



WELCOME

Campbelltown City sits at the centre of south west Sydney's most significant and fastest growing areas – a metropolitan cluster centre servicing the Campbelltown community and the broader region. This growth opportunity is leading significant investment in infrastructure and jobs.

Campbelltown's population is forecast to grow by approximately 68% to 273,541 by 2036 and together with the realisation of Campbelltown's bold and innovative plans will see the city transform into a vibrant, self-sustainable, urban centre, with strong business and community partnerships.

Home to anchors such as Western Sydney University, TAFE and Campbelltown Public Hospital which is currently undergoing a \$600m expansion, Campbelltown is also set to benefit from the significant investment in the Western Sydney Airport, bringing jobs, innovation, tourism opportunities and ongoing investment.

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 generation.

Campbelltown Council recently adopted Reimagining Campbelltown City Centre Master Plan, our game changing approach to planning for growth and prosperity of the region. The plan harnesses the passion, knowledge and aspirations of the Campbelltown community, industry, stakeholders and government agencies and brings them together with a deliverable, evidence based implementation plan to unlock Campbelltown's potential.

These financial statements of Campbelltown City Council and its controlled entities are presented in the Australian currency.

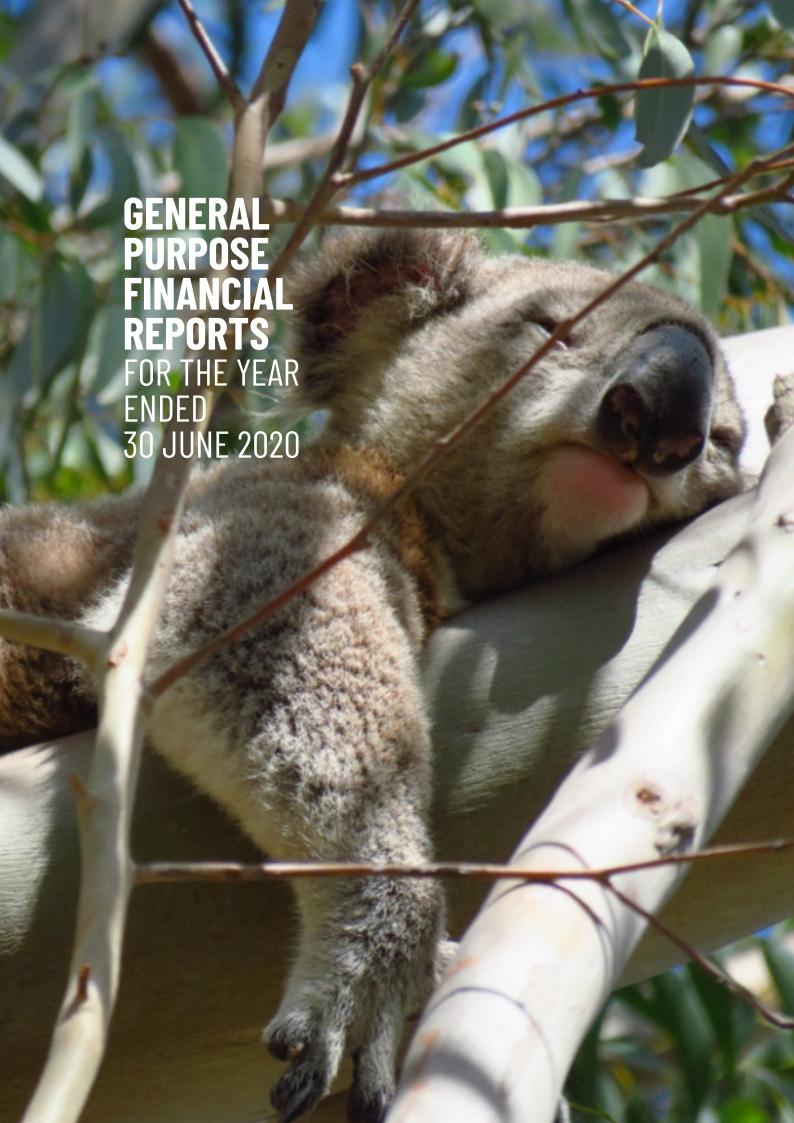
Campbelltown City Council is constituted under the *Local Government Act 1993* (as amended) and has its principal place of business at: 91 Queen Street, Campbelltown, NSW 2560. ABN 31 459 914 087

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



CONTENTS

GENERAL PURPOSE FINANCIAL STATEMENTS

	Statemer	nt by Councillors and Management [s.413(2c)]	5
	Income st	tatement	6
	Statemer	nt of comprehensive income	7
	Statemer	nt of financial position	8
	Statemer	nt of changes in equity	9
	Statemer	nt of cash flows	10
NOTES	S TO THE G	SENERAL PURPOSE FINANCIAL STATEMENTS	
	Note 1	Basis of preparation	12
	Note 2a	Functions or activities	16
	Note 2b	Components of functions or activities	17
	Note 3	Revenue from continuing operations	18
	Note 4	Interest and investment income	25
	Note 5	Expenses from continuing operations	26
	Note 6	Gain or loss from disposal of assets	31
	Note 7a	Cash and cash equivalents	32
	Note 7b	Investments	33
	Note 7c	Restricted cash, cash equivalents and investments	36
	Note 8	Receivables	37
	Note 9	Inventories and other assets	39
	Note 10	Non-current assets classified as held for sale	41
	Note 11	Infrastructure, property, plant and equipment	42
	Note 12	Investment properties	46
	Note 13	Contract assets and liabilities	47
	Note 14	Leases	49
	Note 15	Payables and borrowings	52
	Note 16	Provisions	56
	Note 17	Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors	58
	Note 18	Statement of cash flow information	66
	Note 19	Commitments	67
	Note 20	Contingencies	68
	Note 21	Financial risk management	70
	Note 22	Material budget variations	74
	Note 23	Fair value measurement	77
	Note 24	Related party disclosures	84
	Note 25	Events occurring after reporting date	85
	Note 26	Statement of developer contributions	86
	Note 27	Statement of performance measures	88
	Auditor's	report [s.417(2)]	90
	Auditor's	report [s.417(3)]	93



General purpose financial statements for the year ended 30 June 2020

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 11 August 2020

Cr G Brticevic MAYOR

16 / 09 / 2020

Cr D Lound COUNCILLOR

16 / 09 / 2020

GENERAL MANAGER

16 / 09 / 2020

Mrs C Mears

RESPONSIBLE ACCOUNTING OFFICER

16 / 09 / 2020

Origina unaudited			Actual	Actual
budget 2020			2020	2019
\$'000		Notes	\$'000	\$'000
	Income from continuing operations			
114,249	Rates & annual charges	За	115,404	113,675
14,791	User charges and fees	3b	10,803	12,974
5,006	Other revenues	3с	5,608	6,665
23,027	Grants and contributions provided for operating purposes	3d,e	26,023	24,013
14,925	Grants and contributions provided for capital purposes	3d,e	47,968	40,720
6,001	Interest and investment revenue	4	4,565	6,333
0	Fair value increment on investment properties	12	28	0
3,091	Rental income	14a,b	2,955	2,463
181,090	 Total income from continuing operations 		213,354	206,843
	Expenses from continuing operations			
75,104	Employee benefits and on-costs	5a	70,301	66,966
638	Borrowing costs	5b	628	746
29,382	Materials and contracts	5c	27,518	26,956
23,862	Depreciation and amortisation	5d	26,004	24,202
0	Net loss from the disposal of assets	6	3,657	2,771
39,833	Other expenses	5e	40,040	37,557
168,819	Total expenses from continuing operations		168,148	159,198
12,271	Operating result from continuing operations		45,206	47,645
12,271	Attributable to Council		45,206	47,645
(2,654)	 Net operating result for the year before grants and contribe provided for capital purposes 	outions	(2,762)	6,925

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

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2020

	Notes	Actual 2020 \$'000	Actual 2019 \$'000
Net operating result for the year from Income Statement		45,206	47,645
Other comprehensive income			
Amounts which will not be reclassified subsequently to operating result			
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	11, 17	83,511	48,393
Fair value movement on investments at fair value through other comprehensive income (FVOCI)		(55)	0
Total comprehensive income for the year	-	128,662	96,038
Attributable to Council	-	128,662	96,038

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

as at 30 June 2020

		Actual 2020	Restated 30 June 2019	Restated 1 July 2018
ASSETS	Notes	\$'000	\$'000	\$'000
Current Assets				
Cash and cash equivalents	7a	6,352	2,402	7,765
Investments	7b	102,609	117,013	147,863
Receivables	8	8,273	9,907	8,264
Inventories	9	423	376	342
Other	9	85	45	98
Non-current assets classified as held for sale	10	0	2,160	0
Total current assets		117,742	131,903	164,332
Non-current assets				
Investments	7b	134,628	114,555	68,000
Infrastructure, property, plant and equipment	11	2,384,908	2,263,282	2,183,425
Investment property	12	25,225	22,864	21,192
Total non-current assets		2,544,761	2,400,701	2,272,617
Total assets		2,662,503	2,532,604	2,436,949
LIABILITIES				
Current liabilities				
Payables	15	8,896	8,100	6,455
Income received in advance	15	2,913	2,570	2,464
Contract liabilities	13a	6,732	0	0
Borrowings	15	2,656	3,099	3,275
Provisions	16	20,587	19,364	19,578
Total current liabilities		41,784	33,133	31,772
Non-current liabilities				
Borrowings	15	7,127	9,783	12,882
Provisions	16	5,389	3,920	2,620
Total non-current liabilities		12,516	13,703	15,502
Total liabilities		54,300	46,836	47,274
Net assets		2,608,203	2,485,768	2,389,675
EQUITY				
Accumulated surplus	17	1,174,650	1,135,726	1,088,081
Revaluation reserves	17	1,433,553	1,350,042	1,301,594
Total equity		2,608,203	2,485,768	2,389,675

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

STATEMENT OF CHANGES IN EQUITY

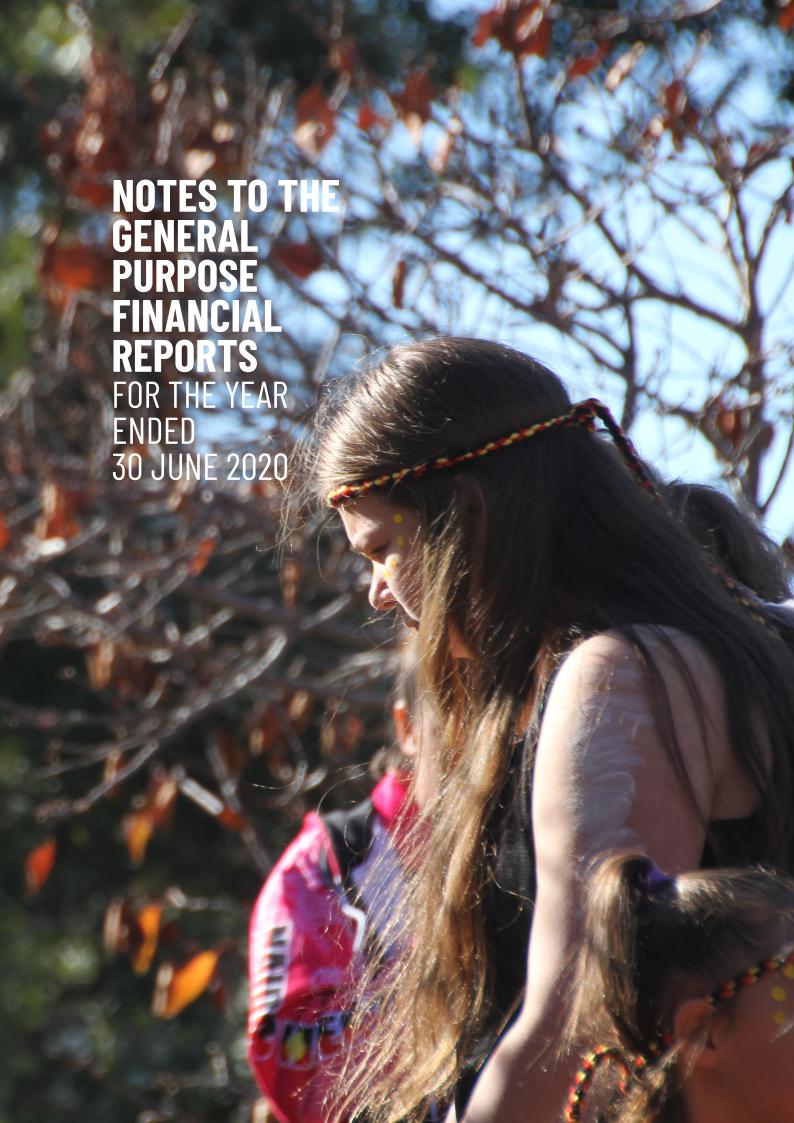
for the year ended 30 June 2020

	Notes	Accumulated Surplus	IPPE Revaluation Reserve	Other Reserves	Council Equity Interest	Total Equity
2020						
Opening balance		1,135,726	1,349,987	55	2,485,768	2,485,768
Changes due to AASB 1058 and AASB 15 adoption	17	(6,282)	0	0	(6,282)	(6,282)
Restated opening balance		1,129,444	1,349,987	55	2,479,486	2,479,486
Net operating result for year		45,206	0	0	45,206	45,206
Other comprehensive income						
 Gain/(loss) on revaluation of infrastructure, property, plant and equipment 		0	83,511	0	83,511	83,511
Total comprehensive income		45,206	83,511	0	128,717	128,717
Transfers between equity items		0	55	(55)	0	0
Closing Balance		1,174,650	1,433,553	0	2,608,203	2,608,203
2019						
Opening balance		1,088,081	1,312,677	0	2,400,758	2,400,758
Correction of errors	17	0	(11,083)	0	(11,083)	(11,083)
Changes due to AASB 9 adoption	17	0	0	55	55	55
Restated opening balance		1,088,081	1,301,594	55	2,389,730	2,389,730
Net operating result for year		47,645	0	0	47,645	47,645
Other comprehensive income						
- Gain/(loss) on revaluation of infrastructure, property, plant and equipment		0	48,393	0	48,393	48,393
Total comprehensive income		47,645	48,393	0	96,038	96,038
Closing Balance		1,135,726	1,349,987	55	2,485,768	2,485,768

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

Original unaudited			Actual	Actual
budget 2020			2020	2019
\$'000		Notes	\$'000	\$'000
	CASH FLOWS FROM OPERATING ACTIVITIES			
	Receipts:			
114,249	Rates and annual charges		115,086	111,900
14,791	User charges and fees		11,358	15,588
6,001	Investment revenue and interest		4,880	6,536
37,952	Grants and contributions		38,999	29,220
0	Bonds, deposits and retentions received		106	72
11,607	Other		13,924	12,814
	Payments:			
(75,104)	Employee benefits and on-costs		(67,795)	(66,301)
(34,449)	Materials and contracts		(32,499)	(31,483)
(638)	Borrowing costs		(577)	(712)
0	Bonds, deposits and retentions refunded		(66)	(27)
(39,832)	Other		(40,015)	(36,633)
34,577	Net cash provided from (or used) in operating activities	18(b)	43,401	40,974
	CASH FLOWS FROM INVESTING ACTIVITIES			
	Receipts:			
6,160	Sale of infrastructure, property, plant and equipment		1,078	1,412
0	Sale of investments		65,404	68,841
	Payments:			
0	Purchase of investments		(70,404)	(84,546)
(38,163)	Purchase of infrastructure, property, plant and equipment		(32,430)	(28,769)
(32,003)	Net cash provided from (or used) in investing activities		(36,352)	(43,062)
	CASH FLOWS FROM FINANCING ACTIVITIES			
	Payments:			
(3,100)	Repayment of borrowing and advances		(3,099)	(3,275)
(3,100)	Net cash provided from (or used) in financing activities		(3,099)	(3,275)
(526)	Net increase/(decrease) in cash assets & cash equivalents		3,950	(5,363)
	Cash and cash equivalents at beginning of reporting period		2,402	7,765
(526)	Cash and cash equivalents at end of reporting period	18(a)	6,352	2,402

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



These financial statements were authorised for issue by Council on 13 August 2020. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these 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* (as amended) 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.

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 12
- b. Estimated fair values of infrastructure, property, plant and equipment refer to note 11
- c. Employee benefit provisions refer to note 16

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 8.

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* (as amended), all money and property received by Council is held in 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.

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.

Volunteer Services

Council has assessed Volunteer Services and determined such services would not be recognised in the Income Statement. Volunteer Services are infrequent in nature. Such services cannot be reliably measured and are not considered material in nature.

Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of previous period for all amounts reported in the financial statements.

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the period ended 30 June 2020.

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

Pronouncement	AASB 1059 Service Concession Arrangements: Grantors; AASB 2018-5 Amendments to Australian Accounting Standards - Deferral of AASB 1059; AASB 2019-2 Amendments to Australian Accounting Standards - Implementation of AASB 1059.
Nature of change in accounting policy	This standard provides guidance for public sector entities (grantors) who have entered into service concession arrangements with private sector operators.
	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.
	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.
	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.
	AASB 2019-2 makes amendments to the recognition and measurement of the asset and liability where the modified retrospective approach to transition is being used and provides a practical expedient due to the different effective dates of AASB 16 and AASB 1059.
Effective date	Annual reporting periods beginning on or after 1 January 2020; i.e. Councils' financial statements for year ended 30 June 2021.
Expected impact on Council Financial Statements	We do not expect an impact for Council as Council does not generally enter into service concession arrangements.

NEW ACCOUNTING STANDARDS ADOPTED DURING THE YEAR

During the year, Council adopted all standards which were mandatorily effective for the first time at 30 June 2020. The standards which had an impact on reported position, performance or disclosures have been discussed in Note 17.



Income, Expenses and Assets have been directly attributed to the following Functions/Activities. Details of those Functions/Activities are provided in Note 2(b)

ANCIAL STA	CONTIN	INCOME FROM Continuing operations	SNOI.	EXP	EXPENSES FROM Continuing operations	SNOI	OPEH FROM CONT	OPERATING RESULT From Continuing Operations		GRANTS INCLUDED IN INCOME FROM CONTINUING OPERATIONS	CLUDED FROM PERATIONS	CARRYING AMOUNT OF ASSETS	MOUNT OF
TEMENTS 2019 -2020	Original unaudited budget 2020 \$*000	Actual 2020 \$'000	Actual 2019 \$'000	Original unaudited budget 2020 \$'000	Actual 2020 \$'000	Actual 2019 \$'000	Original unaudited budget 2020 \$'000	Actual 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Restated 2019 \$'000
STRATEGIC PLAN OBJECTIVES													
A vibrant, liveable city	37,259	31,910	33,741	64,588	66,260	63,516	(27,329)	(34,350) (29,775)	(29,775)	3,839	3,236	498,964	491,433
A respected and protected natural environment	848	1,301	1,246	3,987	3,405	2,822	(3,039)	(2,104)	(1,576)	559	277	423	466
A thriving, attractive city $^{\left(0\right) }$	119,903	118,601	118,802	59,678	56,544	54,415	60,227	62,058	64,387	15,315	14,319	1,079,148	1,387,461
A successful city	22,979	61,542	53,054	40,567	41,940	38,445	(17,588)	19,602	14,609	8,385	5,637	1,083,968	653,244
Total functions or activities (2)	181,090	213,354	206,843	168,819	168,148	159,198	12,271	45,206	47,645	28,098	23,469	2,662,503	2,532,604

(1) Includes general purpose revenues

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

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

A VIBRANT, LIVEABLE CITY

Access to information

Public spaces

Inclusive city

Events and festivals

Sporting events

Creative community

Heritage, history, and Aboriginal & Torres Strait Islander history

Housing choices

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

New economies

Service provision to support the community

Innovative city

Attractive businesses

Support for professional education opportunities and entrepreneurship

Tourism development

Strategically managed public funds and assets

Strong governance

A SUCCESSFUL CITY

Connectivity and movement within, to and from city

Infrastructure solutions

Managed growth and development

Open and recreational space

Partnership with state government

City centre strategic planning



	Actual 2020 \$'000	Actual 2019 \$'000
(a) RATES AND ANNUAL CHARGES		
Ordinary rates		
Residential	66,270	63,619
Farmland	599	538
Business	19,600	19,064
Mining	28	27
Pensioner rate subsidies	800	775
Less: Pensioner rebates	(1,454)	(1,415)
Total ordinary rates	85,843	82,608
Special rates		
Infrastructure	6,596	6,326
Total special rates	6,596	6,326
Annual charges (pursuant to s.496 and s.501)		
Domestic waste management services	21,621	23,428
Waste management services (not domestic)	529	552
Stormwater management services	1,418	1,390
Pensioner domestic waste management subsidies	265	291
Less: Pensioner rebates	(868)	(920)
Total annual charges	22,965	24,741
Total rates and annual charges	115,404	113,675

Council has used 2019 valuations provided by the NSW Valuer General in calculating its rates.

Valuations are updated every three years.

ACCOUNTING POLICY FOR RATES AND CHARGES

Rates and annual charges are recognised as revenue when the council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate.

Prepaid rates are recognised as a financial liability until the beginning of the rating period.

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

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are in substance a rates payment.

2019 Accounting policy

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

	Actual 2020 \$'000	Actual 2019 \$'000
(b) USER CHARGES AND FEES		
User charges		
Waste water disposal	286	247
Other	103	105
Total user charges	389	352
Fees		
Hire of Council facilities	2,951	3,938
Memberships	517	730
Child care fees	1,687	2,052
Private works	194	194
s.611 gas mains	90	90
Planning and building - regulatory	2,207	2,829
Other - regulatory	131	210
S10.7 certificates (EPA Act)	347	338
S603 certificates	215	193
Inspection fees	526	645
Building services	546	753
Road/footpath reinstatement	801	472
Other	202	178
Total fees	10,414	12,622
Total user charges and fees	10,803	12,974(1)

(1) Refer to Note 14 for rental income reclassified

ACCOUNTING POLICY FOR USER CHARGES AND FEES

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases such as caravan parks, the customer is required to pay on arrival. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as membership fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

2019 Accounting policy

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

	Actual 2020 \$'000	Actual 2019 \$'000
(c) OTHER REVENUES		
Events and promotions	99	140
Fines	2,119	2,142
Recycling income (not domestic)	2	2
Legal fees recovery (rates)	361	661
Insurance claims recoveries	75	713
Commissions and agency fees	614	575(1)
Sundry contributions to works	682	1,032
Minor equipment sold	20	27
Sale of animals	108	168
Sale of consumables	185	227
Rebates	932	475
Other	411	503
Total other revenue from continuing operations	5,608	6,665

(1) Street furniture reclassified due to nature of revenue

ACCOUNTING POLICY FOR OTHER REVENUE

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier.

2019 Accounting policy

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 the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

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

	Operating 2020 \$'000	Capital 2020 \$'000	Operating 2019 \$'000	Capital 2019 \$'000
(d) GRANTS				
General purpose (untied)				
Financial assistance-general purpose component	8,280	0	8,135	0
Financial assistance-local roads component	1,916	0	1,802	0
Specific purpose				
Transport	2,389	3,572	1,276	2,454
Community Care	5,736	0	5,170	0
Recreation and culture	450	566	904	200
Library	472	0	383	0
NSW Rural Fire Services	270	0	342	0
Town planning	1,250	878	1,260	0
Other	2,273	46	1,309	234
Total grants	23,036	5,062	20,581	2,888
Comprising: Commonwealth funding	16,387	0	14,957	29
State funding	6,224	1,497	5,334	2,134
Other funding	425	3,565	290	725

	Operating 2020 \$'000	Capital 2020 \$'000	Operating 2019 \$'000	Capital 2019 \$'000
(e) CONTRIBUTIONS				
Developer contributions (s7.4 and s.7.11 EP&A Act)				
Cash contributions				
S7.11 - contributions towards amenities/services	190	2,142	0	1,216
S7.12 - fixed development consent levies	0	0	0	918
Non-cash contributions				
Other developer contributions	0	3,393	168	741
Total developer contributions	190	5,535	168	2,875
Other contributions				
Cash contributions				
RMS contributions	695	0	830	0
Other councils	184	0	237	0
Car lease contributions	651	0	573	0
Interest rate subsidies	341	0	401	0
Biodiversity fund	0	0	192	0
Other	926	43	1,031	50
Non-cash contributions				
Dedications	0	37,328	0	34,907
Total other contributions	2,797	37,371	3,264	34,957
Total contributions	2,987	42,906	3,432	37,832
Total grants and contributions	26,023	47,968	24,013	40,720

ACCOUNTING POLICY FOR GRANTS AND CONTRIBUTIONS

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue are recognised when control of each performance obligations is satisfied. The performance obligations are varied based on the agreement but include installation of works. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others. Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Grant income

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Councils considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard. Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Capital grants

Capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin. For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

Contributions

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

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

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

Accounting policy prior to 1 July 2019

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

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

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.

Actual	Actual
2019	2020
\$'000	\$'000

(4.139)

(2,324)

(f) 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 as income in the current period that have not been spent	10,130	7,942
Operating grants received for the provision of goods and services in a future period	5,742	6,048
Operating grants recognised in previous reporting periods that have been spent in the current reporting period	(8,248)	(6,619)
Capital grants		
Capital grants recognised as income in the current period that have not been spent	1,181	1,435
Capital grants received for the provision of goods and services in a future period	284	330
Capital grants recognised in previous reporting periods that have been spent in the current reporting period and services in a future period	(1,482)	(848)
Contributions		
Contributions recognised as income in the current period that have not been spent	6,075	4,006
Contributions received for the provision of goods and services in a future period	19,947	20,080

Contributions recognised in previous reporting periods that have been spent in the

current reporting period and services in a future period

	AASB 15 2020 \$'000	AASB 1058 2020 \$'000
(g) DISAGGREGATION OF REVENUE		
The following shows the revenue recognition pattern for the streams of Council.		
Revenue recognition at a point in time		
Rates and annual charges	0	115,404
Grant revenue and non-developer contributions	51	52,957
Financial assistance grant	0	10,196
Developer contributions	0	5,725
User charges and fees	5,259	0
Fines	0	2,119
Rebates	0	932
Agency fees	614	0
Sale of goods	313	0
Other	2	1,628
_	6,239	188,961
Revenue recognised over time		
User charges and fees	5,544	0
Grants to acquire or construct Council controlled assets	0	5,062
-	5,544	5,062

	Actual 2020 \$'000	Actual 2019 \$'000
Interest on financial assets measured at amortised cost		
- Overdue rates and annual charges	244	238
- Cash and investments	4,303	6,085
Dividend income relating to investments held at fair value through other comprehensive income (FVOCI)	18	10
Total interest and investment revenue(losses)	4,565	6,333

ACCOUNTING POLICY FOR INTEREST AND INVESTMENT REVENUE

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

Dividends are recognised as income in profit or loss when the shareholder's right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of investment.

	Actual 2020 \$'000	Actual 2019 \$'000
(a) EMPLOYEE BENEFITS AND ON COSTS		
Salaries and wages	53,464	50,781
Employee leave entitlements	7,948	7,450
Superannuation	6,077	5,845
Workers compensation insurance - claims and admin costs	2,862	2,893
Fringe benefits tax	172	157
Training costs (excluding salaries)	12	3
Other	41	18
Less: capitalised costs	(275)	(181)
Total employee costs expensed	70,301(1)	66,966(1)

(1) Refer to Note 5(e) for travel and training costs reclassified due to nature of expenditure

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.

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to deferred benefit plans on the same basis as its obligations to defined contribution plans, i.e. As an expense when it becomes payable – refer to Note 20 for more information.

	Actual 2020 \$'000	Actual 2019 \$'000
(b) BORROWING COSTS		
Interest on loans	562	696
Amortisation of discounts and premiums		
- Interest free loan received	66	50
Total borrowing costs expensed	628	746

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.

(c) MATERIALS AND CONTRACTS

Raw materials and consumables	4,190	4,381(1)
Contractor and consultancy costs	13,280	21,135
Remuneration of Auditors ⁽¹⁾	163	156
Legal fees:		
- planning and environment	52	100
- other	743	980
Expenses from leases of low value assets	419	0
Variable lease expense relating to usage	8,671	0
Operating leases:		
- computers	0	204
Total materials and contracts	27,518	26,956 ⁽¹⁾

⁽¹⁾ Refer to Note 5(e) for stationery costs reclassified due to nature of expenditure

ACCOUNTING POLICY FOR MATERIALS AND CONTRACTS

Expenses are recorded on an accrual basis as Council receives the goods or services.

Accounting policy for operating leases (2019 only)

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 NSW Auditor-General

- audit and review of financial statements	146	143
Total fees paid to the NSW Auditor-General	146	143
During the year the following fees were paid for services provided by other audit firms		
- other non assurance services	17	13
Total fees paid to other audit firms	17	13
		27

	Note	Actual 2020 \$'000	Actual 2019 \$'000
(d) DEPRECIATION, AMORTISATION AND IMPAIRMENT OF NON-FINANCIAL ASSETS			
Depreciation and Amortisation			
Plant and equipment	11	2,026	1,723
Office equipment	11	278	369
Furniture and fittings	11	62	38
Infrastructure	11	23,339	21,776
Other assets	11	299	296
Total depreciation and amortisation costs	-	26,004	24,202



ACCOUNTING POLICY FOR DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSES OF NON-FINANCIAL ASSETS

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 11). Useful lives are included in note 11 for IPPE assets and Note 14 for right of use assets.

Capitalised depreciation will be disclosed where in-house assets have contributed to new assets.

Impairment of non-financial assets

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

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



	Actual 2020 \$'000	Actual 2019 \$'000
(e) OTHER EXPENSES		
Advertising	793	791
Bank charges and fees	213	129
Child care expenses	1,319	1,388
Computer equipment and fees	2,601	2,339
Consultants and professional fees	5,262	4,924
Contributions and donations to other organisations	1,041	535
Contributions and levies to other levels of government		
- planning levy	124	121
- waste levy	2,946	2,821
- emergency services levy (incl. FRNSW, SES, RFS)	1,667	1,421
Electricity and gas	1,559	1,734
Equipment maintenance and repairs	69	64
Equipment/furniture and fittings	385	395
Hired personnel	1,853	1,155
Insurance	1,728	1,697
Mayoral fee	69	67
Councillors fees	350	343
Councillors (incl. Mayor) expenses	103	185(1)
Office expenses	93	103(1)
Postage, printing and stationery	681	672
Regional development	0	2
Self insurance expenses	1,006	712
Seminar/conference/civic functions	138	308
Street lighting	3,241	3,761
Telephone	933	565
Tipping fees/contributions	6,765	6,500
Training costs ⁽²⁾	341	388
Travelling ⁽²⁾	110	100
Valuer generals department	359	445
Water rates	1,021	1,134
Other	3,270	2,758
Total other expenses from continuing operations	40,040	37,557

⁽¹⁾ Redistribution of minor expenses due to nature of expenditure

ACCOUNTING POLICY FOR OTHER EXPENSES

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

⁽²⁾ Reclassification from employee benefits and on costs due to nature of expenditure

NOTE 6: GAIN OR LOSS FROM THE DISPOSAL, REPLACEMENT AND DE-RECOGNITION OF ASSETS

	Note	Actual 2020 \$'000	Actual 2019 \$'000
Gain (or loss) from the disposal of infrastructure, property, plant and equipment	11		
Proceeds from disposal		1,077	1,411
Less: carrying amount of assets sold		(5,464)	(4,182)
Gain (or loss) on disposal		(4,387)	(2,771)
Gain (or loss) from the disposal of investments	7b		
Proceeds from disposal		785	0
Less: carrying amount of assets sold		(55)	0
Gain (or loss) on disposal		730	0
Net gain (or loss) from disposal of assets		(3,657)	(2,771)

ACCOUNTING POLICY FOR DISPOSAL OF ASSETS

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

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

NOTE 7A: CASH AND CASH EQUIVALENTS

	Actual 2020		Actual 2019	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Cash assets				
Cash at bank and on hand	4,288	0	1,199	0
Deposits at call	2,064	0	1,203	0
Total cash assets	6,352	0	2,402	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 of Cash Flow presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.



	Actual 2020		Actual 2019	
	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	44,965	27,750	42,092	23,500
Debt securities at amortised cost	57,644	106,878	74,921	91,000
Equity securities at FVOCI	0	0	0	55
Total	102,609	134,628	117,013	114,555
Financial assets at fair value through profit and				
loss - held for trading ⁽¹⁾				
Managed funds	35,465	0	37,092	0
Floating rate notes	9,500	27,750	5,000	23,500
	44,965	27,750	42,092	23,500
Debt securities at amortised cost				
Terms Deposits	57,644	106,878	74,921	91,000
	57,644	106,878	74,921	91,000
Equity securities at FVOCI				
Equity instruments	0	0	0	55
	0	0	0	55

(i) Equity securities designated as FVOCI

Council held on security as at FVOCI that was disposed of during 2020 and Council no longer hold any equity securities designated as FVOCI.

	Fair Value at 30 June 2020	Dividend income recognised 1 July 2019 to 30 June 2020
Southern Phone Company	0	18

⁽¹⁾ Refer Note 23 Fair Value Measurement for information regarding the fair vale of investments held

ACCOUNTING POLICY FOR INVESTMENTS

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

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

Financial assets

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

Classification

On initial recognition, Council classifies its financial assets into the following categories, those measured at:

- · Amortised cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income equity instrument (FVOCI equity)

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

- The business model is to hold assets to collect contractual cash flows; and
- The contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding

Councils financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position.

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

Interest income, impairment and gains or losses on derecognition are recognised in profit or loss.

Fair value through other comprehensive income – equity instruments

Council has a number of strategic investments in entities over which they do not have significant influence or control. Council has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to accumulated surplus and is not reclassified to profit or loss.

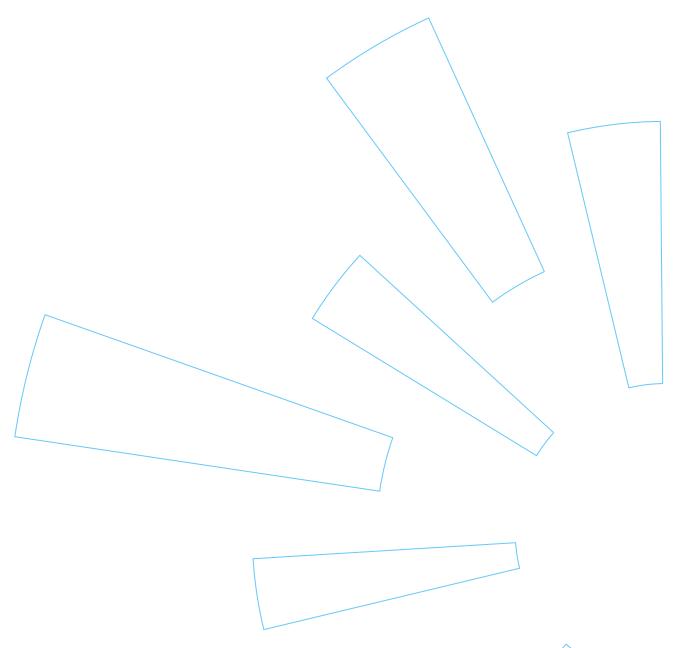
Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income.

Financial assets through profit or loss

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

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

Council's financial assets measured at fair value through profit and loss comprise investments in floating rate notes and negotiable certificates of deposit in the Statement of Financial Position.



NOTE 7C: RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

	Actual 2020		Actual 2019	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Total cash, cash equivalents and investments	108,961	134,628	119,415	114,555
External restrictions	68,668	0	60,785	0
Internal restrictions	19,988	134,628	44,580	114,555
Unrestricted	20,305	0	14,050	0
Total	108,961	134,628	119,415	114,555
	1	2020 estricted cash \$'000	ı	2019 restricted cash \$'000
External restrictions				
Included in liabilities				
Self insurance claims		6,900		4,810
Other				
Developer contributions - S7.11		22,108		19,685
Developer contributions - Other		878		867
Specific purpose unexpended grants		17,336		15,755
Domestic waste management		14,210		13,089
General contributions		3,036		3,534
Stormwater management levy		4,200		3,045
Total external restrictions		68,668		60,785
Internal restrictions				
Included in liabilities				
Employee leave entitlements		8,450		8,500
Other				
Committed works funded by loans		3,045		2,499
Property development		80,059		80,886
Replacement of fleet, plant and vehicles		7,747		6,790
Future infrastructure fund		27,893		28,404
Asset replacement		5,357		6,261
Self insurance		400		801
Committed works		10,594		14,350
Local Govt elections		830		630
Insurances		7,324		7,004
Environmental		1,705		1,682
Community events		902		1,049
Other		310		279
Total internal restrictions		154,616		159,135
Total restrictions		223,284		219,920

	Act 20		Act 20	
Purpose	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Rates and annual charges	4,223	294	3,863	278
Interest and extra charges	1,061	51	677	44
User charges and fees	294	0	682	0
Accrued revenues	586	0	927	0
Government grants and subsidies	328	0	2,414	0
Private works	3	0	3	0
Sundry debtors	1,970	0	1,515	0
Total	8,465	345	10,081	322
Less: provision for impairment				
- rates and annual charges	(130)	(345)	(131)	(322)
- user charges and fees	(19)	0	(19)	0
- other	(43)	0	(24)	0
Net receivables	8,273	0	9,907	0
Restricted receivables	Current	Non-Current	Current	Non-Current
	\$'000	\$'000	\$'000	\$'000
Externally restricted receivables				
Domestic waste management	829	0	749	0
	829	0	749	0
Total restricted receivables	829	0	749	0
Unrestricted receivables	7,444	0	9,158	0
Total receivables	8,273	0	9,907	0

ACCOUNTING POLICY FOR RECEIVABLES

Recognition and measurement

Receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest 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

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

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

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

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

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

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

Council uses the simplified approach for trade receivables where the expected lifetime credit lossess are recognised on day 1.

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

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

Where Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Rates and annual charges outstanding are secured against the property.

NOTE 9: INVENTORIES AND OTHER ASSETS

		Actual 2020		Actual 2019		
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000		
(a) Inventories						
At cost:						
Stores and materials	423	0	376	0		
Total inventories			770			
Total Inventories	423	0	376	0		
Inventories not expected to be realised						
in next 12 months	0	0	0	0		
(b) Other assets						
Prepayments	85	0	45	0		
Total other assets	85	0	45	0		
Externally restricted/unrestricted						
inventories and other assets						
Unrestricted	508	0	421	0		
Total inventories and other assets	508	0	421	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 of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

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



NOTE 10: NON-CURRENT ASSETS CLASSIFIED AS HELD FOR RESALE

	Actual 2020 \$'000	Actual 2019 \$'000
Land	0	2,160
	0	2,160

The parcel of land available for sale as at 30 June 2019 has been been withdrawn from the market during the reporting period.

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 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 of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amoritsed while they are classified as held for sale.



NOTE 11: INFRASTRUCTURE, PROPERTY PLANT & EQUIPMENT

By asset class	Gross carrying amount \$'000	Accum. depn. \$'000	Net carrying amount \$'000	Renewals \$'000	New assets \$'000	Carrying value of disposals \$'000	Depn. and impairment \$'000	Transfers \$'000	Revaluation inc/(dec) \$'000	Gross carrying amount \$'000	Accum. depn. \$'000	Net carrying amount \$'000
•	As	As at 30 June 2019	6			Movements during year	during year			Asa	As at 30 June 2020	0.
By type												
Capital WIP	700	0	700	283	136	0	0	(969)	0	732	0	732
Plant and equipment	18,368	9,939	8,429	3,286	405	536	2,034	0	0	19,368	9,818	9,550
Office equipment	3,418	2,630	788	14	117	0	281	0	0	3,549	2,911	638
Furniture and fittings	222	387	190	11	24	0	62	0	0	469	306	163
Land												
- operational land ⁽²⁾	724,821	0	724,821	0	2,722	0	0	629	1,138	729,320	0	729,320
- community land ⁽²⁾	253,967	0	253,967	0	0	1,836	0	0	(19,501)	232,630	0	232,630
- crown land	0	0	0	0	10,833	0	0	0	0	10,833	0	10,833
- land under roads	110,527	0	110,527	0	1,421	0	0	0	16,760	128,708	0	128,708
Land improvements												
- Non depreciable	34,139	0	34,139	76	168	54	0	18	3,737	38,084	0	38,084
Buildings (1)	289,133	62,499	223,634	5,145	98	771	3,879	(232)	18,084	308,319	66,240	242,079
Other structures	58,895	21,251	37,644	1,869	1,674	417	2,268	77	3,254	62,686	20,853	41,833
Infrastructure												
-roads	581,773	179,250	402,523	10,733	14,689	222	11,006	0	36,600	599,178	146,174	453,004
-bridges	90,617	38,849	51,768	238	153	16	1,078	(4)	15,516	111,824	45,247	66,577
-footpaths	91,098	37,325	53,773	647	4,774	290	1,344	32	6,162	112,735	48,981	63,754
-storm water drainage	425,809	85,975	339,834	М	8,737	26	3,017	0	1,421	436,272	89,320	346,952
-swimming pools	7,525	2,867	4,658	0	0	0	137	0	632	7,824	2,671	5,153
-Open space/recreation	10,103	3,245	6,858	799	75	217	599	_	(292)	10,957	4,332	6,625
Other assets												
-library books	10,635	9,950	685	0	308	0	299	0	0	10,943	10,249	694
-other	8,344	0	8,344	0	0	765	0	0	0	7,579	0	7,579
TOTALS	2,720,449	457,167	2,263,282	23,413	46,334	5,463	26,004	(165)	83,511	2,832,010	447,102	2,384,908

(1) Excludes investment properties

(2) \$11m restated opening balance as at 1 July 2019 to reflect prior period revaluation error (refer note 17)

By asset class	Gross carrying amount \$'000	Accum. depn. \$'000	Net carrying amount \$'000	Renewals \$'000	New assets \$'000	Carrying value of disposals \$*000	Depn. and impairment \$'000	Transfers \$'000	Revaluation inc/(dec) \$'000	Gross carrying amount \$'000	Accum. depn. \$'000	Net carrying amount \$'000
	As	As at 30 June 2018	8			Movements during year	during year			As	As at 30 June 2019	6
By type												
Capital WIP	1,010	0	1,010	0	3,420	0	0	(3,731)	0	700	0	700
Plant and equipment	17,048	10,095	6,953	3,507	737	1,046	1,723	0	0	18,368	9,939	8,429
Office equipment	3,089	2,261	828	1	328	0	369	0	0	3,418	2,630	788
Furniture and fittings	535	349	186	19	24	1	38	0	0	277	387	190
Land												
- operational land ⁽²⁾	723,524	0	723,524	0	3,457	0	0	(2,160)	0	724,821	0	724,821
- community land ⁽²⁾	251,314	0	251,314	0	2,653	0	0	0	0	253,967	0	253,967
- land under roads	87,095	0	87,095	0	1,253	0	0	0	22,179	110,527	0	110,527
Land improvements												
- Non depreciable	33,951	0	33,951	148	118	23	0	0	(22)	34,139	0	34,139
Buildings (1)	284,632	62,458	222,174	3,392	125	122	3,775	1,841	0	289,133	62,499	223,634
Other structures	54,776	20,551	34,225	1,728	1,408	726	2,106	125	2,990	58,895	21,251	37,644
Infrastructure												
-roads	589,011	195,022	393,989	7,725	8,822	1,017	10,181	0	3,186	581,773	179,250	402,523
-bridges	82,452	38,386	44,066	3,095	3,392	227	1,039	1,660	821	90,617	38,849	51,768
-footpaths	83,577	36,974	46,603	106	6,860	253	1,123	74	1,506	91,098	37,325	53,773
-storm water drainage	397,881	80,632	317,249	0	990'6	582	2,842	0	16,943	425,809	85,975	339,834
-swimming pools	7,428	2,863	4,565	0	139	20	135	0	109	7,525	2,867	4,658
-Open space/recreation	9,914	3,281	6,633	128	91	165	575	31	714	10,103	3,245	6,858
Other assets												
-library books	10,370	9,654	716	0	265	0	296	0	0	10,635	9,950	685
-other	8,344	0	8,344	0	0	0	0	0	0	8,344	0	8,344
TOTALS	2,645,951	462,526	2,183,425	19,849	42,158	4,182	24,202	(2,160)	48,393	2,720,449	457,167	2,263,282

(1) Excludes investment properties

(2) \$11m restated opening balance as at 1 July 2018 to reflect prior period revaluation error (refer note 17)

NOTE 11 (CONT): INFRASTRUCTURE, PROPERTY PLANT & EQUIPMENT

ACCOUNTING POLICY FOR INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

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

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

When infrastructure, property, plant and equipment are acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

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 Office equipment Furniture & fittings Buildings Other structures	4-20 years	Roads & footpaths	15-120 years
	3-40 years	Bridges	30-100 years
	5-20 years	Storm water drainage	5-175 years
	8-229 years	Bulk earthworks	1000 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.

NOTE 11 (CONT): INFRASTRUCTURE, PROPERTY PLANT & EQUIPMENT

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, having consideration of any Native Title claims, assessed under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 Leases, refer to Note 14.

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

Rural Fire Service assets

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

Council has no care or control over the purchase or sale of plant and equipment or other firefighting 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.

NOTE 12: INVESTMENT PROPERTIES

Owned investment property	Actual 2020 \$'000	Actual 2019 \$'000
At fair value		
Opening balance at 1 July	22,864	21,192
Capitalised subsequent expenditure		
- Buildings	8	815
- Land (dedication)	0	857
Transfers from Operational Property	2,325	0
Net gain (loss) from fair value adjustment	28	0
Closing balance at 30 June	25,225	22,864

ACCOUNTING POLICY FOR INVESTMENT PROPERTIES

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.

	Actual 2020 \$'000
(a) CONTRACT ASSETS	
Contract assets	0
	0
(b) CONTRACT LIABILITIES	
Funds to construct Council controlled assets (i)	6,533
Deposits received in advance of services provided	199
	6,732
(i) Council has received funding to contruct assets including Buildings, Road Upgrades, Park Upgrades, Si The funds are received under an enforceable contract which require Council to construct an identified as will be under Council's control on completion. The revenue is recognised as Council constructs the asset a contract liability reflects the funding received which cannot yet be recognised as revenue.	set which

Revenue recognised that was included in the contract liability balance at the beginning of the period:

Funds to construct Council controlled assets 6,286

6,286

Actual 2020 \$'000

Significant changes in contract assets and liabilities

The contract liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously income received in advance was recognised for reciprocal contract. The increase in contract liability is primarily due to grant in the scope of AASB 15 and capital grants received by Council to acquire or construct assets which will be under Council's control - previously revenue was recognised on receipt of the funds.

ACCOUNTING POLICY FOR CONTRACT ASSETS AND LIABILITIES

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.

When an amount of consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

NOTE 13 (CONT): CONTRACT ASSETS AND LIABILITIES

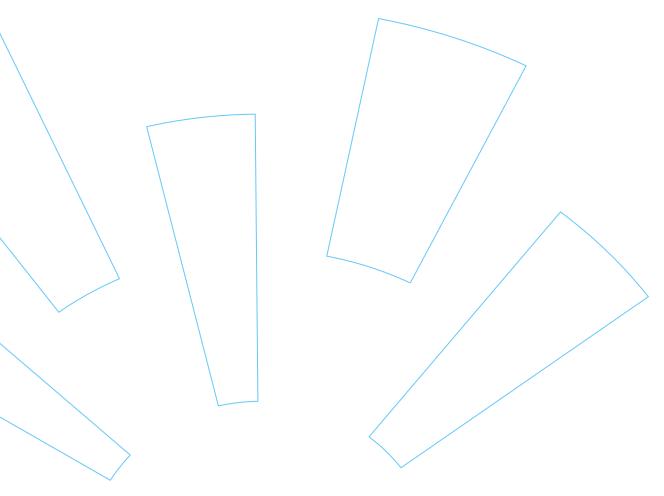
	Actual 2020 \$'000
(c) CONTRACT COST ASSETS	
Incremental costs to obtain a contract	0
Costs to fulfil a contract	0
	0

ACCOUNTING POLICY FOR CONTRACT COST ASSETS

Council recognises assets relating to the costs incurred to fulfil a contract that are directly related to the contract provided they will be recovered through performance of the contract.

Costs to fulfil a contract

Where costs are incurred to fulfil a contract, they are accounted for under the relevant accounting standard (if appropriate), otherwise if the costs relate directly to a contract, the costs generate or enhance resources of Council that will be used to satisfy performance obligations in the future and the costs are expected to be recovered then they are capitalised as contract costs assets and released to the income statement on a systematic basis consistent with the transfer to the customer of the goods or services to which the asset relates



Council has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

COUNCIL AS A LESSEE

Council has leases over a range of assets including vehicles and IT equipment. Information relating to these leases in place and associated balances and transactions is provided below.

Vehicles

Council makes variable payments for domestic waste collection trucks utilised in the Campbelltown LGA. No Right-of-use asset exists under this arrangement.

Office and IT Equipment

Leases for office and IT equipment are for low value assets. The leases are for between 2 to 4 years with no renewal option. The payments are fixed, however some of the leases include variable payments based on usage.

Council does not hold leases that give rise to Right-of-use assets or Lease liabilities.

Actual 2020 \$'000

(a) INCOME STATEMENT

The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:

Variable lease payments based on usage not included in the measurement of lease liabilities

8,671

Expenses relating to low-value assets

419

Leases at significantly below market value - Concessionary / peppercorn leases

Council has a number of leases at significantly below market for land and buildings which are used for:

- Child care premises
- Visitor Information Centre Building
- Drains, Bus Terminals and Commuter Car parks

The leases are generally between 2 and 99 years and require payments of a maximum amount of \$100 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

Council does not believe that any of the leases in place are individually material from a Statement of Financial Position or performance perspective.

ACCOUNTING POLICY FOR LEASES WHERE COUNCIL IS LESSEE

Accounting policies under AASB 16 - applicable from 1 July 2019

At inception of a contract, Council assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration?

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

At the lease commencement, Council recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where Council believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured whether there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases at significantly below market value / Concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

Accounting policy under AASB 117 and associated Accounting Interpretations (2019 only)

Refer to Note 5c and Note 15.

COUNCIL AS A LESSOR

(b) OPERATING LEASES

Council leases out a number of properties to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property in the statement of financial position (refer note 12).

The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below:

	2020 \$'000
Operating leases	
Lease income (excluding variable lease payments not dependent on an index or rate)	2,955
Direct operating expenses from property that generated rental income	666
Direct operating expenses from property that did not generate rental income	291
Total income relating to operating leases	2,955

Maturity analysis of lease receivable showing the undiscounted lease payments to be received after reporting date for operating leases:

< 1 year \$'000	1 - 2 years \$'000	2 - 3 years \$'000	3 - 4 years \$'000	4 - 5 years \$'000	> 5 years \$'000	Total undiscounted lease receivable \$'000
2,739	2,370	1,975	1,604	1,397	3,388	13,473

(c) FINANCE LEASES

Council holds no finance leases.

ACCOUNTING POLICY FOR LEASES WHERE COUNCIL IS LESSOR

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 15 Revenue from Contracts with Customers.

The lease income is recognised on a straight-line basis over the lease term.

NOTE 15: PAYABLES AND BORROWINGS

	Actual 2020			Actual 2019		
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000		
Payables						
Goods and services	5,285	0	4,315	0		
Accrued wages and salaries	1,177	0	1,252	0		
Accrued expenses - other	56	0	70	0		
Deposits and retentions	2,032	0	1,996	0		
Other payables	346	0	467	0		
Total payables	8,896	0	8,100	0		
Income received in advance						
Payments received in advance	2,913	0	2,570	0		
Total income received in advance	2,913	0	2,570	0		
Borrowings						
Loans - secured	2,656	7,127	3,099	9,783		
Total borrowings	2,656	7,127	3,099	9,783		
(a) Current payables not expected to						
be settled within next 12 months	0	0	0	0		

(b) Changes in liabilities arising from financing activities

	2019 \$'000	Cashflows \$'000	Other non cash changes \$'000	2020 \$'000
Loans - secured	12,882	(3,099)	0	9,783
Total liabilities from financing activities	12,882	(3,099)	0	9,783

	2018 \$'000	Cashflows \$'000	Other non cash changes \$'000	2019 \$'000
Loans - secured	15,981	(3,275)	176	12,882
Total liabilities from financing activities	15,981	(3,275)	176	12,882

(c) Financing arrangements	2020 \$'000	2019 \$'000
Total facilities		
The amount of total financing available to Council at the reporting date is:		
- bank overdraft facility	500	500
- corporate credit cards	820	820
	1,320	1,320
Drawn facilities		
The amount of financing drawn down at the reporting date is:		
- corporate credit cards	61	73
	61	73
Undrawn facilities		
The amount of undrawn financing available to Council at the reporting date is:		
- bank overdraft facility	500	500
- corporate credit cards	759	747
	1,259	1,247

NOTE 15 (CONT): PAYABLES AND BORROWINGS

Breaches and defaults

During the current and prior year, there were no defaults or breaches on any of the loans.

Security over loans

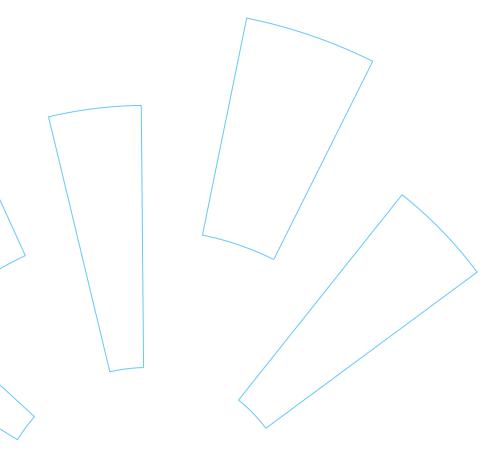
Loans are secured over the rating income of Council.

Leased liabilities are secured by the underlying leased assets.

Bank overdrafts

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.

The bank overdraft of Council is secured over the rating income of the Council.



ACCOUNTING POLICY FOR PAYABLES AND BORROWINGS

Council measures all financial liabilities initially at fair value less transaction costs. Subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

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

Payables

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 (2019 only)

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 assets useful life or over the shorter of the assets useful life and the lease term if there is no reasonable certainty that Council will obtain ownership at the end of the lease term.

	Actual 2020		Act 20	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Provisions				
Employee benefit provisions ⁽¹⁾				
Annual leave	5,104	0	4,751	0
Sick leave	2,302	0	2,295	0
Long service leave	11,551	559	11,228	440
Other provisions				
Self insurance - workers compensation ⁽²⁾	1,630	4,830	1,090	3,480
Total provisions	20,587	5,389	19,364	3,920
Current provisions not expected to be				
settled within the next twelve months	7,540	0	7,289	0

 $^{^{\}mbox{\scriptsize (1)}}\mbox{\ensuremath{\mbox{Vested}}}\mbox{\ensuremath{\mbox{ELE}}}$ is all carried as a current provision.

(a) Description of and movements in non-employee benefit provisions

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

Self Insurance	\$'000
At beginning of year	4,570
Amounts used	1,890
Total at end of year	6,460

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

ACCOUNTING POLICY FOR PROVISIONS

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

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

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

Employee benefits

Short-term obligations

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

Other long-term employee benefit obligations

The liability for long service leave, 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.

On-costs

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

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

The obligations are presented as current liabilities in the Statement of Financial Position if 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, the amount of which is detailed in note 20. Council also maintains cash and investments to meet expected future claims and these are detailed in note 7(c).

(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.

Investments revaluation reserves

Changes in fair value are taken to the investments revaluation reserve and amounts are recognised in profit and loss when the associated assets are sold or impaired.

(b) CORRECTION OF ERRORS IN PREVIOUS YEARS

During the revaluation process, Council has identified several parcels of land that are natural open space areas that were incorrectly valued as Operational Land for drainage purposes (\$12m). These parcels have been corrected to be valued as Community Land (\$1m) to reflect the land attributes and purpose.

The errors identified have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2018) and taking the adjustment through to infrastructure, property, plant and equipment and asset revaluation reserve at that date.

Comparatives have been changed to reflect the correction of errors. The impact on each line item at 1 July 2018 is shown in the table below.

Changes to the opening Statement of Financial Position at 1 July 2018

Statement of Financial Position

	Original balance at 1 July 2018	Increase / (decrease)	Restated balance at 1 July 2018
	\$'000	\$'000	\$'000
Infrastructure, property, plant and equipment	2,194,508	(11,083)	2,183,425
Total assets	2,448,032	(11,083)	2,436,949
Net assets	2,400,758	(11,083)	2,389,675
Revaluation reserves	1,312,677	(11,083)	1,301,594
Total equity	2,400,758	(11,083)	2,389,675

Adjustment to the comparative figures for the year ended 30 June 2019

Statement of Financial Position

	Original balance at 30 June 2019	Increase / (decrease)	Restated balance at 30 June 2019
	\$'000	\$'000	\$'000
Infrastructure, property, plant and equipment	2,274,365	(11,083)	2,263,282
Total assets	2,448,032	(11,083)	2,436,949
Net assets	2,496,851	(11,083)	2,485,768
Revaluation reserves	1,361,125	(11,083)	1,350,042
Total equity	2,496,851	(11,083)	2,485,768

(c) CHANGES IN ACCOUNTING POLICY DUE TO ADOPTION OF NEW ACCOUNTING STANDARDS

During the year ended 30 June 2020, Council has adopted AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-profit Entities and AASB 16 Leases using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 Construction Contracts, AASB 117 Leases, AASB 118 Revenue, AASB 1004 Contributions and associated Accounting Interpretations.

All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

The impacts of adopting these standards and associated transition disclosures are provided below:

AASB 15 and AASB 1058

The following approach has been applied on transition to AASB 15 and AASB 1058:

- Council has not adopted the completed contract expedient and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former accounting standards and pronouncements
- Council has retrospectively restated contracts for modifications that occurred before 1 July 2019 unless such
 contract modification were minor.

Costs incurred in fulfilling customer contracts

Prior to adopting AASB 15 Council would recognise direct costs associated with fulfilling customer contracts as expenses when incurred, as they did not qualify for recognition as assets under any other accounting standards. Under AASB 15, as these costs relate directly to the contracts, generate resources used in satisfying the contracts, and are expected to be recovered, they are capitalised as 'costs to fulfil a contract' assets and released through profit and loss on the same basis as the revenue is recognised.

Upfront fees - Council leisure centre

Prior to adopting AASB 15, the Council recognised revenues on receipt. Under AASB 15, since the charges do not relate to a performance obligation, they are combined with other goods and services transferred to the customer and therefore they are now spread over the expected life of the contract with the customer (i.e the membership life).

NOTE 17: ACCUMULATED SURPLUS, REVALUATION RESERVES AND CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS

Transfer of control to a customer – over time or at a point in time

AASB 15 has specific criteria regarding whether control is transferred over time or at a point in time. The entity has reviewed its contracts and concluded that the criteria for recognition over time is not met in some circumstances. In such cases, revenue and related production costs will be recognised at the delivery of each separate performance obligation instead of over the contract using a single margin.

Prepaid rates

Under AASB 1004, rates were recorded as revenue at the earliest of receipt of the funds from the ratepayer and the beginning of the rating period. Under AASB 1058, prepaid rates are recognised as a financial liability until the beginning of the rating period.

Grants - operating

Under AASB 1004, most grant income was recognised as revenue on receipt. Under AASB 15, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed, or recognised at the point in time that the control of the services passes to the customer.

Grants - capital

Under AASB 1004, most grant monies were recorded as revenue on receipt. Under AASB 1058, where Council has received assets (including cash) to acquire or construct a non-financial asset, the asset is to be controlled by Council and the contract is enforceable, then the asset is recognised as a contract liability on receipt and recorded as revenue as the performance obligation to acquire or construct the asset is completed.



Changes in presentation

In addition to the above changes in accounting policies, the Council has also amended the presentation of certain items to align them with the requirements of AASB 15 and AASB 1058:

- Movement of balances between equity and contract liabilities
- Additional line items of contract assets, contract cost assets and contract liabilities have been created

Opening contract balances at 1 July 2019

	Balance at 1 July 2019
	\$'000
Contract assets	
Under AASB 15	0
Under AASB 1058	0
Total contract assets	0
Contract liabilities	
Under AASB 15	0
Under AASB 1058	6,286
Total contract liabilities	6,286



Comparison of financial statement line items under AASB 15 compared to previous standards for the current year

The following tables show the impact of adopting AASB 15 and AASB 1058 on the Council's financial statements for the year ended 30 June 2020.

Statement of financial position as at 30 June 2020

	Carrying amount per Statement of financial position under AASB 15 and AASB 1058		Re- measurement	Carrying amount under previous revenue standards	
	\$'000	\$'000	\$'000	\$'000	
Current assets					
Cash and cash equivalents	6,352	0	0	6,352	
Investments	102,609	0	0	102,609	
Receivables	8,273	0	0	8,273	
Inventories	423	0	0	423	
Other assets	85	0	0	85	
Current liabilities					
Payables	8,896	0	0	8,896	
Income received in advance	2,913	199	0	3,112	(i)
Contract liabilities	6,732	(199)	(6,533)	0	(i)
Borrowings	2,656	0	0	2,656	
Provisions	20,587	0	0	20,587	
Non-current assets					
Investments	134,628	0	0	134,628	
Infrastructure, property, plant and equipment	2,375,984	0	0	2,375,984	
Investment property	25,225	0	0	25,225	
Non-current liabilities					
Borrowings	7,127	0	0	7,127	
Provisions	5,389	0	0	5,389	
Net assets	2,599,279	0	6,533	2,605,812	
Equity					
Accumulated surplus	1,174,650	0	6,533	1,181,183	
Revaluation reserves	1,424,629	0	0	1,424,629	
Total equity	2,599,279	0	6,533	2,605,812	

⁽i) Transfer of part of the contract liability to income received in advance and elimination of contract liability which arises under AASB 15 for funds received to construct an asset to be controlled by Council and other funds under AASB 15 which have been received prior to the satisfaction of performance obligations.

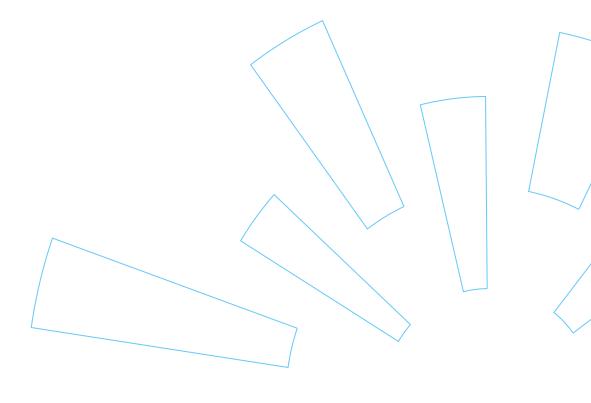
Income statement for the year ended 30 June 2020

	Carrying amount per Statement of financial position under AASB 15 and AASB 1058	Re- classification	Re- measurement	Income statement and comprehensive income under previous revenue standards	
	\$'000	\$'000	\$'000	\$'000	
Revenue	213,354	0	247	213,601	(i)
Profit/(Loss) for the year	45,206	0	247	45,453	
Total comprehensive income	108,655	0	247	108,902	

(i) Difference in revenue between recognition on receipt under the old standards and as / when performance obligations are met under new standards.

Statement of cash flows for the year ended 30 June 2020

The adoption of AASB 15 and AASB 1058 has not materially changed the statement of cash flows for the year ended 30 June 2020.



NOTE 17 (CONT): ACCUMULATED SURPLUS, REVALUATION RESERVES AND CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS

AASB 16 Leases

Council as a lessee

Under AASB 117, Council assessed whether leases were operating or finance leases, based on its assessment of whether the significant risks and rewards of ownership had been transferred to Council or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low-value assets).

Council has used the exception to lease accounting for short-term leases and leases of low-value assets, and the lease expense relating to these leases is recognised in the Income Statement on a straight-line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition. Council has used the following expedients:

- Contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16.
- Lease liabilities have been discounted using the Council's incremental borrowing rate at 1 July 2019.
- Right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjustment by any prepaid or accrued lease payments.
- A single discount rate was applied to all leases with similar characteristics.
- The right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset.
- Excluded leases with an expiry date prior to 30 June 2020 from the Statement of Financial Position, and lease expenses for these leases have been recorded on a straight-line basis over the remaining term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Financial statement impact of adoption of AASB 16

Council does not hold leases that give rise to right-of-use assets or Lease liabilities.

Council as a lessor

For the arrangements where Council is a lessor, there are no significant accounting policy changes on adoption of AASB 16 except for sub-leases, which have now been classified in relation to the right-of-use asset under the head lease rather than the underlying asset.

(d) CHANGES IN ACCOUNTING POLICY - VOLUNTARY CHANGE

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

(e) CHANGES IN ACCOUNTING ESTIMATES

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



NOTE 18: STATEMENT OF CASH FLOWS INFORMATION

		Notes	Actual 2020 \$'000	Actual 2019 \$'000
(a)	Reconciliation of cash assets			
	Total cash and cash equivalents	7a	6,352	2,402
	Balances as per Statement of Cash Flows		6,352	2,402
(b)	Reconciliation of net operating result to cash provided from			
	operating activities			
	Net operating result from Income Statement		45,206	47,645
	Depreciation, amortisation and impairment		26,004	24,202
	Loss/(gain) on sale of assets		3,657	2,771
	Amortisation of discounts and premiums recognised		66	50
	Non-cash contributions and dedications		(37,328)	(34,907)
	Fair value (gains) / losses on investment property		(28)	0
	Movement in operating assets and liabilities			
	Increase / (decrease) in provision for doubtful debts		(41)	(4)
	Increase / (decrease) in provision for employee leave entitlements		802	(474)
	Increase / (decrease) in other provisions		1,890	1,560
	(Increase)/ decrease in receivables		1,675	(1,639)
	(Increase)/ decrease in inventories		(47)	(34)
	(Increase)/ decrease in other current assets		(40)	53
	Increase / (decrease) in payables		1,153	1,767
	Increase / (decrease) in accrued interest payable		(14)	(16)
	Increase/(decrease) in contract liabilities		446	0
	Net cash provided from (or used in) operating activities from Statement of Cash Flows		43,401	40,974
(c)	Non-cash financing and investing activities			
	Dedications and developer in-kind contributions		37,328	34,907
			37,328	34,907

(a) Capital commitments (exclusive of GST)	Actual 2020 \$'000	Actual 2019 \$'000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
- buildings	25,108	22,680
- plant and equipment	951	635
- infrastructure: roads, bridges, footpaths	33,755	18,910
	59,815	42,225
These expenditures are payable:		
- not later than one year	36,047	15,015
- later than one year and not later than five years	23,768	27,210
	59,815	42,225

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 (2019 only)

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

Refer to Note 14 for information relating to leases for 2020.

(c) Operating lease commitments (2019 only)

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	0	334
- later than one year and not later than five years	0	668
- later than five years	0	0
	0	1,002

Refer to Note 14 for information relating to leases for 2020.

Contingent Liabilities

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.

Legal expenses

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

Defined benefit plan

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

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

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

(a) description of the funding arrangements

Pooled Employers are required to pay standard service employer contributions and past service employer contributions to the Fund.

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

Division B - 1.9 times employee contributions for non-180 point members, nil for 180 point members*

Division C - 2.5% salaries

Division D - 1.64 times employee contributions

*For 180-point members, employers are required to contribute 7% of salaries to these members' accumulation accounts, which are paid in addition to member's defined benefits.

The past service contribution for each Pooled Employer is a share of the total additional contributions of \$40m per annum from 1 July 2019 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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) agreed allocation of a deficit or surplus

(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) Given the entity accounts for that plan as if it were a defined conribution plan in accordance with paragraph 34

- (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 \$802k;
- (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 2020 is:

Employer Reserves only *	\$millions	Asset coverage
Assets	1,695.2	-
Past services liabilities	1,773.2	95.6%
Vested benefits	1,757.5	96.5%

^{*}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 5.75% per annum Salary inflation 3.5% per annum Increase in CPI 2.5% per annum

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 final end of year review will be completed around November/December 2020.

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

Council's past service contribution of \$846k as a percentage of the total past service contributions for all Pooled Employees (of \$40m for each year from 1 July 2019 to 30 June 2021) provides an indication of the level of participation of Council with other employers in the Pooled Employer sub-group.

Risk Management

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk. Financial risk management is carried out by the Financial Services section under policies approved by the Council.

The fair value of receivables, loans, investments and financial liabilities approximates the carrying amount.

A comparison of carrying amount and fair value for Council's financial instruments at reporting date is shown below:

	Carrying Value		Fair Value	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Measured at amortised cost				
Cash and cash equivalents	6,352	2,402	6,352	2,402
Receivables	7,522	9,349	7,522	9,349
Term deposits	164,522	165,921	164,522	165,921
Fair value through other comprehensive income				
Equity instruments held at FVOCI	0	55	55	55
Financial assets at fair value through profit or loss				
- held for trading	72,715	65,592	65,592	65,592
Total	251,111	243,319	244,043	243,319
	Carrying Value		Fair Value	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Financial Liabilities				
Measured at amortised cost				
Payables	8,896	8,100	8,100	8,100
Borrowings	9,783	12,882	9,716	12,285
Total	18,679	20,982	17,816	20,385

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 section 625 of Local Government Act and Ministerial Investment Order. 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.

NOTE 21 (CONT): FINANCIAL RISK MANAGEMENT

The risks associated with the instruments held are:

- 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. Liquidity risk the risk that Council may not be able to pay its debts as and when they fall due.
- 4. 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.

	2020 \$'000	2019 \$'000
Impact of a 1% movement in price of investments		
- equity	727	656
- Income Statement	727	656
Impact of a 1% movement in interest rates on cash and investments		
- equity	1,709	1,683
- Income Statement	1,709	1,683

NOTE 21 (CONT): FINANCIAL RISK MANAGEMENT

(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.

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.

The balances of receivables that remain within initial trade terms are considered by be of high credit quality. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

Council also makes suitable provision for doubtful receivables as required.

Credit risk profile

Receivables - rates and annual charges

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.

		Overdue debts				
	Not due yet \$'000	<1 year \$'000	1-2 years \$'000	2-5 years \$'000		
2020	3,690	594	215	3	15	4,517
2019	3,668	191	143	61	78	4,141

Receivables - non-rates and annual charges

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

The loss allowance provision as at 30 June 2020 is determined as follows, the expected credit losses incorporate forward looking information.

		Overdue debts				
2020	Not due yet \$'000	<30 days \$'000		60-90 days \$'000	>90 days \$'000	Total \$'000
Gross Carrying Amount	3,487	399	39	103	265	4,293
Expected loss rate (%)	0.3	1.6	3.6	6.6	10.6	
ECL provision ⁽¹⁾	2	6	1	7	28	45

(1) No ECL allowance is provided for other sundry receivables totalling \$2.5m as expected credit losses are unlikely

(c) Liquidity risk

Payables, lease liabilities and borrowings are 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 through diversification of borrowing types, maturities and interest rates.

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

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

	Weighted average interest rate %	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
		\$'000	\$'000	\$'000	\$'000	\$'000
2020						
Payables	-	8,100	0	0	8,100	8,100
Borrowings	5.72	3,101	7,749	0	10,850	9,783
		11,201	7,749	0	18,950	17,883
2019						
Payables	-	8,100	0	0	8,100	8,100
Borrowings	5.50	3,676	9,796	1,054	14,526	12,882
	_	11,776	9,796	1,054	22,626	20,982

NOTE 22: MATERIAL BUDGET VARIATIONS

Council's original budget is incorporated as part of the Management Plan, which was adopted by the Council on 25 June 2019. 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, the COVID-19 pandemic and decisions made by the 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 & Fees

Actual User Charges and Fees received were less than budgeted by some \$3.9m (U)(27%).

Variations in amounts received are detailed below:

- Income from road and footpath reinstatement and private works was greater than budgeted by \$324k (F).
- Income from inspections of food premises and swimming pools under budget by \$78k(U) due to decrease/ cessation in activity in the second half of the year.
- Animal control fees less than budgeted due to decrease in activity in the second half of the year \$49k(U).
- Reduction in income from building fees and DA fees, inspection fees and construction certificates resulting from decreased development activity \$1m (U).
- Childcare fee income \$1.6m (U), decrease in income from child care fees due to government regulated fee free periods.
- Leisure Centre income \$1.2m (U), proceeds from learn to swim and facility usage under budget due to closures and decreased patronage.
- Income from road occupancy fees was less than budgeted by \$110k(U) due to decrease in activity.
- Income from facility hire such as halls, and library and Arts Centre programs \$236 (U), decrease due to closures and decreased patronage.

Interest on Investments

Actual Interest received was less than budgeted by some \$1.4m (U)(24%).

Interest rates have remained at record lows and have also been impacted by market uncertainty with COVID-19. The budget projected, a slightly higher interest rate which has contributed to this result. In addition the amount of funds held on investment was less than anticipated, due to the decline in operational income.

Grants and contributions received (operating and capital)

Actual amounts of grants and contributions received were over budget by some \$25m(F)(66%). Variations in amounts received in grants and contributions are detailed below. These variances are mainly due to decisions made by Federal and/or State governments and developer contributions and dedications received after the original budget was adopted.

- Capital contributions \$24.9m (F), unbudgeted contributions and dedications from developers towards land, road and drainage construction at various development sites, as well as S7.11 Plan contributions.
- The receipt of various Environmental Protection and Planning grants which were not advised when the original budget was developed \$295k (F).
- Child Care grants of \$942k (F), due to the additional government assistance provided to Child Care Centres late in the year.
- Community Policy and Planning grants of \$195k (F), new grant funds received for Aboriginal Co-design, Place Management grants, Arts Centre programs and Library projects.
- Government partnerships \$300k (F), additional funding for collaboration works with other government levels 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, \$76k (F).
- The Federal Government grant \$4.2m(U) and club contribution \$2.9m(U) for the Sporting Centre of Excellence are now anticipated to be received in the following year, this has been offset by other Sport and Recreation grants received.
- Funding for the Billabong Parklands was not included in the Original Budget. Works have now commenced on the project utilising grant funding \$1m (F).
- RMS Funding for the Badgally Road widening project was not included in the Original Budget (revoted funds). Various other grants have been received resulting in a \$3.5m(F) position.
- Additional employee leave entitlement contributions received from other Councils \$134k(F).
- Additional employee leaseback contributions made \$85k (F).
- Grant funds received late in the year or not budgeted \$393k (F).
- Various other minor variations including; contributions from sporting clubs, and community bodies, employee contributions, pensioner subsidy, contributions from other Councils and construction works not budgeted.

Other Revenue

Actual amounts of other revenues received were over budget by some \$602k(F)(12%). Variations in amounts received are detailed below:

- Due to a deferral of recovery action, income from legal costs recovered was less than anticipated \$337k (U).
- Cost recovery from recharge accounts and insurance claims \$382k(F).
- Income from various sales including animals was less than budgeted \$242k(U).
- Various rebates received including fuel tax, learn to swim, container deposit scheme and emergency service levy \$830k(F).
- Other income, contributions, commissions, compensation etc. \$40k (U).

EXPENSES

Depreciation

Actual depreciation expenses were over budget by some \$2.1m(U)(9%).

Council's portfolio of assets includes various categories, including Buildings, Roads and Bridges, Stormwater,
Property, Plant and Equipment, Office Equipment and Other Structures. The variations to original budget are due
to a number of factors, including, new fair valuation data, increases in the number of assets due to dedications,
and updated condition assessment of assets.

Loss 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 \$3.7m (U) is mainly due to the renewal of infrastructure assets.

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.

NOTE 22 (CONT): MATERIAL BUDGET VARIATIONS

Statement of Cash Flows:

Cash Flows from Operating Activities

Net variance of 26% (U) is mainly attributable to reduced revenues for user charges and fees of \$3m (U), interest revenues and interest being under budget by \$1m (U) largely as a result of COVID-19 and falling interest rates respectively. This was partially offset by an increase to budget of other revenues of \$2m. Employee benefits were under budget by some \$7m due to a number of positions within Council structure remaing vacant, coupled with reduced wages for casuals during COVID-19 closures.

Cash Flows from Investing Activities

Cash flows from investing activities were under budget with a net variance of 13% and is directly attributable to \$5m (U) in the sale of infrastructure, property, plant and equipment for land parcels that were not realised in the reporting period.

Cash Flows from Financing Activities

Cash flows from financing activities were within budget.



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



NOTE 23 (CONT): FAIR VALUE MEASUREMENT

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

2020	Note	Valuation Technique	Signi	(\$'000) ficant ble Inputs	Signif	(\$'000) ficant able Inputs	Total (\$'000)
			2020	Restated 2019	2020	Restated 2019	2020	2019
Recurring fair value measurements								
Financial assets								
Investments								
at fair value through profit and loss	7b	Market	72,715	65,592			72,715	65,592
Investment Properties	12							
Land		Market	19,460	17,938			19,460	17,938
Buildings		Market	5,765	4,926			5,765	4,926
Infrastructure, Property, Plant & Equipment	11							
Land								
Operational		Market	729,320	724,821			729,320	724,821
Community		Cost			232,630	253,967	232,630	253,967
Crown		Cost			10,833	0	10,833	0
Land Under Roads		Cost			128,708	110,527	128,708	110,527
Improvements		Cost			38,084	34,139	38,084	34,139
Buildings		Cost			242,078	223,634	242,078	223,634
Buildings: Other Structures		Cost			41,833	37,644	41,833	37,644
Infrastructure								
Roads		Cost			453,004	402,523	453,004	402,523
Footpaths		Cost			63,754	53,773	63,754	53,773
Bridges		Cost			66,577	51,768	66,577	51,768
Infrastructure: Stormwater		Cost			346,952	339,834	346,952	339,834
Swimming Pools		Cost			5,153	4,658	5,153	4,658
Open Space/Recreational		Cost			6,625	6,858	6,625	6,858
Library Books		Cost			694	685	694	685
Other Assets		Cost			7,579	8,344	7,579	8,344
Total			827,260	813,277	1,644,504	1,528,354	2,471,764	2,341,631

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

VALUATION TECHNIQUES

Level two 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. A full valuation occurred at 30 June 2018 and was determined by APV Valuers & Asset Management Pty Ltd with a desktop valuation applied for 30 June 2020.

Investment Properties

Land and 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 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 two valuation inputs. A desktop valuation has been applied as at 30 June 2020.

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 three 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 in 2019. As these rates were not considered to be observable market evidence they have been classified as level three inputs.

Land Under Roads

Valuation of Campbelltown City Council's land under roads was completed in-house by staff with appropriate qualifications, skills and experience, at 30 June 2020 and was based on the unimproved capital value (UCV) provided by the Valuer-General. 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' by staff with appropriate qualifications, skills and experience, at 30 June 2020.

NOTE 23 (CONT): FAIR VALUE MEASUREMENT

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 two) 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 three valuation inputs. Valuation was conducted in-house by staff with appropriate qualifications, skills and experience, dated 30 June 2020.

Buildings

Specialised buildings were valued using the cost approach using professionally qualified registered valuers. The last full revaluation of Council's buildings was 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 two) 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 three valuation inputs. A desktop valuation has been applied as at 30 June 2020.

Buildings: Other Structures

This asset class comprises BBQs, park furniture, shade structures, fencing and gates, walls, handrails, flood lighting, play equipment, retaining walls, 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 judgement, IPWEA guidelines and best available industry practices etc. As such these assets were classified as having been valued using level three valuation inputs. External consultant Kico was engaged to determined the condition, useful life and unit rate at the play equipment component level.

The remaining other structure assets were valued using the 'Cost Approach' in-house by staff with appropriate qualifications, skills and experience, dated 30 June 2020. Using the 'Cost Approach', Council 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 types of BBQ etc. could be supported from market evidence (level two) 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 three 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 three 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 inhouse by staff with appropriate qualifications, skills and experience, dated 30 June 2020.

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 two) 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. As such these assets were classified as having been valued using level three 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 two) 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 three valuation inputs. Valuation was conducted in-house by staff with appropriate qualifications, skills and experience, dated 30 June 2020.

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 three valuation inputs. Valuation was conducted in-house by staff with appropriate qualifications, skills and experience, dated 30 June 2020.

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 two) 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 three valuation inputs. Physical visual inspection is carried out on all stormwater assets except pipes. For stormwater pipes, the Close Circuit Television (CCTV) Inspection approach is utilised for the condition assessment of randomly selected samples. Valuation was conducted in-house by staff with appropriate qualifications, skills and experience, dated 30 June 2020.

NOTE 23 (CONT): FAIR VALUE MEASUREMENT

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 two) 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 miscellanous. Valuation was conducted in-house by staff with appropriate qualifications, skills and experience, dated 30 June 2020.

Other Assets

Valuation of Council's other assets were undertaken 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 three 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 three asset fair class values:

Class	Fair Value (30/06/20) \$'000	Valuation Technique	Unobservable Inputs
Infrastructure, Property, Plant	& Equipmen	t	
Community Land	234,036	Land values obtained from the NSW Valuer General	Price per square metre
Crown Land	10,833	Land values obtained from the NSW Valuer General	Price per square metre
Land Under Roads	128,708	Values obtained from the NSW Valuer General and discounted	Extent and impact of use, market cost of land per square metre
Land Improvements - Non Depreciable	38,084	Cost Approach	Residual value, asset condition and useful life
Buildings	242,078	Cost Approach	Current replacement cost, asset condition, remaining lives, residual value and useful lives
Other Structures, Open Space & Swimming Pools	53,610	Cost Approach	Residual value, asset condition and useful life
Roads, Footpaths & Bridges	583,335	Cost Approach	Residual value, asset condition and useful life
Stormwater	346,951	Cost Approach	Residual value, asset condition and useful life
Library Books	694	Cost Approach	Residual value, asset condition and useful life
Other Assets	7,579	Cost Approach	The level of appreciation of the asset, current replacement/replication cost of equivalent asset, asset condition

RECONCILIATION OF MOVEMENTS

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

	Lev	el 3
	2020 \$′000	Restated 2019 \$'000
Balance at 1 July	1,528,354	1,449,739
Restated opening balance	1,528,354	1,450,925
Total gains or losses for the period		
Recognised in profit or loss - Realised (Note 6)	0	(125)
Recognised in other comprehensive income - Revaluation Surplus	82,374	48,393
Other movements		
Purchases	63,135	54,246
Sales	(4,927)	(3,013)
Depreciation	(23,627)	(22,072)
Transfers into level 3	0	o
Transfer out of level 3	(805)	0
Balance as at 30 June	1,644,504	1,528,354

Highest and best use

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

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* (as amended).

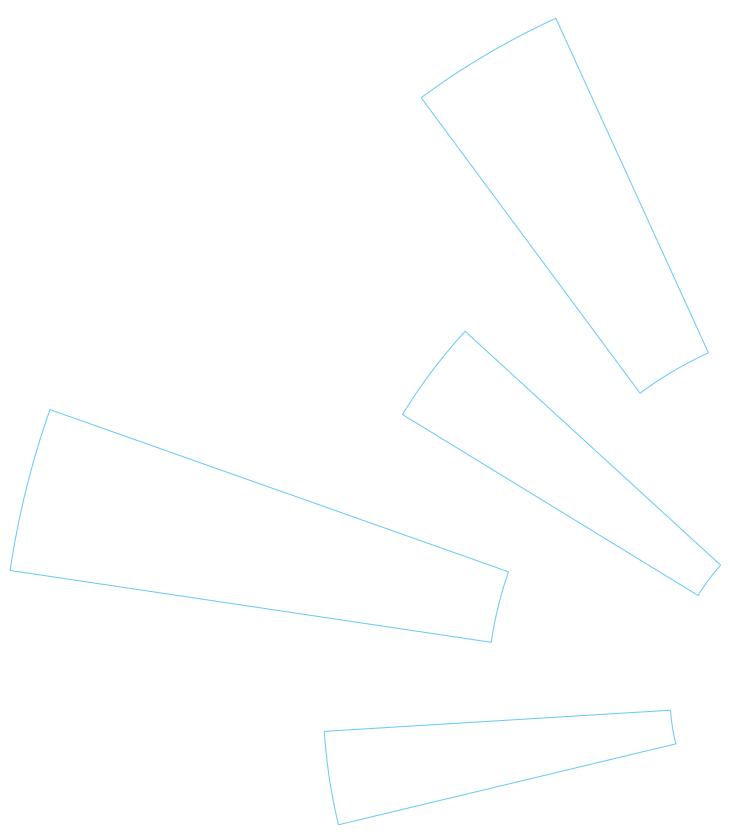
The aggregate amount of key management personnel compensation included in the Income Statement is:

Compensation	2020 (\$'000)	
Short term benefits (salaries, councillors fees)	2,260	2,207
Other long term benefits	74	67
Total	2,334	2,274

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 key management personnel using Council services such as access to library or Council swimming centres will not be disclosed.

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



SUMMARY OF CONTRIBUTIONS

	Opening	Contribution during	ontributions received during year ⁽¹⁾	Interest & investment	Expended	Internal	Heldas	Cumulative balance of internal
PURPOSE	balance \$'000	Cash \$'000	Non-cash \$'000	income earned during year \$'000	during year \$'000	borrowings (to)/from ⁽²⁾ \$'000	restricted asset ⁽³⁾ \$′000	borrowings (to)/ from ⁽⁴⁾ \$'000
Community facilities	19,664	2,332	3,393	23	3,315	0	22,097	0
S7.11 under plans	19,664	2,332	3,393	23	3,315	0	22,097	0
S7.11 not under plans	0	0	0	0	0	0	0	0
Parking	877	0	0	_	0	0	878	0
S7.12 levies	11	0	0	0	0	0	11	0
TOTAL CONTRIBUTIONS	20,552	2,332	3,393	24	3,315	0	22,986	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. 8

CONTINED TO THE PRINCE S								
PURPOSE	Opening	Contributio	ntributions received during year ⁽¹⁾	Interest & investment income	Expended during	Internal borrowings	Held as restricted	Cumulative balance of internal borrowings (to)/
	\$,000	Cash \$'000	Non-Cash \$'000	earned during year \$'000	year \$'000	(10)/ Irom (2) \$'000	\$,000	from ⁽⁴⁾ \$'000
Community facilities	7,128	2,332	119	8	2,332	0	7,255	0
TOTAL CONTRIBUTIONS	7,128	2,332	119	8	2,332	0	7,255	0

CONTRIBUTION PLAN S7.11

	Opening	Contributio during	ontributions received during year ⁽¹⁾	Interest & investment income	Expended	Internal	Held as restricted	Cumulative balance of internal
PURPOSE	balance \$'000	Cash \$'000	Non-Cash \$'000	earned during year \$'000	year \$'000	(to)/from ⁽²⁾ \$'000	asset ⁽³⁾ \$'000	borrowings (to)/ from ⁽⁴⁾ \$'000
Community facilities	12,536	0	3,274	15	983	0	14,842	0
TOTAL CONTRIBUTIONS	12,536	0	3,274	15	983	0	14,842	0

CONTRIBUTIONS NOT UNDER PLANS - PARKS, GARDENS AND RESERVES

L	Opening	Contributio	ntributions received during year ⁽¹⁾	Interest & investment income	Expended	Internal	Held as restricted	Cumulative balance of internal
ר העטר העטר העטר העטר העטר העטר העטר העט	S'000	Cash \$'000	Non-Cash \$'000	earned during year \$'000	year \$'000	(to)/from ⁽²⁾ \$'000	asset ⁽³⁾ \$'000	from ⁽⁴⁾ \$'000 \$'000
Residual Community Facilities	0	0	0	0	0	0	0	0
Parking	877	0	0		0	0	878	0
Open space	0	0	0	0	0	0	0	0
TOTAL CONTRIBUTIONS	877	0	0	1	0	0	878	0

CONTRIBUTION PLAN S7.12

Cash Non-Cash during year \$'000	income during sar s'000 s'000	Internal borrowings (to)/from ⁽²⁾ \$'000	Held as restricted asset ⁽³⁾ \$'000	Cumulative balance of internal borrowings (to)/ from(4) \$'000
0 0	0 0	0 0 0		0 0 0 0 0 0 0 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 shown here.

(3) Reconcilable with Note 7 (restricted assets excludes 'amounts expended in advance').

(4) Cumulative balance of borrowing within and between plans.

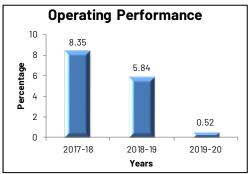
NOTE 27: STATEMENT OF PERFORMANCE MEASURES

	2020 \$'000	2020 Indicators	2019 Indicators	Benchmark
1. Operating performance Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses ⁽²⁾	867	0.52%	5.84%	>0
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	165,358			
2a. Own source operating revenue Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	139,335	65.32%	68.70%	>60%
Total continuing operating revenue ⁽¹⁾ inclusive of all grants and contributions ⁽⁵⁾	213,326			
2b. Own source operating revenue Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	139,335	79.17%	82.70%	>60%
Total continuing operating revenue ⁽¹⁾ excluding non-cash dedications ⁽⁵⁾	175,998			
3. Unrestricted current ratio Current assets less all external restrictions	49,074	1.9x	2.84x	>1.5x
Current liabilities less specific purpose liabilities(3)(4)	25,882			
4. Debt service cover ratio Operating result ⁽¹⁾ before capital, excl interest and depreciation	27,499	7.51:1	8.72:1	>2x
Principal repayments (from the Statement of Cash Flows) plus borrowing costs (from the Income Statement)	3,661			
5. Rates and annual charges outstanding percentage Rates and annual charges outstanding	5,154	4.29%	3.75%	<5%
Rates and annual charges collectible	120,057			
6. Cash expense cover ratio Current year's cash and cash equivalents plus term deposits	215,839	17.98	18.24	>3
Payments from cash flows of operating and financing activities	144,051	months	months	months

Notes:

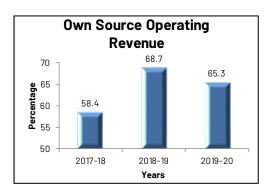
- (1) Excludes fair value increments on investment properties, reversals of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share on interests in joint ventures and associates using the equity method and includes pensioner rate subsidies
- (2)Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on sale of assets and net loss on interests in joint ventures and associates using the equity method
- (3) Refer to Note 15
- (4) \$7.5m 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 12 months is transferred out to determine the unrestricted current ratio.
- (5) 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 \$37m in non-cash dedications and to provide a fair comparison to the benchmark as not all NSW Councils have experienced material non-cash revenues from high levels of growth.

NOTE 27 (CONT): STATEMENT OF PERFORMANCE MEASURES



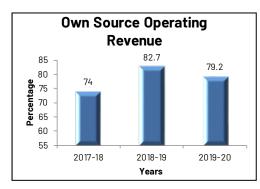
1. Operating Performance

Measures Council's achievement in containing operating expenditure within operating revenue



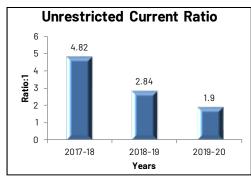
2a. Own Source Operating Revenue

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



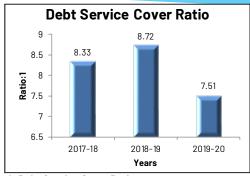
2b. Own Source Operating Revenue

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



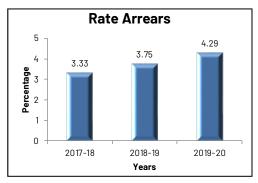
3. Unrestricted Current Ratio

Assesses Council's ability to meet short term obligations as they fall due



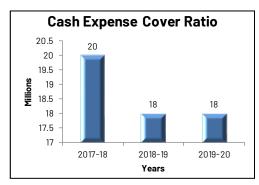
4. Debt Service Cover Ratio

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



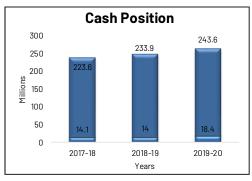
5. Rates & Annual Charges Outstanding

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



6. Cash Expense Cover Ratio

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



7. Cash Position

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



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements Campbelltown City Council

To the Councillors of Campbelltown City Council

Opinion

I have audited the accompanying financial statements of Campbelltown City Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at
 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

INDEPENDENT AUDITOR'S REPORT

The scope of my audit does not include, nor 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 22 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule -Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Somaiya Ahmed

Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

28 September 2020 SYDNEY



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

Contact: Somaiya Ahmed
Phone no: 02 9275 7424
Our ref: D2019636/1706

28 September 2020

Dear Mayor

Report on the Conduct of the Audit for the year ended 30 June 2020 Campbelltown City Council

I have audited the general purpose financial statements (GPFS) of the Campbelltown City Council (the Council) for the year ended 30 June 2020 as required by section 415 of the *Local Government Act* 1993 (the Act).

I expressed an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2020 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2020	2019	Variance
	\$m	\$m	%
Rates and annual charges revenue	115.4	113.7	1.5
Grants and contributions revenue	74.0	64.7	14.4
Operating result from continuing operations	45.2	47.6	5.0
Net operating result before capital grants and contributions	(2.8)	6.9	140.6

The Council's operating result from continuing operations (\$45.2 million including depreciation and amortisation expense of \$26.0 million) was \$2.4 million lower than the 2018–19 result. This was mainly due to:

- the total expenses from continuing operations increased by \$8.9 million from 2018–19 while total income from continuing operations increased by \$6.6 million from 2018–19
- \$2.8 million higher expenses related to employee benefits and on-costs
- \$1.8 million higher depreciation and amortisation expense
- \$3.0 million higher other expenses
- this was offset by \$7.2 million higher grants and contributions provided for capital purposes in 2019–20 mainly related to non-cash contributions dedications and other developer contributions.

The net operating result before capital grants and contributions (-\$2.8 million) was \$9.7 million lower than the 2018–19 result. This was mainly due to an increase of \$8.9 million in operating expenditure.

Rates and annual charges revenue (\$115.4 million) increased by \$1.7 million (1.5 per cent) in 2019–20 due to:

- annual rate peg increase applied to ordinary rates (2.7 per cent)
- decrease of \$1.8m for domestic waste management services.

Grants and contributions revenue (\$74.0 million) increased by \$9.3 million (14.4 per cent) in 2019–20 mainly due to increase in developer and other non-cash contributions revenue.

STATEMENT OF CASH FLOWS

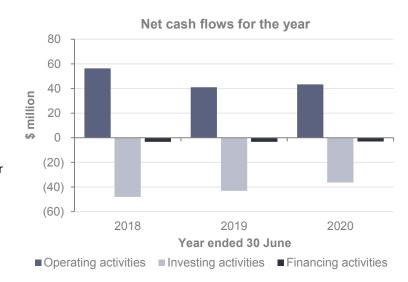
The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year.

The increase in cash provided from operating activities is in line with increase in rates and annual charges receipts and grants and contributions revenue offset by decrease in investment revenue and interest, user charges and fees and increase in other payments.

The decrease in cash used in investing activities is mainly due the sales and purchases of investments.

The decrease in cash used in financing activities is due to a decrease in the repayment of borrowings and advances.

The Council's cash and cash equivalents balance as at 30 June 2020 was \$6.4 million (2019: \$2.4 million). The net cash flow for the year was an increase of \$4.0 million.



FINANCIAL POSITION

Cash and investments

Cash and investments	2020	2019	Commentary
	\$m	\$m	
External restrictions	68.7	60.8	Cash and investments increased by \$9.6 million
Internal restrictions	154.6	159.1	due to increased receipts of grants and contributions of \$9.8 million.
Unrestricted	20.3	14.1	Externally restricted funds mainly include developer
Cash and investments	243.6	234.0	contributions, specific purpose unexpended grant funds and domestic waste management funds. The increase is mainly due to a \$2.4 million increase in developer contributions restrictions, a \$1.6 million increase in specific purpose expended grants and a \$1.1 million increase domestic waste management restrictions.
			 Internally restricted funds are due to Council policy or decisions for forward plans including strategic capital projects. The decrease is mainly due to a \$3.8 million reduction in committed works funds.

PERFORMANCE

Performance measures

The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Industry and Environment.

Operating performance ratio

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 OLG is greater than zero per cent.

The Council exceeded the OLG benchmark for the current reporting period.



Own source operating revenue ratio

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.

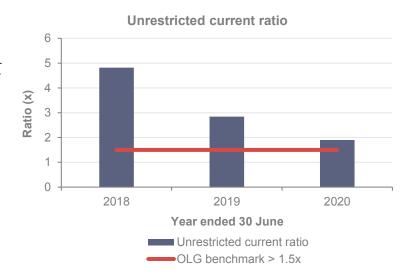
The Council exceeded the OLG benchmark for the current reporting period.



Unrestricted current ratio

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.

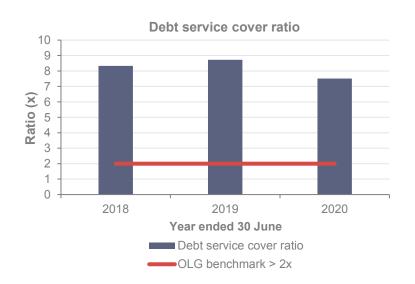
The Council exceeded the OLG benchmark for the current reporting period.



Debt service cover ratio

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

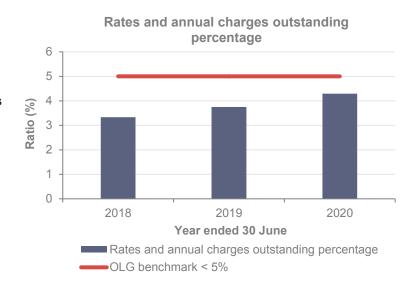
The Council exceeded the OLG benchmark for the current reporting period.



Rates and annual charges outstanding per centage

The 'rates and annual charges outstanding per centage' 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.

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



Cash expense cover ratio

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.

The Council exceeded the OLG benchmark for the current reporting period.



Infrastructure, property, plant and equipment renewals

Council reported asset renewals of \$23.4 million in 2019–20 (\$19.8 million in 2018–19). Significant renewals included:

- road renewals of \$10.7 million (\$7.7 million in 2018–19)
- building renewals of \$5.1 million (\$3.4 million in 2018–19)
- plant and equipment renewals of \$3.3 million (\$3.5 million in 2018–19).

OTHER MATTERS

Impact of new accounting standards

AASB 15 'Revenue from Contracts with Customers' and AASB 1058 'Income for Not-for-Profit Entities'

The Council adopted the new accounting standards AASB 15 'Contracts with Customers' and AASB 1058 'Income of Not-for-Profit Entities' (collectively referred to as the Revenue Standards) for the first time in their 2019–20 financial statements.

AASB 15 introduces a new approach to recognising revenue based on the principle that revenue is recognised when control of a good or service transfers to a customer. AASB 15 impacts the timing and amount of revenue recorded in a councils' financial statements, particularly for grant revenue. AASB 15 also increases the amount of disclosures required.

AASB 1058 prescribes how not-for-profit entities account for transactions conducted on non-commercial terms and the receipt of volunteer services. AASB 1058 significantly impacts the timing and amount of income recorded in a councils' financial statements, particularly for grant income and rates which are paid before the commencement of the rating period.

The Council recognised a \$6.3 million adjustment to opening accumulated surplus at 1 July 2019 on adoption of the new Revenue Standards.

The Council disclosed the impact of adopting the new Revenue Standards in Note 17.

AASB 16 'Leases'

The Council adopted the new accounting standard AASB 16 'Leases' for the first time in their 2019–20 financial statements.

AASB 16 changes the way lessees treat operating leases for financial reporting. With a few exceptions, operating leases will now be recorded in the Statement of Financial Position as a right-of-use asset, with a corresponding lease liability.

AASB 16 results in lessees recording more assets and liabilities in the Statement of Financial Position and changes the timing and pattern of expenses recorded in the Income Statement.

The Council did not hold any leases that gave rise to right-of-use assets and lease liabilities at 1 July 2019 on adoption of AASB 16.

The Council disclosed the impact of adopting AASB 16 in Note 17.

Legislative compliance

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

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

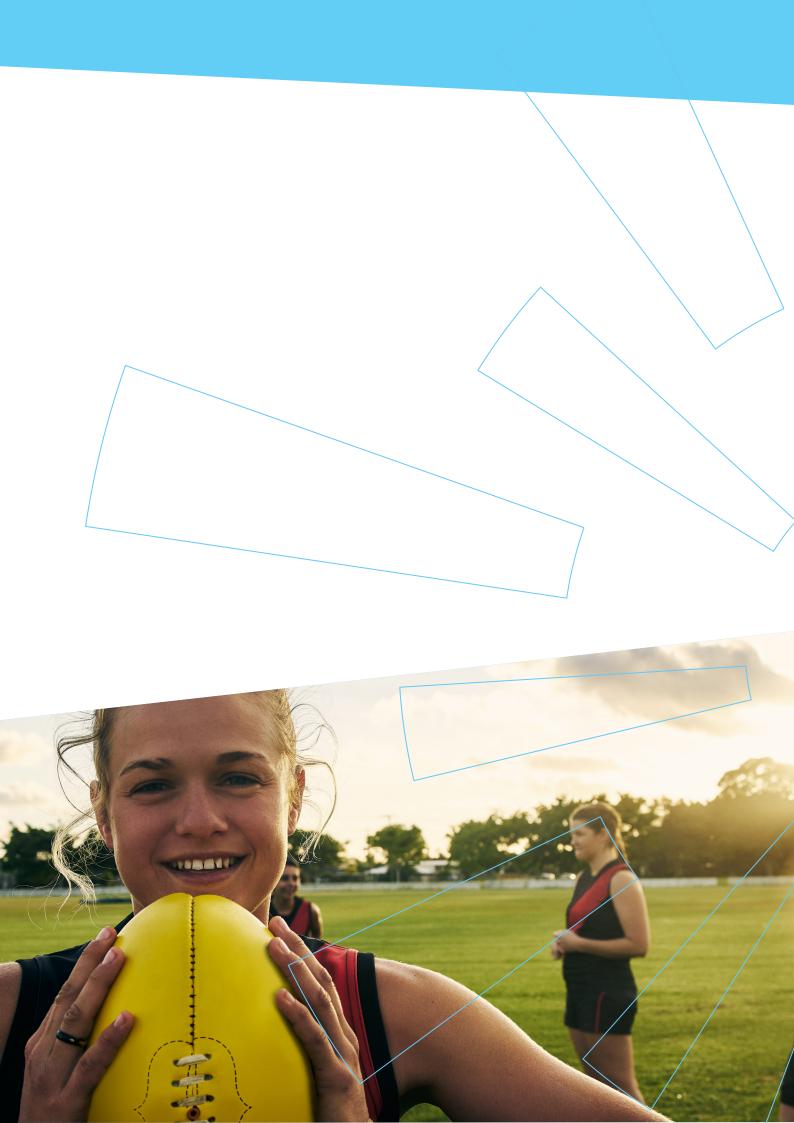
Somaiya Ahmed

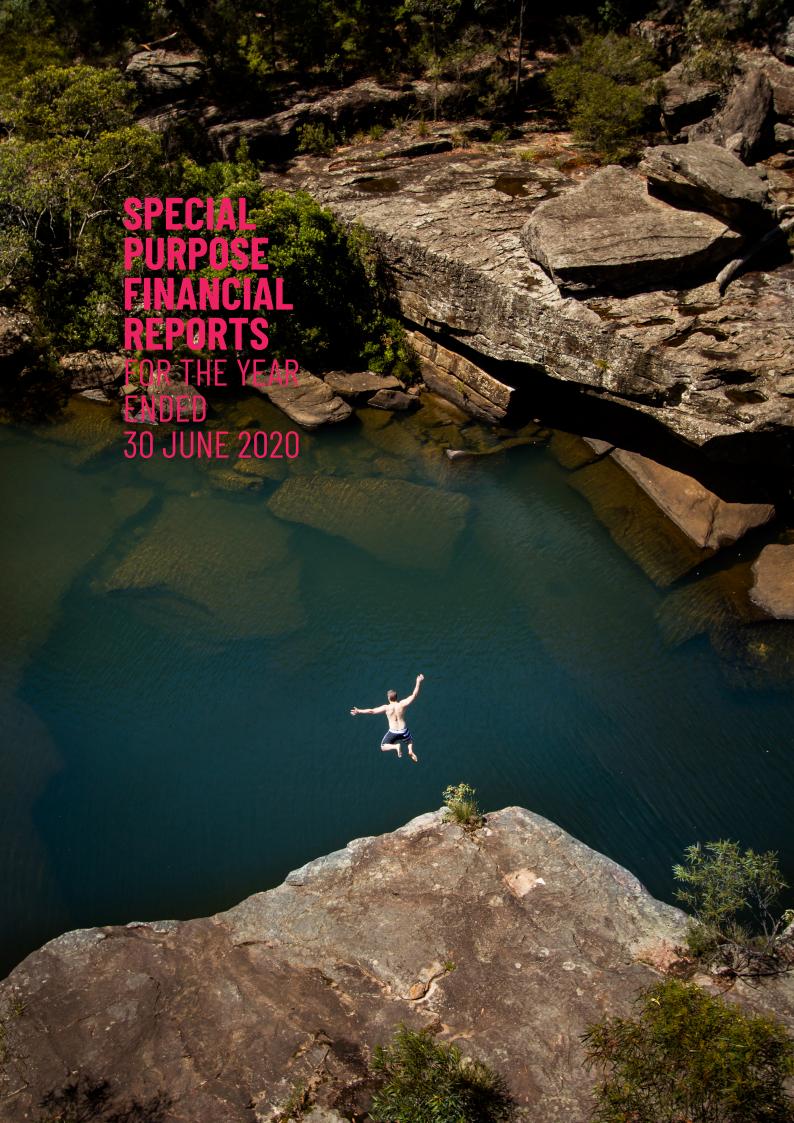
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

cc: Lindy Deitz, General Manager

Bruce Hanrahan, Chair of Audit, Risk and Improvement Committee
Jim Betts, Secretary of the Department of Planning, Industry and Environment





CONTENTS

SPECIAL PURPOSE FINANCIAL REPORTS	
Statement by Councillors and Management	102
Income statement of business activities	103
Statement of financial position of business activities	104
NOTES TO THE SPECIAL PURPOSE FINANCIAL REPORTS	
Note 1 Significant accounting policies	105
Auditor's report	108
SPECIAL SCHEDULES (AUDITED)	
Permissible income for general rates	111
Auditor's report	112
SPECIAL SCHEDULES (UNAUDITED)	
Report on infrastructure assets	115



Special purpose financial statements for the year ended 30 June 2020

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

16 / 09 / 2020

Cr D Lound COUNCILLOR

16 / 09 / 2020

Mrs L Deitz GENERAL MANAGER

16 / 09 / 2020

Mrs C Mears

RESPONSIBLE ACCOUNTING OFFICER

16 / 09 / 2020

			Business	activities		
	Actual	Actual	Actual	Actual	Actual	Actual
	2020	2019	2020	2019	2020	2019
Business activity and category	Child Care Centres (Cat.1) \$'000	Child Care Centres (Cat.1) \$'000	Recreation Centres (Cat.1) \$'000	Recreation Centres (Cat.1) \$'000	Commercial Activities (Cat.2) \$'000	Commercial Activities (Cat.2) \$'000
Income from continuing operations						
User charges & fees	1,043	1,383	2,420	3,185	1,695	1,551
Interest	0	0	0	0	11	29
Grants & contributions provided						
for non capital purposes	3,578	3,148	0	0	0	0
Other operating revenues	8	1	408	345	49	54
Total income from continuing operations	4,629	4,532	2,828	3,530	1,755	1,634
Expenses from continuing operations						
Employee benefits and on-costs	4,232	4,231	3,320	3,292	688	378
Materials & contracts	401	301	883	996	224	38
Interest charges	78	80	138	136	19	9
Depreciation, amortisation and impairment	122	115	940	947	26	3
Calculated tax equivalents	348	354	503	507	315	269
Other operating expenses	1,768	1,629	1,867	2,085	123	271
Total expenses from continuing operations	6,949	6,710	7,651	7,963	1,395	968
SURPLUS/(DEFICIT) FROM ALL						
OPERATIONS BEFORE TAX	(2,320)	(2,178)	(4,823)	(4,433)		666
Corporate taxation equivalent	0	0	0	0	244	267
Surplus/(deficit) after tax	(2,320)	(2,178)	(4,823)	(4,433)	115	398
Dividend payment after tax	0	0	0	0	5	13
CHANGE IN NET ASSETS after dividend	(2,320)	(2,178)	(4,823)	(4,433)	110	384
Opening retained profits/(losses)	(12,580)	(11,673)	(38,243)	(34,993)	23,883	22,799
Adjustments for amounts unpaid						
- Taxation equivalent payments	348	354	503	507	315	269
- Corporate taxation equivalents	0	0	0	0	244	267
- Dividend payments	0	0	0	0	5	13
- Corporate overheads	1,017	917	697	676	142	151
Closing retained profits/(losses)	(13,535)	(12,580)	(41,866)	(38,243)	24,699	23,883
Return on capital (%)	-14.31%	-13.91%	-8.80%	-8.55%	1.51%	3.40%
Subsidy from Council	2,320	2,178	4,823	4,433	Nil	Nil

			Business	activities		
	Actual	Actual	Actual	Actual	Actual	Actual
Business activity and category	2020	2019	2020	2019	2020	2019
business activity and category	Child Care Centres (Cat.1) \$'000	Child Care Centres (Cat.1) \$'000	Recreation Centres (Cat.1) \$'000	Recreation Centres (Cat.1) \$'000	Commercial Activities (Cat.2) \$'000	Commercial Activities (Cat.2) \$'000
ASSETS						
Current assets						
Receivables	19	19	12	47	84	107
Total current assets	19	19	12	47	84	107
Non-current assets						
Infrastructure, property, plant & equipment	16,214	15,659	54,802	51,869	23,813	19,598
Total non-current assets	16,214	15,659	54,802	51,869	23,813	19,598
TOTAL ASSETS	16,233	15,678	54,814	51,916	23,897	19,705
LIABILITIES						
Current liabilities						
Payables	14	17	34	44	5	3
Total current liabilities	14	17	34	44	5	3
Non-current liabilities						
Borrowings	0	0	0	0	0	0
Total non-current liabilities	0	0	0	0	0	0
Total liabilities	14	17	34	44	5	3
Net assets	16,219	15,661	54,780	51,872	23,892	19,702
EQUITY						
Accumulated surplus/(loss)	(13,535)	(12,580)	(41,866)	(38,243)	24,698	23,883
Council equity interest	29,754	28,241	96,646	90,115	(806)	(4,181)
Total equity	16,219	15,661	54,780	51,872	23,892	19,702

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

The figures presented in these 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* (as amended), 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 (CONT): SIGNIFICANT ACCOUNTING POLICIES

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 nominated business activities (this does not include Council's non-business activities):

	Notional rate applied %
Corporate Tax Rate	27.5%
Land Tax	1.6%
Stamp Duty	Paid where applicable
Payroll Tax	5.45%
Other Taxes or Charges	Where charged, has been paid. Where not charged, has 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 27.5%.

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 the 'Council' as the owner of business operations, it represents an internal payment and has no effect on the operations of the Council.

Accordingly, there is no need for disclosure of internal charges in the GPFS. The rate applied of 27.5% 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.



NOTE 1 (CONT): SIGNIFICANT ACCOUNTING POLICIES

(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 statements **Campbelltown City Council**

To the Councillors of Campbelltown City Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Campbelltown City Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2020, the Statement of Financial Position of each Declared Business Activity as at 30 June 2020 and Note 1 Significant accounting policies for the Business Activities declared by Council.

The Declared Business Activities of the Council are:

- Child Care Centres
- **Recreation Centres**
- Commercial Activities.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2020, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting - update number 28 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

INDEPENDENT AUDITOR'S REPORT

The scope of my audit does not include, nor provide assurance:

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

Somaiya Ahmed

Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

28 September 2020 SYDNEY

SPECIAL SCHEDULE: PERMISSIBLE INCOME FOR GENERAL RATES

	2019/20 Calculation \$'000	2020/21 Calculation \$'000
Notional general income calculation ⁽¹⁾		
Last year notional income yield	88,523	92,982
plus/minus adjustments ⁽²⁾	2,006	1,238
Notional general income	90,529	94,220
Permissible income calculation		
Special variation ⁽³⁾	0.00%	0.00%
or rate peg	2.70%	2.60%
or crown land adjustment incl rate peg	0.00%	0.00%
Less expiring special variations amount	0	0
Plus special variation amount	0	0
or plus rate peg amount	2,444	2,450
or plus crown land adjustment and rate peg amount	0	0
Sub total	92,973	96,670
Plus or minus last year's carry forward total	(20)	0
Less valuation objections claimed in previous year	(42)	(72)
Sub total	(62)	(72)
Total permissible income	92,911	96,598
Less notional income yield	(92,982)	(96,599)
catch up or (excess) result	(72)	(1)
plus income lost due to valuation objections claimed ⁽⁴⁾	72	1
less unused catch up ⁽⁵⁾	0	0
Carried forward to next year	0	0

- 1 The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which includes amounts that relate to prior years' 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.
- Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- 5 Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually Councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.



INDEPENDENT AUDITOR'S REPORT

Special Schedule - Permissible income for general rates Campbelltown City Council

To the Councillors of Campbelltown City Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Campbelltown City Council (the Council) for the year ending 30 June 2021.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting – update number 28 (LG Code) and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2020 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2020'.

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.

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.

INDEPENDENT AUDITOR'S REPORT

The scope of my audit does not include, nor 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

Delegate of the Auditor-General for New South Wales

28 September 2020

SYDNEY

SPECIAL SCHEDULE: REPORT ON INFRASTRUCTURE ASSETS

_		Estimated cost	00/6/10	2019/20		ระบาร						
Asset class	Asset category (as determined by Council)	to bring to agreed level of service set by Council	required maintenance	actual maintenance	Net carrying amount	replacement cost	Asset	condition	asa % ofç	Asset condition as a % of gross replacement cost	cement c	ost
		\$,000	\$,000	\$,000	\$,000	\$,000	0	-	2	3	4	5
Public Buildings	Buildings	2,891	4,415	3,711	242,079	308,319	7	12	24	25	2	0
	Sub Total		4,415	3,711	242,079	308,319						
Public Spaces	Recreational/open space	787	255	327	6,625	10,957	5	22	38	25	10	0
	Other structures	594	890	1,317	41,834	62,686	7	36	31	24	2	0
	Swimming pools	256	153	242	5,153	7,824	0	28	48	24	0	0
	Sub Total	al 1,637	1,298	1,886	53,612	81,467						
Public Roads	Road surfacing	754	1,428	1,659	100,998	128,806	0	39	49	11	1	0
	Road pavements	2,945	769	263	191,609	259,358	0	23	46	27	4	0
	Road formation	NA	NA	AN	27,309	27,309	NA	AN	NA	AN	AN	NA
	Bridges and culverts	617	174	121	66,578	111,825	2	11	62	25	0	0
	Footpaths and cycle ways	1,401	925	574	63,754	112,735	0	19	37	41	3	0
	Kerb & gutter and traffic islands	797	689	439	103,905	141,944	1	20	39	9	1	0
	Traffic management devices	0	0	0	2,523	3,558	8	33	56	3	0	0
	Road furniture	94	0	364	10,850	11,115	1	29	22	13	0	0
	Car park surfacing	375	91	0	5,017	7,275	12	61	11	11	2	0
	Car park pavements	39	60	133	7,123	10,022	1	48	46	5	0	0
	Car park formation	NA	NA	NA	2,461	2,461	NA	AN	NA	NA	NA	NA
	Other infrastructures	0	9	72	1,208	1,329	0	0	100	0	0	0
	Sub Total	al 6,974	4,142	3,625	583,335	823,737						
Drainage Works	Detention basins/flood mitigation	210 د	28	12	9,636	13,526	0	21	76	1	2	0
	Stormwater conduits	0	374	0	191,571	238,548	20	09	20	0	0	0
	Stormwater pits and headwalls	40	148	435	67,649	82,708	24	23	52	1	0	0
	Open channels	277	64	0	31,665	42,313	0	13	67	20	0	0
	Water quality devices	80	14	0	4,150	268'9	21	45	30	3	1	0
	Earthwork/embankments	NA	NA	AN	42,280	42,280	NA	ΑN	AN	AN	AN	NA
	Sub Total	al 607	628	447	346,951	436,272						
Totals Classes	Total Assets	ts 12,109	10,483	699'6	1,225,977	1,649,795						
Infrastructure ass	Infrastructure asset condition assessment											
Level	Condition	Description	otion	Level		Condition			Desc	Description		

Description	No work required (new asset)
Condition	Excellent
Level	0

LevelConditionDescriptionLevelConditionDescription0Excellent Acrossor Scale Scal	≣	וומפרותכור	iiii asti uctule asset colluitioli assessiilelit				
0 Excellent No work required (new asset) 3 Satisfactory 1 1 Excellent/very good No work required (normal maintenance) 4 Poor 1 2 Good Only minor maintenance work required 5 Very Poor 1		Level	Condition	Description	Level	Condition	Description
1 Excellent/very good No work required (normal maintenance) 4 Poor 1 2 Good Only minor maintenance work required 5 Very Poor 1		0	Excellent	No work required (new asset)	2	Satisfactory	Maintenance work required
2 Good Only minor maintenance work required 5 Very Poor		1	Excellent/very good	No work required (normal maintenance)	4	Poor	Renewal required
	115	2	Good		2	Very Poor	Urgent renewal / upgrading required

SPECIAL SCHEDULE (CONT): REPORT ON INFRASTRUCTURE ASSETS

Infrastructure Asset Performance Indicators

	Amounts \$'000	2020	2019	Benchmarks
Building and infrastructure renewals ratio				
Asset renewals	19,434			
Depreciation, amortisation and impairment	23,339	83%	84%	>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	12,109			
Carrying value of infrastructure assets	1,225,977	0.99%	1.60%	<2%
Shows what proportion the infrastructure backlog is against the total value of Council's infrastructure				
Asset maintenance ratio				
Actual asset maintenance	9,669			
Required asset maintenance	10,483	92%	97%	>100%
Compares actual versus required annual asset maintenance				
Cost to bring assets to agreed service level				
Estimated cost to bring to agreed service level set by Council	12,109			
Gross replacement cost	1,649,795	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



This page has intentionally been left blank



