furthermore, an increase in Section 93F developer contributions cash receipts resulted in obtaining higher interest and investment revenue.				
Other revenues	2,244	2,501	257	11% F
Other revenues has exceeded the original budget by \$257K (F). This increase is mainly due to council receiving a higher insurance recovery amount compared to last financial year.				
Operating grants and contributions	5,961	9,178	3,217	54% F
Operating grants and contributions exceeded original budget by \$3,217K (F). This increase is mainly due to the advance payment of the Financial Assistance Grant \$1.8M, Contributions of \$444K for Section 94 works, Contribution of \$193K for library and \$243K contribution for emergency services. The additional grants or contributions were unknown at the time of preparing the budget.				
Capital grants and contributions	195,270	98,372 (96,898)	(50%) U	Capital grants and contributions have not met the original budget by \$96,898K (U). This is predominately due to not as many assets being dedicated to Council as first budgeted, Asset dedications are difficult to predict.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Material budget variations (continued)

\$ '000	2017 Budget	2017 Actual	2017 Variance*	
EXPENSES				
Employee benefits and on-costs	40,835	38,831	2,004	5% F
Borrowing costs	1,514	1,960	(446)	(29%) U
Actual borrowing costs were higher than the original budget by \$446K (U). This is primarily due to the amortisation of an interest free loan in order to represent fair value. This is a non-cash entry and therefore is not included in the original budget figure.				
Materials and contracts	21,835	25,792	(3,957)	(18%) U
The Materials and Contracts expenses exceeded the budget by \$3.96M (U). This is mainly due to an increase in service demand due to growth and a focus on asset maintenance and service delivery to our community.				
Depreciation and amortisation	14,118	16,389	(2,271)	(16%) U
The depreciation expense has exceeded the budget by \$2,271K (U). This is predominately due to additional assets being dedicated to council which were unknown at the time of preparing the original budget.				
Other expenses	8,922	7,334	1,588	18% F
Other expenses were lower than the original budget by \$1.588M (F). This is predominately due to savings in street lighting charges \$413K and general electricity \$366k, an operational saving of \$400K for the new administration building and a general saving of \$560K.				
Net losses from disposal of assets	–	1,724	(1,724)	0% U
The net loss from the disposal of assets resulted in a variation to budget of \$1,724M (U). This is primarily due to the disposal of road infrastructure assets of \$2.251M (U) and proceeds of \$519k (F) from the acquisition of land by the RMS which were unknown at the time of preparing the budget.				

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

Cash flows from operating activities	24,666	46,993	22,327	90.5%	F
The favourable variance of \$22.327M was a result of increased Grants and Contributions Income by \$10.0M, an increase of income received for bonds and retention by \$9.5M and a \$3.2M increase in user charges and fees. These items were unknown at the time of preparing the original budget.					
Cash flows from financing activities	(2,732)	(3,732)	(1,000)	36.6%	U
Council had expected to drawdown a \$1.0M loan as part of adopting the 2016/17 budget. Upon a review of Council's financial position at the time of drawdown these funds were no longer required.					

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 17. Statement of developer contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	13,787	2,386	157	464	(863)	(6,000)	9,931	6,000
Roads	5,336	3,082	235	(578)	(10,508)	9,297	6,864	(23,597)
Traffic facilities	1,126	93	9	27	(1,060)	2	197	(221)
Parking	183	–	–	(3)	(1,213)	1,033	–	(1,033)
Open space	10,017	5,690	–	867	(295)	(6,748)	9,531	21,828
Community facilities	16,658	6,289	1	444	(15,490)	2,277	10,179	(2,277)
Other	960	495	27	13	(475)	139	1,159	(700)
S94 contributions – under a plan	48,067	18,035	429	1,234	(29,904)	–	37,861	–
Total S94 revenue under plans	48,067	18,035	429	1,234	(29,904)	–	37,861	–
S94 not under plans	121	–	–	5	–	–	126	–
S93F planning agreements	5,722	2,243	8,706	173	(10,974)	–	5,870	–
Total contributions	53,910	20,278	9,135	1,412	(40,878)	–	43,857	–

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN - MANAGEMENT & PROVISION OF INFRASTRUCTURE IN LGA

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	5,637	1,670	157	197	(453)	(6,000)	1,051	6,000
Roads	1	1,641	235	(758)	(10,219)	9,335	–	(23,635)
Traffic facilities	975	93	9	24	(1,060)	–	32	–
Parking	183	–	–	(3)	(1,213)	1,033	–	(1,033)
Open space	5,986	2,453	–	696	(295)	(6,746)	2,094	21,607
Community facilities	10,239	2,775	1	198	(15,490)	2,277	–	(2,277)
Other	(1)	301	27	(19)	(409)	101	–	(662)
Total	23,020	8,933	429	335	(29,139)	–	3,177	–

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

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	4,653	239	–	153	(410)	–	4,635	–
Total	4,653	239	–	153	(410)	–	4,635	–

CONTRIBUTION PLAN NO 5 - TRUNK DRAINAGE CATHERINE FIELD

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	122	2	–	4	–	–	128	–
Total	122	2	–	4	–	–	128	–

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN NO 7 - ROAD MAINTENANCE - EXTRACTIVE INDUSTRIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	410	–	–	13	(1)	–	422	–
Total	410	–	–	13	(1)	–	422	–

CONTRIBUTION PLAN NO 11 - SMEATON GRANGE ROADWORKS

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	1,963	165	–	68	–	(11)	2,185	11
Total	1,963	165	–	68	–	(11)	2,185	11

CONTRIBUTION PLAN NUMBER 16 - ELLIS LANE / GRASMERE DEVELOPMENT

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	665	39	–	22	–	(38)	688	38
Traffic facilities	151	–	–	5	–	–	156	–
Community facilities	111	2	–	4	–	–	117	–
Other	(43)	7	–	(2)	–	38	–	(38)
Total	884	48	–	29	–	–	961	–

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN NO 17 - NARELLAN TOWN CENTRE

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Traffic facilities	–	–	–	(2)	–	2	–	(221)
Open space	830	228	–	34	–	(2)	1,090	221
Other	697	51	–	23	(30)	–	741	–
Total	1,527	279	–	55	(30)	–	1,831	–

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

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	683	36	–	22	–	–	741	–
Community facilities	(13)	28	–	–	–	–	15	–
Total	670	64	–	22	–	–	756	–

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN - ORAN PARK AND TURNER ROAD PRECINCTS

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	3,375	475	–	110	–	–	3,960	–
Roads	2,297	1,191	–	77	(277)	–	3,288	–
Open space	2,518	2,646	–	114	–	–	5,278	–
Community facilities	6,321	3,026	–	240	–	–	9,587	–
Other	307	116	–	11	(36)	–	398	–
Total	14,818	7,454	–	552	(313)	–	22,511	–

CONTRIBUTION PLAN NUMBER - CATHERINE FIELD (PART) PRECINCT

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	–	46	–	–	–	–	46	–
Open space	–	327	–	1	–	–	328	–
Community facilities	–	458	–	2	–	–	460	–
Other	–	20	–	–	–	–	20	–
Total	–	851	–	3	–	–	854	–

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN NUMBER - LEPPINGTON NORTH PRECINCT

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	–	–	–	–	(11)	11	–	(11)
Total	–	–	–	–	(11)	11	–	(11)

S94 CONTRIBUTIONS – NOT UNDER A PLAN

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	21	–	–	1	–	–	22	–
Open space	58	–	–	2	–	–	60	–
Community facilities	42	–	–	2	–	–	44	–
Total	121	–	–	5	–	–	126	–

S93F PLANNING AGREEMENT

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	–	–	1,394	–	(1,394)	–	–	–
Roads	–	–	617	–	(617)	–	–	–
Open space	616	231	–	22	–	–	869	–
Community facilities	4,283	1,643	6,695	119	(8,956)	–	3,784	–
Other	823	369	–	32	(7)	–	1,217	–
Total	5,722	2,243	8,706	173	(10,974)	–	5,870	–

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 18. Contingencies and other assets/liabilities not recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

Defined benefit superannuation contribution plans

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

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

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

The position is monitored annually and the Actuary has estimated that as at 30 June 2017 a deficit still exists. The share of this deficit that can be broadly attributed to the Council was estimated to be in the order of \$655,767 anticipated as at 30 June 2017

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

Council has been advised that an additional contribution of \$831,000 are estimated to be required until 30 June 2020. The last valuation of the Fund was performed by Mr Richard Boyfield, FIAA on 2nd December 2016, relating to the period ending 30 June 2016.

Section 94 Developer Contributions Plans

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

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

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

Land Credits

Council is currently negotiating the settlement of outstanding 'work in kind' credits with a major developer going back several decades. The negotiation is ongoing and is expected to be settled within the 2017-18 financial year. The outcome of this negotiation may result in Council needing to recognise a liability in the Statement of Financial Position.

Other guarantees

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

Third party claims

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

Council has no material contingent insurance liabilities.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 19. Interests in other entities

\$ '000

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

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

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

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

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

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

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

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

Joint operations**Note 19(c)**

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

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

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

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

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

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

	Council's share of net income		Council's share of net assets	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016
Joint ventures	29	(34)	73	44
Total	29	(34)	73	44

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 19. Interests in other entities (continued)

\$ '000

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

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

(b) Joint ventures and associates

Council has included the following joint ventures and associates into its consolidated financial statements. (a)

Net carrying amounts – Council's share

Name of entity	Nature of relationship	Measurement method	2017	2016
Civic Risk West	Joint Venture	Equity	20	(28)
Civic Risk Mutual	Joint Venture	Equity	53	72
Total carrying amounts – material joint ventures and associates			73	44

(b) Details

Name of entity	Principal activity	Place of business
Civic Risk West	Liability insurance and risk management	Penrith
Civic Risk Mutual	General insurance and risk management	Penrith

(c) Relevant interests and fair values

Name of entity	Interest in outputs		Interest in ownership		Proportion of voting power	
	2017	2016	2017	2016	2017	2016
Civic Risk West	0.1%	-0.1%	0.1%	-0.1%	10%	10%
Civic Risk Mutual	0.8%	1.0%	0.8%	1.0%	5.9%	5.9%

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 19. Interests in other entities (continued)

\$ '000

(b) Joint ventures and associates (continued)

(d) Summarised financial information for joint ventures and associates

	Civic Risk West		Civic Risk Mutual	
	2017	2016	2017	2016
Statement of financial position				
Current assets				
Cash and cash equivalents	2,935	2,960	506	171
Other current assets	13,732	9,749	6,239	4,177
Non-current assets	47,434	47,864	5,889	8,539
Current liabilities				
Current financial liabilities (excluding trade and other payables and provisions)	5,008	4,999	2,891	2,800
Other current liabilities	688	523	423	346
Non-current liabilities				
Non-current financial liabilities (excluding trade and other payables and provisions)	20,429	22,856	2,830	2,454
Net assets	37,976	32,195	6,490	7,287
Reconciliation of the carrying amount				
Opening net assets (1 July)	32,195	29,943	7,287	7,518
Profit/(loss) for the period	7,465	3,498	(797)	(231)
Other adjustments to equity	(1,684)	(1,246)	—	—
Closing net assets	37,976	32,195	6,490	7,287
Council's share of net assets (%)	0.1%	-0.1%	0.8%	1.0%
Council's share of net assets (\$)	20	(28)	53	72
Statement of comprehensive income				
Income	7,066	7,421	8,301	8,551
Interest income	3,757	2,438	584	423
Interest expense	(17)	(17)	—	—
Other expenses	(3,341)	(6,344)	(9,682)	(9,205)
Profit/(loss) for period	7,465	3,498	(797)	(231)
Total comprehensive income	7,465	3,498	(797)	(231)
Share of income – Council (%)	0.6%	-0.1%	2.3%	13.9%
Profit/(loss) – Council (\$)	48	(2)	(19)	(32)
Total comprehensive income – Council (\$)	48	(2)	(19)	(32)

*Council has used information provided by the actuary for both comprehensive income and closing net assets, advice from the actuary is that where percentage figures do not multiply correctly they will be rounding errors across the 10 council's included in this joint venture.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 19. Interests in other entities (continued)

\$ '000

(c) Joint operations

Council has no interest in any joint operations.

(d) Unconsolidated structured entities

Council has no unconsolidated structured entities

(e) Subsidiaries, joint arrangements and associates not recognised

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

Name of entity/operation	Principal activity/type of entity	2017	2016
		% Owned	% Owned
Macarthur Regional Organisation of Councils (MACROC)	Australia	33%	33%

Reasons for non-recognition

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

Camden Council
Campbelltown City Council
Wollondilly Shire Council

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

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

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

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

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

\$ '000	Notes	Actual 2017	Actual 2016
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(a) Retained earnings

Movements in retained earnings were as follows:

Balance at beginning of year (from previous years audited accounts)		784,382	649,629
a. Net operating result for the year		96,704	134,753
Balance at end of the reporting period		881,086	784,382

(b) Revaluation reserves

(i) Reserves are represented by:

– Infrastructure, property, plant and equipment revaluation reserve		440,215	388,967
Total		440,215	388,967

(ii) Reconciliation of movements in reserves:**Infrastructure, property, plant and equipment revaluation reserve**

– Opening balance		388,967	370,245
– Revaluations for the year	9(a)	51,248	18,722
– Balance at end of year		440,215	388,967

Revaluation – Land and Building		8,791	–
Revaluation – Land Under Roads		42,457	–
Revaluation – Community land		–	10,035
Revaluation – Land Improvements – non-depreciable		–	3,922
Revaluation – Land Improvements – depreciable		–	1,069
Revaluation – Other Structures		–	2,973
Revaluation – Other Open Space/recreational assets		–	723
		51,248	18,722

(iii) Nature and purpose of reserves**Infrastructure, property, plant and equipment revaluation reserve**

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 21. Financial result and financial position by fund

\$ '000

Council utilises only a general fund for its operations.

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

Council did not classify any non-current assets or disposal groups as 'held for sale'.

Note 23. Events occurring after the reporting date

Events that occur between the end of the reporting period (30 June 2017) and the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

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

Accordingly, the 'authorised for issue' date is 24/10/17.

Note 24. Discontinued operations

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

Note 25. Intangible assets

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

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

Note 26. Reinstatement, rehabilitation and restoration liabilities

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement

\$ '000

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

- Infrastructure, property, plant and equipment
- Investment property
- Financial assets and liabilities

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

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

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

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

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

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

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

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

		Fair value measurement hierarchy			
2016		Level 1	Level 2	Level 3	Total
	Date	Quoted	Significant	Significant	
	of latest	prices in	observable	unobservable	
	valuation	active mkts	inputs	inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Operational Land	30/06/13	—	88,028	—	88,028
Community Land	30/06/16	—	—	112,968	112,968
Land under Roads	30/06/14	—	—	55,551	55,551
Land Improvements	30/06/16	—	—	33,998	33,998
Buildings (Specialised & Non Specialised)	30/06/13	—	42,470	—	42,470
Other Structures	30/06/16	—	—	14,196	14,196
Roads	30/06/15	—	—	414,816	414,816
Bridges	30/06/15	—	—	25,711	25,711
Footpaths	30/06/15	—	—	31,822	31,822
Bulk Earthworks	30/06/15	—	—	15,952	15,952
Stormwater Drainage	30/06/15	—	—	237,745	237,745
Other Open Space / Recreational Assets	30/06/16	—	—	2,621	2,621
Other Assets	dd/mm/yy	—	—	964	964
Total infrastructure, property, plant and equipment		—	130,498	946,344	1,076,842

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

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

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

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

Investment properties:

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 prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

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 professionally qualified 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 2013. Operational land values were provided by an external valuer (Scott Fullarton Valuations Pty Ltd).

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

In 2016-17 only one Operational Land Asset was added to the inventory – 70-74 Central Avenue, Oran Park. Scott Fullarton was engaged to perform independent valuation for this asset. The valuation technique used was based on market approach on recent sales. This has been reflected as the change in total operational land value in 2016-17.

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

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

Infrastructure, property, plant and equipment (IPPE) (continued)

Community Land

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

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

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

Land under Roads

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

Land under roads were revalued as at 30 June 2017 financial year, the value being calculated according to the revised municipal rate. Council uses the Englobo basis for valuation and as per the methodology a discount rate of 90% is applied for Land under roads. The next revaluation will be conducted as at 30 June 2019. There has been no change to the valuation process for this asset class during this reporting period.

Land Improvements

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

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

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

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

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

Buildings (Specialised & Non Specialised)

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

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

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

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 FY17, the Other Structures Asset Category has been further componentised into:

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

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

Other Structures (Artworks, Sculptures, Murals) – In 2015-16, valuations were undertaken for this category and were completed by McWilliams & Associated Pty Ltd where the Valuer nominated Market Value was utilised as the Current Replacement Cost of an Asset.

- Other Structures (Paintings) - In 2015-16, valuations were undertaken for this category and were completed by McWilliams & Associated Pty Ltd where the Valuer nominated Market Value was utilised as the Current Replacement Cost of an Asset.

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

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

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

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

Infrastructure, property, plant and equipment (IPPE) (continued)

Roads

This asset class comprises of the road structure (carriageway), kerb and gutter, traffic signs, road structures (such as roundabouts and medians) and road furniture (such as bus shelters and guardrails). The valuation of roads and road structures was undertaken 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 estimates of residual value; patterns of consumption, asset condition and useful life have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation pattern in the Council and comparing the information with other Councils.

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

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

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

Infrastructure, property, plant and equipment (IPPE) (continued)

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.

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.

Camden Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

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

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

Open Space / Recreational Assets & Other Assets

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

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

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

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

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

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

(4). Highest and best use

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

(5). Reconciliation of movements

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

Camden Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 28. Related party disclosures

\$ '000

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.

Council's Key Management Personnel include Mayor, Councillors, General Manager, Senior Executives (Directors), Chief Financial Officer and Staff acting or part year appointments as a Key Management Personnel

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

	Actual
2017	
Short-term benefits	1,530
Post-employment benefits	145
Other long-term benefits	40
Total	1,715

b. Other transactions with KMP and their related parties

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

Nature of the transaction	Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
	\$'000	\$'000		\$'000	\$'000
Traineeship Program ¹	598	9	30 day term on invoices	-	-

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



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 statement of financial position as at 30 June 2017, the income statement, the statement of comprehensive income, 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 2017, 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 Matter

The financial statements of the Council for the year ended 30 June 2016 were audited by another auditor who expressed an unmodified opinion on that financial statement on 25 October 2016.

The Councillors' Responsibility 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 must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility 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/ar3.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, Note 2(a) and Note 16 budget variation explanations
- on the attached Special Schedules
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

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

Caroline Karakatsanis
Director, Financial Audit Services

27 October 2017
SYDNEY

Councillor Lara Symkowiak
Mayor
Camden Council
70 Central Avenue
Oran Park NSW 2570

27 October 2017

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2017
Camden Council**





I have audited the general purpose financial statements of Camden Council (the Council) for the year ended 30 June 2017 as required by s415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2017 is issued in accordance with section 417 of the Act. Section 417(3) requires me to consider and report on matters pertinent to the Council's financial statements and audit. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under s417(2) of the Act.

INCOME STATEMENT

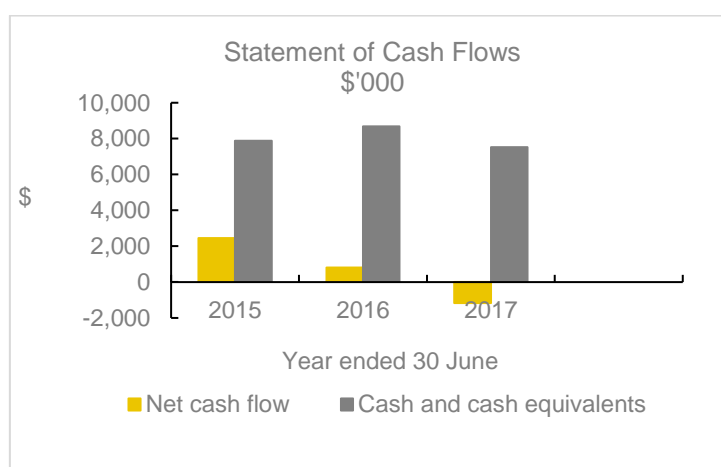
Operating result

	2017	2016	Variance
	\$m	\$m	%
Rates and annual charges revenue	57.9	52.1	11.1 
Grants and contributions revenue	107.6	144.9	(25.7) 
Operating result for the year ⁽³⁾	96.7	134.8	(28.3) 
Net operating result before capital amounts⁽⁴⁾	(1.7)	(3.1)	45.2 

- Rates and annual charges increased by 11.1 per cent due to a higher rating base as the Council is experiencing rapid population growth.
- Capital Grant and contributions revenue decreased by 25.7 per cent predominately due to a reduction in the level of non-cash section 94 and voluntary planning agreement dedications received by council during the 2016-17 financial year.
- The Operating Result for the year decreased by 28.3 per cent. This is due to a decrease in non-cash subdivider dedications (section 94 and VPA) and an overall increase in the operating expenses due to the growth.
- Excluding capital amounts, the net operating result improved as a result of an increase in operational grants, rates, user charges and other revenues. All Councils in NSW also received an advance payment (50 per cent) of the 2017-18 Financial Assistance Grant which has also impacted the result.

STATEMENT OF CASH FLOWS

- Cash balances have remained fairly constant with a slight decrease in the year due to purchase of additional investments.
- Negative cash-flow as a result of Council spending on section 94 funded projects.



FINANCIAL POSITION

Cash and Investments

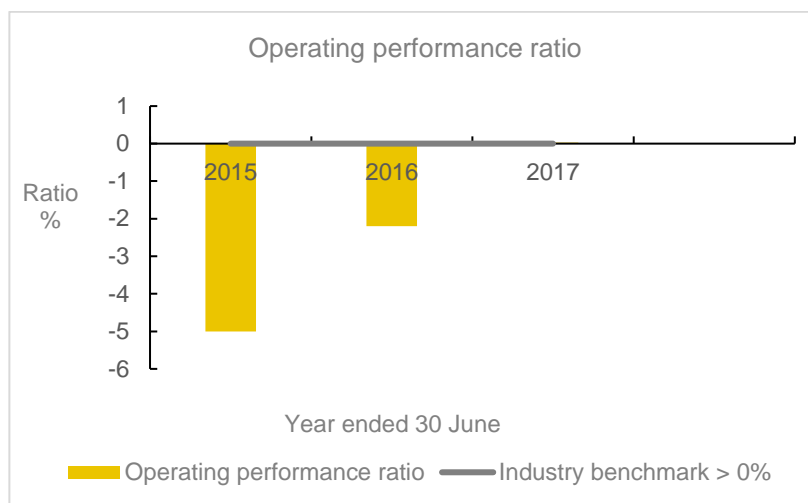
Restricted Cash and Investments	2017	2016	Commentary
	\$m	\$m	
External restrictions	56.2	63.4	○ Decrease in external restrictions due to more works being undertaken to construct public infrastructure funded from Section 94 contributions.
Internal restrictions	49.4	30.1	
Unrestricted	2.3	7.6	○ Internal restrictions increased mainly due to the increase in the Deposits reserve, Capital works reserve and Loan repayment (internal) reserves.
Cash and investments	107.9	101.1	

PERFORMANCE RATIOS

Operating performance ratio

- Council met the benchmark in the current year as a result of the increased revenues and a lower increase in operating expenses.

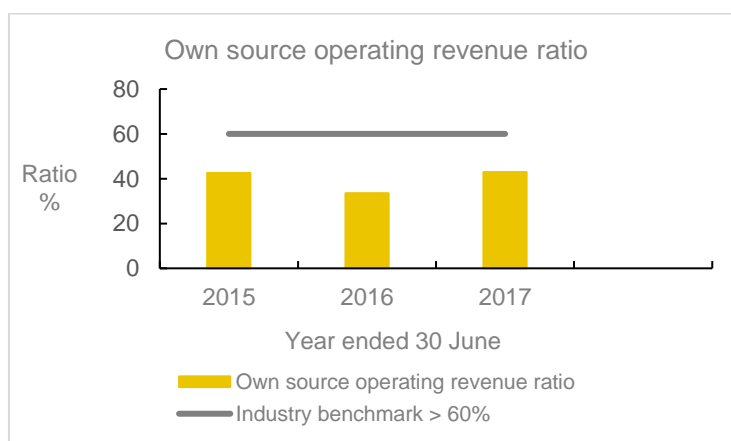
The 'operating performances ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than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



Own source operating revenue ratio

- As expected for a high growth council, Camden Council did not meet the own source benchmark of 60% due to the higher level of non-cash income received from subdivider dedications.

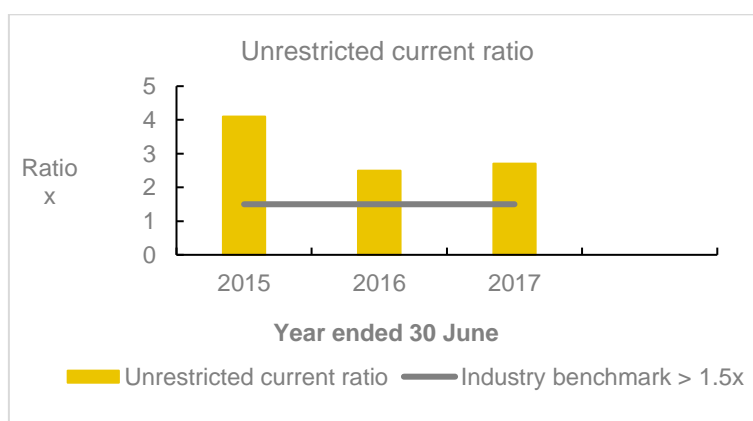
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

- Council continues to exceed the benchmark due to the cash reserves accumulated over the years.
- No major movement in unrestricted Current ratio from prior year.

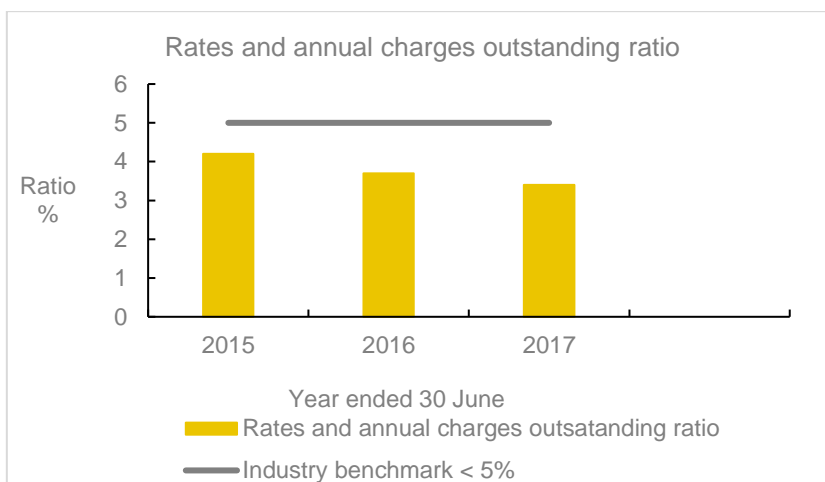
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Rates and annual charges outstanding ratio

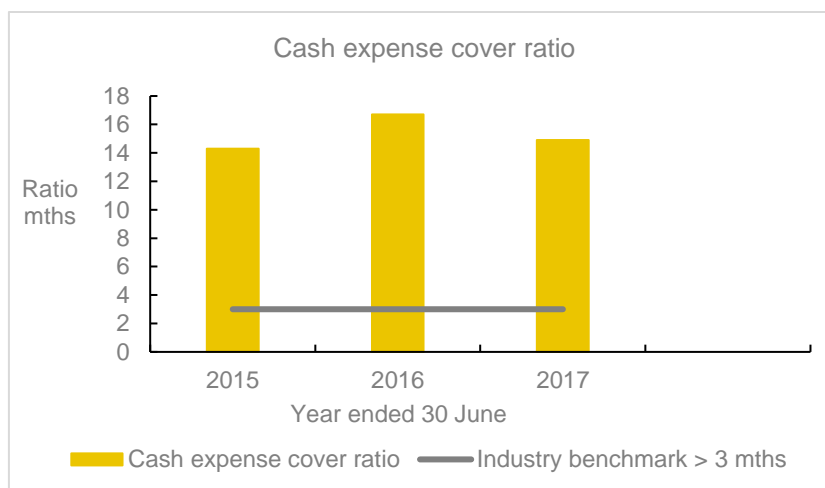
- Council continues to meet the benchmark (<5 per cent for metro councils)
- Ratio reduced compared to prior years due to an efficient collection of rates outstanding by the Council.

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



Cash expense cover ratio

- Council exceeded the benchmark of greater than three months due to the significant cash reserves and investment balances at the end of the year.
- The ratio remains high due to significant developer cash contributions being received and the need to hold significant cash reserves to fund Council's extensive capital works program which is delivering essential infrastructure to a rapidly growing community.



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

OTHER MATTERS

Council Entities

The Council has no Council entities.

New accounting standards implemented

AASB 124 'Related Party Disclosures'

Effective for annual reporting periods beginning on or 1 July 2016

AASB 2015-6 extended the scope of AASB 124 to include not-for-profit public sector entities. As a result, Council's financial statements disclosed the:

- compensation paid to their key management personnel
- nature of their related party relationships
- amount and nature of their related party transactions, outstanding balances and commitments and outstanding balances (including commitments).

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements that will be reported to the Local Government Minister.

The Council's:

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



Caroline Karakatsanis
Director, Financial Audit Services

27 October 2017
SYDNEY

cc: Ron Moore
General Manager
Camden Council
70 Central Avenue
Oran Park NSW 2570

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

Camden Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Camden, the Best of Both Worlds



Camden Council

Special Purpose Financial Statements

for the year ended 30 June 2017

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

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 formally declared as a business activity (defined as Category 1 or 2 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 2017

Statement by Councillors and Management

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

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

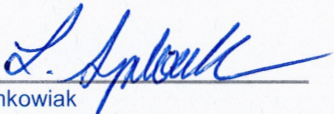
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Office of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,

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

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

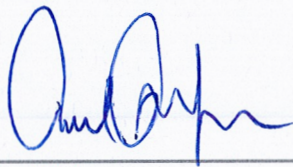
We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 24 October 2017.


Cr Lara Symkowiak
MAYOR


Cr Theresa Fedeli
DEPUTY MAYOR


Ron Moore
GENERAL MANAGER


Paul Rofe
RESPONSIBLE ACCOUNTING OFFICER

Camden Council

Income Statement of Council's Other Business Activities

for the year ended 30 June 2017

Commercial Waste

	Category 2	
	Actual	Actual
\$ '000	2017	2016
Income from continuing operations		
User charges	878	745
Total income from continuing operations	878	745
Expenses from continuing operations		
Employee benefits and on-costs	229	204
Materials and contracts	220	205
Depreciation, amortisation and impairment	46	43
Other expenses	163	158
Total expenses from continuing operations	658	610
Surplus (deficit) from continuing operations before capital amounts	220	135
Grants and contributions provided for capital purposes	—	—
Surplus (deficit) from continuing operations after capital amounts	220	135
Surplus (deficit) from discontinued operations	—	—
Surplus (deficit) from all operations before tax	220	135
Less: corporate taxation equivalent (30%) [based on result before capital]	(66)	(41)
SURPLUS (DEFICIT) AFTER TAX	154	94
Plus opening retained profits	1,244	1,427
– Corporate taxation equivalent	66	41
Less:		
– Dividend paid	(972)	(318)
Closing retained profits	492	1,244
Return on capital %	149.7%	80.8%
Subsidy from Council	—	—

Camden Council

Statement of Financial Position – Council's Other Business Activities
as at 30 June 2017

		Commercial Waste	
		Category 2	
\$ '000		Actual 2017	Actual 2016
ASSETS			
Current assets			
Cash and cash equivalents		334	1,075
Receivables		11	9
Total Current Assets		345	1,084
Non-current assets			
Infrastructure, property, plant and equipment		147	167
Total non-current assets		147	167
TOTAL ASSETS		492	1,251
LIABILITIES			
Current liabilities			
Payables		–	7
Total current liabilities		–	7
TOTAL LIABILITIES		–	7
NET ASSETS		492	1,244
EQUITY			
Retained earnings		492	1,244
Council equity interest		492	1,244
TOTAL EQUITY		492	1,244

Camden Council

Special Purpose Financial Statements for the year ended 30 June 2017

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	SP6

Camden Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

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, and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

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

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

The pricing and costing guidelines outline the process for identifying and allocating costs to

activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

Declared business activities

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

Category 1

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

Nil

Category 2

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

Camden Commercial Waste Activity

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

Monetary amounts

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

(i) Taxation-equivalent charges

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

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

For the purposes of disclosing comparative information relevant to the private sector equivalent,

Camden Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

Note 1. Significant accounting policies (continued)

the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – 30%

Land tax – the first **\$549,000** of combined land values attracts **0%**. For the combined land values in excess of \$549,001 up to \$3,357,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$3,357,000 a premium marginal rate of **2.0%** applies.

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

Income tax

An income tax equivalent has been applied on the profits of the business activities.

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

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

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

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

The 30% rate applied 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.

(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.

Camden Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

Note 1. Significant accounting policies (continued)

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.60% at 30/6/17.

(iv) Dividends

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

As part of its 2016-17 Council resolved to retain 50% of Commercial Waste's Funded Surplus for the year (Budget amount \$49,266, actual \$81,732). Amounts of \$190,000 and \$700,000 were also allocated to fund General Fund operations and the Central Administration Building respectively.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statement

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 statement of financial position of Declared Business Activity as at 30 June 2017, the income statement of Declared Business Activity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information for the Business Activities 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 2017, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

My opinion should be read in conjunction with the rest of this report and in particular, the Emphasis of Matter referring to the basis of accounting.

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.

Emphasis of Matter - Basis of Accounting

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

Other Matter

The financial statements of the Council for the year ended 30 June 2016 were audited by another auditor who expressed an unmodified opinion on that financial statement on 25 October 2016.

The Councillors' Responsibility 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 must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting, as it affects the Council's Declared Business Activity.

Auditor's Responsibility 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:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- 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

27 October 2017
SYDNEY

Camden Council

SPECIAL SCHEDULES
for the year ended 30 June 2017

Camden, the Best of Both Worlds



Camden Council

Special Schedules

for the year ended 30 June 2017

Contents

Page

Special Schedules¹

Special Schedule 1	Net Cost of Services	SS 2
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Special Schedule 7	Report on Infrastructure Assets	SS 5
Special Schedule 8	Permissible Income Calculation	SS 10

Independent Auditor's Reports:

– On Special Schedule No. 8	SS 11
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¹ Special Schedules are not audited (with the exception of Special Schedule 8).

Background

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

Camden Council

Special Schedule 1 – Net Cost of Services

for the year ended 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	1,882	25	–	(1,857)
Administration	28,919	3,487	2,112	(23,320)
Public order and safety				
Fire service levy, fire protection, emergency services	995	518	–	(477)
Beach control	–	–	–	–
Enforcement of local government regulations	520	–	–	(520)
Animal control	249	49	–	(200)
Other	8	–	–	(8)
Total public order and safety	1,772	567	–	(1,205)
Health	977	114	–	(863)
Environment				
Noxious plants and insect/vermin control	124	31	–	(93)
Other environmental protection	35	–	–	(35)
Solid waste management	9,170	12,203	–	3,033
Street cleaning	–	–	–	–
Drainage	–	–	–	–
Stormwater management	2,726	520	22,420	20,214
Total environment	12,055	12,754	22,420	23,119
Community services and education				
Administration and education	222	25	–	(197)
Social protection (welfare)	669	145	–	(524)
Aged persons and disabled	48	–	–	(48)
Youth Services	53	–	–	(53)
Children's services	1,982	1,891	–	(91)
Other Community Services	28	45	–	17
Total community services and education	3,002	2,106	–	(896)
Housing and community amenities				
Public cemeteries	48	356	–	308
Public conveniences	192	–	–	(192)
Street lighting	1,681	–	–	(1,681)
Town planning	3,291	2,408	–	(883)
Other community amenities	33	–	6,288	6,255
Total housing and community amenities	5,245	2,764	6,288	3,807

Camden Council

Special Schedule 1 – Net Cost of Services (continued)

for the year ended 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	1,884	244	–	(1,640)
Museums	–	–	–	–
Art galleries	15	–	–	(15)
Community centres and halls	1,461	1,441	3,301	3,281
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	–	–	–	–
Sporting grounds and venues	336	–	–	(336)
Swimming pools	3,917	4,027	–	110
Parks and gardens (lakes)	8,400	263	6,367	(1,770)
Other sport and recreation	127	194	231	298
Total recreation and culture	16,140	6,169	9,899	(72)
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	6,710	8,695	–	1,985
Other mining, manufacturing and construction	–	–	–	–
Total mining, manufacturing and const.	6,710	8,695	–	1,985
Transport and communication				
Urban roads (UR) – local	12,220	118	56,590	44,488
Urban roads – regional	–	17	–	17
Sealed rural roads (SRR) – local	196	–	100	(96)
Sealed rural roads (SRR) – regional	–	–	–	–
Unsealed rural roads (URR) – local	–	–	–	–
Unsealed rural roads (URR) – regional	–	–	–	–
Bridges on UR – local	496	–	–	(496)
Bridges on SRR – local	–	–	–	–
Bridges on URR – local	–	–	–	–
Bridges on regional roads	–	–	–	–
Parking areas	12	–	–	(12)
Footpaths	774	–	–	(774)
Aerodromes	–	–	–	–
Other transport and communication	1,121	369	253	(499)
Total transport and communication	14,819	504	56,943	42,628
Economic affairs				
Camping areas and caravan parks	–	–	–	–
Other economic affairs	509	38	–	(471)
Total economic affairs	509	38	–	(471)
Totals – functions	92,030	37,223	97,662	42,855
General purpose revenues ⁽¹⁾		53,820		53,820
Share of interests – joint ventures and associates using the equity method	–	29		29
NET OPERATING RESULT ⁽²⁾	92,030	91,072	97,662	96,704

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

(2) As reported in the Income Statement

Camden Council

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

for the year ended 30 June 2017

\$'000

Classification of debt	Principal outstanding at beginning of the year			New loans raised during the year	Debt redemption during the year		Transfers to sinking funds	Interest applicable for year	Principal outstanding at the end of the year		
	Current	Non-current	Total		From revenue	Sinking funds			Current	Non-current	Total
Loans (by source)											
NSW Treasury Corporation	1,900	6,200	8,100	–	1,900			–	2,000	4,200	6,200
Financial institutions	1,832	29,668	31,500	–	1,832			1,437	1,796	27,872	29,668
Total loans	3,732	35,868	39,600	–	3,732	–	–	1,437	3,796	32,072	35,868
Total debt	3,732	35,868	39,600	–	3,732	–	–	1,437	3,796	32,072	35,868

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

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

Camden Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Council Offices / Administration Centres	–	–	255	67	29,912	37,489	69%	0%	31%	0%	0%
	Council Works Depot	40	40	59	51	905	3,021	4%	3%	91%	3%	0%
	Council Public Halls	–	–	135	100	3,936	8,335	0%	25%	75%	0%	0%
	Libraries	–	–	–	95	7,589	12,739	0%	100%	0%	0%	0%
	Cultural Facilities	–	–	–	–	356	592	0%	100%	0%	0%	0%
	Council Other Buildings – Civic Centre	–	–	102	27	1,948	4,730	0%	0%	100%	0%	0%
	Council Other Buildings – Bushfire & SES Buildings	233	233	19	22	1,033	1,829	38%	5%	32%	25%	0%
	Council Other Buildings – Toilet Blocks & Amenities	477	477	388	79	11,783	23,041	20%	18%	58%	4%	0%
	Council Other Buildings – Leased Properties	302	302	10	198	81	897	0%	0%	33%	67%	0%
	Council Other Buildings – Other Including Swimming Pool	448	448	200	243	9,195	19,028	50%	5%	40%	5%	0%
	Other	184	184	3	19	1,657	2,121	100%	0%	0%	0%	0%
	Sub-total	1,684	1,684	1,171	901	68,395	113,822	37.5%	18.2%	41.7%	2.6%	0.0%
Other structures	Other structures	1,116	1,116	444	–	17,543	31,990	12%	43%	39%	5%	1%
	Land Improvements – Depreciable	254	254	98	–	4,441	8,418	31%	32%	31%	6%	0%
	Sub-total	1,370	1,370	542	–	21,984	40,408	15.8%	40.8%	37.4%	5.0%	1.0%

Camden Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Roads	Sealed Roads Surface	2,216	2,216	786	2,360	76,346	113,403	48%	35%	13%	4%	0%
	Sealed Roads Structures & Formation	1,725	1,725	488	–	201,810	239,432	56%	32%	11%	1%	0%
	Road Formation (Non Depreciables)	–	–	–	–	40,366	40,366					100%
	Bridges and Culverts	218	218	484	134	29,493	42,972	6%	32%	61%	1%	0%
	Footpaths	276	276	53	264	18,566	25,544	61%	29%	8%	2%	0%
	Cycle Ways	156	156	15	–	15,658	19,265	72%	23%	3%	2%	0%
	Kerb and Gutter	1,171	1,171	953	220	131,151	172,999	24%	31%	44%	2%	0%
	Other Road Assets – Road Furniture	28	28	13	–	2,323	4,526	35%	60%	4%	1%	0%
	Other Road Assets – Road Structures	36	36	33	216	10,175	12,985	20%	70%	9%	1%	0%
	Carparks	176	176	136	–	2,915	4,527	22%	14%	58%	5%	1%
	Carpark Formation (non depreciables)	–	–	–	–	535	533					
	Sub-total	6,002	6,002	2,961	3,194	529,338	676,552	39.5%	30.6%	22.2%	1.9%	5.8%

Camden Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Stormwater drainage	Retarding Basins	–	–	10	115	5,800	8,350	29%	64%	7%	0%	0%
	Retarding Basins (Non Depreciables – Earthworks)	–	–	–	–	5,735	5,735					100%
	Stormwater Conduits	1,124	1,124	37	50	164,821	183,130	78%	19%	2%	1%	0%
	Inlet and Juntions Pits	148	148	43	389	56,106	68,885	61%	35%	4%	0%	0%
	Head Walls	3	3	1	–	1,807	2,275	55%	41%	4%	0%	0%
	Outfall Structures	82	82	–	–	2,134	2,156	84%	9%	1%	3%	3%
	Stormwater Converters	–	–	–	–	12,930	14,537	63%	37%	0%	0%	0%
	Other – Channels	–	–	–	–	7,096	8,152	12%	81%	7%	0%	0%
	Other	–	–	7	–	–	–					
	Sub-total	1,357	1,357	98	554	256,429	293,220	68.3%	26.0%	2.9%	0.5%	2.3%
Open space/recreational assets	Open Space Recreational Assets – Parks and Reserve	369	369	250	374	3,592	6,371	36%	22%	30%	12%	0%
	Sub-total	369	369	250	374	3,592	6,371	36.0%	22.0%	30.0%	12.0%	0.0%
	TOTAL – ALL ASSETS	10,782	10,782	5,022	5,023	879,738	1,130,373	45.7%	28.5%	19.8%	1.8%	4.2%

Notes:

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

Infrastructure asset condition assessment 'key'

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

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

Camden Council

Special Schedule 7 – Report on Infrastructure Assets (continued)

for the year ended 30 June 2017

\$ '000	Amounts 2017	Indicator 2017	Benchmark	Prior periods	
				2016	2015
Infrastructure asset performance indicators * consolidated					
1. Infrastructure renewals ratio					
Asset renewals ⁽¹⁾	5,470	38.24%	>= 100%	31.61%	13.85%
Depreciation, amortisation and impairment	14,305				
2. Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	10,782	1.23%	< 2%	1.27%	1.63%
Net carrying amount of infrastructure assets	879,738				
3. Asset maintenance ratio					
Actual asset maintenance	5,023	1.00	> 1.00	0.89	0.97
Required asset maintenance	5,022				
4. Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	10,782	0.95%		0.98%	
Gross replacement cost	1,130,373				

Notes

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

⁽¹⁾ Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Camden Council

Special Schedule 7 – Report on Infrastructure Assets (continued)

for the year ended 30 June 2017

<p>1. Infrastructure renewals ratio</p> <p>Benchmark: — Minimum $\geq 100.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #25</p>	<p>Purpose of asset renewals ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on 2016/17 result</p> <p>2016/17 Ratio 38.24%</p> <p>The benchmark for this ratio is better than 100%. A higher renewal spending by Council has resulted in a improved ratio compared to last year. It is difficult to justify a ratio of more than 100% for Camden Council when Council has a high proportion of new assets that at this point in their life cycle do not require renewal. This ratio does not allow the inclusion of transfers to the asset renewal reserve for future renewal purpose.</p>
<p>2. Infrastructure backlog ratio</p> <p>Benchmark: — Maximum $< 2.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #25</p>	<p>Purpose of infrastructure backlog ratio</p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p>Commentary on 2016/17 result</p> <p>2016/17 Ratio 1.23%</p> <p>Council's current infrastructure backlog is 1.23% which is within the industry standard of less than 2.00% which supports the continuation of Council's renewal programs.</p>
<p>3. Asset maintenance ratio</p> <p>Benchmark: — Minimum > 1.00 Source for benchmark: Code of Accounting Practice and Financial Reporting #25</p>	<p>Purpose of asset maintenance ratio</p> <p>Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.</p>	<p>Commentary on 2016/17 result</p> <p>2016/17 Ratio 1.00 x</p> <p>Council's asset maintenance ratio is 1.00 (or 100%) which is required to ensure assets remain at a good standard. Council has consistently invested in its maintenance program to ensure the asset backlog remains within the industry benchmark of 2%.</p>
<p>4. Cost to bring assets to agreed service level</p> <p>Benchmark: — Minimum $> 1.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #25</p>	<p>Purpose of agreed service level ratio</p> <p>This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.</p>	<p>Commentary on 2016/17 result</p> <p>2016/17 Ratio 0.95%</p> <p>Council's "cost to bring assets to an agreed service level" is the same as Council's costs to bring assets to a satisfactory standard as they are both calculated using a condition 2 (good) rating. This cost is less than 1% of Council's total gross replacement costs. In lieu of an industry benchmark this ratio is still less than 2% being the industry benchmark for cost to bring assets to a satisfactory standard.</p>

Camden Council

Special Schedule 8 – Permissible Income Calculation

for the year ended 30 June 2018

\$'000		Calculation 2016/17	Calculation 2017/18
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	40,366	45,348
Plus or minus adjustments ⁽²⁾	b	4,197	3,173
Notional general income	c = (a + b)	44,563	48,521
Permissible income calculation			
Special variation percentage ⁽³⁾	d	0.00%	0.00%
Or rate peg percentage	e	1.80%	1.50%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	—	—
Plus special variation amount	$h = d \times (c - g)$	—	—
Or plus rate peg amount	$i = c \times e$	802	728
Or plus Crown land adjustment and rate peg amount	$j = c \times f$	—	—
Sub-total	$k = (c + g + h + i + j)$	45,365	49,249
Plus (or minus) last year's carry forward total	l	60	60
Less valuation objections claimed in the previous year	m	(18)	—
Sub-total	$n = (l + m)$	42	60
Total permissible income	$o = k + n$	45,408	49,309
Less notional general income yield	p	45,348	49,249
Catch-up or (excess) result	$q = o - p$	60	59
Plus income lost due to valuation objections claimed ⁽⁴⁾	r	—	1
Less unused catch-up ⁽⁵⁾	s	—	—
Carry forward to next year	$t = q + r - s$	60	60

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule No. 8

Camden Council

To the Councillors of Camden Council

Opinion

I have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 8) of Camden Council (the Council) for the year ending 30 June 2018.

In my opinion, Special Schedule No. 8 of Camden Council for 30 June 2018 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report, and in particular the Emphasis of Matter paragraph, which describes the basis of accounting.

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 Special Schedule No.8' section of my report.

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

- Australian Auditing Standards
- ethical requirements of the 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 notes and explanations in Special Schedule No. 8 that instruct councils in its preparation so it complies with OLG's requirements as described in the LG Code. As a result, Special Schedule No. 8 may not be suitable for another purpose.

Other Matter

Special Schedule No.8 of the Council for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on Special Schedule No. 8 on 25 October 2016.

Councillors' Responsibility for Special Schedule No. 8

The Councillors of the Council are responsible for the preparation of Special Schedule No. 8 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 Special Schedule No. 8 that is free from material misstatement, whether due to fraud or error.

In preparing Special Schedule No.8, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of Special Schedule No. 8

My objectives are to:

- obtain reasonable assurance whether Special Schedule No. 8 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 Special Schedule No.8.

A description of my responsibilities for the audit of Special Schedule No.8 is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Special Schedule No.8 on any website where they may be presented
- about any other information which may have been hyperlinked to/from Special Schedule No 8.



Caroline Karakatsanis
Director, Financial Audit Services

27 October 2017
SYDNEY