



FINANCIAL STATEMENTS

2015-2016

welcome

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

As one of only three Regional City Centres outside of Sydney CBD and Parramatta, Campbelltown is experiencing a hive of new activity, emerging as one of Australia's fastest growing cities. The city's population is forecast to grow by 36% to 251,875 by 2036 and this growth is transforming the city into a vibrant, self-sustainable, urban centre, with strong business and community partnerships.

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

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

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

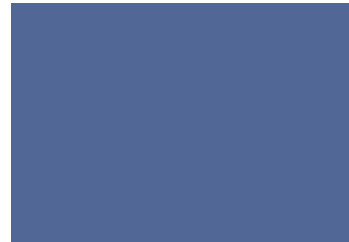
The recently adopted new organisational structure supports this approach, by placing more emphasis on strategic planning for urban growth and transport, good city design, infrastructure that drives investment, and the planning and provision of key assets such as open space, community and cultural facilities.

our vision

A city of choice and opportunity in a natural environment.

our mission

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



general purpose financial reports for the year ended 30 june 2016



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



General purpose financial reports for the year ended 30 June 2016

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 16 August 2016

A handwritten signature in black ink, appearing to read 'G Brticevic', written over a horizontal line.

Cr G Brticevic
COUNCILLOR

A handwritten signature in black ink, appearing to read 'M. M. Oates', written over a horizontal line.

Cr M Oates
COUNCILLOR

A handwritten signature in black ink, appearing to read 'L Deitz', written over a horizontal line.

Mrs L Deitz
GENERAL MANAGER

A handwritten signature in black ink, appearing to read 'C Mears', written over a horizontal line.

Mrs C Mears
RESPONSIBLE ACCOUNTING OFFICER

responsible accounting officer's report

This report provides commentary and analysis on Campbelltown City Council's Financial Reports for the 2015-2016 financial year. This report is presented to assist non-financial users to understand the contents of the Financial Statements whilst also providing an executive summary.

Basis of Account Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, the *Local Government Act (1993)* and Regulation, and the Local Government Code of Accounting Practice and Financial Reporting (version 24). Campbelltown City Council is a not for profit entity for the purpose of preparing the financial statements. The significant accounting policies used in preparing Campbelltown City Council's Financial Reports are set out in Note 1 to the Financial Statements.

Operating Result

The operating result before capital grants and contributions (last line of the Income Statement) is a key indicator monitored by the Office of Local Government. Council achieved a surplus of \$13.9m. This result is reflected on the Income Statement and shows an increase in operating revenue of \$24m and an increase in operating expenditure of \$900k.

The surplus is largely represented by an increase of \$3.7m in rates and annual charges revenue due to the special rate variation to address Council's infrastructure backlog. Total expenditure has increased primarily in the areas of employee costs and materials, however has been offset by a reduction in depreciation of Council's fixed assets, which decreased by \$3.6m as a result of detailed work assessing depreciation methodology, coupled with annual revaluation adjustments.

The operating result also reflects \$16.4m of recognised revenues for dedications and works in kind of roads, kerb, stormwater and land assets. The operating result after capital grants and contributions reflects a surplus of \$41m.

Balance Sheet

Council's financial position as at 30 June 2016 continues to demonstrate a sound and stable financial position. The balance sheet reveals total equity of \$2.278b. This total equity is a reflection of Council's net accumulated financial worth given all assets and liabilities. Total assets amount to \$2.330b and include infrastructure, property, plant and equipment assets (roads, buildings etc.) of \$2.181b, less total liabilities of \$52m which is predominantly made up of outstanding loans and provisions.

Cash Flow

The Cash Flow Statement summarises Council's cash receipts and payments for the financial year and the net cash in hand position. Council's cash assets increased by \$287k to \$3m during the financial year ended 30 June 2016. In addition to operating activities which contributed net cash of \$46.5m, were proceeds from the sale of fixed assets (\$1.6m). Cash outflows were used to construct and renew fixed assets (\$31m) and repay borrowings (\$3.9m).

Performance Indicators

Council's financial performance indicators remain stronger than the accepted industry benchmarks. The financial performance indicators, detailed in Note 13 of the Financial Reports, are monitored closely by stakeholders to assess the adequacy of the current position and improvement in Council's financial performance. One of the indicators closely monitored by Council has been the unrestricted current ratio which assesses Council's level of liquidity and the ability to satisfy obligations as they fall due. This ratio is currently standing at 4.61:1 compared to the 2014-2015 ratio of 3.67:1. This level is considered satisfactory and is above the industry benchmark of 2:1 and reinforces Council's commitment to providing a cash budget surplus over a number of years.

Summary

Campbelltown City Council remains in a sound and stable financial position.

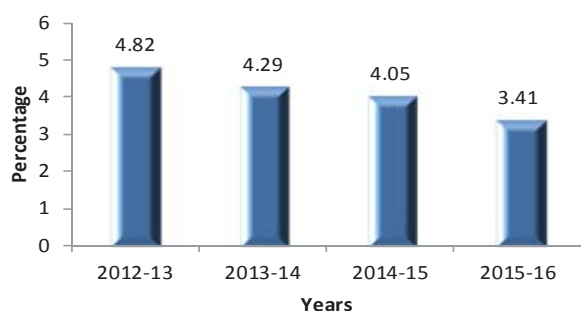
Council's financial performance indicators continue to be above industry benchmarks. Debt levels remain moderate and provided the opportunity to utilise new loan funds to accelerate its capital works program. Council is committed to dedicating at least three percent (3%) of rate income to specifically address the ongoing issue of infrastructure management. For the 2015-2016 financial year, \$20m was spent on renewal of infrastructure assets.

The original budget estimated a balanced budget which was maintained through quarterly budget financial reviews. The actual funded result was a small surplus of \$40k, an excellent outcome for Council in light of the current vulnerabilities surrounding both the domestic and international economic climate.

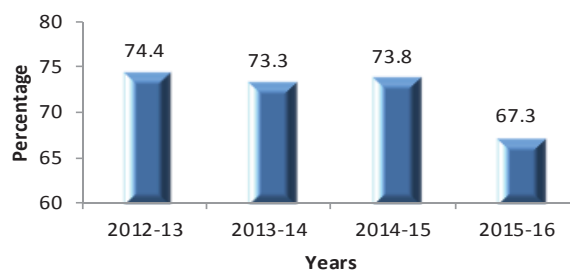
The year's financial achievements were attributable to a combined effort from all divisions and their sections in ensuring budget estimates were maintained while programs, activities and services were still delivered in accordance with identified community and organisational needs.

Corinne Mears
Manager Financial Services

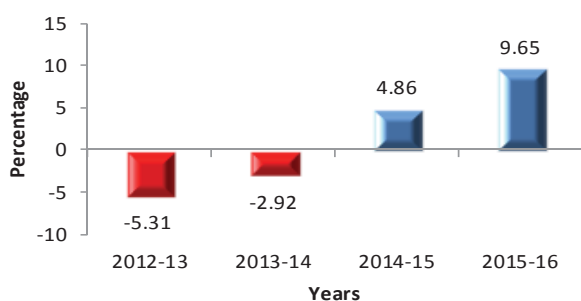
Rate Arrears



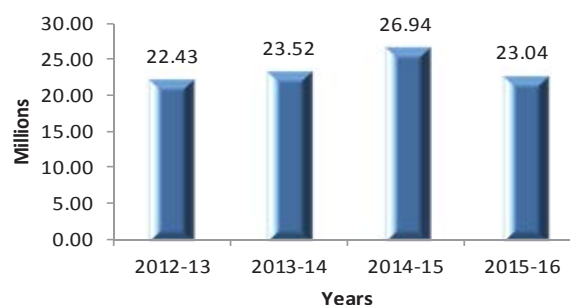
Own Source Operating Revenue



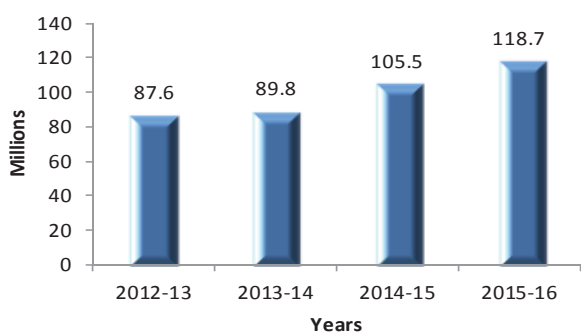
Operating Performance



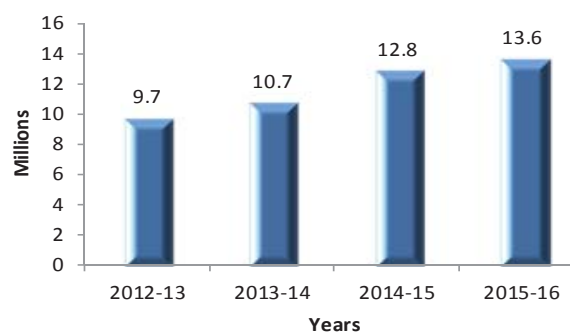
External Debt Outstanding



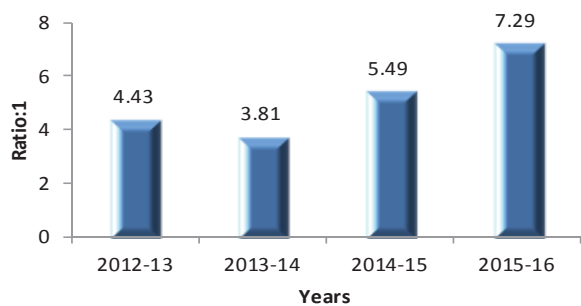
Total Cash Position



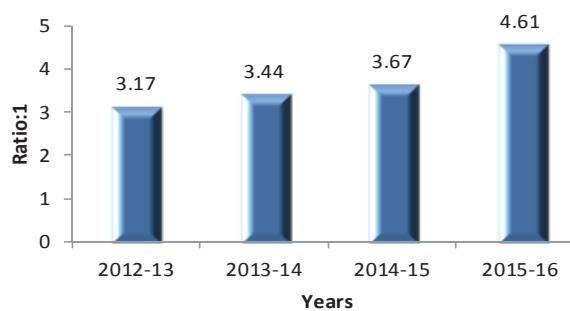
Total Unrestricted Cash



Debt Service Cover Ratio



Unrestricted Current Ratio



income statement for the year ended 30 june 2016

Original budget * 2016 \$,000		notes	actual 2016 \$,000	actual 2015 \$,000
Income from continuing operations				
94,933	Rates and annual charges	3	95,386	91,643
11,102	User charges and fees	3	13,045	11,555
3,693	Interest and investment revenue	3	3,886	3,487
26,358	Grants and contributions provided for operating purposes	3	31,415	29,613
2,453	Grants and contributions provided for capital purposes	3	27,472	11,048
0	Net gain from the disposal of assets	5	0	278
4,926	Other revenues	3	8,264	8,013
143,465	Total income from continuing operations		179,468	155,637
Expenses from continuing operations				
62,373	Employee benefits and on-costs	4	58,770	57,807
1,458	Borrowing costs	4	1,367	1,270
25,403	Materials and contracts	4	22,654	21,784
25,918	Depreciation and amortisation	4	21,471	25,133
0	Net loss from the disposal of assets	5	832	0
32,583	Other expenses	4	32,985	31,198
147,735	Total expenses from continuing operations		138,079	137,192
(4,270)	Operating result from continuing operations		41,389	18,445
(4,270)	Attributable to Council		41,389	18,445
(6,723)	Net operating result for the year before grants and contributions provided for capital purposes		13,917	7,397

* Original budget as approved by Council - refer to note 16

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

statement of comprehensive income for the year ended 30 june 2016

	notes	actual 2016 \$,000	actual 2015 \$,000
Net operating result for the year from Income Statement		41,389	18,445
Other comprehensive income			
Amounts which will not be reclassified subsequently to operating result			
Gain / (loss) on revaluation of infrastructure, property, plant and equipment	20b	9,664	59,249
Adjustment to correct prior period errors			
Amounts which will be reclassified subsequently to operating result when specific conditions are met			
Realised available-for-sale investment gains recognised in revenue	20b	0	0
Gain / (loss) on revaluation of available for sale investments	20b	0	0
De-recognition of land under roads	20f	0	0
Adjustment to correct prior period depreciation errors	20d	5,955	121,583
Total comprehensive income for the year		57,008	199,277
Attributable to Council		57,008	199,277

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

statement of financial position as at 30 june 2016

	notes	actual 2016 \$,000	actual 2015 \$,000	actual 2015 \$,000
Assets				
Current assets				
Cash and cash equivalents	6	3,123	2,836	2,836
Investments	6	115,594	102,707	102,707
Receivables	7	6,511	7,762	7,762
Inventories	8	8,113	348	348
Other	8	25	45	45
Total current assets		133,366	113,698	113,698
Non-current assets				
Receivables	7	0	0	0
Inventories	8	1,053	8,839	8,839
Infrastructure, property, plant and equipment	9	2,181,001	2,147,743	2,045,622
Investment property	14	15,309	15,276	15,276
Total non-current assets		2,197,363	2,171,858	2,069,737
Total assets		2,330,729	2,285,556	2,183,435
Liabilities				
Current liabilities				
Payables	10	7,301	7,832	7,832
Borrowings	10	3,743	3,906	3,906
Provisions	10	19,690	21,106	21,106
Total current liabilities		30,734	32,844	32,844
Non-current liabilities				
Borrowings	10	19,157	22,779	22,779
Provisions	10	2,240	2,388	2,388
Total non-current liabilities		21,397	25,167	25,167
Total liabilities		52,131	58,011	58,011
Net assets		2,278,598	2,227,545	2,125,424
Equity				
Retained earnings	20	892,733	851,344	845,389
Revaluation reserves	20	1,385,865	1,376,201	1,280,035
Total equity		2,278,598	2,227,545	2,125,424

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

statement of changes in equity as at 30 june 2016



Japanese Garden, Arts Centre



Campbelltown Arts Centre



	Note	2016 \$,000						2015 \$,000					
		Retained earnings	Asset revaluation reserve	Other reserves	Council equity interest	Non controlling interest	Total equity	Retained earnings	Asset revaluation reserve	Other reserves	Council equity interest	Non controlling interest	Total equity
Opening balance	20	845,389	1,280,035	0	2,125,424	0	2,125,424	705,361	1,220,786	0	1,926,147	0	1,926,147
Correction of errors		5,955	96,166	0	102,121	0	102,121	121,583	0	0	121,583	0	121,583
Changes in accounting policy		0	0	0	0	0	0	0	0	0	0	0	0
Restated opening balance	20	851,344	1,376,201	0	2,227,545	0	2,227,545	826,944	1,220,786	0	2,047,730	0	2,047,730
Net operating result for year	20	41,389	0	0	41,389	0	41,389	18,445	0	0	18,445	0	18,445
Other comprehensive income	20	0	9,664	0	9,664	0	9,664	0	59,249	0	59,249	0	59,249
Total comprehensive income	20	41,389	9,664	0	51,053	0	51,053	18,445	59,249	0	77,694	0	77,694
Closing balance	20	892,733	1,385,865	0	2,278,598	0	2,278,598	845,389	1,280,035	0	2,125,424	0	2,125,424

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 2016

budget 2016 \$,000		notes	actual 2016 \$,000	actual 2015 \$,000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts:				
94,933	Rates and annual charges		95,864	91,612
13,977	User charges and fees		17,540	14,964
3,692	Investment revenue and interest		3,739	3,723
25,937	Grants and contributions		37,613	34,655
0	Deposits and retentions received		222	103
4,926	Other		9,547	7,406
Payments:				
(62,373)	Employee benefits and on-costs		(58,917)	(57,253)
(23,810)	Materials and contracts		(24,863)	(20,493)
(1,458)	Borrowing costs		(1,184)	(1,085)
0	Deposits and retentions refunded		(31)	(31)
(32,582)	Other		(32,933)	(32,319)
23,242	Net cash provided by/or used in operating activities	11b	46,598	41,282
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts:				
2,081	Sale of infrastructure, property, plant and equipment		1,642	1,399
0	Sale of real estate assets		0	0
0	Sale of investments		51,065	55,927
Payments:				
0	Purchase of investments		(63,952)	(71,822)
(22,813)	Purchase of infrastructure, property, plant and equipment		(31,127)	(30,471)
0	Capital expenditure on investment properties		(33)	(49)
0	Purchase of real estate assets		0	0
(20,732)	Net cash provided by/or used in investing activities		(42,405)	(45,016)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts:				
0	Borrowing and advances		0	8,500
0	Other		0	0
Payments:				
(4,092)	Borrowing and advances		(3,906)	(4,956)
0	Other		0	0
(4,092)	Net cash provided by/or used in financing activities		(3,906)	3,544
(1,582)	Net increase/(decrease) in cash assets and cash equivalents		287	(190)
	Cash and cash equivalents at beginning of reporting period	11a	2,836	3,026
(1,582)	Cash and cash equivalents at end of reporting period	11a	3,123	2,836

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

notes to the general purpose financial reports for the year ended 30 june 2016



note 1 - summary of significant accounting policies

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

(a) Basis of preparation

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

Historical cost convention

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

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and judgements

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 are set out below:

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

Significant judgements in applying Council's accounting policies

- i. Impairment of receivables – Council has made a significant judgement about the impairment of its receivables in note 7.

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured. It is probable that future economic benefits will flow to Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

Rates, annual charges, grants and contributions

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

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

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

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

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

User charges and fees

User charges and fees are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

Sale of plant, property, infrastructure and equipment

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

Interest

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

Rent

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

Other income

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

(c) Principles of consolidation

(i) The Consolidated Fund

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

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

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

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

- Town Hall Theatre Management Committee.

The total revenue and expenditure from continuing operations and the net assets held by this Committee are as follows:

Total income from continuing operations	\$24,000
Total expenditure from continuing operations	\$21,000
Total net assets (Equity) held	\$54,000

Note: Where actual figures are not known, best estimates have been applied.

(ii) 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 purposes of or in accordance with the trusts relating to those monies. Trust monies and property subject to Council's control have been included in these reports.

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

(iii) Interests in other entities

Subsidiaries are all entities over which Council has control. Control is established when Council is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

note 1 - summary of significant accounting policies cont.

These consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements. Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end. A list of controlled entities is contained in Note 19 to the financial statements.

(d) Leases

Leases in which a significant portion of the risks and rewards of ownership is not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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

(e) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment or 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 which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Cash and cash equivalents

For statement of cash flow presentation purposes, cash and cash equivalents 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.

(g) Inventories

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

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) **Land held for resale/capitalisation of borrowing costs**

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

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

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

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment properties that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

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

Non-current assets are not depreciated or amortised while they are classified as held for sale.

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

(i) Investments and other financial assets

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

(i) *Financial assets at fair value through profit or loss*

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

(ii) *Loans and receivables*

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

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

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

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities of less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

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

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit and loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Collectability of receivables is reviewed on an on-going basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

Investment policy

Council has an approved investment policy complying with Section 625 of the *Local Government Act 1993* (NSW) and Clause 212 of the *Local Government (General) Regulation 2005* (NSW). Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

(j) Fair value estimation - financial instruments

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

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

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

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

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

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

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

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

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

Land is not depreciated. Depreciation on infrastructure assets with a medium to long life is calculated using consumption based depreciation and 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:

Office equipment	5-10 years	Drains	80 years
Office furniture	5-15 years	Culverts	80 years
Vehicles	5 years	Flood control structures	80 years
Other plant	4-20 years	Sealed roads - surface	15 years
Buildings - masonry	60-400 years	Sealed roads - structure	50 years
Buildings - other	10-200 years	Unsealed roads	50 years
Playground equipment	15 years	Bridges - concrete	100 years
Benches, seats etc	20 years	Bridges - other	30 years
Dams, reservoirs	1000 years	Bulk earthworks	1000 years
Reticulation pipes - pvc	50 years		
Reticulation pipes - other	175 years		

note 1 - summary of significant accounting policies cont.

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

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

(l) Investment property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by Council. Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, Council uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. Changes in fair values are recorded in profit or loss as part of other income.

Properties that are under construction for future use as investment properties are regarded as investment properties. These are also carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete.

(m) Payables

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

(n) Borrowings

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

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

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

(o) Borrowing costs

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

(p) Provisions

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

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

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

(q) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, 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.

(ii) Other long-term employee benefit obligations

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

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

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

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the statement of financial position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. When this information is not reliably available, 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.

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.

(r) Land under roads

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

Council has elected to recognise all land under roads acquired before 1 July 2008 in accordance with AASB1051.

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

(s) Self-insurance

Council has decided to self-insure for Workers Compensation. A provision for self-insurance has been made to recognise outstanding claims, the amount of which is detailed in Note 10. Council also maintains cash and investments to meet expected future claims and these are detailed in Note 6(c).

(t) Intangible assets

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where Council has an intention and ability to use the asset.

(u) Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Improvements on Crown reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's income statement. Representations from both State and Local Government are being sought to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

(v) Rural fire assets

Under Section 119 of the *Rural Fire Services Act 1997* (NSW) "all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the Council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed." Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets in their books.

(w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

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

(x) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting period. Council's assessment of the impact of these new standards and interpretations is set out below.

AASB2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities was released in March 2015.

The effective date is annual reporting periods beginning on or after 1 July 2016 (i.e. reporting period ending 30 June 2017) financial statements for councils; comparatives are not required.

AASB2015-6 removes the scope exemption currently within AASB124 Related Party Disclosures for not-for-profit public sector entities, which means that councils will need to comply with all paragraphs in AASB124. The AASB did not include any not-for-profit public sector-specific paragraphs in AASB124, however Australian Implementation Guidance has been added as an Appendix.

The impact of this standard will be on disclosures only – there is no impact on Council's reported financial position or performance.

AASB108.30 requires a council to include information about relevant standards which have been issued by the AASB, but are not yet effective.

The information below provides details of standards which we believe will be relevant to councils and illustrative disclosures about their expected impact

Pronouncement

AASB9 Financial Instruments and Associated Amending Standards

Nature of the change in accounting policy

Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB9 are to be measured at fair value.

Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income. Impairment of assets is now based on expected losses in AASB9 which requires entities to measure:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) of full lifetime
- expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

Effective date

Annual reporting periods beginning on or after 1 January 2018; i.e. Councils' financial statements for year ended 30 June 2019.

Expected impact on the financial statements

The available-for-sale investments held will be classified at fair value through OCI and will no longer be subject to impairment testing. The impairment loss recognised in the current year financial statements in relation to these statements was \$0.

Other impacts on the reported financial position and performance have not yet been determined.

Pronouncement

AASB16 Leases

Nature of the change in accounting policy

AASB16 will result in most of the operating leases of an entity being brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low-value assets which may remain off the balance sheet.

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

A corresponding right to use assets will be recognised, which will be amortised over the term of the lease. Rent expense will no longer be shown. The profit and loss impact of the leases will be through amortisation and interest charge.

Effective date

Annual reporting periods beginning on or after 1 January 2019; i.e. Councils' financial statements for year ended 30 June 2020.

Expected impact on the financial statements

Whilst the impact of AASB16 has not yet been fully determined, Council will bring to any account any operating leases in accordance with the standard.

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

FUNCTIONS/ACTIVITIES	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current and non current)	
	original budget 2016 \$,000	actual 2016 \$,000	actual 2015 \$,000	original budget 2016 \$,000	actual 2016 \$,000	actual 2015 \$,000	original budget 2016 \$,000	actual 2016 \$,000	actual 2015 \$,000	actual 2016 \$,000	actual 2015 \$,000	actual 2016 \$,000	actual 2015 \$,000
Governance	0	1	2	692	622	643	(692)	(621)	(641)	0	0	120	41
Administration	2,402	3,210	3,311	40,042	26,168	27,376	(37,640)	(22,958)	(24,065)	0	0	316,483	305,507
Public Order & Safety	808	817	914	3,997	4,446	4,209	(3,189)	(3,629)	(3,295)	204	359	35,175	35,063
Health	605	599	531	2,116	2,062	2,169	(1,511)	(1,463)	(1,638)	0	0	958	973
Environment	19,732	23,847	19,538	26,879	24,806	24,242	(7,147)	(959)	(4,704)	1,298	1,155	723	85
Community Services & Education	9,677	10,425	10,678	12,617	14,493	14,674	(2,940)	(4,068)	(3,996)	7,598	7,965	18,775	20,562
Housing & Community Amenities	1,581	8,762	6,491	7,718	7,791	7,939	(6,137)	971	(1,448)	803	791	426,779	421,333
Recreation & Culture	6,436	7,885	7,457	29,047	32,898	30,645	(22,611)	(25,013)	(23,188)	2,027	1,647	558,088	669,310
Mining, Manufacturing & Construction	2,505	4,158	2,899	2,782	2,484	2,484	(277)	1,674	415	0	0	334	314
Transport & Communication	6,405	23,417	7,827	18,395	18,270	19,275	(11,990)	5,147	(11,448)	9,525	3,697	943,581	803,017
Economic Affairs	3,219	6,195	8,803	2,693	4,039	3,536	526	2,156	5,267	0	0	29,713	29,351
Totals Functions/Activities	53,370	89,316	68,451	146,978	138,079	137,192	(93,608)	(48,763)	(68,741)	21,455	15,614	2,330,729	2,285,556
General Purpose Income ¹	90,095	90,152	87,186	757	0		89,338	90,152	87,186	10,727	11,052		
Net Operating result for the year ²	143,465	179,468	155,637	147,735	138,079	137,192	(4,270)	41,389	18,447	32,182	26,666	2,330,729	2,285,556

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

² As reported on the income statement

note 2b - components of functions

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

Governance

Costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance, together with related administration costs.

Administration

Costs not otherwise attributed to other functions.

Public Order and Safety

Fire protection, animal control, enforcement of local government regulations, emergency services.

Health

Administration and inspection, immunisations, food control, noxious plant, health centres.

Environment

Noxious plants, environment protection, solid waste management, street cleaning, urban stormwater drainage, stormwater management.

Community Services and Education

Administration, family day care, child care, youth services, other families and children, aged and disabled, migrant services, Aboriginal services, other community services.

Housing and Community Amenities

Housing, town planning, other community amenities, street lighting.

Recreation and Culture

Public libraries, art galleries, community centres, public halls, swimming pools, sporting grounds, parks and gardens, other sport and recreation.

Mining, Manufacturing and Construction

Building control, quarries.

Transport and Communication

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, parking areas, bus shelters and services.

Economic Affairs

Tourism and area promotion, industrial development promotion, real estate development, other business undertakings.

note 3 - income from continuing operations

	actual 2016 \$,000	actual 2015 \$,000
(a) Rates and Annual Charges		
Ordinary rates		
Residential	52,744	50,766
Farmland	640	745
Business	17,751	17,253
Mining	24	26
Total ordinary rates	71,159	68,790
Special rates		
Infrastructure	5,692	5,496
Loan	0	0
Total special rates	5,692	5,496
Annual charges (pursuant to s496 and s501)		
Domestic waste management services	16,964	15,974
Waste management services (not domestic)	528	349
Other - ex-gratia	0	0
Stormwater management services	1,043	1,034
Total annual charges	18,535	17,357
Total rates and annual charges	95,386	91,643

Council has used 2012 valuations provided by the NSW Valuer General in calculating its rates. Valuations are updated every three years.

	actual 2016 \$,000	actual 2015 \$,000
(b) User Charges and Fees		
User charges (pursuant to s502)		
Waste water disposal	534	666
Hire of Council facilities	4,180	3,685
Memberships	697	623
Child care fees	2,595	2,545
Property rented	2,180	2,079
Other	74	78
Total user charges	10,260	9,676
Fees (discretionary)		
RMS works	0	0
Private works	153	103
s611	92	61
Inspection fees	600	468
Building services	856	670
Road/footpath reinstatement	981	475
Other	103	102
Total user fees	2,785	1,879
Total user charges and fees	13,045	11,555
(c) Interest and Investment Revenue		
Overdue rates and charges	259	237
Cash, cash equivalents and investments		
- externally restricted (section 94)	87	79
- externally restricted (other)	898	795
- internally restricted	2,454	2,184
- unrestricted	187	192
Discounts and premiums on financial instrument transactions		
- Interest free loan provided	0	0
Total interest revenue	3,886	3,487
(d) Other Revenues		
Events and promotions	99	130
Fair value increments - investment properties	0	118
Fines	1,521	1,210
Recycling income (not domestic)	4	2
Legal fees recovery (rates)	709	622
Insurance claims	114	58
Commissions and agency fees	334	323
Sundry contributions to works	707	725
Minor equipment sold	15	16
Sale of animals	160	138
Sale of consumables	304	295
Sale of property	3,480	3,649
Rebates	54	124
Other	763	603
Total other revenue from continuing operations	8,264	8,013

note 3 - income from continuing operations cont.

	operating 2016 \$,000	capital 2016 \$,000	operating 2015 \$,000	capital 2015 \$,000
(e) Grants				
General purpose (untied)				
Financial assistance - general purpose component	8,323	0	8,638	0
Financial assistance - local roads component	1,617	0	1,631	0
Pensioner rates subsidies				
- General	792	0	782	0
Specific purpose				
Pensioner rates subsidies				
- DWM	260	0	245	0
Transport	3,400	6,735	1,944	2,346
Drainage	0	350	0	0
Child care	4,651	0	4,890	0
Heritage and culture	495	0	245	0
Aged and community care	2,826	0	2,915	190
Libraries	384	0	381	0
Emergency services	204	0	345	0
Environmental planning	199	0	0	0
Sport and recreation	0	575	0	582
Other	1,045	326	1,499	33
Total grants	24,196	7,986	23,515	3,151
Comprising:				
- Commonwealth funding	16,747	685	16,413	370
- State funding	7,164	7,189	6,980	2,459
- Other funding	285	112	122	322
(f) Contributions				
Developer contributions (S94)				
- open space	0	3,035	0	1,847
- community facilities	426	3,567	298	3,115
RMS contributions	688	0	627	0
Regulatory/statutory fees	4,516	0	3,163	0
Other councils	136	0	133	0
Community bodies/clubs	8	0	5	0
Donations/sponsorships	100	0	208	0
Minto community library	0	0	116	0
Car lease contributions	445	0	429	0
Car parking	0	146	0	0
Regional/property development	236	0	236	0
Waste performance improvement	0	0	0	0
Road network improvement	0	0	0	0
Playing field improvements	0	0	0	0
Child care	0	0	0	0
Transport	0	0	0	0
Dedications	0	12,651	0	2,251
Interest rate subsidies	428	0	327	0
Other	236	87	556	684
Total contributions	7,219	19,486	6,098	7,897
Total grants and contributions	31,415	27,472	29,613	11,048

	actual 2016 \$,000	actual 2015 \$,000
(g) Restrictions relating to Grants and Contributions		
Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner:		
Grants and contributions recognised in the current period which have not been spent	8,336	6,860
Less:		
Grants and contributions recognised in previous reporting periods which have been spent in the current period	5,606	2,913
Net increase/(decrease) in restricted grants and contributions	2,730	3,947

Catch a carp



note 4 - expenses from continuing operations

	actual 2016 \$,000	actual 2015 \$,000
(a) Employee Benefits and On Costs		
Salaries and wages	45,596	43,751
Travelling	50	66
Employee leave entitlements	7,015	7,104
Superannuation	5,374	5,252
Workers compensation - claims and admin costs	467	1,359
Workers compensation - reduction in claims liability	0	0
Fringe benefits tax	321	293
Training costs (excluding salaries)	390	342
Less: capitalised costs	(443)	(360)
Total employee costs expensed	58,770	57,807
No. of full time equivalent employees (FTE) as at 30 June	592	601
(b) Borrowing Costs		
Interest on loans	1,246	1,125
Amortisation of discounts and premiums		
- Interest free loan received	121	145
Total borrowing costs expensed	1,367	1,270
(c) Materials and Contracts		
Raw materials and consumables	4,437	4,400
Contractor and consultancy costs	16,951	16,231
Remuneration of Auditors ¹	99	102
Legal fees:		
- planning and environment	32	87
- other	884	696
Operating leases: computers	251	268
Total materials and contracts	22,654	21,784
¹ During the year the following fees were paid for services provided by Council's auditor - Intentus Chartered Accountants		
- audit and review of financial statements	66	65
- other audit work	10	1
Total remuneration Intentus Chartered Accountants	76	66
During the year the following fees were paid for services provided by Council's auditor - Trinitas Group		
- WHS case management audit	4	0
Total remuneration Trinitas Group	4	0
During the year the following fees were paid for services provided by Council's auditor - SAI Global		
- verification audit	0	7
Total remuneration SAI Global	0	7
During the year the following fees were paid for services provided by Council's auditor - Minerva Consulting Group Limited		
- WHS gap analysis audit, noise management compliance and plant and equipment audit	19	17
Total remuneration Minerva Consulting Group Limited	19	17
During the year the following fees were paid for services provided by Council's auditor - Greencap (NAA Pty Ltd)		
- traffic control audit	0	12
Total remuneration Greencap	0	12

	Depn actual 2016 \$,000	Depn actual 2015 \$,000	Imp actual 2016 \$,000	Imp actual 2015 \$,000
(d) Depreciation and Impairment				
Plant and equipment	1,921	1,898	0	0
Office equipment	319	422	0	0
Furniture and fittings	162	218	0	0
Land improvements - depreciable	239	201	0	0
Infrastructure:				
- Buildings	2,741	3,730	0	0
- Other structures and swimming pools	1,757	1,922	0	0
- Infrastructure - roads, bridges and footpaths, other road assets	12,154	13,817	0	0
- Infrastructure - storm water drainage	1,911	2,610	0	0
- Open space/recreational assets				
Other assets - other				
- library books	284	301	0	0
- other	69	69	0	0
Less: capitalised costs/impairment reversals	(86)	(55)	0	0
Total depreciation costs expensed	21,471	25,133	0	0

	actual 2016 \$,000	actual 2015 \$,000
(e) Other Expenses		
Advertising	874	823
Aged care expenses	692	447
Bad and doubtful debts	113	139
Bank charges and fees	96	99
Board of fire commissioners	822	811
Bush Fire Fighting Fund	248	276
Cash collection charges	20	23
Child care expenses	1,517	1,613
Computer equipment and fees	1,957	1,787
Consultants fees	1,607	946
Contributions and donations	655	486
Electricity	1,213	1,302
Emergency Services Levy	262	223
Equipment maintenance and repairs	136	107
Equipment/furniture and fittings	378	347
Hired personnel	1,585	1,023
Insurance	1,707	1,658
Mayoral allowance	62	61
Members' fees and allowances	351	338
Office expenses	93	100
Planning levy	112	110
Postage and agency fees	355	245
Professional fees	479	711
Regional development	26	83
Self insurance expenses	426	491

note 4 - expenses from continuing operations cont.

	actual 2016 \$,000	actual 2015 \$,000
(e) Other Expenses cont.		
Seminar/conference/civic functions	277	192
Street lighting	3,022	3,508
Telephone	566	548
Tipping fees/contributions	9,034	8,213
Utility charges	263	305
Valuer General's Department	411	357
Water rates	849	1,017
Other	2,777	2,809
Total other expenses from continuing operations	32,985	31,198

note 5 - gain or loss on disposal of assets

	actual 2016 \$,000	actual 2015 \$,000
Gain (or loss) on disposal of land		
Proceeds from disposal	0	0
Less: carrying amount of assets sold	0	0
Gain (or loss) on disposal	0	0
Gain (or loss) on disposal of infrastructure, property, plant and equipment		
Proceeds from disposal	1,637	1,394
Less: carrying amount of assets sold	(2,469)	(1,116)
Gain (or loss) on disposal	(832)	278
Net gain (or loss) on disposal of assets	(832)	278

note 6a - cash and cash equivalents

	actual 2016		actual 2015	
	current \$,000	non-current \$,000	current \$,000	non-current \$,000
Cash Assets				
Cash on hand and at bank	2,088	0	1,830	0
Deposits at call	1,035	0	1,006	0
Term deposits	0	0	0	0
Total cash assets	3,123	0	2,836	0

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

note 6b - investments

	actual 2016		actual 2015	
	current \$,000	non-current \$,000	current \$,000	non-current \$,000
The following financial assets are held as investments:				
Financial assets at fair value through profit and loss - held for trading ¹	10,000	0	5,000	0
Held to maturity investments	105,594	0	97,707	0
Total	115,594	0	102,707	0
Financial assets at fair value through profit and loss - held for trading				
At beginning of year	5,000	0	14,000	0
Additions	5,000	0	0	0
Disposals (sale/redemption)	0	0	(9,000)	0
At end of year	10,000	0	5,000	0
Comprising:				
Managed funds	0	0	0	0
Floating rate notes	10,000	0	5,000	0
Bills of exchange	0	0	0	0
	10,000	0	5,000	0
Held to maturity investments				
At beginning of year	97,707	0	72,813	0
Additions	58,952	0	71,822	0
Disposals (sale/redemption)	(51,065)	0	(46,928)	0
At end of year	105,594	0	97,707	0
Comprising:				
Term deposits	102,784	0	95,482	0
Treasury Corporation	2,810	0	2,225	0
	105,594	0	97,707	0

Securities have been invested in accordance with Section 625 of the *Local Government Act 1993*. The deposits are bearing rates between 2.76% and 3.25% (2015 - 2.90% and 7.25%).

¹ Refer to note 27 fair value measurement for information regarding the fair value of investments held.

note 6c - restricted cash, cash equivalents and investments

	actual 2016		actual 2015	
	current \$,000	non-current \$,000	current \$,000	non-current \$,000
Total cash, cash equivalents and investments	118,717	0	105,543	0
External restrictions	30,104	0	26,452	0
Internal restrictions	75,017	0	66,205	0
Unrestricted	13,596	0	12,886	0
Total	118,717	0	105,543	0

	opening balance \$,000	transfers to restrictions \$,000	transfers from restrictions \$,000	closing balance \$,000
EXTERNAL RESTRICTIONS				
Included in liabilities				
Self insurance claims (C)	4,210		340	3,870
Other				
Developer contributions - S94 (D)	9,609	1,963	0	11,572
Developer contributions - Other (D)	782	152	0	934
Specific purpose unexpended grants (F)	3,443	561	0	4,004
Domestic waste management (I)	3,900	837	0	4,737
General contributions (J)	4,186	55	0	4,241
Storm water management levy (J)	322	424	0	746
Total external restrictions	26,452	3,992	340	30,104
INTERNAL RESTRICTIONS				
Included in liabilities				
Employee leave entitlements (J)	10,577	0	0	10,577
Other				
Committed works funded by loans (K)	2,985	0	481	2,504
Property development (K)	12,819	1,141	0	13,960
Replacement of plant and vehicles (K)	2,657	865	0	3,522
Future infrastructure fund (K)	20,017	5,440	0	25,457
Asset replacement (K)	4,844	691	0	5,535
Self insurance (K)	1,330	180	0	1,510
Committed works (K)	5,087	367	0	5,454
Local Government elections (K)	439	200	0	639
Heritage funds (J)	50	2	0	52
Community bus (K)	90	8	0	98
Olympic ambassador (K)	100	5	0	105
Motor vehicle insurance excess (K)	1,213	206	0	1,419
Public liability claims (K)	2,238	0	60	2,178
Industrial special risk insurance (K)	1,255	284	0	1,539
Environment planning (K)	78	0	0	78
Environmental sustainability (K)	426	0	36	390
Total internal restrictions	66,205	9,389	577	75,017
TOTAL RESTRICTIONS	92,657	13,381	917	105,121

- C. Self Insurance liability resulting from reported claims or incurred claims not yet reported.
- D. Development contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- F. Grants which are not yet expended for the purposes for which the grants were obtained (See Note 1).
- G-I. Water, Sewerage and Domestic Waste Management (DWM) funds are externally restricted assets which must be applied for the purposes for which they were raised.
- J. Reserves created by resolution of Council to provide cash resources relating to the liability in Note 10.
- K. Reserves created by resolution of Council for future expenditure for the purposes stated.

note 7 - receivables

Purpose	actual 2016		actual 2015	
	current \$,000	non-current \$,000	current \$,000	non-current \$,000
Rates and annual charges	2,867	232	3,423	243
Interest and extra charges	641	47	578	93
User charges and fees	396	0	391	0
Accrued interest on investments	878	0	738	0
Government grants and subsidies	815	0	1,205	0
Private works	6	0	12	0
Sundry debtors	1,037	0	1,577	0
TOTAL	6,640	279	7,924	336
Less: provision for impairment				
- rates and annual charges	(113)	(279)	(134)	(336)
- development reserve	(7)	0	(7)	0
- user charges and fees	(9)	0	(9)	0
- other	0	0	(12)	0
	6,511	0	7,762	0

RESTRICTED RECEIVABLES

Externally Restricted Receivables

	current \$,000	non-current \$,000	current \$,000	non-current \$,000
Domestic waste management	536	0	553	0
Loan rates	0	0	0	0
Other rates	0	0	0	0
Parking contributions	0	0	0	0
	536	0	553	0

Internally Restricted Receivables

Property development	59	0	21	0
Less: provision for doubtful debts	(7)	0	(7)	0
	52	0	14	0

TOTAL RESTRICTED RECEIVABLES

UNRESTRICTED RECEIVABLES

TOTAL RECEIVABLES

	5,923	0	7,195	0
	6,511	0	7,762	0

Rates and annual charges

Rates are secured by underlying properties. Interest is charged on overdue rates at 8.5% (2015 - 8.5%). Rates are due for payment on 31 August, 30 November, 28 February and 31 May.

Overdue rates are those not paid within one day of the due date. The amount of the overdue debts on which interest is charged is \$2.8m (2015 - \$3.4m). Where collection of the debt is doubtful and the assessed value of the property is less than the amount outstanding, a provision for doubtful debt is recognised for the shortfall.

Government grants and subsidies

Government grants and subsidies have been guaranteed.

Private works

Private works have only been undertaken where a deposit has been received and the works are secured against those deposits.

Land development and resale

Debtors resulting from land development and resale expose Council to a level of risk resulting from the instability of the real estate market.

Bills of exchange

Bills of exchange are generally subject to credit risk in the event of default by the acceptor. However, the risk has been mitigated by ensuring that a percentage of the bills has been accepted by the banks.

The bills including the non-current position have a face value of \$Nil (2015 - \$Nil).

User charges and fees, deferred debtors, other debtors and property development

The credit risk for this class of debtor is 100% of the carrying value as these debts are unsecured. A provision for doubtful debts in respect of the class of debtor has already been provided for in the amount of \$16k (2015 - \$28k).

Cycleway, Koshigaya to Macarthur Station



Christmas Carols, Campbelltown Stadium



note 8 - inventories and other assets

	actual 2016		actual 2015	
	current \$,000	non-current \$,000	current \$,000	non-current \$,000
(a) Inventories				
At cost:				
Real estate (refer (i) below)	7,786	1,053	0	8,839
Store and materials	327	0	348	0
Total inventories	8,113	1,053	348	8,839
(i) Real estate development				
Industrial/commercial	7,786	1,053	0	8,839
Total real estate assets held for sale	7,786	1,053	0	8,839
(valued at the lower of cost and net realisable value)				
Represented by				
Other properties - book value	7,786	1,053	0	8,839
Total real estate for resale	7,786	1,053	0	8,839
(b) Inventories not expected to be realised in the next 12 months				
	0	0	0	8,839
	0	0	0	8,839
(c) Other assets				
Prepayments	25	0	45	0
	25	0	45	0

As at balance date, no restriction exists against these assets.

note 9a - infrastructure, property, plant and equipment

CLASS OF ASSET	Cost	Fair Value	Accum Depn & Impairment	Carrying Value	Renewals	New Assets ²	WDV disposals	Depn and Impairment	Transfer / adjustments ¹	Revaluation Inc/Dec ⁴	Cost	Fair Value	Accum Depn & Impairment	Carrying Value			
	At 30/06/15					Movements During Year									At 30/06/16		
	BY TYPE																
Plant and equipment	15,639		9,570	6,069		2,672	1,117	1,835			15,800		10,011	5,789			
Office equipment	3,170		1,855	1,315		59	1	319			3,032		1,977	1,055			
Furniture and fittings	2,221		1,839	382		42		162			2,237		1,976	261			
Land																	
- Operational land		617,324		617,324		6	303					617,027		617,027			
- Community land		245,857		245,857		4,070				11,077		261,004		261,004			
- land under roads		83,178		83,178		683						83,861		83,861			
Land improvements																	
- depreciable	3,621		1,253	2,368	1,464	83		239			8,182		3,370	4,812			
- non depreciable	60,015			60,015		98				(28,816)	31,297			31,297			
Buildings ³		251,277	16,945	234,332	3,528	411	1,049	2,741				253,992	19,512	234,480			
Other structures ⁵		36,327	12,646	23,681	1,240	2,038	345	1,560		143		40,239	15,039	25,200			
Infrastructure																	
- roads		611,740	111,544	500,196	12,752	11,988	1,475	10,420		1,476		643,371	128,854	514,517			
- bridges		75,271	30,199	45,072	121	110		987		13,789		77,417	19,312	58,105			
- footpaths		47,471	14,969	32,502	793	1,519	94	747		4,439		50,587	12,175	38,412			
- storm water drainage		330,142	46,656	283,486	201	3,316		1,911		4,965		345,544	55,487	290,057			
- swimming pools		6,220	1,025	5,195		11		197		1,086		7,585	1,491	6,094			
Other assets																	
- library books	9,478		8,812	666		312		284			9,790		9,096	694			
- other		6,105	0	6,105		17		69		2,283		8,336	0	8,336			
TOTALS	94,144	2,310,912	257,313	2,147,743	20,099	27,435	4,384	21,471	0	11,577	70,337	2,388,963	278,300	2,181,001			

¹ Refer note 20(d) for explanation of adjustments

² Additions for the year are made up of asset renewals (\$20m) and new assets (\$27m)

³ Excludes investment properties

⁴ Valuations are carried out by a member of the Australian Property Institute. PPE fair value decrement relates to correction of prior period errors

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

note 9b - restricted infrastructure, property, plant and equipment

CLASS OF ASSET	at cost	fair value	a/c dep	carrying amount	at cost	fair value	a/c dep	Carrying amount
	2016 \$,000				2015 \$,000			
Domestic Waste Management								
Plant and equipment	0	0	0	0	30	0	16	14
Land - operational land	0	35,952	0	35,952	0	35,952	0	35,952
Total domestic waste management	0	35,952	0	35,952	30	35,952	16	35,966
Total restrictions	0	35,952	0	35,952	30	35,952	16	35,966

Honey Bee, Mark Walters
2015 Macarthur Nature Photography competition entrant



Bright Daisy, Jack Beeby
2015 Macarthur Nature Photograph competition entrant



note 10a - payables, interest bearing liabilities and provisions

	actual 2016		actual 2015	
	current \$,000	non-current \$,000	current \$,000	non-current \$,000
PAYABLES				
Goods and services	3,055	0	3,888	0
Payments received in advance	1,899	0	1,761	0
Accrued wages and salaries	1,001	0	1,084	0
Accrued expenses - other	108	0	45	0
Deposits and retentions	1,238	0	1,054	0
Total payables	7,301	0	7,832	0
BORROWINGS				
Loans - secured ¹	3,743	19,157	3,906	22,779
Total borrowings	3,743	19,157	3,906	22,779
PROVISIONS ²				
Annual leave	4,520	0	4,778	0
Sick leave	3,098	0	3,523	0
Long service leave	11,392	350	12,085	308
Self insurance - workers compensation ³	680	1,890	720	2,080
Total provisions	19,690	2,240	21,106	2,388
Total payables, borrowing and provisions	30,734	21,397	32,844	25,167
Current provisions not expected to be settled within the next 12 months	7,254	0	7,679	0
Liabilities relating to restricted assets				
Self insurance (notes 6, 22) ³	3,870	0	4,210	0
Total	3,870	0	4,210	0

¹ Loans are secured over the rating income of Council

² Vested ELE is all carried as a current provision

³ Council is a licensed self insurer under the *Workers Compensation Act* in NSW

note 10b - descriptions and movements in provisions

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

	opening balance	increases in provision	payments	re-measurement	closing balance
Class of provision	\$,000	\$,000	\$,000	\$,000	\$,000
Self insurance *	2,800	0	0	(230)	2,570
Total	2,800	0	0	(230)	2,570

*** Self insurance**

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

Eastern Spinebill, Mark Walters
2015 Macarthur Nature Photography competition entrant



note 11 - reconciliation of operating result to net cash flow movements

	notes	actual 2016 \$,000	actual 2015 \$,000
(a) Reconciliation of cash assets			
Total cash and cash equivalents	6	3,123	2,836
Less bank overdraft	10a	0	0
Balances as per statement of cash flows		3,123	2,836
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from income statement		41,389	18,445
Add: Depreciation and impairment		21,471	25,133
Increase in provision for impairment		0	0
Increase in provision for leave entitlements		0	0
Increase in other provisions		0	750
Decrease in receivables		1,341	622
Decrease in inventories		21	18
Decrease in other current assets		20	3
Receivable relating to sale of assets		0	0
Increase in payables		0	730
Increase in accrued interest payable		63	40
Increase in other current liabilities		0	0
Amortisation of discounts and premiums recognised		121	145
Loss on sale of assets		832	0
		65,258	45,886
Less: Decrease in provision for leave entitlements		1,334	196
Decrease in provision for impairment		90	170
Decrease in other provisions		230	0
Increase in receivables		0	0
Increase in inventories		0	0
Increase in other current assets		0	0
Decrease in payables		594	0
Decrease in accrued interest payable		0	0
Decrease in other current liabilities		0	0
Non-cash capital grants and contributions		16,412	3,842
Gain on sale of assets		0	278
Discounts and premiums on financial instruments		0	0
Fair value adjustments to investment property		0	118
Net cash provided by/used in operating activities		46,598	41,282
(c) Non-cash financing and investing activities			
Acquisition of plant and equipment by finance leases		0	0
Dedications		16,412	3,842
		16,412	3,842
(d) Financing arrangements			
Unrestricted access was available at reporting date to the following lines of credit:			
Bank overdraft facility*		500	500
Corporate credit card facility		840	840
		1,340	1,340

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

note 12 - commitments for expenditure

	actual 2016 \$,000	actual 2015 \$,000
(a) Capital commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
- buildings	1,078	3,617
- land	0	0
- plant and equipment	0	720
- infrastructure: roads, bridges, footpaths	3,116	15,257
	<u>4,194</u>	<u>19,594</u>
These expenditures are payable:		
- not later than one year	4,194	19,594
- later than one year and not later than five years	0	0
	<u>4,194</u>	<u>19,594</u>
These capital commitments are for the upgrade and renewal of road infrastructure and for various refurbishment works at recreation facilities and reserves.		
(b) Service commitments		
Other non-capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities includes:		
- waste collection services	41,150	46,535
	<u>41,150</u>	<u>46,535</u>
These expenditures are payable:		
- not later than one year	5,757	5,612
- later than one year and not later than five years	24,200	23,595
- later than five years	11,193	17,328
	<u>41,150</u>	<u>46,535</u>
(c) Finance lease commitments		
There are no finance lease commitments in either the current or previous accounting period		
(d) Operating lease commitments		
Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows:		
- not later than one year	238	175
- later than one year and not later than five years	277	360
- later than five years	0	0
	<u>515</u>	<u>535</u>
The operating leases in place are for computer equipment and range up to three years in length. All equipment is to be returned at the end of the lease period.		
(e) Repairs and maintenance: Investment property		
Contractual obligations for future repairs and maintenance	<u>0</u>	<u>0</u>

note 13 - statement of performance measures

	2016 \$,000	2016	2015	2014
OPERATING PERFORMANCE				
Operating revenue ⁵ excl capital grants and contributions less operating expenses	14,749	9.65%	4.86%	-2.92%
Operating revenue ⁵ excl capital grants and contributions	152,828			
OWN SOURCE OPERATING REVENUE				
Rates, fees and charges	121,413	67.3%	73.8%	73.3%
Total operating revenue ⁵ incl capital grants and contributions	180,300			
UNRESTRICTED CURRENT RATIO				
Current assets less all external restrictions ¹	102,726	4.61:1	3.67:1	3.44:1
Current liabilities less specific purpose liabilities ^{2 3}	22,282			
DEBT SERVICE COVER RATIO				
Operating result ⁵ before capital, excl interest and depreciation	37,587	7.29:1	5.49:1	3.81:1
Principal repayments plus borrowing interest costs	5,153			
RATES AND ANNUAL CHARGES OUTSTANDING PERCENTAGE				
Rates and annual charges outstanding	3,395	3.41%	4.05%	4.29%
Rates and annual charges collectible	99,512			
CASH EXPENSE COVER RATIO				
Current years cash and cash equivalents	108,717	10.71	10.39	8.21
Payments from cash flows from operating and financing activities	121,834	months	months	months

¹ Refer to Notes 6-8 inclusive

² Refer to Note 10a.

³ \$7.3m ELE transferred out - AASB 1028 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

⁴ Depreciable land improvements, other structures, buildings and infrastructure. Refer to Note 9a and Note 4d

⁵ Excludes fair value adjustments and reversal of revaluation decrements

note 13 - statement of performance measures cont.

OPERATING PERFORMANCE

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

Benchmark is greater than 0%.

OWN SOURCE OPERATING REVENUE

Measures fiscal flexibility and the degree of reliance on external funding sources such as grants and contributions.

Benchmark is greater than 60%.

UNRESTRICTED CURRENT RATIO

To assess Council's ability to meet short term obligations as they fall due.

Benchmark is greater than 1.5.

DEBT SERVICE COVER RATIO

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

Benchmark is greater than 2.

RATES AND ANNUAL CHARGES OUTSTANDING PERCENTAGE

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

CASH EXPENSE COVER RATIO

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

Benchmark is greater than 3.

note 14 - investment properties

	actual 2016 \$,000	actual 2015 \$,000
At fair value		
Opening balance at 1 July	15,276	15,109
Acquisitions	0	0
Capitalised subsequent expenditure:		
- buildings	33	49
- land	0	0
Classified as held for sale or disposals	0	0
Net gain (loss) from fair value adjustment	0	118
Correction of prior period error	0	0
Land not previously recognised	0	0
Transfer (to) from inventories and owner occupied property	0	0
Closing balance at 30 June	15,309	15,276

(a) Amounts recognised in profit and loss for investment property

Rental income	1,636	1,588
Net gain (loss) from fair value adjustment	0	118
Direct operating expenses from property that generated rental income	168	248
Direct operating expenses from property that did not generate rental income	0	0

(b) Contractual obligations

Refer to Note 12 for disclosure of any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

(c) Leasing arrangements

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

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

within one year	1,463	1,385
later than one year but not later than five years	3,443	3,138
later than five years	3,736	3,888
	8,642	8,411

note 15 - financial instruments

Risk management

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

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

Council held the following financial instruments at reporting date:

	Carrying Value		Fair Value	
	2016 \$,000	2015 \$,000	2016 \$,000	2015 \$,000
Financial assets				
Cash and cash equivalents	3,123	2,836	3,123	2,836
Receivables	6,511	7,762	6,511	7,762
Financial assets at fair value through profit or loss - held for trading	10,000	5,000	10,000	5,000
Available-for-sale financial assets	0	0	0	0
Held-to-maturity investments	105,594	97,707	105,594	97,707
Total	125,228	113,305	125,228	113,305
Financial liabilities				
Payables	7,301	7,832	7,301	7,832
Borrowings	22,900	26,685	20,867	23,655
Total	30,201	34,517	28,168	31,487

Refer to Note 27 for fair value information

Council's objective is to maximise its return on cash and investments while maintaining an adequate level of liquidity and preserving capital. The Financial Services section manages the cash and investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with the *Local Government Act 1993* and the Minister's Order. The policy is regularly reviewed by Council and an investment report provided to Council monthly setting out the make-up and performance of the portfolio.

The risks associated with investments held are:

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

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

(a) market risk - price risk and interest rate risk

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

	30/06/16 \$,000	30/06/15 \$,000
Impact of a 10% movement in price of investments		
- equity	1,000	500
- income statement	1,000	500
Impact of a 1% movement in interest rates on cash and investments		
- equity	1,087	1,005
- income statement	1,087	1,005

(b) credit risk

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

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land - that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which encourages payment by the due date.

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

Council also makes suitable provision for doubtful receivables as required.

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

	30/06/16	30/06/15
Percentage of rates and annual charges:		
- current	0%	0%
- overdue	100%	100%
Analysis of overdue debts	\$,000	\$,000
less than 1 year	2,535	3,120
1 to 2 years	262	260
2 to 5 years	217	112
Greater than 5 years	85	174
	<hr/> 3,099	<hr/> 3,666
Percentage of other receivables:		
- current	94%	90%
- overdue	6%	10%
Analysis of overdue debts	\$,000	\$,000
0-30 days	3,594	4,116
30-60 days	67	230
60-90 days	24	15
90 days + overdue	135	233
	<hr/> 3,820	<hr/> 4,594

note 15 - financial instruments cont.

(c) liquidity risk

Payables and borrowings are both subject to liquidity risk - that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn on in extenuating circumstances.

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

2016 \$,000

	≤ 1 year \$,000	> 1 year ≤ 5 years \$,000	> 5 years \$,000	Total contractual cash flows \$,000	Carrying Values \$,000
Payables	7,301	0	0	7,301	7,301
Borrowings	4,745	14,935	7,495	27,175	22,900
	12,046	14,935	7,495	34,476	30,201

2015 \$,000

	≤ 1 year \$,000	> 1 year ≤ 5 years \$,000	> 5 years \$,000	Total contractual cash flows \$,000	Carrying Values \$,000
Payables	7,832	0	0	7,832	7,832
Borrowings	5,090	16,651	10,523	32,264	26,685
	12,922	16,651	10,523	40,096	34,517

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

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

30/06/16			30/06/15		
	weighted average interest rate %	balance \$,000	weighted average interest rate %	balance \$,000	
Overdraft Bank loans					
- fixed	5.78	22,900	6.51	26,685	
- variable ¹	0	0	0	0	
		22,900		26,685	

¹ The interest rate risk applicable to variable rate bank loans is not considered significant

note 16 - material budget variations

Council's original budget is incorporated as part of the Management Plan, which was adopted by Council on 23 June 2016. The original projections on which the budget was based have been affected by a number of factors. These factors include State and Federal Government decisions including new grant programs, changing economic activity, and by decisions made by Council.

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

Revenues

User charges and fees

Actual user charges and fees income was greater than budgeted by some \$1.9m (F) (17%). Variations are detailed below:

- Additional income from building fees \$460k (F)
- Decreased income from child care fees \$448k (U). Offset by increased child care benefit grants
- Additional leisure centre income (mainly learn to swim fees) \$430k (F)
- Additional income from road and footpath reinstatements \$780k (F)
- Additional income from facility hire \$497k (F)
- Unanticipated income from ground leases and occupation fees \$121k (F)
- Additional income from various engineering fees \$105k (F)

Grants and contributions received (operating and capital)

Actual amounts of grants and contributions received were over budget by some \$30m (F) (104%).

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

- Additional income from development application fees and certificates as a result of increased activity \$1.6m (F)
- Capital contributions \$19.1m (F), unbudgeted contributions and dedications from developers towards land, road and drainage construction and S94 works
- The receipt of various Environmental Protection and Planning grants which were not advised when the original budget was developed \$139k (F)
- Childcare operational grants of \$442k (F), income from child care subsidy increased, offset by a decrease in child care fees
- Community Options operational grants \$574k (F), new programs initiated plus additional funds received for existing programs
- Cultural Services grants \$453k (F), additional grant funds received for new programs that were not included in the original budget
- Funding under the Department of Sport & Recreation program was greater than anticipated, new funding programs received \$118k (F)
- The Financial Assistance Grant received in the 2015-2016 year was less than anticipated \$427k (U)
- Additional funding under the RMS grants program was received for the Roads to Recovery, bus route and street lighting programs \$1.0m (F)
- Grant funds received that were not budgeted \$6.8m (F); Fire mitigation works, Eaglevale Road Works, CCTV safety program, Waste Performance Improvement and various MACROC programs
- Various other minor variations including: contributions from sporting clubs and community bodies; employee contributions; pensioner subsidy; contributions from other Councils and construction of community facilities not budgeted.

Other revenues

Other revenues were greater than budgeted by some \$3.3m (F) (68%). Variations are detailed below:

- Income from fines and fees was greater than anticipated \$261k (F)
- Income from various accounting fees was less than anticipated in the original budget \$39k (U)
- Income from various sales including animals at the Animal Care Facility was greater than anticipated \$68k (F)
- Insurance claims and rebates to the value of \$141k (F), not budgeted
- Proceeds from street furniture advertising \$254 (F), not budgeted
- Land sales from the Minto redevelopment were greater than was anticipated in the original budget \$2.4m (F)
- Various other minor income items not budgeted \$288k (F)

Gain on disposal of assets

Council disposed of several items of property, plant and equipment assets during the year. The accounting treatment of the gain or loss on disposal was not included in the original budget. The net result of \$832k (U) is mainly due to building replacement and renewal made during the year, which was partly offset by plant and equipment sales.

note 16 - material budget variations cont.

Expenses

Materials and contracts

Actual amounts of materials and contracts expended were under budget by some \$2.7m (F) (11%). Variations are detailed below:

- Additional expenditure required on pool chemicals \$80k (U)
- Actual cost expended on vehicle running expenses such as fuels and oils was less than budgeted \$512k (F)
- Increase in the amount expended on other materials \$261k (U)
- Expenditure on legal matters less than budgeted \$234k (F)
- Expenditure on garbage contractor charges greater than budgeted \$261k (U)
- Various contract works budgeted as operational expenditure for road, footpath, stormwater and buildings, expended as capital works, as well as delays in the completion of some of these works \$2.6m (F)

Depreciation

Actual depreciation costs were under budget by some \$4.4m (F) (17%). Council has been refining its method of calculating depreciation and has undertaken several fair value revaluations, which has resulted in a more accurate depreciation calculation. Variations by asset class are detailed below.

- Buildings \$1.0m (F)
- Roads, Bridges and Footpaths \$2.3m (F)
- Stormwater 775k (F)
- Other Structures 289k (F)

In addition to the abovementioned items, minor favourable and unfavourable variations occurred throughout the year in a number of revenue and expense items. All variations have been monitored, and reported to Council on a regular basis.

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

Cash Flows from Operating Activities

Variance of 100% (F) is mainly attributable to unexpected increases in user charges and fees of \$3.5m, increases in grants of contributions of \$11.6m and increases in other income of \$4.6m coupled with employee costs being under budget by some (\$3.4m) due to a number of vacant positions within the organisation pending the outcome of Council's organisational restructure.

Cash Flows from Investing Activities

Variance of 104% (U) is attributable to the purchase of infrastructure, property, plant and equipment being over budget by some \$8.3m due to additional capital works being completed through the utilisation of new grant funding and increases in recurrent grant funding.

Cash Flows from Financing Activities

Cash flows from financing activities were within budget.

note 17 - statement of contribution plans

SUMMARY OF CONTRIBUTIONS

PURPOSE	Opening balance \$,000	Contributions received during year ¹		Interest and investment income earned during year \$,000	Expended during year \$,000	Internal borrowings (to)/From ² \$,000	Held as restricted asset ³ \$,000	Cumulative balance of internal borrowings (to)/from ⁴ \$,000
Community facilities	3,817	Cash \$,000	Non-cash \$,000					
Total S94 under plans	3,817	1,419	3,761	33	3,983	0	5,047	0
S94 not under plans		1,419	3,761	33	3,983	0	5,047	0
Parking	769	0	0	2	561	0	210	0
S94A	725	146	0	6	0	0	877	0
	5,022	1,848	0	46	601	0	6,315	0
TOTAL CONTRIBUTIONS	10,333	3,413	3,761	87	5,145	0	12,449	0

CONTRIBUTION PLAN NO. 1

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

CONTRIBUTION PLAN NO. 2

PURPOSE	Opening balance \$,000	Contributions received during year ¹		Interest earned during year \$,000	Expended during year \$,000	Internal borrowings (to)/From ⁴ \$,000	Held as restricted asset ² \$,000	Cumulative balance of internal borrowings (to)/from ⁴ \$,000
Community facilities	267	Cash \$,000	Non-cash \$,000					
	267	0	0	2	35	0	234	0
TOTAL CONTRIBUTIONS	267	0	0	2	35	0	234	0

CONTRIBUTION PLAN NO. 3

PURPOSE	Opening balance \$,000	Contributions received during year ¹		Interest earned during year \$,000	Expended during year \$,000	Internal borrowings (to)/From ⁴ \$,000	Held as restricted asset ² \$,000	Cumulative balance of internal borrowings (to)/from ⁴ \$,000
Community facilities	150	Cash \$,000	Non-cash \$,000					
	150	0	0	1	21	0	130	0
TOTAL CONTRIBUTIONS	150	0	0	1	21	0	130	0

note 17 - statement of contribution plans cont.

CONTRIBUTION PLAN NO. 5									
PURPOSE	Opening balance \$,000	Contributions received during year ¹		Interest earned during year \$,000	Expended during year \$,000	Internal borrowings (to)/From ⁴ \$,000	Held as restricted asset ² \$,000	Cumulative balance of internal borrowings (to)/from ⁴ \$,000	
		Cash \$,000	Non-cash \$,000						
Community facilities	189	0	0	1	145	0	45	0	
TOTAL CONTRIBUTIONS	189	0	0	1	145	0	45	0	

CONTRIBUTION PLAN NO. 7									
PURPOSE	Opening balance \$,000	Contributions received during year ¹		Interest earned during year \$,000	Expended during year \$,000	Internal borrowings (to)/From ⁴ \$,000	Held as restricted asset ² \$,000	Cumulative balance of internal borrowings (to)/from ⁴ \$,000	
		Cash \$,000	Non-cash \$,000						
Community facilities	27	0	0	0	21	0	6	0	
TOTAL CONTRIBUTIONS	27	0	0	0	21	0	6	0	

CONTRIBUTION PLAN NO. 8									
PURPOSE	Opening balance \$,000	Contributions received during year ¹		Interest earned during year \$,000	Expended during year \$,000	Internal borrowings (to)/From ⁴ \$,000	Held as restricted asset ² \$,000	Cumulative balance of internal borrowings (to)/from ⁴ \$,000	
		Cash \$,000	Non-cash \$,000						
Community facilities	1,306	0	0	10	0	0	1,316	0	
TOTAL CONTRIBUTIONS	1,306	0	0	10	0	0	1,316	0	

CONTRIBUTION PLAN NO. 9									
PURPOSE	Opening balance \$,000	Contributions received during year ¹		Interest earned during year \$,000	Expended during year \$,000	Internal borrowings (to)/From ⁴ \$,000	Held as restricted asset ² \$,000	Cumulative balance of internal borrowings (to)/from ⁴ \$,000	
		Cash \$,000	Non-cash \$,000						
Community facilities	1,878	1,419	3,761	19	3,761	0	3,316	0	
TOTAL CONTRIBUTIONS	1,878	1,419	3,761	19	3,761	0	3,316	0	

CONTRIBUTIONS NOT UNDER PLANS - PARKS, GARDENS AND RESERVES									
PURPOSE	Opening balance \$,000	Contributions received during year ¹		Interest earned during year \$,000	Expended during year \$,000	Internal borrowings (to)/From ⁴ \$,000	Held as restricted asset ² \$,000	Cumulative balance of internal borrowings (to)/from ⁴ \$,000	
		Cash \$,000	Non-cash \$,000						
Residual Community Fac	561	0	0	0	561	0	0	0	
Parking	725	146	0	6	0	0	877	0	
Open space	208	0	0	2	0	0	210	0	
TOTAL CONTRIBUTIONS	1,494	146	0	8	561	0	1,087	0	

CONTRIBUTION PLAN S94A

PURPOSE	Opening balance \$,000	Contributions received during year ¹		Interest earned during year \$,000	Expended during year \$,000	Internal borrowings (to)/From ⁴ \$,000	Held as restricted asset ² \$,000	Cumulative balance of internal borrowings (to)/from ⁴ \$,000
		Cash \$,000	Non-cash \$,000					
Infrastructure	5,022	1,848	0	46	601	0	6,315	0
TOTAL CONTRIBUTIONS	5,022	1,848	0	46	601	0	6,315	0
Councils must also provide details of each contribution plan under their control in a form provided below:								
¹ Reconcilable with Note 3								
² Borrowings within and between plans during current period only. General fund expenditure in advance of contributions is not to be shown here.								
³ Reconcilable with Note 6 (restricted assets excludes 'amounts expended in advance').								
⁴ Cumulative balance of borrowing within and between plans.								



Challenge Walk



NAIDOC week



note 18 - contingencies

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

Contingent assets

Receivable

In years 2012-2013, 2013-2014 and 2014-2015, Council entered into loan agreements whereby the interest rate is subsidised under the Local Infrastructure Renewal Scheme (LIRS). This subsidy applies to the 10 year life of the loans and is recognised when claimed in accordance with the LIRS funding agreement.

Contingent liabilities

Employee benefits

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 the purposes of AASB 19, Employee Benefits. Sufficient information is not available to account for the Scheme as a defined benefit plan in accordance with AASB 19 because the assets to the Scheme are pooled together for all Councils.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2016 was \$1.2m. The last valuation of the Scheme was performed by Mr Martin Stevenson, BSc, FIA, FIAA on 24 February 2016.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2016, a deficit still exists. Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit. The amount of additional contributions included in the total employer contribution advised above is \$1.872m.

Council's share of this deficit 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 however a contingent liability is disclosed to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

Developer contributions

Council has significant obligations to provide Section 94 infrastructure in new release areas in accordance with current Section 94 plans. It is possible that funds contributed may be less than the cost of this infrastructure requiring Council to borrow or use general revenue to fund the difference (refer note 17).

note 19 - interests in other entities

Interests in subsidiaries

a) Composition of the group

Subsidiaries	Principal place of business	% owned 2016	% owned 2015
Macarthur Regional Organisation of Councils (MACROC)	Australia	33	33

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

- Campbelltown City Council
- Camden Council
- Wollondilly Shire Council

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

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

b) Consolidated structured entities

MACROC is established under Section 355 of the *Local Government Act 1993*. Decisions of MACROC will not limit the individual integrity of the operation of each member Council, or affect the right of an individual Council acting in its own right on matters.

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

Campbelltown City Council consolidates all financial transactions of MACROC and discloses them as part of its annual financial statements.

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

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

	notes	2016 \$,000	2015 \$,000
(a) Retained earnings			
Movements in retained earnings were as follows:			
At beginning of year		845,389	705,361
Adjustment to correct prior period errors	20(d)	5,955	121,583
Net operating result for the year		41,389	18,445
At end of year		892,733	845,389

(b) Revaluation reserves

Infrastructure, property, plant and equipment revaluation reserve		1,385,865	1,280,035
		1,385,865	1,280,035

Movements:

Property, plant and equipment revaluation reserve			
At beginning of year		1,280,035	1,220,786
Revaluations	9	11,577	63,651
Reclassifications		0	0
Adjustment to correct prior period errors		96,166	0
Disposal of previously revalued assets		(1,913)	(4,402)
At end of year		1,385,865	1,280,035

(c) Nature and purpose of reserves

(i) Infrastructure, property, plant and equipment revaluation reserve

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

(ii) Available-for-sale investments revaluation reserve

Changes in fair value are taken to the available-for-sale investments revaluation reserve. Amounts are recognised in profit and loss when the associated assets are sold or impaired.

(d) Correction of errors in previous years ³

Property, plant and equipment not previously recognised		0 ³	0 ¹
Adjustment to correct prior period errors		(5,955) ¹	(121,583) ¹
Land improvements previously undervalued		0 ³	0
Depreciation understated on buildings		0 ²	0 ¹
Depreciation overstated on previously revalued assets		0 ²	0
Depreciation overstated on assets revalued in current reporting period		0 ³	0
Adjustment to retained earnings		(5,955)	(121,583)

Notes

¹ Adjusted to retained earnings

² Adjusted to asset revaluation reserve

³ Corrections have been made against the current year balances of IPPE, retained earnings and revaluation reserves because it was found to be too impractical to restate prior year comparatives

Campbelltown City Council does not hold water and sewer funds.

note 22 - workers compensation

Campbelltown City Council is a licensed self-insurer under the *Workers Compensation Act* in NSW. The licence commenced with effect from 1 July 2000.

Council requested an actuarial assessment of the claims experience and outstanding liability as at 30 June 2016. David G Hart Consulting Pty Ltd conducted the assessment and the findings are as follows:

Summary of Claims					
Accounting year ending 30/6	Number of claims		Claim payments to date	Estimated outstanding	Estimated incurred
	Reported to date	Outstanding			
2016	44	24	150	330	480

Using 'discounted' values, the recommended minimum amount that Council should have as a provision in its accounts is \$2,570,000 as at the balance sheet date of 30 June 2016 (2015 - \$2,800,000). This amount has been recognised in Note 10a.

A security deposit is held with NSW Treasury Corporation representing the amount required by icare NSW to be held as a bond. This amount is \$2,570,000 plus a 50% contingency margin totalling \$3,870,000 (2015 - \$4,210,000).

The total of the discounted minimum amount is allocated as follows:

Current	\$680,000
Non-current	\$1,890,000
Total	<u>\$2,570,000</u>

An insurance reserve has been created by Council to ensure a restriction of cash relating to Council's liability in respect of workers compensation and other unforeseen exposure in respect to Council's broader based insurance portfolio. The level of the insurance reserve as at balance date was \$3,870,000.

note 23 - events occurring after reporting date

Subsequent to the end of financial year, on 2 September 2016, settlement occurred on the sale of a parcel of land owned by Council located at Menangle Park. This land was disclosed in Note 8 of Council's financial statements as real estate assets held for sale.

The total consideration received by Council for the sale of this land, being approximately 134ha, was \$65m.

note 27 - fair value measurement

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

- infrastructure, property, plant and equipment
- investment property
- financial assets.

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

- non current assets classified as held for sale.

Fair Value Hierarchy

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

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

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

2016	Note	Valuation technique	Level 2 (\$) significant observable inputs	Level 3 (\$) Significant unobservable inputs	Total (\$)
Recurring fair value measurements					
Financial assets					
Investments					
- at fair value through profit and loss	6	Market	10,000		10,000
Financial liabilities					
Borrowings	15	Market	20,867		20,867
Investment Properties	14				
Land		Market	11,712		11,712
Buildings		Market		3,596	3,596
Infrastructure, Property, Plant and Equipment					
Plant and equipment	9	Cost	5,789		5,789
Office equipment	9	Cost		1,055	1,055
Furniture and fittings	9	Cost		261	261
Land	9				
- Operational		Cost	617,027		617,027
- Community		Cost		261,004	261,004
- Land under roads		Cost	83,861		83,861
- Improvements		Cost		36,110	36,110
Buildings	9				
- Specialised		Cost		227,155	227,155
- New/Refurbishments		Cost	7,325		7,325
Buildings: Other structures	9	Cost		25,200	25,200
Infrastructure	9				
- Roads		Cost		514,517	514,517
- Footpaths		Cost		58,105	58,105
- Bridges		Cost		38,412	38,412
Infrastructure: Stormwater	9	Cost		290,057	290,057
Swimming pools	9	Cost		6,094	6,094
Library books	9	Cost		694	694
Other assets	9	Cost		8,336	8,336
Total			756,581	1,470,596	2,227,177

Valuation techniques used to derive fair values

(i) Recurring fair value measurements

The following methods are used to determine the fair value measurements. There were no changes to the valuation methods during the reporting period.

Investments

Financial assets are exposed to financial risks such as price risk, credit risk, liquidity risk and interest rate risk surrounding the unpredictable nature 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.

Borrowings

Financial liabilities are exposed to liquidity risk and interest rate risk. The valuation technique for these liabilities is based on an income approach using the contractual undiscounted cash flow methodology.

Land

Operational and investment

Level two valuation inputs were used to value land held in freehold title (investment and non-investment) as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Community

Valuations of Campbelltown City Council's community land were based on the Unimproved Capital Value (UCV) provided by the Valuer General. As these rates were not considered to be observable market evidence, they have been classified as Level 3 inputs.

Land under roads

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

Land improvements

This asset class comprises land improvements such as concrete cricket wickets, artificial grass areas, concrete skating areas, running track surfacing, rubber track areas etc. These assets may be located on parks, reserves and also within road reserves. 'Land improvements' were valued in-house using the cost approach by experienced Council asset management staff.

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

Buildings and investments properties

The level of evidence used to support the critical assumptions for investment buildings in the Campbelltown City Council area was considered to be highly variable due to high levels of variability in the market for rental yields and future demand. As such, the level of valuation input for these properties was considered Level 3.

Specialised buildings were valued using the cost approach using professionally qualified registered valuers. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (Level 2), other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets were classified as having been valued using Level 3 valuation inputs.

Buildings: other structures

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

Playground assets were valued separately by an external valuer using the cost approach and classified as using Level 3 valuation inputs.

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

Infrastructure

Roads

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

The cost approach was utilised and while the unit rates based on square metres, linear metres or similar could be supported from market evidence (Level 2), other inputs (such as 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 3 valuation inputs.

Bridges

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

Footpaths

Footpaths were valued by using the cost approach. Footpaths were segmented to match the adjacent road segment and no further componentisation was undertaken. Footpaths were originally mapped and condition assessed using a combination of video condition assessment and physical inspection. Condition information is updated as changes in the network are observed through regular inspections. As such, these assets were classified as having been valued using Level 3 valuation inputs.

Stormwater

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

Swimming Pools

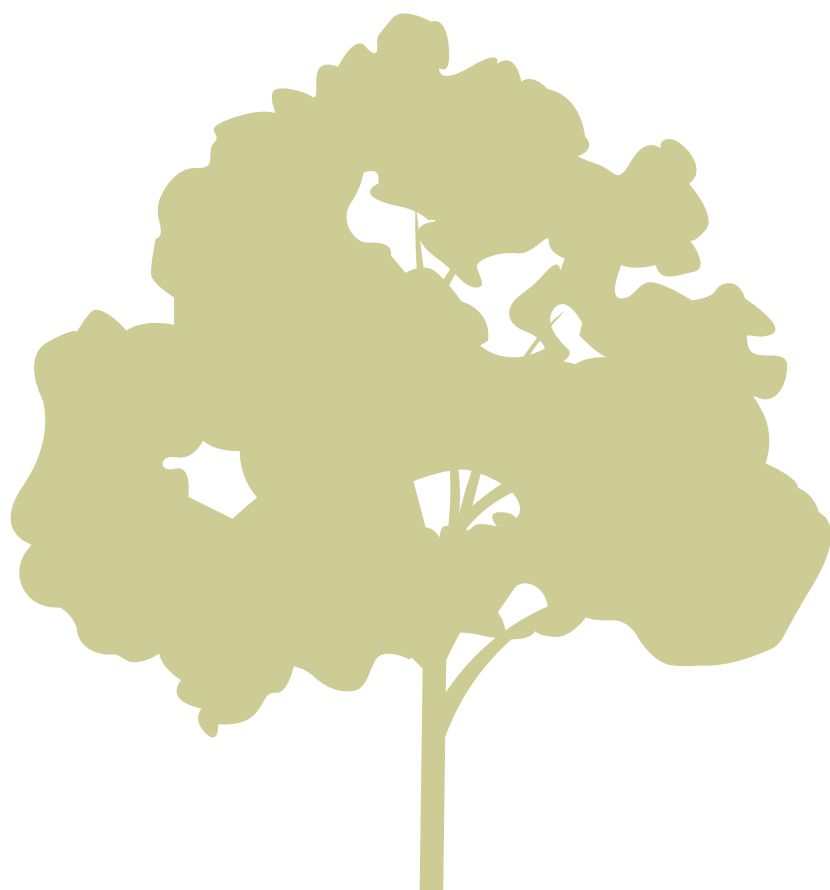
Assets within this class were valued utilising the cost approach by professionally qualified Registered Valuers. The approach estimated the replacement cost of each structure. Where the unit rates could be supported by market evidence the valuer utilised Level 2 inputs. Other inputs (such as estimates of residual value, useful life and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets have been valued utilising Level 3 inputs.

Other Assets

Valuation of Council's other assets was undertaken by an external valuer using the cost approach. Values were based on visual inspection and extensive professional judgement to determine the fair value. As such, these assets were classified as having been valued using Level 3 valuation inputs.

Reconciliation of movements

	Level 3	
	2016 \$,000	Prior year \$,000
Balance at 1 July	1,459,996	1,271,264
Correction of errors	(20,831)	121,583
Restated opening balance	1,439,165	1,392,847
Total gains or losses for the period		
Recognised in profit or loss - Realised (Note 5)	0	0
Recognised in profit or loss - Unrealised (Note 3 and 4)	0	118
Recognised in other comprehensive income - revaluation surplus	11,577	63,651
Other movements		
Acquisitions	41,046	23,905
Sales	(2,963)	(4,403)
Depreciation	(19,585)	(22,339)
Transfers into level 3	5,394	6,217
Transfer out of level 3	(4,038)	0
Balance as at 30 June	1,470,596	1,459,996





INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL ON THE GENERAL PURPOSE FINANCIAL STATEMENTS OF CAMPBELLTOWN CITY COUNCIL

Report on the Financial Statements

We have audited the accompanying general purpose financial statements of Campbelltown City Council (Council) for the financial year ended 30 June 2016. The financial statements comprise the Statement by Councillors and Management, Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Financial Statements.

Council's Responsibility for the Financial Statements

The Council are responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. Our audit responsibility does not extend to the original budget figures included in the Income Statement and Statement of Cash Flows, the original budget disclosures in Notes 2(a) and 16, and accordingly, we express no opinion on them. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the general purpose financial statements of Campbelltown City Council for the year ended 30 June 2016 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Audit Opinion

In our opinion:

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13, Part 3, Office 2;
- (b) the Council's financial statements:
 - (i) has been prepared in accordance with the requirements of this Division;
 - (ii) is consistent with the Council's accounting records;
 - (iii) presents fairly the Council's financial position, the results of its operations and cashflows; and
 - (iv) is in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations).
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that have come to light in the course of the audit.



intentus

291 Stewart Street
Bathurst
Dated: 23 September 2016



LR Smith
Partner



Thorough, Attentive, Earnest

23 September 2016

The Mayor
Campbelltown City Council
PO Box 57
CAMPBELLTOWN NSW 2560

Dear Mr Mayor

**INDEPENDENT AUDITOR'S REPORT ON THE CONDUCT OF THE AUDIT – Section 417 (3)
CAMPBELLTOWN CITY COUNCIL**

We advise having completed our audit of the financial statements of Campbelltown City Council (Council) for the financial year ended 30 June 2016. Our audit resulted in the issuing of an unmodified audit report on both the general purpose and special purpose financial statements of Council.

In accordance with Section 417 of the Local Government Act 1993 we submit our report on the conduct of the audit of Campbelltown City Council for the year ended 30 June 2016. Our audit reports on the general purpose financial statements of Council and the special purpose financial statements on Council's business units outline the legislative framework of our audit and should be referred to in order to establish the context in which our comments are made.

Council's Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant technical and ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements.

The following comments are provided in accordance with Section 415 (3) of the Local Government Act 1993 and Regulation 227 of the Local Government (General) Regulation 2005 to assist in the understanding of the financial statements and our reports.



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Review of the Financial Statements

(a) Operating Result

As disclosed in Council's Income Statement, the year's operations resulted in a surplus from continuing operations after capital amounts of \$41,389,000 (2015 - \$18,445,000 surplus). Some items of note in the Income Statement include:

Revenue

- The operating surplus from continuing operations **before** capital amounts was \$13,917,000 (2015 – \$7,397,000 surplus).
- Rates and annual charges rose from \$91,643,000 in 2015 to \$95,386,000 (increase of \$3,743,000 or 4.08%).

Ordinary rates increased by \$2,369,000 or 3.44% to \$71,159,000 (2015 - \$68,790,000). This increase is in line with the approved rate pegging increase of 2.4% combined with an increase in the number of rateable properties within the local government area due to development.

- Grants and contributions provided for operating purposes increased by \$1,802,000 to \$31,415,000 (2015 - \$29,613,000). Council received \$2,197,000 in Roads to Recovery Funding in the 2015-'16 financial year compared to just \$753,000 in the prior year (increase of \$1,444,000). In addition, income from regulatory and statutory contributions increased by \$1,353,000 over the same period, reflecting the increased level of development within the Council area during the year.

These were offset by reduction in funding across other areas of Council's operations such as child care, aged and community care and emergency services.

- Grants and contributions provided for capital purposes were significantly higher than the prior year at \$27,472,000 (2015 - \$11,048,000) and increase of \$16,424,000.

This increase included funding from the RMS for major works on Eagle Vale Drive, for which \$6,205,000 was received in 2016 compared to \$2,180,000 in the previous year (increase of \$4,025,000).

In addition, non-cash dedications and contributions of \$16,412,000 were received in 2015-'16, which was \$12,570,000 higher than the 2014-'15 revenue from these sources of \$3,842,000. These amounts relate to capital assets vested in Council such as roads, footpaths and stormwater drainage, and were primarily located in the suburbs of Campbelltown, Minto and Bardia.

Expenditure

- Council's total employee costs for the year rose by \$963,000 to \$58,770,000 (2015 - \$57,807,000). Salaries and wages costs increased by \$1,845,000, which was partially offset by a reduction in Council's workers compensation costs of \$892,000.
- Council's depreciation expense fell by \$3,662,000 from \$25,133,000 in 2014-'15 to \$21,471,000. This was due to the revaluations performed at 30 June 2015 resulting in lower depreciation charges during the 2015-'16 financial year.

(b) Financial Position

The Statement of Financial Position disclosed that for the year ended 30 June 2016 Council's net assets stood at \$2,278,598,000 (2015 - \$2,227,545,000), which is an increase of \$51,053,000.

This is the combined effect of the operating surplus from continuing operations of \$41,389,000 and a net upward movement of \$9,664,000 in relation to the revaluation of Council's infrastructure, property, plant and equipment.

To assess the appropriateness or otherwise of Council's net current asset position (available working capital) it is necessary to review the level of restrictions placed against the use of Council's assets. The notes to the financial statements indicate clearly where restrictions exist and the effect of the restrictions is summarised as follows:-

	2016 \$'000	2015 \$'000
Net current assets	102,632	80,854
Less: Amounts externally restricted for special purposes (refer Notes 6; 7; & 8 of financial statements)	(30,640)	(27,005)
Less: Council internally imposed restrictions (refer Notes 6 & 7 of financial statements)	(75,069)	(66,219)
Add: Applicable liabilities (refer Note 10) matched by a current cash restriction - Self Insurance	2,570	2,800
Add: Employee leave entitlements classified as current but not expected to be settled within 12 months	7,254	7,679
Unrestricted net current asset surplus/(deficit)	6,747	(1,891)

Unrestricted net current assets comprise:

<i>Unrestricted Current Assets</i>		
Cash and Investments	13,596	12,886
Receivables	5,923	7,195
Inventories	327	348
Other assets	25	45
Real estate assets	7,786	-
Less:	27,657	20,474
<i>Unrestricted Current Liabilities</i>		
Payables	(7,301)	(7,832)
Provisions	(17,120)	(18,306)
Interest Bearing Liabilities	(3,743)	(3,906)
Unrestricted net current asset surplus/(deficit)	(507)	(9,570)
Add: Employee leave entitlements classified as current but not expected to be settled within 12 months	7,254	7,679
	6,747	(1,891)

The movement in this figure between the 2015 and 2016 years is primarily the result of the re-classification of a significant portion of real estate assets from non-current in 2015 to current in 2016. As disclosed in Note 23 to the financial statements, this parcel of land was sold shortly after the end of the financial year, which was the basis for the re-classification.

If the impact of this re-classification was removed, the unrestricted net current asset deficit for the 2016 year would be \$1,039,000, which still represents an improvement on the previous year.

Council's net current asset position is highly liquid and the foregoing analysis presents a position that recognises the impact of all Council's restricted funds being committed immediately and simultaneously.

Historically and like many other organisations, Council budgets to utilise monies collected in the subsequent year to fund loan repayments due in that year. Similarly Council budgets to fund ordinary levels of employee leave entitlements from the subsequent year's budget.

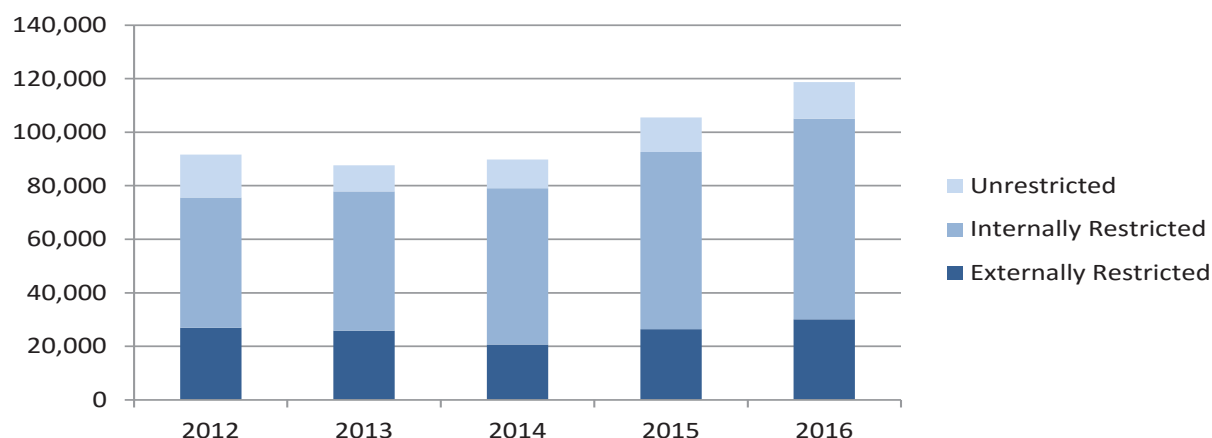
The following table shows the impact of these funding decisions on Council's calculated unrestricted net current asset position:

	2016 \$'000	2015 \$'000
Unrestricted net current asset surplus/(deficit)	6,747	(1,891)
Adjustment for re-classification of real estate assets	(7,786)	-
	<hr/>	<hr/>
	(1,039)	(1,891)
Add back amounts to be funded from the following year's operations:		
Provisions	1,529	2,438
Interest Bearing Liabilities	3,743	3,906
	<hr/>	<hr/>
Adjusted unrestricted net current asset surplus/(deficit)	4,381	4,453

This adjustment alters Council's calculated position significantly and shows that Council's level of restrictions can be managed in the longer term.

Whilst the analysis of the net current asset position is a succinct review of Council's short-term position, the strength of that position is determined by the liquidity of those assets i.e. the Council's ability to operate effectively is largely governed by the amount of available cash.

Cash, Cash Equivalents and Investments



Liquidity

Note 6 to the accounts discloses total cash and investments of \$118,717,000 (2015 - \$105,543,000). Of this amount \$30,104,000 (2015 - \$26,452,000) is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$75,017,000 (2015 - \$66,205,000) is subject to internal restrictions agreed upon by Council for designated purposes which may be altered at the discretion of Council, consistent with their operational plan.

The unrestricted balance of \$13,596,000 (2015 - \$12,886,000) represents funds available to cover non-budgeted discretionary expenditure and short-term cash flow requirements.

Council continues to be in a strong financial position to fulfil the objectives attached to its internally restricted funds as part of its long term development plans and at the same time has an unrestricted cash position which is appropriate for its day to day operational requirements.

(c) Performance Indicators

Note 13 to the Financial Statements provides a measure of Council's performance using a number of selected ratios as follows:

Operating Performance

This indicator is intended to measure whether Council has contained its operating expenditure within its operating revenue. The current year result of 9.65% is a significant improvement on the prior year result of 4.86%, although both years were well above the benchmark of greater than 0%.

Own Source Operating Revenue

This indicator is intended to measure Council's fiscal flexibility by showing its degree of reliance on external funding sources such as grants and contributions. The higher the ratio, the more financially flexible Council is considered to be.

At 67.3% (2015 – 73.8%) Campbelltown City Council's result indicates a degree of financial flexibility which exceeds the benchmark of greater than 60%.

The decrease in this indicator since the prior year is primarily due to the large increase in Council's operating revenue including capital grants and contributions, rather than because of a decrease in the actual receipts from rates, fees and charges.

Unrestricted Current Ratio

The Unrestricted Current Ratio is a measure of Council's liquidity that demonstrates its ability to satisfy obligations out of short-term and immediate asset balances. Council's ratio of 4.61:1 (2015 – 3.67:1) indicates that it is comfortably able to settle its debts as and when they fall due.

Debt Service Cover Ratio

This ratio measures the ability of council to service debt by expressing that capacity as a multiple of the operating result from continuing operations, excluding capital items and depreciation / impairment, over the principal and interest costs.

At 7.29 times (2015 – 5.49) Campbelltown City Council's ratio indicates that Council can comfortably meet its current levels of debt. The improvement in this indicator is mostly attributable to Council's improved operating result before capital for the year.

Rates & Annual Charges, Interest & Extra Charges Outstanding Ratio

The ratio is a measure of management efficiency. Whilst prevailing economic conditions may influence Council's ability to collect revenue, the efficiency and application of collection procedures are still the largest determinant of this ratio.

Campbelltown City Council's rates and annual charges outstanding percentage of 3.41% (2015 – 4.05%) indicates effective rates debtor management, and continues the improvements Council has achieved in this indicator over the last few years.

Cash Expense Cover Ratio

The purpose of this ratio is to indicate the number of months a council can continue paying for its immediate expenses without additional cash inflow. The benchmark is greater than three (3) months.

We suspect that this is a ratio that may vary considerably from year-to-year depending on the timing of payments for materials and contracts as this is the component in the denominator most susceptible to fluctuation on a yearly basis. Campbelltown City Council's ratio for the year ended 30 June 2016 was 10.71 months (2015 – 10.39 months).

(d) Statement of Cash Flows

The Statement of Cash Flows reports a net increase in cash assets held of \$287,000 (2015 decrease - \$190,000) as follows:

	2016 \$'000	2015 \$'000	Movement \$'000
Cash flow provided by / (used in)			
Operating activities	46,598	41,282	5,316
Investing activities	(42,405)	(45,016)	2,611
Financing activities	(3,906)	3,544	(7,450)
Net increase / (decrease) in cash held during the year	287	(190)	477

Cash Flows from Operating Activities

The net cash flow provided by operating activities totalled \$46,598,000 (2015 - \$41,282,000). Council has continued to generate a positive cash flow from operating activities.

Total cash inflows from operating activities for the 2015-'16 financial year were \$164,525,000 compared to \$152,463,000 in 2014-'15 (increase of \$12,062,000). Cash inflows from rates and annual charges were \$4,252,000 higher than the previous year due to increased revenue from this source. In addition, cash receipts from grants and contributions were \$2,958,000 higher than the prior year.

Total cash outflows from operating activities increased by \$6,746,000 to \$117,927,000 (2015 - \$111,181,000). The main line item contributing to this was cash outflows in relation to materials and contracts which increased over the prior year due to the timing of payments related to this line item.

Cash Flows from Investing Activities

The net cash flow used in investing activities totalled \$42,405,000 (2015 – \$45,016,000). These cash outflows included the net investment in interest earning financial assets of \$12,887,000 (2015 – \$15,895,000) as well as the net sale and acquisition of assets by Council.

Cash outflows for the purchase of infrastructure, property, plant and equipment totalled \$31,127,000 (2015 - \$30,471,000), the majority of which related to infrastructure assets including the major works undertaken on Eagle Vale Drive. New amenities facilities were also constructed at a number of locations across the local government area.

Cash inflows from investing activities included \$1,642,000 from the sale of infrastructure, property, plant and equipment.

Cash Flows from Financing Activities

The net cash outflows provided by financing activities was \$3,906,000 compared to net cash inflows in 2015 of \$3,544,000. No borrowings were drawn down in 2016, whereas during 2015 Council borrowed \$8,500,000 in conjunction with the NSW Local Government Infrastructure Renewals Scheme (LIRS) which provides Councils with an interest rate subsidy on external borrowings to assist in addressing infrastructure backlogs.

Repayments of \$3,906,000 (2015 - \$4,956,000) were made during the year and were in line with the requirements of the loan agreements.

(e) Comparison of Actual and Budgeted Performance

Council's change in net assets from operations for the year was a surplus of \$41,389,000 compared to a budgeted deficit of \$4,270,000.

The nature of this report does not lend itself to detailed analysis of individual budget variations. Council has provided a commentary on these variations in Note 16.

However, a major contributor to this variance was the receipt by Council of major unbudgeted non-cash contributions during the year which totalled \$16,412,000.

(f) Other Matters

National Competition Policy

In accordance with the requirements of National Competition Policy guidelines, Campbelltown City Council has prepared a special purpose financial report on its business units for the year ended 30 June 2016. Council has determined that it has three (3) business units within its operations: Child Care Centres, Indoor Recreation Centres and Commercial Centres.

The Department of Local Government's July 1997 guidelines 'Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality' outlines the process for identifying and allocating costs of activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, rate of return on investments in business units and dividends paid.

An unqualified audit report on the special purpose financial reports for the year ended 30 June 2016 has been issued.

Management Letters

Interim management letters were issued on 22 February 2016 and 1 July 2016. Matters raised via management letters have been satisfactorily addressed.

A final report will be prepared upon completion of our year end review.

(g) Legislative Compliance

As a result of our audit we advise that there are no material deficiencies in the accounting records or financial reports that have come to our attention during the conduct of the audit and that Campbelltown City Council's accounting records have been kept in accordance with the requirements of the Local Government Act, 1993 and regulations.

(h) Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Campbelltown City Council for the year ended 30 June 2016 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on Council's web site.

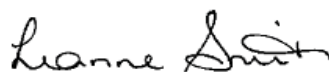
Conclusion

- (a) Campbelltown City Council's accounting records have been kept in a manner and form that facilitated the preparation of the general purpose financial statements and allowed proper and effective audit of these statements;
- (b) Campbelltown City Council's accounting records have been kept in a manner and form that facilitated the preparation of the special purpose financial statements and allowed proper and effective audit of these statements; and
- (c) all information relevant to the conduct of the audit has been obtained.



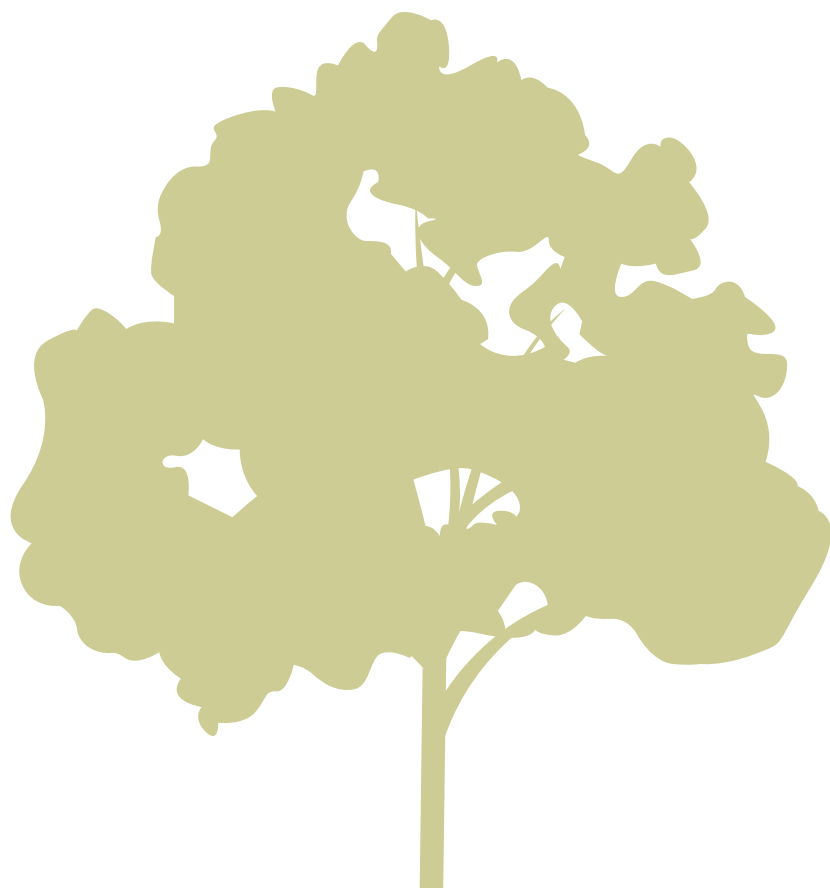
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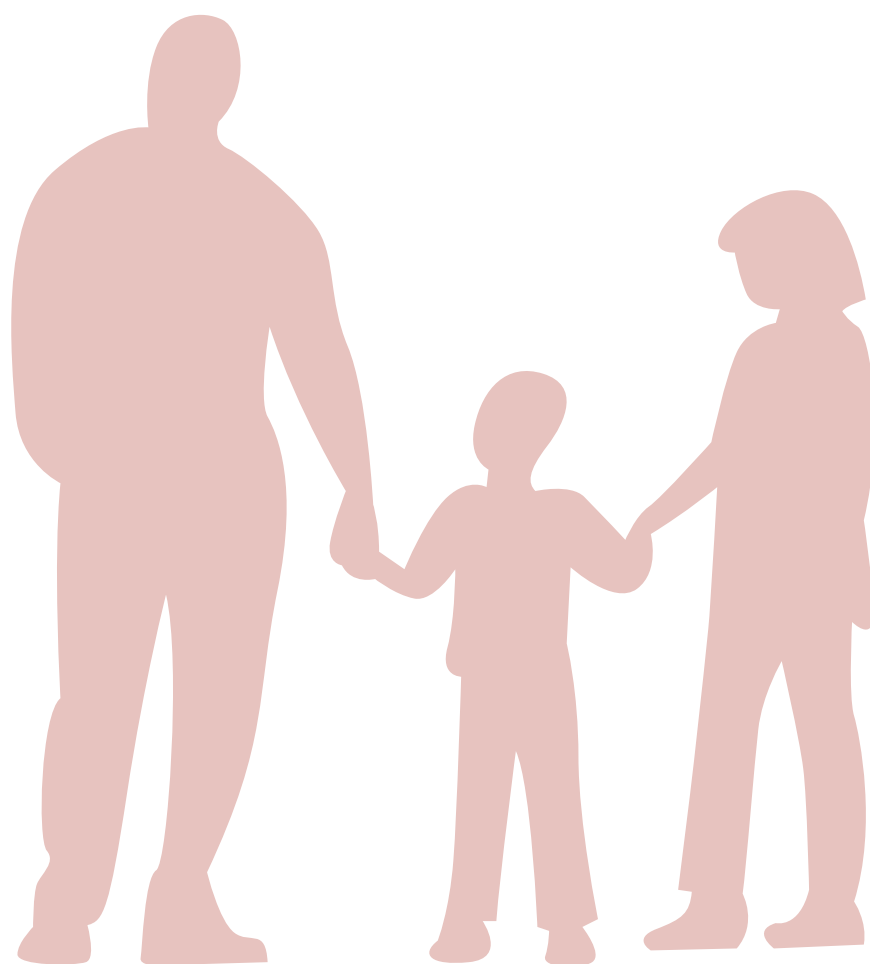
291 Stewart Street
Bathurst
Dated: 23 September 2016



LR Smith
Partner

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special purpose financial reports for the year ended 30 june 2016



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Special purpose financial reports for the year ended 30 June 2016

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

- NSW Government Policy Statement *"Application of National Competition Policy to Local Government"*.
- Division of Local Government Guidelines *"Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality"*.
- The Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

Signed in accordance with a resolution of Council made on 16 August 2016

Cr G Brticevic
COUNCILLOR

Cr M Oates
COUNCILLOR

Mrs L Deitz
GENERAL MANAGER

Mrs C Mears
RESPONSIBLE ACCOUNTING OFFICER

income statement of business activities for the year ended 30 june 2016

Business activity and category

Revenue from continuing operations

User charges and fees	1,741	1,711	3,425	3,072	1,533	1,455
Interest	0	0	0	0	23	29
Grants & Contributions provided for non capital purposes	2,603	2,598	3	4	0	0
Other operating revenues	1	0	305	290	0	0

Total revenue from continuing operations

Expenses from continuing operations

Employee benefits and on-costs	4,555	4,496	3,113	2,953	274	213
Materials and contracts	261	255	909	797	57	78
Interest charges	109	90	109	145	5	0
Depreciation and impairment	96	118	830	930	0	0
Calculated tax equivalents	365	318	349	340	158	159
Debt guarantee fees	0	0	0	0	0	0
Other operating expenses	1,720	1,388	1,939	1,768	148	154

Total expenses from continuing operations

Surplus/(deficit) from continuing operations before capital amounts

Grants and contributions provided for capital purposes	0	0	0	0	0	0
Net gain/(loss) on disposal of assets	0	0	0	0	0	0

Surplus/(deficit) from continuing operations after capital amounts

SURPLUS/(DEFICIT) FROM ALL OPERATIONS BEFORE TAX

Corporate taxation equivalent					307	291
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SURPLUS/(DEFICIT) AFTER TAX

Dividend payment after tax			0	0	14	20
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CHANGE IN NET ASSETS After Dividend

Opening retained profits	(10,083)	(8,708)	(27,819)	(25,464)	19,308	18,205
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Adjustments for amounts unpaid

* Taxation equivalent payments	365	318	349	340	158	159
* Corporate taxation equivalents	0	0	0	0	307	291
* Dividend payments	0	0	0	0	14	20
* Corporate overheads	885	663	782	872	95	66

Closing retained profits

Return on capital (%)	-15.55%	-16.24%	-6.89%	-7.16%	6.62%	6.37%
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SUBSIDY FROM COUNCIL

	2,761	2,356	3,516	3,567	Nil	Nil
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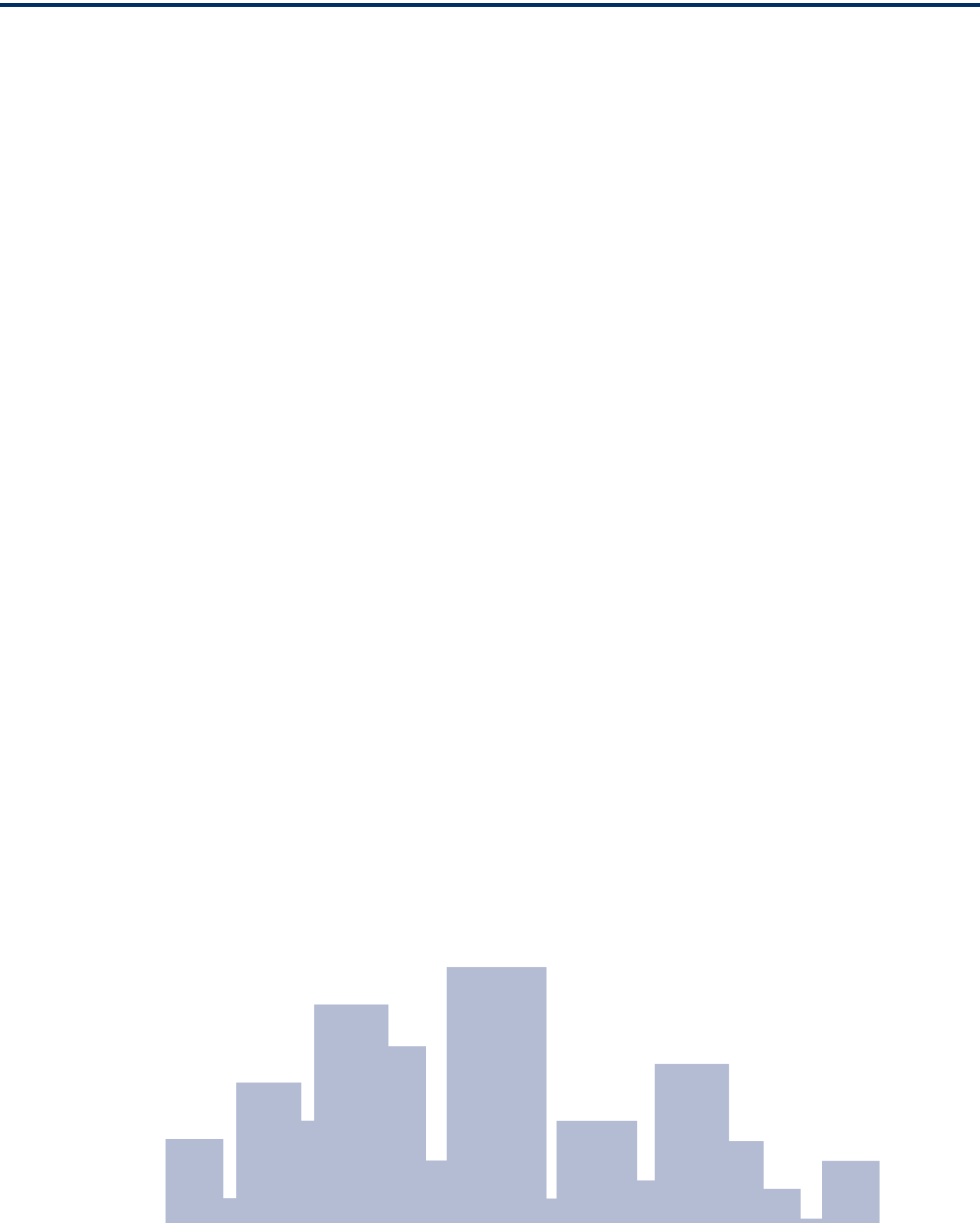
Business activities					
Actual 2016 Child care centres (Cat 1) \$,000	Actual 2015 Child care centres (Cat 1) \$,000	Actual 2016 Indoor rec centres (Cat 1) \$,000	Actual 2015 Indoor rec centres (Cat 1) \$,000	Actual 2016 Commercial centres (Cat 2) \$,000	Actual 2015 Commercial centres (Cat 2) \$,000
1,741	1,711	3,425	3,072	1,533	1,455
0	0	0	0	23	29
2,603	2,598	3	4	0	0
1	0	305	290	0	0
4,345	4,309	3,733	3,366	1,556	1,484
4,555	4,496	3,113	2,953	274	213
261	255	909	797	57	78
109	90	109	145	5	0
96	118	830	930	0	0
365	318	349	340	158	159
0	0	0	0	0	0
1,720	1,388	1,939	1,768	148	154
7,106	6,665	7,249	6,933	642	604
(2,761)	(2,356)	(3,516)	(3,567)	914	880
0	0	0	0	0	0
0	0	0	0	0	0
(2,761)	(2,356)	(3,516)	(3,567)	914	880
(2,761)	(2,356)	(3,516)	(3,567)	914	880
(2,761)	(2,356)	(3,516)	(3,567)	607	589
		0	0	14	20
(2,761)	(2,356)	(3,516)	(3,567)	593	567
(10,083)	(8,708)	(27,819)	(25,464)	19,308	18,205
365	318	349	340	158	159
0	0	0	0	307	291
0	0	0	0	14	20
885	663	782	872	95	66
(11,594)	(10,083)	(30,204)	(27,819)	20,475	19,308
-15.55%	-16.24%	-6.89%	-7.16%	6.62%	6.37%
2,761	2,356	3,516	3,567	Nil	Nil

statement of financial position of business activities as at 30 june 2016

Business activity and category

Business Activities

	Actual 2016 Child care centres (Cat 1) \$,000	Actual 2015 Child care centres (Cat 1) \$,000	Actual 2016 Indoor rec centres (Cat 1) \$,000	Actual 2015 Indoor rec centres (Cat 1) \$,000	Actual 2016 Commercial centres (Cat 2) \$,000	Actual 2015 Commercial centres (Cat 2) \$,000
Current Assets						
Receivables	19	19	12	30	27	142
Inventories	0	0	0	0	0	0
Other - due by general fund	0	0	0	0	6,631	5,358
Total current assets	19	19	12	30	6,658	5,500
Non-current assets						
Infrastructure, property, plant & equipment	17,760	14,504	51,041	49,803	13,817	13,808
Total non-current assets	17,760	14,504	51,041	49,803	13,817	13,808
TOTAL ASSETS	17,779	14,523	51,053	49,833	20,475	19,308
Current liabilities						
Other - due to general fund	(29,373)	(24,606)	(81,257)	(77,652)	0	0
Total current liabilities	(29,373)	(24,606)	(81,257)	(77,652)	0	0
Non-current liabilities						
Borrowings	0	0	0	0	0	0
Total non-current liabilities	0	0	0	0	0	0
TOTAL LIABILITIES	(29,373)	(24,606)	(81,257)	(77,652)	0	0
NET ASSETS	(11,594)	(10,083)	(30,204)	(27,819)	20,475	19,308
EQUITY						
Retained earnings	(11,594)	(10,083)	(30,204)	(27,819)	20,475	19,308
TOTAL EQUITY	(11,594)	(10,083)	(30,204)	(27,819)	20,475	19,308



notes to the special purpose financial reports for the year ended 30 june 2016



note 1 - significant accounting policies

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

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

The figures presented in these SPFS have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the AASB and Australian Accounting Interpretations. The disclosures in these SPFS have been prepared in accordance with the Local Government Act and 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 historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

National competition policy

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

The Pricing & Costing Guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return) and dividends paid.

Declared business activities

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

Category 1

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

Category 2

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

Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest \$1000.

(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	30%
Land tax	1.6%
Stamp duty	Paid where applicable
Payroll tax	5.45%
Other taxes or charges	Where charged, has been paid Where not charged, has been calculated

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional, that is, it is payable to 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 30% is the equivalent company tax rate prevalent as at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(ii) Subsidies

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

(iii) Return on investments (rate of return)

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

(iv) Dividends

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

Council operates the following restricted activities - Domestic Waste Management (DWM).



INDEPENDENT AUDITOR'S REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS OF CAMPBELLTOWN CITY COUNCIL

Report on the Financial Statements

We have audited the special purpose financial statements of Campbelltown City Council (Council) for the year ended 30 June 2016, comprising the Statement by Council, Income Statement by Business Activities, Statement of Financial Position by Business Activities, and accompanying Notes to the Financial Statements. Our audit responsibility does not extend to the best practice management disclosures in Notes 2 and 3 and accordingly we express no opinion on them.

Council's Responsibility for the Financial Statements

The Council are responsible for the preparation and fair presentation of the financial statements and have determined that the accounting policies described in Note 1 to the financial statements which form part of the financial statements are appropriate to meet the financial reporting requirements of the Council and the Office of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. The Council's responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the Council. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the special purpose financial statements of Campbelltown City Council for the year ended 30 June 2016 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Audit Opinion

In our opinion, the special purpose financial statements of Campbelltown City Council are presented fairly in accordance with the requirements of those applicable accounting policies detailed in Note 1, the accounting requirements of the Local Government Act 1993 and the Local Government Code of Accounting Practice and Financial Reporting.

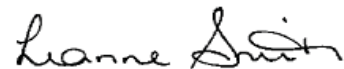
Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The special purpose financial statements have been prepared for distribution to the Council and the Office of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. As a result, the financial statements may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Office of Local Government or for any purpose other than for which the statements were prepared.

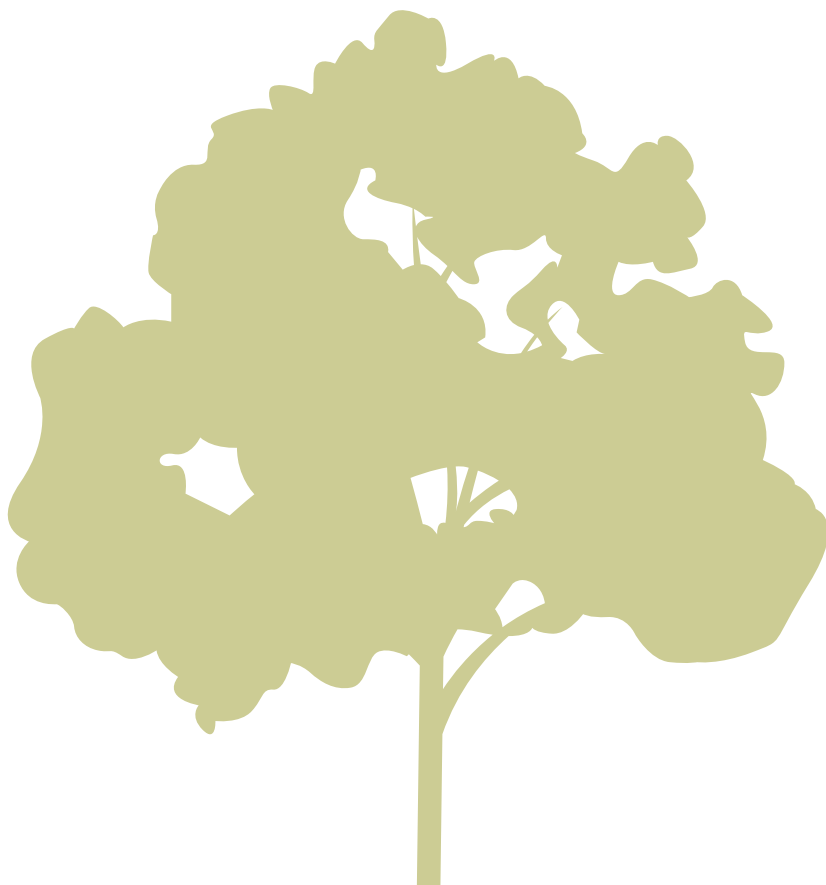


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291 Stewart Street
Bathurst
Dated: 23 September 2016



LR Smith
Partner



special schedules for the year ended 30 june 2016



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special schedule 1 - net cost of services for the year ending 30 june 2016

Function or Activity	REVENUES FROM ORDINARY ACTIVITIES			EXPENSES FROM ORDINARY ACTIVITIES		NET COST OF SERVICES	
	non capital revenues \$,000	capital revenues \$,000	group totals \$,000	expenses \$,000	group totals \$,000	net cost \$,000	group totals \$,000
GOVERNANCE							
Governance	1	0	1	622	622	(621)	(621)
ADMINISTRATION							
Corporate Support	2,717	0		19,912		(17,195)	
Engineering and Works	170	160		5,173		(4,843)	
Other Support Services	163	0	3,210	1,083	26,168	(920)	(22,958)
PUBLIC ORDER & SAFETY							
Statutory Contributions to Fire Safety Levy	0	0		905		(905)	
Fire Protection	305	0		784		(479)	
Animal Control	500	0		1,293		(793)	
Enforcement of Local Govt Regulations	3	0		833		(830)	
Emergency Services	0	0		626		(626)	
Other	9	0	817	4	4,446	5	(3,629)
HEALTH							
Administration and inspection	556	0		1,902		(1,346)	
Immunisations	15	0		41		(26)	
Health Centres	5	0		62		(57)	
Other	23	0	599	57	2,062	(34)	(1,463)
ENVIRONMENT							
Noxious Plants	28	0		60		(32)	
Other Environmental Protection	177	0		1,518		(1,341)	
Solid Waste Management	18,848	0		17,076		1,772	
Street Cleaning	4	0		2,248		(2,244)	
Drainage - Urban stormwater	67	3,283		3,387		(37)	
Stormwater Management	1,090	350	23,847	517	24,806	923	(959)
COMMUNITY SERVICES & EDUCATION							
Administration	38	0		688		(650)	
Family Day Care	2,053	0		2,258		(205)	
Child Care	5,476	0		8,402		(2,926)	
Youth Services	47	0		345		(298)	
Other Families & Children	0	0		25		(25)	
Aged and Disabled	2,764	0		2,585		179	
Migrant Services	9	0		29		(20)	
Aboriginal Services	0	0		120		(120)	
Other Community Services	38	0	10,425	41	14,493	(3)	(4,068)
HOUSING & COMMUNITY AMENITIES							
Housing	3	0		174		(171)	
Street Lighting	613	0		3,021		(2,408)	
Town Planning	1,335	6,747		2,877		5,205	
Public Conveniences	0	0		16		(16)	
Other Community Amenities	44	20	8,762	1,703	7,791	(1,639)	971

special schedule 1 - net cost of services cont.

Function or Activity

RECREATION & CULTURE

	non capital revenues \$'000	capital revenues \$'000	group totals \$'000	expenses \$'000	group totals \$'000	net cost \$'000	group totals \$'000
Public Libraries	538	0		5,654		(5,116)	
Art Galleries	1,132	0		3,775		(2,643)	
Museums	0	0		0		0	
Community Centres	320	0		851		(531)	
Public Halls	259	30		1,015		(726)	
Other Cultural Services	0	0		22		(22)	
Swimming Pools	2,279	35		4,137		(1,823)	
Sporting Grounds	758	737		4,128		(2,633)	
Parks and Gardens	71	0		9,665		(9,594)	
Other Sport and Recreation	1,726	0		3,651		(1,925)	
			7,885		32,898		(25,013)

MINING, MANUFACTURING & CONSTRUCTIONS

Building Control	4,158	0		2,484		1,674	
Other	0	0		0		0	
			4,158		2,484		1,674

TRANSPORT & COMMUNICATION

Urban Roads: Local	4,536	16,103		13,056		7,583	
Urban Roads: Regional	738	0		669		69	
Rural Roads: Regional	0	0		51		(51)	
Rural Roads: Local	0	0		446		(446)	
Bridges on Urban Roads: Local	0	0		1,293		(1,293)	
Footpaths	918	0		1,423		(505)	
Parking Areas	1,122	0		688		434	
Bus Shelters and Services	0	0		644		(644)	
Other	0	0		0		0	
			23,417		18,270		5,147

ECONOMIC AFFAIRS

Tourism and Area Promotion	224	0		2,049		(1,825)	
Industrial Development Promotion	0	0		0		0	
Other Business Undertakings	5,965	6		1,990		3,981	
			6,195		4,039		2,156

TOTALS - FUNCTIONS

GENERAL PURPOSE REVENUES ¹

	90,152		90,152	0	0	0	90,152
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SURPLUS/(DEFICIT) FROM ALL ACTIVITIES ²

			179,468		138,079		41,389
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NOTES

¹ - General Purpose Income consists of:

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

² - As reported on the Income Statement

Unaudited

special schedule 2a - statement of long term debt (all purpose)

as at 30 june 2016

Classification of Debt	principal outstanding at beginning of year			new loans raised during the year \$,000	debt redemption during the year		interest applicable for year \$,000	principal outstanding at end of year		
	current \$,000	non-current \$,000	total \$,000		from revenue \$,000	Adjusts \$,000		current \$,000	non-current ¹ \$,000	total \$,000
Loans (by source)										
Financial institutions	3,906	23,039	26,945	0	3,906		1,367	3,743	19,296	23,039
Other - Super Board	0	0	0	0	0	0	0	0	0	0
Total Loans	3,906	23,039	26,945	0	3,906	0	1,367	3,743	19,296	23,039
Total Long Term Debt	3,906	23,039	26,945	0	3,906	0	1,367	3,743	19,296	23,039

Note: reconciliation of non-current principal outstanding at end of year

¹ Non-current principal outstanding is exclusive of unwinding of discounts (\$258k)

Unaudited



Ingleburn Alive



Gargery Reserve

special schedule 7 - report on infrastructure assets as at 30 june 2016

Asset Class	Asset category (as determined by Council)	Estimated cost to bring to a satisfactory standard	Estimated cost to bring to agreed level of service set by Council	Required annual maintenance	2015-2016 actual maintenance	Carrying value	Gross Replacement Cost	Assets in condition as a % of Gross Replacement Cost					
		\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	0	1	2	3	4	5
Public buildings	Building envelope	2,305	2,305	5,506	5,566	107,247	112,257	2	20.58	55.78	19.77	1.57	0.30
	Building roof	785	785	68	68	33,566	36,732	1	18.82	43.48	34.64	1.82	0.45
	Building floor	561	561	5	5	58,129	60,906	20	30.71	44.83	3.26	0.72	0
	Building fit out	510	510	3	3	12,927	16,455	11	28.44	39.17	20.52	1.07	0
	Building services (fire, mechanical and other)	223	223	1,194	1,207	22,611	27,642	0	34.41	44.19	20.72	0.41	0.13
	Sub total	4,384	4,384	6,776	6,850	234,480	253,992						
Public spaces	Play equipment	447	447	243	249	4,407	5,676	1	72.58	11.09	13.90	0.90	0.08
	Other structures	469	469	1,110	1,139	20,795	34,563	10	16.92	50.65	20.38	1.75	0.42
	Swimming pools	0	0	327	335	6,095	7,585	0	83.98	16.02	0	0	0
	Land improvements - depreciable	364	364	5,736	5,885	4,812	8,182	17	18.44	19.18	40.71	4.23	0
	Sub total	1,280	1,280	7,415	7,608	36,109	56,006						
Public roads	Roads surfacing	7,276	7,276	3,015	3,033	72,103	95,181	20	28.13	22.45	22.38	6.67	0.01
	Roads pavements	5,324	5,324	582	585	166,407	214,906	9	33.43	51.20	4.92	1.80	0
	Road Formation	NA	NA	NA	NA	23,555	23,555	NA	NA	NA	NA	NA	NA
	Bridges and culverts	1,078	1,078	158	159	58,105	77,417	0	4.55	94.00	1.37	0.08	0
	Footpaths cycle ways	2,584	2,584	543	546	38,411	50,511	2	12.23	24.77	56.15	2.93	1.70
	Kerb and gutter and traffic islands	2,205	2,205	436	439	220,604	267,053	0	19.94	59.22	19.89	0.67	0.28
	Traffic management devices	5	5	0	0	2,242	2,617	5	26.74	65.05	2.82	0.20	0
	Road furniture	46	46	38	38	10,466	15,459	2	0.99	83.25	14.00	0.21	0
	Car parks surfacing	222	222	1	1	5,107	7,134	2	7.21	63.57	24.22	2.76	0.56
	Car parks pavements	130	130	34	34	8,824	10,334	3	70.97	0.09	24.98	1.03	0.25
	Car Park formation	NA	NA	NA	NA	2,220	2,220	NA	NA	NA	NA	NA	NA
	Other infrastructures	810	810	15	15	2,990	4,988	2	9.18	30.24	47.17	11.33	0
	Sub total	19,680	19,680	4,821	4,850	611,034	771,375						
Drainage works	Detention basins / flood mitigation	101	101	11	11	8,745	10,538	4	6.69	88.01	0.31	1.06	0
	Stormwater conduits	0	0	0	0	150,103	191,487	8	85.61	6.60	0	0	0
	Stormwater pits and headwalls	14	14	1,097	1,126	52,427	60,964	9	32.67	56.58	1.50	0.02	0
	Open channels	93	93	0	0	20,929	24,403	0	45.40	50.32	3.94	0.25	0
	Water quality devices	0	0	0	0	2,631	2,930	26	39.24	29.21	5.24	0	0
	Earthwork / embankments	NA	NA	NA	NA	55,222	55,222	NA	NA	NA	NA	NA	NA
	Sub total	208	208	1,108	1,137	290,057	345,544						
Totals classes	Total assets	25,552	25,552	20,121	20,445	1,171,680	1,426,917						

Infrastructure asset condition assessment				Level			Condition			Description		
Level	Condition	Description										
0	Excellent	New or near new or recently rehabilitated		3			Average			Maintenance work required		
1	Excellent	No work required (normal maintenance)		4			Poor			Renewal required		
2	Good	Only minor maintenance required		5			Very poor			Urgent renewal/upgrading required		

Note: Satisfactory refers to estimated cost to bring the asset to a satisfactory condition as deemed by Council. It does not include any placed 'enhancements' to the existing asset.

Note: Required annual maintenance is an estimate of what should be spent to maintain assets in a satisfactory standard.

Note: Current annual maintenance is what has been spent in the current year to maintain assets.

Note: Other structures asset class is not classified as infrastructure assets for the purposes of Special Schedule 7.

Infrastructure Asset Performance Indicators

	Amounts \$,000	Current Year Indicators	2015	2014
Building and infrastructure renewals ratio				
Asset renewals	20,098			
Depreciation, amortisation and impairment	18,802	1.07:1	0.84:1	0.60:1
To assess the rate at which these assets are being renewed against the rate they are depreciating				
Infrastructure backlog				
Estimated cost to bring assets to a satisfactory condition	25,552			
Carrying value of infrastructure assets	1,171,680	2.18%	2.35%	3.61%
Shows what proportion the infrastructure backlog is against the total value of Council's infrastructure				
Asset maintenance ratio				
Actual asset maintenance	20,445			
Required asset maintenance	20,121	1.02:1	1.61:1	0.86:1

Compares actual versus required annual asset maintenance

Sleeping Beauty, Britney D'Souza
2015 Macarthur Nature Photography competition entrant



For Saken, Ebonnie Brincat
2015 Macarthur Nature Photography competition entrant



special schedule 8 - permissible income for general rates as at 30 june 2016

	2015-2016 calculation \$,000	2016-2017 calculation \$,000
Notional general income calculation ¹		
Last year notional income yield	75,403	78,312
plus adjustments ²	1,206	791
notional general income	76,609	79,103
Permissible income calculation		
Special variation ³	0%	0%
or rate peg	2.40%	1.80%
or crown land adjustment incl rate peg	0%	0%
Less expiring special variations amount	0	0
Plus special variation amount	0	0
or plus rate peg amount	1,839	1,424
or plus crown land adjustment and rate peg amount	0	0
sub total	78,448	80,527
Plus or minus last year's carry forward total	(102)	0
Less valuation objections claimed in previous year	(34)	0
sub total	(136)	0
Total permissible income	78,312	80,527
less notional income yield	(78,312)	(80,527)
catch up or (excess) result	0	0
plus income lost due to valuation objections claimed ⁴	0	0
less unused catch up ⁵	0	0
carried forward to next year	0	0

¹ The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which includes amounts that relate to the prior year's rates income.

² Adjustments account for changes in the number of assessments and any increases or decreases in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916*.

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

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

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



AUDITOR'S REPORT PERMISSIBLE GENERAL INCOME (SPECIAL SCHEDULE No. 8) OF CAMPBELLTOWN CITY COUNCIL

Scope

We have audited the special purpose financial report comprising the reconciliation of total permissible general income (Special Schedule No. 8) of Campbelltown City Council for the 2016-'17 financial year.

Responsibility of Council for Special Schedule No. 8

The Council is responsible for the preparation and fair presentation of Special Schedule No. 8 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 24. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 8 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor

Our responsibility is to express an opinion on Special Schedule No. 8 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 8 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 8. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 8, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 8.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 8 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the reconciliation of Council's total permissible general income (Special Schedule 8) which shows a carry forward catch up total for 2016-'17 of **one hundred and forty nine dollars (\$149)** is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.


Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to the fact that Special Schedule 8 - the reconciliation of total permissible general income is a special purpose financial report which has been prepared for distribution to the Council and the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the financial report may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Office of Local Government or for any purpose other than for which the financial report was prepared.

The logo for intentus, featuring the word "intentus" in a lowercase, cursive script.

intentus

291 Stewart Street
Bathurst
Dated: 23 September 2016

A handwritten signature in black ink that reads "Lianne Smith".

LR Smith
Partner



PO Box 57, Campbelltown NSW 2560

Phone: 02 4645 4000

Facsimile: 02 4645 4111

Visit our website at www.campbelltown.nsw.gov.au