

FINANCIAL STATEMENTS

2022-23



CAMPBELLTOWN
CITY COUNCIL

WELCOME

VISION

A city of opportunity for all.

Campbelltown is where the city meets the bush. Our location on Sydney's southern fringe is quite unique and provides both lifestyle and economic opportunities for the 180,000 people who proudly call it home.

As the Metropolitan Centre for Macarthur, Australia's fastest growing region, Campbelltown is set to support the enormous growth of the surrounding urban and peri-urban Local Government Areas with access to transport, education, health care, justice and other higher order services.

The impending growth presents challenges and opportunities for Campbelltown, however we are committed to ensuring our city attracts the infrastructure and jobs to support this growth, and are actively repositioning our city to take advantage of this opportunity.

We have seen significant investment in health, education and science, growing our role as a hub for innovation, research and learning supporting high order jobs in our city centre. Work is nearing completion on the \$52million Genesis Care Cancer Care facility under construction in our city centre, and we will shortly be opening the Campbelltown Billabong Parklands, an iconic destination sitting at the southern gateway to our city.

Recently, we commenced the process of amending our Local Environmental Plan to reshape the commercial centres of Ingleburn and Campbelltown, this important body of work will position our city centres for the future and ensure we can meet the growing needs of our current and future residents.

We have also developed a framework to ensure we can draw the most value out of our property portfolio and reinvest the returns into our community, just one of the ways we are growing and diversifying our income streams.

We are continuing to advocate for the South West Sydney Community and Justice Precinct, an important piece of social infrastructure that will provide services and jobs to our growing region. This coupled with the collaboration 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, demonstrates our concerted focus on ongoing employment generation.

Campbelltown is a city with a bright future.

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

Lindy Deitz
General Manager

A young girl with brown hair tied in a ponytail with a pink hair tie is climbing a thick black rope. She has green and yellow face paint on her cheeks and is wearing a black t-shirt. The background is a blurred outdoor setting with greenery.

GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2023

GENERAL PURPOSE FINANCIAL STATEMENTS

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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.





General purpose financial statements for the year ended 30 June 2023

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 12 September 2023

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Dr G Greiss
Mayor

12 / 09 / 2023

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Cr M Khalil
Councillor

12 / 09 / 2023

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Mrs L Deitz
General Manager

12 / 09 / 2023

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Mrs C Mears
Responsible Accounting Officer

12 / 09 / 2023

INCOME STATEMENT

for the year ended 30 June 2023

Original unaudited budget 2023 \$'000		Note	Actual 2023 \$'000	Restated 2022 \$'000
Income from continuing operations				
127,917	Rates and annual charges	B2-1	129,257	125,361
13,915	User charges and fees	B2-2	15,379	11,882
7,058	Other revenues	B2-3	11,286	7,735
28,348	Grants and contributions provided for operating purposes	B2-4	47,682	41,428
30,764	Grants and contributions provided for capital purposes	B2-4	28,939	46,786
1,904	Interest and investment income	B2-5	7,772	1,641
8,812	Other income	B2-6	8,981	30,413
218,718	Total income from continuing operations		249,296	265,246
Expenses from continuing operations				
80,520	Employee benefits and on-costs	B3-1	79,954	72,633
73,855	Materials and services	B3-2	82,882	75,200
172	Borrowing costs	B3-3	171	295
28,061	Depreciation, amortisation and impairment of non-financial assets	B3-4	31,330	29,533
2,802	Other expenses	B3-5	10,361	6,275
0	Net loss from the disposal of assets	B4-1	1,330	1,533
185,410	Total expenses from continuing operations		206,028	185,469
33,308	Operating result from continuing operations		43,268	79,777
33,308	Net operating result for the year attributable to Council		43,268	79,777
2,544	Net operating result for the year before grants and contributions provided for capital purposes		14,329	32,991

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

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2023

	Note	Actual 2023 \$'000	Restated 2022 \$'000
Net operating result for the year from Income Statement		43,268	79,777
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	130,976	74,003
Total other comprehensive income for the year		<u>130,976</u>	<u>74,003</u>
Total comprehensive income for the year attributable to Council		<u>174,244</u>	<u>153,780</u>

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

	Note	Actual 2023 \$'000	Restated 30 June 2022 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	10,433	7,816
Investments	C1-2	173,013	115,900
Receivables	C1-4	16,393	12,020
Inventories	C1-5	458	419
Other		749	767
Non-current assets classified as held for sale	C1-6	0	10,128
Total current assets		<u>201,046</u>	<u>147,050</u>
Non-current assets			
Investments	C1-2	60,500	72,550
Infrastructure, property, plant and equipment (IPPE)	C1-7	2,762,399	2,624,767
Investment property	C1-8	143,291	137,156
Total non-current assets		<u>2,966,190</u>	<u>2,834,473</u>
Total assets		<u>3,167,236</u>	<u>2,981,523</u>
LIABILITIES			
Current liabilities			
Payables	C3-1	18,096	13,459
Contract liabilities	C3-2	15,437	8,627
Borrowings	C3-3	1,304	2,371
Employee benefit provisions	C3-4	20,239	19,917
Provisions	C3-5	1,681	1,400
Total current liabilities		<u>56,757</u>	<u>45,774</u>
Non-current liabilities			
Contract liabilities	C3-2	1,073	0
Borrowings	C3-3	1,021	2,325
Employee benefit provisions	C3-4	868	745
Provisions	C3-5	3,440	2,846
Total non-current liabilities		<u>6,402</u>	<u>5,916</u>
Total liabilities		<u>63,159</u>	<u>51,690</u>
Net assets		<u>3,104,077</u>	<u>2,929,833</u>
EQUITY			
Accumulated surplus	C4-1	1,351,630	1,308,362
IPPE revaluation reserve	C4-1	1,752,447	1,621,471
Total equity		<u>3,104,077</u>	<u>2,929,833</u>

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2023

		Accumulated Surplus \$'000	IPPE Revaluation Reserve \$'000	Total Equity \$'000
	Note			
2023				
Opening balance at 1 July		1,308,362	1,621,471	2,929,833
Net operating result for year		43,268	0	43,268
Other comprehensive income				
- Gain/(loss) on revaluation of infrastructure, property, plant and equipment		0	130,976	130,976
Total comprehensive income		43,268	130,976	174,244
Closing balance at 30 June		1,351,630	1,752,447	3,104,077
Restated 2022				
Opening balance at 1 July		1,228,585	1,547,468	2,776,053
Restated net operating result for year	F4-2	79,777	0	79,777
Other comprehensive income				
- Gain/(loss) on revaluation of infrastructure, property, plant and equipment		0	74,003	74,003
Total comprehensive income		79,777	74,003	153,780
Closing balance at 30 June		1,308,362	1,621,471	2,929,833

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 2023

Original unaudited budget 2023 \$'000		Note	Actual 2023 \$'000	Actual 2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
127,918	Rates and annual charges		129,182	125,433
13,915	User charges and fees		15,909	12,192
1,904	Interest received		5,825	1,618
59,111	Grants and contributions		71,090	65,680
0	Bonds, deposits and retentions received		810	103
8,812	Rental receipts		9,033	7,518
21,390	Other		21,908	26,192
Payments:				
(80,520)	Payments to employees		(78,442)	(70,532)
(85,017)	Payments for materials and services		(91,853)	(97,248)
(172)	Borrowing costs		(188)	(313)
0	Bonds, deposits and retentions refunded		0	(1)
(5,972)	Other		(6,336)	(5,898)
61,369	Net cash flows from operating activities	F1-1	76,938	64,744
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts:				
11,240	Proceeds from sale of IPPE		4,558	3,570
0	Sale of real estate assets		10,128	0
0	Redemption of term deposits		90,521	100,077
Payments:				
0	Purchase of investments		(135,584)	(98,671)
0	Purchase of investment property		0	(81,551)
(69,463)	Payments for IPPE		(41,573)	(34,226)
(58,223)	Net cash flows from investing activities		(71,950)	(110,801)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments:				
(2,371)	Repayment of borrowings		(2,371)	(2,431)
(2,371)	Net cash flows from financing activities		(2,371)	(2,431)
775	Net change in cash and cash equivalents		2,617	(48,488)
	Cash and cash equivalents at beginning of year		7,816	56,304
775	Cash and cash equivalents at end of year	C1-1	10,433	7,816

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 2023



A – ABOUT COUNCIL AND THESE FINANCIAL STATEMENTS



These financial statements were authorised for issue by Council on 12 September 2023. 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 2021* (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 recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

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

Volunteer Services

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

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 2023 reporting period. Campbelltown City Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2022.

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 liabilities 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	No material impact expected as Council does consider the appropriate classification of liabilities as current or non-current.

Pronouncement	AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [amends AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2]
Nature of change in accounting policy	This Standard amends a number of standards as follows: <ul style="list-style-type: none"> • 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 estimates; • AASB 134 to identify material 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 quantum of accounting policy disclosures to focus on key decision areas and material policies only. The Code will be amended in the relevant reporting period.

A1-1 BASIS OF PREPARATION (CONT)

Pronouncement	AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback
Nature of change in accounting policy	<p>This Standard amends AASB 16 to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 Revenue from Contracts with Customers to be accounted for as a sale.</p> <p>AASB 16 already requires a seller-lessee to recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The amendments made by this Standard ensure that a similar approach is applied by also requiring a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that does not recognise any amount of the gain or loss related to the right of use it retains.</p>
Effective date	Annual reporting periods beginning on or after 1 January 2024; i.e. year ended 30 June 2025.
Expected impact on Council Financial Statements	Nil impact as Council does not have sale and lease back arrangements.

Pronouncement	AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities
Nature of change in accounting policy	<p>This Standard amends AASB 13, including adding authoritative implementation guidance and providing related illustrative examples, for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows.</p> <p>The amendments made by this Standard:</p> <ul style="list-style-type: none"> • specifies consideration of an asset's highest and best use when it differs from current use; • clarifies an assets financially feasible use; • specifies that entity must use its own assumptions as a starting point when developing unobservable inputs where market data is not readily available; and • provides guidance on how the cost approach is to be applied to measure an asset's fair value.
Effective date	Annual reporting periods beginning on or after 1 January 2024; i.e. year ended 30 June 2025.
Expected impact on Council Financial Statements	No material impact expected as Council does not anticipate changes to the way assets are valued.

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 2023. None of these standards had a significant impact on reported position or performance.

B – FINANCIAL PERFORMANCE

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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		EXPENSES		OPERATING RESULTS		GRANTS AND CONTRIBUTIONS		CARRYING AMOUNT OF ASSETS	
	Actual 2023 \$'000	Restated 2022 \$'000	Actual 2023 \$'000	Restated 2022 \$'000	Actual 2023 \$'000	Restated 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Restated 2022 \$'000
STRATEGIC PLAN OBJECTIVES										
Community and belonging	17,203	13,094	33,881	27,224	(16,678)	(14,130)	11,008	8,698	42,022	37,528
Places for people	43,551	45,131	80,340	74,017	(36,789)	(28,886)	32,730	34,830	961,768	909,637
Enriched natural environment	31,328	33,264	32,457	30,652	(1,129)	2,612	2,849	6,075	710,818	601,654
Economic prosperity	13,549	20,569	6,859	12,229	6,690	8,340	13,489	20,566	297,957	196,202
Strong leadership ⁽¹⁾	143,665	153,188	52,491	41,348	91,174	111,840	16,545	18,047	1,154,671	1,236,502
Total functions or activities ⁽²⁾	249,296	265,246	206,028	185,469	43,268	79,777	76,621	88,214	3,167,236	2,981,523

(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:

COMMUNITY BELONGING

Provide initiatives that foster a proud, inclusive, and connected community for all

Provide a diverse range of cultural and creative activities and events, for all interests and people

Provide accessible services and support pathways for all ages, needs and abilities

Improve wellbeing and quality of life

Promote and support a safe community

Acknowledge and protect our local cultural heritage

Respect and support our local Aboriginal history, wisdom and peoples

ENRICHED NATURAL ENVIRONMENT

Protect, rehabilitate, and promote our natural areas, waterways and biodiversity

Ensure urban development is considerate of the natural environment

Efficiently manage and conserve our natural resources including energy and water

Improve and embed environmentally sustainable practices in our community

Improve waste management and recycling practices

Prepare for and lessen the impacts of climate change and extreme weather events

STRONG LEADERSHIP

Increase opportunities for the community to engage and collaborate with Council

Ensure the community is continuously informed about current and future issues affecting Campbelltown and key delivery partners

Provide proactive and collaborative leadership on issues that are important to Campbelltown now and into the future

Ensure that public funds and assets are managed strategically, transparently and efficiently

PLACES FOR PEOPLE

Provide public places and facilities that are accessible, safe, shaded and attractive

Provide public places and facilities that encourage leisure, recreation, and physical activity

Ensure transport networks are integrated, safe, and meet the needs of our community

Improve transport options and networks so that Campbelltown is an accessible and connected city for all

Utilise communication technologies to better connect people and foster an inclusive community

Ensure all people in Campbelltown have access to safe, secure, and affordable housing

ECONOMIC PROSPERITY

Provide high quality local job opportunities for all residents, across the spectrum of local to high skilled roles

Develop and retain our local workforce through a range of training and education opportunities

Support the growth, productivity and diversity of the local economy

Attract investment to the area

Provide support for local businesses

Activate a unique and lively city as a destination for business, social, event and leisure activities

Enhance the reputation and tell the stories of Campbelltown

B2 SOURCES OF INCOME

B2-1 RATES AND ANNUAL CHARGES

	Actual 2023 \$'000	Actual 2022 \$'000
Ordinary rates		
Residential	72,811	71,451
Farmland	497	560
Business	20,923	20,495
Mining	30	29
Less: Pensioner rebates	(1,426)	(1,408)
Rates levied to ratepayers	92,835	91,127
Pensioner rate subsidies received	784	775
Total ordinary rates	93,619	91,902
Special rates		
Infrastructure	7,174	7,036
Total special rates	7,174	7,036
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	26,997	24,988
Waste management services (not domestic)	614	571
Stormwater management services	1,477	1,464
Less: Pensioner rebates	(911)	(870)
Annual charges levied	28,177	26,153
Pensioner domestic waste management subsidies received	287	270
Total annual charges	28,464	26,423
Total rates and annual charges	129,257	125,361

Council has used 2022 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 2023 \$'000	Actual 2022 \$'000
User charges		
Waste water disposal	263	243
Other	209	98
Total user charges	<u>472</u>	<u>341</u>
Fees		
Hire of Council facilities	5,842	2,936
Memberships	680	295
Child care fees	3,010	2,158
Private works - s67	125	176
s.611 gas mains	79	86
Planning and building - regulatory	2,151	2,923
Other - regulatory	192	146
S10.7 certificates (EPA Act)	395	415
S603 certificates	237	301
Inspection fees	566	513
Building services	531	580
Road/footpath reinstatement	656	684
Other	443	328
Total fees	<u>14,907</u>	<u>11,541</u>
Total user charges and fees	<u>15,379</u>	<u>11,882</u>
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	10,004	5,730
User charges and fees recognised at a point in time	5,375	6,152
Total user charges and fees	<u>15,379</u>	<u>11,882</u>

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 SOURCES OF INCOME

B2-3 OTHER REVENUE

	Actual 2023 \$'000	Actual 2022 \$'000
Events and promotions	205	83
Fines	2,993	1,458
Recycling income (not domestic)	6	5
Legal fees recovery (rates)	563	393
Insurance claims recoveries	75	801
Commissions and agency fees	785	471
Sundry contributions to works	1,680	1,596
Minor equipment sold	101	43
Sale of animals	84	69
Sale of consumables	266	59
Rebates	966	1,385
Property related fees and land sales	79	118
Reduction in workers compensation claims liability	0	724
Development rights fee	3,135	0
Other	348	530
Total other revenue	11,286	7,735
Timing of revenue recognition for other revenue		
Other revenue recognised over time	0	0
Other revenue recognised at a point in time	11,286	7,735
Total other revenue	11,286	7,735

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 2023 \$'000	Operating 2022 \$'000	Capital 2023 \$'000	Capital 2022 \$'000
General purpose grants and non-developer contributions (untied)				
Financial Assistance Grant ⁽¹⁾				
- relating to current year	2,699	5,307	0	0
- prepayment received in advance for subsequent year	11,597	8,155	0	0
Amount recognised as income during current year	14,296	13,462	0	0
Specific purpose grants and non-developer contributions (tied)				
Cash contributions				
Transport	12,658	1,285	0	0
Roads to Recovery	1,078	1,107	0	0
Local Roads and Community Infrastructure	1,535	3,199	0	0
Infrastructure	0	0	10,066	7,837
Environmental programs	1,714	2,274	45	2,773
Community Care	8,753	6,608	0	0
Recreation and culture	1,882	1,982	50	0
Library	561	522	0	0
NSW Rural Fire Services	233	286	0	0
Town planning	375	150	0	0
Other grants	1,725	3,736	380	858
Transport for NSW contributions	710	695	0	0
Other council contributions	219	72	0	0
Car lease contributions	740	690	0	0
Interest rate subsidies	147	216	0	0
Other contributions	946	1,500	51	444
Non-cash contributions				
Subdivision dedications (other than by s7.4 and s7.11 - EP&A Act, s64 of the LGA)	0	0	12,443	21,104
Other - Rural Fire Service Plant and Equipment	0	0	0	1,851
Total special purpose grants and non-developer contributions (tied)	33,276	24,322	23,035	34,867
Total grants and non-developer contributions (tied)	47,572	37,784	23,035	34,867
Comprising: Commonwealth funding	25,017	24,042	1,433	507
State funding	20,058	10,471	9,109	10,840
Other funding	2,497	3,271	12,493	23,520
	47,572	37,784	23,035	34,867

B2 SOURCES OF INCOME

	Note	Operating 2023 \$'000	Operating 2022 \$'000	Capital 2023 \$'000	Capital 2022 \$'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	0	5,904	8,447
S7.12 - fixed development consent levies		110	3,644	0	0
Non-cash contributions					
Other developer contributions		0	0	0	3,472
Total developer contributions		<u>110</u>	<u>3,644</u>	<u>5,904</u>	<u>11,919</u>
Total grants and contributions		<u>47,682</u>	<u>41,428</u>	<u>28,939</u>	<u>46,786</u>
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time		37	0	10,542	11,437
Grants and contributions recognised at a point in time		<u>47,645</u>	<u>41,428</u>	<u>18,397</u>	<u>35,349</u>
Total grants and contributions		<u>47,682</u>	<u>41,428</u>	<u>28,939</u>	<u>46,786</u>

⁽¹⁾ \$11.6m of the 2023-24 Financial Assistance Grant from Commonwealth Government was received by Council in June 2023 and hence is reported as 2022-23 income although it relates to 2023-24 financial year.

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 2023 \$'000	Operating 2022 \$'000	Capital 2023 \$'000	Capital 2022 \$'000
Unspent funds at 1 July	(21,880)	(15,465)	(48,379)	(35,749)
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	(22,723)	(16,959)	(7,224)	(18,312)
Add: Funds received and not recognised as revenue in the current year	0	(80)	(16,316)	(12,566)
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	14,783	10,623	2,508	7,347
Less: Funds received in prior year but revenue recognised and funds spent in current year	70	0	8,515	10,900
Unspent funds at 30 June	<u>(29,750)</u>	<u>(21,880)</u>	<u>(60,896)</u>	<u>(48,379)</u>

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.

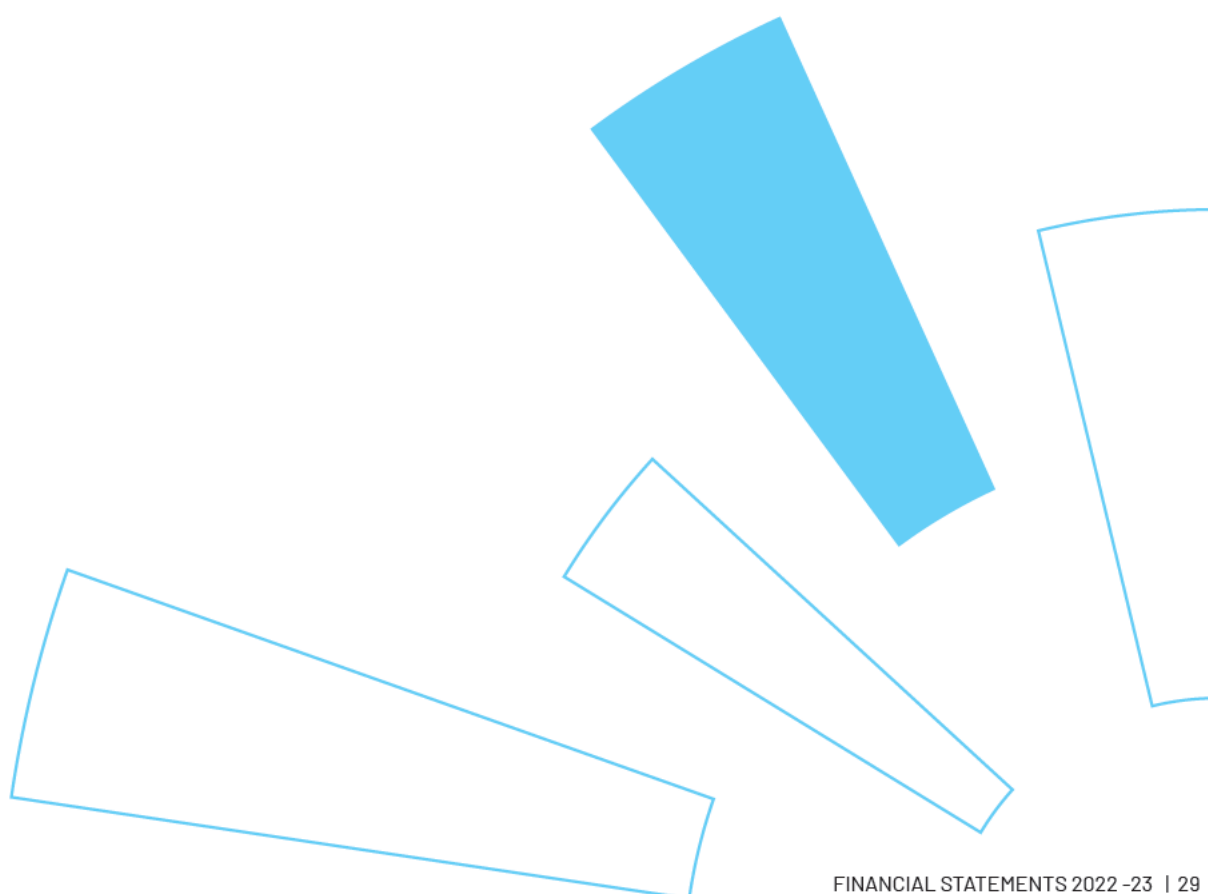
Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

B2-5 INTEREST AND INVESTMENT INCOME

	Actual 2023 \$'000	Actual 2022 \$'000
Interest on financial assets measured at:		
- Overdue rates and annual charges (amortised cost)	300	301
- Cash and investments (amortised cost and FVTPL)	7,472	1,340
Total interest and investment revenue/(losses)	7,772	1,641

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 2023 \$'000	Restated 2022 \$'000
Fair value increment on investment properties	C1-8 F4-2	0	22,597
Rental income	C2-2	8,981	7,816
Total other income		<u>8,981</u>	<u>30,413</u>



B3-1 EMPLOYEE BENEFITS AND ON COSTS

	Actual 2023 \$'000	Actual 2022 \$'000
Salaries and wages	60,827	56,489
Employee leave entitlements	10,318	8,837
Superannuation	7,320	6,648
Workers compensation insurance - claims and admin costs	1,650	656
Fringe benefits tax	161	164
Training costs (excluding salaries)	37	38
Other	34	12
Less: capitalised costs	(393)	(211)
Total employee costs	79,954	72,633

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 COSTS OF PROVIDING SERVICES

B3-2 MATERIALS AND SERVICES

	Note	Actual 2023 \$'000	Actual 2022 \$'000
Raw materials and consumables		5,726	4,442
Contractor costs		33,904	34,888
Consultants and professional fees		6,526	5,725
Remuneration of Auditors	E2-1	234	185
Legal fees		957	870
Advertising		544	410
Bank charges and fees		146	227
Child care expenses		2,398	1,444
Computer equipment and fees		4,255	3,804
Electricity and gas		1,558	1,297
Equipment maintenance and repairs		130	88
Equipment/furniture and fittings		435	354
Hired personnel		1,147	822
Insurance		3,256	1,632
Mayoral fee	E1-2	71	63
Councillors fees	E1-2	403	365
Office expenses		151	121
Postage, printing and stationery		667	604
Self insurance expenses		716	684
Seminar/conference/civic functions		231	141
Street lighting		3,602	3,076
Telephone		1,038	1,095
Tipping fees/contributions		8,063	7,916
Training costs		365	223
Travelling		139	71
Valuer generals department		469	431
Water rates		875	585
Other		4,876	3,637
Total materials and services		82,882	75,200

ACCOUNTING POLICY FOR MATERIALS AND SERVICES

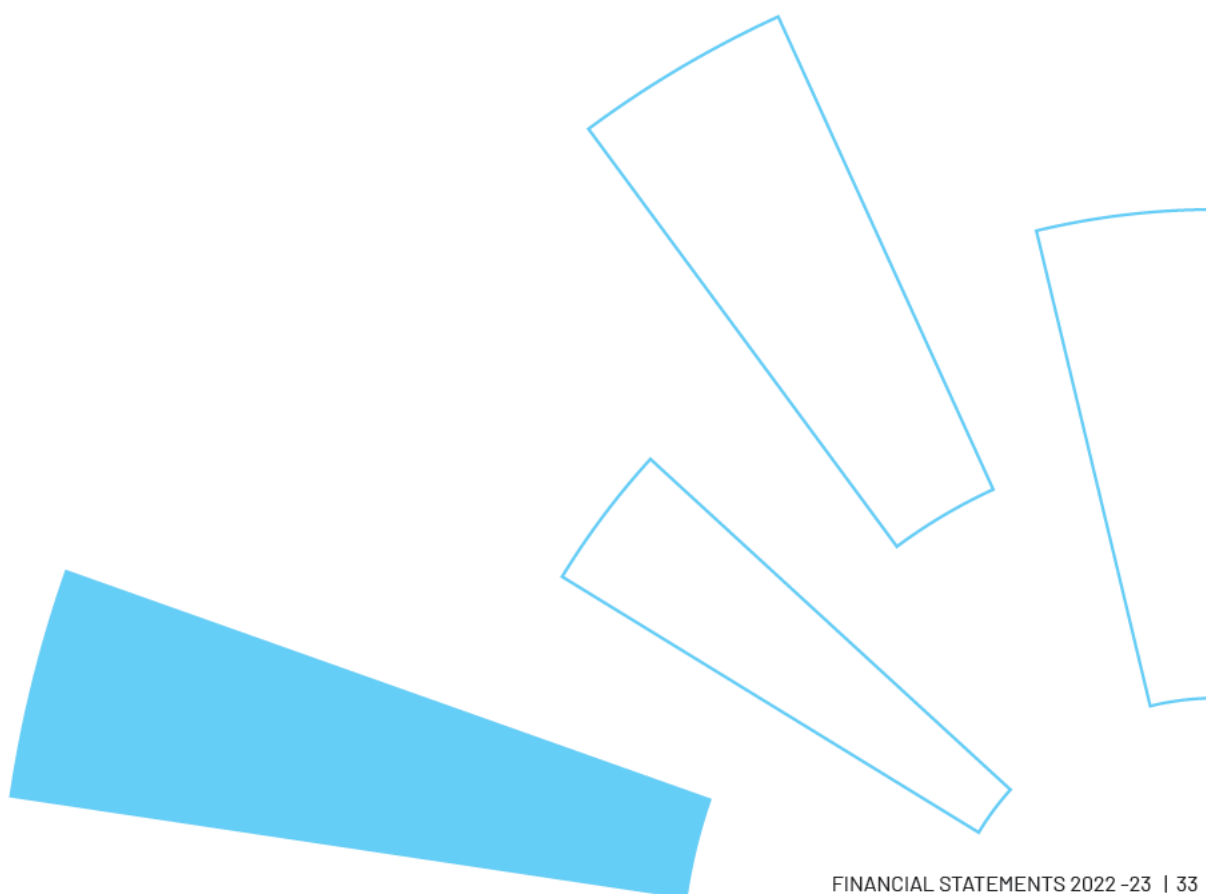
Expenses are recorded on an accrual basis as Council receives the goods or services.

B3-3 BORROWING COSTS

	Actual 2023 \$'000	Actual 2022 \$'000
Interest on loans	171	295
Total borrowing costs	171	295

ACCOUNTING POLICY FOR BORROWING COSTS

Borrowing costs are expensed as incurred.



B3 COSTS OF PROVIDING SERVICES

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

	Note	Actual 2023 \$'000	Actual 2022 \$'000
Depreciation and amortisation			
Plant and equipment	C1-7	3,312	2,392
Office equipment	C1-7	206	174
Furniture and fittings	C1-7	33	25
Infrastructure	C1-7	18,832	18,152
Buildings	C1-7	4,653	4,685
Other structures	C1-7	3,982	3,806
Other assets	C1-7	312	299
Total depreciation and amortisation costs		31,330	29,533

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.

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

	Note	Actual 2023 \$'000	Actual 2022 \$'000
Fair value decrement on investment properties	C1-8	4,007	0
Contributions and donations to other organisations		722	984
Contributions and levies to other levels of government			
- planning levy		130	128
- waste levy		3,170	3,369
- emergency services levy (incl. FRNSW, SES, RFS)		2,297	1,792
Other		35	2
Total other expenses		10,361	6,275

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 GAINS OR LOSSES

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

	Note	Actual 2023 \$'000	Actual 2022 \$'000
Gain (or loss) on disposal of infrastructure, property, plant and equipment	C1-7		
Proceeds from disposal		4,554	2,953
Less: carrying amount of assets sold		(5,884)	(4,740)
Gain (or loss) on disposal		<u>(1,330)</u>	<u>(1,787)</u>
Gain (or loss) on disposal of investment property	C1-8		
Proceeds from disposal		0	615
Less: carrying value of assets sold		0	(538)
Gain (or loss) on disposal		<u>0</u>	<u>77</u>
Gain (or loss) on disposal of non-current assets held for sale	C1-6		
Proceeds from disposal		10,128	0
Less: carrying value of assets sold		(10,128)	0
Gain (or loss) on disposal		<u>0</u>	<u>0</u>
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal		0	12,877
Less: carrying value of assets sold		0	(12,700)
Gain (or loss) on disposal		<u>0</u>	<u>177</u>
Net gain (or loss) from disposal of assets		<u>(1,330)</u>	<u>(1,533)</u>

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 28 June 2022 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 greater than budgeted by some \$1.5m (F)(10%).

Variations in amounts received are detailed below:

- Childcare fee income \$320k (F), overall income from childcare grants and fees has increased, due to increased utilisation.
- Leisure Centre, community and sporting facility income \$1.6m (F), proceeds from learn to swim and facility usage over budget due to increased patronage.
- Additional income from various fees, including premise inspection and animal control \$337k (F).
- Income from planning certificate, inspection and development application fees was less than budgeted by \$849k (U).

INTEREST ON INVESTMENTS

Actual Interest received was greater than budgeted by some \$5.9m (F)(308%).

Interest rates rebounded sooner and at a greater rate than expected. The budget was developed on a lower interest rate, which has contributed to this result. In addition the amount of funds held on investment was greater than anticipated, due to the delays in some major capital works.

GRANTS AND CONTRIBUTIONS RECEIVED (OPERATING AND CAPITAL)

Actual amounts of grants and contributions received were over budget by some \$17.4m (F)(29%).

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 \$9.9m (F), due to unbudgeted contributions and dedications from developers towards land, road and drainage construction at various development sites, as well as \$7.11 Plan contributions.
- Child care grants of \$2.8m (F), due to the increased patronage and additional government assistance provided to child care centres.
- Financial assistance grant of \$4.3m (F), resulting from the federal government's policy of paying in advance of the year the grant applies to. This year 100% of the grant was paid in advance.
- Various new projects or programs where funding was received \$2.1m (F) including; Tree Planting, Environmental projects, Community Events, Cultural grants, Noxious Weeds and Vegetation Management.
- There were a number of grants and contributions received that were not included in the original budget \$13.2m (F), mainly due to various government stimulus packages announced during the year. These include funding for:

B5 PERFORMANCE AGAINST BUDGET

Place Improvement/Development Projects, Local Roads Community Infrastructure grants, Flood Recovery, COVID Support, WestInvest projects, Blackspot Projects and road repair programs.

- Budgeted funds that were only partially received \$11.6m (U), mainly due to works being delayed or budgeted cash flow differences. These include funding for: the Raby Indoor project, Farrow Road Car Park and the Billabong Parklands.
- Contribution from developer recognised as Other Income \$3.1m (U).
- 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 REVENUES

Actual amounts of other revenues received were over budget by some \$4.2m (F)(60%).

Variations in amounts received are detailed below:

- Compliance activity is returning to normal following the pandemic resulting in an increase in fine and fee income \$678k (F).
- Cost recovery and recharge activity has resulted in increased income \$305k (F).
- Contribution from developer recognised as Other Income \$3.1m (F).
- Income from legal costs recovered and sales including animals and kiosk was less than budgeted \$193k (U).
- Insurance claim income and rebates not budgeted \$75k (F).
- Other rebates including Fuel Tax, container deposits, \$83k (F).
- Unbudgeted income for various events \$95k (F).

EXPENSES

MATERIALS AND SERVICES

Actual amounts of materials and services paid were over budget by some \$9.0m (U)(12%).

Variations in amounts received are detailed below:

- Operational budget in the building program either unspent or transferred to capital expenditure \$2.7m (F).
- Actual cost expended on vehicle running expenses such as fuels and oils was greater than budgeted \$290k (U).
- Increased expenditure on child care services, in particular FDC carers \$1.4m (U)
- Increase in the amount expended on road and open space maintenance due to rain events and flood recovery, and various grant funded works not included in the original budget \$4.4m (U).
- Expenditure on ongoing projects not included in the original budget \$770k (U).
- Increased expenditure on flood damage and public liability claims \$1.8m (U).
- Various contract works budgeted as capital expenditure for road, footpath, stormwater and buildings, expended as operational works \$6.1m (U).
- Waste disposal charges transferred to other expenses \$3.2m (F)

DEPRECIATION

Actual depreciation expenses were over budget by some \$3.3m (U)(12%).

- 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, infrastructure, 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 \$1.3m (U) is mainly due to the renewal of infrastructure assets.

OTHER EXPENSES

Various minor favourable and unfavourable variations occurred throughout the year in the other various expense categories \$7.6m (U)(270%).

- Increases in the Emergency Services Levy contributions \$281k (U)
- Increases in the contributions to other authorities including strategic projects and sporting groups \$100k (U)
- Waste disposal charges transferred from materials and services \$3.2m (U)
- Fair value decrement on investment properties \$4m (U).

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 25% (F) and consisted of:

- User charges and fees income of some \$2m (F) as a result of increased utilisation;
- Interest received of some \$4m (F) as a result of rapidly increasing interest rates and increased investment portfolio levels.
- Grants and contributions receipts of some \$12m (F) due to the full advance of financial assistance grant as well as other grant funds received for various programs and activities not originally budgeted for.

CASH FLOWS FROM INVESTING ACTIVITIES

Cash flows from investing activities inclusive of unbudgeted investment purchases and sales were over budget by a net 23%(U) and also consisted of:

- Proceeds from the sale of IPPE and real estate assets of some \$3m (F) for land sale realised in the reporting period
- Capital purchases of IPPE of some \$27m (F) predominately associated with a purchase of property that was not realised in the current reporting period as well as unplanned delays in capital works projects.

CASH FLOWS FROM FINANCING ACTIVITIES

Cash flows from financing activities were within budget.

C – FINANCIAL POSITION



C1-1 CASH AND CASH EQUIVALENTS

	Actual 2023 \$'000	Actual 2022 \$'000
Cash at bank and on hand	4,921	2,508
Deposits at call	5,512	5,308
Total cash assets	10,433	7,816
Reconciliation of cash and cash equivalents		
Total cash and cash equivalents per Statement of Financial Position	10,433	7,816
Balances as per Statement of Cash Flows	10,433	7,816

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

	Actual 2023		Actual 2022	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Financial assets at fair value through profit and loss				
Managed funds	5,149	0	4,640	0
Floating rate notes	1,300	33,450	4,250	12,300
Debt securities at amortised cost				
Terms deposits	161,564	19,550	102,010	47,750
Fixed bonds	5,000	7,500	5,000	12,500
Total	173,013	60,500	115,900	72,550

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 managed funds in the Statement of Financial Position.

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

	Actual 2023 \$'000	Actual 2022 \$'000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	243,946	196,266
Less: Externally restricted cash, cash equivalents and investments	(117,361)	(92,727)
Cash, cash equivalents and investments not subject to external restrictions	126,585	103,539
External restrictions		
External restrictions included in cash, cash equivalents and investments comprise:		
<i>Included in liabilities</i>		
Self insurance claims	5,144	4,389
<i>Developer Contributions</i>		
Developer contributions - S7.11	41,022	36,284
Developer contributions - Other	920	898
<i>Other</i>		
Specific purpose unexpended grants	42,681	26,872
Domestic waste management	20,233	17,250
General contributions	6,023	6,205
Stormwater management levy	1,338	829
Total external restrictions	117,361	92,727

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.

	Actual 2023 \$'000	Actual 2022 \$'000
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(b) Internal allocations

At 30 June, Council has internally allocated funds to the following:

Included in liabilities

Employee leave entitlements	8,971	8,971
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Other

Committed works funded by loans	3,088	3,826
Property development	16,047	571
Replacement of fleet, plant and vehicles	8,050	8,717
Future infrastructure fund	50,762	44,015
Asset replacement	7,493	6,680
Self insurance	1,088	2,215
Committed works	16,556	13,607
Local Government elections	684	470
Insurances	5,457	7,330
Environmental	1,954	2,008
Community events	1,794	1,874
Other	401	371

Total internal allocations

	<u>122,345</u>	<u>100,655</u>
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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

	Actual 2023		Actual 2022	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Rates and annual charges	5,136	325	5,040	311
Interest and extra charges	1,380	43	1,116	40
User charges and fees	1,323	0	1,108	0
Accrued revenues	2,411	0	493	0
Government grants and subsidies	2,607	0	1,675	0
Private works	8	0	3	0
Sundry debtors	3,796	0	2,817	0
Total	16,661	368	12,252	351
Less: provision for impairment:				
rates and annual charges	(152)	(368)	(168)	(351)
user charges and fees	(19)	0	(19)	0
other	(97)	0	(45)	0
Net receivables	16,393	0	12,020	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 \$30,336.46 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

	Actual 2023		Actual 2022	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
At cost:				
Stores and materials	458	0	419	0
Total inventories	<u>458</u>	<u>0</u>	<u>419</u>	<u>0</u>

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 2023 \$'000	Restated 2022 \$'000
Land	0	10,128
Total non-current assets classified as held for sale	0	10,128

Council recognised an investment land parcel as land held for resale at 30 June 2022, with settlement finalised in the current reporting period.

ACCOUNTING POLICY FOR NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

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



C1-7 INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

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 2022			Movements during year							At 30 June 2023	
Capital Works in Progress	5,447	0	5,447	0	5,316	0	0	(4,502)	0	6,261	0	6,261
Plant and equipment	20,801	(10,349)	10,452	4,951	1,376	(950)	(2,845)	0	0	23,163	(10,179)	12,984
Rural Fire Service	5,372	(3,521)	1,851	0	32	0	(468)	0	0	5,401	(3,986)	1,415
Office equipment	3,886	(3,270)	616	0	156	0	(206)	0	0	4,042	(3,476)	566
Furniture and fittings	544	(355)	189	0	128	0	(33)	0	0	672	(388)	284
Land												
- operational land	771,515	0	771,515	0	370	0	0	(7,070)	(51,292)	713,524	0	713,524
- community land	228,119	0	228,119	0	935	(166)	0	0	40,904	269,792	0	269,792
- crown land	10,833	0	10,833	0	0	0	0	0	2,307	13,140	0	13,140
- land under roads	162,032	0	162,032	0	376	(188)	0	0	55,886	218,106	0	218,106
Land improvements												
- Non depreciable	47,446	0	47,446	228	0	0	0	1,859	8,460	57,993	0	57,993
Buildings ⁽¹⁾	335,378	(68,150)	267,228	2,560	390	(21)	(4,653)	1,255	(17,558)	330,972	(81,771)	249,201
Other structures	76,974	(30,282)	46,692	2,756	273	(439)	(3,028)	1047	1,279	82,423	(33,843)	48,580
Infrastructure												
- roads	658,544	(138,402)	520,142	16,576	6,121	(2,079)	(12,135)	6	26,569	714,630	(159,430)	555,200
- bridges	130,627	(45,896)	84,731	275	168	(312)	(1,526)	0	6,217	140,429	(50,876)	89,553
- footpaths	128,576	(54,253)	74,323	1,619	2,206	(489)	(1,875)	0	3,982	140,977	(61,211)	79,766
- storm water drainage	480,119	(112,576)	367,543	388	2,742	(1,153)	(3,295)	327	54,472	549,246	(128,222)	421,024
- swimming pools	8,410	(3,226)	5,184	0	0	0	(136)	0	258	8,841	(3,535)	5,306
Open space/recreation	14,067	(5,169)	8,898	495	49	(87)	(818)	8	(508)	14,958	(6,921)	8,037
Other assets												
- library books	11,610	(10,834)	776	0	374	0	(312)	0	0	11,983	(11,145)	838
-other	10,750	0	10,750	0	79	0	0	0	0	10,829	0	10,829
TOTALS	3,111,050	(486,283)	2,624,767	29,848	21,091	(5,884)	(31,330)	(7,070)	130,976	3,317,382	(554,983)	2,762,399

(1) Excludes investment properties

By aggregated asset class	At 1 July 2021						Movements during year						At 30 June 2022		
	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			
Capital Works in Progress	6,973	0	6,973	2,238	2,274	0	0	0	0	0	(6,038)	0	5,447	0	5,447
Plant and equipment	20,324	(9,466)	10,858	2,240	296	(550)	(2,392)	0	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	(25)	0	0	544	(355)	189			
Land															
- operational land	766,411	0	766,411	0	878	(1,196)	0	0	5,422	771,515	0	771,515			
- community land	233,476	0	233,476	0	2,179	0	0	0	(7,536)	228,119	0	228,119			
- crown land	10,833	0	10,833	0	0	0	0	0	0	10,833	0	10,833			
- land under roads	129,598	0	129,598	0	72	(96)	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	(94,948)	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			

(1) Excludes investment properties

(2) RFS Assets recognised as at 30 June 2022

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, earthworks and art works are 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 12-100 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.

In accordance with Australian Accounting Standards, Council recognises rural fire-fighting equipment vested in the local government area on the Statement of Financial Position.

C1-8 INVESTMENT PROPERTIES

	Actual 2023 \$'000	Restated 2022 \$'000
Owned investment property		
At fair value		
Opening balance at 1 July	137,156	43,675
Acquisitions	2,930	81,550
Capitalised subsequent expenditure		
- Buildings	142	0
Disposals	0	(538)
Transfers to non-current assets classified as held for sale	0	(10,128)
Transfers from operational property	7,070	0
Net gain (loss) from fair value adjustment	(4,007)	22,598
Closing balance at 30 June	143,291	137,156

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-of-use asset exists under this arrangement.

Office and IT Equipment

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

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

	Actual 2023 \$'000	Actual 2022 \$'000
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(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	10,733	9,691
Expenses relating to low-value assets	356	500
	<u>11,089</u>	<u>10,191</u>

(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 2023 \$'000	Actual 2022 \$'000
Lease income (excluding variable lease payments not dependent on an index or rate)	8,104	6,973
Direct operating expenses from property that generated rental income	513	504
Total income relating to operating leases for investment property assets	8,104	6,973

(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 2023 \$'000	Actual 2022 \$'000
Lease income (excluding variable lease payments not dependent on an index or rate)	877	843
Total income relating to operating leases for Council assets	877	843

Amount of IPPE leased out by Council under operating leases

- Buildings	877	843
Total IPPE leased out by Council under operating leases	877	843

C2 LEASING ACTIVITIES

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

	Actual 2023 \$'000	Actual 2022 \$'000
< 1 year	9,235	8,369
1 - 2 years	8,881	8,055
2 - 3 years	7,908	7,822
3 - 4 years	6,605	6,997
4 - 5 years	5,700	5,785
> 5 years	40,731	42,717
Total undiscounted lease payments to be received	79,060	79,745

(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 2023		Actual 2022	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Payables				
Goods and services	8,748	0	5,262	0
Accrued wages and salaries	1,486	0	1,368	0
Accrued expenses - other	4	0	21	0
Deposits and retentions	3,444	0	2,634	0
Other payables	619	0	547	0
Payments received in advance	3,795	0	3,627	0
Total payables	<u>18,096</u>	<u>0</u>	<u>13,459</u>	<u>0</u>
 (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 LIABILITIES OF COUNCIL

C3-2 CONTRACT LIABILITIES

		Actual 2023		Actual 2022	
		Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Funds to construct Council controlled assets	(i)	14,812	1,073	8,154	0
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15	(ii)	148	0	37	0
Deposits received in advance of services provided		477	0	436	0
Total contract liabilities		15,437	1,073	8,627	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 2023 \$'000	Actual 2022 \$'000
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Funds to construct Council controlled assets	2,024	6,238
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15	37	0
Deposits received in advance of services provided	436	73
Total	2,497	6,311

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 2023		Actual 2022	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Loans - secured	1,304	1,021	2,371	2,325
Total borrowings	1,304	1,021	2,371	2,325

(a) Changes in liabilities arising from financing activities

	2022 \$'000	Cash flows \$'000	Non- cash movements \$'000		2023 \$'000
			Acquisition	Other	
Loans - secured	4,696	(2,371)	0	0	2,325
Total liabilities from financing activities	4,696	(2,371)	0	0	2,325

	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

C3 LIABILITIES OF COUNCIL

	Actual 2023 \$'000	Actual 2022 \$'000
(b) Financing arrangements		
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
	<u>1,320</u>	<u>1,320</u>
Drawn facilities		
The amount of financing drawn down at the reporting date is:		
- corporate credit cards	110	117
	<u>110</u>	<u>117</u>
Undrawn facilities		
The amount of undrawn financing available to Council at the reporting date is:		
- bank overdraft facility	500	500
- corporate credit cards	710	703
	<u>1,210</u>	<u>1,203</u>

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 LIABILITIES OF COUNCIL

C3-4 EMPLOYEE BENEFIT PROVISIONS

	Actual 2023		Actual 2022	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Annual leave	5,726	0	5,650	0
Sick leave	2,206	0	2,269	0
Long service leave	12,307	868	11,998	745
Total employee benefit provisions ⁽¹⁾	20,239	868	19,917	745
Current employee benefit provisions not expected to be settled within the next 12 months	8,468	0	8,132	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

	Actual 2023		Actual 2022	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Self insurance - workers compensation ⁽¹⁾	1,681	3,440	1,400	2,846
Total provisions	1,681	3,440	1,400	2,846

⁽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	4,246
Claims liability re-measurement	875
Total at end of year	5,121

Nature and purpose of provisions**Self-insurance - workers compensation**

To recognise liabilities for outstanding claims (uninsured losses) arising from Council's decision to undertake self-insurance 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 RESERVES

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.



D - RISKS AND ACCOUNTING UNCERTAINTIES



D1-1 RISKS RELATING TO FINANCIAL INSTRUMENTS HELD

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 2023 \$'000	Actual 2022 \$'000
Impact of a 1% movement in price of investments		
- Equity/Income Statement	399	212
Impact of a 1% movement in interest rates on cash and investments		
- Equity/Income Statement	2,040	1,751

(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.

D1-1 RISKS RELATING TO FINANCIAL INSTRUMENTS HELD (CONT)

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 further encourages payment.

	Overdue rates and annual charges			
	Not yet due \$'000	<5 years \$'000	≥5 years \$'000	Total \$'000
2023	4,097	1,195	170	5,461
2022	4,475	786	90	5,351

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
2023						
Gross Carrying Amount	10,959	145	42	69	353	11,568
Expected loss rate (%)	0.3%	1.6%	3.6%	6.6%	10.6%	
ECL provision ⁽¹⁾	33	2	2	5	37	79
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

⁽¹⁾ No ECL allowance is provided for other sundry receivables totalling \$8.6m as expected credit losses are unlikely.

D1-1 RISKS RELATING TO FINANCIAL INSTRUMENTS HELD (CONT)

(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
2023						
Payables		18,096	0	0	18,096	18,096
Borrowings	5.09	1,388	1,054	0	2,442	2,325
		19,484	1,054	0	20,538	20,421
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

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:

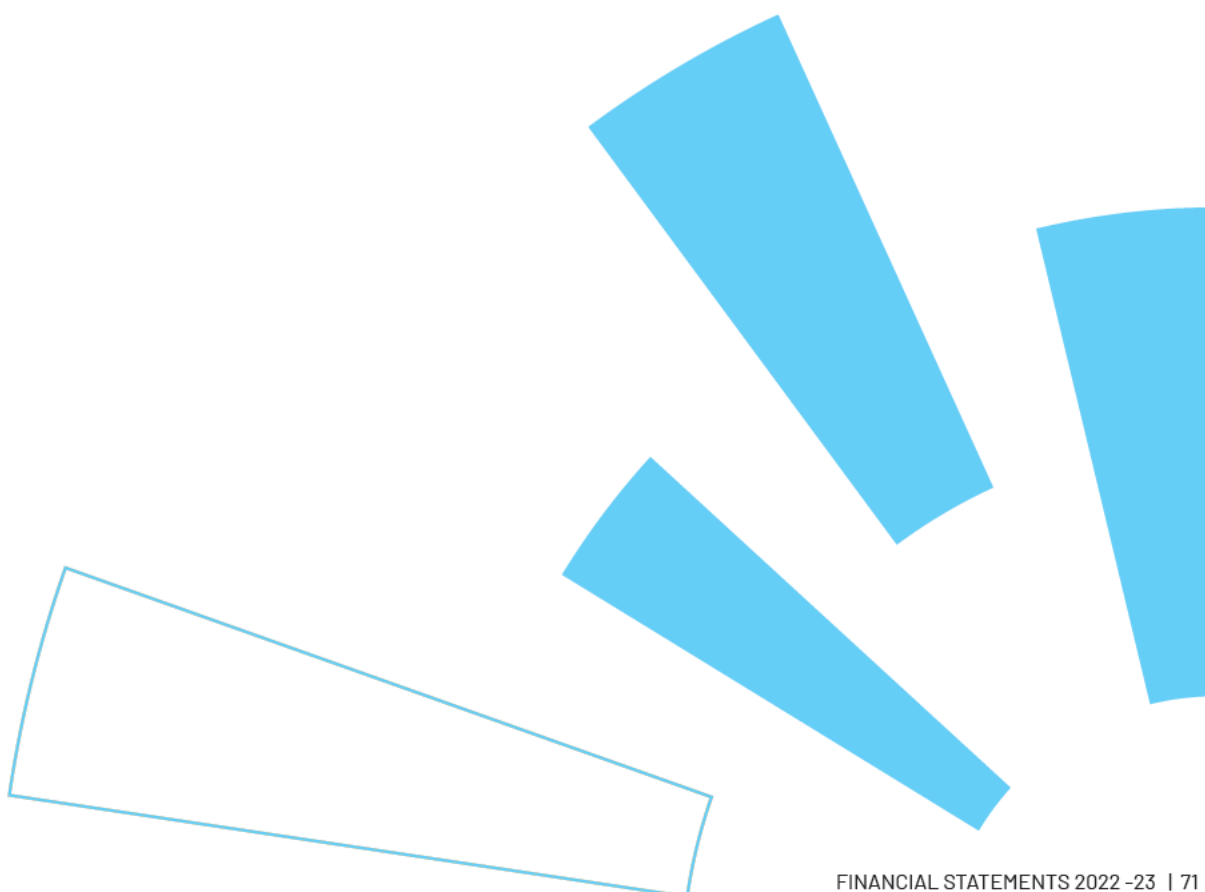
- non-current assets classified as held for sale

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.



D2-1 FAIR VALUE MEASUREMENT (CONT)

		Level 2 Significant Observable Inputs (\$'000)		Level 3 Significant Unobservable Inputs (\$'000)		Total (\$'000)	
			Restated		Restated		Restated
Recurring fair value measurements	Note	2023	2022	2023	2022	2023	2022
Financial assets							
Investments							
at fair value through profit and loss	C1-2	39,899	21,190	0	0	39,899	21,190
Investment Properties	C1-8						
Land		69,872	62,117	0	0	69,872	62,117
Buildings		73,419	75,039	0	0	73,419	75,039
Infrastructure, Property, Plant and Equipment	C1-7						
Land							
Operational		713,524	771,515		0	713,524	771,515
Community		0	0	269,792	228,119	269,792	228,119
Crown		0	0	13,140	10,833	13,140	10,833
Land Under Roads		0	0	218,106	162,032	218,106	162,032
Land Improvements		0	0	57,993	47,446	57,993	47,446
Buildings		0	0	249,201	267,228	249,201	267,228
Other Structures		0	0	48,580	46,692	48,580	46,692
Infrastructure		0					
Roads		0	0	555,200	520,142	555,200	520,142
Footpaths		0	0	79,766	74,323	79,766	74,323
Bridges		0	0	89,553	84,731	89,553	84,731
Stormwater		0	0	421,024	367,543	421,024	367,543
Swimming Pools		0	0	5,306	5,184	5,306	5,184
Open Space/Recreational		0	0	8,037	8,898	8,037	8,898
Library Books		0	0	838	776	838	776
Other Assets		0	0	10,829	10,750	10,829	10,750
Total IPPE		896,714	929,861	2,027,365	1,834,697	2,924,079	2,764,558
Non-recurring fair value measurements							
Non-current assets held for sale							
Land	C1-6	0	10,128	0	0	0	10,128
Total non-recurring fair value measurements		0	10,128	0	0	0	10,128

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 and zoning. The most significant inputs into this valuation approach are price per square metre. A full valuation occurred at 30 June 2023 and was determined by PP&E Valuations Pty Ltd and recognised a movement in fair value. 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. A full revaluation of Council's investment properties was at 30 June 2023 and was determined by PP&E Valuations Pty Ltd. The value of investment property was determined using market approach and based on level two valuation inputs. Council recognised a movement in fair value as at 30 June 2023. 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 dated 30 June 2023. 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 2023. 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, at 30 June 2023 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 2023. Refer to note C1-7 for detail.

D2-1 FAIR VALUE MEASUREMENT (CONT)

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 2023 and was determined by PP&E Valuations 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. Council recognised a movement in fair value as at 30 June 2023. Refer to note C1-7 for detail.

OTHER STRUCTURES

This asset class comprises BBQs, park furniture, shade structures, fencing and gates, walls, handrails, flood lighting, play equipment, retaining walls, shed structures, concrete cricket wickets, artificial grass areas, concrete skating areas, running track surfacing, rubber track areas 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 PlayInspect was engaged to determine the condition, useful life and unit rate at the play equipment component level.

The remaining other structure and land improvements assets were valued using the 'Cost Approach' in-house by staff with appropriate qualifications, skills and experience, dated 30 June 2023. 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 Modelling System – Assetic Predictor and Council's Corporate Asset Management System, Conquest. All other road infrastructure was valued by using information contained within Council's Corporate Asset Management System, Conquest. Valuation was conducted in-house by Council Asset Management staff with appropriate qualifications, skills and experience, dated 30 June 2023.

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 Council Asset Management staff with appropriate qualifications, skills and experience, dated 30 June 2023.

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 Council Asset Management staff with appropriate qualifications, skills and experience, dated 30 June 2023.

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 Council Asset Management staff with appropriate qualifications, skills and experience, dated 30 June 2023.

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 Council Asset Management staff with appropriate qualifications, skills and experience, dated 30 June 2023.

D2-1 FAIR VALUE MEASUREMENT (CONT)

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 analysis to determine the fair value. As such, these assets were classified as having been valued using level three valuation inputs. A comfort letter was provided at 30 June 2023 confirming no material movement in the asset class value.

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 hierarchy is provided below:

	Actual 2023 \$'000	Actual 2022 \$'000
Balance at 1 July	1,834,697	1,742,842
Total gains or losses for the period		
Recognised in other comprehensive income – Revaluation Surplus	182,247	68,581
Other movements		
Purchases	38,611	47,172
Sales	(4,934)	(2,994)
Depreciation	(27,777)	(26,942)
Transfers into level 3	4,494	6,038
Transfers out of level 3	27	0
Balance as at 30 June	<u>2,027,365</u>	<u>1,834,697</u>

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.

Workers Compensation

Council is a licensed self insurer under the Workers Compensation Act in NSW. An actuarial assessment is performed annually that provides an estimate for future claims liabilities. For the reporting period ended 30 June 2023 this estimate has been assessed as \$5m. A bank guarantee is held as security to offset this 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 future 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 8% of salaries for the year ending 30 June 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each pooled employer is a share of the total past service contributions of \$20m per annum from 1 July 2022 to 30 June 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. 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.

The amount of employer contributions to the defined benefit section of the Scheme and recognised as an expense for the year ending 30 June 2023 was \$405k. The last formal valuation of the Scheme was performed by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2022.

The amount of additional contributions included in the total employer contribution advised above is \$250k. Council's expected contribution to the plan for the next annual reporting period is \$376k.

The estimated employer reserves financial position for the Pooled Employers as at 30 June 2023 is:

Employer Reserves only *	\$millions	Asset coverage
Assets	2,290.9	
Past services liabilities	2,236.1	102.4%
Vested benefits	2,253.6	101.7%

**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 \$376k as at 30 June 2023.

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	6.0% per annum
Salary inflation	3.5% per annum
Increase in CPI	6.0% per annum

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the pooled employers group. The estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the fund end of year review will be completed by December 2023.

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 2023 \$'000	Actual 2022 \$'000
Compensation		
Short term benefits (salaries, councillors fees)	2,813	2,350
Other long term benefits	30	195
Total	<u>2,843</u>	<u>2,545</u>

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.

Nature of transaction	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
2023	\$'000	\$'000		\$'000	\$'000
Rental income ⁽ⁱ⁾	(147)	0	30 Days	0	0

(i) Council entered into a lease agreement as lessor with a company part- owned by a KMP of Council. Rental income is billed on a monthly basis and payable to Council within 30 days per Council's standard terms. The lease agreement was awarded through an independent process with probity insight. The lease is for an initial period of 5 years expiring November 2025 with a further option of 5 years.

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 2023 \$'000	Actual 2022 \$'000
Mayoral fee	71	63
Councillors' fees	403	365
Councillors' (including Mayor) expenses	107	114
Total	<u>581</u>	<u>542</u>

E1-3 OTHER RELATED PARTIES

Council has no other related parties.

E2 OTHER RELATIONSHIPS

E2-1 AUDIT FEES

	Actual 2023 \$'000	Actual 2022 \$'000
Audit and other assurance services - Auditor of Council - NSW Auditor-General:		
Audit and review of financial statements	145	172 ⁽¹⁾
Total fees paid to the Auditor General	145	172
During the year the following fees were paid for services provided by other audit firms:		
Other non assurance services	69	13
Total fees paid to other audit firms	69	13

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



F - OTHER MATTERS



F1-1 STATEMENT OF CASH FLOWS INFORMATION

	Actual 2023 \$'000	Actual 2022 \$'000
(a) Reconciliation of net operating result to cash provided from operating activities		
Operating result	43,268	72,569
Add/(less) non-cash items:		
Depreciation, amortisation and impairment	31,330	29,533
Loss/(gain) on disposal of assets	1,330	1,533
Non-cash contributions and dedications	(12,443)	(22,955)
Fair value (gains) / losses on investment property	4,007	(15,389)
Changes in assets and liabilities:		
Movement in operating assets and liabilities		
Increase / (decrease) in provision for doubtful debts	53	27
Increase / (decrease) in provision for employee leave entitlements	445	697
Increase / (decrease) in other provisions	875	(724)
(Increase) / decrease in receivables	(4,426)	(2,196)
(Increase) / decrease in inventories	(39)	9
(Increase) / decrease in other current assets	18	376
Increase / (decrease) in payables	4,654	(864)
Increase / (decrease) in accrued interest payable	(17)	(18)
Increase / (decrease) in contract liabilities	7,883	2,146
Net cash flows from operating activities	<u>76,938</u>	<u>64,744</u>
(b) Non-cash financing and investing activities		
Dedications and developer in-kind contributions	<u>12,443</u>	<u>22,955</u>
	<u>12,443</u>	<u>22,955</u>

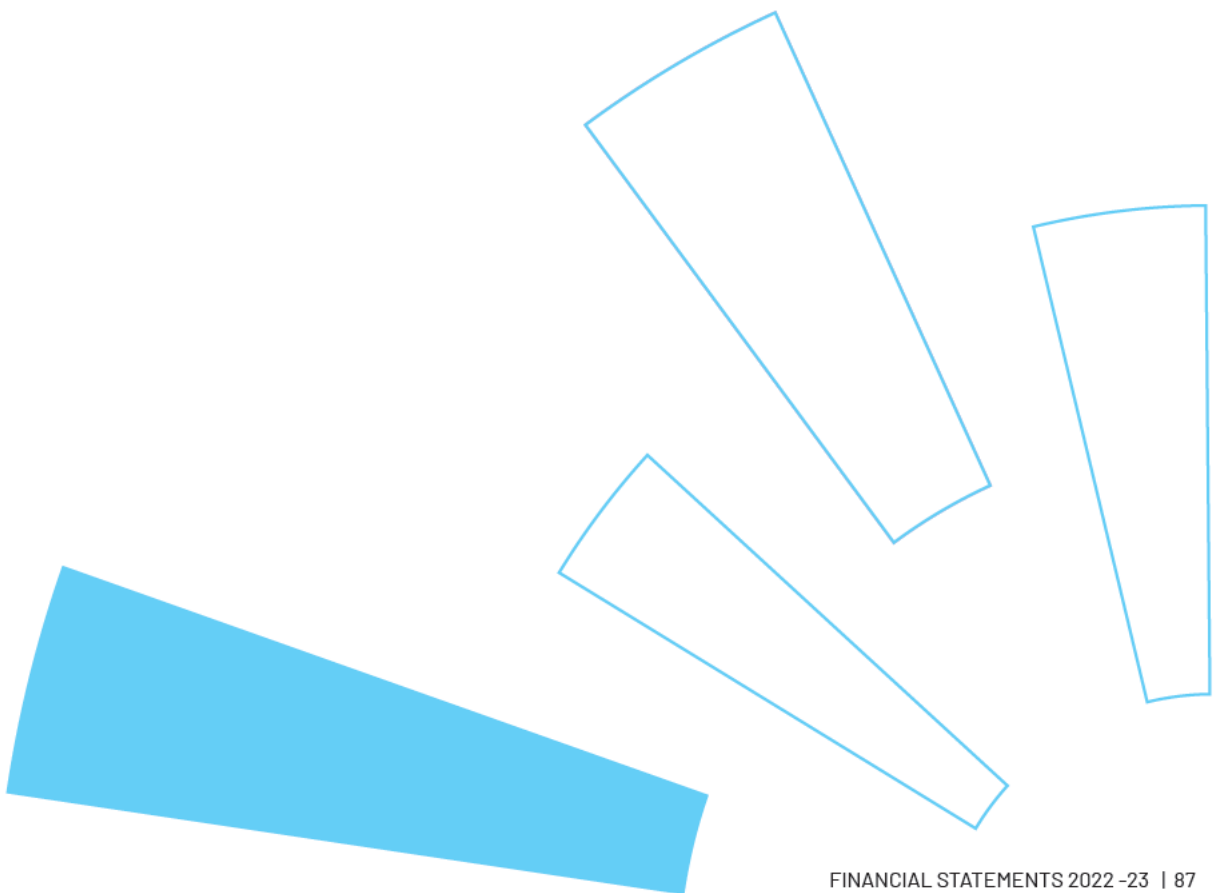
F2-1 COMMITMENTS

	Actual 2023 \$'000	Actual 2022 \$'000
Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	16,610	5,230
Plant and equipment	1,439	2,508
Infrastructure:		
- Roads, bridges and footpaths	29,770	23,804
- Other structures	23,050	28,849
	<u>70,869</u>	<u>60,390</u>

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

F3-1 EVENTS OCCURRING AFTER REPORTING DATE

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



F4 CHANGES FROM PRIOR YEAR STATEMENTS

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

During the reporting period the sale of a parcel of land was realised that was held as land held for resale in the prior reporting period. The sale price was known when the asset was reclassified as held for sale and was significantly higher than the previously valued amount at 30 June 2022. The value of the parcel of land should have been remeasured to its fair value of the sale price before it was reclassified as held for sale.

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

Adjustment to the comparative figures for the year ended 30 June 2022

	Original Balance at 30 June 2022	Increase / (Decrease)	Restated Balance at 30 June 2022
Statement of Financial Position			
Non-current assets classified as held for sale	2,920	7,208	10,128
Total current assets	139,842	7,208	147,050
Total assets	2,974,315	7,208	2,981,523
Net assets	2,922,625	7,208	2,929,833
Accumulated surplus	1,301,154	7,208	1,308,362
Total equity	2,922,625	7,208	2,929,833
Income Statement			
Other income	23,205	7,208	30,413
Total income from continuing operations	258,038	7,208	265,246
Operating result from continuing operations	72,569	7,208	79,777
Statement of Comprehensive Income			
Net operating result for the year from Income Statement	72,569	7,208	79,777
Total comprehensive income for the year attributable to Council	146,572	7,208	153,780

F4-3 CHANGES IN ACCOUNTING ESTIMATES

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

F5-1 SUMMARY OF DEVELOPER CONTRIBUTIONS

Purpose	Opening balance at 1 July 2022 \$'000	Contributions received ⁽¹⁾			Interest and investment income earned \$'000	Amounts expended \$'000	Internal borrowings ⁽²⁾ \$'000	Held as restricted asset at 30 June 2023 ⁽³⁾ \$'000	Cumulative balance of internal borrowings (to)/from ⁽⁴⁾ \$'000
		Cash \$'000	Non-cash Land \$'000	Non-cash Other \$'000					
Community facilities - under plans	36,284	6,014	0	150	957	2,232	0	41,023	0
S7.11 under plans	36,284	6,014	0	150	957	2,232	0	41,023	0
Parking - not under plans	898	0	0	0	22	0	0	920	0
S7.12 levies	0	0	0	0	0	0	0	0	0
Total contributions	37,182	6,014	0	150	979	2,232	0	41,943	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' and 'non cash contributions')

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

F5-2 DEVELOPER CONTRIBUTIONS BY PLAN

Glenfield Road Urban Release Area Plan

Purpose	Opening balance at 1 July 2022 \$'000	Contributions received ⁽¹⁾			Interest and investment income earned \$'000	Amounts expended \$'000	Internal borrowings ⁽²⁾ \$'000	Held as restricted asset at 30 June 2023 ⁽³⁾ \$'000	Cumulative balance of internal borrowings (to)/from ⁽⁴⁾ \$'000
		Cash \$'000	Non-cash Land \$'000	Non-cash Other \$'000					
Community facilities	8,034	671	0	150	203	11	0	8,897	0
Total contributions	8,034	671	0	150	203	11	0	8,897	0

Menangle Park Contribution Plan

Purpose	Opening balance at 1 July 2022 \$'000	Contributions received ⁽¹⁾			Interest and investment income earned \$'000	Amounts expended \$'000	Internal borrowings ⁽²⁾ \$'000	Held as restricted asset at 30 June 2023 ⁽³⁾ \$'000	Cumulative balance of internal borrowings (to)/from ⁽⁴⁾ \$'000
		Cash \$'000	Non-cash Land \$'000	Non-cash Other \$'000					
Community facilities	6,114	463	0	0	160	5	0	6,732	0
Total contributions	6,114	463	0	0	160	5	0	6,732	0

Campbelltown Local Infrastructure Contribution Plan

Purpose	Opening balance at 1 July 2022 \$'000	Contributions received ⁽¹⁾			Interest and investment income earned \$'000	Amounts expended \$'000	Internal borrowings ⁽²⁾ \$'000	Held as restricted asset at 30 June 2023 ⁽³⁾ \$'000	Cumulative balance of internal borrowings (to)/from ⁽⁴⁾ \$'000
		Cash \$'000	Non-cash Land \$'000	Non-cash Other \$'000					
Community facilities	22,136	4,880	0	0	594	2,216	0	25,394	0
Total contributions	22,136	4,880	0	0	594	2,216	0	25,394	0

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' and 'non cash contributions')

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

F5-3 CONTRIBUTIONS NOT UNDER PLANS

CONTRIBUTIONS NOT UNDER PLANS

Purpose	Opening balance at 1 July 2022 \$'000	Contributions received ⁽¹⁾			Interest and investment income earned \$'000	Amounts expended \$'000	Internal borrowings ⁽²⁾ \$'000	Held as restricted asset at 30 June 2023 ⁽³⁾ \$'000	Cumulative balance of internal borrowings (to)/from ⁽⁴⁾ \$'000
		Cash \$'000	Non-cash Land \$'000	Non-cash Other \$'000					
Parking	898	0	0	0	22	0	0	920	0
Total contributions	898	0	0	0	22	0	0	920	0

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' and 'non cash contributions')

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

F6 STATEMENT OF PERFORMANCE MEASURES

F6-1 STATEMENT OF PERFORMANCE MEASURES

	2023 \$'000	2023 Indicator	2022 Indicator	Benchmark
1. Operating performance				
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses ⁽²⁾	19,666	8.92%	6.09%	>0
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	220,357			
2. Own source operating revenue				
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	172,675	69.27%	63.65%	>60%
Total continuing operating revenue ⁽¹⁾ inclusive of all grants and contributions ⁽⁵⁾	249,296			
3. Unrestricted current ratio				
Current assets less all external restrictions	83,685	2.68x	1.71x	>1.5x
Current liabilities less specific purpose liabilities ⁽³⁾⁽⁴⁾	31,171			
4. Debt service cover ratio				
Operating result ⁽¹⁾ before capital, excl interest and depreciation	51,167	20.13:1	15.32:1	>2x
Principal repayments (from the Statement of Cash Flows) plus borrowing costs (from the Income Statement)	2,542			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	6,364	4.70%	4.56%	<5%
Rates and annual charges collectible	135,545			
6. Cash expense cover ratio				
Current years cash and cash equivalents plus term deposits	210,496	14.10 months	12.51 months	>3 months
Payments from cash flows of operating and financing activities	179,190			

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

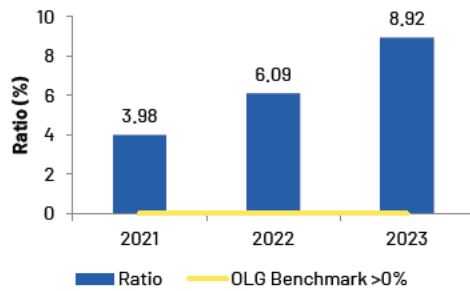
⁽³⁾ Refer to Note C-3

⁽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.

⁽⁶⁾ Prior year comparative restated from 70.3% to 69.71%

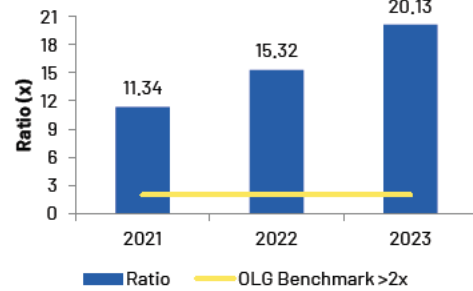
Operating Performance



1. Operating Performance

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

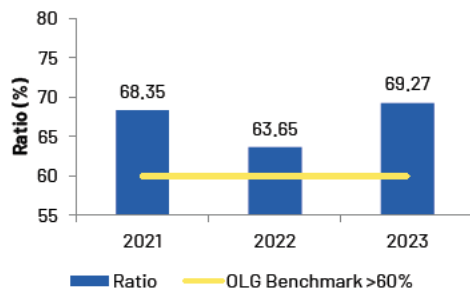
Debt Service Cover Ratio



4. Debt Service Cover Ratio

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

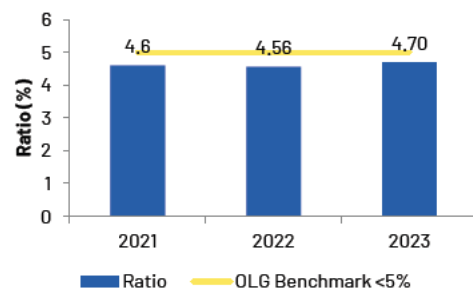
Own Source Operating Revenue



2. Own Source Operating Revenue

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

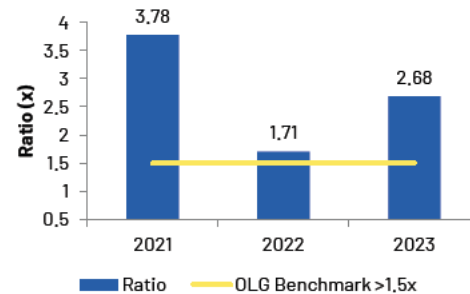
Rates and Charges Outstanding



5. Rates and Annual Charges Outstanding

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

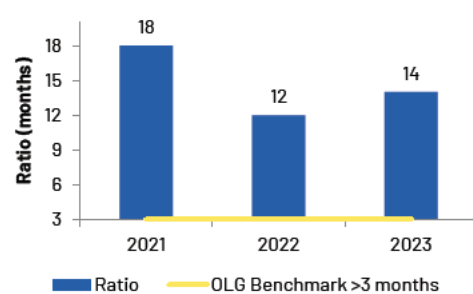
Unrestricted Current Ratio



3. Unrestricted Current Ratio

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

Cash Expense Cover Ratio



6. Cash Expense Cover Ratio

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



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 2023, the Statement of Financial Position as at 30 June 2023, 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 2023, 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).

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

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 2023 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
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

24 October 2023
SYDNEY



Dr George Greiss
Mayor
Campbelltown City Council
PO BOX 57
CAMPBELLTOWN NSW 2560

Contact: Somaiya Ahmed
Phone no: 02 9275 7424
Our ref: R008-16585809-48568

24 October 2023

Dear Mayor

Report on the Conduct of the Audit for the year ended 30 June 2023 Campbelltown City Council

I have audited the general purpose financial statements (GPFS) of Campbelltown City Council (the Council) for the year ended 30 June 2023 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 2023 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

	2023 \$m	2022* \$m	Variance %
Rates and annual charges revenue	129.3	125.4	3.1
Grants and contributions revenue	76.6	88.2	13.2
Operating result from continuing operations	43.3	79.8	45.7

Net operating result
before capital grants and
contributions

14.3

33.0

56.7

Rates and annual charges revenue of \$129.3 million increased by \$3.9 million (3.1 per cent) in 2022–23 mainly due to rate peg increase of 1.2 per cent.

Grants and contributions revenue of \$76.6 million decreased by \$11.6 million (13.2 per cent) in 2022–23 due to:

- decrease of \$9.5 million in developer contributions recognised during the year
- decrease of \$11.8 million in capital grants and non-developer capital contributions recognised during the year. The decrease was mainly attributable to the lower non-cash contributions received related to subdivision dedications by \$8.7 million
- offset by an increase of \$9.8 million in operating grants and non-developer operating contributions recognised during the year. The increase was mainly attributable to the higher cash contributions received related to Transport by \$11.4 million.

The Council's operating result from continuing operations of \$43.3 million (including depreciation, amortisation and impairment expense of \$31.3 million) was \$36.5 million lower than the 2021–22 result. This was mainly due to:

- increase in employee benefits and on-cost expense of \$7.3 million, increase in materials and services expense of \$7.7 million, increase in other expenses of \$4.1 million, decrease in grants and contributions provided for capital purposes of \$17.9 million and decrease in other income of \$21.4 million
- offset by increase in rates and annual charges of \$3.9 million, increase in user charges and fees of \$3.5 million, increase in grants and contributions provided for operating purposes of \$6.3 million and increase in interest and investment income of \$6.1 million.

The net operating result before capital grants and contributions of \$14.3 million was \$18.7 million lower than the 2021–22 result.

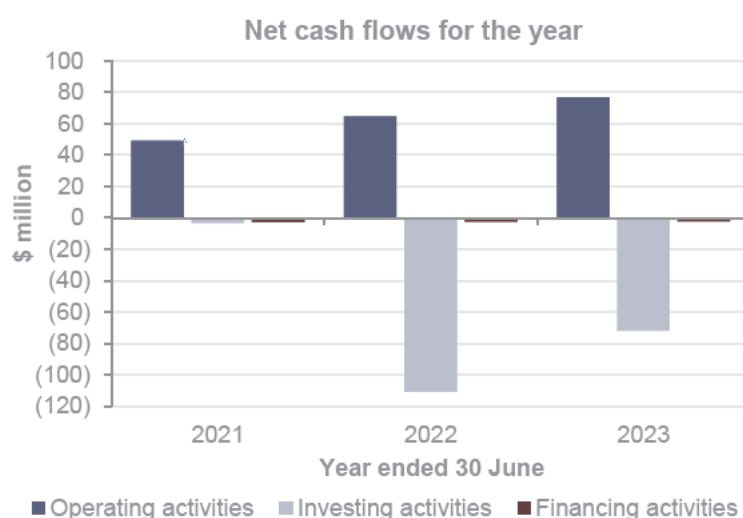
STATEMENT OF CASH FLOWS

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

The Council's cash and cash equivalents balance at 30 June 2023 was \$10.4 million. Net cash flows for the year increased by \$2.6 million.

The overall increase in net cash flows was due to the net cash inflows of \$76.9 million in operating activities being greater than the net cash outflows used in investing activities of \$72.0 million and net cash outflows used in financing activities of \$2.4 million.

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



payments to employees and
payments for material and services.

The decrease in cash provided by investing activities is mainly due the purchase of investments and payments for infrastructure, property, plant and Equipment. The significant variation in cash provided by investing activities from the prior year is mainly due to the settlement of an investment property purchased in 2021-22.

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

FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	243.9	196.3	<ul style="list-style-type: none"> cash and investments increased by \$47.6 million externally restricted funds mainly include developer contributions, specific purpose unexpended grant funds and domestic waste management funds. The increase of \$24.7 million from 2022 is mainly due to a \$4.8 million increase in developer contributions restrictions, a \$15.8 million increase in specific purpose unexpended grants and a \$3.0 million increase in domestic waste management restrictions
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	117.4	92.7	
• Internal allocations	122.3	100.7	<ul style="list-style-type: none"> internally restricted funds are due to Council policy or decisions for forward plans including strategic capital projects. The increase of \$21.6 million from 2022 is mainly due to a \$15.5 million increase in property development and an increase of \$ 6.7 million in the future infrastructure fund.

Debt

The Council had borrowings of \$2.3 million at 30 June 2023, of which \$1.3 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 2023 the Council had an available bank overdraft facility of \$0.5 million (2022: 0.5 million) and corporate credit card facility of \$0.8 million (2022: \$0.8 million) for financing arrangements. \$0.1 million of the corporate credit facility was drawn down at the reporting date (2022: \$0.1 million).

PERFORMANCE

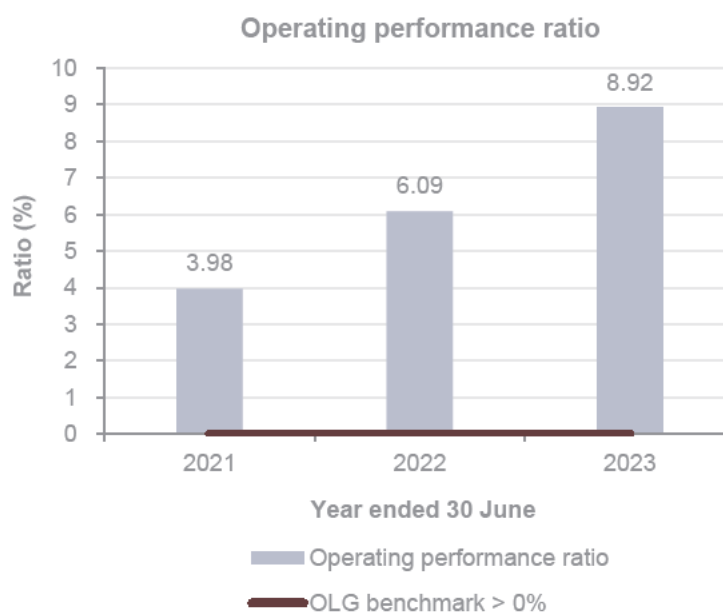
Performance measures

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 benchmark for the current reporting period.

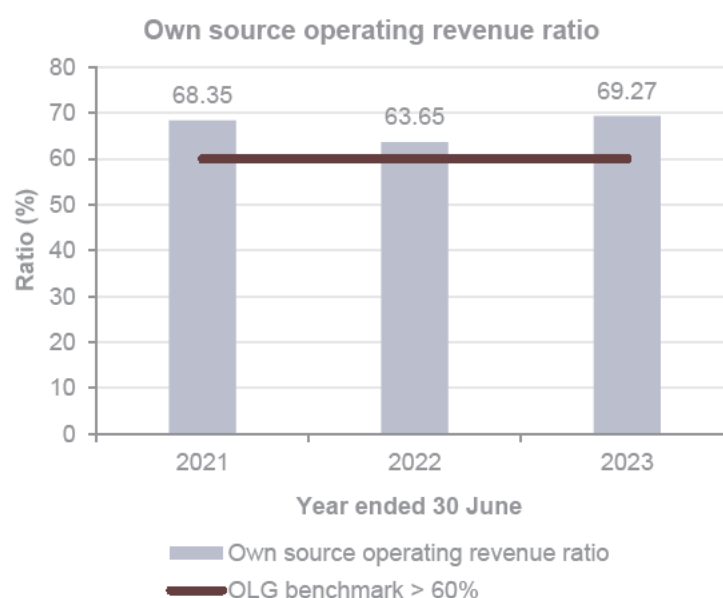
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

The Council exceeded the benchmark for the current reporting period.

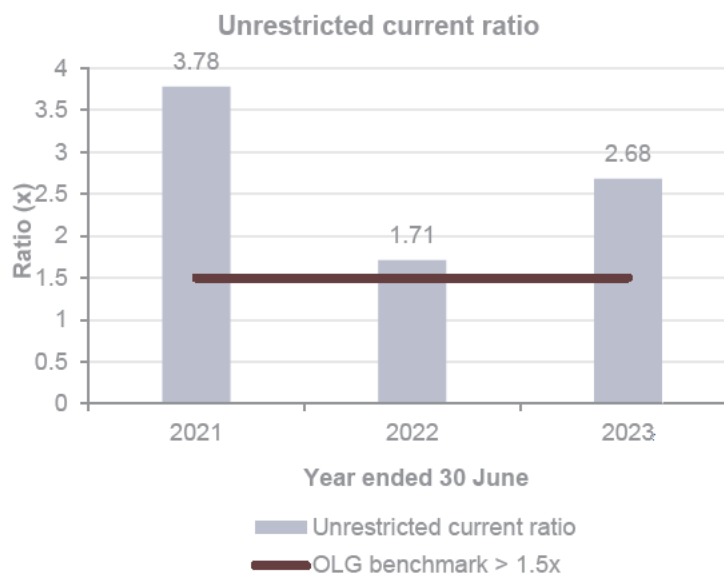
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

The Council exceeded the benchmark for the current reporting period.

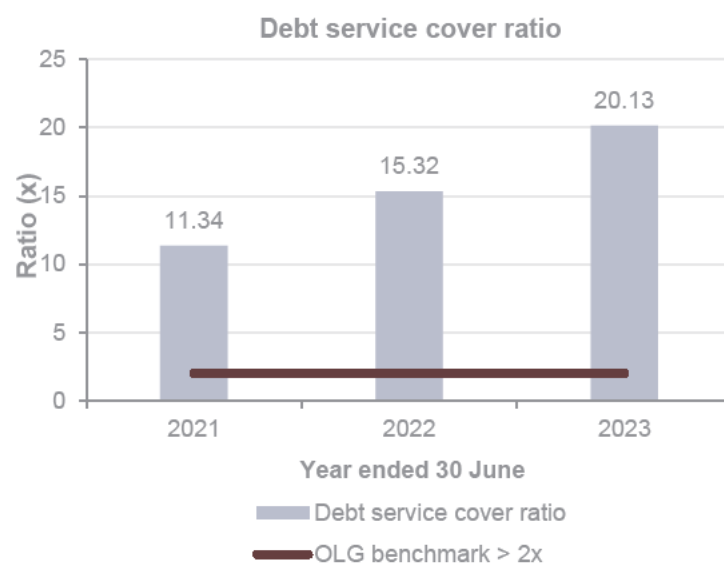
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

The Council exceeded the benchmark for the current reporting period.

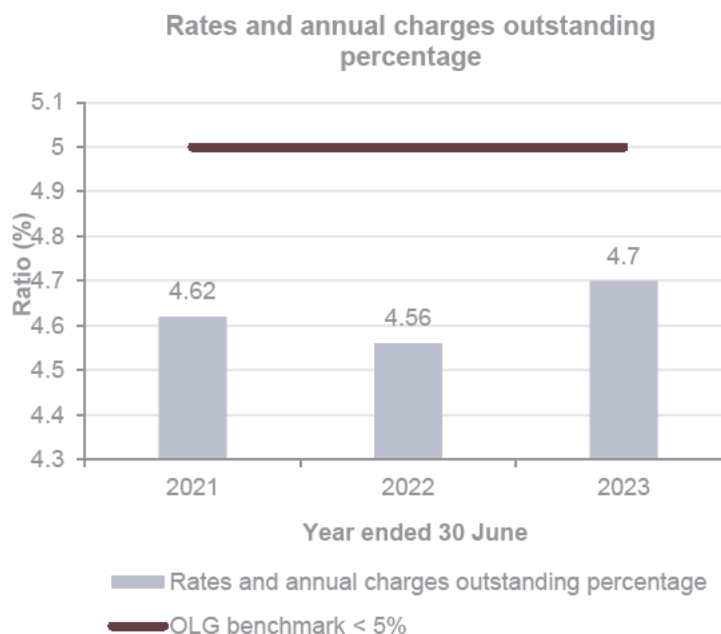
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

The Council exceeded the benchmark for the current reporting period.

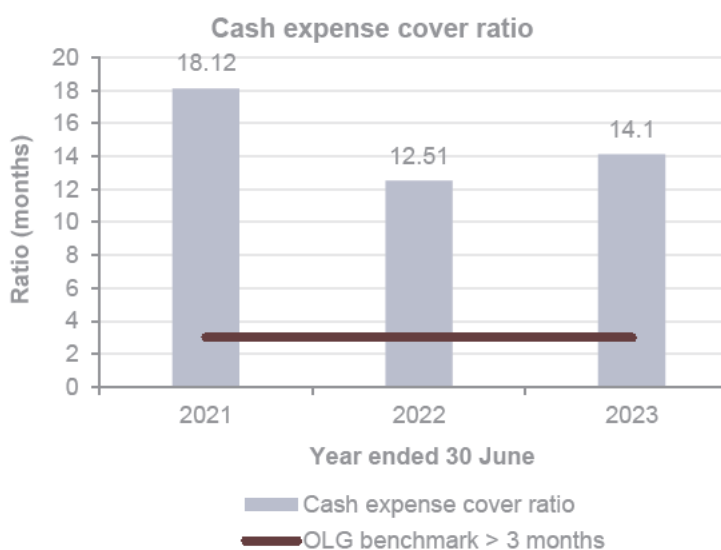
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



Cash expense cover ratio

The Council exceeded the 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 renewed \$29.8 million of infrastructure, property, plant and equipment during the 2022-23 financial year. Significant renewals include:

- road renewals of \$16.6 million (\$9.5 million in 2021-22)
- building renewals of \$2.6 million (\$3.9 million in 2021-22)
- other structures renewals of \$2.8 million (\$2.9 million in 2021-22)
- plant and equipment renewals of \$5.0 million (\$2.2 million in 2021-22)
- footpath renewals of \$1.6 million (\$0.8 million in 2021-22).

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.

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Somaiya Ahmed
Director, Financial Audit

Delegate of the Auditor-General for New South Wales



**SPECIAL PURPOSE
FINANCIAL
STATEMENTS**
FOR THE YEAR ENDED
30 JUNE 2023



SPECIAL PURPOSE FINANCIAL STATEMENTS

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Special purpose financial statements for the year ended 30 June 2023

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 2021*

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Dr G Greiss
Mayor
12 / 09 / 2023

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Cr M Khalil
Councillor
12 / 09 / 2023

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Mrs L Deitz
General Manager
12 / 09 / 2023

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Mrs C Mears
Responsible Accounting Officer
12 / 09 / 2023

INCOME STATEMENT OF BUSINESS ACTIVITIES

for the year ended 30 June 2023

	Child Care Centres (Cat.1)		Recreation Centres (Cat.1)		Commercial Activities (Cat.2)	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
Income from continuing operations						
User charges and fees	1,916	1,498	4,967	2,323	8,665	6,759
Interest	0	0	0	0	298	300
Grants and contributions provided for non capital purposes	5,135	4,323	1	1	0	0
Other income	0	0	266	63	683	758
Total income from continuing operations	7,051	5,821	5,234	2,387	9,646	7,817
Expenses from continuing operations						
Employee benefits and on-costs	6,502	4,725	4,259	3,188	1,378	1,295
Materials and services	595	537	2,131	1,634	975	1,090
Interest charges	159	82	136	169	35	27
Depreciation, amortisation and impairment	164	168	977	978	42	43
Calculated tax equivalents	424	337	496	468	1,227	1,218
Other expenses	2,239	2,101	672	957	293	285
Total expenses from continuing operations	10,083	7,950	8,671	7,394	3,950	3,959
Surplus/(Deficit) from operations before tax	(3,032)	(2,129)	(3,437)	(5,007)	5,696	3,858
Less corporate taxation equivalent (25%)	0	0	0	0	1,424	1,132
Surplus/(deficit) after tax	(3,032)	(2,129)	(3,437)	(5,007)	4,272	2,726
Dividend payment after tax	0	0	0	0	174	116
Change in net assets after dividend	(3,032)	(2,129)	(3,437)	(5,007)	4,098	2,610
Opening retained profits/(losses)	(14,688)	(14,407)	(49,111)	(45,438)	30,704	25,384
Discontinued service	0	0	0	0	0	51
Adjustments for amounts unpaid						
- Taxation equivalent payments	424	337	496	468	1,227	1,218
- Corporate taxation equivalents	0	0	0	0	1,424	1,132
- Dividend payments	0	0	0	0	174	116
- Corporate overheads	1,596	1,511	585	866	122	193
Closing retained profits/(losses)	(15,700)	(14,688)	(51,467)	(49,111)	37,749	30,704
Return on capital (%)	-16.77%	-12.45%⁽¹⁾	-6.32%	-8.58%⁽¹⁾	4.13%	2.74%
Subsidy from Council	3,032	2,129	3,437	5,007	Nil	Nil

⁽¹⁾ Prior year comparatives restated

STATEMENT OF FINANCIAL POSITION OF BUSINESS ACTIVITIES

as at 30 June 2023

	Child Care Centres (Cat.1)		Recreation Centres (Cat.1)		Commercial Activities (Cat.2)	
	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
ASSETS						
Current assets						
Receivables	19	19	13	14	1,505	151
Total current assets	19	19	13	14	1,505	151
Non-current assets						
Infrastructure, property, plant and equipment	18,078	17,097	54,363	58,340	137,911	140,946
Total non-current assets	18,078	17,097	54,363	58,340	137,911	140,946
Total assets	18,097	17,116	54,376	58,354	139,416	141,097
LIABILITIES						
Current liabilities						
Payables	172	97	292	153	68	11
Total current liabilities	172	97	292	153	68	11
Non-current liabilities						
Borrowings	0	0	0	0	0	0
Total non-current liabilities	0	0	0	0	0	0
Total liabilities	172	97	292	153	68	11
Net assets	17,925	17,019	54,084	58,201	139,348	141,086
EQUITY						
Accumulated surplus/(loss)	(15,700)	(14,688)	(51,467)	(49,111)	37,749	30,704
Council equity interest	33,625	31,707	105,551	107,312	101,599	110,382
Total equity	17,925	17,019	54,084	58,201	139,348	141,085

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 2021* (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 NSW 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 for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return) and dividends paid.

Declared business activities

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

Category 1

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

Category 2

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

NOTE: SIGNIFICANT ACCOUNTING POLICIES (CONT)

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	1.60%
Stamp Duty	Paid where applicable
Payroll Tax	5.45%
Other Taxes or Charges	Where charged, has been paid. Where not charged, has been calculated.

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/ (loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the 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.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Campbelltown City Council

To the Councillors of Campbelltown City Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Campbelltown City Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2023, the Statement of Financial Position of each Declared Business Activity as at 30 June 2023 and 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 2023, 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 2022–23 (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).

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

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 2023 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.

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Somaiya Ahmed
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

24 October 2023
SYDNEY

SPECIAL SCHEDULE: PERMISSIBLE INCOME FOR GENERAL RATES

	2022-23 Calculation \$'000	2023-24 Calculation \$'000
Notional general income calculation⁽¹⁾		
Last year notional income yield	99,089	101,786
Plus/minus adjustments ⁽²⁾	1,512	692
Notional general income	<u>100,601</u>	<u>102,478</u>
Permissible income calculation		
Special variation ⁽³⁾	0.00%	0.00%
or rate peg	1.20%	4.10%
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	1,207	4,202
or plus crown land adjustment and rate peg amount	0	0
Sub total	<u>101,808</u>	<u>106,680</u>
Plus or minus last year's carry forward total	5	0
Less valuation objections claimed in previous year	(28)	(2)
Sub total	<u>(24)</u>	<u>(2)</u>
Total permissible income	<u>101,784</u>	<u>106,679</u>
Less notional income yield	101,786	106,679
Catch up or (excess) result	(2)	0
Plus income lost due to valuation objections claimed ⁽⁴⁾	2	0
Less unused catch up ⁽⁵⁾	0	0
Carried forward to next year⁽⁶⁾	<u>0</u>	<u>0</u>

- 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.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Campbelltown City Council

To the Councillors of Campbelltown City Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Campbelltown City Council (the Council) for the year ending 30 June 2024.

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 2022–23 (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).

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

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 2023 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 2023'.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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.

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Somaiya Ahmed
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

24 October 2023
SYDNEY

SPECIAL SCHEDULE: REPORT ON INFRASTRUCTURE ASSETS

Asset class	Asset category (as determined by Council)	Estimated cost to bring to agreed level of service set by Council	2022-23 required maintenance	2022-23 actual maintenance	Net carrying amount	Gross replacement cost	Asset condition as a % of gross replacement cost					
		\$'000	\$'000	\$'000	\$'000	\$'000	0	1	2	3	4	5
Public Buildings	Buildings	1,480	4,236	3,784	249,201	330,516	13	12	50	24	1	0
	Sub Total	1,480	4,236	3,784	249,201	330,516						
Public Spaces	Recreational/open space	657	535	155	8,037	15,056	4	11	72	13	0	0
	Other structures	539	561	1,493	48,580	82,388	9	26	40	24	1	0
	Swimming pools	22	222	102	5,306	8,841	0	24	49	27	0	0
	Sub Total	1,218	1,318	1,750	61,923	106,285						
Public Roads	Road surfacing	5,359	2,000	4,360	116,005	159,876	0	55	32	10	2	0
	Road pavements	5,620	2544	1811	238,485	296,527	0	43	44	11	3	0
	Road formation	NA	NA	NA	40,021	40,021	NA	NA	NA	NA	NA	NA
	Bridges and culverts	602	164	227	89,553	140,429	6	35	38	21	0	0
	Footpaths and cycle ways	193	455	1175	79,766	140,976	8	19	34	38	2	0
	Kerb and gutter and traffic islands	212	108	345	123,566	164,237	16	69	11	4	0	0
	Traffic management devices	0	38	0	3,800	5,150	16	58	23	3	0	0
	Road furniture	61	183	278	13,990	21,249	0	40	50	10	0	0
	Car park surfacing	104	22	0	5,202	8,653	15	25	44	16	1	0
	Car park pavements	59	22	56	7,387	11,511	9	35	36	19	1	0
	Car park formation	NA	NA	NA	3,443	3,443	NA	NA	NA	NA	NA	NA
	Other infrastructures	0	0	0	3,301	3,651	0	0	100	0	0	0
	Sub Total	12,210	5,536	8,252	724,519	995,723						
Drainage Works	Detention basins/flood mitigation	207	50	0	69,886	75,190	1	21	76	1	2	0
	Stormwater conduits	0	359	0	237,340	306,726	22	57	21	1	0	0
	Stormwater pits and headwalls	63	161	1526	72,123	109,956	9	24	48	19	0	0
	Open channels	85	63	0	35,689	48,485	0	35	44	20	0	0
	Water quality devices	91	12	0	4,307	6,775	22	37	33	7	1	0
	Earthwork/embankments	NA	NA	NA	1,679	2,112	NA	NA	NA	NA	NA	NA
	Sub Total	446	645	1526	421,024	549,244						
Totals Classes	Total Assets	15,354	11,735	15,312	1,456,667	1,981,768						

Infrastructure asset condition assessment

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

SPECIAL SCHEDULE: REPORT ON INFRASTRUCTURE ASSETS (CONT)

Infrastructure Asset Performance Indicators

	Amounts \$'000	2023	2022	Benchmark
Building and infrastructure renewals ratio				
Asset renewals	24,669			
Depreciation, amortisation and impairment	27,467	90%	79%	>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	15,354			
Net carrying amount of infrastructure assets	1,461,415	1.05%	1.38%	<2%

Shows what proportion the infrastructure backlog is against the total value of Council's infrastructure

Asset maintenance ratio

Actual asset maintenance	15,312			
Required asset maintenance	11,735	130%	97%	>100%

Compares actual versus required annual asset maintenance

Cost to bring assets to agreed service level

Estimated cost to bring to agreed service level set by Council	15,354			
Gross replacement cost	1,981,768	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



