FINANCIAL STATEMENTS 2021-22



WELCOME

Campbelltown City sits proudly at the centre of south west Sydney's most significant and fastest growing areas. As the metropolitan cluster centre servicing the Campbelltown community and the broader region, we are leading the way in the provision of critical services to the broader region through infrastructure, services and jobs.

Our population is set to grow significantly, from 176,000 to more than 250,000 by 2036 which together with Campbelltown's bold and innovative plans will see the city continue its transformation into a vibrant, self-sustaining urban centre with strong government, business and community partnerships. This growth opportunity is leading to significant investment in infrastructure and jobs, however it also requires proactive and considered planning to ensure Campbelltown is ahead of the game and can continues to meet the needs of our growing community.

Investment in health, education and science offerings in our city continue with the recent \$600m investment into Campbelltown Public Hospital, construction of the new National Herbarium of NSW at the Australian Botanic Garden Mount Annan and the Genesis Care Cancer Care facility in the city centre. At the same time, work on the Campbelltown Billabong Parklands and the South West Sydney Community and Justice Precinct continues as a Western Sydney City Deal project with the Australian Government and NSW Government project partners.

Due to open in 2026, the Western Sydney Airport is also set to bring opportunities for Campbelltown with significant investment in jobs, innovation, tourism opportunities and ongoing investment all set to benefit our communities.

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, particularly in relation to employment generation.

As our city begins its recovery from the global pandemic, we're focusing on resilience and ensuring that we are well positioned to handle future shocks and stresses.

OUR VISION

A city of opportunity for all.

OUR MISSION

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

GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022



GENERAL PURPOSE FINANCIAL STATEMENTS

Statement by Councillors and Management [s.413(2c)]	7
Income Statement	8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

A	ABOUT CO	UNCIL AND THESE FINANCIAL STATEMENTS	
	A1-1	Basis of preparation	15
В	FINANCIA	L PERFORMANCE	
	B1	Functions or activities	
	B1-1	Functions or activities - income, expenses and assets	20
	B1-2	Components of functions or activities	21
	B2	Sources of Income	
	B2-1	Rates and annual charges	22
	B2-2	User charges and fees	23
	B2-3	Other revenue	24
	B2-4	Grants and contributions	25
	B2-5	Interest and investment income	29
	B2-6	Other income	30
	B3	Costs of providing services	
	B3-1	Employee benefits and on-costs	31
	B3-2	Materials and services	32
	B3-3	Borrowing costs	33
	B3-4	Depreciation, amortisation and impairment of non-financial assets	34
	B3-5	Other expenses	35
	B4	Gains or losses	
	B4-1	Gain or loss from the disposal, replacement and de-recognition of assets	36
	B5	Performance against budget	
	B5-1	Material budget variations	37
С	FINANCIA	L POSITION	
	C1	Assats we manage	

CI	Assets we manage	
C1-1	Cash and cash equivalents	41
C1-2	Financial investments	42
C1-3	Restricted and allocated cash, cash equivalents and investments	44
C1-4	Receivables	46
C1-5	Inventories	48
C1-6	Non-current assets classified as held for sale	49
C1-7	Infrastructure, property, plant and equipment	50
C1-8	Investment properties	54

C2	Leasin	g activities	
	C2-1	Council as lessee	55
	C2-2	Council as lessor	57
	C3	Liabilities of Council	
	C3-1	Payables	59
	C3-2	Contract liabilities	60
	C3-3	Borrowings	61
	C3-4	Employee benefit provisions	64
	C3-5	Provisions	65
	C4	Reserves	
	C4-1	Nature and purpose of reserves	66
D R	ISKS AN	D ACCOUNTING UNCERTAINTIES	
	D1-1	Risks relating to financial instruments held	68
	D2-1	Fair value measurement	71
	D3-1	Contingencies	78
E PI	EOPLE A	AND RELATIONSHIPS	
	E1	Related party disclosures	
	E1-1	Key management personnel (KMP)	81
	E1-2	Councillor and mayoral fees	81
	E1-3	Other related parties	81
	E2	Other relationships	
	E2-1	Audit fees	82
F 0		ATTERS	
	F1-1	Statement of Cash Flows information	85
	F2-1	Commitments	86
	F3-1	Events occurring after reporting date	87
	F4	Changes from prior year statements	
	F4-1	Changes in accounting policy	88
	F4-2	Correction of errors	88
	F4-3	Changes in accounting estimates	88
	F5	Statement of developer contributions	
	F5-1	Summary of developer contributions	89
	F5-2	Developer contributions by plan	90
	F5-3	Contributions not under plans	91
	F6	Statement of performance measures	
	F6-1	Statement of performance measures	92
Δudit	tor's reno	rt [s.417(2)]	94
	•	ort [s.417(3)]	97

SPECIAL PURPOSE FINANCIAL STATEMENTS FOLLOW

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 FINANCIAL STATEMENTS 2021-22 | 5





General purpose financial statements for the year ended 30 June 2022

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 20 September 2022

signature has been removed	signature has been removed
Cr G Greiss MAYOR	Cr W Morrison COUNCILLOR
20/09/2022	20 / 09 / 2022
	\sim
signature has been removed	signature has been removed
×	<i>i</i>

Mrs L Deitz GENERAL MANAGER 20 / 09 / 2022 Mrs C Mears RESPONSIBLE ACCOUNTING OFFICER 20 / 09 / 2022

FINANCIAL STATEMENTS 2021-22 7

Original unaudited budget 2022 \$′000		Note	Actual 2022 \$'000	Actual 2021 \$'000
	Income from continuing operations			
123,876	Rates and annual charges	B2-1	125,361	119,807
14,446	User charges and fees	B2-2	11,882	11,643
6,265	Other revenues	B2-3	7,735	7,239
22,890	Grants and contributions provided for operating purposes	B2-4	41,428	30,818
27,410	Grants and contributions provided for capital purposes	B2-4	46,786	36,083
2,281	Interest and investment income	B2-5	1,641	2,482
7,370	Other income	B2-6	23,205	19,122
204,538	Total income from continuing operations		258,038	227,194
	Expenses from continuing operations			
77,707	Employee benefits and on-costs	B3-1	72,633	70,874
68,417	Materials and services	B3-2	75,200	63,145
303	Borrowing costs	B3-3	295	428
27,649	Depreciation, amortisation and impairment of non-financial assets	B3-4	29,533	27,587
4,084	Other expenses	B3-5	6,275	6,262
0	Net loss from the disposal of assets	B4-1	1,533	4,963
178,160	Total expenses from continuing operations		185,469	173,259
26,378	Operating result from continuing operations		72,569	53,935
26,378	Net operating result for the year attributable to Council		72,569	53,935
(1,032)	Net operating result for the year before grants and contributic provided for capital purposes	ons	25,783	17,852

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

for the year ended 30 June 2022

	Note	Actual 2022 \$'000	Actual 2021 \$'000
Net operating result for the year from Income Statement		72,569	53,935
Other comprehensive income Amounts which will not be reclassified subsequently to operating result			
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	C1-7	74,003	108,255
Total other comprehensive income for the year		74,003	108,255
Total comprehensive income for the year attributable to Council		146,572	162,190

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

as at 30 June 2022

Note	Actual 2022 \$'000	Actual 2021 \$'000
ASSETS		
Current assets		
Cash and cash equivalents C1-1	7,816	56,304
Investments C1-2	115,900	112,228
Receivables C1-4	12,020	9,851
Inventories C1-5	419	428
Other	767	1,143
Non-current assets classified as held for sale C1-6	2,920	0
Total current assets	139,842	179,954
Non-current assets		
Investments C1-2	72,550	77,450
Infrastructure, property, plant and equipment (IPPE) C1-7	2,624,767	2,527,858
Investment property C1-8	137,156	43,675
Total non-current assets	2,834,473	2,648,983
Total assets	2,974,315	2,828,937
LIABILITIES		
Current liabilities		
Payables C3-1	13,459	14,341
Contract liabilities C3-2	8,627	6,481
Borrowings C3-3	2,371	2,431
Employee benefit provisions C3-4	19,917	19,346
Provisions C3-5	1,400	1,250
Total current liabilities	45,774	43,849
Non-current liabilities		
Borrowings C3-3	2,325	4,696
Employee benefit provisions C3-4	745	619
Provisions C3-5	2,846	3,720
Total non-current liabilities	5,916	9,035
Total liabilities	51,690	52,884
Net assets	2,922,625	2,776,053
EQUITY		
Accumulated surplus C4-1	1,301,154	1,228,585
IPPE revaluation reserve C4-1	1,621,471	1,547,468
Total equity	2,922,625	2,776,053

The above Statement of Financial Position should be read in conjunction with the accompanying notes. 10 | FINANCIAL STATEMENTS 2021-22

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2022

	Accumulated Surplus \$'000	IPPE Revaluation Reserve \$'000	Total Equity \$'000
2022			
Opening balance at 1 July	1,228,585	1,547,468	2,776,053
Net operating result for year	72,569	0	72,569
Other comprehensive income			
- Gain/(loss) on revaluation of infrastructure, property, plant and equipment	0	74,003	74,003
Total comprehensive income	72,569	74,003	146,572
Closing balance at 30 June	1,301,154	1,621,471	2,922,625
2021			
Opening balance at 1 July	1,174,650	1,439,213	2,613,863
Net operating result for year	53,935	0	53,935
Other comprehensive income			
- Gain/(loss) on revaluation of infrastructure, property, plant and equipment	0	108,255	108,255
Total comprehensive income	53,935	108,255	162,190
Closing balance at 30 June	1,228,585	1,547,468	2,776,053

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

STATEMENT OF CASH FLOWS

for the year ended 30 June 2022

Original unaudited budget 2022 \$'000		Note	Actual 2022 \$'000	Actual 2021 \$'000
	CASH FLOWS FROM OPERATING ACTIVITIES			
	Receipts			
123,876	Rates and annual charges		125,433	119,499
14,446	User charges and fees		12,192	11,518
2,281	Interest received		1,618	2,564
50,300	Grants and contributions		65,680	46,895
0	Bonds, deposits and retentions received		103	615
7,370	Rental receipts		7,518	3,171
25,935	Other		26,192	12,671
	Payments:			
(77,707)	Payments to employees		(70,532)	(71,447)
(88,087)	Payments for materials and services		(97,248)	(70,179) ⁽¹⁾
(303)	Borrowing costs		(313)	(445)
0	Bonds, deposits and retentions refunded		(1)	(85)
(4,083)	Other	-	(5,898)	(5,434) ⁽¹⁾
54,028	Net cash flows from operating activities	F1-1	64,744	49,343
	CASH FLOWS FROM INVESTING ACTIVITIES			
	Receipts:			
2,134	Proceeds from sale of IPPE		3,570	2,040
0	Sale of investments		100,077	79,440
	Payments:			
0	Purchase of investments		(98,671)	(31,881)
(40,000)	Purchase of investment property		(81,551)	0
(88,285)	Payments for IPPE		(34,226)	(46,334)
(126,151)	Net cash flows from investing activities		(110,801)	3,265
	CASH FLOWS FROM FINANCING ACTIVITIES			
	Payments:			
(2,431)	Repayment of borrowings		(2,431)	(2,656)
(2,431)	Net cash flows from financing activities		(2,431)	(2,656)
(74,554)	Net change in cash and cash equivalents		(48,488)	49,952
	Cash and cash equivalents at beginning of year		56,304	6,352
(74,554)	Cash and cash equivalents at end of year	C1-1	7,816	56,304

⁽¹⁾ Prior year comparative adjustments made between Materials and Services and Other Expenses due to reclassifications in line with the Code of Accounting Practice.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022



A - ABOUT COUNCIL AND THESE FINANCIAL STATEMENTS

These financial statements were authorised for issue by Council on 20 September 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the Office of Local Government 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 *Local Government (General) Regulation 2005* (Regulation), and the Local Government Code of Accounting Practice and Financial Reporting. Campbelltown City Council is a not-for-profit entity. 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. Fair values of investment properties refer to note C1-8
- b. Fair values of infrastructure, property, plant and equipment refer to note C1-7
- c. Employee benefit provisions refer to note C3-4.

Significant judgements in applying council's accounting policies

- a. Impairment of receivables Council has made significant judgement about the impairment of its receivables refer to note C1-4
- b. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* refer to Notes B2-2 to B2-4
- c. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease refer to Note C2-1.

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 has been included in the financial statements forming part of this report.

Cash and other assets of the following activities 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.

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 receivable 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

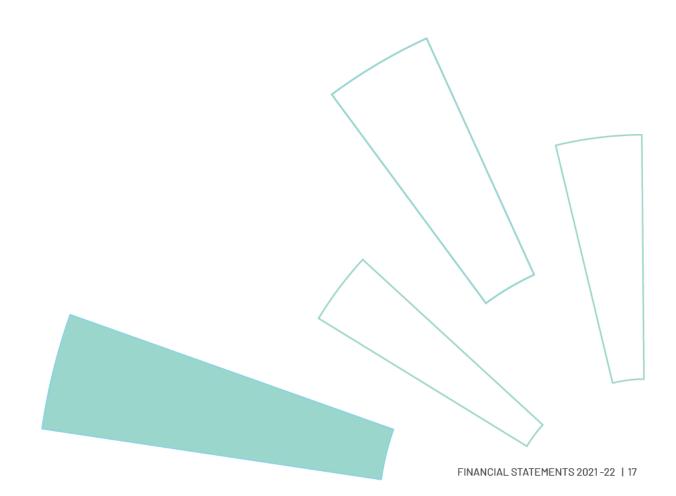
Council has assessed Volunteer Services and determined such services would not be recognised in the Income Statement. Volunteer Services are infrequent in nature. Such services cannot be reliably measured and are not considered material in nature.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting period. Campbelltown City Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2021.

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

Pronouncement	AASB 2020–1 Amendments to Australian Accounting Standards – Classification of liabilities as current or non current; AASB 2020-6 Amendments to Australian Accounting Standards – Classification of liabiltiies as current or non current – deferral of effective date.
Nature of change in accounting policy	This standard amends AASB 101 to clarify requirements for the presentation of liabilities in the Statement of Financial Position as current or non-current. The amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.
Effective date	Annual reporting periods beginning on or after 1 January 2023; i.e. year ended 30 June 2024.
Expected impact on Council Financial Statements	Little impact expected as Council does consider the appropriate classification of liabilities as current or non-current.



Pronouncement	AASB 2020–3 Amendments to Australian Accounting Standards – Annual improvements 2018–2020 and other amendments
Nature of change in accounting policy	 This standard amends a number of standards as follows: AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first time adopter after its parent in relation to the measurement of cumulative translaton differences; AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations; AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the orginal financial liability; AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset; AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss making; and AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.
Effective date	Annual reporting periods beginning on or after 1 January 2022; i.e. year ended 30 June 2023.
Expected impact on Council Financial Statements	Little impact expected as Council does review changes to determine the impact of narrow scope amendments.

Pronouncement	AASB 2021–2 Amendments to Australian Accounting Standards - Disclosure of accounting policies and definition of accounting estimates
Nature of change in accounting policy	 This Standard amends a number of standards as follows: AASB 7 to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; AASB 101 to require entities to disclose their material accounting policy information rather than their significant accounting policies; AASB 108 to clarify how entities should distinguish changes in accounting policies and changes in accounting policy information as a component of a complete set of financial statements; and AASB Practice Statement 2 to provide guidance on how to apply the concept of materiality to accounting policy disclosures.
Effective date	Annual reporting periods beginning on or after 1 January 2023; i.e. year ended 30 June 2024.
Expected impact on Council Financial Statements	No impact on financial performance or position. Reductions in quantaum of accounting policy disclosures to focus on key decision areas and material policies only.

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 2022. None of these standards had a significant impact on reported position or performance.

B - FINANCIAL PERFORMANCE



B1-1 FUNCTIONS OR ACTIVITIES - INCOME, EXPENSES AND ASSETS

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

	INCOME	ME	EXPENSES	NSES	OPERATING RESULTS	LTS	GRANTS AND CONTRIBUTIONS	S AND JTIONS	CARRYING AMOUNT OF ASSETS	AMOUNT SETS
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$′000	Actual 2021 \$′000	Actual 2022 \$'000	Actual 2021 \$′000	Actual 2022 \$'000	Actual 2021 \$′000	Actual 2022 \$′000	Actual 2021 \$′000
STRATEGIC PLAN OBJECTIVES										
A vibrant, liveable city	42,324	39,478	65,605	64,212	(23,282) (24,734)	(24,734)	11,244	10,020	556,511	548,114
A respected and protected natural environment	1,728	1,395	3,437	3,253	(1,709)	(1,858)	953	712	799	483
A thriving, attractive city ⁽¹⁾	146,179	138,635	56,359	56,326	89,819	82,309	23,120	17,341	1,341,998	1,107,968
A successful city	67,807	47,686	60,068	49,468	7,740	(1,782)	52,897	38,828	1,075,007	1,172,371
Total functions or activities ⁽²⁾	258,038	227,194	185,469	173,259	72,569	53,935	88,214	66,901	2,974,315	2,828,937

(1) Includes general purpose revenues

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

B1-2 COMPONENTS OF FUNCTIONS OR ACTIVITIES

The activities relating to the Council's Community Strategic Plan objectives reported in Note B1-1 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



B2-1 RATES AND ANNUAL CHARGES

	Actual 2022 \$'000	Actual 2021 \$'000
Ordinary rates		
Residential	71,451	68,989
Farmland	560	594
Business	20,495	20,115
Mining	29	29
Less: Pensioner rebates	(1,408)	(1,511)
Rates levied to ratepayers	91,127	88,216
Pensioner rate subsidies received	775	831
Total ordinary rates	91,902	89,047
Special rates		
Infrastructure	7,036	6,836
Total special rates	7,036	6,836
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	24,988	22,541
Waste management services (not domestic)	571	562
Stormwater management services	1,464	1,443
Less: Pensioner rebates	(870)	(893)
Annual charges levied	26,153	23,653
Pensioner domestic waste management subsidies received	270	271
Total annual charges	26,423	23,924
Total rates and annual charges	125,361	119,807

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

ACCOUNTING POLICY FOR RATES AND CHARGES

Rates and annual charges are recognised as revenue at 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.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are recognised within the underlying revenue item based on their substance.

B2-2 USER CHARGES AND FEES

	Actual 2022 \$'000	Actual 2021 \$'000
User charges		
Waste water disposal	243	274
Other	98	83
Total user charges	341	357
Fees		
Hire of Council facilities	2,936	3,210
Memberships	295	528
Child care fees	2,158	2,069
Private works - s67	176	171
s.611 gas mains	86	89
Planning and building - regulatory	2,923	2,237
Other - regulatory	146	199
S10.7 certificates (EPA Act)	415	391
S603 certificates	301	270
Inspection fees	513	567
Building services	580	659
Road/footpath reinstatement	684	646
Other	328	250
Total fees	11,541	11,286
Total user charges and fees	11,882	11,643
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	5,730	6,164
User charges and fees recognised at a point in time	6,152	5,479
Total user charges and fees	11,882	11,643

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 or a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as joining 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 over the term of the licence.

B2-3 OTHER REVENUE

	Actual 2022 \$'000	Actual 2021 \$'000
	•	•
Events and promotions	83	113
Fines	1,458	1,481
Recycling income (not domestic)	5	3
Legal fees recovery (rates)	393	351
Insurance claims recoveries	801	253
Commissions and agency fees	471	402
Sundry contributions to works	1,596	1,068
Minor equipment sold	43	37
Sale of animals	69	90
Sale of consumables	59	172
Rebates	1,385	1,424
Property related fees and land sales	118	99
Reduction in workers compensation claims liability	724	1,490
Other	530	256
Total other revenue	7,735	7,239
Timing of revenue recognition for other revenue		
Other revenue recognised over time	0	0
Other revenue recognised at a point in time	7,735	7,239
Total other revenue	7,735	7,239

ACCOUNTING POLICY FOR OTHER REVENUE

Where the revenue is earned for the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

Statutory fees and fines are recognised as revenue when the service has been provided, the payment is received 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.

B2-4 GRANTS AND CONTRIBUTIONS

	Operating 2022 \$'000	Operating 2021 \$'000	Capital 2022 \$'000	Capital 2021 \$'000
General purpose grants and non-developer contributions (unt	ied)			
Financial Assistance Grant ⁽¹⁾				
- relating to current year	5,307	4,821	0	0
- prepayment received in advance for subsequent year	8,155	5,160	0	0
Amount recognised as income during current year	13,462	9,981	0	0
Specific purpose grants and non-developer contributions (tie	d)			
Cash contributions				
Transport	1,285	1,277	0	276
Roads to Recovery	1,107	1,106	0	0
Local Roads and Community Infrastructure	3,199	3,611	0	0
Infrastructure	0	0	7,837	3,985
Environmental programs	2,274	863(2)	2,773	2,305
Community Care	6,608	6,129 ⁽²⁾	0	0
Recreation and culture	1,982	1,629 ⁽²⁾	0	1,770
Library	522	496	0	0
NSW Rural Fire Services	286	246	0	0
Town planning	150	650	0	0
Other grants	3,736	1,814 ⁽²⁾	858	575
Transport for NSW contributions	695	695	0	0
Other council contributions	72	29	0	0
Car lease contributions	690	702	0	0
Interest rate subsidies	216	281	0	0
Other contributions	1,500	1,007	444	51
Non-cash contributions				
Subdivision dedications (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	0	0	21,104	19,896
Other - Rural Fire Service Plant and Equipment	0	0	1,851	0
Total special purpose grants and non-developer contributions (tied)	24,322	20,535	34,867	28,858
Total grants and non-developer contributions (tied)	37,784	30,516	34,867	28,858
Comprising: Commonwealth funding	24,042	20,395	507	0
State funding	10,471	8,015	10,840	4,896
Other funding	3,271	2,106	23,520	23,962
-	37,784	30,516	34,867	28,858
			AL STATEMENTS	

	Note	Operating 2022 \$'000	Operating 2021 \$'000	Capital 2022 \$'000	Capital 2021 \$'000
Developer contributions (s7.4 and s.7.11 - EP&A Act, s64 of the LGA)	F5				
Cash contributions					
S7.11 - contributions towards amenities/services		0	302	8,447	5,270
S7.12 - fixed development consent levies		3,644	0	0	0
Non-cash contributions					
Other developer contributions		0	0	3,472	1,955
	_				
Total developer contributions	_	3,644	302	11,919	7,225
	_				
Total grants and contributions	_	41,428	30,818	46,786	36,083
Timing of revenue recognition for grants and cor	ntributio	ns			
Grants and contributions recognised over time		0	0	11,437	6,936
Grants and contributions recognised at a point in	time	41,428	30,818	35,349	29,147
Total grants and contributions	_	41,428	30,818	46,786	36,083
	_				

⁽¹⁾ \$8.155m of the 2022-23 Financial Assistance Grant from Commonwealth Government was received by Council in June 2022 and hence is reported as 2021-22 income although it relates to 2022-23 financial year.

⁽²⁾ Prior year comparative adjustments made to reflect changes made in 2021-22 financial year to better reflect the Code of Accounting Practice.

Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period, but which are not yet spent in accordance with those conditions are as follows:

	Operating 2022 \$'000	Operating 2021 \$'000	Capital 2022 \$'000	Capital 2021 \$'000
Unspent funds at 1 July	(15,465) ¹⁾	(11,731)	(35,749) ¹⁾	(31,626)
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	(16,959)	(10,526)	(18,312)	(9,502)
Add: Funds received and not recognised as revenue in the current year	(80)	(47)	(12,566)	(3,009)
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	10,623	6,891	7,347	5,156
Less: Funds received in prior year but revenue recognised and funds spent in current year	0	0	10,900	3,180
Unspent funds at 30 June	(21,880)	(15,413)	(48,379)	(35,801)

⁽¹⁾Net opening balance adjustment of \$52K made due to the reclassification of unspent grants and contributions between operational and capital in 2021-22.

ACCOUNTING POLICY FOR GRANTS AND CONTRIBUTIONS

Grants and contributions - enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

The performance obligations vary according to 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.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

Where control is transferred over time, generally the input methods of costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion 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.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

Developer contributions

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of s7.4, 7.11 and 7.12 of the Environmental Planning and Assessment Act 1979 (EP&A Act).

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 Council may apply contributions according to the priorities established in work schedules for the contribution plan.

Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

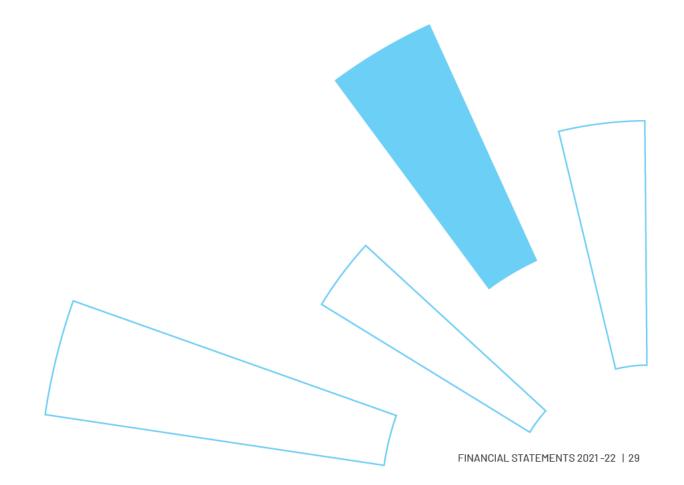
Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

B2-5 INTEREST AND INVESTMENT INCOME

	Actual 2022 \$'000	Actual 2021 \$'000
Interest on financial assets measured at amortised cost		
- Overdue rates and annual charges	301	172
- Cash and investments	1,340	2,310
Total interest and investment revenue (losses)	1,641	2,482

ACCOUNTING POLICY FOR INTEREST AND INVESTMENT REVENUE

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



B2-6 OTHER INCOME

	Note	Actual 2022 \$'000	Actual 2021 \$′000
Fair value increment on investment properties	C1-7	15,389	15,845
Rental income	C2-2	7,816	3,277
Total other income		23,205	19,122



B3-1 EMPLOYEE BENEFITS AND ON COSTS

	Actual 2022 \$'000	Actual 2021 \$'000
Salaries and wages	56,489	54,674
Employee leave entitlements	8,837	8,162
Superannuation	6,648	6,243
Workers compensation insurance - claims and admin costs	656	1,820
Fringe benefits tax	164	177
Training costs (excluding salaries)	38	28
Other	12	6
Less: capitalised costs	(211)	(236)
Total employee costs	72,633	70,874

ACCOUNTING POLICY FOR EMPLOYEE BENEFITS AND ON-COSTS

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

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.

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable - refer to Note D3-1 for more information.

B3-2 MATERIALS AND SERVICES

Raw materials and consumables 4,442 4,640 Contractor costs 34,888 24,450 Consultants and professional fees 5,725 3,793 Remuneration of Auditors E2-1 185 182 Legal fees 870 861 Advertising 410 394 Bank charges and fees 227 306 Child care expenses 1,444 1,491 Computer equipment and fees 3,804 3,084 Electricity and gas 1,297 1,332 Equipment maintenance and repairs 88 82 Equipment/furniture and fittings 354 827 Hired personnel 822 1,259 Insurance 1,832 1,751 Mayoral fee E1-2 63 Office expenses 121 99 Self insurance expenses 684 1,176 Self insurance expenses 684 1,176 Self insurance expenses 1,095 1,255 Tipping fees/contributions 7,916 2,2	Νο	Actual 2022 te \$'000	Actual 2021 \$'000
Consultants and professional fees5,7253,793Remuneration of AuditorsE2-1185182Legal fees870861Advertising410394Bank charges and fees227306Child care expenses1,4441,491Computer equipment and fees3,8043084Electricity and gas1,2971,332Equipment maintenance and repairs88822Equipment/furniture and fittings3548221Insurace1,6321,751Mayoral feeE1-263Councillors feesE1-2365Self insurance expenses6841,766Self insurance expenses6841,776Street lighting3,0763,073Telephone1,0951,125Tipping fees/contributions7,9167,242Training costs223317Travelling7186Valuer generals department431360Water rates5651,013Other3,6373,076	Raw materials and consumables	4,442	4,640
Remuneration of Auditors E2-1 185 182 Legal fees 870 861 Advertising 410 394 Bank charges and fees 227 306 Child care expenses 1,444 1,491 Computer equipment and fees 3,804 3,084 Electricity and gas 1,297 1,332 Equipment maintenance and repairs 88 82 Equipment/furniture and fittings 354 827 Hired personnel 822 1,259 Insurance 1.632 1,751 Mayoral fee E1-2 63 69 Councillors fees E1-2 63 681 Office expenses 121 99 9 Postage, printing and stationery 604 568 Self insurance expenses 684 1,176 Street lighting 3,076 3,073 Telephone 1,095 1,125 Tipping fees/contributions 7,916 7,242 Yaiuer generals department	Contractor costs	34,888	24,450
Legal fees870881Advertising400334Bank charges and fees227306Child care expenses1,4441,491Computer equipment and fees3,8043,084Electricity and gas1,2971,332Equipment maintenance and repairs88822Equipment/furniture and fittings3548271Hired personnel8221,259Insurance1,6321,751Mayoral feeE1-26369Councillors feesE1-2365361Office expensesE1-2365361Self insurance expenses6841,176Street lighting3,0763,073Telephone1,0951,252Tipping fees/contributions7,9167,242Training costs223317Travelling7186Valuer generals department431380Water rates5851,013Other3,6373,074	Consultants and professional fees	5,725	3,793
Advertising410394Bank charges and fees227308Child care expenses1.4441.491Computer equipment and fees3.8043.084Electricity and gas1.2971.332Equipment maintenance and repairs8882Equipment/furniture and fittings354827Hired personnel8221.259Insurance1.6321.751Mayoral feeE1-26369Councillors feesE1-2365361Office expenses1219999Postage, printing and stationery604568Self insurance expenses6841.176Seminar/conference/civic functions141100Street lighting3.0763.073Telephone1.0951.125Tipping fees/contributions7.9167.242Training costs223317Travelling7186Valuer generals department431380Water rates5851.013Other3.6373.637	Remuneration of Auditors E2	-1 185	182
Bank charges and fees 227 306 Child care expenses 1,444 1,491 Computer equipment and fees 3,804 3,084 Electricity and gas 1,297 1,332 Equipment maintenance and repairs 88 82 Equipment/furniture and fittings 354 827 Hired personnel 822 1,259 Insurance 1,632 1,751 Mayoral fee E1-2 63 69 Councillors fees E1-2 365 361 Office expenses 121 99 9 Postage, printing and stationery 604 568 Self insurance expenses 684 1,176 Seminar/conference/civic functions 141 100 Street lighting 3,076 3,073 Telephone 1,095 1,125 Tipping fees/contributions 7,916 7,242 Training costs 223 317 Travelling 71 86 Valuer generals department 431	Legal fees	870	861
Child care expenses 1,444 1,491 Computer equipment and fees 3,804 3,084 Electricity and gas 1,297 1,332 Equipment maintenance and repairs 88 82 Equipment/furniture and fittings 354 827 Hired personnel 822 1,259 Insurance 1,632 1,751 Mayoral fee E1-2 63 699 Councillors fees E1-2 365 361 Office expenses E1-2 365 361 Office expenses 884 1,176 Seelf insurance expenses 684 1,176 Seelf insurance expenses 684 1,176 Street lighting 3,076 3,073 Telephone 1,095 1,125 Tipping fees/contributions 7,916 7,242 Training costs 223 317 Travelling 71 86 Valuer generals department 431 380 Water rates 585 1,013 Other 3,637 3,084	Advertising	410	394
Computer equipment and fees3,8043,084Electricity and gas1,2971,332Equipment maintenance and repairs8882Equipment/furniture and fittings354827Hired personnel8221,259Insurance1,6321,751Mayoral feeE1-26369Councillors feesE1-2365361Office expensesE1-2365361Office expenses1219999Postage, printing and stationery604568Self insurance expenses6841,176Seminar/conference/civic functions141100Street lighting3,0763,073Telephone1,0951,125Tipping fees/contributions7,9167,242Training costs223317Travelling7186Valuer generals department431380Water rates5851,013Other3,6373,084	Bank charges and fees	227	306
Electricity and gas 1,297 1,332 Equipment maintenance and repairs 88 82 Equipment/furniture and fittings 354 827 Hired personnel 822 1,259 Insurance 1.632 1,751 Mayoral fee E1-2 63 69 Councillors fees E1-2 365 361 Office expenses 121 99 Postage, printing and stationery 604 568 Self insurance expenses 684 1,176 Seminar/conference/civic functions 141 100 Street lighting 3,076 3,073 Telephone 1,095 1,125 Tipping fees/contributions 7,916 7,242 Training costs 223 317 Travelling 71 86 Valuer generals department 431 380 Water rates 585 1,013 Other 3,637 3,084	Child care expenses	1,444	1,491
Equipment maintenance and repairs 88 82 Equipment/furniture and fittings 354 827 Hired personnel 822 1,259 Insurance 1,632 1,751 Mayoral fee E1-2 63 69 Councillors fees E1-2 365 361 Office expenses E1-2 365 361 Office expenses 121 99 Postage, printing and stationery 604 568 Self insurance expenses 884 1,176 Seminar/conference/civic functions 141 100 Street lighting 3,076 3,073 Telephone 1,095 1,125 Tipping fees/contributions 7,916 7,242 Training costs 223 317 Travelling 71 86 Valuer generals department 431 380 Water rates 585 1,013 Other 3,637 3,084	Computer equipment and fees	3,804	3,084
Equipment/furniture and fittings 354 827 Hired personnel 822 1,259 Insurance 1,632 1,751 Mayoral fee E1-2 63 69 Councillors fees E1-2 365 361 Office expenses 121 99 Postage, printing and stationery 604 568 Self insurance expenses 684 1,176 Seminar/conference/civic functions 141 100 Street lighting 3,076 3,073 Telephone 1,095 1,125 Tipping fees/contributions 7,916 7,242 Training costs 223 317 Valuer generals department 431 380 Water rates 585 1,013 Other 3,637 3,084	Electricity and gas	1,297	1,332
Hired personnel8221,259Insurance1,6321,751Mayoral feeE1-26369Councillors feesE1-2365361Office expensesE1-2365361Office expenses12199Postage, printing and stationery604568Self insurance expenses6841,176Seminar/conference/civic functions141100Street lighting3,0763,073Telephone1,0951,125Tipping fees/contributions7,9167,242Training costs223317Travelling7186Valuer generals department431380Water rates5851,013Other3,6373,084	Equipment maintenance and repairs	88	82
Insurance 1,632 1,751 Mayoral fee E1-2 63 69 Councillors fees E1-2 365 361 Office expenses 121 99 Postage, printing and stationery 604 568 Self insurance expenses 684 1,176 Seminar/conference/civic functions 141 100 Street lighting 3,076 3,073 Telephone 1,095 1,125 Tipping fees/contributions 7,916 7,242 Training costs 223 317 Travelling 71 86 Valuer generals department 431 380 Water rates 585 1,013	Equipment/furniture and fittings	354	827
Mayoral fee E1-2 63 69 Councillors fees E1-2 365 361 Office expenses 121 99 Postage, printing and stationery 604 568 Self insurance expenses 684 1,176 Seminar/conference/civic functions 141 100 Street lighting 3,076 3,073 Telephone 1,095 1,125 Tipping fees/contributions 7,916 7,242 Training costs 223 317 Travelling 71 86 Valuer generals department 431 380 Water rates 585 1,013 Other 3,637 3,084	Hired personnel	822	1,259
Councillors fees E1-2 365 361 Office expenses 121 99 Postage, printing and stationery 604 568 Self insurance expenses 684 1,176 Seminar/conference/civic functions 141 100 Street lighting 3,076 3,073 Telephone 1,095 1,125 Tipping fees/contributions 7,916 7,242 Training costs 223 317 Travelling 71 86 Valuer generals department 431 380 Water rates 585 1,013 Other 3,637 3,084	Insurance	1,632	1,751
Office expenses12199Postage, printing and stationery604568Self insurance expenses6841,176Seminar/conference/civic functions141100Street lighting3,0763,073Telephone1,0951,125Tipping fees/contributions7,9167,242Training costs223317Travelling7186Valuer generals department431380Water rates5851,013Other3,6373,084	Mayoral fee E1-	-2 63	69
Postage, printing and stationery604568Self insurance expenses6841,176Seminar/conference/civic functions141100Street lighting3,0763,073Telephone1,0951,125Tipping fees/contributions7,9167,242Training costs223317Travelling7186Valuer generals department431380Water rates5851,013Other3,6373,084	Councillors fees E1-	-2 365	361
Self insurance expenses6841,176Seminar/conference/civic functions141100Street lighting3,0763,073Telephone1,0951,125Tipping fees/contributions7,9167,242Training costs223317Travelling7186Valuer generals department431380Water rates5851,013Other3,6373,084	Office expenses	121	99
Seminar/conference/civic functions 141 100 Street lighting 3,076 3,073 Telephone 1,095 1,125 Tipping fees/contributions 7,916 7,242 Training costs 223 317 Travelling 71 86 Valuer generals department 431 380 Water rates 585 1,013 Other 3,637 3,084	Postage, printing and stationery	604	568
Street lighting 3,076 3,073 Telephone 1,095 1,125 Tipping fees/contributions 7,916 7,242 Training costs 223 317 Travelling 71 86 Valuer generals department 431 380 Water rates 585 1,013 Other 3,637 3,084	Self insurance expenses	684	1,176
Telephone 1,095 1,125 Tipping fees/contributions 7,916 7,242 Training costs 223 317 Travelling 71 86 Valuer generals department 431 380 Water rates 585 1,013 Other 3,637 3,084	Seminar/conference/civic functions	141	100
Tipping fees/contributions7,9167,242Training costs223317Travelling7186Valuer generals department431380Water rates5851,013Other3,6373,084	Street lighting	3,076	3,073
Training costs223317Travelling7186Valuer generals department431380Water rates5851,013Other3,6373,084	Telephone	1,095	1,125
Travelling 71 86 Valuer generals department 431 380 Water rates 585 1,013 Other 3,637 3,084	Tipping fees/contributions	7,916	7,242
Valuer generals department 431 380 Water rates 585 1,013 Other 3,637 3,084	Training costs	223	317
Water rates 585 1,013 Other 3,637 3,084	Travelling	71	86
Other 3,637 3,084	Valuer generals department	431	380
	Water rates	585	1,013
Total materials and services75,20063,145	Other	3,637	3,084
	Total materials and services	75,200	63,145

ACCOUNTING POLICY FOR MATERIALS AND SERVICES

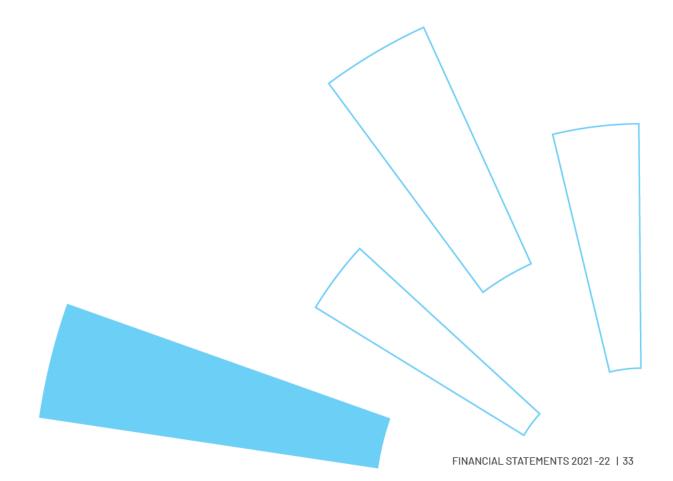
Expenses are recorded on an accrual basis as Council receives the goods or services.

B3-3 BORROWING COSTS

	Actual 2022 \$'000	Actual 2021 \$'000
Interest on loans	295	428
Total borrowing costs	295	428

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 as incurred.



B3-4 DEPRECIATION, AMORTISATION AND IMPAIRMENT OF NON-FINANCIAL ASSETS

	Note	Actual 2022 \$'000	Actual 2021 \$'000
Depreciation and amortisation			
Plant and equipment	C1-7	2,392	2,192
Office equipment	C1-7	174	185
Furniture and fittings	C1-7	25	23
Infrastructure	C1-7	18,152	16,849
Buildings	C1-7	4,685	4,588
Other structures	C1-7	3,806	3,465
Other assets	C1-7	299	285
Total depreciation and amortisation costs		29,533	27,587

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.

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

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.

B3-5 OTHER EXPENSES

	Actual 2022 \$'000	Actual 2021 \$'000
Contributions and donations to other organisations	984	751
Contributions and levies to other levels of government		
- planning levy	128	126
- waste levy	3,369	3,318
- emergency services levy (incl. FRNSW, SES, RFS)	1,792	2,062
Other	2	5
Total other expenses	6,275	6,262

ACCOUNTING POLICY FOR OTHER EXPENSES

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses. Impairment expenses are recognised when identified.



B4-1 GAIN OR LOSS FROM THE DISPOSAL, REPLACEMENT AND DE-RECOGNITION OF ASSETS

Note	Actual 2022 \$'000	Actual 2021 \$'000
Gain (or loss) on disposal of infrastructure, property, plant and equipment C1-7		
Proceeds from disposal	2,953	2,039
Less: carrying amount of assets sold	(4,740)	(7,002)
Gain (or loss) on disposal	(1,787)	(4,963)
Gain (or loss) on disposal of investment propertyC1-8		
Proceeds from disposal	615	0
Less: carrying value of assets sold	(538)	0
Gain (or loss) on disposal	77	0
Gain (or loss) on disposal of investments		
Proceeds from disposal	12,877	0
Less: carrying value of assets sold	(12,700)	0
Gain (or loss) on disposal	177	0
Net gain (or loss) from disposal of assets	(1,533)	(4,963)

ACCOUNTING POLICY FOR DISPOSAL OF ASSETS

Gains and losses on disposals are determined by comparing proceeds with the carrying amount.

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.

B5-1 MATERIAL BUDGET VARIATIONS

Council's original budget was adopted by Campbelltown City Council on 29 June 2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these general purpose financial statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis so it is able to manage the variation between actuals and budget that invariably occur during the year.

Material variations of more than 10% between original budget and actual results or where the variance is considered material by nature are explained below.

REVENUES

USER CHARGES AND FEES

Actual user charges and fees received were less than budgeted by some \$2.6m (U)(18%).

Variations in amounts received are detailed below:

- Childcare fee income \$1.1m (U), overall income from childcare grants and fees has increased, this difference is due to budget split up.
- Leisure Centre and sporting facility income \$1.3m (U), proceeds from learn to swim and facility usage under budget due to closures and decreased patronage.
- Facility hire such as cycleway, library and Arts Centre programs \$180k (U), decrease due to closures and decreased patronage.
- Income from animal control fees was greater than budgeted by \$102k (F).

INTEREST ON INVESTMENTS

Actual interest received was less than budgeted by some \$640K(U)(28%).

Interest rates have remained at record lows. The budget was developed on a 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 purchase of an investment property.

GRANTS AND CONTRIBUTIONS RECEIVED (OPERATING AND CAPITAL)

Actual amounts of grants and contributions received were over budget by some \$36.1m (F)(72%).

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 as well as developer contributions and dedications received after the original budget was adopted.

- Capital contributions \$28.3m (F), unbudgeted contributions and dedications from developers towards land, road and drainage construction at various development sites, as well as S7.11 Plan contributions.
- Child care grants of \$2m (F), due to the increased patronage and additional government assistance provided to child care centres and the split between child fees and government subsidy.
- Financial assistance grant of \$3.8m (F), resulting from the Federal Government's policy of paying in advance of the year the grant applies to. This year, 75% of the grant was paid in advance.
- Various new projects or programs where funding was received \$4.5m (F) including; Tree Planting, Road Construction, Recreation Trails, Cultural grants, Noxious Weeds and Vegetation Management.
- There were a number of grants and contributions received that were not included in the original budget \$8.5m (F), mainly due to various government stimulus packages announced during the year. These include funding

for: Processing Development Applications, Place Improvement/Development Projects, Local Roads Community Infrastructure grants, Flood Recovery, COVID Support, WestInvest projects, Raby Road reconstruction and Seddon Park development.

- Budgeted funds that were only partially received \$13m (U), mainly due to works being delayed or budgeted cash flow differences. These include funding for: the Centre of Excellence project and the Billabong Parklands.
- 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 INCOME

Actual amounts of other revenues received were over budget by some \$1.5m(F)(23%).

Variations in amounts received are detailed below:

- Compliance activity was reduced during the pandemic resulting in a decrease in fine and fee income \$1.1m (U).
- Cost recovery and recharge activity has resulted in increased income \$936k (F).
- Income from sales including animals and kiosk was less than budgeted \$213k (U).
- Insurance claim income and rebates not budgeted \$1.5m (F).
- Other rebates including fuel tax and container deposits \$567k (F).
- Budgeted income for various events that did not proceed \$271k(U).
- Adjustment to written down value of investment property for movements in fair value \$15.3m (F).

EXPENSES

DEPRECIATION

Actual depreciation expenses were over budget by some \$1.9m(U)(7%).

 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 assessments 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 \$1.5m (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 of \$2.2m (U)(54%).

- Decrease in the Emergency Services Levy contribution \$322k (F).
- Waste Service Levy transferred from Contracts to Other Expenses \$3.4m(U).
- Internal transfer of funds between account types from contributions to other expenses \$810k (F).

All variations have been monitored, and reported to Council on a regular basis.

STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES

The net variance from operating activities was 20% (F), however there were unfavourable variances in user charges and fees of some \$2.2m (U) and interest revenues of \$600k (U) largely as a result of decreased utilisation and historically low interest rates resulting from COVID-19 and poor economic conditions.

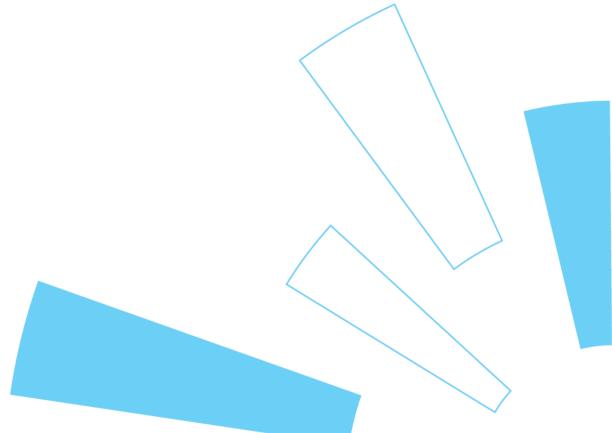
Council did have favourable variances in grants and contributions of some \$15m(F) attritutable to an advance payment of financial assistance grant, flood recovery funding and increased Section 7.11 contributions that were not originally budgeted for.

CASH FLOWS FROM INVESTING ACTIVITIES

Cash flows from investing activities were over budget. Variances of \$1.4m (F) for operational land sales not originally budgeted for as well as \$13m (F) for capital purchases of infrastructure, property, plant and equipment predominately associated with a purchase of property that was not realised in the current reporting period.

CASH FLOWS FROM FINANCING ACTIVITIES

Cash flows from financing activities were within budget.



C - FINANCIAL POSITION

C1-1 CASH AND CASH EQUIVALENTS

	Actual 2022 \$'000	Actual 2021 \$′000
Cash at bank and on hand	2,508	2,150
Deposits at call	5,308	54,154
Total cash assets	7,816	56,304
Reconciliation of cash and cash equivalents		
Total cash and cash equivalents per Statement of Financial Position	7,816	56,304
Balances as per Statement of Cash Flows	7,816	56,304

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.

C1-2 FINANCIAL INVESTMENTS

	Act 202		Act 20	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Financial assets at fair value through profit and loss				
Managed funds	4,640	0	8,569	0
Floating rate notes	4,250	12,300	10,200	19,050
Debt securities at amortised cost				
Terms deposits	102,010	47,750	93,459	45,900
Fixed bonds	5,000	12,500	0	12,500
Total	115,900	72,550	112,228	77,450

ACCOUNTING POLICY FOR FINANCIAL 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

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than three months are classified as investments rather than cash and cash equivalents.

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 de-recognition are recognised in profit or loss.

Financial assets through profit or loss

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

C1-3 RESTRICTED AND ALLOCATED CASH, CASH EQUIVALENTS AND INVESTMENTS

	Actual 2022 \$'000	Actual 2021 \$'000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	196,266	245,982
Less: Externally restricted cash, cash equivalents and investments	(92,727)	(72,513)
Cash, cash equivalents and investments not subject to external restrictions	103,539	173,469
External restrictions External restrictions included in cash, cash equivalents and investments comprise: Included in liabilities		
Self insurance claims	4,389	5,350
Developer Contributions		
Developer contributions - S7.11	36,284	25,437
Developer contributions - Other	898	898
Other		
Specific purpose unexpended grants	26,872	19,466
Domestic waste management	17,250	15,340
General contributions	6,205	5,413
Stormwater management levy	829	609
Total external restrictions	92,727	72,513

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

C1 ASSETS WE MANAGE

	Actual 2022 \$'000	Actual 2021 \$'000
(b) Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Included in liabilities		
Employee leave entitlements	8,971	8,450
Other		
Committed works funded by loans	3,826	2,641
Property development	571	79,826
Replacement of fleet, plant and vehicles	8,717	9,092
Future infrastructure fund	44,015	41,047
Asset replacement	6,680	5,205
Self insurance	2,215	1,278
Committed works	13,607	8,450
Local Government elections	470	1,030
Insurances	7,330	7,283
Environmental	2,008	1,824
Community events	1,874	1,427
Other	371	337
Total internal allocations	100,655	167,890

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

C1-4 RECEIVABLES

	Act 201		Act 20	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Rates and annual charges	5,040	311	5,005	281
Interest and extra charges	1,116	40	943	46
User charges and fees	1,108	0	896	0
Accrued revenues	493	0	485	0
Government grants and subsidies	1,675	0	313	0
Private works	3	0	3	0
Sundry debtors	2,817	0	2,435	0
Total	12,252	351	10,080	327
Less: provision for impairment:				
- rates and annual charges	(168)	(351)	(167)	(327)
- user charges and fees	(19)	0	(19)	0
- other	(45)	0	(43)	0
Net receivables	12,020	0	9,851	0

ACCOUNTING POLICY FOR RECEIVABLES

Recognition and measurement

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.

Impairment

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

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 Council's historical experience and informed credit assessment and including forward looking information.

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

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

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.

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.

Receivables with a contractual amount of \$38,964.21 written off during the reporting period are still subject to enforcement activity.

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.

C1-5 INVENTORIES

	Act 202		Act 20	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
At cost:				
Stores and materials	419	0	428	0
Total inventories	419	0	428	0

ACCOUNTING POLICY FOR INVENTORIES

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

C1-6 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Actual 2022 \$'000	Actual 2021 \$'000
Land	2,920	0
Total non-current assets classified as held for sale	2,920	0

Council has recognised an investment land parcel as land held for resale at 30 June 2022, with settlement expected to occur in July 2022.

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 and are measured at the lower of their carrying amount and fair value less costs to sell.

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



E.
Z
Ξ
<u> </u>
Ξ
Ы
Z
1
Ż
(, PLA
Δ
≻
5
OPERTY,
Б
Ř
ш,
2
5
ប
2
Ĕ
¥
E
Z
_
1-1
ប

By aggregated asset class	Gross carrying amount \$000	Accum. depn. and impairment \$'000	Net carrying amount \$'000	Renewals \$'000	New assets \$'000	Carrying value of disposals \$'000	Depn. \$'000	Transfers \$'000	Revaluation inc/(dec) \$000	Gross carrying amount \$'000	Accum. depn. and impairment \$'000	Net carrying amount \$000
		At 1 July 2021				Movements (during year			A	At 30 June 2022	~
Capital Works in Progress	6,973	0	6,973	2,238	2,274	0	0	(6,038)	0	5,447	0	5,447
Plant and equipment	20,324	(8,466)	10,858	2,240	296	(550)	(2,398)		0	20,801	(10,349)	10,452
Rural Fire Service ⁽²⁾	0	0	0	0	1,851	0	0	0	0	5,372	(3,521)	1,851
Office equipment	3,704	(3,096)	608	0	182	0	(174)	0	0	3,886	(3,270)	616
Furniture and fittings	496	(330)	166	0	48	0	(2 9)	0	0	544	(355)	189
Land												
- operational land	766,411	0	766, 411	0	878	(1,196)		0	5,422	771,515	0	771,515
- community land	233,476	0	233,476	0	2,179	0	0		(<mark>2</mark> 536)	228,119	0	228, 119
- crown land	10,833	0	10,833	0	0	0	0		0	10,833	0	10,833
- land under roads	129,598	0	129,598	0	72	(36)	0	0	32,458	162,032	0	162,032
Land improvements												
- Non depreciable	46,371	0	46,371	47	13	0	0	0	1,015	47,446	0	47,446
Buildings ⁽¹⁾	305,763	(63,610)	242,153	3,916	468	(378)	(4,685)	1,197	24,558	335,378	(68,150)	267,228
Other structures	70,022	(24,221)	45,801	2,885	2,358	(393)	(2,860)	42	(1,141)	76,974	(30,282)	46,692
Infrastructure												
- roads	630,319	(118,536)	511,784	9,455	10,678	(1,074)	(11,666)	0	965	658,544	(138,402)	520,142
- bridges	120,624	(40,511)	80, 113	567	2,385	(273)	(1,532)	1,771	1,700	130,627	(45,896)	84,731
- footpaths	119,112	(50,397)	68,715	827	4,145	(528)	(1,765)	0	2,929	128,576	(54,253)	74,323
- storm water drainage	444,891	(84'848)	349,942	701	4,809	(57)	(3,189)	3,028	12,309	480,119	(112,576)	367,543
 swimming pools 	8,012	(2,813)	5,199	0	0	0	(133)	0	118	8,410	(3,226)	5,184
- Open space/recreation	13,206	(4,039)	9, 167	347	284	(195)	(813)	0	108	14,067	(5,169)	8,898
Other assets												
- library books	11,262	(10,535)	727	0	348	0	(299)	0	0	11,610	(10,834)	776
-other	8,963	0	8,963	0	690	0	0	0	1,098	10,750	0	10,750
TOTALS	2,950,360	(422,503)	2,527,858	23,223	33,958	(4,740)	(29,533)	0	74,003	3, 111,050	(486,283)	2,624,767
	0000001	10001771	1011000	101100	00000	101111	(200,027)		00011	0001110		10071001

(2) RFS Assets recognised as at 30 June 2022

(1) Excludes investment properties

By aggregated asset class	Gross carrying amount \$'000	Accum. depn. and impairment \$'000	Net carrying amount \$'000	Renewals \$'000	New assets \$'000	Carrying value of disposals \$'000	Depn. \$'000	Transfers \$000	Revaluation inc/(dec) \$'000	Gross carrying amount \$'000	Accum. depn. and impairment \$000	Net carrying amount \$'000
		At 1 July 2020				Movements during year	during year			4	At 30 June 2021	
Capital Works in Progress	732	0	732	1,317	5,515	0	0	(592)	0	6,973	0	6,973
Plant and equipment	19,368	(9,818)	9,550	4,205	228	(933)	(2,192)	0	0	20,324	(8,466)	10,858
Office equipment	3,549	(2,911)	638	27	128	0	(185)	0	0	3,704	(3,096)	608
Furniture and fittings	469	(306)	163	12	15	0	(24)	0	0	496	(330)	166
Land												
- operational land	729,320	0	729,320	0	395	0	0	(120)	36,816	766,411	0	766,411
- community land	232,630	0	232,630	0	5,165	(2,449)	0	(1,870)	0	233,476	0	233,476
- crown land	10,833	0	10,833	0	0	0	0	0	0	10,833	0	10,833
- land under roads	128,708	0	128,708	0	500	0	0	390	0	129,598	0	129,598
Land improvements												
- Non depreciable	38,084	0	38,084	94	866	(53)	0	0	7,380	46,371	Ũ	46,371
Buildings ⁽¹⁾	308,319	(66,240)	242,079	4,324	1,007	(837)	(4,588)	(411)	579	305,763	(63,610)	242,153
Other structures ⁽²⁾	63,183	(20,853)	42,330	3,721	3,045	(190)	(2,601)	59	(563)	70,022	(24,221)	45,801
Infrastructure												
- roads ⁽²⁾	603,844	(146,174)	457,670	12,070	9,885	(1,801)	(10,778)	0	44,736	630,319	(118,536)	511,784
- bridges ⁽²⁾	111,793	(45,247)	66,546	205	1,001	(44)	(1, 336)	0	13,740	120,624	(40,511)	80,113
- footpaths ⁽²⁾	112,974	(48,981)	63,993	1,110	4,698	(486)	(1,663)	0	1,063	119,112	(50,397)	68,715
- storm water drainage	436,272	(89,320)	346,952	48	2,380	0	(3,071)	(63)	3,692	444,891	(94,949)	349,942
- swimming pools	7,824	(2,671)	5,153	0	0	0	(130)	0	176	8,012	(2,813)	5,199
- Open space/recreation ⁽²⁾	11,246	(4,332)	6,914	1,409	1,152	(208)	(734)	0	636	13,206	(4,039)	9,167
Other assets												
- library books	10,943	(10,249)	694	0	319	0	(285)	0	0	11,262	(10,535)	727
- other	7,579	0	7,579	0	1,385	(1)	0	0	0	8,963	0	8,963
TOTALS	2,837,670	(447,102)	2,390,568	28,542	37,684	(7,002)	(27,587)	(2,603)	108,255	2,950,360	(422,503)	2,527,858

(2) \$5.7m restated opening balance as at 1July 2019 to reflect prior period revaluation error (refer note F4-2)

(1) Excludes investment properties

ACCOUNTING POLICY FOR INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

Initial recognition of infrastructure, property, plant and equipment (IPPE)

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

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

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

Useful lives of IPPE

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

- Plant and equipment 4-20 years
- Office equipment 3-40 years
- Furniture and fittings 5-20 years
- Buildings 8-229 years
- Other structures 10-100 years
- Roads and footpaths 15-120 years
- Bridges 2-229 years
- Stormwater Drainage 5-175 years

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

Revaluation model

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

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

Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

Crown reserves

Crown reserves under Council's care and control are recognised as assets of Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Where the Crown reserves are under a lease arrangement, they are accounted for under AASB 16 *Leases*, refer to Note C2–1.

Improvements on Crown reserves are recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within NSW 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 always and continues to recognise the RFS buildings on Council controlled land.

For the financial period ended 30 June 2022, an additional amount of \$1.85m has been recognised on Council's Statement of Financial Position which is representative of rural fire-fighting equipment vested in the local government area.

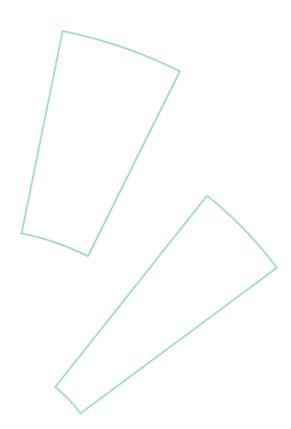


C1-8 INVESTMENT PROPERTIES

	Actual 2022 \$'000	Actual 2021 \$'000
Owned investment property		
At fair value		
Opening balance at 1 July	43,675	25,225
Acquisitions	81,550	0
Capitalised subsequent expenditure		
- Buildings	0	2
Disposals	(538)	0
Transfers to non-current assets classified as held for sale	(2,920)	0
Transfers from operational property	0	2,603
Net gain (loss) from fair value adjustment	15,390	15,845
Closing balance at 30 June	137,156	43,675

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.



C2-1 COUNCIL AS 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.

Terms and conditions of leases

Vehicles

Council makes variable payments for domestic waste collection trucks utilised in the Campbelltown LGA. No Right-ofuse 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	Actual
2022	2021
\$'000	\$'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	9,691	9,003
Expenses relating to low-value assets	500	331
	10,191	9,334

(b) 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.

None 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

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 received. 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 when 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.

C2-2 COUNCIL AS LESSOR

(a) Operating leases

Council leases out a number of properties; 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 as:

- Investment property where the asset is held predominantly for rental or capital growth purposes (refer note C1-8)
- Property, plant and equipment where the rental is incidental, or the asset is held to meet Council's service delivery objectives (refer note C1-7).

(i) Assets held as investment property

Investment property operating leases relate to numerous land and building assets leased to community groups.

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

	Actual 2022 \$'000	Actual 2021 \$'000
Lease income (excluding variable lease payments not dependent on an index or rate)	6,973	2,493
Direct operating expenses from property that generated rental income	504	449
Total income relating to operating leases for investment property assets	6,973	2,493

(ii) Assets held as property, plant and equipment

Council provides operating leases on Council buildings for the purpose of provision of services by community groups. The table below relates to operating leases on assets disclosed in C1-7:

	Actual 2022 \$'000	Actual 2021 \$'000
Lease income (excluding variable lease payments not dependent on an index or rate)	843	784
Total income relating to operating leases for Council assets	843	784
Amount of IPPE leased out by Council under operating leases		
- Buildings	843	784
Total IPPE leased out by Council under operating leases	843	784

(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:

	Actual 2022 \$'000	Actual 2021 \$'000
<1year	8,369	3,460
1-2 years	8,055	2,992
2 - 3 years	7,822	2,602
3 - 4 years	6,997	2,443
4 - 5 years	5,785	2,252
> 5 years	42,717	11,054
Total undiscounted lease payments to be received	79,745	24,803

(b) 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, 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 for an operating lease and as finance income using amortised cost basis for finance leases.

C3-1 PAYABLES

	Actual 2022		Act 20	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Payables				
Goods and services	5,262	0	7,952	0
Accrued wages and salaries	1,368	0	0	0
Accrued expenses - other	21	0	39	0
Deposits and retentions	2,634	0	2,592	0
Other payables	547	0	511	0
Payments received in advance	3,627	0	3,247	0
Total payables	13,459	0	14,341	0
(a) Current payables not expected to				
be settled within next 12 months	0	0	0	0

ACCOUNTING POLICY FOR PAYABLES

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.

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

C3-2 CONTRACT LIABILITIES

		Actual 2022		Act 20	
		Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Funds to construct Council controlled assets	(i)	8,154	0	6,408	0
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15	(ii)	37	0	0	0
Deposits received in advance of services provided		436	0	73	0
Total contract liabilities		8,627	0	6,481	0

(i) Council has received funding to construct assets including buildings, road upgrades, park upgrades, signage, etc. The funds are received under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

	Actual 2022 \$'000	Actual 2021 \$'000
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Funds to construct Council controlled assets	6,238	3,181
Deposits received in advance of services provided	73	199
Total	6,311	3,380

ACCOUNTING POLICY FOR CONTRACT LIABILITIES

Contract liabilities are recorded 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.

C3-3 BORROWINGS

	Actual 2022		Actual 2021		
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000	
Loans - secured Total borrowings	2,371	2,325	2,431	4,696	

(a) Changes in liabilities arising from financing activities

	2021 \$'000	Cash flows \$'000	Non- cash movements \$'000				2022 \$′000
			Acquisition	Other			
Loans - secured	7,127	(2,431)	0	0	4,696		
Total liabilities from financing activities	7,127	(2,431)	0	0	4,696		

	2020 \$'000	Cash flows \$'000	Non- cash movements \$'000		2021 \$'000
			Acquisition	Other	
Loans - secured	9,783	(2,656)	0	0	7,127
Total liabilities from financing activities	9,783	(2,656)	0	0	7,127

(b) Financing arrangements	Actual 2022 \$'000	Actual 2021 \$'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	117	86
	117	86
Undrawn facilities		
The amount of undrawn financing available to Council at the reporting date is:		
- bank overdraft facility	500	500
- corporate credit cards	703	734
	1,203	1,234

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

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 of Council is secured over the rating income of Council.

ACCOUNTING POLICY FOR BORROWINGS

Council measures all financial liabilities initially at fair value less transaction costs and subsequently measures at amortised cost using the effective interest rate 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.

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 borrowing costs.



C3-4 EMPLOYEE BENEFIT PROVISIONS

	Actual 2022		Actual 2021	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Annual leave	5,650	0	5,398	0
Sick leave	2,269	0	2,202	0
Long service leave	11,998	745	11,746	619
Total employee benefit provisions (1)	19,917	745	19,346	619
 Current employee benefit provisions not expected to be settled within the next 12 months	8,132	0	7,678	0

⁽¹⁾ Vested ELE is all carried as a current provision.

ACCOUNTING POLICY FOR EMPLOYEE BENEFIT PROVISIONS

Employee benefit provisions 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 and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

These amounts include superannuation, 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.

C3-5 PROVISIONS

	Act 20			Actual 2021		
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000		
Self insurance - workers compensation ⁽¹⁾	1,400	2,846	1,250	3,720		
Total provisions	1,400	2,846	1,250	3,720		

⁽¹⁾ Provision is made in respect of the estimated self insurance claims for workers compensation as at balance date.

Movement in provisions:	
Self Insurance	\$'000
At beginning of year	4,970
Claims liability re-measurement	(724)
Total at end of year	4,246

Nature and purpose of provisions

Self-insurance - workers compensation

To recognise liabilities for outstanding claims (uninsured losses) arising from Council's decision to undertake selfinsurance for certain risks faced.

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 a borrowing cost.

Self insurance

Council has decided to self-insure for Workers Compensation. A provision for self-insurance has been made to recognise outstanding claims. Council also maintains cash and investments to meet expected future claims and these are detailed in note C1-3.

C4-1 NATURE AND PURPOSE OF RESERVES

IPPE revaluation reserve

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

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.



D - RISKS AND ACCOUNTING UNCERTAINTIES

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

Council'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 the Act and Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up and performance of the portfolio as required by local government regulations.

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 Councillors.

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

The risks associated with the financial instruments held are:

- 1. Interest rate risk the risk that movements in interest rates could affect returns.
- 2. Liquidity risk the risk that Council will not be able to pay its debts as and when they fall due.
- **3. Credit risk** the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

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

(a) Market risk - interest rate and price risk

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

	Actual 2022 \$'000	Actual 2021 \$'000
Impact of a 1% movement in price of investments		
- Equity/Income Statement	212	378
Impact of a 1% movement in interest rates on cash and investments		
- Equity/Income Statement	1,751	2,082

(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. Council also encourages ratepayers to pay rates by the due date through incentives.

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

There are no significant concentrations of credit risk other than Council has significant credit risk exposures in its local area given the nature of Council activities.

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 (as detailed in the table) are considered to 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.

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

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.

	Not yet due \$'000	<5 years \$'000	≥5 years \$'000	Total \$'000
2022	4,475	786	90	5,351
2021	4,395	884	7	5,286

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors and contract assets to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. 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 is determined as follows. The expected credit losses incorporate forward looking information.

	Overdue debts								
	Not yet due \$'000	<30 days \$'000	30-60 days \$'000	60-90 days \$′000	>90 days \$'000	Total \$'000			
2022									
Gross Carrying Amount	6,544	140	201	92	275	7,252			
Expected loss rate (%)	0.3%	1.6%	3.6%	6.6%	10.6%				
ECL provision (1)	6	2	7	6	29	51			
2021									
Gross Carrying Amount	4,166	212	124	304	315	5,121			
Expected loss rate (%)	0.3%	1.6%	3.6%	6.6%	10.6%				
ECL provision (1)	2	3	4	20	33	63			

⁽¹⁾No ECL allowance is provided for other sundry receivables totalling \$4.4m 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 rate structures.

The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(b) for 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 \$'000	Due between 1 and 5 years \$'000	Due after 5 years \$'000	Total contractual cash flows \$'000	Carrying values \$'000
2022						
Payables	-	13,459	0	0	13,459	13,459
Borrowings	5.31	2,563	2,442	0	5,005	4,696
	_	16,022	2,442	0	18,464	18,155
2021						
Payables	-	14,341	0	0	14,341	14,341
Borrowings	5.72	2,744	5,005	0	7,749	7,127
		17,085	5,005	0	22,090	21,468

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:

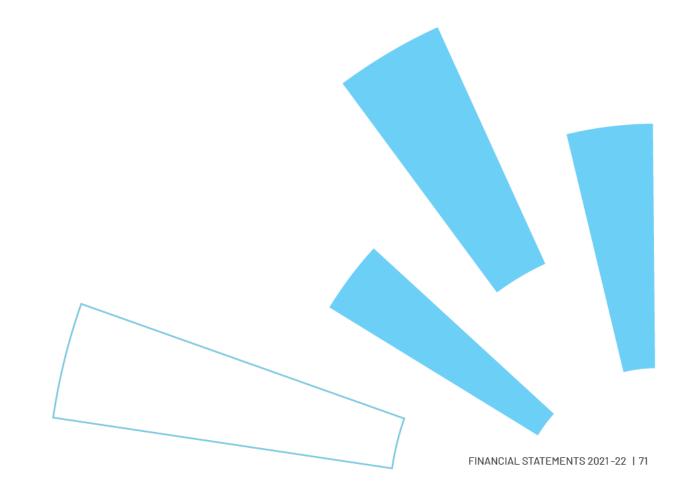
non-current assets classified as held for sale

Fair value hierarchy

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

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

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



	Level 2 Significant Observable Inputs (\$'000)		le Inputs	Level 3 Si Unobserva (\$'0	ble Inputs		tal 100)
Recurring fair value measurements	Note	2022	2021	2022	2021	2022	2021
Financial assets							
Investments							
at fair value through profit and loss	C1-2	21,190	37,819	0	0	21,190	37,819
Investment Properties	C1-8						
Land		62,117	36,798	0	0	62,117	36,798
Buildings		75,039	6,876	0	0	75,039	6,876
Infrastructure, Property, Plant and Equipment	C1-7						
Land							
Operational		771,515	766,411	0	0	771,515	766,411
Community		0	0	228,119	233,476	228,119	233,476
Crown		0	0	10,833	10,833	10,833	10,833
Land Under Roads		0	0	162,032	129,598	162,032	129,598
Land Improvements		0	0	47,446	46,371	47,446	46,371
Buildings		0	0	267,228	242,153	267,228	242,153
Other Structures		0	0	46,692	45,801	46,692	45,801
Infrastructure							
Roads		0	0	520,142	511,784	520,142	511,784
Footpaths		0	0	74,323	68,715	74,323	68,715
Bridges		0	0	84,731	80,113	84,731	80,113
Stormwater		0	0	367,543	349,942	367,543	349,942
Swimming Pools		0	0	5,184	5,199	5,184	5,199
Open Space/Recreational		0	0	8,898	9,167	8,898	9,167
Library Books		0	0	776	727	776	727
Other Assets		0	0	10,750	8,963	10,750	8,963
Total IPPE		929,861	847,904	1,834,697	1,742,842	2,764,558	2,590,746

Non-recurring fair value measurements

Non-current assets held for sale

Land	C1-6	2,920	0	0	0	2,920	0
Total non-recurring fair value measure	ements	2,920	0	0	0	2,920	0

Note that Capital Works in Progress is not included above since it is carried at cost.

VALUATION TECHNIQUES

(I) 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 2021. Council performed an assessment on the fair value of the asset class and recognised a movement as at 30 June 2022. Refer to note C1-7 for detail.

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 2021. Council performed an assessment on the fair value of the asset class and recognised a movement as at 30 June 2022. Refer to note C1-8 for detail.

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.

(II) 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. Council performed an assessment on the fair value of the asset class and recognised a movement as at 30 June 2022. Refer to note C1-7 for detail.

LAND UNDER ROADS

Valuation of Campbelltown City Council's land under roads was completed in-house by staff with appropriate qualifications, skills and experience dated 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. Council performed an assessment on the fair value of the asset class and recognised a movement as at 30 June 2022. Refer to note C1-7 for detail.

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 2022.

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 2022.

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 2021. Council peformed an assessment on the fair value of the asset class and recognised a movement as at 30 June 2022. Refer to note C1-7 for detail.

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 determine 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 2022. 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 2022.

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 2022.

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 2022.

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 2022.

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 miscellaneous. Valuation was conducted in-house by staff with appropriate qualifications, skills and experience dated 30 June 2022.

OTHER ASSETS

Valuation of Council's other assets were undertaken at 30 June 2022 by Brenda Colahan Fine Art using the 'Cost Approach'. Values were determined using extensive professional judgement and were based on visual inspection, high quality digital imaging, condition of the collection and market analaysis to determine the fair value. As such, these assets were classified as having been valued using level three valuation inputs.

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	Valuation Technique(s)	Unobservable Inputs
IPPE		
Community Land	Land values obtained from the NSW Valuer General	Price per square metre
Crown Land	Land values obtained from the NSW Valuer General	Price per square metre
Land Under Roads	Values obtained from the NSW Valuer General and discounted	Extent and impact of use and market cost of land per square metre
Land Improvements - Non Depreciable	Cost Approach	Residual value and useful life.
Buildings	Cost Approach	Current replacement cost, asset condition, remaining lives, residual value and useful lives
Other Structures, Open Space and Swimming Pools	Cost Approach	Pattern of consumption, residual value, asset condition, applied points and useful life
Roads, Footpaths and Bridges	Cost Approach	Pattern of consumption, residual value, asset condition, applied points and useful life
Stormwater	Cost Approach	Pattern of consumption, residual value, asset condition, applied points and useful life
Library Books	Cost Approach	Residual value, asset condition and useful life
Other Assets	Cost Approach	The level of appreciation of the asset, current replacement/ replication cost of equivalent asset and asset condition

RECONCILIATION OF MOVEMENTS

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

	Actual 2022 \$'000	Actual 2021 \$'000
Balance at 1 July	1,742,842	1,650,164
Total gains or losses for the period		
Recognised in other comprehensive income - Revaluation Surplus	68,581	71,440
Other movements		
Purchases	47,172	54,976
Sales	(2,994)	(6,069)
Depreciation	(26,942)	(25,186)
Transfers into level 3	6,038	390
Transfers out of level 3	0	(2,873)
Balance as at 30 June	1,834,697	1,742,842

HIGHEST AND BEST USE

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

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 AASB 119 *Employee Benefits* for the following reasons:

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

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

Description of the funding arrangements

Pooled Employers are required to pay standard 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 future 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 7.5% of salaries for the year ending 30 June 2022 (increasing to 8% in line with the increase in the Superannuation Guarantee) to these members accumulation accounts, which are paid in addition to members' defined benefits.

The additional lump sum contribution for each pooled employer is a share of the total additional contributions of \$40 million per annum from 1 July 2019 to 30 June 2021 and \$20 million per annum for 1 January to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. 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.

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

As stated above, each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of 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 Council.

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

The amount of employer contributions to the defined benefit section of the Scheme and recognised as an expense for the year ending 30 June 2022 was \$621k. The last formal valuation of the Scheme was performed by Richard Boyfield FIAA as at 30 June 2021 and covers the year ended 30 June 2022.

The amount of additional contributions included in the total employer contribution advised above is \$238k. Council's expected contribution to the plan for the next annual reporting period is \$469k.

The estimated employer reserves financial position for the Pooled Employers as at 30 June 2022 is:

Employer Reserves only *	\$millions	Asset coverage
Assets	2,376.6	-
Past services liabilities	2,380.7	99.8%
Vested benefits	2,391.7	99.4%

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$469k as at 30 June 2022.

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

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

Investment return	5.5% 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.

E - PEOPLE AND RELATIONSHIPS

E1-1 KEY MANAGEMENT PERSONNEL (KMP)

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 KMP compensation included in the Income Statement is:

	Actual 2022 \$'000	Actual 2021 \$'000
Compensation		
Short term benefits (salaries, councillors fees)	2,350	2,282
Other long term benefits	195	55
Total	2,545	2,337

Other transactions with KMP and their related entities

Council has determined that transactions at arm's length basis between KMP and Council as part of KMP using Council services such as access to library or Council swimming centres will not be disclosed.

E1-2 COUNCILLOR AND MAYORAL FEES

The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services in the Income Statement are:

	Actual 2022 \$'000	Actual 2021 \$'000
Mayoral fee	63	69
Councillors' fees	365	361
Councillors' (including Mayor) expenses	114	58
Total	542	488

E1-3 OTHER RELATED PARTIES

Council has no other related parties.

E2-1 AUDIT FEES

	Actual 2022 \$'000	Actual 2021 \$'000
Audit and other assurance services - Auditors of Council - NSW Auditor-General:		
Audit and review of financial statements	172(1)	150
Total fees paid to the Auditor General	172	150
During the year the following fees were paid for services provided by other audit firms:		
Other non assurance services	13	32
Total fees paid to other audit firms	13	32

⁽¹⁾ Includes an amount of \$10k accrued for additional audit work in the current reporting period that may not be realised.



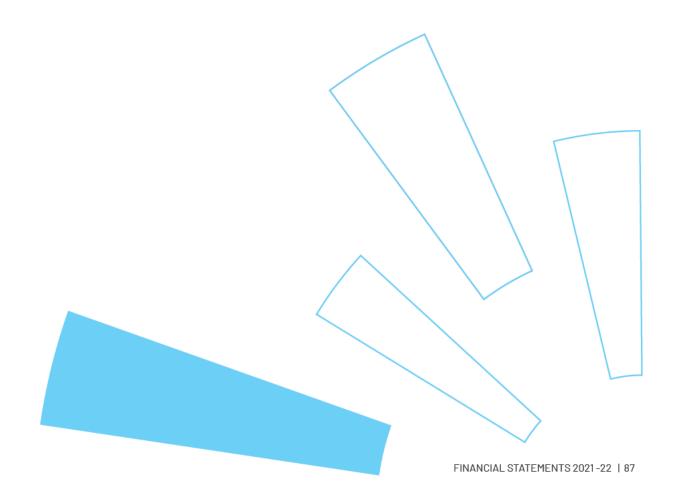
F - OTHER MATTERS

	Actual 2022 \$'000	Actual 2021 \$'000
(a) Reconciliation of net operating result to cash provided from operating activities		
Operating result	72,569	53,935
Add/(less)non-cash items:		
Depreciation, amortisation and impairment	29,533	27,587
(Gain)/loss on disposal of assets	1,533	4,963
Non-cash contributions and dedications	(22,955)	(19,896)
Fair value (gains) / losses on investment property	(15,389)	(15,845)
Changes in assets and liabilities:		
Movement in operating assets and liabilities		
Increase / (decrease) in provision for doubtful debts	27	(19)
Increase / (decrease) in provision for employee leave entitlements	697	449
Increase / (decrease) in other provisions	(724)	(1,490)
(Increase) / decrease in receivables	(2,196)	(1,559)
(Increase) / decrease in inventories	9	(5)
(Increase) / decrease in other current assets	376	(1,058)
Increase / (decrease) in payables	(864)	2,549
Increase / (decrease) in accrued interest payable	(18)	(17)
Increase / (decrease) in contract liabilities	2,146	(251)
Net cash flows from operating activities	64,744	49,343
(b) Non-cash financing and investing activities		
Dedications and developer in-kind contributions	22,955	19,896
	22,955	19,896

	Actual 2022 \$'000	Actual 2021 \$'000
Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	5,230	35,022
Plant and equipment	2,508	736
Infrastructure: roads, bridges, footpaths	52,653	47,869
	60,390	83,627

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

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



F4-1 CHANGES IN ACCOUNTING POLICY

Changes in accounting policy due to adoption of new Accounting Standards

No changes in accounting policy were made during the year.

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.

F4-2 CORRECTION OF ERRORS

No correction of errors that may materially impact the Statement of Financial Position have been made during the year.

F4-3 CHANGES IN ACCOUNTING ESTIMATES

During the financial year, Council implemented an improved revaluation model for infrastructure asset classes that are revalued internally, whereby the model predicts the condition of an asset at valuation date for assets with last inspection dates greater than or equal to two years from valuation date.

Council's condition data is a key input to the valuation process, and this improvement will provide for more accurate recording of fair values of Councils long lived infrastructure assets, as well providing more reliable data in determining useful lives and expected future benefits of the assets.

Council's infrastructure asset classes were comprehensively revalued in line with this new model as at 30 June 2022, with revised current values shown in note C1-7.

S
Ζ
Ο
Ē
2
F
Z
Θ
CONT
Ë
ш
0
E
ш
DEV
Ш
ш.
Ō
8
MMARY
1
2
Σ
S
_
ΞL.
N
ш.

expended borrowings ⁽²⁾ \$'000 \$'000 J \$'000 \$'000 J 1,244 0 0 1,244 0 0 1,244 0 0 1,244 0 0 1,244 0 0 1 1,244 0		0pening	Contribution	ıs received ⁽¹⁾	ntributions received ⁽¹⁾ Interest and investment	Amounts	Internal	Held as restricted	Cumulative balance of
ies-under plans 25,437 12,091 3,472 0 1,244 0 36, er plans 25,437 12,091 3,472 0 1,244 0 36, er plans 898 0 0 0 0 0 0 36, er plans 9 0 0 0 0 0 0 36, er plans 9 30 3,472 0 0 0 0 0 36, er plans 9 3 3,472 0 <t< th=""><th>Purpose</th><th>balance at 1 July 2021 \$'000</th><th>Cash \$′000</th><th>Non-cash \$′000</th><th>income earned \$′000</th><th>expended \$'000</th><th>borrowings⁽²⁾ \$'000</th><th></th><th>internal borrowings (to)/from⁽⁴⁾ \$`000</th></t<>	Purpose	balance at 1 July 2021 \$'000	Cash \$′000	Non-cash \$′000	income earned \$′000	expended \$'000	borrowings ⁽²⁾ \$'000		internal borrowings (to)/from ⁽⁴⁾ \$`000
z5,437 12,091 3,472 0 1,244 0 36, er plans 898 0 0 0 0 0 0 36, er plans 898 0 0 0 0 0 0 0 0 36, ms 0 37	Community facilities - under plans	25,437	12,091	3,472	0	1,244	0	36,284	0
t under plans 898 0 37 butions 26,335 12,091 3,472 0 1,244 0 0 37	S7.11 under plans	25,437	12,091	3,472	0	1,244	0	36,284	0
Dutions 0 1,244 0 <th< td=""><td>Parking - not under plans</td><td>898</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>898</td><td>0</td></th<>	Parking - not under plans	898	0	0	0	0	0	898	0
26,335 12,091 3,472 0 1,244 0	S7.12 levies	0	0	0	0	0	0	0	0
	Total contributions	26,335	12,091	3,472	0	1,244	0	37,182	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 difference.

Notes:

⁽¹⁾ Reconcilable with Note B2

⁽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 C1-3 (restricted assets excludes 'amounts expended in advance')

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

F5-2 DEVELOPER CONTRIBUTIONS BY PLAN	
2 DEVELOPER CONTRIBUTIONS BY	A
2 DEVELOPER CONTRIBUTIONS BY	2
2 DEVELOPER CONTRIBUTIONS	Σ
2 DEVELOPER CONTRIBUTIO	
2 DEVELOPER CONTRIBUTIO	22
2 DEVELOPER	ō
2 DEVELOPER	E
2 DEVELOPER	B
2 DEVELOPER	
2 DEVELOPER	Ε.
2 DEVELOPER	S
2 DE	0
2 DE	Ш
2 DE	Ξ
2 DE	2
2 DE	Ψ
	Ш

CONTRIBUTION PLAN NO. 9

	Opening balance at	Contribution	Contributions received ⁽¹⁾	<u>i i i</u>	Amounts		Held as restricted	Cumulative balance of internal
Purpose	1 July 2021 \$'000	Cash \$'000	Non-Cash \$'000	income earned \$'000	expended \$'000	borrowings ²² \$'000	asset at 30 June 2022 ⁽³⁾ \$′000	borrowings (to)/from ⁽⁴⁾ \$'000
Community facilities	7,236	805	0	0	7	0	8,034	0
Total contributions	7,236	805	0	0	7	0	8,034	0

CONTRIBUTION PLAN NO. MENANGLE PARK

	Opening balance at	Contributions received ⁽¹⁾ Interest and investment	ıs received ⁽¹⁾	Interest and investment	Amounts	Internal	Held as restricted	Cumulative balance of internal
Purpose	1 July 2021 \$'000	Cash \$'000	Non-Cash \$'000	income earned \$`000	expended \$'000	borrowings ⁽²⁾ \$'000	asset at 30 June 2022 ⁽³⁾ \$'000	borrowings (to)/from ⁽⁴⁾ \$*000
Community facilities	0	6,114	3,472	0	0	0	6,114	0
Total contributions	0	6,114	3,472	0	0	0	6,114	0

CONTRIBUTION PLAN NO. S7.11

	Opening balance at	Contribution	Is received ⁽¹⁾	Contributions received ⁽¹⁾ Interest and investment		Internal	Held as restricted	Cumulative balance of internal
Purpose	1 July 2021 \$'000	Cash \$'000	Non-Cash \$'000	income earned \$`000	expended \$'000	borrowings ⁽²⁾ \$'000	asset at 50 June 2022 ⁽³⁾ \$′000	borrowings (to)/from ⁽⁴⁾ \$'000
Community facilities	18,201	5,172	0	0	1,237	0	22,136	0
Total contributions	18,201	5,172	0	0	1,237	0	22,136	0

90 | FINANCIAL STATEMENTS 2021-22

Notes:

⁽¹⁾ Reconcilable with Note B2

⁽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 C1-3 (restricted assets excludes 'amounts expended in advance')

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

F5-3 CONTRIBUTIONS NOT UNDER PLANS

CONTRIBUTIONS NOT UNDER PLANS

	Opening balance at	Contribution	Is received ⁽¹⁾	Contributions received ⁽¹⁾ Interest and investment	Amounts	Internal	Held as restricted	Cumulative balance of
Purpose	5'000 \$	Cash \$'000	Non-Cash \$'000	income earned \$`000	expended \$'000	borrowings ⁽²⁾ \$`000	asset at 30 June 2022 ⁽³⁾ \$′000	borrowings (to)/from ⁽⁴⁾ \$'000
Parking	898	0	0	0	0	0	898	0
Total contributions	898	0	0	0	0	0	898	0

Notes:

⁽¹⁾ Reconcilable with Note B2

²¹ Borrowings within and between plans during current period only. General fund expenditure in advance of contributions is not shown here

⁽³⁾ Reconcilable with Note C1-3 (restricted assets excludes 'amounts expended in advance')

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

F6-1 STATEMENT OF PERFORMANCE MEASURES

	2022 \$'000	2022 Indicators	2021 Indicators	Benchmarks
1. Operating performance Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses ⁽²⁾	11,927	6.09%	3.98%	>0
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	195,863			
2a. Own source operating revenue Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	154,435	63.65%	68.35%	>60%
Total continuing operating revenue ⁽¹⁾ inclusive of all grants and contributions ⁽⁵⁾	242,649			
2b. Own source operating revenue Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions Total continuing operating revenue ⁽¹⁾ excluding non-cash	<u>154,435</u> 219,694	70.30%	75.45%	>60%
dedications ⁽⁵⁾ 3. Unrestricted current ratio Current assets less all external restrictions	47,115	1.71x	3.78x	>1.5x
Current liabilities less specific purpose liabilities ⁽³⁾⁽⁴⁾	27,615			
 4. Debt service cover ratio Operating result⁽¹⁾ before capital, excl interest and depreciation Principal repayments (from the Statement of Cash Flows) plus borrowing costs (from the Income Statement) 	<u>41,755</u> 2,726	15.32:1	11.34:1	>2x
5. Rates and annual charges outstanding percentage Rates and annual charges outstanding Rates and annual charges collectible	5,988 131,443	4.56%	4.62%	<5%
6. Cash expense cover ratio Current years cash and cash equivalents plus term deposits Payments from cash flows of operating and financing activities	183,966 176,423	12.51 months	18.12 months	>3 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, impairment losses on receivables, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

⁽³⁾ Refer to Note C-3

⁽⁴⁾ \$8m 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 \$23m 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.

F6 STATEMENT OF PERFORMANCE MEASURES



1. Operating Performance

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





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



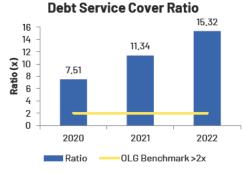
2b. Own Source Operating Revenue

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

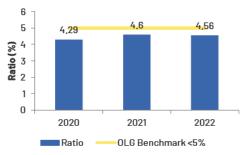
Assesses Councils ability to meet short term obligations as they fall due



4. Debt Service Cover Ratio

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

Rates and Charges Outstanding



5. Rates and 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 2022, the Statement of Financial Position as at 30 June 2022, 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 2022, 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 2022 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.

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 B5-1 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.

signature has been removed

Somaiya Ahmed Delegate of the Auditor-General for New South Wales

19 October 2022 SYDNEY

INDEPENDENT AUDITOR'S REPORT



Cr George Greiss Mayor Campbelltown City Council PO Box 57 CAMPBELLTOWN NSW 2560

 Contact:
 Somaiya Ahmed

 Phone no:
 02 9275 7424

 Our ref:
 D2221183/1706

19 October 2022

Dear Mayor

Report on the Conduct of the Audit for the year ended 30 June 2022

Campbelltown City Council

I have audited the general purpose financial statements (GPFS) of Campbelltown City Council (the Council) for the year ended 30 June 2022 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 2022 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

	2022	2021	Variance
	\$m	\$m	%
Rates and annual charges revenue	125.4	119.8	4.7
Grants and contributions revenue	88.2	66.9	31.8
Operating result from continuing operations	72.6	53.9	34.7
Net operating result before capital grants and contributions	25.8	17.9	44.1

Level 19, Darling Park Tower 2, 201 Sussex Street, Sydney NSW 2000

GPO Box 12, Sydney NSW 2001 | t 02 9275 7101 | mail@audit.nsw.gov.au | audit.nsw.gov.au

Rates and annual charges revenue (\$125.4 million) increased by \$5.6 million (4.7 per cent) in 2021–22 due to:

- annual rate peg increase applied to ordinary rates (2.0 per cent)
- increase of \$2.5 million for domestic waste management services.

Grants and contributions revenue (\$88.2 million) increased by \$21.3 million (31.8 per cent) in 2021–22 due to:

- increase of \$8.0 million in developer contributions recognised during the year
- Increase of \$3.5 million in financial assistance grants recognised during the year
- Increase of \$9.8 million in special purpose grants and non-developer contributions recognised during the year.

The Council's operating result from continuing operations (\$72.6 million including depreciation and amortisation expense of \$29.5 million) was \$18.7 million higher than the 2020–21 result. This was mainly due to:

- \$21.3 million higher grants and contributions revenue
- \$5.6 million higher rates and annual charges revenue
- \$4.1 million higher other income primarily due to an increase of \$4.6 million in rental income
 offset by a lower fair value increment on investment properties by 0.5 million.
- Offset by \$12.1 million higher materials and services expenses.

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 increase in material and services payments.

The decrease in cash provided by investing activities is mainly due the purchases of investment property and Infrastructure, Property and Equipment.

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 2022 was \$7.8 million (2021: \$56.3 million). The net cash flow for the year was a decrease of \$48.5 million. The main reason for this decrease is one-off cash held at 30 June 2021 for settlement of investment property purchase in early 2022.

Net cash flows for the year 80 60 40 20 million 0 (20) (40)(60)(80)(100)(120)2020 2021 2022 Year ended 30 June

Operating activities Investing activities

FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	196.3	246.0	 Cash and investments decreased by \$49.7 million Externally restricted funds mainly include developer contributions, specific purpose unexpended grant
Restricted and allocated cash, cash equivalents and investments:			funds and domestic waste management funds. The increase of \$20.2 million from 2021 is mainly due to a \$10.8 million increase in developer contributions
External restrictions	92.7	72.5	restrictions, a \$7.4 million increase in specific purpose expended grants and a \$1.9 million increase domestic waste management restrictions
 Internal allocations 	100.7	167.9	 increase domestic waste management restrictions Internally restricted funds are due to Council policy or decisions for forward plans including strategic capital projects. The decrease of \$67.2 million from 2021 is mainly due to a \$79.3 million decrease in property development offset by an increase of \$ 3.0 million from 2021 in future infrastructure fund and an increase of \$5.2 million in committed works.

Debt

The Council had borrowings of \$4.7 million at 30 June 2022, of which \$2.4 million is classified as a current liability to be settled within the next 12 months. Council repaid loan principal of \$2.4 million during the year.

At 30 June 2022 the Council had an available bank overdraft facility of \$0.5 million (2021: 0.5 million) and corporate credit card facility of \$0.8 million (2021: \$0.8 million) for financing arrangements. \$0.1 million of the corporate credit facility was drawn down at the reporting date (2021: \$0.1 million).

PERFORMANCE

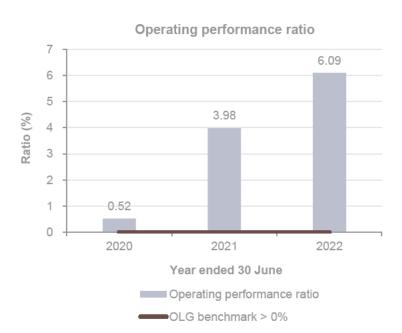
Performance measures

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 and Environment.

Operating performance ratio

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

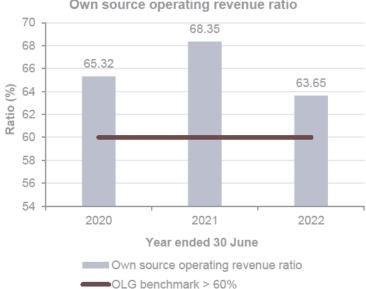
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

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

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.

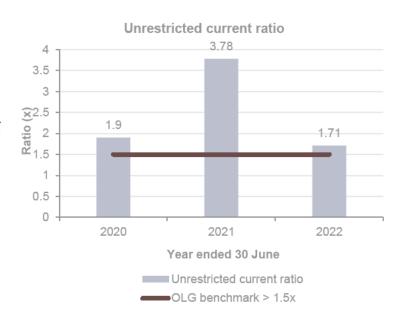


Own source operating revenue ratio

Unrestricted current ratio

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

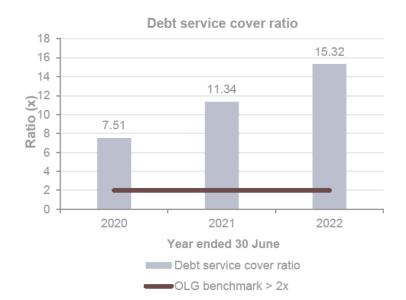
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

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

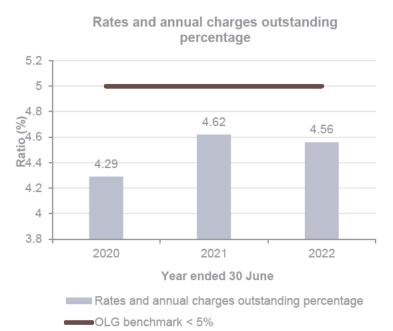
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

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

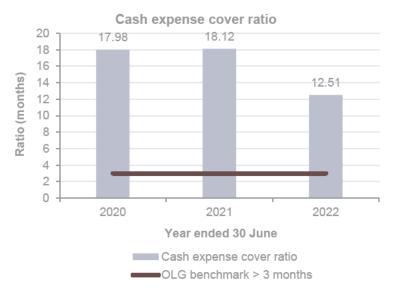
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



Cash expense cover ratio

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

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.



Infrastructure, property, plant and equipment renewals

Council reported asset renewals of \$23.2 million in 2021–22 (\$28.5 million in 2020–21). Significant renewals included:

- road renewals of \$9.5 million (\$12.1 million in 2020–21)
- building renewals of \$3.9 million (\$4.3 million in 2020–21)
- other structures renewals of \$2.9 million (\$3.7 million in 2020-21)
- capital works in progress renewals of \$2.2 million (\$1.3 million in 2020-21)
- plant and equipment renewals of \$2.2 million (\$4.2 million in 2020–21)
- footpath renewals of \$0.8 million (\$1.1 million in 2020–21).

OTHER MATTERS

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.

signature has been removed

Somaiya Ahmed Director, Financial Audit

Delegate of the Auditor-General for New South Wales

SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

SPECIAL PURPOSE FINANCIAL STATEMENTS	
Statement by Councillors and Management	106
Income Statement of business activities	107
Statement of Financial Position of business activities	108
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS	
Note - Significant accounting policies	109
Auditor's Report	112
SPECIAL SCHEDULES (AUDITED)	
Permissible income for general rates	115
Auditor's Report	116
SPECIAL SCHEDULES (UNAUDITED)	
Report on infrastructure assets	119



Special purpose financial statements for the year ended 30 June 2022

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

signature has been removed

Cr G Greiss MAYOR 20 / 09 / 2022 signature has been removed

Cr W Morrison COUNCILLOR 20 / 09 / 2022

signature has been removed

Mrs L Deitz GENERAL MANAGER 20 / 09 / 2022 signature has been removed

RESPONSIBLE ACCOUNTING OFFICER 20 / 09 / 2022

106 | FINANCIAL STATEMENTS 2021 - 22

for the year ended 30 June 2022

	Actual 2022	Actual 2021	Actual 2022	Actual 2021	Actual 2022	Actual 2021
	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 and fees	1,498	1,392	2,323	2,720	6,759	2,065
Interest	0	0	0	0	300	56
Grants and contributions provided						
for non capital purposes	4,323	3,707	1	1	0	0
Other income	0	0	63	487	758	72
Total income from continuing operations	5,821	5,099	2,387	3,208	7,817	2,193
Expenses from continuing operations						
Employee benefits and on-costs	4,725	4,376	3,188	3,839	1,295	1,147
Materials and services	537	823	1,634	1,655	1,090	278
Interest charges	82	86	169	134	26	27
Depreciation, amortisation and impairment	168	140	978	1,021	43	76
Calculated tax equivalents	337	324	468	503	1,218	407
Other expenses	2,101	1,915	957	846	285	178
Total expenses from continuing operations	7,950	7,664	7,394	7,998	3,959	2,113
Surplus/(Deficit) from operations before tax	(2,129)	(2,565)	(5,007)	(4,790)	3,858	80
Less corporate taxation equivalent (25%)	0	0	0	0	1,132	232
Surplus/(deficit) after tax	(2,129)	(2,565)	(5,007)	(4,790)	2,726	(152)
Dividend payment after tax	0	0	0	0	116	9
Change in net assets after dividend	(2,129)	(2,565)	(5,007)	(4,790)	2,610	(161)
Opening retained profits/(losses)	(14,407)	(13,535)	(45,438)	(41,866)	25,384	24,699
Discontinued service	0	0	0	0	51	0
Adjustments for amounts unpaid						
- Taxation equivalent payments	337	324	468	503	1,218	407
- Corporate taxation equivalents	0	0	0	0	1,132	232
- Dividend payments	0	0	0	0	116	9
- Corporate overheads	1,511	1,369	866	715	193	197
Closing retained profits/(losses)	(14,688)	(14,407)	(49,111)	(45,438)	30,704	25,384
Return on capital (%)	-12.87%	-15.54%	-9.04%	-8.81%	2.74%	0.27%
Subsidy from Council	2,129	2,565	5,007	4,790	Nil	Nil

	Actual 2022	Actual 2021	Actual 2022	Actual 2021	Actual 2022	Actual 2021
	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	14	12	151	135
Total current assets	19	19	14	12	151	135
Non-current assets						
Infrastructure, property, plant and equipment	17,097	16,506	58,340	54,355	140,946	29,951
Total non-current assets	17,097	16,506		54,355	140,946	29,951
Total assets	17,116	16,525	58,354	54,367	141,097	30,086
LIABILITIES						
Current liabilities						
Payables	97	66	153	125	11	7
Total current liabilities	97	66	153	125	11	7
Non-current liabilities						
Borrowings	0	0	0	0	0	0
Total non-current liabilities	0	0	0	0	0	0
Total liabilities	97	66	153	125	11	7
Net assets	17,019	16,459	58,201	54,242	141,086	30,079
EQUITY						
Accumulated surplus/(loss)	(14,688)	(14,407)	(49,111)	(45,438)	30,704	25,384
Council equity interest	31,707	30,866	107,312	99,680	110,382	4,695
Total equity	17,019	16,459	58,201	54,242	141,085	30,079

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

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

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

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

The statements are also prepared on an accruals basis. They are based on historical costs and do not take into account changing money values or, except where specifically stated, fair value 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 receivables 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.

Monetary amounts

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

(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	25%
Land Tax	1.6%
Stamp Duty	Paid where applicable
Payroll Tax	4.85%
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 relevant corporate income tax rate.

Income Tax is only applied where a 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 25% is the equivalent company tax rate prevalent as at reporting date. No adjustments have been made for variations that have occurred during the year.

Local Government rates and charges

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

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

(ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statement of Business Activities.

(iii) Return on investments (rate of return)

The Policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'. Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

(iv) Dividends

Council is not required to pay dividends to either itself as owner of a range of businesses or to any external entities. Consequently, any dividend payment is purely notional. Dividend payments to Council are also restricted to those activities which do not levy special rates or charges (domestic waste management).

End of audited Special Purpose Financial Statements.



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 2022, the Statement of Financial Position of each Declared Business Activity as at 30 June 2022 and the Significant accounting policies note.

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 2022, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2021–22 (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 the Significant accounting policies note 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 2022 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 the Significant accounting policies note 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.

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.

signature has been removed

Somaiya Ahmed Delegate of the Auditor-General for New South Wales

19 October 2022 SYDNEY

SPECIAL SCHEDULE: PERMISSIBLE INCOME FOR GENERAL RATES

	2021-22 Calculation \$'000	2022-23 Calculation \$'000
Notional general income calculation ⁽¹⁾		
Last year notional income yield	96,599	99,089
Plus/minus adjustments ⁽²⁾	524	1,512
Notional general income	97,123	100,601
Permissible income calculation		
Special variation ⁽³⁾	0.00%	0.00%
or rate peg	2.00%	1.20%
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	1,942	1,207
or plus crown land adjustment and rate peg amount	0	0
Sub total	99,066	101,808
Plus or minus last year's carry forward total	0	5
Less valuation objections claimed in previous year	(1)	(28)
Sub total	(1)	(24)
Total permissible income	99,065	101,784
Less notional income yield	99,089	101,786
Catch up or (excess) result	(24)	(2)
Plus income lost due to valuation objections claimed ⁽⁴⁾	28	2
Less unused catch up ⁽⁵⁾	0	0
Carried forward to next year ⁽⁶⁾	5	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 (*NSW*).

3 The special variation percentage is inclusive of the rate peg percentage and where applicable crown land adjustment.

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

- 5 Unused catch-up amounts will be deducted if they are not caught up within 10 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- 6 Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Act. OLG will extract these amounts from permissible income from general rates in the financial data return (FDR) to administer this process.



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 2023.

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 2021–22 (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 2022 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 2022'.

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: <u>www.auasb.gov.au/auditors</u> responsibilities/ar8.pdf. The description forms part of my 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.

signature has been removed

Somaiya Ahmed Delegate of the Auditor-General for New South Wales

19 October 2022 SYDNEY

Asset class	Asset category (as determined by Council)	Estimated cost to bring to agreed level of service set by Council	2021-22 required maintenance	2021-22 actual maintenance	Net carrying amount	Gross replacement cost	Asset o	condition 6	as a % of g	gross rep	Asset condition as a % of gross replacement cost	cost
		\$,000	\$,000	\$,000	\$,000	\$,000	0	-	2	З	4	വ
Public Buildings	Buildings	1 480	736	5 5 5 6 7 7 8 7 8 7 8 7 8 7	767 778	335 378	10	12	L L L	<u>о</u>	C	C
			4,236	3,586	267,228		!	Į	3	3)	
Public Spaces	Recreational/open space	609	270	235	8,898	14,067	29	34	25	<u></u> б	0	З
	Other structures	1,010	500	1,358	46,692	76,974	11	15	24	35	14	0
	Swimming pools	12	224	54	5,184	8,410	8	24	49	19	0	0
	Sub Total	tal 1,631	994	1,647	60,774	99,451						
Public Roads	Road surfacing	6,672	2,400	3,370	118,735	155,995	0	40	47	11	2	0
	Road pavements	7,018	3,073	1,358	225,258	275,922	0	19	55	19	9	0
	Road formation	NA	NA	NA	28,250	28,250	NA	NA	ΝA	NA	NA	NA
	Bridges and culverts	602	180	194	84,731	130,627	N	35	39	22	2	0
	Footpaths and cycle ways	763	447	385	74,323	128,576	9	21	34	38	-	0
	Kerb and gutter and traffic islands	ds 181	107	358	114,884	151,151	16	70	11	4	0	0
	Traffic management devices	0	38	0	2,812	3,792	15	58	25	2	0	0
	Road furniture	87	183	257	12,736	18,373	0	42	43	14	-	0
	Car park surfacing	105	28	0	6,099	10,103	12	31	47	10	1	0
	Car park pavements	58	30	21	7,100	10,356	8	38	40	12	1	0
	Car park formation	NA	NA	NA	2,459	2,459	NA	NA	NA	NA	NA	NA
	Other infrastructures	0	55	1	1,389	1,626	0	0	100	0	0	0
	Sub Total	tal 15,486	6,541	5,944	678,776	917,230						
Drainage Works	Detention basins/flood mitigation	an 207	50	0	9,412	14,270	0	21	76	1	2	0
	Stormwater conduits	0	440	0	210,848	270,774	15	61	23	2	0	0
	Stormwater pits and headwalls	59	198	932	67,330	101,631	7	26	49	19	0	0
	Open channels	93	14	0	33,284	44,674	0	35	44	20	0	0
	Water quality devices	97	12	0	3,775	5,877	23	33	36	8	-	0
	Earthwork/embankments	NA	NA	NA	42,893	42,893	NA	ΝA	ΝA	NA	ΝA	NA
	Sub Total	tal 456	714	932	367,542	480,119						
Totals Classes	Total Assets	ets 19,053	12,485	12,109	1,374,320	1,832,178						
Infrastructure as	Infrastructure asset condition assessment											
Level	Condition	Description	otion	Le	Level	Condition			Desc	Description		
0 Exc	Excellent No w	No work required (new asset)	t)		3 Satisfactory	ory	Main	Maintenance work required	ork requi	red		
1 Exc	Excellent/very good No w	No work required (normal maintenance)	aintenance)	-	4 Poor		Rene	Renewal required	red			
2 Good		Only minor maintenance work required	rk required		5 Very Poor		Urge	Urgent renewal / upgrading required	l / upgrad	ling requir	red	

Infrastructure Asset Performance Indicators

	Amounts \$'000	2022	2021	Benchmark
Building and infrastructure renewals ratio				
Asset renewals	20,936			
Depreciation, amortisation and impairment	26,643	79%	97%	>100%
To assess the rate at which these assets are being renewed against the rate they are depreciating				
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	19,053			
Net carrying amount of infrastructure assets	1,376,962	1.38%	0.76%	<2%
Shows what proportion the infrastructure backlog is against the total value of Council's infrastructure				
Asset maintenance ratio				
Actual asset maintenance	12,109			
Required asset maintenance	12,485	97%	104%	>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	19,053			
Gross replacement cost	1,832,178	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



