

Fisher's Ghost Festival 2017



Financial Statements

2017-2018

Welcome

Campbelltown City is the hub of one of the most significant current and future growth areas in south west Sydney - a growth that is driving infrastructure, investments and jobs.

A key strategic centre outside of Sydney CBD and Parramatta, Campbelltown-Macarthur is experiencing a hive of activity, emerging as one of Australia's fastest growing cities. The city's population is forecast to grow by approximately 68% to 273,541 by 2036 and this growth is transforming the city into a vibrant, self-sustainable, urban centre, with strong business and community partnerships.

Council has recognised that it must develop a more formal approach and involvement in the economic and business development of the city, to play a role in securing new and strategic investment into local job creation to help make Campbelltown a more sustainable community in the longer term.

Enjoying a metropolitan strategic location, extraordinary future growth potential, key urban activation anchors such as Western Sydney University, TAFE, Campbelltown Public Hospital, Western Sydney Airport and regional shopping facilities together with infrastructure investment and real capacity to develop and grow, Campbelltown City is well positioned to become the pre-eminent capital of south west Sydney.

Continuing to work closely with the NSW Government and other key stakeholders on opportunities highlighted in the Greater Macarthur Priority Growth Area (which includes the Glenfield to Macarthur Corridor Strategy) and A Plan for Growing Sydney, is a major focus for Council, particularly in relation to employment development.

The recently adopted new organisational structure supports this approach, by placing more emphasis on strategic planning for urban growth and transport, good city design, infrastructure that drives investment, and the planning and provision of key assets such as open space, community and cultural facilities.

Our vision

A city of choice and opportunity in a natural environment.

Our mission

- Deliver exceptional service to customers
- Provide best value services to the community
- Conduct all business in an ethical manner
- Consult with and engage the local community
- Be committed to continuous improvement and best practice across all aspects of business and service delivery
- Provide a safe environment for staff and visitors alike





General Purpose Financial Reports
For the year ended
30 June 2018

General Purpose Financial Reports.....

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These financial statements of Campbelltown City Council and its controlled entities are presented in the Australian currency. Campbelltown City Council is constituted under the *Local Government Act 1993* and has its principal place of business at 91 Queen Street, Campbelltown, NSW 2560.
ABN 31 459 914 087



General purpose financial statements for the year ended 30 June 2018

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 14 August 2018



Cr G Brticevic
MAYOR



Cr M Oates
COUNCILLOR



Mrs L Deitz
GENERAL MANAGER



Mrs C Mears
RESPONSIBLE ACCOUNTING OFFICER



Income statement for the year ended 30 June 2018

original unaudited budget 2018 \$,000		notes	actual 2018 \$,000	actual 2017 \$,000
Income from continuing operations				
Revenue				
105,230	Rates and annual charges	3a	105,116	99,880
14,388	User charges and fees	3b	12,731	12,822
5,256	Interest and investment revenue	3c	5,618	5,146
6,765	Other revenues	3d	5,690	5,947
24,981	Grants and contributions provided for operating purposes	3e,f	30,389	36,026
9,085	Grants and contributions provided for capital purposes	3e,f	70,321	33,527
Other Income				
0	Net gain from the disposal of assets	5	0	56,703
0	Fair value increment on investment properties	11	1,503	4,380
165,705	Total income from continuing operations		231,368	254,431
Expenses from continuing operations				
67,652	Employee benefits and on-costs	4a	61,595	60,391
1,020	Borrowing costs	4b	1,138	1,075
27,210	Materials and contracts	4c	26,123	25,320
20,291	Depreciation and amortisation	4d	21,814	20,582
0	Net loss from the disposal of assets	5	1,412	0
34,905	Other expenses	4e	35,545	35,456
151,078	Total expenses from continuing operations		147,627	142,824
14,627	Operating result from continuing operations		83,741	111,607
14,627	Attributable to Council		83,741	111,607
5,542	Net operating result for the year before grants and contributions provided for capital purposes		13,420	78,080

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



Statement of comprehensive income for the year ended 30 June 2018

	notes	actual 2018 \$,000	actual 2017 \$,000
Net operating result for the year from Income Statement		83,741	111,607
Other comprehensive income			
Amounts which will not be reclassified subsequently to operating result			
Gain / (loss) on revaluation of infrastructure, property, plant and equipment	10, 14	(245,956)	197,758
Total comprehensive income for the year		(162,215)	309,365
Attributable to Council		(162,215)	309,365

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



Statement of financial position for the year ended 30 June 2018

	notes	actual 2018 \$,000	restated 30 June 2017 \$,000	restated 1 July 2016 \$,000
ASSETS				
Current assets				
Cash and cash equivalents	6a	7,765	2,710	3,123
Investments	6b	147,863	143,956	115,594
Receivables	7	8,264	7,755	6,511
Inventories	8	342	342	8,113
Other	8	98	0	25
Non-current assets classified as held for sale	9	0	222	222
Total current assets		164,332	154,985	133,588
Non-current assets				
Investments	6b	68,000	60,000	0
Infrastructure, property, plant and equipment	10	2,194,508	2,378,925	2,156,842
Investment property	11	21,192	19,689	15,309
Total non-current assets		2,283,700	2,458,614	2,172,151
Total assets		2,448,032	2,613,599	2,305,739
LIABILITIES				
Current liabilities				
Payables	12	6,455	6,395	5,402
Borrowings	12	3,275	3,551	3,743
Income received in advance	12	2,464	2,195	1,899
Provisions	13	19,578	19,632	19,690
Total current liabilities		31,772	31,773	30,734
Non-current liabilities				
Borrowings	12	12,882	15,691	19,157
Provisions	13	2,620	3,162	2,240
Total non-current liabilities		15,502	18,853	21,397
Total liabilities		47,274	50,626	52,131
Net assets		2,400,758	2,562,973	2,253,608
EQUITY				
Accumulated surplus	14	1,088,081	1,004,340	892,733
Revaluation reserves	14	1,312,677	1,558,633	1,360,875
Total equity		2,400,758	2,562,973	2,253,608

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



Statement of changes in equity for the year ended 30 June 2018

	accumulated surplus	IPPE revaluation reserve	other reserves	Council equity interest	non controlling interest	total equity
2018						
Opening balance	1,004,340	1,558,633	0	2,562,973	0	2,562,973
Corrections of errors	0	0	0	0	0	0
Changes in accounting policy	0	0	0	0	0	0
Restated opening balance	1,004,340	1,558,633	0	2,562,973	0	2,562,973
Net operating result for year	83,741	0	0	83,741	0	83,741
Other comprehensive income - Gain/(loss) on revaluation of infrastructure, property, plant and equipment	0	(245,956)	0	(245,956)	0	(245,956)
Total comprehensive income	83,741	(245,956)	0	(162,215)	0	(162,215)
Closing Balance	1,088,081	1,312,677	0	2,400,758	0	2,400,758
2017						
Opening balance	892,733	1,385,865	0	2,278,598	0	2,278,598
Corrections of errors	0	(24,990)	0	(24,990)	0	(24,990)
Changes in accounting policy	0	0	0	0	0	0
Restated opening balance	892,733	1,360,875	0	2,253,608	0	2,253,608
Net operating result for year	111,607	0	0	111,607	0	111,607
Other comprehensive income - Gain/(loss) on revaluation of infrastructure, property, plant and equipment	0	197,758	0	197,758	0	197,758
Total comprehensive income	111,607	197,758	0	309,365	0	309,365
Closing Balance	1,004,340	1,558,633	0	2,562,973	0	2,562,973

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



Statement of cash flows for the year ended 30 June 2018

original unaudited budget 2018 \$,000		notes	actual 2018 \$,000	actual 2017 \$,000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts:				
105,230	Rates and annual charges		105,013	100,255
18,090	User charges and fees		13,100	13,041
5,256	Investment revenue and interest		5,776	4,726
30,363	Grants and contributions		52,380	47,549
0	Deposits and retentions received		205	520
6,765	Other		4,171	4,779
Payments:				
(67,652)	Employee benefits and on-costs		(61,455)	(59,334)
(25,690)	Materials and contracts		(26,238)	(25,006)
(1,019)	Borrowing costs		(958)	(1,002)
0	Deposits and retentions refunded		(10)	(17)
(34,905)	Other		(35,635)	(35,414)
36,438	Net cash provided by/or used in operating activities	15(b)	56,349	50,097
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts:				
1,191	Sale of infrastructure, property, plant and equipment		1,299	2,364
0	Sale of real estate assets		500	65,000
0	Sale of investments		47,315	53,820
Payments:				
0	Purchase of investments		(59,222)	(142,183)
(35,947)	Purchase of infrastructure, property, plant and equipment		(37,911)	(25,768)
0	Capital expenditure on investment properties		0	0
0	Purchase of real estate assets		0	0
(34,756)	Net cash provided by/or used in investing activities		(48,019)	(46,767)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts:				
0	Borrowing and advances		0	0
0	Other		0	0
Payments:				
(3,551)	Borrowing and advances		(3,275)	(3,743)
	Other		0	0
(3,551)	Net cash provided by/or used in financing activities		(3,275)	(3,743)
(1,869)	Net increase/(decrease) in cash assets and cash equivalents		5,055	(413)
	Cash and cash equivalents at beginning of reporting period		2,710	3,123
(1,869)	Cash and cash equivalents at end of reporting period	15(a)	7,765	2,710

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





Notes to the
General Purpose Financial Reports
For the year ended
30 June 2018



Note 1 - Basis of preparation

These financial statements were authorised for issue by Council on 24 September 2018. Council has the power to amend and reissue these financial statements.

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

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. Campbelltown City Council is a not for profit entity for the purpose of preparing the financial statements. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

New and amended standards adopted by Council

No new accounting standards or interpretations were adopted during the year.

Historical cost convention

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

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

Critical accounting estimates and assumptions

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:

- a. Estimated fair values of investment properties - refer to note 11
- b. Estimated fair values of infrastructure, property, plant and equipment - refer to note 10
- c. Employee benefit provisions - refer to note 13

Significant judgements in applying Council's accounting policies

Impairment of receivables - Council has made significant judgement about the impairment of its receivables - refer to note 7.



Monies and Other Assets Received by Council

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the Local Government Act 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in Council's Trust Fund. The consolidated fund and other entities through which Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

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

- General purpose operations
- Macarthur Regional Organisation of Councils (MACROC)

The following Committee, the transactions of which are considered immaterial either by amount or nature, has been excluded:

- Town Hall Theatre Management Committee

The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by Council in trust which must be applied only for the purpose 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 Council's office by any person free of charge.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of the acquisition of the assets 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 are recoverable from, or payable to the taxation authority, are presented as operating cash flows.



New accounting standards and interpretations

Certain new accounting standards and interpretations have been issued that may not yet be effective.

Council has not applied any pronouncements before their operative date in the annual reporting period beginning 1 July 2017.

Council's assessments of the impact of these new standards and interpretations is set out below:

PRONOUNCEMENT	AASB9 Financial instruments and associated amending standards
Nature of change in accounting policy	<p>Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices including the removal of impairment testing of assets measured at fair value.</p> <p>The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB9 are measured at fair value.</p> <p>Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own risk are presented in other comprehensive income.</p> <p>Impairment of assets is now based on expected losses in AASB9 which requires entities to measure:</p> <ul style="list-style-type: none">• The 12 month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) of full lifetime;• Expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).
Effective date	Annual reporting periods beginning on or after 1 January 2018; ie, Council's financial statements for the year ended 30 June 2019.
Expected impact on Council's financial statements	<p>The available-for-sale investments held will be classified at fair value through OCI and will no longer be subject to impairment testing. The impairment loss recognised in the current year financial statements in relation to these statements was \$0.</p> <p>The model for determining impairment losses in relation to receivables will be amended. The impact of the new model has not been quantified, although some impairment may be recognised earlier.</p> <p>Other impacts on the reported financial position and performance have not yet been determined.</p>



PRONOUNCEMENT	
AASB15 Revenue from contracts with customers and associated amending standards	
Nature of change in accounting policy	<p>AASB15 will introduce a process for recognition based on the core principle being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the entity expects to be entitled in exchange for those goods and services.</p> <p>Accounting policy changes will arise in the timing of revenue recognition, treatment of contract costs and contracts which contain a financing element.</p> <p>AASB15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.</p>
Effective date	Annual reporting periods beginning on or after 1 January 2019; i.e. Council's financial statements for the year ended 30 June 2020.
Expected impact on Council's financial statements	The changes in revenue recognition requirements in AASB15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

PRONOUNCEMENT	
AASB16 Leases	
Nature of change in accounting policy	<p>AASB16 will result in most of the operating leases of an entity being brought onto the Statement of Financial Position. There are limited exceptions relating to short term leases and low-value assets which may remain off the balance sheet.</p> <p>The calculation of the lease liability will take into account appropriate discount rates, assumptions about the lease term, and increases in lease payments.</p> <p>A corresponding right to use assets will be recognised which will be amortised over the term of the lease.</p> <p>Rent expense will no longer be shown. The profit and loss impact of the leases will be through amortisation and interest charges.</p>
Effective date	Annual reporting periods beginning on or after 1 January 2019; i.e. Council's financial statements for year ended 30 June 2020.
Expected impact on Council's financial statements	Whilst the impact of AASB16 has not yet been fully determined, Council will bring to account any operating leases in accordance with the standard.

PRONOUNCEMENT

AASB1058 Income for Not for Profit Entities

Nature of change in accounting policy	<p>AASB 1058 supersedes all the income recognition requirements relating to Councils, previously in AASB 1004 Contribution. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.</p> <p>AASB 1058 applies when a council receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset and where Council's objective is principally to enable the asset to further Council's objectives. In cases where 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).</p> <p>Upon initial recognition of the asset, this Standard requires Council to consider whether any other financial statement elements (called 'related amounts') should be recognised in accordance with applicable Accounting Standard, such as:</p> <ul style="list-style-type: none"> (a) contributions by owners; (b) revenue, or contract liability arising from a contract with a customer; (c) a lease liability; (d) a financial instrument; or (e) a provision. <p>If the transaction is a transfer of a financial asset to enable Council to acquire or construct a recognisable non-financial asset to be controlled by Council (i.e. an in-substance acquisition of a non-financial asset), Council recognises a liability for the excess of the fair value of the transfer over any related amounts recognised.</p> <p>Council will recognise income as it satisfies its obligations under the transfer similarly to income recognition in relation to performance obligations under AASB 15.</p> <p>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.</p>
Effective date	Annual reporting periods beginning on or after 1 January 2019; i.e. Council's financial statements for year ended 30 June 2020.
Expected impact on Council's financial statements	The changes in revenue recognition requirements in AASB15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. Each revenue stream, including grant agreements, will be reviewed to determine the impact of AASB 1058.



Nature of change in accounting policy	<p>This standard provides guidance for public sector entities (grantors) who have entered into service concession arrangements with private sector operators.</p> <p>AASB 1059 requires grantors to recognise a service concession asset, and in most cases, a corresponding liability on the balance sheet. A control approach is used to assess the service concession arrangements in place.</p> <p>On initial recognition the asset is measured at current replacement cost based on AASB 13 Fair Value Measurement and existing assets of the grantors are reclassified at the date of transition. After initial recognition, the grantor accounts for the assets under either AASB 116 Property, Plant and Equipment or AASB 138 Intangible Assets.</p> <p>The nature of the consideration given to the operator will affect whether the grantor applies either the 'financial liability' or the 'grant of right' model for the recognition of the liability.</p>
Effective date	Annual reporting period beginning on or after 1 January 2019; i.e. Council's financial statements for year ended 30 June 2020.
Expected impact on Council's financial statements	No impact for councils since they do not enter into service concession arrangements.



Income, Expenses and Assets have been directly attributed to the following Strategic Planning Objectives. Details of those Strategic Planning Objectives - Functions/Activities are provided in Note 2(b)													
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current and non-current)	
	Original unaudited Budget 2018 \$'000	Actual 2018 \$'000	Actual 2017 \$'000	Original unaudited Budget 2018 \$'000	Actual 2018 \$'000	Actual 2017 \$'000	Original unaudited Budget 2018 \$'000	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
STRATEGIC PLANNING OBJECTIVES													
A vibrant, liveable city	35,689	35,262	27,968	57,446	57,513	54,100	(21,757)	(22,251)	(26,132)	8,455	3,197	491,392	478,612
A respected and protected natural environment	790	2,041	1,261	4,275	3,425	3,393	(3,485)	(1,384)	(2,132)	269	435	415	478
A thriving, attractive city ¹	112,088	114,142	118,201	58,030	52,119	53,773	54,058	62,023	64,428	14,518	19,893	1,038,286	1,071,156
A successful city	17,138	79,923	107,002	31,327	34,570	31,559	(14,189)	45,353	75,443	4,200	10,173	917,939	1,063,353
Total functions/ activities ²	165,705	231,368	254,432	151,078	147,627	142,825	14,627	83,741	111,607	27,442	33,698	2,448,032	2,613,599

¹ Includes: rates and annual charges (inc ex gratia); non-capital general purpose grants; interest on investments

² As reported on the Income Statement and Statement of Financial Position



Note 2b - Components of functions or activities

The activities relating to Council's Community Strategic Plan objectives reported in Note 2(a) are as follows:

A VIBRANT, LIVEABLE CITY

- Engagement and communication
- Safe, clean and healthy public spaces
- Inclusive city
- Events and festivals
- Sporting and recreation
- Arts and culture
- City and Aboriginal & Torres Strait Islander history and heritage
- Housing choice and diversity
- Placemaking

A RESPECTED AND PROTECTED NATURAL ENVIRONMENT

- Protected natural environment
- Activation and stewardship of natural bushland
- Sustainability education
- Protected biodiversity
- Sustainable development within our city

A THRIVING, ATTRACTIVE CITY

- Support the local economy
- Service provision to support the community
- Innovative city
- Attraction and retention of businesses
- Support local business to connect with education opportunities
- Tourism development
- Strategically managed public funds and assets
- Strong Council governance

A SUCCESSFUL CITY

- Connectivity and transport
- Infrastructure solutions
- Responsible growth and development
- Open and recreational space
- Partnership with government agencies
- City centre strategic planning



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Note 3 - Income from continuing operations

	actual 2018 \$,000	actual 2017 \$,000
(a) Rates and Annual Charges		
Ordinary rates		
Residential	58,867	55,993
Farmland	519	626
Business	18,441	17,997
Mining	26	24
Total ordinary rates	77,853	74,640
Special rates		
Infrastructure	6,015	5,793
Total special rates	6,015	5,793
Annual charges (pursuant to s496 and s501)		
Domestic waste management services	19,342	17,605
Waste management services (not domestic)	548	517
Stormwater management services	1,358	1,325
Total annual charges	21,248	19,447
Total rates and annual charges	105,116	99,880

Council has used 2016 valuations provided by the NSW Valuer General in calculating its rates. Valuations are updated every three years.

Accounting policy for rates and charges

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenue when 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 Council may apply contributions according to the priorities established in work schedules.

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



Note 3 - Income from continuing operations cont.

	actual 2018 \$,000	actual 2017 \$,000
(b) User Charges and Fees		
User charges (pursuant to s502)		
Waste water disposal	294	360
Hire of Council facilities	3,947	4,351
Memberships	706	699
Child care fees	2,779	2,848
Property rented	2,424	2,280
Other	84	80
Total user charges	10,234	10,618
Fees (discretionary)		
Private works	161	137
s611	92	84
Inspection fees	735	667
Building services	766	752
Road/footpath reinstatement	641	469
Other	102	95
Total user fees	2,497	2,204
Total user charges and fees	12,731	12,822

Accounting policy for user charges and fees

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

	actual 2018 \$,000	actual 2017 \$,000
(c) Interest and investment revenue		
Overdue rates and annual charges	210	206
Cash and investments	5,408	4,940
Total interest and investment revenue	5,618	5,146

Accounting policy for interest and investment revenue

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



	actual 2018 \$,000	actual 2017 \$,000
(d) Other Revenues		
Events and promotions	66	45
Fines	1,687	1,527
Recycling income (not domestic)	1	0
Legal fees recovery (rates)	694	742
Insurance claims	59	38
Commissions and agency fees	347	365
Sundry contributions to works	985	1,089
Minor equipment sold	29	21
Sale of animals	201	181
Sale of consumables	269	307
Sale of property	0	873
Rebates	130	100
Workers compensation - decrease in claims liability	750	0
Other	472	559
Total other revenue from continuing operations	5,690	5,947

Accounting policy for other revenue

Council recognises revenue when the amount of revenue can be reliably measured. It is probable that future economic benefits will flow to Council and specific criteria have been met for each of 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 specifics of each arrangement.

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

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



Note 3 - Income from continuing operations cont.

	operating 2018 \$,000	capital 2018 \$,000	operating 2017 \$,000	capital 2017 \$,000
(e) Grants				
General purpose (untied)				
Financial assistance - general purpose component	8,464	0	11,982	0
Financial assistance - local roads component	1,710	0	2,461	0
Pensioner rates subsidies				
- General	792	0	784	0
Specific purpose				
Pensioner rates subsidies				
- DWM	272	0	261	0
Transport	2,986	108	4,161	4,046
Drainage	0	0	0	0
Child care	4,429	0	4,657	0
Heritage and culture	455	0	480	0
Aged and community care	0	0	1,576	0
Libraries	397	0	391	0
Emergency services	407	0	463	0
Environmental planning	0	0	97	0
Sport and recreation	0	1,228	0	364
Town Planning	0	4,905	0	0
Other	1,139	150	1,839	136
Total grants	21,051	6,391	29,152	4,546
Comprising:				
- Commonwealth funding	16,060	0	21,458	121
- State funding	4,659	6,343	7,410	3,615
- Other funding	332	48	284	810



	operating 2018 \$,000	capital 2018 \$,000	operating 2017 \$,000	capital 2017 \$,000
(f) Contributions				
Developer contributions (S7.4 and s7.11 EP&A Act)				
Cash contributions				
S7.11 contributions towards amenities/services	0	32	436	5,419
S7.12 fixed development consent levies	0	2,612	0	1,383
Non-cash contributions				
Other developer contributions	1,097	12,583	0	0
Total Developer contributions	1,097	15,227	436	6,802
Other Contributions				
Cash contributions				
RMS contributions	665	0	651	0
Regulatory/statutory fees	4,071	0	3,513	0
Other councils	259	0	335	0
Car lease contributions	490	0	481	0
Interest rate subsidies	456	0	511	0
Biodiversity fund	1,049	0	0	0
Other	1,251	272	947	166
Non-cash contributions				
Subdivision dedications (other than by S7.11)	0	0	0	0
Other	0	48,431	0	22,013
Total Other contributions	8,241	48,703	6,438	22,179
Total contributions	9,338	63,930	6,874	28,981
Total grants and contributions	30,389	70,321	36,026	33,527

Accounting policy for grants and contributions

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

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

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



Note 3 - Income from continuing operations cont.

	actual 2018 \$,000	actual 2017 \$,000
(g) Unspent Grants and Contributions		
Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner:		
Operating Grants		
Operating grants recognised in the current period that have not been spent	6,143	6,997
Operating grants received for the provision of goods and services in a future period	1,391	1,100
Operating grants recognised in previous reporting periods that have been spent in the current reporting period	(6,707)	(2,312)
Capital grants		
Capital grants recognised in the current period that have not been spent	5,415	1,164
Capital grants received for the provision of goods and services in a future period	897	330
Capital grants recognised in previous reporting periods that have been spent in the current reporting period and services in a future period	(597)	(262)
Contributions		
Contributions recognised in the current period that have not been spent	3,738	7,679
Contributions received for the provision of goods and services in a future period	18,666	14,978
Contributions recognised in previous reporting periods that have been spent in the current reporting period and services in a future period	(7,945)	(4,181)



Note 4 - Expenses from continuing operations

	actual 2018 \$,000	actual 2017 \$,000
(a) Employee Benefits and On Costs		
Salaries and wages	47,805	45,790
Travel expenses	100	108
Employee leave entitlements	7,173	7,042
Superannuation	5,401	5,316
Workers compensation insurance - claims and admin costs	807	601
Workers compensation - increase in claims liability	0	1,190
Fringe benefits tax	176	279
Training costs (excluding salaries)	369	390
Other	6	0
Less: capitalised costs	(242)	(325)
Total employee costs expended	61,595	60,391

Accounting policy for employee benefits and on-costs

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

Retirement benefit obligations:

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

Superannuation plans:

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

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

Council participates in the pooled employer sponsored defined benefits of the Local Government Superannuation Scheme.

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



Note 4 - Expenses from continuing operations cont.

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

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

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

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

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

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

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

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

- (i) wind-up of the plan

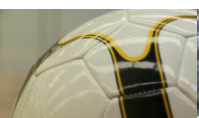
There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

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

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

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

- (i) The fact that the plan is a defined benefit plan; we confirm the plan is a defined benefit plan;
- (ii) The reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan;
- (iii) The expected contributions to the plan for the next annual reporting period is \$1.07m;
- (iv) Information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity.



The estimated employer reserves financial position for the pooled employers as at 30 June 2018 is:

Employer Reserves only *	\$ millions	Asset coverage
Assets	1,817.8	
Past services liabilities	1,787.5	101.7%
Vested benefits	1,778.0	102.2%
*excluding member accounts and reserves in both assets and liabilities		

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

Investment return 6.0% per annum
 Salary inflation* 3.5% per annum
 Increase in CPI 2.5% per annum
 *plus promotional increase

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

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

Council's participation in the scheme compared with other entities is about 1.21% based on Council's current level of additional contributions of \$1.449m against total contributions of \$40m each year from 1 July 2017 to 30 June 2021. The amount of employer contributions to the defined benefits section of the Fund and recognised as an expense for the year ending 30 June 2018 was \$994,005.



Note 4 - Expenses from continuing operations cont.

	actual 2018 \$,000	actual 2017 \$,000
(b) Borrowing Costs		
Interest on loans	1,081	990
Amortisation of discounts and premiums		
- Interest free loan received	57	85
Total borrowing costs expensed	1,138	1,075

Accounting policy for borrowing costs

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

	actual 2018 \$,000	actual 2017 \$,000
(c) Materials and contracts		
Raw materials and consumables	4,624	4,438
Contractor and consultancy costs	20,229	19,545
Remuneration of Auditors ⁽¹⁾	132	170
Legal fees:		
- planning and environment	56	44
- other	849	885
Operating leases:		
- computers	233	238
Total materials and contracts	26,123	25,320

Accounting policy for operating leases

Leases in which a significant portion of the risks and rewards of the 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.

Auditors' remuneration ⁽¹⁾

During the year the following fees were paid for services provided by the Auditor General

- audit and review of financial statements	129	125
Total fees paid to the Auditor General	129	125

During the year the following fees were paid for services provided by other audit firms

- audit and review of financial statements and other audit work	0	38
- other non assurance services	3	7
Total fees paid to other audit firms	3	45



	actual 2018 \$,000	actual 2017 \$,000
(d) Depreciation, Amortisation and Impairment		
Depreciation and Amortisation ⁽¹⁾		
Plant and equipment	1,820	1,790
Office equipment	207	282
Furniture and fittings	41	57
Infrastructure	19,466	18,175
Other assets	280	278
Total depreciation and amortisation costs	21,814	20,582
Impairment/revaluation decrement ²		
Investment properties	0	0
Total impairment/revaluation decrement costs	0	0

¹ See Note 10 for change in depreciation methodology and impact on financial statements.

² Impairment losses for revalued assets are to be firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

Accounting policy for depreciation, amortisation and impairment expenses

Depreciation and Amortisation

Depreciation and amortisation are calculated using straight line method to allocate their cost, net of their residual values, over their estimated useful lives (refer Note 10). Useful lives are included in Note 10 for IPPE assets and Note 12 for intangible assets.

Impairment of non-financial assets

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

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

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

Impairment of Financial Assets

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or 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) have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.



	actual 2018 \$,000	actual 2017 \$,000
(e) Other Expenses		
Advertising	1,056	735
Aged care expenses	1	685
Bad and doubtful debts	93	250
Bank charges and fees	121	93
Cash collection charges	19	20
Child care expenses	1,291	1,501
Computer equipment and fees	2,221	2,193
Consultants' fees	2,943	2,028
Contributions and donations	509	531
Electricity	1,422	1,254
Emergency services levies (incl FRNSW, SES, RFS)	1,448	1,400
Equipment maintenance and repairs	144	93
Equipment/furniture and fittings	384	486
Hired personnel	1,561	2,002
Insurance	1,453	2,030
Mayoral fee	65	60
Councillors' fees	345	346
Councillors' (incl Mayor) expenses	235	258
Office expenses	82	95
Planning levy	118	115
Postage and agency fees	354	355
Professional fees	1,494	1,011
Regional development	20	27
Self insurance expenses	628	411
Seminar/conference/civic functions	251	251
Street lighting	3,628	3,312
Telephone	593	556
Tipping fees/contributions	6,082	6,766
Utility charges	319	327
Valuer General's Department	429	354
Waste levy	2,756	2,438
Water rates	1,082	857
Other	2,398	2,616
Total other expenses from continuing operations	35,545	35,456

Accounting policy for other expenses

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



Note 5 - Gain or loss from disposal of assets

	notes	actual 2018 \$,000	actual 2017 \$,000
Gain (or loss) on disposal of infrastructure, property, plant and equipment	10		
Proceeds from disposal		1,796	67,358
Less: carrying amount of assets sold		(3,208)	(10,655)
Gain (or loss) on disposal		(1,412)	56,703
Net gain (or loss) on disposal of assets		(1,412)	56,703

Accounting policy for the disposal of assets

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



Note 6a - Cash and cash equivalents

	actual 2018		actual 2017	
	current \$,000	non-current \$,000	current \$,000	non-current \$,000
Cash Assets				
Cash at bank and on hand	6,591	0	1,557	0
Deposits at call	1,174	0	1,153	0
Term deposits	0	0	0	0
Total cash assets	7,765	0	2,710	0

Cash assets consist of highly liquid investments with short periods to maturity which are readily convertible to cash and have an insignificant risk of changes in value.

Accounting policy for cash and cash equivalents

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



Note 6b - Investments

	actual 2018		actual 2017	
	current \$,000	non-current \$,000	current \$,000	non-current \$,000
The following financial assets are held as investments:				
Financial assets at fair value through profit and loss - held for trading ¹	41,245	15,000	35,537	20,000
Held to maturity investments	106,618	53,000	108,419	40,000
Total	147,863	68,000	143,956	60,000

Financial assets at fair value through profit and loss - held for trading

Comprising:

Managed funds	36,245	0	35,537	0
Floating rate notes	5,000	15,000	0	20,000
Bills of exchange	0	0	0	0
	41,245	15,000	35,537	20,000

Held to maturity investments

Comprising:

Term deposits	102,858	53,000	105,609	40,000
Treasury Corporation	3,760	0	2,810	0
	106,618	53,000	108,419	40,000

Securities have been invested in accordance with Section 625 of the *Local Government Act 1993*. The deposits are bearing rates between 2.45% and 3.26% (2017 - 2.32% and 3.40%).

¹ Refer to note 21 fair value measurement for information regarding the fair value of investments held.

Accounting policy for investments

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

a) Financial assets at fair value through profit or loss

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

a) Held-to-maturity investments

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

a) 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 derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the Income Statement. 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 risks and rewards of ownership.

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

Impairment of available for sale investments

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



Note 6c - Restricted cash, cash equivalents and investments

	actual 2018		actual 2017	
	current \$,000	non-current \$,000	current \$,000	non-current \$,000
Total cash, cash equivalents and investments	155,628	68,000	146,666	60,000
External restrictions	49,511	0	42,160	0
Internal restrictions	92,020	68,000	89,557	60,000
Unrestricted	14,097	0	14,949	0
Total	155,628	68,000	146,666	60,000

	2018 restricted cash \$,000	2017 restricted cash \$,000
EXTERNAL RESTRICTIONS		
Included in liabilities		
Self insurance claims	3,200	5,640
Other		
Developer contributions - S94	17,596	15,840
Developer contributions - Other	892	884
Specific purpose unexpended grants	13,845	9,591
Domestic waste management	7,996	5,525
General contributions	3,916	3,521
Storm water management levy	2,066	1,159
Total external restrictions	49,511	42,160

INTERNAL RESTRICTIONS		
Included in liabilities		
Employee leave entitlements	9,600	9,800
Other		
Committed works funded by loans	3,789	3,134
Property development	80,479	79,482
Replacement of fleet, plant and vehicles	5,162	4,206
Future infrastructure fund	29,836	28,485
Asset replacement	6,727	6,148
Self insurance	2,410	500
Committed works	13,231	11,069
Local Govt elections	430	730
Insurances	6,050	5270
Environmental	1,506	519
Community events	550	0
Other	250	214
Total internal restrictions	160,020	149,557
Total Restrictions	209,531	191,717



Note 7- Receivables

Purpose	actual 2018		actual 2017	
	current \$,000	non-current \$,000	current \$,000	non-current \$,000
Rates and annual charges	3,134	266	2,899	232
Interest and extra charges	596	47	591	46
User charges and fees	556	0	688	0
Accrued revenues	1,161	0	1,314	0
Government grants and subsidies	705	0	806	0
Private works	3	0	3	0
Sundry debtors	2,296	0	1,705	0
TOTAL	8,451	313	8,006	278
Less: provision for impairment				
- rates and annual charges	(78)	(313)	(142)	(278)
- development reserve	(7)	0	(7)	0
- user charges and fees	(9)	0	(9)	0
- other	(93)	0	(93)	0
	8,264	0	7,755	0

RESTRICTED RECEIVABLES

	current \$,000	non-current \$,000	current \$,000	non-current \$,000
Externally Restricted Receivables				
Domestic waste management	559	0	512	0
Loan rates	0	0	0	0
Other rates	0	0	0	0
Parking contributions	0	0	0	0
	559	0	512	0
Internally Restricted Receivables				
Property development	94	0	191	0
Less: provision for doubtful debts	(7)	0	(7)	0
	87	0	184	0
Total Restricted Receivables	646	0	696	0
Unrestricted Receivables	7,618	0	7,059	0
Total Receivables	8,264	0	7,755	0



Accounting Policy for Receivables

Recognition and measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are included in other Receivables (note 8) and Receivables (note 7) in the Statement of Financial Position.

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

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

Impairment

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

Collectability of receivables is reviewed on an ongoing 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 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 a receivable is impaired. 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.



Note 8 - Inventories and other assets

	actual 2018		actual 2017	
	current \$,000	non-current \$,000	current \$,000	non-current \$,000
(a) Inventories				
At cost:				
Stores and materials	342	0	342	0
Total inventories	342	0	342	0
Inventories not expected to be realised in the next 12 months	0	0	0	0
(b) Other assets				
Prepayments	98	0	0	0
Total other assets	98	0	0	0
Externally restricted/unrestricted inventories and other assets				
Externally restricted	0	0	0	0
Unrestricted	440	0	342	0
Total inventories and other assets	440	0	342	0



Accounting Policy for Inventories and other assets

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

Inventory held for distribution

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

Land held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower 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.



Note 9 - Non current assets classified as held for resale

	Actual 2018 \$,000	Actual 2017 \$,000
Land	0	222
Total	0	222

Accounting Policy for non-current assets classified as held for sale

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 continued 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.

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 increase in fair value less costs to sell 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.



Note 10 - Infrastructure, property, plant and equipment

By asset class	As at 30 June 2017				Movements During Year				As at 30 June 2018			
	Gross Carrying Amount \$,000	Accum Depn & Impairment \$,000	Net Carrying Amount \$,000	Renewals \$,000	New Assets \$,000	Carrying value of disposals \$,000	Depn and Impairment \$,000	Revaluation Inc/Dec \$,000	Gross Carrying Amount \$,000	Accum Depn & Impairment \$,000	Net Carrying Amount \$,000	
BY TYPE												
WIP	0	0	0	993	17	0	0	0	1,010	0	1,010	
Plant and equipment	16,005	9,881	6,124	2,832	801	984	1,820	0	17,048	10,095	6,953	
Office equipment	2,994	2,171	823	0	258	46	207	0	3,089	2,261	828	
Furniture and fittings	842	621	221	0	11	3	41	0	535	349	186	
Land												
- Operational land	761,032	0	761,032	0	11,575	0	0	(36,815)	735,792	0	735,792	
- Community land	249,919	0	249,919	0	210	0	0	0	250,129	0	250,129	
- land under roads	85,207	0	85,207	0	1,889	0	0	0	87,095	0	87,095	
Land improvements -- non depreciable	31,308	0	31,308	0	135	0	0	2,507	33,951	0	33,951	
Buildings ³	256,388	22,062	234,326	4,425	343	729	2,845	(13,345)	284,632	62,458	222,174	
Other structures ⁵	48,851	20,783	28,068	2,056	1,226	264	2,034	5,171	54,776	20,551	34,225	
Infrastructure												
- roads	675,269	131,255	544,014	8,403	22,061	1,127	9,503	(169,860)	589,011	195,022	393,989	
- bridges	79,776	19,371	60,405	144	1,199	10	942	(16,730)	82,452	38,386	44,066	
- footpaths	70,278	19,109	51,169	121	6,582	254	939	(10,074)	83,577	36,974	46,603	
- storm water drainage	364,692	57,937	306,755	0	19,785	0	2,629	(6,662)	397,881	80,632	317,249	
- swimming pools	7,633	1,625	6,008	210		99	137	(1,419)	7,428	2,863	4,565	
Open space/recreation	6,332	1,809	4,523	445	299	71	437	1,874	9,914	3,281	6,633	
Other assets												
- library books	10,058	9,374	684	0	312	0	280	0	10,370	9,654	716	
- other	8,339	0	8,339	0	5	0	0	0	8,344	0	8,344	
TOTALS	2,674,923	295,998	2,378,925	19,629	66,708	3,587	21,814	(245,353)	2,657,034	462,526	2,194,508	

¹ Operational land previously classified disclosed in Note 8 as a non current inventory

² Additions for the year are made up of asset renewals (\$20m) and new assets (\$67m)

³ Excludes investment properties

⁴ Valuations are carried out by a member of the Australian Property Institute

⁵ Other structures asset class are not classified as infrastructure assets for the purposes of Special Schedule 7

⁶ Council made a prospective adjustment to adopt straight line depreciation methodology and this amount includes the adjusted accumulated depreciation as at 1 July 2017.



Accounting policy for infrastructure, property, plant and equipment

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

- Operational land (external valuation)
- Buildings – specialised/non specialised (external valuation)
- Plant and equipment (as approximated by depreciated historical cost)
- Road assets – roads, bridges and footpaths (internal valuation)
- Drainage assets – (internal valuation)
- Bulk earthworks (internal valuation)
- Community land (external valuation)
- Land improvements (internal valuation)
- Other structures (internal/external valuation)
- Other assets (external valuation)

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

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

Land is not depreciated. Depreciation on infrastructure assets with a medium to long life 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	4-20 years	Roads & footpaths	15-100 years
Office equipment	3-40 years	Bridges	30-100 years
Furniture & fittings	5-20 years	Storm water drainage	50-175 years
Buildings	7-230 years	Bulk earthworks	1000 years
Other structures	15-20 years		

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.

Land under roads

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

Council has elected not to recognise all land under roads acquired before 1 July 2008 in accordance with AASB1051 Land Under Roads.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB116 Property, Plant and Equipment.



Crown reserves

Crown reserves assessed under Council's care and control are recognised as assets of Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Improvements on Crown reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

Rural Fire Services 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 has no care or control over the purchase or sale of plant and equipment or other fire fighting equipment, nor does Council receive any proceeds from their disposal.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for Council owned land and buildings only.

Depreciation

Council adopted a prospective change to its depreciation methodology for roads and storm water assets, from a curved profile method to the recommended straight-line method. The adjusted accumulated depreciation for the reporting period amounted to \$121m to reflect the fair values of the assets under depreciated replacement cost. The increase in depreciation expense for the reporting period amounted to \$1.2m.



Note 11 - Investment properties

	Actual 2018 \$,000	Actual 2017 \$,000
At fair value		
Opening balance at 1 July	19,689	15,309
Capitalised subsequent expenditure		
- Buildings	0	0
Net gain (loss) from fair value adjustments	1,503	4,380
Closing balance at 30 June	21,192	19,689

(a) Amounts recognised in net result for investment property

Rental income	1,726	1,726
Direct operating expenses from property that generated rental income	148	175

(b) Contractual obligations

Refer to note 17 for disclosure of any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

(c) Leasing arrangements - Council as lessor

The investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease repayments receivable on leases of investment properties are as follows:

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

Within one year	1,429	1,417
Later than one year but not later than five years	4,421	3,471
Later than five years	2,770	3,377
Total provisions	8,620	8,265

Accounting Policy for Investment property

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

Properties that are under construction for future use as investment 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.



Note 12 - Payables and borrowings

	actual 2018		actual 2017	
	current \$,000	non-current \$,000	current \$,000	non-current \$,000
Payables				
Goods and services	3,303	0	3,419	0
Accrued wages and salaries	1,187	0	1,198	0
Accrued expenses - other	86	0	95	0
Deposits and retentions	1,879	0	1,683	0
Total payables	6,455	0	6,395	0
Income Received In Advance				
Payments received in advance	2,464	0	2,195	0
Total income received in advance	2,464	0	2,195	0
Borrowings				
Loans - secured ¹	3,275	12,882	3,551	15,691
Total borrowings	3,275	12,882	3,551	15,691

¹ Loans are secured over the rating income of Council

(a) Restricted liabilities relating to restricted assets

Self insurance (note 6) ²	3,200	0	5,640	0
Total restricted liabilities	3,200	0	5,640	0

² Council is a licensed self insurer under the *Workers Compensation Act* in NSW

(b) Current payables not expected to be settled within the next 12 months

0	0	0	0
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(c) Changes in liabilities arising from financing activities

	2017	Cash flows	Other non cash changes	2018
Loans - secured	19,242	(3,275)	190	16,157
Total liabilities from financing activities	19,242	(3,275)	190	16,157

(d) Financing arrangements

	2018 \$,000	2017 \$,000
Total facilities		
The amount of total financing available to Council at the reporting date:		
- bank overdraft facility	500	500
- corporate credit cards	820	840
	1,320	1,340

Drawn facilities

The amount of financing drawn down at the reporting date:

- bank overdraft facility	0	0
- corporate credit cards	65	62
	65	62

Undrawn facilities

The amount of undrawn financing available to Council at the reporting date:

- bank overdraft facility	500	500
- corporate credit cards	755	778
	1,255	1,278

* The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Interest rates on overdrafts are variable while rates for loans are set for the period of the loan.



Note 12 - Payables and borrowings cont.

Accounting Policy for payables and borrowings

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

Borrowings

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

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

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

Finance leases

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased assets 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 costs. 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.



Note 13 - Provisions

	Actual 2018		Actual 2017	
Provisions ¹	Current \$,000	Non-Current \$,000	Current \$,000	Non-Current \$,000
Annual leave	4,539	0	4,434	0
Sick leave	2,695	0	2,764	0
Long service leave	11,564	390	11,464	372
Self insurance - workers compensation ²	780	2,230	970	2,790
Total provisions	19,578	2,620	19,632	3,162

Current provisions not expected to be settled within the next 12 months

7,283	0	7,498	0
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¹ Vested ELE is all carried as a current provision

² Provision is made in respect of the estimated self insurance claims for workers compensation as at balance date

(a) Descriptions and movements in provisions

The movement in each class of provision (excluding those relating to employee benefits) is presented below:

Self Insurance	\$,000
At beginning of year	3,760
Amounts used	(750)
Total at end of year	3,010



Accounting Policy for provisions

Provisions are recognised when Council has a present legal or constructive obligation as 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 on 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 provision due to passage of time is recognised as interest expense.

Employee benefits

Short-term obligations

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

Other long-term employee benefit obligations

The liability for long service leave, accumulating sick leave and annual leave which 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 Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

Self insurance

Council has decided to self-insure for Workers Compensation. A provision for self-insurance has been made to recognise outstanding claims. Council also maintains cash and investments to meet expected future claims and these are detailed in Note 6(c).



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

(a) Nature and purpose of reserves

Revaluation reserve

The infrastructure, property, plant and equipment revaluation reserve is used to record increments and decrements in the revaluation of non-current assets.

(b) Correction of errors in previous years

The following errors have been corrected by restating the balances as at 1 July 2016 and reflecting the adjustment through infrastructure, property, plant and equipment and the assets revaluation reserve.

During the revaluation process a parcel of land was found to be duplicated as both operating and community land (\$21m) and 3 parcels of land were identified as Council not having title to the land (\$4m).

Changes to the opening Statement of Financial Position as at 1 July 2016

Statement of Financial Position

	Original balance as at 1 July 2016	Impact Increase/decrease \$,000	Restated balance as at 1 July 2016
Infrastructure PPE	2,180,779	(24,990)	2,155,789
Total assets	2,330,729	(24,990)	2,305,739
Total liabilities	52,131	0	52,131
Retained earnings	892,733	0	892,733
Revaluation reserves	1,385,865	(24,990)	1,360,875
Total equity	2,278,598	(24,990)	2,253,608

(c) Changes in accounting policy

No changes in accounting policy that may materially impact the Statement of Financial Position have been made during the year.

(d) Changes in accounting estimates

Council adopted a prospective change to its depreciation methodology for roads and storm water assets from a curved profile method to the recommended straight line method (refer to Note 10).



Note 15 - Statement of cash flows information

	Notes	Actual 2018 \$,000	Actual 2017 \$,000
(a) Reconciliation of cash assets			
Total cash and cash equivalents	6a	7,765	2,710
Less bank overdraft	10a	0	0
Balances as per Statement of Cash Flows		7,765	2,710
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		83,741	111,607
Depreciation and impairment		21,814	20,582
Loss/(gain) on sale of assets		1,412	(56,703)
Amortisation of discounts and premiums recognised		57	85
Non-cash contributions and dedications		(48,431)	(22,013)
Fair value (gains) / losses on investment property		(1,503)	(4,380)
Increase / (decrease) in provision for doubtful debts		(29)	121
Increase / (decrease) in provision for employee leave entitlements		154	(326)
Increase / (decrease) in other provisions		(750)	1,190
(Increase) / decrease in receivables		(480)	(1,365)
(Increase) / decrease in inventories		0	(15)
(Increase) / decrease in other current assets		(98)	25
Increase / (decrease) in payables		338	1,302
Increase / (decrease) in accrued interest payable		(9)	(13)
Increase / (decrease) in other liabilities		133	0
Net cash provided from (or used in) operating activities from Statement of Cash Flows		56,349	50,097
(c) Non-cash financing and investing activities			
Dedications and developer in-kind contributions		48,431	22,013
		48,431	22,013



Note 16 - Interests in other entities

Consolidated structured entities

Joint arrangements

	Principal place of business	% owned 2018	% owned 2017
Macarthur regional organisation of Councils (MACROC)	Australia	33	33

The Macarthur Regional Organisation of Councils (MACROC) is an advocacy body for the Macarthur region's three local government authorities: Campbelltown City Council, Camden Council and Wollondilly 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 organisations to achieve positive outcomes for the region.

MACROC is established under Section 355 of the Local Government Act, 1993. Decisions of MACROC will neither limit the individual integrity of the operation of each of member 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 Councils shall contribute to an equal agreed sum as its financial contribution towards the operating costs 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.

Campbelltown City Council consolidates all financial transactions of MACROC and discloses them as part of its annual financial statements. Management has determined the impact of proportional recognition to be immaterial to the financial statements as a whole.

The General Manager of Campbelltown City Council is the employer of all MACROC staff including the Executive Officer who reports to the Board via the General Manager.

Campbelltown City Council as a member of Macarthur Regional Organisation of Councils (MACROC) with 33% voting rights, has determined that it has joint control of the organisation and has the responsibilities of financial reporting and staff recruitment.

Accounting Policy for joint arrangements

Campbelltown City Council has determined that it has only joint operations.

In relation to its joint operations, where the venture has the rights to the individual assets and obligations arising from the arrangement, Council has recognised:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its share of the revenue from the sale of the output of the joint operation;
- its expenses, including its share of any expenses incurred jointly.

These figures are incorporated into the relevant line item in the primary statements.



Note 17 - Commitments

	Actual 2018 \$,000	Actual 2017 \$,000
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
- buildings	22,132	24,545
- land		0
- plant and equipment	465	440
- infrastructure: roads, bridges, footpaths	2,916	10,103
	<u>25,513</u>	<u>35,088</u>
These expenditures are payable:		
- not later than one year	16,333	25,088
- later than one year and not later than five years	9,180	10,000
	<u>25,513</u>	<u>35,088</u>

These capital commitments are for the upgrade and renewal of road infrastructure and for various refurbishment works at recreation facilities and reserves.

(b) Finance lease commitments

There are no finance lease commitments in either the current or previous accounting period.

(c) Operating lease commitments

Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows:

- not later than one year	112	218
- later than one year and not later than five years	0	58
- later than five years	0	0
	<u>112</u>	<u>276</u>

The operating leases in place are for computer equipment..



Note 18 - Contingencies

The following do not qualify for recognition in the Statement of Financial Position but knowledge of those items is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

Liabilities not recognised

Legal expenses

Council has a number of legal matters currently outstanding that due to the lack of reliable estimate of the amount due as at the reporting date, has not recognised any liability.



Risk Management

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and 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 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 the Financial Services Section under policies approved by Council.

Council held the following financial instruments at reporting date:

	Carrying value		Fair value	
	2018 \$,000	2017 \$,000	2018 \$,000	2017 \$,000
Financial Assets				
Cash and cash equivalents	7,765	2,710	7,765	2,710
Receivables	8,264	7,755	8,264	7,755
Financial assets at fair value through profit or loss - held for trading	56,245	55,537	56,245	55,537
Held-to-maturity investments	159,618	148,419	159,618	148,419
Total	231,892	214,421	231,892	214,421
	Carrying value		Fair value	
	2018 \$,000	2017 \$,000	2018 \$,000	2017 \$,000
Financial Liabilities				
Payables	6,455	6,395	6,455	6,395
Borrowings	16,157	19,242	19,242	17,717
Total	22,612	25,637	25,697	24,112



Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The Financial Services Section manages the cash and investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with the Local Government Act and Ministerial Investment Order 625. The policy is regularly reviewed by Council and an investment report provided to Council monthly setting out the make-up and performance of the portfolio as required by local government regulations.

The risks associated with investments held are:

1. **Price Risk**
The risk that capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or factors affecting similar instruments traded in a market.
2. **Interest rate risk**
The risk that movements in interest rates could affect returns.
3. **Credit Risk**
The risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from its independent advisor before placing any cash and investments.

(a) Market risk - Price risk and interest rate risk

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

	30/06/18 \$'000	30/06/17 \$'000
Impact of a 1% movement in price of investments		
- equity	562	555
- Income Statement	562	555
Impact of a 1% movement in interest rates on cash and investments		
- equity	1,674	1,511
- Income Statement	1,674	1,511



(b) Credit risk

Council's major receivables comprise rates and annual charges and user charges and fees. Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery policies.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land - 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 encourages payment by the due date.

There are no significant concentrations of credit risk. The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council also makes suitable provision for doubtful receivables as required.

The profile of the Council's credit risk at balance date was:

	Overdue debts					Total \$,'000
	Not due yet \$,'000	< 1 year \$,'000	1-2 years \$,'000	2-5 years \$,'000	>5 years \$,'000	
Rates and annual charges						
2018	3,016	170	64	77	73	3,400
2017	2,636	421	43	0	31	3,131

	Overdue debts					Total \$,'000
	Not due yet \$,'000	< 30 days \$,'000	30-60 days \$,'000	60-90 days \$,'000	>90 days \$,'000	
Other receivables						
2018	1,161	3,145	118	765	175	5,364
2017	1,314	2,936	158	478	267	5,153

(c) Liquidity risk

Payables and borrowings are both subject to liquidity risk - that is 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 be extended and overdraft facilities drawn upon in extenuating circumstances.

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate.

The contractual undiscounted cash flows of Council's payables and borrowings are set out in the maturity table below:

	Weighted average interest rate %	Due within 1 year \$,000	Due between 1 and 5 years \$,000	Due after 5 years \$,000	Total contractual cash flows \$,000	Carrying values \$,000
2018						
Payables	-	6,455	0	0	6,455	6,455
Borrowings	5.50	3,987	12,083	2,442	18,512	16,157
Total		10,442	12,083	2,442	24,967	22,612
2017						
Payables	-	6,395	0	0	6,395	6,395
Borrowings	5.49	4,390	13,214	4,825	22,429	19,242
Total		10,785	13,214	4,825	28,824	25,637



Note 20 - Material budget variations

Council's original budget is incorporated as part of the Management Plan, which was adopted by Council on 27 June 2017 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These factors include State and Federal Government decisions including new grant programs, changing economic activity, and by decisions made by Council.

This note sets out the details of material variations between the original budget and actual results reported in the Income Statement. Material favourable (F) and unfavourable (U) variances represent amounts of 10% or more of the budgeted amount.

Revenues

User Charges and Fees

Actual user charges and fees received were less than budgeted by some \$1.8m (U) (12%).

Variations in amounts received are detailed below:

- Additional income from building fees resulting from increased development fee activity \$164k (F);
- Childcare fee income \$499k (U), income from childcare fees and family day care administration charges, less than budgeted;
- Road and Footpath reinstatement \$252 (F), increased activity in restoration works due to the National Broadband Network;
- Property rental income \$1.69m (U), an anticipated ground lease development did not commence at the expected time; this was partly offset by new property rentals.

Grants and contributions received (operating and capital)

Actual amounts of grants and contributions received were over budget by some \$66m (F) (195%).

Variations in amounts received in grants and contributions are detailed below. These variances are mainly due to decisions made by Federal and/or State Government as well as developer contributions and dedications received after the original budget was adopted.

- Additional income from development application fees and certificates as a result of increased activity \$368k (F).
- Capital contributions \$63.9m (F), unbudgeted contributions and dedications from developers towards land, road and drainage construction at various development sites including Minto, Glenfield, Airds, Claymore and Bardia, as well as S94 Plan and S94A contributions.
- The receipt of various environmental protection and planning grants which were not known when the original budget was developed \$106k (F).
- Community policy and planning grants of \$140k (F); new grant funds received for Aboriginal Co-design and National Reconciliation Week and place management grants.
- Community Options operational grants \$1.2m (U); this program was closed as at 30 June 2017 and this amount is the refund of grants received in advance.
- Bushfire mitigation grants \$185k (F); additional hazard reduction funding was received during the year.
- The Federal Government has continued its policy of paying the Financial Assistance Grant in advance resulting in this budget variation, \$652k (F).
- The Federal Government grant (\$78.2m) for the Sporting Centre of Excellence will be received in the following year; this has been offset by additional sport and recreation grants received in \$6.7m (U).
- Additional funding under the Roads to Recovery grants program was received as well as a contribution from the Department of Housing that was not anticipated, \$1.4m (F).
- Additional employee leave entitlement contributions received from other Councils, \$209k (F).
- New developer contributions towards the Biodiversity Fund not included in Original Budget, \$1.1m (F)
- Grant funds received late in the financial year or not budgeted \$5.8m (F); open space works, waste performance improvement and various Macarthur Regional Organisation of Council programs.
- Various other minor variations including: contributions from sporting clubs and community bodies; employee contributions; pensioner subsidy; FESL contribution; contributions from other Councils; and construction of community facilities not budgeted.



Gain on disposal of assets

Council disposed of various items of property, plant and equipment assets during the year. The accounting treatment of the gain or loss on disposal was not included in the original budget. The net result of \$1.4m (U) is mainly due to the renewal of infrastructure assets.

Expenses

Employee benefits and on costs

Actual payments for Employee Costs were under budget by some \$6.8m (F) (10%).

Explanations for the variation are detailed below:

- Staff vacancies in various sections due to ongoing restructure of the organisation and delays in filling positions \$5m (F);
- Savings in superannuation costs due to staff vacancies \$308k (F);
- Favourable claims result for Workers Compensation payments \$849k (F);
- Accrual of employee leave entitlements was less than predicted \$473k (F);
- Saving on fringe benefit costs \$154k (F).

Borrowing costs

Interest payments on borrowings were over budget by \$118k (U) (11%) due to an accounting adjustment to the current and non-current loan liability as a result of refinancing a loan.

Other

Various minor favourable and unfavourable variations occurred throughout the year in the other various expense categories; however these variations did not exceed the 10% threshold. All variations have been monitored, and reported to Council on a regular basis.

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

Cash Flows from Operating Activities

Variance of 41% (F) is mainly attributable to the 2018-2019 advance payment of financial assistance grant, some \$5m of other grants and contributions received, some \$13m not originally budgeted for.

Cash Flows from Investing Activities

Variance of 38% (U) is attributable to the normal transactional purchase and sale of investments that aren't formally budgeted for. All other cash flows from investing activities were within budget.

Cash Flows from Financing Activities

Cash flows from financing activities were within budget.



Note 21 - Fair value measurement

Council measures the following assets and liabilities at fair value on a recurring basis:

- Infrastructure, property, plant and equipment;
- Investment property;
- Financial assets.

During the reporting period Council has also measured the following assets at fair value on a non-recurring basis:

- non current assets classified as held for sale

Fair value hierarchy

AASB 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	Description
1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access as at the measurement date
2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by Council.

2018	Note	Valuation technique	Level 2 (\$,000) significant observable inputs		Level 3 (\$,000) significant unobservable inputs		Total (\$,000)	
			2018	2017	2018	2017	2018	2017
Recurring fair value measurements								
Financial assets								
Investments								
at fair value through profit and loss	6b	Market	56,245	55,537			56,245	55,537
Investment Properties	11							
Land		Market	17,080	15,226			17,080	15,226
Buildings		Market	4,112	4,462			4,112	4,462
Infrastructure, Property, Plant & Equipment	10							
Land								
Operational		Market	735,792	761,032			735,792	761,032
Community		Cost			250,129	249,919	250,129	249,919
Land Under Roads		Cost			87,095	85,207	87,095	85,207
Improvements		Cost			33,951	31,308	33,951	31,308
Buildings		Cost			222,174	234,326	222,174	234,326
Buildings: Other Structures		Cost			34,225	28,068	34,225	28,068
Infrastructure								
Roads		Cost			393,989	544,014	393,989	544,014
Footpaths		Cost			46,603	60,405	46,603	60,405
Bridges		Cost			44,066	51,169	44,066	51,169
Infrastructure: Stormwater		Cost			317,249	306,755	317,249	306,755
Swimming Pools		Cost			4,565	6,008	4,565	6,008
Open Space / Recreational		Cost			6,633	4,523	6,633	4,523
Library Books		Cost			716	684	716	684
Other Assets		Cost			8,344	8,339	8,344	8,339
Total			813,229	836,257	1,449,739	1,610,725	2,262,968	2,446,982



Valuation techniques

Level 2 measurements

LAND

Operational

Level two valuation inputs were used to value land held in freehold title (investment and non-investment) 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. Valuation occurred as at 30 June 2018 and was determined by APV Valuers & Asset Management Pty Ltd.

INVESTMENT PROPERTIES

Land & Buildings

Investment property comprises land and/or buildings that are principally held for long-term rental yields, capital gains, or both, and are not occupied by Council. Council engages external, independent and qualified valuers to determine the fair value of its investment properties. The last full revaluation of Council's investment properties was as at 30 June 2018 and was determined by APV Valuers & Asset Management Pty Ltd. The value of investment property was determined using market approach and based on level 2 valuation inputs.

INVESTMENTS

Financial assets are exposed to financial risks such as price risk, credit risk, liquidity risk and interest rate risk surrounding the unpredictability of financial markets. The valuation technique for these assets is based on a market approach observing that the carrying value is a reasonable approximation of the fair value.

Level 3 measurements

LAND

Community

Valuations of Campbelltown City Council's community land were based on the unimproved capital value (UCV) provided by the Valuer-General in the most recent valuation dated 30 June 2016. As these rates were not considered to be observable market evidence they have been classified as level 3 inputs.

Land Under Roads

Land under roads were valued by William C. McManus (valuations) in May 2014 using the 'Cost Approach'. The 'Englobo' methodology was adopted with a rate per square metre determined through a comparison of surrounding urban and rural land sales.

Land Improvements

This asset class comprises land improvements such as concrete cricket wickets, artificial grass areas, concrete skating areas, running track surfacing, rubber track areas etc. These assets may be located on parks, reserves and also within road reserves. 'land improvements' were valued in-house using the 'Cost Approach' as at 30 June 2018.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in accordance with the Institute of Public Works Engineers Australia's International Public Spaces Management Manual (IIMM). While the unit rates based on linear metres of fencing, price for certain type of BBQ etc. could be supported from market evidence (level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. As such these assets were classified as having been valued using Level 3 valuation inputs. Valuation was conducted in-house as at 30 June 2018.



BUILDINGS

Specialised buildings were valued using the 'Cost Approach' using professionally qualified registered valuers. The last full revaluation of Council's buildings was as at 30 June 2018 and was determined by APV Valuers & Asset Management Pty Ltd. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

BUILDINGS: OTHER STRUCTURES

This asset class comprises BBQ's, park furniture, shade structures, fencing and gates, walls, handrails, flood lighting, play equipment, retaining walls and shed structures etc.

Play equipment assets were valued by using 'Cost Approach'. In this approach, we estimated the replacement cost for each asset by componentising the asset into significant components with different useful lives and taking into account a range of factors. Most of the unit rates based on square metres were derived from current Council tenders, Rawlinson's handbook and rates from other similar organisations. Other inputs such as estimates of residual values, useful lives, pattern of consumption and asset condition were also derived from extensive professional judgment, IPWEA guidelines and best available industry practices etc. As such these assets were classified as having been valued using level 3 valuation inputs. External consultant Kico was engaged to determine the condition, useful life and unit rate at the play equipment component level.

The remaining other structure assets were valued in house using the 'Cost Approach', which estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in accordance with the Institute of Public Works Engineers Australia's International Public Spaces Management Manual (IIMM). While the unit rates based on linear metres of fencing, price for certain type of BBQ etc. could be supported from market evidence (level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. As such these assets were classified as having been valued using level 3 valuation inputs.

INFRASTRUCTURE

Roads

This asset class comprises the road carriageway, bus shelters, carparks, kerb and gutter, retaining walls, road furniture and traffic management devices. The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter. The 'Cost Approach' using level 3 inputs was used to value the road carriageways and other road infrastructure. Valuations for the road carriageways, comprising surface, pavement and formation was done by utilising the detailed pavement information residing in Council's Pavement Management System – SMEC PMS and Council's Corporate Asset Management System, Conquest. All other Road Infrastructure was valued by using information contained within Council's Corporate Asset Management System, Conquest. Valuation was conducted in-house dated 30 June 2018.

The 'Cost Approach' was utilised and while the unit rates based on square metres, linear metres or similar could be supported from market evidence (level 2) other inputs (such as estimates pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is some uncertainty regarding the actual design, specifications and dimensions of some assets. As such these assets were classified as having been valued using level 3 valuation inputs.



Bridges

Bridges were valued using the 'Cost Approach'. The approach estimated the replacement cost for each bridge by componentising the bridges into significant parts with different useful lives and taking into account a range of factors. The components included the bridge superstructure, bridge abutments, bridge substructures, and bridge rails/handrails etc. While all bridges were physically inspected and the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as estimates of residual value and pattern of consumption) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs. Valuation was conducted in-house dated 30 June 2018.

Footpaths

Footpaths were valued by using the 'Cost Approach'. Footpaths were segmented to match the adjacent road segment and no further componentisation was undertaken. Footpaths were originally mapped and condition assessed using a combination of video condition assessment and physical inspection. Condition information is updated as changes in the network are observed through regular inspections. As such these assets were classified as having been valued using level 3 valuation inputs. Valuation was conducted in-house dated 30 June 2018.

Stormwater

Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices. The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The Level of componentisation adopted by Council is in accordance with the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence (level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. As such these assets were classified as having been valued using Level 3 valuation inputs. Physical visual inspection is carried out on all stormwater assets except pipes. For stormwater pipes, the close circuit television (CCTC) Inspection approach is utilised for the condition assessment of randomly selected samples. Valuation was conducted in-house dated 30 June 2018.



Swimming Pools

The 'Cost Approach' was utilised to value the swimming pools. While the unit rates based on square metres, linear metres or similar could be supported from market evidence (level 2) other inputs (such as estimated pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is some uncertainty regarding the actual design, specifications and dimensions of some assets. The components included the shell, surface finishing, and miscellaneous. Valuation was conducted in-house dated 30 June 2018.

Other Assets

Valuation of Council's other assets was undertaken as at 30 June 2016 by Brenda Colahan Fine Art using the 'Cost Approach'. Values were based on visual inspection and extensive professional judgement to determine the fair value. As such, these assets were classified as having been valued using level 3 valuation inputs.

Valuation techniques

Unobservable inputs

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

Class	Fair Value (30/06/18) \$,000	Valuation Technique	Unobservable Inputs
Infrastructure, Property, Plant & Equipment			
Community Land	250,129	Land values obtained from the NSW Valuer General	Land value, land area
Land Under Roads	87,095	Market based direct comparison	Extent and impact of use, market cost of land per square metre.
Land Improvements - Non Depreciable	33,951	Cost Approach	Pattern of consumption, residual value, asset condition and useful life
Buildings	222,174	Cost Approach	Current Replacement cost, asset condition, remaining lives, residual value and useful life
Other Structures, Open Space & Swimming Pools	45,423	Cost Approach	Pattern of consumption, residual value, asset condition and useful life
Roads, Footpaths & Bridges	484,658	Cost Approach	Pattern of consumption, residual value, asset condition and useful life
Stormwater	317,249	Cost Approach	Pattern of consumption, residual value, asset condition and useful life
Library Books	716	Cost Approach	Useful life, pattern of consumption, asset condition and residual values
Other Assets	8,344	Cost Approach	The level of appreciation of the asset, current replacement/replication cost of equivalent asset, asset condition



Note 21 - Fair value measurement cont.

Reconciliation of movements

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

	Level 3	
	2018 \$,000	2017 \$,000
Balance at 1 July	1,610,725	1,469,553
Correction of errors	0	0
Restated opening balance	1,610,725	1,469,553
Total gains or losses for the period		
Recognised in profit or loss - Realised (note 5)	0	0
Recognised in profit or loss - Unrealised (note 3 and 4)	0	866
Recognised in other comprehensive income - Revaluation Surplus	(208,537)	32,448
Other movements		
Purchases	69,851	40,585
Sales	(2,554)	(3,556)
Depreciation	(19,746)	(18,783)
Transfers into level 3	0	94,074
Transfer out of level 3	0	(4,462)
Balance as at 30 June	1,449,739	1,610,725

Highest and best use

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



Note 22 - Related party transactions

Key management personnel

Key management personnel of Campbelltown City Council are those persons having the authority and responsibility for planning, directing and controlling the activities of Council, directly or indirectly. The key management personnel of Campbelltown City Council are Councillors, the General Manager and all Senior Staff as determined by the Local Government Act 1993.

The aggregate amount of key management personnel compensation included in the Income Statement is:

	2018 \$,000	2017 \$,000
Compensation		
Short term benefits (salaries, Councillors' fees)	2,107	2,053
Other long term benefits	53	297
Total	2,160	2,350

Other transactions with key management personnel and their related entities

Council has determined that transactions at arm's length basis between key management personnel and Council as part of Council delivering a public service objective such as access to library or Council swimming centres will not be disclosed.

Type of Related Party: subsidiary, associate, joint ventures, other	Nature of Transaction	Amount of transaction during the year	Terms and Conditions	Provisions for Doubtful Debts related to the amount of outstanding balances	Expense recognised during the period relating to bad or doubtful debts due from related parties
Interest in other entities (MACROC)	Subsidiary interest as a member Council with 33% voting rights	\$250,000 total contribution from member Councils - Campbelltown, Camden and Wollondilly \$83,333 represents Council's 1/3 share	30 days terms on invoice	\$0	\$0



Note 23 - Statement of developer contributions

SUMMARY OF CONTRIBUTIONS

PURPOSE	Opening balance \$,000	Contributions received during year ¹		Interest and investment income earned during year \$,000	Expended during year \$,000	Internal borrowings (to)/From ² \$,000	Held as restricted asset ³ \$,000	Cumulative balance of internal borrowings (to)/from ⁴ \$,000
		Cash \$,000	Non-cash \$,000					
S7.11 under plans (Community facilities)	8,469	32	13,680	76	471	0	8,106	0
S7.11 not under plans	212	0	0	2	0	0	214	0
Parking	884	0	0	8	0	0	892	0
S7.12 levies	7,159	2,612	0	80	575	0	9,276	0
TOTAL CONTRIBUTIONS	16,724	2,644	13,680	166	1,046	0	18,488	0

Under the Environmental Planning and Assessment Act 1979, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas. It is possible that the funds contributed may be less than the cost of infrastructure, requiring Council to borrow or use general revenue to fund the balance.

CONTRIBUTION PLAN NO. 1

PURPOSE	Opening balance \$,000	Contributions received during year ¹		Interest earned during year \$,000	Expended during year \$,000	Internal borrowings (to)/From ² \$,000	Held as restricted asset ³ \$,000	Cumulative balance of internal borrowings (to)/from ⁴ \$,000
		Cash \$,000	Non-cash \$,000					
Community facilities	0	2	0	0	0	0	2	0
TOTAL CONTRIBUTIONS	0	2	0	0	0	0	2	0

CONTRIBUTION PLAN NO. 2

PURPOSE	Opening balance \$,000	Contributions received during year ¹		Interest earned during year \$,000	Expended during year \$,000	Internal borrowings (to)/From ² \$,000	Held as restricted asset ³ \$,000	Cumulative balance of internal borrowings (to)/from ⁴ \$,000
		Cash \$,000	Non-cash \$,000					
Community facilities	236	0	0	2	50	0	188	0
TOTAL CONTRIBUTIONS	236	0	0	2	50	0	188	0

CONTRIBUTION PLAN NO. 3

PURPOSE	Opening balance \$,000	Contributions received during year ¹		Interest earned during year \$,000	Expended during year \$,000	Internal borrowings (to)/From ² \$,000	Held as restricted asset ³ \$,000	Cumulative balance of internal borrowings (to)/from ⁴ \$,000
		Cash \$,000	Non-cash \$,000					
Community facilities	29	0	0	0	0	0	29	0
TOTAL CONTRIBUTIONS	29	0	0	0	0	0	29	0



CONTRIBUTION PLAN NO. 5

PURPOSE	Opening balance \$,000	Contributions received during year ¹		Interest earned during year \$,000	Expended during year \$,000	Internal borrowings (to)/From ² \$,000	Held as restricted asset ³ \$,000	Cumulative balance of internal borrowings (to)/ from ⁴ \$,000
		Cash \$,000	Non-cash \$,000					
Community facilities	23	0	0	0	0	0	23	0
TOTAL CONTRIBUTIONS	23	0	0	0	0	0	23	0

CONTRIBUTION PLAN NO. 8

PURPOSE	Opening balance \$,000	Contributions received during year ¹		Interest earned during year \$,000	Expended during year \$,000	Internal borrowings (to)/From ² \$,000	Held as restricted asset ³ \$,000	Cumulative balance of internal borrowings (to)/ from ⁴ \$,000
		Cash \$,000	Non-cash \$,000					
Community facilities	1,397	0	0	13	0	0	1,410	0
TOTAL CONTRIBUTIONS	1,397	0	0	13	0	0	1,410	0

CONTRIBUTION PLAN NO. 9

PURPOSE	Opening balance \$,000	Contributions received during year ¹		Interest earned during year \$,000	Expended during year \$,000	Internal borrowings (to)/From ² \$,000	Held as restricted asset ³ \$,000	Cumulative balance of internal borrowings (to)/ from ⁴ \$,000
		Cash \$,000	Non-cash \$,000					
Community facilities	6,784	30	13,680	61	421	0	6,454	0
TOTAL CONTRIBUTIONS	6,784	30	13,680	61	421	0	6,454	0



CONTRIBUTIONS NOT UNDER PLANS - PARKS, GARDENS AND RESERVES

PURPOSE	Opening balance \$,000	Contributions received during year ¹		Interest earned during year \$,000	Expended during year \$,000	Internal borrowings (to)/From ² \$,000	Held as restricted asset ³ \$,000	Cumulative balance of internal borrowings (to)/from ⁴ \$,000
		Cash \$,000	Non-cash \$,000					
Residual Community Fac	0	0	0	0	0	0	0	0
Parking	884	0	0	8	0	0	892	0
Open space	212	0	0	2	0	0	214	0
TOTAL CONTRIBUTIONS	1,096	0	0	10	0	0	1,106	0

CONTRIBUTION PLAN \$7.12

PURPOSE	Opening balance \$,000	Contributions received during year ¹		Interest earned during year \$,000	Expended during year \$,000	Internal borrowings (to)/From ² \$,000	Held as restricted asset ³ \$,000	Cumulative balance of internal borrowings (to)/from ⁴ \$,000
		Cash \$,000	Non-cash \$,000					
Infrastructure	7,159	2,612	0	80	575	0	9,276	0
TOTAL CONTRIBUTIONS	7,159	2,612	0	80	575	0	9,276	0

Notes

Councils must also provide details of each contribution plan under their control in a form provided below:

¹ Reconcilable with Note 3

² Borrowings within and between plans during current period only. General fund expenditure in advance of contributions is not to be shown here.

³ Reconcilable with Note 6 (restricted assets excludes 'amounts expended in advance').

⁴ Cumulative balance of borrowing within and between plans.



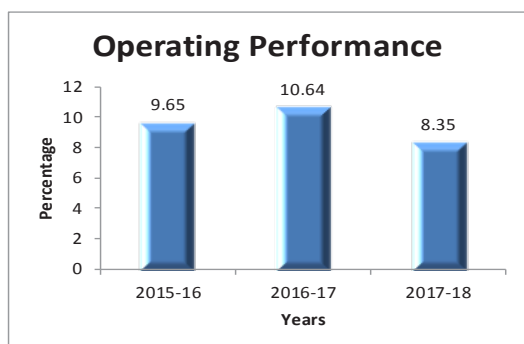
Note 24 - Statement of performance measures

	Amounts 2018 \$,000	2018 indicators	2017 indicators	Benchmark
1. Operating performance				
Total continuing operating revenue ¹ excluding capital grants and contributions less operating expenses	13,329	8.35%	10.64%	>0
Total continuing operating revenue ¹ excluding capital grants and contributions	159,544			
2a. Own source operating revenue				
Total continuing operating revenue ¹ excluding all grants and contributions	129,155	56.2%	64.0%	>60%
Total continuing operating revenue ¹ inclusive of all grants and contributions ⁴	229,865			
2b. Own source operating revenue				
Total continuing operating revenue ¹ excluding all grants and contributions	129,155	71.2%	72.3%	>60%
Total continuing operating revenue ¹ excluding non-cash dedications ⁴	181,434			
3. Unrestricted current ratio				
Current assets less all external restrictions ¹	114,262	4.82x	4.82x	>1.5x
Current liabilities less specific purpose liabilities ^{2 3}	23,709			
4. Debt service cover ratio				
Operating result ¹ before capital, excl interest and depreciation	36,281	8.33:1	8.17:1	>2x
Principal repayments (from the Statement of Cash Flows) plus borrowing costs (from the Income Statement)	4,356			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	3,652	3.36%	3.25%	<5%
Rates and annual charges collectible	108,674			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus term deposits	208,628	19.62	17.99	>3
Payments from cash flows of operating and financing activities	127,571	months	months	months

Notes:

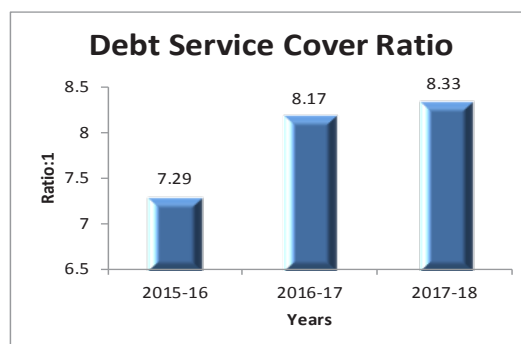
- (1) Excludes fair value adjustments, reversals of revaluation decrements, net gain/loss on sale of assets.
- (2) Refer to Note 12
- (3) \$7.3m ELE transferred out - AASB 119 prescribes all leave that is vested to be disclosed as a current liability, however all leave not expected to be settled within the next twelve months is transferred out to determine the unrestricted current ratio.
- (4) This ratio is distorted by non-cash revenues received through the dedication of non-current assets.
An additional disclosure is provided in 2b to demonstrate that Council meets the benchmark after excluding \$48.4m in non-cash dedications and to provide a fair comparison to the benchmark as not all NSW councils have material non-cash revenues experienced from high levels of growth





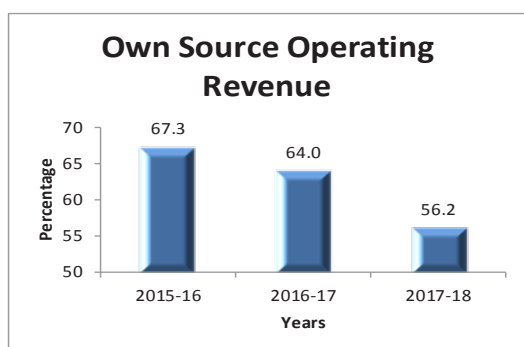
1. Operating Performance

Measures Councils achievement in contraining operating expenditure within operating revenue



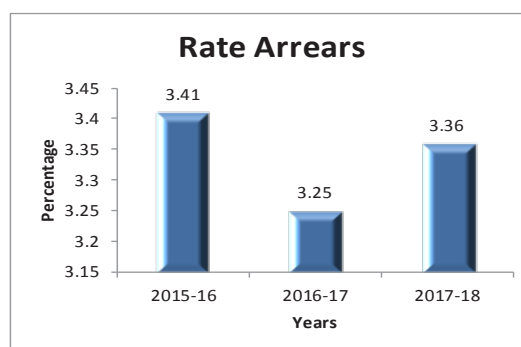
4. Debt Service Cover Ratio

Measures the availability of operating cash to service debt and lease repayments



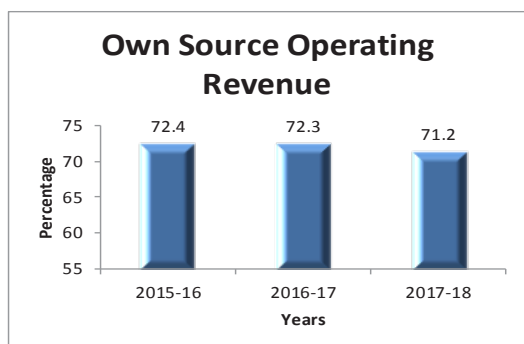
2a. Own Source Operating Revenue

Measures fiscal flexibility and the funding sources such as grants and contributions



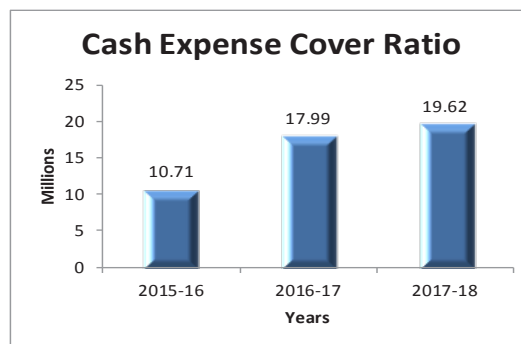
5. Rates & Annual Charges Outstanding

To assess the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts



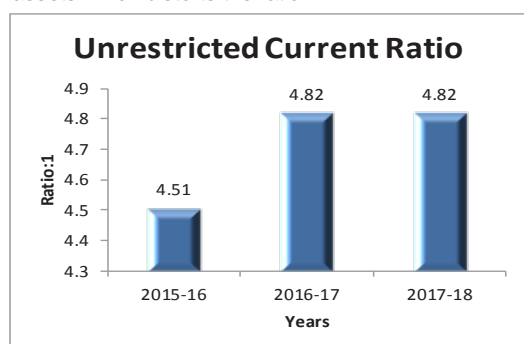
2b. Own Source Operating Revenue

Measures fiscal flexibility and the funding sources such as grants and contributions
This ratio has been adjusted for dedication of non-current assets which distorts the ratio



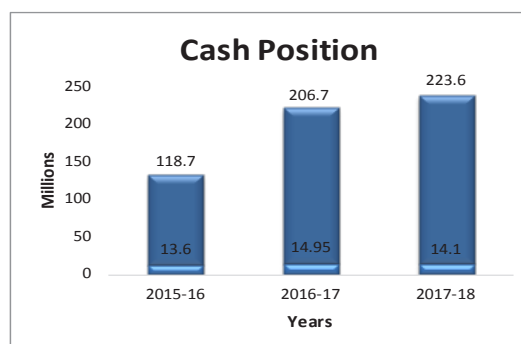
6. Cash Expense Cover Ratio

Indicates the number of months Council can continue paying immediate expenses without additional cashflow



3. Unrestricted Current Ratio

Assesses Councils ability to meet short term obligations as they fall due



7. Cash Position

Shows the amount of unrestricted cash within the total amount of cash held

Note 25 - Events occurring after reporting date

Council is not aware of any material or significant events after balance date that are not disclosed.





INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial report

Campbelltown City Council

To the Councillors of Campbelltown City Council

Opinion

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

In my opinion,

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

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

Basis for Opinion

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

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

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

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



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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

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

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

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



My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 20 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule 2 - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.



Somaiya Ahmed
Director, Financial Audit Services

25 September 2018
SYDNEY



Mayor George Brticevic
Mayor
Campbelltown City Council
PO Box 57
CAMPBELLTOWN NSW 2560

Contact: Somaiya Ahmed
Phone no: 02 9275 7424
Our ref: D1802549/1706

25 September 2018

Dear Mayor Brticevic

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

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

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

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

INCOME STATEMENT

Operating result

	2018	2017	Variance
	\$m	\$m	%
Rates and annual charges revenue	105.1	99.9	↑ 5.2
Grants and contributions revenue	100.7	69.6	↑ 44.7
Operating result for the year	83.7	111.6	↓ 25.0
Net operating result before capital amounts	13.4	78.1	↓ 82.8

Council's operating result (\$83.7 million including the effect of depreciation and amortisation expense of \$21.8 million) was \$27.9 million lower than the 2016–17 result. This was mainly attributable to:

- one-off net gain from disposal of asset of \$56.7 million in 2016–17
- offset by \$31.1 million increase in grants and contributions revenue.

The net operating result before capital grants and contributions (\$13.4 million) was \$64.7 million lower than the 2016–17 result. This was largely the result of \$56.7 million one-off net gain in disposal of assets in the previous year.

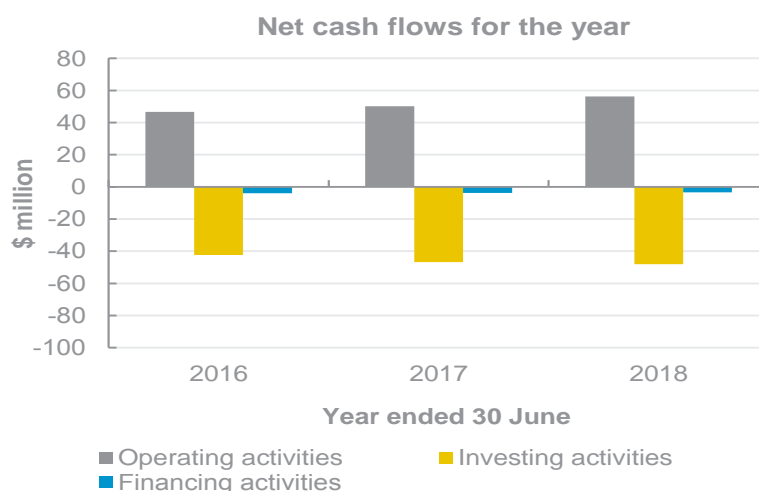
Rates and annual charges revenue (\$105 million) increased by \$5.2 million (5.2 per cent) in 2017–2018. This is largely due to:

- rate peg of 1.5 per cent for the year ended 30 June 2018
- increase of \$1.7 million for domestic waste management services.

Grants and contributions revenue (\$101 million) increased by \$31.1 million (44.9 per cent) in 2017–2018 mainly due to the increase non-cash developer contributions.

STATEMENT OF CASH FLOWS

Cash inflows from operating activities continue to grow in line with increased rates revenue. There was also an increased receipts of government grants of \$4.8 million.



FINANCIAL POSITION

Cash and Investments

Cash and Investments	2018	2017	Commentary
	\$m	\$m	
External restrictions	49.5	42.2	<ul style="list-style-type: none"> • Cash and investments increased by \$16.9 million, mainly due to increased receipts of government grants of \$4.8 million, interest revenue of \$5.4 million and increase in rates and annual charge receipts of \$4.8 million
Internal restrictions	160.0	149.6	
Unrestricted	14.1	14.9	
Cash and investments	223.6	206.7	<ul style="list-style-type: none"> • Significant externally restricted funds include S94 Developer Contributions of \$17.6 million and unexpended grant of \$13.8 million • Significant internally restricted funds include Property Development Fund of \$80.5 million and Future Infrastructure Fund of \$29.8 million.

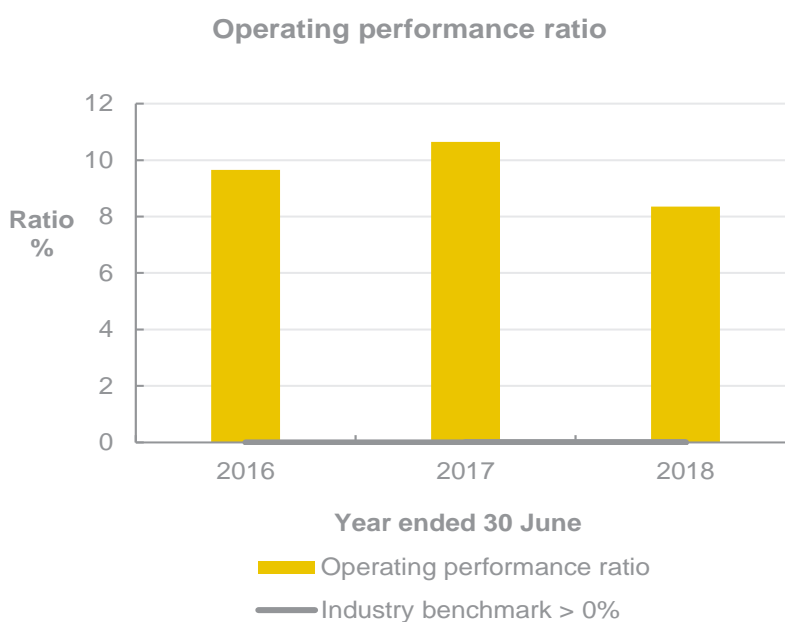
PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 24 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7 which has not been audited.

Operating performance ratio

- Council exceeded the benchmark of greater than zero per cent in 2017-18.
- This ratio decreased slightly over previous year in line with the decreased income from a one-off gain in disposal of assets in 2016-17 offset by an increase in grant and contribution funding.

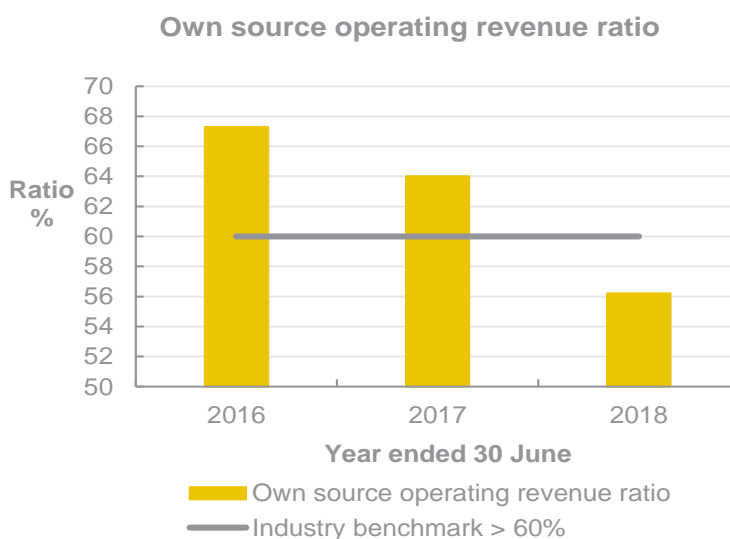
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than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



Own source operating revenue ratio

- Council did not meet the benchmark of greater than 60 per cent in 2017-18.
- The decrease was due to an increase in grant and contribution funding of \$31.1 million in 2017-18.

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

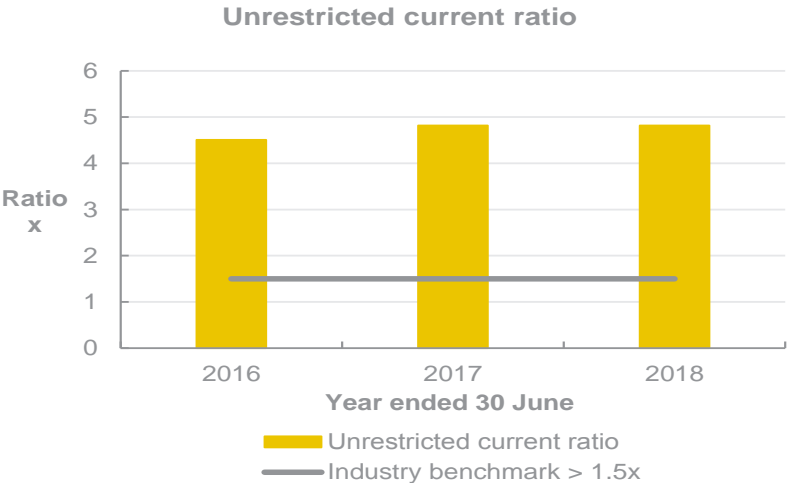


Our insights inform and challenge government to improve outcomes for citizens

Unrestricted current ratio

- Council continues to exceed the benchmark due to high cash and investment balances.
- Council has sufficient liquid assets to meet its creditors payments as and when they fall due.

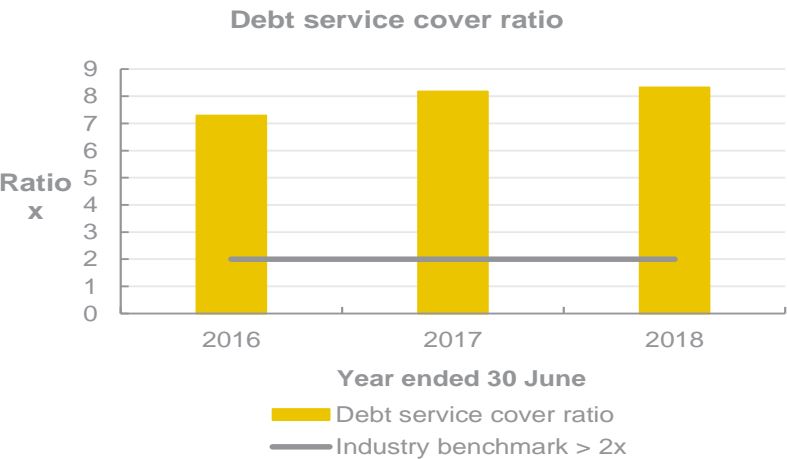
The ‘unrestricted current ratio’ is specific to local government and represents council’s ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

- Council exceeded the benchmark of greater than two times in 2017-18.
- The ratio increased from previous year mainly due to the increase in own sourced revenue.

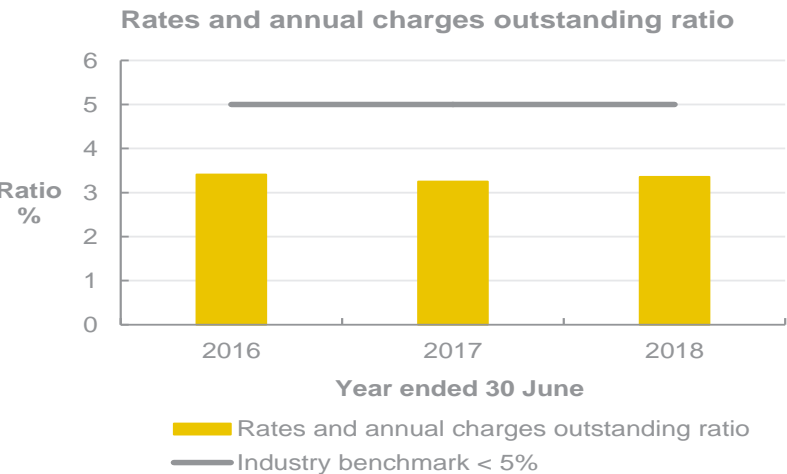
The ‘debt service cover ratio’ measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding ratio

Council continues to achieve the benchmark for outstanding rates and annual charges.

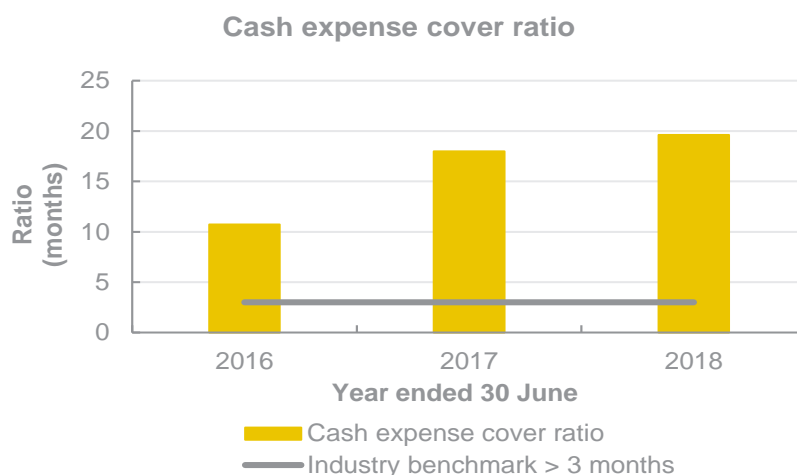
The ‘rates and annual charges outstanding ratio’ assesses the impact of uncollected rates and annual charges on council’s liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metro councils.



Cash expense cover ratio

- Council exceeded the benchmark of greater than three months.
- This has increased slightly from prior year due to higher levels of cash from operations.

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

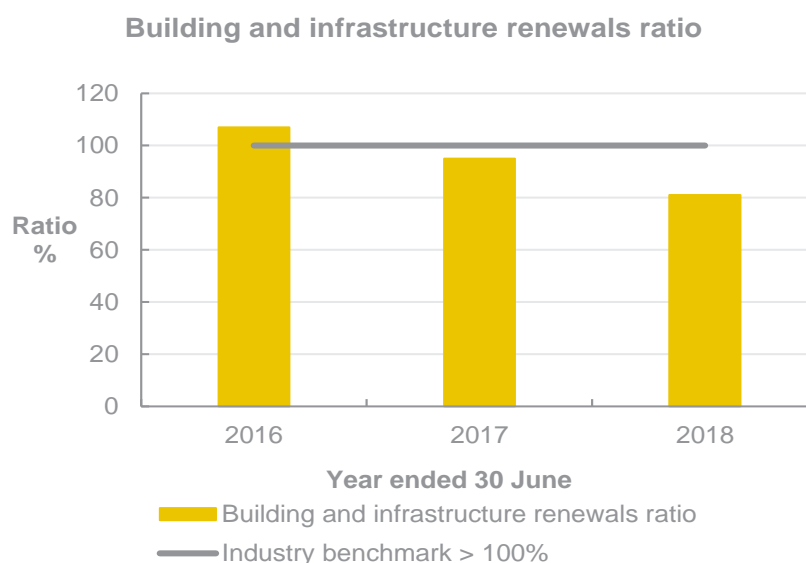


Building and infrastructure renewals ratio (unaudited)

- Council's building and infrastructure renewals ratio was below the benchmark. The ratio does not consider asset additions of \$51.5 million.
- This ratio has decreased from previous year due to \$1.4 million reduction in asset renewals.

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

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



OTHER MATTERS

New accounting standards implemented

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

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

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

Council's disclosure of the changes in their liabilities arising from financing activities is disclosed in Note 12.



Legislative compliance

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

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

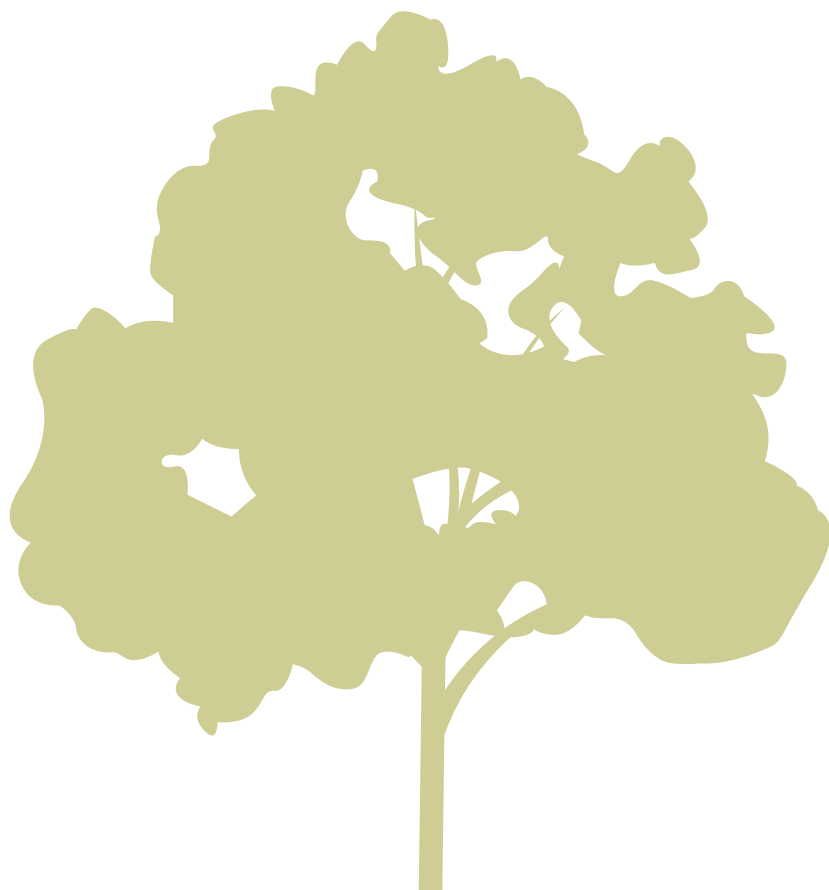
The Council's:

- 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.



Somaiya Ahmed
Director, Financial Audit Services







Special Purpose Financial Reports

For the year ended

30 June 2018

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Special purpose financial reports for the year ended 30 June 2018

Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

- a) To the best of our knowledge and belief the attached Special Purpose Financial Statements have been prepared in accordance with:
- The *Local Government Act* 1993 (NSW) (as amended) and the regulations thereunder
 - The Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
 - The Local Government Code of Accounting Practice and Financial Reporting
- b) These statements:
- Present fairly the operating result and financial position for the year
 - Accord with Council's accounting and other records.
- c) We are not aware of any matter that would render the reports false or misleading in any way.

Signed in accordance with a clause 215(1)(b) of the Local Government (General) Regulation 2005

Cr G Brticevic
MAYOR

Cr M Oates
COUNCILLOR

Mrs L Deitz
GENERAL MANAGER

Mrs C Mears
RESPONSIBLE ACCOUNTING OFFICER

Made by resolution of Council on 14 August 2018



Income statement of business activities for the year ended 30 June 2018

Business activity and category

Income from continuing operations

User charges & fees	1,845	1,948	3,267	3,648	1,638	1,612
Interest	0	0	0	0	36	35
Grants & contributions provided for non capital purposes	2,665	2,729	0	9	0	0
Other operating revenues	8	6	322	307	56	46

Total Income from continuing operations

Expenses from continuing operations

Employee benefits and on-costs	4,222	4,408	3,023	3,256	412	338
Materials & contracts	231	255	890	975	45	52
Interest charges	71	78	115	107	9	7
Depreciation, amortisation and impairment	90	93	721	724	0	0
Calculated tax equivalents	355	375	503	431	272	207
Other operating expenses	1,474	1,580	2,010	1,950	225	214

Total expenses from continuing operations

SURPLUS/(DEFICIT) FROM ALL

OPERATIONS BEFORE TAX

Corporate taxation equivalent

Surplus/(Deficit) after tax

Dividend payment after tax

CHANGE IN NET ASSETS after dividend

Opening retained profits/(losses)

Discontinued Service

Adjustments for amounts unpaid

*Taxation equivalent payments

*Corporate taxation equivalents

*Dividend payments

*Corporate overheads

Closing retained profits/(losses)

Return on capital (%)

Subsidy from Council

Business activities					
Actual 2018 Child care centres (Cat 1) \$,000	Actual 2017 Child care centres (Cat 1) \$,000	Actual 2018 Recreation centres (Cat 1) \$,000	Actual 2017 Recreation centres (Cat 1) \$,000	Actual 2018 Commercial activities (Cat 2) \$,000	Actual 2017 Commercial activities (Cat 2) \$,000
1,845	1,948	3,267	3,648	1,638	1,612
0	0	0	0	36	35
2,665	2,729	0	9	0	0
8	6	322	307	56	46
4,518	4,683	3,589	3,964	1,730	1,693
4,222	4,408	3,023	3,256	412	338
231	255	890	975	45	52
71	78	115	107	9	7
90	93	721	724	0	0
355	375	503	431	272	207
1,474	1,580	2,010	1,950	225	214
6,443	6,789	7,262	7,443	963	818
(1,925)	(2,106)	(3,673)	(3,479)	767	875
0	0	0	0	297	314
(1,925)	(2,106)	(3,673)	(3,479)	470	561
0	0	0	0	18	19
(1,925)	(2,106)	(3,673)	(3,479)	452	543
(10,841)	(11,594)	(32,516)	(30,204)	21,657	20,475
	1,724				
355	375	503	431	272	207
0	0	0	0	297	314
0	0	0	0	18	19
738	760	693	736	103	99
(11,673)	(10,841)	(34,993)	(32,516)	22,799	21,657
-12.32%	-11.69%	-7.07%	-6.24%	3.92%	4.93%
1,925	2,106	3,673	3,479	Nil	Nil

Statement of financial position of business activities

as at 30 June 2018

Business activity and category

ASSETS

Current assets

Receivables

Total current assets

Non-current assets

Infrastructure, property, plant & equipment

Total Non-Current Assets

Total Assets

LIABILITIES

Current Liabilities

Payables

Total Current Liabilities

Non-Current Liabilities

Borrowings

Total Non-Current Liabilities

Total liabilities

Net assets

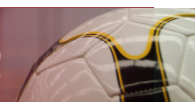
EQUITY

Accumulated surplus/(loss)

Council equity interest

Total equity

Business activities					
Actual 2018 Child care centres (Cat 1) \$,000	Actual 2017 Child care centres (Cat 1) \$,000	Actual 2018 Recreation centres (Cat 1) \$,000	Actual 2017 Recreation centres (Cat 1) \$,000	Actual 2018 Commercial activities (Cat 2) \$,000	Actual 2017 Commercial activities (Cat 2) \$,000
19	19	31	11	63	24
19	19	31	11	63	24
15,625	18,009	51,953	55,709	19,579	17,766
15,625	18,009	51,953	55,709	19,579	17,766
15,644	18,028	51,984	55,720	19,642	17,790
10	16	66	71	2	8
10	16	66	71	2	8
0	0	0	0	0	0
0	0	0	0	0	0
10	16	66	71	2	8
15,634	18,044	51,918	55,791	19,640	17,798
(11,673)	(10,841)	(34,993)	(32,516)	22,799	21,657
27,307	28,885	86,911	88,307	(3,159)	(3,859)
15,634	18,044	51,918	55,791	19,640	17,798



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, Council is a non-reporting not for profit entity.

The figures presented in these SPFS have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the AASB and Australian Accounting Interpretations.

The disclosures in these SPFS have been prepared in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National competition policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 Government Policy statement on the 'Application of National Competition Policy to Local Government'. The 'Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality' issued by the then Department of Local Government in July 1997 has also been adopted.

The Pricing & Costing Guidelines outline the process for identifying and allocating costs to activities and provide a standard of 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 & Costing for Council Businesses - A Guide to Competitive Neutrality, Council has declared that the following are to be considered as business activities:

Category 1

Name	Brief description of activity
Child care centres	Provision of child care. Council runs eight education and care centres.
Recreation centres	Provision of indoor heated pools and outdoor pools with three centres providing 'dry' areas for other forms of exercise.

Category 2

Name	Brief description of activity
Commercial activities	These range from shopping centres, ground leases, a neighbourhood store to a cinema complex.



Note 1 - Significant accounting policies cont.

Monetary amounts

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

(i) Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations (SPFS) 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 the SPFS. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council's nominated business activities (this does not include Council's non-business activities):

	Notional rate applied %
Corporate tax rate	30%
Land tax	1.6%
Stamp duty	Paid where applicable
Payroll tax	5.45%
Other taxes or charges	Where charged, have been paid Where not charged, have been calculated

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 positive gain 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 Council.

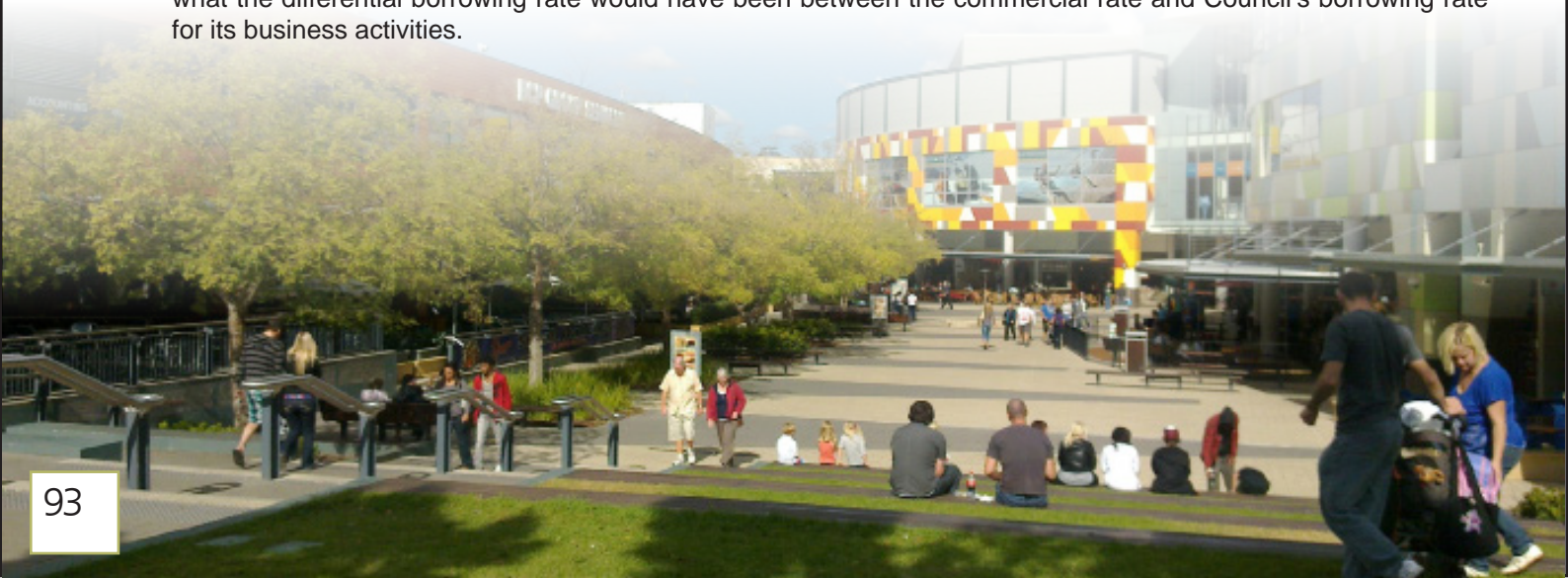
Accordingly, there is no need for disclosure of internal charges in the GPFS. The rate applied of 30% is the equivalent company tax rate prevalent as at reporting date. No adjustments have been made for variations that have occurred during the year.

Local Government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all 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 where 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. The overall effect of subsidies is contained within the Income Statement of Business Activities.
- (iii) **Return on investments (rate of return)**
The Policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'. Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.
- (iv) **Dividends**
Council is not required to pay dividends to either itself as owner of a range of businesses or to any external entities. Consequently, any dividend payment is purely notional. Dividend payments to Council are also restricted to those activities which do not levy special rates or charges (water, sewer, domestic waste management).

End of audited Special Purpose Financial Statements





INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial report

Campbelltown City Council

To the Councillors of Campbelltown City Council

Opinion

I have audited the accompanying special purpose financial report (the financial report) of Campbelltown City Council's (the Council) Declared Business Activities, which comprise the Income Statement of each Declared Business Activity for the year ended 30 June 2018, the Statement of Financial Position of each Declared Business Activity as at 30 June 2018, 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.

The Declared Business Activities of the Council are:

- Child Care Centres
- Recreation Centres
- Commercial Activities.

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

My opinion should be read in conjunction with the rest of this report and 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 Report' section of my report.

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Report

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



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

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

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

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

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



Somaiya Ahmed
Director, Financial Audit Services

25 September 2018
SYDNEY



Special schedule 1 - Net cost of services for the year ended 30 June 2018

Function or Activity	REVENUES FROM ORDINARY ACTIVITIES			EXPENSES FROM ORDINARY ACTIVITIES		NET COST OF SERVICES	
	non capital revenues \$,000	capital revenues \$,000	group totals \$,000	expenses \$,000	group totals \$,000	net cost \$,000	group totals \$,000
GOVERNANCE							
Governance	3	0		1,213		(1,210)	
Total Governance			3		1,213		(1,210)
ADMINISTRATION							
Administration	3,715	509		26,631		(22,407)	
Total Administration			4,224		26,631		(22,407)
PUBLIC ORDER & SAFETY							
Fire Service Levy, Fire Protection, Emergency Services	466	0		2,509		(2,043)	
Animal Control	618	0		1,548		(930)	
Enforcement of Local Government Regulations	7	0		920		(913)	
Other	38	0		11		27	
Total Public Order & Safety			1,129		4,988		(3,859)
HEALTH							
Administration and inspection	500	0		1,923		(1,423)	
Immunisations	14	0		33		(19)	
Health centres	7	0		210		(203)	
Other	18	0		56		(38)	
Total Health			539		2,222		(1,683)
ENVIRONMENT							
Noxious Plants and insect/vermin control	15	0		88		(73)	
Other Environmental Protection	1,163	0		1,296		(133)	
Solid Waste Management	20,826	0		17,382		3,444	
Street Cleaning	9	0		2,516		(2,507)	
Drainage	80	19,615		4,304		15,391	
Stormwater Management	1,358	0		428		930	
Total Environment			43,066		26,013		17,053
COMMUNITY SERVICES & EDUCATION							
Administration and education	39	0		1,361		(1,322)	
Children's services	7,553	0		9,639		(2,086)	
Social Protection (welfare)	220	0		1,259		(1,039)	
Aged persons and disabled	(378)	0		234		(612)	
Total Community Services & Education			7,434		12,493		(5,060)
HOUSING & COMMUNITY AMENITIES							
Street Lighting	642	0		3,628		(2,986)	
Town Planning	2,191	15,227		4,910		12,508	
Public Conveniences	0	0		47		(47)	
Other Community Amenities	107	0		1,873		(1,766)	
Total Housing & Community amenities			18,167		10,458		7,709



Special schedule 1 - Net cost of services cont.

Function or Activity	REVENUES FROM ORDINARY ACTIVITIES			EXPENSES FROM ORDINARY ACTIVITIES		NET COST OF SERVICES	
	non capital revenues	capital revenues	group totals	expenses	group totals	net cost	group totals
	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
RECREATION & CULTURE							
Public Libraries	517	0		5,591		(5,074)	
Art Galleries	1,247	0		4,385		(3,138)	
Museums	0	0		0		0	
Community Centres and Halls	606	0		1,827		(1,221)	
Other Cultural Services	0	0		33		(33)	
Swimming Pools	2,224	0		4,002		(1,778)	
Sporting Grounds	712	1,333		6,805		(4,760)	
Parks and Gardens	145	5,055		9,787		(4,587)	
Other Sport and Recreation	1,677	0		3,844		(2,167)	
Total Recreation and Culture			13,516		36,274		(22,757)
MINING, MANUFACTURING & CONSTRUCTION							
Building Control	3,701	0		3,404		297	
Other mining, manufacturing and construction	0	0		0		0	
Total mining, manufacturing and construction			3,701		3,404		297
TRANSPORT & COMMUNICATION							
Urban Roads: Local	4,246	22,667		13,125		13,788	
Urban Roads: Regional	755	0		864		(109)	
Sealed Rural Roads: Regional	0	0		79		(79)	
Sealed Rural Roads: Local	0	0		307		(307)	
Unsealed Rural Roads: Local							
Bridges on Urban Roads: Local	0	0		1,310		(1,310)	
Footpaths	570	5,704		2,343		3,931	
Parking Areas	1,169	0		654		515	
Other transport and communication	246	0		614		(368)	
Total transport and communication			35,357		19,296		16,061
ECONOMIC AFFAIRS							
Other economic affairs	4,151	210		4,635		(274)	
Total economic affairs			4,361		4,635		(274)
TOTALS - FUNCTIONS			131,497		147,627		(16,130)
GENERAL PURPOSE REVENUES ¹	99,871		99,871	0	0		99,871
NET OPERATING RESULT FOR THE YEAR ²			231,368		147,627		83,741

NOTES

¹ - General Purpose Income consists of:

- * Rates and Annual Charges (including ex-gratia payments)
- * Interest on Investments
- * General Purpose Grants (Financial Assistance and Pensioner Rates subsidies)

² - As reported on the Income Statement

Unaudited



Special schedule 2 - Permissible income for general rates

	2017-2018 calculation \$,000	2018-2019 calculation \$,000
Notional general income calculation ¹		
Last year notional income yield	80,527	84,014
plus/minus adjustments ²	2,239	2,465
notional general income	82,766	86,479
Permissible income calculation		
Special variation ³	0%	0%
or rate peg	1.50%	2.30%
or crown land adjustment incl rate peg	0%	0%
Less expiring special variations amount	0	0
Plus special variation amount	0	0
or plus rate peg amount	1,241	1,989
or plus crown land adjustment and rate peg amount	0	0
sub total	84,007	88,468
Plus or minus last year's carry forward total	0	0
Less valuation objections claimed in previous year	0	(7)
sub total	0	(7)
Total permissible income	84,007	84,461
less notional income yield	(84,014)	(88,523)
catch up or (excess) result	(7)	(62)
plus income lost due to valuation objections claimed ⁴	7	42
less unused catch up ⁵	0	0
carried forward to next year	0	(20)

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 accruals accounting basis which includes amounts that relate to the prior year's rates income.

² Adjustments account for changes in the number of assessments and any increases or decreases 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 the valuation objections in any single year.

⁵ Unused catch up amounts will be deducted if they are not caught up within two years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.





INDEPENDENT AUDITOR'S REPORT

Special Schedule 2 - Permissible Income for general rates

Campbelltown City Council

To the Councillors of Campbelltown City Council

Opinion

I have audited the accompanying Special Schedule 2 – Permissible Income for general rates (the Schedule) of Campbelltown City Council (the Council) for the year ending 30 June 2018.

In my opinion, the Schedule of the Council for the year ending 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 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 Schedule' section of my report.

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

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

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

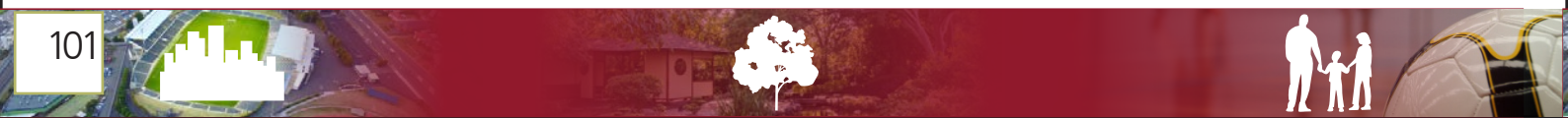
Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

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

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

Emphasis of Matter – Basis of Accounting

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



Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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



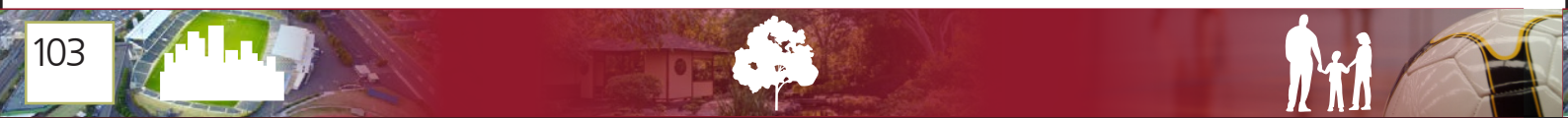
My opinion does not provide assurance:

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



Somaiya Ahmed
Director, Financial Audit Services

25 September 2018
SYDNEY



Special schedule 7 - Report on infrastructure assets as at 30 June 2018

Asset Class	Asset category (as determined by Council)	Estimated cost to bring to agreed level of service set by Council	2017-2018 Required maintenance	2017-2018 actual maintenance	Net Carrying amount	Gross Replacement Cost	Assets in condition as a % of Gross Replacement Cost						
		\$,000	\$,000	\$,000	\$,000	\$,000	0	1	2	3	4	5	
Public buildings	Building envelope	879	6,173	6,245	108,697	137,302	0	11.46	60.51	26.19	1.58	0.26	
	Building roof	562	51	52	33,521	43,272	0	8.72	53.16	34.72	3.08	0.32	
	Building floor	155	1	1	25,774	32,880	5	34.52	55.83	4.24	0.43	0.00	
	Building fit out	486	5	5	32,031	41,708	1	24.49	45.03	28.47	0.87	0.00	
	Building services (fire, mechanical and other)	126	1,064	1,076	22,151	29,470	0	38.58	35.68	25.31	0.34	0.09	
	Sub total	2,218	7,294	7,379	222,174	284,632							
Public spaces	Recreational/open space	109	178	180	6,633	9,914	4	48.44	40.72	2.42	4.29	0.04	
	Other structures	561	1,369	1,385	34,225	54,776	9	34.04	39.90	15.86	1.60	0.04	
	Swimming pools	270	86	87	4,565	7,428	2	36.92	25.24	35.72	0.00	0.00	
		Sub total	940	1,633	1,652	45,423	72,118						
	Public roads	Roads surfacing	2,771	4,881	4,938	78,517	115,073	0	58.84	20.31	11.92	3.81	5.12
Roads pavements		5,467	517	523	176,316	266,365	0	15.89	41.39	31.68	6.85	4.19	
Road Formation		NA	NA	NA	25,777	25,777	NA	NA	NA	NA	NA	NA	
Bridges and culverts		573	225	228	44,066	82,452	3	1.96	94.92	0.15	0.03	0.00	
Footpaths cycle ways		3,034	623	630	46,603	83,577	14	5.77	19.12	56.09	3.59	0.98	
	Kerb and gutter and traffic islands	1,413	316	320	88,038	141,780	10	7.66	44.28	37.23	0.75	0.11	
	Traffic management devices	0	0	0	2,229	3,168	8	28.11	60.77	3.52	0.00	0.00	
	Road furniture	42	287	290	9,055	15,970	2	2.45	75.02	20.70	0.00	0.26	
	Car parks surfacing	80	0	0	3,781	7,366	3	8.13	62.63	23.74	2.13	0.71	
	Car parks pavements	220	126	127	7,585	10,715	1	74.68	0.00	22.21	2.56	0.00	
	Car Park formation	NA	NA	NA	2,403	2,403	NA	NA	NA	NA	NA	NA	
	Other infrastructures	0	100	101	288	384	0	0.00	100.00	0.00	0.00	0.00	
	Sub total	13,598	7,075	7,157	484,658	755,040							
Drainage works	Detention basins / flood mitigation	211	14	14	8,440	12,286	3	19.28	75.51	0.62	1.92	0.00	
	Stormwater conduits	0	0	0	164,746	209,062	16	69.63	14.72	0.00	0.00	0.00	
	Stormwater pits and headwalls	19	1,273	1,288	66,815	89,277	21	24.25	54.06	0.69	0.02	0.00	
	Open channels	94	0	0	31,290	40,462	1	19.34	75.42	4.30	0.38	0.00	
	Water quality devices	0	0	0	4,394	5,103	56	23.53	17.69	3.16	0.00	0.00	
	Earthwork / embankments	NA	NA	NA	41,564	41,691	NA	NA	NA	NA	NA	NA	
	Sub total	324	1,287	1,302	317,249	397,881							
Totals classes	Total assets	17,080	17,289	17,490	1,069,504	1,509,671							

Infrastructure asset condition assessment

Level	Condition	Description	Level	Condition	Description
0	Excellent	No work required (new asset)	3	Satisfactory	Maintenance work required
1	Excellent/Very Good	No work required (normal maintenance)	4	Poor	Renewal required
2	Good	Only minor maintenance work required	5	Very poor	Urgent renewal/upgrading required

Special schedule 7 - Report on infrastructure assets cont.

Infrastructure Asset Performance Indicators

	Amounts \$,000	2018	2017	Benchmarks
Building and infrastructure renewals ratio				
Asset renewals	15,804			
Depreciation, amortisation and impairment	19,466	81%	95%	>100%
To assess the rate at which these assets are being renewed against the rate they are depreciating				
Infrastructure backlog				
Estimated cost to bring assets to a satisfactory condition	17,080			
Carrying value of infrastructure assets	1,069,504	1.60%	1.64%	<2%
Shows what proportion the infrastructure backlog is against the total value of Council's infrastructure				
Asset maintenance ratio				
Actual asset maintenance	17,490			
Required asset maintenance	17,289	101%	105%	>100%
Compares actual versus required annual asset maintenance				
Cost to bring assets to agreed service level				
Estimated cost to bring assets to agreed service level set by Council	17,080			
Gross replacement cost	1,509,671	0.01:1	0.01:1	
Indicates the proportion of the gross replacement cost of Council assets that have reached the intervention level set by Council based on the condition of the asset.				



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