

A photograph of the Campbelltown City Council building, a multi-story concrete structure with large windows, set against a cloudy sky. The building is flanked by greenery and a paved walkway leads to the entrance. A large, solid pink triangle is positioned in the top right corner of the image, partially overlapping the building and the sky.

FINANCIAL STATEMENTS

2020-21

WELCOME

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

Our population is set to grow significantly, from 174,000 to more than 250,000 by 2036 and this growth together with Campbelltown's bold and innovative plans will see the city continue its transformation into a vibrant, self-sustainable, urban centre, with strong Government, business and community partnerships. This growth opportunity is leading to significant investment in infrastructure and jobs, however it also requires proactive and considered planning to ensure Campbelltown is ahead of the game and can continue to meet the needs of our growing community.

Home to Western Sydney University, TAFE and Campbelltown Public Hospital which is currently undergoing a \$600m expansion and the new National Herbarium of NSW at the Australian Botanic Garden Mount Annan which is nearing completion. Due to open in 2026, the Western Sydney Airport is also set to bring opportunities for Campbelltown, with significant investment in jobs, innovation, tourism opportunities and ongoing investment all set to benefit Campbelltown.

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

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

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

OUR MISSION

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

**GENERAL PURPOSE
FINANCIAL STATEMENTS**
FOR THE YEAR ENDED
30 JUNE 2021



GENERAL PURPOSE FINANCIAL STATEMENTS

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SPECIAL PURPOSE FINANCIAL STATEMENTS FOLLOW

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

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

ABN 31 459 914 087





General purpose financial statements for the year ended 30 June 2021

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 3 August 2021

Signature has been removed

Cr G Brticevic
MAYOR
16 / 09 / 2021

Signature has been removed

Cr M Oates
COUNCILLOR
16 / 09 / 2021

Signature has been removed

Mrs L Deitz
GENERAL MANAGER
16 / 09 / 2021

Signature has been removed

Mrs C Mears
RESPONSIBLE ACCOUNTING OFFICER
16 / 09 / 2021

INCOME STATEMENT

for the year ended 30 June 2021

Original unaudited budget 2021 \$'000		Notes	Actual 2021 \$'000	Actual 2020 \$'000
Income from continuing operations				
118,397	Rates and annual charges	B2-1	119,807	115,404
13,883	User charges and fees	B2-2	11,643	10,803
6,621	Other revenues	B2-3	7,239	5,608
23,570	Grants and contributions provided for operating purposes	B2-4	30,818	26,023
19,925	Grants and contributions provided for capital purposes	B2-4	36,083	47,968
5,133	Interest and investment revenue	B2-5	2,482	4,565
3,641	Other income	B2-6	19,122	2,983
191,170	Total income from continuing operations		227,194	213,354
Expenses from continuing operations				
76,703	Employee benefits and on-costs	B3-1	70,874	70,301
68,894	Materials and services	B3-2	63,145	61,775
435	Borrowing costs	B3-3	428	628
25,427	Depreciation and amortisation	B3-4	27,587	26,004
2,621	Other expenses	B3-5	6,262	5,783
0	Net loss from the disposal of assets	B4-1	4,963	3,657
174,080	Total expenses from continuing operations		173,259	168,148
17,090	Operating result from continuing operations		53,935	45,206
17,090	Net operating result for the year attributable to Council		53,935	45,206
(2,835)	Net operating result for the year before grants and contributions provided for capital purposes		17,852	(2,762)

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

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2021

		Actual	Actual
		2021	2020
	Notes	\$'000	\$'000
Net operating result for the year from Income Statement		53,935	45,206
Other comprehensive income			
Amounts which will not be reclassified subsequently to operating result			
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	C1-6 F4-2	108,255	83,511
Fair value movement on investments at fair value through other comprehensive income (FVOCI)		0	(55)
Total other comprehensive income for the year		<u>108,255</u>	<u>83,456</u>
Total comprehensive income for the year attributable to Council		<u>162,190</u>	<u>128,662</u>

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

	Notes	Actual 2021 \$'000	Restated 30 June 2020 \$'000	Restated 1 July 2019 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	C1-1	56,304	6,352	2,402
Investments	C1-2	112,228	102,609	117,013
Receivables	C1-4	9,851	8,273	9,907
Inventories	C1-5	428	423	376
Other	C1-5	1,143	85	45
Non-current assets classified as held for sale		0	0	2,160
Total current assets		<u>179,954</u>	<u>117,742</u>	<u>131,903</u>
Non-current assets				
Investments	C1-2	77,450	134,628	114,555
Infrastructure, property, plant and equipment	C1-6	2,527,858	2,390,568	2,268,942
Investment property	C1-7	43,675	25,225	22,864
Total non-current assets		<u>2,648,983</u>	<u>2,550,421</u>	<u>2,406,361</u>
Total assets		<u>2,828,937</u>	<u>2,668,163</u>	<u>2,538,264</u>
LIABILITIES				
Current liabilities				
Payables	C3-1	14,341	11,809	10,670
Contract liabilities	C3-2	6,481	6,732	0
Borrowings	C3-3	2,431	2,656	3,099
Employee benefit provisions	C3-4	19,346	18,957	18,274
Provisions	C3-5	1,250	1,630	1,090
Total current liabilities		<u>43,849</u>	<u>41,784</u>	<u>33,133</u>
Non-current liabilities				
Borrowings	C3-3	4,696	7,127	9,783
Employee benefit provisions	C3-4	619	559	440
Provisions	C3-5	3,720	4,830	3,480
Total non-current liabilities		<u>9,035</u>	<u>12,516</u>	<u>13,703</u>
Total liabilities		<u>52,884</u>	<u>54,300</u>	<u>46,836</u>
Net assets		<u>2,776,053</u>	<u>2,613,863</u>	<u>2,491,428</u>
EQUITY				
Accumulated surplus	C4-1	1,228,585	1,174,650	1,135,726
Revaluation reserves	C4-1	1,547,468	1,439,213	1,355,702
Total equity		<u>2,776,053</u>	<u>2,613,863</u>	<u>2,491,428</u>

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2021

	Notes	Accumulated Surplus	IPPE Revaluation Reserve	Other Reserves	Council Equity Interest	Total Equity
2021						
Opening balance at 1 July		1,174,650	1,439,213	0	2,613,863	2,613,863
Net operating result for year		53,935	0	0	53,935	53,935
Other comprehensive income						
- Gain/(loss) on revaluation of infrastructure, property, plant and equipment		0	108,255	0	108,255	108,255
Total comprehensive income		53,935	108,255	0	162,190	162,190
Closing Balance		1,228,585	1,547,468	0	2,776,053	2,776,053
2020						
Opening balance		1,135,726	1,349,987	55	2,485,768	2,485,768
Correction of errors	F4	0	5,660	0	5,660	5,660
Changes due to AASB 1058 and AASB 15 adoption	F4	(6,282)	0	0	(6,282)	(6,282)
Restated opening balance		1,129,444	1,355,647	55	2,485,146	2,485,146
Net operating result for year		45,206	0	0	45,206	45,206
Other comprehensive income						
- Gain/(loss) on revaluation of infrastructure, property, plant and equipment		0	83,511	0	83,511	83,511
Total comprehensive income		45,206	83,511	0	128,717	128,717
Transfers between equity items		0	55	(55)	0	0
Closing Balance		1,174,650	1,439,213	0	2,613,863	2,613,863

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 2021

Original unaudited budget 2021 \$'000		Notes	Actual 2021 \$'000	Actual 2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts:				
118,396	Rates and annual charges		119,499	115,086
13,883	User charges and fees		11,518	11,358
5,133	Investment revenue and interest		2,564	4,880
43,496	Grants and contributions		46,895	38,999
0	Bonds, deposits and retentions received		615	106
18,716	Other		15,842	13,924
Payments:				
(76,703)	Employee benefits and on-costs		(71,447)	(67,795)
(44,172)	Materials and services		(40,526)	(37,280)
(435)	Borrowing costs		(445)	(577)
0	Bonds, deposits and retentions refunded		(85)	(66)
(32,241)	Other		(35,087)	(35,234)
46,073	Net cash provided by/or used in operating activities	F1-1	49,343	43,401
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts:				
4,020	Sale of infrastructure, property, plant and equipment		2,040	1,078
0	Sale of investments		79,440	65,404
Payments:				
0	Purchase of investments		(31,881)	(70,404)
(88,875)	Purchase of infrastructure, property, plant and equipment		(46,334)	(32,430)
(84,855)	Net cash provided by/or used in investing activities		3,265	(36,352)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments:				
(2,656)	Repayment of borrowing and advances		(2,656)	(3,099)
(2,656)	Net cash provided by/or used in financing activities		(2,656)	(3,099)
(41,438)	Net increase/(decrease) in cash assets and cash equivalents		49,952	3,950
	Cash and cash equivalents at beginning of reporting period		6,352	2,402
(41,438)	Cash and cash equivalents at end of reporting period	C1-1	56,304	6,352

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

A photograph of two women walking through a sunlit forest. The woman on the left is wearing a white long-sleeved top and dark pants, while the woman on the right is wearing a light blue long-sleeved top, a grey scarf, and dark pants. They are walking on a path covered with green grass and low-lying plants. The background is filled with tall trees and dense foliage, with sunlight filtering through the leaves, creating a warm and natural atmosphere.

**NOTES TO THE
GENERAL PURPOSE
FINANCIAL
STATEMENTS**
FOR THE YEAR ENDED
30 JUNE 2021

A – ABOUT COUNCIL AND THESE FINANCIAL STATEMENTS

These financial statements were authorised for issue by Council on 3 August 2021. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting interpretations, the *Local Government Act 1993* (as amended) and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Campbelltown City Council is a not for profit entity for the purpose of preparing the financial statements. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Historical cost convention

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

Significant accounting estimates and judgements

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- a. Estimated fair values of investment properties – refer to note C1-7
- b. Estimated fair values of infrastructure, property, plant and equipment – refer to note C1-6
- c. Employee benefit provisions – refer to note C3-4

Significant judgements in applying council's accounting policies

Impairment of receivables – Council has made significant judgement about the impairment of its receivables – refer to note C1-4.

Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 Revenue from Contracts with Customers and / or AASB 1058 Income of Not-for-Profit Entities – refer to Notes B2-2 – B2-4.

Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

MONIES AND OTHER ASSETS RECEIVED BY COUNCIL

The Consolidated Fund

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

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

- General purpose operations

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

- Town Hall Theatre Management Committee

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993* (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by Council in trust which must be applied only for the purpose of or in accordance with the trusts relating to those monies. Trust monies and property subject to Council's control have been included in these reports.

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

Goods and Services Tax (GST)

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

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

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

Volunteer Services

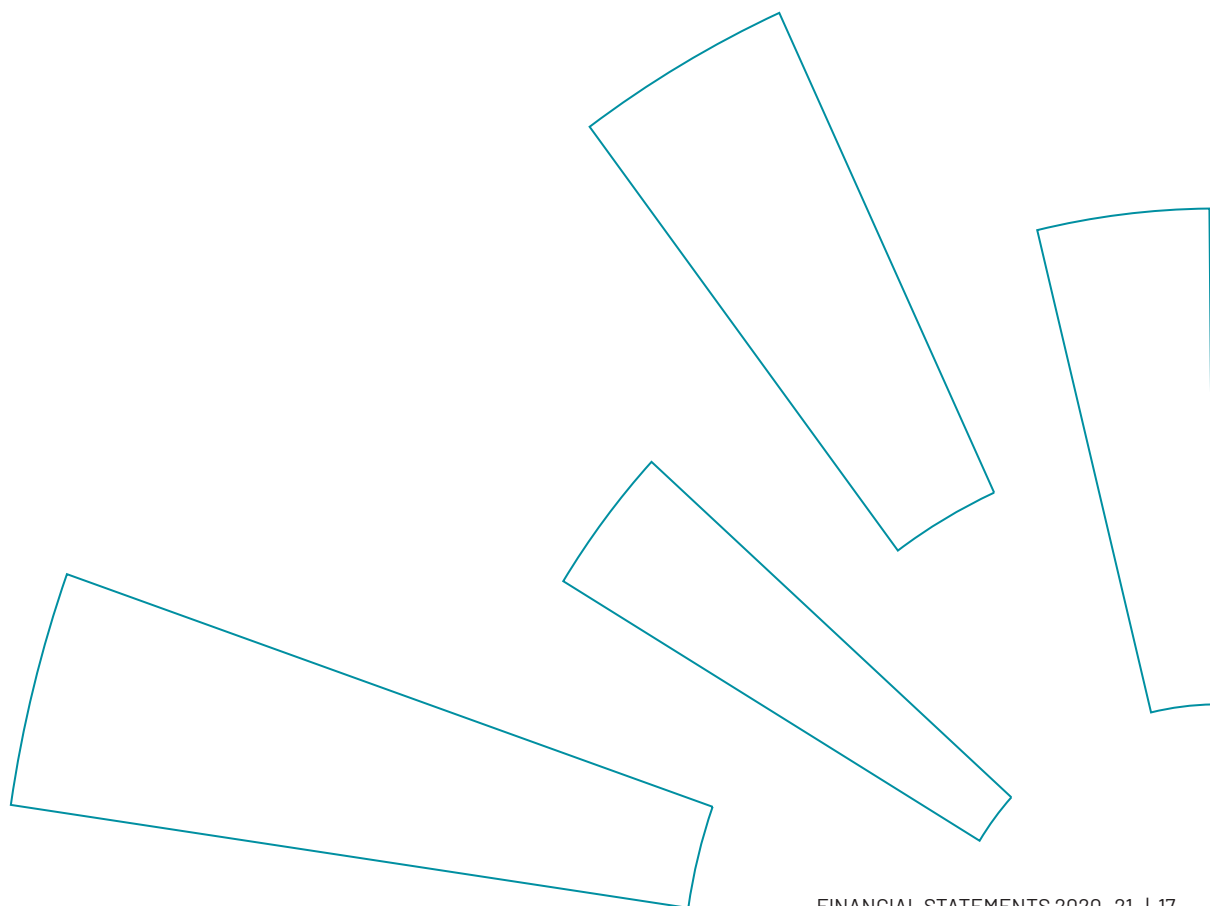
Council has assessed Volunteer Services and determined such services would not be recognised in the Income Statement. Volunteer Services are infrequent in nature. Such services cannot be reliably measured and are not considered material in nature.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods. Campbelltown City Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2020.

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

Pronouncement	AASB 2020-1 Amendments to Australian Accounting Standards - Classification of liabilities as current or non current; AASB 2020-2 Amendments to Australian Accounting Standards - Classification of liabilities as current or non current - deferral of effective date.
Nature of change in accounting policy	This standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.
Effective date	Annual reporting periods beginning on or after 1 January 2023; i.e. year ended 30 June 2024.
Expected impact on Council Financial Statements	Little impact expected as Council does consider the appropriate classification of liabilities as current or non-current.



A1-1 BASIS OF PREPARATION (CONT)

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

NEW ACCOUNTING STANDARDS ADOPTED DURING THE YEAR

During the year, Council adopted all standards which were mandatorily effective for the first time at 30 June 2021. None of these standards had a significant impact on reported position or performance.

B – FINANCIAL PERFORMANCE

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

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

	INCOME		EXPENSES		OPERATING RESULTS		GRANTS		CARRYING AMOUNT OF ASSETS	
	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Actual 2020 \$'000	Actual 2021 \$'000	Restated 2020 \$'000
STRATEGIC PLAN OBJECTIVES										
A vibrant, liveable city	39,478	31,910	64,212	66,260	(24,734)	(34,350)	6,315	3,839	548,114	498,964
A respected and protected natural environment	1,395	1,301	3,253	3,405	(1,858)	(2,104)	340	559	483	423
A thriving, attractive city ⁽¹⁾	138,635	118,601	56,326	56,544	82,309	62,058	15,823	15,315	1,107,968	1,079,148
A successful city	47,686	61,542	49,468	41,940	(1,782)	19,602	11,291	8,385	1,172,371	1,089,628
Total functions or activities ⁽²⁾	227,194	213,354	173,259	168,148	53,935	45,206	33,769	28,098	2,828,937	2,668,163

(1) Includes general purpose revenues

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

B1-2 COMPONENTS OF FUNCTIONS OR ACTIVITIES

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

A VIBRANT, LIVEABLE CITY

- Access to information
- Public spaces
- Inclusive city
- Events and festivals
- Sporting events
- Creative community
- Heritage, history, and Aboriginal and Torres Strait Islander history
- Housing choices

A RESPECTED AND PROTECTED NATURAL ENVIRONMENT

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

A THRIVING, ATTRACTIVE CITY

- New economies
- Service provision to support the community
- Innovative city
- Attractive businesses
- Support for professional education opportunities and entrepreneurship
- Tourism development
- Strategically managed public funds and assets
- Strong governance

A SUCCESSFUL CITY

- Connectivity and movement within, to and from city
- Infrastructure solutions
- Managed growth and development
- Open and recreational space
- Partnership with state government
- City centre strategic planning



B2 SOURCES OF INCOME

B2-1 RATES AND ANNUAL CHARGES

	Actual 2021 \$'000	Actual 2020 \$'000
Ordinary rates		
Residential	68,989	66,270
Farmland	594	599
Business	20,115	19,600
Mining	29	28
Less: Pensioner rebates	(1,511)	(1,454)
Rates levied to ratepayers	88,216	85,043
Pensioner rate subsidies received	831	800
Total ordinary rates	89,047	85,843
Special rates		
Infrastructure	6,836	6,596
Total special rates	6,836	6,596
Annual charges (pursuant to s.496 and s.501)		
Domestic waste management services	22,541	21,621
Waste management services (not domestic)	562	529
Stormwater management services	1,443	1,418
Less: Pensioner rebates	(893)	(868)
Annual charges levied	23,653	22,700
Pensioner domestic waste management subsidies received	271	265
Total annual charges	23,924	22,965
Total rates and annual charges	119,807	115,404

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

Valuations are updated every three years.

ACCOUNTING POLICY FOR RATES AND CHARGES

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

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

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

B2-2 USER CHARGES AND FEES

	Actual 2021 \$'000	Actual 2020 \$'000
User charges		
Waste water disposal	274	286
Other	83	103
Total user charges	<u>357</u>	<u>389</u>
Fees		
Hire of Council facilities	3,210	2,951
Memberships	528	517
Child care fees	2,069	1,687
Private works	171	194
s.611 gas mains	89	90
Planning and building - regulatory	2,237	2,207
Other - regulatory	199	131
S10.7 certificates (EPA Act)	391	347
S603 certificates	270	215
Inspection fees	567	526
Building services	659	546
Road/footpath reinstatement	646	801
Other	250	202
Total fees	<u>11,286</u>	<u>10,414</u>
Total user charges and fees	<u>11,643</u>	<u>10,803</u>
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	6,164	5,544
User charges and fees recognised at a point in time	5,479	5,259
Total user charges and fees	<u>11,643</u>	<u>10,803</u>

ACCOUNTING POLICY FOR USER CHARGES AND FEES

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

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

Where an upfront fee is charged such as joining fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership. Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than over the term of the licence.

B2-3 OTHER REVENUE

	Actual 2021 \$'000	Actual 2020 \$'000
Events and promotions	113	99
Fines	1,481	2,119
Recycling income (not domestic)	3	2
Legal fees recovery (rates)	351	361
Insurance claims recoveries	253	75
Commissions and agency fees	402	614
Sundry contributions to works	1,068	682
Minor equipment sold	37	20
Sale of animals	90	108
Sale of consumables	172	185
Rebates	1,424	932
Property related fees and land sales	99	0
Reduction in workers compensation claims liability	1,490	0
Other	256	411
Total other revenue from continuing operations	7,239	5,608
Timing of revenue recognition for other revenue		
Other revenue recognised over time	0	0
Other revenue recognised at a point in time	7,239	5,608
Total other revenue	7,239	5,608

ACCOUNTING POLICY FOR OTHER REVENUE

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

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

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

B2-4 GRANTS AND CONTRIBUTIONS

Notes	Operating 2021 \$'000	Capital 2021 \$'000	Operating 2020 \$'000	Capital 2020 \$'000
General purpose grants and non-developer contributions (untied)				
- relating to current year	4,821	0	4,950	0
- prepayment received in advance for subsequent year	5,160	0	5,246	0
	9,981	0	10,196	0
Specific purpose grants and non-developer contributions (tied)				
Cash contributions				
Transport	1,277	276	1,282	0
Roads to Recovery	1,106	0	1,106	0
Local Roads and Community Infrastructure	3,611	0	0	0
Infrastructure	0	3,985	0	3,571
Open Spaces	742	2,305	393	828
Community Care	5,752	0	5,058	0
Recreation and culture	701	1,770	450	494
Library	496	0	472	0
NSW Rural Fire Services	246	0	270	0
Town planning	650	0	1,250	0
Other grants	3,240	575	2,559	169
Transport for NSW contributions	695	0	695	0
Other council contributions	29	0	184	0
Car lease contributions	702	0	651	0
Interest rate subsidies	281	0	341	0
Other contributions	1,007	51	926	43
Non-cash contributions				
Dedications	0	19,896	0	37,328
Total special purpose grants and non-developer contributions (tied)	20,535	28,858	15,637	42,433
Total grants and non-developer contributions (tied)	30,516	28,858	25,833	42,433
Comprising: Commonwealth funding	20,395	0	16,387	0
State funding	8,015	4,896	7,490	1,515
Other funding	2,106	23,962	1,956	40,918
	30,516	28,858	25,833	42,433

B2 SOURCES OF INCOME

	Notes	Operating 2021 \$'000	Capital 2021 \$'000	Operating 2020 \$'000	Capital 2020 \$'000
Developer contributions (s7.4 and s.7.11 - EP&A Act, s64 of the LGA)	F5				
Cash contributions					
S7.11 - contributions towards amenities/services		302	5,270	190	2,142
Non-cash contributions					
Other developer contributions		0	1,955	0	3,393
Total developer contributions		<u>302</u>	<u>7,225</u>	<u>190</u>	<u>5,535</u>
Total grants and contributions		<u>30,818</u>	<u>36,083</u>	<u>26,023</u>	<u>47,968</u>
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time		0	6,936	0	5,062
Grants and contributions recognised at a point in time		<u>30,818</u>	<u>29,147</u>	<u>26,023</u>	<u>42,906</u>
Total grants and contributions		<u>30,818</u>	<u>36,083</u>	<u>26,023</u>	<u>47,968</u>

Unspent grants and contributions

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

	Operating 2021 \$'000	Capital 2021 \$'000	Operating 2020 \$'000	Capital 2020 \$'000
Unspent funds at 1 July	(11,731)	(10,401)	(31,626)	(29,440)
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	(10,526)	(8,275)	(9,502)	(7,859)
Add: Funds received and not recognised as revenue in the current year	(47)	(40)	(3,009)	(1,365)
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	6,891	6,985	5,156	5,879
Less: Funds received in prior year but revenue recognised and funds spent in current year	0	0	3,180	1,158
Unspent funds at 30 June	<u>(15,413)</u>	<u>(11,731)</u>	<u>(35,801)</u>	<u>(31,627)</u>

ACCOUNTING POLICY FOR GRANTS AND CONTRIBUTIONS

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include installation of works. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others. Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern.

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

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

Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 INTEREST AND INVESTMENT INCOME

	Actual 2021 \$'000	Actual 2020 \$'000
Interest on financial assets measured at amortised cost		
- Overdue rates and annual charges	172	244
- Cash and investments	2,310	4,303
Dividend income relating to investments held at fair value through other comprehensive income (FVOCI)	0	18
Total interest and investment revenue (losses)	<u>2,482</u>	<u>4,565</u>

ACCOUNTING POLICY FOR INTEREST AND INVESTMENT REVENUE

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

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

B2-6 OTHER INCOME

	Notes	Actual 2021 \$'000	Actual 2020 \$'000
Fair value increment on investment properties	C1-7	15,845	28
Rental income	C2-2	3,277	2,955
Total other income		<u>19,122</u>	<u>2,983</u>



B3-1 EMPLOYEE BENEFITS AND ON COSTS

	Actual 2021 \$'000	Actual 2020 \$'000
Salaries and wages	54,674	53,464
Employee leave entitlements	8,162	7,948
Superannuation	6,243	6,077
Workers compensation insurance - claims and admin costs	1,820	2,862
Fringe benefits tax	177	172
Training costs (excluding salaries)	28	12
Other	6	41
Less: capitalised costs	(236)	(275)
Total employee costs	70,874	70,301

ACCOUNTING POLICY FOR EMPLOYEE BENEFITS AND ON-COSTS

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

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

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

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

B3 COSTS OF PROVIDING SERVICES

B3-2 MATERIALS AND SERVICES

	Notes	Actual 2021 \$'000	Actual 2020 \$'000
Raw materials and consumables		4,640	4,190
Contractor costs		24,450	21,951
Remuneration of Auditors	E2-1	182	163
Legal fees:			
- planning and environment		0	52
- other		861	743
Advertising		394	793
Bank charges and fees		306	213
Child care expenses		1,491	1,319
Computer equipment and fees		3,084 ⁽²⁾	3,020
Consultants and professional fees		3,793	5,262
Electricity and gas		1,332	1,559
Equipment maintenance and repairs		82	69
Equipment/furniture and fittings		827 ⁽¹⁾	388
Hired personnel		1,259	1,853
Insurance		1,751 ⁽¹⁾	1,730
Mayoral fee	E1-2	69	69
Councillors fees	E1-2	361	350
Office expenses		99	93
Postage, printing and stationery		568 ⁽¹⁾	682
Self insurance expenses		1,176	1,006
Seminar/conference/civic functions		100 ⁽¹⁾	141
Street lighting		3,073	3,241
Telephone		1,125 ⁽¹⁾	969
Tipping fees/contributions		7,242	6,765
Training costs		317	341
Travelling		86 ⁽¹⁾	128
Valuer generals department		380	359
Water rates		1,013	1,021
Other		3,084 ⁽¹⁾	3,305
Total materials and services		63,145	61,775

⁽¹⁾ Prior year comparatives adjusted due to the removal of the Councillor and Mayoral expenses line item. Refer to Note E1-2 for detail.

⁽²⁾ Prior year comparatives adjusted due to the removal of the Operating leases - computers line item.

ACCOUNTING POLICY FOR MATERIALS AND CONTRACTS

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

B3-3 BORROWING COSTS

	Actual 2021 \$'000	Actual 2020 \$'000
Interest on loans	428	562
Amortisation of discounts and premiums		
- Interest free loan received	0	66
Total borrowing costs	<u>428</u>	<u>628</u>

ACCOUNTING POLICY FOR BORROWING COSTS

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

B3 COSTS OF PROVIDING SERVICES

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

	Notes	Actual 2021 \$'000	Actual 2020 \$'000
Depreciation and amortisation			
Plant and equipment	C1-6	2,192	2,026
Office equipment	C1-6	185	278
Furniture and fittings	C1-6	23	62
Infrastructure	C1-6	24,902	23,339
Other assets	C1-6	285	299
Total depreciation and amortisation costs		27,587	26,004

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

Depreciation and Amortisation

Depreciation and amortisation are calculated using straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

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

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

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

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

B3-5 OTHER EXPENSES

	Actual 2021 \$'000	Actual 2020 \$'000
Contributions and donations to other organisations	751	1,041
Contributions and levies to other levels of government		
- planning levy	126	124
- waste levy	3,318	2,946
- emergency services levy (incl. FRNSW, SES, RFS)	2,062	1,667
Other	5	5
Total other expenses	6,262 ⁽¹⁾	5,783

⁽¹⁾ Refer to Note B3-2 for costs reclassified due to nature of expenditure

ACCOUNTING POLICY FOR OTHER EXPENSES

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

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

	Notes	Actual 2021 \$'000	Actual 2020 \$'000
Gain (or loss) from the disposal of infrastructure, property, plant and equipment	C1-6		
Proceeds from disposal		2,039	1,077
Less: carrying amount of assets sold		<u>(7,002)</u>	<u>(5,464)</u>
Gain (or loss) on disposal		<u>(4,963)</u>	<u>(4,387)</u>
Gain (or loss) from the disposal of investments	C1-2		
Proceeds from disposal		0	785
Less: carrying amount of assets sold		<u>0</u>	<u>(55)</u>
Gain (or loss) on disposal		<u>0</u>	<u>730</u>
Net gain (or loss) from the disposal of assets		<u>(4,963)</u>	<u>(3,657)</u>

ACCOUNTING POLICY FOR DISPOSAL OF ASSETS

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

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

B5-1 MATERIAL BUDGET VARIATIONS

Council's original budget was adopted by Campbelltown City Council on 30 June 2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

REVENUES**USER CHARGES AND FEES**

Actual User Charges and Fees received were less than budgeted by some \$2.2m (U)(16%).

Variations in amounts received are detailed below:

- Income from road occupancy fees was greater than budgeted by \$95k (F).
- Reduction in income from building and development application fees, inspection fees and construction certificates resulting from decreased development activity \$740k (U).
- Childcare fee income \$578k (U), decrease in income from childcare fees due to decreased utilisation.
- Leisure Centre and sporting facility income \$853k (U), proceeds from learn to swim and facility usage under budget due to closures and decreased utilisation.
- Income from facility hire such as halls, and library and Arts Centre programs \$173k (U), decrease due to closures and decreased utilisation.

INTEREST ON INVESTMENTS

Actual Interest received was less than budgeted by some \$2.7m (U)(52%). Interest rates have remained at record lows. The budget was developed on a higher interest rate, which has contributed to this result. In addition the amount of funds held on investment was less than anticipated, due to the decline in operational income.

GRANTS AND CONTRIBUTIONS RECEIVED (OPERATING AND CAPITAL)

Actual amounts of grants and contributions received were over budget by some \$23.4m (F)(54%).

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

- Capital contributions of \$23.2m (F), unbudgeted contributions and dedications from developers towards land, road and drainage construction at various development sites, as well as \$7.11 plan contributions.
- Child Care grants of \$993k (F), due to the additional government assistance provided to child care centres and split between child fees and government subsidy.
- Financial assistance grant of \$306k (F), resulting from a combination of the future period payment in advance and the grant being more than was anticipated.
- There were a number of grants and contributions received that were not included in the original budget of \$8.5m (F), mainly due to various government stimulus packages announced during the year. These include funding for: Processing Development Applications, Place Improvement/Development Projects, Local Roads Community Infrastructure grants and a contribution for the Centre of Excellence project.

B5 PERFORMANCE AGAINST BUDGET

- Budgeted funds that were only partially received of \$9.5m (U), mainly due to works being delayed or budgeted cash flow differences. These include funding for: the Centre of Excellence project and major works including the Billabong Parklands, Raby Road reconstruction and Seddon Park redevelopment.
- Various other minor variations including; contributions from sporting clubs, and community bodies, employee contributions, pensioner subsidy, contributions from other councils and construction works not budgeted.

OTHER INCOME

Actual amounts of other revenues received were over budget by some \$15.5m (F)(233%).

Variations in amounts received are detailed below:

- Income from ground leases less due to deferment in commencement \$307k (U).
- Adjustment for fair value increments due to revaluation of Land and Building investment properties \$15.8m (F).

EXPENSES

DEPRECIATION

Actual depreciation expenses were over budget by some \$2.1m (U)(8%).

- Council's portfolio of assets includes various categories, including buildings, roads and bridges, stormwater, property, plant and equipment, office equipment and other structures. The variations to original budget are due to a number of factors, including, new fair valuation data, increases in the number of assets due to dedications, and updated condition assessments of assets.

LOSS ON DISPOSAL OF ASSETS

Council disposed of various items of property, plant and equipment assets during the year. The accounting treatment of the gain or loss on disposal was not included in the original budget. The net result of \$4.9m (U) is mainly due to the renewal of infrastructure assets.

OTHER

Various minor favourable and unfavourable variations occurred throughout the year in the other various expense categories of \$3.6m (U)(139%).

- Increase in the Emergency Services Levy contribution \$353k (U)
- Waste Service Levy transferred from Contracts to Other Expenses \$3.3m (U)
- All variations have been monitored, and reported to Council on a regular basis.

STATEMENT OF CASH FLOWS**CASH FLOWS FROM OPERATING ACTIVITIES**

The net variance from operating activities was 7% (F) , however there were variances in user charges and fees of some \$2.3m (U), interest revenues and interest of \$2.5m (U) and other revenues of \$2.8m (U) largely as a result of decreased utilisation and historically low interest rates resulting from COVID-19. These reduced revenues were offset by a decrease in employee expenses of some \$5m (F) as a result of delaying recruitment for vacant positions and a decrease in expenses associated with workers compensation claims; coupled with a decrease in materials and services expenditure of \$3.6m (F) attributable to periods of decreased construction activity during periods impacted by COVID-19.

CASH FLOWS FROM INVESTING ACTIVITIES

Cash flows from investing activities were over budget. Variances of \$2m (U) for the sale of infrastructure, property, plant and equipment that were not realised in the reporting period as well as the sale of financial investments to fund capital purchases not originally budgeted for.

CASH FLOWS FROM FINANCING ACTIVITIES

Cash flows from financing activities were within budget.

C – FINANCIAL POSITION

C1-1 CASH AND CASH EQUIVALENTS

	Notes	Actual 2021 \$'000	Actual 2020 \$'000
Cash assets			
Cash at bank and on hand		2,150	4,288
Deposits at call		54,154	2,064
Total cash assets		<u>56,304</u>	<u>6,352</u>
Reconciliation of cash and cash equivalents			
Total cash and cash equivalents per Statement of Financial Position		56,304	6,352
Less: bank overdraft	C3-3	<u>0</u>	<u>0</u>
Balances as per Statement of Cash Flows		<u>56,304</u>	<u>6,352</u>

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

ACCOUNTING POLICY FOR CASH AND CASH EQUIVALENTS

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

C1-2 FINANCIAL INVESTMENTS

	Actual 2021		Actual 2020	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Financial assets at fair value through profit and loss				
Managed funds	8,569	0	35,465	0
Floating rate notes	10,200	19,050	9,500	27,750
Debt securities at amortised cost				
Terms Deposits	93,459	45,900	57,644	106,878
Fixed Bonds	0	12,500	0	0
Total	112,228	77,450	102,609	134,628

ACCOUNTING POLICY FOR INVESTMENTS

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

Fair value through other comprehensive income – equity instruments

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

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

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

Financial assets through profit or loss

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

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

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

C1-3 RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

	Actual 2021		Actual 2020	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Total cash, cash equivalents and investments	<u>168,532</u>	<u>77,450</u>	<u>108,961</u>	<u>134,628</u>
	2021 restricted cash \$'000		2020 restricted cash \$'000	

EXTERNAL RESTRICTIONS

External restrictions included in cash, cash equivalents and investments comprise:

Included in liabilities

Self insurance claims	5,350	6,900
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Developer Contributions

Developer contributions - S7.11	25,437	22,108
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Developer contributions - Other	898	878
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Other

Specific purpose unexpended grants	19,466	17,336
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Domestic waste management	15,340	14,210
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General contributions	5,413	3,036
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Stormwater management levy	609	4,200
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Total external restrictions	<u>72,513</u>	<u>68,668</u>
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INTERNAL RESTRICTIONS

Council has internally restricted cash, cash equivalents and investments as follows:

Included in liabilities

Employee leave entitlements	8,450	8,450
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Other

Committed works funded by loans	2,641	3,045
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Property development	79,826	80,059
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Replacement of fleet, plant and vehicles	9,092	7,747
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Future infrastructure fund	41,047	27,893
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Asset replacement	5,205	5,357
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Self insurance	1,278	400
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Committed works	8,450	10,594
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Local Government elections	1,030	830
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Insurances	7,283	7,324
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Environmental	1,824	1,705
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Community events	1,427	902
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Other	337	310
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Total internal restrictions	<u>167,890</u>	<u>154,616</u>
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Total restrictions	<u>240,403</u>	<u>223,284</u>
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External restrictions over cash, cash equivalent and investments are held to be used only for the purpose for which they were given.

Internal restrictions over cash, cash equivalents and investments are those assets restricted only by a resolution of the elected Council.

C1-4 RECEIVABLES

	Actual 2021		Actual 2020	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Rates and annual charges	5,005	281	4,223	294
Interest and extra charges	943	46	1,061	51
User charges and fees	896	0	294	0
Accrued revenues	485	0	586	0
Government grants and subsidies	313	0	328	0
Private works	3	0	3	0
Sundry debtors	2,435	0	1,970	0
Total	<u>10,080</u>	<u>327</u>	<u>8,465</u>	<u>345</u>
Less: provision for impairment				
- rates and annual charges	(167)	(327)	(130)	(345)
- user charges and fees	(19)	0	(19)	0
- other	(43)	0	(43)	0
Net receivables	<u>9,851</u>	<u>0</u>	<u>8,273</u>	<u>0</u>
Restricted receivables	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Externally restricted receivables				
Domestic waste management	<u>957</u>	<u>0</u>	<u>829</u>	<u>0</u>
	<u>957</u>	<u>0</u>	<u>829</u>	<u>0</u>
Total restricted receivables	957	0	829	0
Unrestricted receivables	<u>8,894</u>	<u>0</u>	<u>7,444</u>	<u>0</u>
Total receivables	<u>9,851</u>	<u>0</u>	<u>8,273</u>	<u>0</u>

ACCOUNTING POLICY FOR RECEIVABLES

Recognition and measurement

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

Impairment

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

When estimating ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Councils historical experience and informed credit assessment and including forwarding looking information.

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

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

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

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

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

C1-5 INVENTORIES

	Actual 2021		Actual 2020	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
(a) Inventories				
At cost:				
Stores and materials	428	0	423	0
Total inventories	<u>423</u>	<u>0</u>	<u>423</u>	<u>0</u>

ACCOUNTING POLICY FOR INVENTORIES

Raw materials and stores, work in progress and finished goods

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

Inventory held for distribution

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

Land held for resale/capitalisation of borrowing costs

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

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

C1-6 INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

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

(1) Excludes investment properties

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

By aggregated asset class	Gross carrying amount \$'000	Accum. depn. \$'000	Net carrying amount \$'000	Renewals \$'000	New assets \$'000	Carrying value of disposals \$'000	Depn. and impairment \$'000	Transfers \$'000	Revaluation inc/(dec) \$'000	Gross carrying amount \$'000	Accum. depn. \$'000	Net carrying amount \$'000
	As at 30 June 2019			Movements during year						As at 30 June 2020		
Capital WIP	700	0	700	592	136	0	0	(696)	0	732	0	732
Plant and equipment	18,368	9,939	8,429	3,286	405	536	2,034	0	0	19,368	9,818	9,550
Office equipment	3,418	2,630	788	14	117	0	281	0	0	3,549	2,911	638
Furniture and fittings	577	387	190	11	24	0	62	0	0	469	306	163
Land												
- operational land	724,821	0	724,821	0	2,722	0	0	639	1,138	729,320	0	729,320
- community land	253,967	0	253,967	0	0	1,836	0	0	(19,501)	232,630	0	232,630
- crown land	0	0	0	0	10,833	0	0	0	0	10,833	0	10,833
- land under roads	110,527	0	110,527	0	1,421	0	0	0	16,760	128,708	0	128,708
Land improvements												
- Non depreciable	34,139	0	34,139	76	168	54	0	18	3,737	38,084	0	38,084
Buildings ⁽¹⁾	289,133	65,499	223,634	5,145	98	771	3,879	(232)	18,084	308,319	66,240	242,079
Other structures ⁽²⁾	59,392	21,251	38,141	1,869	1,674	417	2,268	77	3,254	63,183	20,853	42,330
Infrastructure												
-roads ⁽²⁾	586,439	179,250	407,189	10,733	14,689	535	11,006	0	36,600	603,844	146,174	457,670
-bridges ⁽²⁾	90,586	38,849	51,737	238	153	16	1,078	(4)	15,516	111,793	45,247	66,546
-footpaths ⁽²⁾	91,337	37,325	54,012	647	4,774	290	1,344	32	6,162	112,974	48,981	63,993
-storm water drainage	425,809	85,975	339,834	3	8,737	26	3,017	0	1,421	436,272	89,320	346,952
-swimming pools	7,525	2,867	4,658	0	0	0	137	0	632	7,824	2,671	5,153
-Open space/recreation ⁽²⁾	10,392	3,245	7,147	799	75	217	599	1	(292)	11,246	4,332	6,914
Other assets												
-library books	10,635	9,950	685	0	308	0	299	0	0	10,943	10,249	694
-other	8,344	0	8,344	0	0	765	0	0	0	7,579	0	7,579
TOTALS	2,726,109	457,167	2,268,942	23,413	46,334	5,463	26,004	(165)	83,511	2,837,670	447,102	2,390,568

(1) Excludes investment properties

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

ACCOUNTING POLICY FOR INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

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

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

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

Useful lives of IPPE

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

- | | |
|--------------------------|--------------|
| • Plant and equipment | 4-20 years |
| • Office equipment | 3-40 years |
| • Furniture and fittings | 5-20 years |
| • Buildings | 8-229 years |
| • Other structures | 10-100 years |
| • Roads and footpaths | 15-120 years |
| • Bridges | 30-100 years |
| • Stormwater Drainage | 5-175 years |
| • Bulk earthworks | 1,000 years |

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

Revaluation model

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

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

Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008.

Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

Crown reserves

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

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

Rural Fire Service assets

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

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

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

C1-7 INVESTMENT PROPERTIES

	Actual 2021 \$'000	Actual 2020 \$'000
Owned investment property		
At fair value		
Opening balance at 1 July	25,225	22,864
Capitalised subsequent expenditure		
- Buildings	2	8
Transfers from Operational Property	2,603	2,325
Net gain (loss) from fair value adjustment	15,845	28
Closing balance at 30 June	43,675	25,225

ACCOUNTING POLICY FOR INVESTMENT PROPERTIES

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

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

C2-1 COUNCIL AS LESSEE

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

Terms and conditions of leases

Vehicles

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

Office and IT Equipment

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

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

	Actual 2021 \$'000	Actual 2020 \$'000
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(a) Income Statement

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

Variable lease payments based on usage not included in the measurement of lease liabilities	9,003	8,671
Expenses relating to low-value assets	331	419
	<u>9,334</u>	<u>9,090</u>

(b) Leases at significantly below market value - Concessionary / peppercorn leases

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

- Child care premises
- Visitor information centre building
- Drains, bus terminals and commuter car parks

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

None of the leases in place are individually material from a Statement of Financial Position or performance perspective.

ACCOUNTING POLICY FOR LEASES WHERE COUNCIL IS LESSEE

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 COUNCIL AS LESSOR

(a) Operating leases

Council leases out a number of properties; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property in the Statement of Financial Position as:

- Investment property – where the asset is held predominantly for rental or capital growth purposes (refer note C1-7)
- Property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objectives (refer note C1-6)

(i) Assets held as investment property

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

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

	Actual 2021 \$'000	Actual 2020 \$'000
Lease income (excluding variable lease payments not dependent on an index or rate)	2,493	1,809
Direct operating expenses from property that generated rental income	449	288
Direct operating expenses from property that did not generate rental income	0	291
Total income relating to operating leases for investment property assets	2,493	1,809

(ii) Assets held as property, plant and equipment

Council provides operating leases on Council buildings for the purpose of provision of services by community groups.

The table below relates to operating leases on assets disclosed in C1-6:

	Actual 2021 \$'000	Actual 2020 \$'000
Lease income (excluding variable lease payments not dependent on an index or rate)	784	1,146
Total income relating to operating leases for Council assets	784	1,146

Amount of IPPE leased out by Council under operating leases

- Buildings	784	1,146
Total IPPE leased out by Council under operating leases	784	1,146

C2 LEASING ACTIVITIES

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

	Actual 2021 \$'000	Actual 2020 \$'000
< 1 year	3,460	2,739
1 - 2 years	2,992	2,370
2 - 3 years	2,602	1,975
3 - 4 years	2,443	1,604
4 - 5 years	2,252	1,397
> 5 years	11,054	3,388
Total undiscounted lease payments to be received	24,803	13,473

(b) Finance leases

Council holds no finance leases.

ACCOUNTING POLICY FOR LEASES WHERE COUNCIL IS LESSOR

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

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

If the lease contains lease and non-lease components, the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*. The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.

C3-1 PAYABLES

	Actual 2021		Actual 2020	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Payables				
Goods and services	7,952	0	5,285	0
Accrued wages and salaries	0	0	1,177	0
Accrued expenses - other	39	0	56	0
Deposits and retentions	2,592	0	2,032	0
Other payables	511	0	346	0
Payments received in advance	3,247	0	2,913	0
Total payables	14,341	0	11,809	0
 (a) Current payables not expected to be settled within next 12 months	 0	 0	 0	 0

ACCOUNTING POLICY FOR PAYABLES

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

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

C3 LIABILITIES OF COUNCIL

C3-2 CONTRACT LIABILITIES

		Actual 2021		Actual 2020	
		Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Funds to construct Council controlled assets	(i)	6,408	0	6,533	0
Deposits received in advance of services provided		73	0	199	0
Total contract liabilities		6,481	0	6,732	0

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

	Actual 2021 \$'000	Actual 2020 \$'000
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Funds to construct Council controlled assets	3,181	147
Deposits received in advance of services provided	199	0
Total	3,380	147

ACCOUNTING POLICY FOR CONTRACT LIABILITIES

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

C3-3 BORROWINGS

	Actual 2021		Actual 2020	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Loans - secured	2,431	4,696	2,656	7,127
Total borrowings	2,431	4,696	2,656	7,127

(a) Changes in liabilities arising from financing activities

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

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

C3 LIABILITIES OF COUNCIL

	Actual 2021 \$'000	Actual 2020 \$'000
(b) Financing arrangements		
Total facilities		
The amount of total financing available to Council at the reporting date is:		
- bank overdraft facility	500	500
- corporate credit cards	820	820
	<u>1,320</u>	<u>1,320</u>
Drawn facilities		
The amount of financing drawn down at the reporting date is:		
- corporate credit cards	86	61
	<u>86</u>	<u>61</u>
Undrawn facilities		
The amount of undrawn financing available to Council at the reporting date is:		
- bank overdraft facility	500	500
- corporate credit cards	734	759
	<u>1,234</u>	<u>1,259</u>

Breaches and defaults

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

Security over loans

Loans are secured over the rating income of Council.

Leased liabilities are secured by the underlying leased assets.

Bank overdrafts

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

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

ACCOUNTING POLICY FOR BORROWINGS

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

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



C3 LIABILITIES OF COUNCIL

C3-4 EMPLOYEE BENEFIT PROVISIONS

	Actual 2021		Actual 2020	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Annual leave	5,398	0	5,104	0
Sick leave	2,202	0	2,302	0
Long service leave	11,746	619	11,551	559
Total employee benefit provisions ⁽¹⁾	19,346	619	18,957	559
Current employee benefit provisions not expected to be settled within the next 12 months	7,678	0	7,540	0

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

ACCOUNTING POLICY FOR EMPLOYEE BENEFIT PROVISIONS

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 PROVISIONS

	Actual 2021		Actual 2020	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Self insurance - workers compensation ⁽¹⁾	1,250	3,720	1,630	4,830
Total provisions	<u>1,250</u>	<u>3,720</u>	<u>1,630</u>	<u>4,830</u>

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

Movement in provisions:

Self Insurance	\$'000
At beginning of year	6,460
Claims liability re-measurement	<u>(1,490)</u>
Total at end of year	<u>4,970</u>

ACCOUNTING POLICY FOR PROVISIONS

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

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

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

Self insurance

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

C4-1 NATURE AND PURPOSE OF RESERVES

Revaluation reserve

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

Investments revaluation reserves

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



D - RISKS AND ACCOUNTING UNCERTAINTIES



D1-1 RISKS RELATING TO FINANCIAL INSTRUMENTS HELD

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

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The Financial Services Section manages the cash and investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with section 625 of *Local Government Act 1993* and Ministerial Investment Order. The policy is regularly reviewed by Council and an investment report provided to Council monthly, setting out the make-up and performance of the portfolio as required by local government regulations.

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.

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

The risks associated with the financial instruments held are:

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

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

(a) Market risk – interest rate and price risk

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

	Actual 2021 \$'000	Actual 2020 \$'000
Impact of a 1% movement in price of investments		
- equity	378	727
- Income Statement	378	727
Impact of a 1% movement in interest rates on cash and investments		
- equity	57,823	1,709
- Income Statement	57,823	1,709

(b) Credit risk

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

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

The balances of receivables that remain within initial trade terms are considered to be of high credit quality.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

Council also makes suitable provision for doubtful receivables as required.

Credit risk profile

Receivables - rates and annual charges

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

	Not due yet \$'000	<1 year \$'000	1 - 2 years \$'000	2-5 years \$'000	> 5 years \$'000	Total \$'000
2021	4,395	561	310	13	7	5,286
2020	3,690	594	215	3	15	4,517

Receivables - non-rates and annual charges and contract assets

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

The loss allowance provision as at 30 June 2021 is determined as follows, the expected credit losses incorporate forward looking information.

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

⁽¹⁾ No ECL allowance is provided for other sundry receivables totalling \$2.7m as expected credit losses are unlikely

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

(c) Liquidity risk

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

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. Council manages this risk through diversification of borrowing types, maturities and interest rates.

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

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

	Weighted average interest rate %	Due within 1 year \$'000	Due between 1 and 5 years \$'000	Due after 5 years \$'000	Total contractual cash flows \$'000	Carrying values \$'000
2021						
Payables	-	14,341	0	0	14,341	14,341
Borrowings	5.72	2,744	5,005	0	7,749	7,127
		17,085	5,005	0	22,090	21,468
2020						
Payables	-	8,896	0	0	8,896	8,896
Borrowings	5.72	3,101	7,749	0	10,850	9,783
		11,997	7,749	0	19,746	18,679

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

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

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

- non-current assets classified as held for sale

Fair value hierarchy

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

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

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

D2-1 FAIR VALUE MEASUREMENT (CONT)

2021	Notes	Valuation Technique	Level 2 (\$'000) Significant Observable Inputs		Level 3 (\$'000) Significant Unobservable Inputs		Total (\$'000)	
			2021	Restated 2020	2021	Restated 2020	2021	Restated 2020
Recurring fair value measurements								
Financial assets								
Investments								
at fair value through profit and loss	C1-2	Market	37,819	72,715			37,819	72,715
Investment Properties	C1-7							
Land		Market	36,798	19,460			36,798	19,460
Buildings		Market	6,876	5,765			6,876	5,765
Infrastructure, Property, Plant and Equipment	C1-6							
Land								
Operational		Market	766,411	729,320			766,411	729,320
Community		Cost			233,476	232,630	233,476	232,630
Crown		Cost			10,833	10,833	10,833	10,833
Land Under Roads		Cost			129,598	128,708	129,598	128,708
Improvements		Cost			46,371	38,084	46,371	38,084
Buildings		Cost			242,153	242,078	242,153	242,078
Buildings: Other Structures		Cost			45,801	42,330	45,801	42,330
Infrastructure								
Roads		Cost			511,784	457,670	511,784	457,670
Footpaths		Cost			68,715	66,546	68,715	66,546
Bridges		Cost			80,113	63,993	80,113	63,993
Infrastructure: Stormwater		Cost			349,942	346,952	349,942	346,952
Swimming Pools		Cost			5,199	5,153	5,199	5,153
Open Space/Recreational		Cost			9,167	6,914	9,167	6,914
Library Books		Cost			727	694	727	694
Other Assets		Cost			8,963	7,579	8,963	7,579
Total			847,904	827,260	1,742,842	1,650,164	2,590,746	2,477,424

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

VALUATION TECHNIQUES

(I) LEVEL TWO MEASUREMENTS

LAND

OPERATIONAL

Level two valuation inputs were used to value land held in freehold title (investment and non-investment) as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre. A full valuation occurred at 30 June 2018 and was determined by APV Valuers & Asset Management Pty Ltd with a desktop valuation applied for 30 June 2021.

INVESTMENT PROPERTIES

LAND AND BUILDINGS

Investment property comprises land and/or buildings that are principally held for long-term rental yields, capital gains, or both, and are not occupied by Council. Council engages external, independent and qualified valuers to determine the fair value of its investment properties. The last full revaluation of Council's investment properties was at 30 June 2018 and was determined by APV Valuers & Asset Management Pty Ltd. The value of investment property was determined using market approach and based on level two valuation inputs. A desktop valuation has been applied as at 30 June 2021.

INVESTMENTS

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

(II) LEVEL THREE MEASUREMENTS

LAND

COMMUNITY

Valuations of Campbelltown City Council's community land were based on the unimproved capital value (UCV) provided by the Valuer-General in the most recent valuation in 2019. As these rates were not considered to be observable market evidence they have been classified as level three inputs.

LAND UNDER ROADS

Valuation of Campbelltown City Council's land under roads was completed in-house by staff with appropriate qualifications, skills and experience dated 30 June 2020 and was based on the unimproved capital value (UCV) provided by the Valuer-General. The 'Engloba' methodology was adopted with a rate per square metre determined through a comparison of surrounding urban and rural land sales.

LAND IMPROVEMENTS

This asset class comprises land improvements such as concrete cricket wickets, artificial grass areas, concrete skating areas, running track surfacing, rubber track areas etc. These assets may be located on parks, reserves and also within road reserves. Land improvements were valued in-house using the 'Cost Approach' by staff with appropriate qualifications, skills and experience dated 30 June 2021.

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

D2-1 FAIR VALUE MEASUREMENT (CONT)

is in accordance with the Institute of Public Works Engineers Australia's International Public Spaces Management Manual (IIMM). While the unit rates based on linear metres of fencing, price for certain type of BBQ etc could be supported from market evidence (level two) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

Additionally, due to limitations in the historical records of very long lived assets, there is uncertainty regarding the actual design, specifications and dimensions of some assets. As such, these assets were classified as having been valued using level three valuation inputs. Valuation was conducted in-house by staff with appropriate qualifications, skills and experience dated 30 June 2021.

BUILDINGS

Specialised buildings were valued using the cost approach using professionally qualified registered valuers. The last full revaluation of Council's buildings was at 30 June 2018 and was determined by APV Valuers & Asset Management Pty Ltd. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors.

While the unit rates based on square metres could be supported from market evidence (level two) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets were classified as having been valued using level three valuation inputs. A desktop valuation has been applied as at 30 June 2021.

BUILDINGS: OTHER STRUCTURES

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

Play equipment assets were valued by using cost approach. In this approach, we estimated the replacement cost for each asset by componentising the asset into significant components with different useful lives and taking into account a range of factors. Most of the unit rates based on square metres were derived from current Council tenders, Rawlinson's handbook and rates from other similar organisations.

Other inputs such as estimates of residual values, useful lives, pattern of consumption and asset condition were also derived from extensive professional judgement, IPWEA guidelines and best available industry practices etc. As such, these assets were classified as having been valued using level three valuation inputs. External consultant Kico was engaged to determine the condition, useful life and unit rate at the play equipment component level.

The remaining other structure assets were valued using the 'Cost Approach' in-house by staff with appropriate qualifications, skills and experience dated 30 June 2021. Using the 'Cost Approach', Council estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in accordance with the Institute of Public Works Engineers Australia's International Public Spaces Management Manual (IIMM).

While the unit rates based on linear metres of fencing, price for certain types of BBQ etc could be supported from market evidence (level two) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally, due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. As such, these assets were classified as having been valued using level three valuation inputs.

INFRASTRUCTURE

ROADS

This asset class comprises the road carriageway, bus shelters, carparks, kerb and gutter, retaining walls, road furniture and traffic management devices. The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter. The 'Cost Approach' using level three inputs was used to value the road carriageways and other road infrastructure. Valuations for the road carriageways, comprising surface, pavement and formation was done by utilising the detailed pavement information residing in Council's Pavement Management System – SMEC PMS and Council's Corporate Asset Management System, Conquest. All other road infrastructure was valued by using information contained within Council's Corporate Asset Management System, Conquest. Valuation was conducted in-house by staff with appropriate qualifications, skills and experience dated 30 June 2021.

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

BRIDGES

Bridges were valued using the 'Cost Approach'. The approach estimated the replacement cost for each bridge by componentising the bridges into significant parts with different useful lives and taking into account a range of factors. The components included the Bridge Superstructure, Bridge Abutments, Bridge Substructures, and Bridge rails/handrails etc. While all bridges were physically inspected and the unit rates based on square metres could be supported from market evidence (level two) other inputs (such as estimates of residual value and pattern of consumption) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level three valuation inputs. Valuation was conducted in-house by staff with appropriate qualifications, skills and experience dated 30 June 2021.

FOOTPATHS

Footpaths were valued by using the 'Cost Approach'. Footpaths were segmented to match the adjacent road segment and no further componentisation was undertaken. Footpaths were originally mapped and condition assessed using a combination of video condition assessment and physical inspection. Condition information is updated as changes in the network are observed through regular inspections. As such these assets were classified as having been valued using level three valuation inputs. Valuation was conducted in-house by staff with appropriate qualifications, skills and experience dated 30 June 2021.

STORMWATER

Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices. The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in accordance with the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM).

While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence (level two) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally, due to limitations in the historical records of very long lived assets, there is uncertainty regarding the actual design, specifications and dimensions of some assets. As such, these assets were classified as having been valued using level three valuation inputs. Physical visual inspection is carried out on all stormwater assets except pipes. For stormwater pipes, the Close Circuit Television (CCTV) Inspection approach is utilised for the condition assessment of randomly selected samples. Valuation was conducted in-house by staff with appropriate qualifications, skills and experience dated 30 June 2021.

D2-1 FAIR VALUE MEASUREMENT (CONT)

SWIMMING POOLS

The 'Cost Approach' was utilised to value the swimming pools. While the unit rates based on square metres, linear metres or similar could be supported from market evidence (level two) other inputs (such as estimated pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally, due to limitations in the historical records of very long lived assets there is some uncertainty regarding the actual design, specifications and dimensions of some assets. The components included the shell, surface finishing, and miscellaneous. Valuation was conducted in-house by staff with appropriate qualifications, skills and experience dated 30 June 2021.

OTHER ASSETS

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

UNOBSERVABLE INPUTS

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

Class	Fair Value (30/06/21) \$'000	Valuation Technique	Unobservable Inputs
Infrastructure, Property, Plant and Equipment			
Community Land	233,476	Land values obtained from the NSW Valuer General	Price per square metre
Crown Land	10,833	Land values obtained from the NSW Valuer General	Price per square metre
Land Under Roads	129,598	Values obtained from the NSW Valuer General and discounted	Extent and impact of use, market cost of land per square metre
Land Improvements - Non Depreciable	46,371	Cost Approach	Pattern of consumption, residual value, asset condition and useful life
Buildings	242,153	Cost Approach	Current replacement cost, asset condition, remaining lives, residual value and useful lives
Other Structures, Open Space and Swimming Pools	60,167	Cost Approach	Pattern of consumption, residual value, asset condition and useful life
Roads, Footpaths and Bridges	660,612	Cost Approach	Pattern of consumption, residual value, asset condition and useful life
Stormwater	349,942	Cost Approach	Pattern of consumption, residual value, asset condition and useful life
Library Books	727	Cost Approach	Useful life, pattern of consumption, asset condition and residual values
Other Assets	8,963	Cost Approach	The level of appreciation of the asset, current replacement/replication cost of equivalent asset, asset condition

RECONCILIATION OF MOVEMENTS

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

	Level 3	
	2021 \$'000	Restated 2020 \$'000
Balance at 1 July	1,650,164	1,528,354
Restated opening balance	1,650,164	1,534,014
Total gains or losses for the period		
Recognised in other comprehensive income - Revaluation Surplus	71,440	82,374
Other movements		
Purchases	54,976	63,135
Sales	(6,069)	(4,927)
Depreciation	(25,186)	(23,627)
Transfers into level 3	390	0
Transfers out of level 3	(2,873)	(805)
Balance as at 30 June	1,742,842	1,650,164

HIGHEST AND BEST USE

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

CONTINGENT LIABILITIES

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

Legal expenses

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

DEFINED BENEFIT PLAN

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

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

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

(a) Description of the funding arrangements

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

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

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

Division C – 2.5% salaries

Division D – 1.64 times employee contributions

**For 180-point members, employers are required to contribute 7% of salaries for the year ending 30 June 2021 (increasing to 7.5% in line with the increase in the Superannuation Guarantee) to these members accumulation accounts, which are paid in addition to members’ defined benefits.*

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

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

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

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

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

(c) Agreed allocation of a deficit or surplus

- (i) wind-up of the plan
There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.
- (ii) the entity's withdrawal from the plan
There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

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

- (i) The fact that the plan is a defined benefit plan; we confirm the plan is a defined benefit plan;
- (ii) The reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan;
- (iii) The expected contributions to the plan for the next annual reporting period is \$740k;
- (iv) Information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity.

The estimated employer reserves financial position for the Pooled Employers as at 30 June 2021 is:

Employer Reserves only *	\$millions	Asset coverage
Assets	2,620.5	-
Past services liabilities	2,445.6	107.2%
Vested benefits	2,468.7	106.2%

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

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

Investment return	5.75% per annum
Salary inflation	3.5% per annum
Increase in CPI	2.5% per annum

The contribution requirements may vary from the current rates if the overall sub group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. It should be noted that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation, A38 will be completed by December 2021.

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

Council's past service contribution of \$466k as a percentage of the total past service contributions for all Pooled Employees (of \$40m for each year from 1 July 2019 to 30 June 2021) provides an indication of the level of participation of Council with other employers in the Pooled Employer sub-group.

E – PEOPLE AND RELATIONSHIPS

E1-1 KEY MANAGEMENT PERSONNEL (KMP)

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

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

	Actual 2021 \$'000	Actual 2020 \$'000
Compensation		
Short term benefits (salaries, councillors fees)	2,282	2,260
Other long term benefits	55	74
Total	<u>2,337</u>	<u>2,334</u>

Other transactions with key management personnel and their related entities

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

E1-2 COUNCILLOR AND MAYORAL FEES AND ASSOCIATED EXPENSES

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

	Actual 2021 \$'000	Actual 2020 \$'000
Mayoral fee	69	69
Councillors' fees	361	350
Councillors' (including Mayor) expenses	58	44
Total	<u>488</u>	<u>463</u>

E1-3 OTHER RELATED PARTIES

Council has no other related parties.

E2 OTHER RELATIONSHIPS

E2-1 AUDIT FEES

	Actual 2021 \$'000	Actual 2020 \$'000
Audit and other assurance services: Auditors of NSW Council – NSW Auditor-General:		
Audit and review of financial statements	150	146
Total fees paid to the Auditor General	150	146
During the year the following fees were paid for services provided by other audit firms:		
Other non assurance services	32	17
Total fees paid to other audit firms	32	17



F - OTHER MATTERS

F1-1 STATEMENT OF CASH FLOWS INFORMATION

	Notes	Actual 2021 \$'000	Actual 2020 \$'000
(a) Reconciliation of cash and cash equivalents			
Total cash and cash equivalents per Statement of Financial Position	C1-1	56,304	6,352
Balances as per Statement of Cash Flows		<u>56,304</u>	<u>6,352</u>
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		53,935	45,206
Depreciation, amortisation and impairment		27,587	26,004
Loss/(gain) on sale of assets		4,963	3,657
Amortisation of discounts and premiums recognised		0	66
Non-cash contributions and dedications		(19,896)	(37,328)
Fair value (gains) / losses on investment property		(15,845)	(28)
Movement in operating assets and liabilities			
Increase / (decrease) in provision for doubtful debts		(19)	(41)
Increase / (decrease) in provision for employee leave entitlements		449	802
Increase / (decrease) in other provisions		(1,490)	1,890
(Increase) / decrease in receivables		(1,559)	1,675
(Increase) / decrease in inventories		(5)	(47)
(Increase) / decrease in other current assets		(1,058)	(40)
Increase / (decrease) in payables		2,549	1,153
Increase / (decrease) in accrued interest payable		(17)	(14)
Increase/(decrease) in contract liabilities		(251)	446
Net cash provided from (or used in) operating activities from Statement of Cash Flows		<u>49,343</u>	<u>43,401</u>
(c) Non-cash financing and investing activities			
Dedications and developer in-kind contributions		19,896	37,328
		<u>19,896</u>	<u>37,328</u>

F2-1 COMMITMENTS

	Actual 2021 \$'000	Actual 2020 \$'000
Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
- buildings	35,022	25,108
- plant and equipment	736	951
- infrastructure: roads, bridges, footpaths	47,869	33,755
	<u>83,627</u>	<u>59,815</u>
 These expenditures are payable:		
- not later than one year	70,977	36,047
- later than one year and not later than five years	12,650	23,768
	<u>83,627</u>	<u>59,815</u>

These capital commitments are for the upgrade and renewal of road infrastructure and for various refurbishment works at recreation facilities and reserves. An amount of \$34m is provided for within buildings relating to an investment property under construction.

F3-1 EVENTS OCCURRING AFTER REPORTING DATE

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

F4 CHANGES FROM PRIOR YEAR STATEMENTS

F4-1 CHANGES IN ACCOUNTING POLICY

Changes in accounting policy due to adoption of new Accounting Standards

No changes in accounting policy were made during the year.

Changes in accounting policy - voluntary change

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

F4-2 CORRECTION OF ERRORS

During the revaluation process a detailed analysis between Council's Fixed Asset Register and Geographical Information System has identified inconsistencies for a number of infrastructure (road and footpath) and public space assets. The inconsistencies related to measurements of width. The measurement of these assets have been corrected resulting in a total increase in value of \$5.7m of which \$4.9m related to infrastructure assets and \$787k related to public space assets.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2019) and taking the adjustment through to infrastructure, property, plant and equipment and asset revaluation reserve at that date.

Comparatives have been changed to reflect the correction of errors. The impact on each line item at 1 July 2019 is shown in the table below.

Changes to the opening Statement of Financial Position at 1 July 2019

	Statement of Financial Position		
	Original Balance at 1 July 2019	Increase/ (decrease)	Restated balance at 1 July 2019
	\$'000	\$'000	\$'000
Infrastructure, property, plant and equipment	2,263,282	5,660	2,268,942
Total assets	2,532,604	5,660	2,538,264
Net assets	2,485,768	5,660	2,491,428
Revaluation reserves	1,350,042	5,660	1,355,702
Total equity	2,485,768	5,660	2,491,428

Adjustment to the comparative figures for the year ended 30 June 2020

	Statement of Financial Position		
	Original Balance at 30 June 2020	Increase/ (decrease)	Restated balance at 30 June 2020
	\$'000	\$'000	\$'000
Infrastructure, property, plant and equipment	2,384,908	5,660	2,390,568
Total assets	2,662,503	5,660	2,668,163
Net assets	2,608,203	5,660	2,613,863
Revaluation reserves	1,433,553	5,660	1,439,213
Total equity	2,608,203	5,660	2,613,863

F4 CHANGES FROM PRIOR YEAR STATEMENTS

F4-3 CHANGES IN ACCOUNTING ESTIMATES

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



F5-1 SUMMARY OF DEVELOPER CONTRIBUTIONS

PURPOSE	Opening balance \$'000	Contributions received during year ⁽¹⁾		Interest and investment income earned during year \$'000	Expended during year \$'000	Internal borrowings (to)/from ⁽²⁾ \$'000	Held as restricted asset ⁽³⁾ \$'000	Cumulative balance of internal borrowings (to/) from ⁽⁴⁾ \$'000
		Cash \$'000	Non-cash \$'000					
Community facilities - under plans	22,097	5,563	1,955	0	4,178	0	25,437	0
S7.11 under plans	22,097	5,563	1,955	0	4,178	0	25,437	0
Parking - not under plans	878	20	0	0	0	0	898	0
S7.12 levies	11	(11)	0	0	0	0	0	0
TOTAL CONTRIBUTIONS	22,986	5,572	1,955	0	4,178	0	26,335	0

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

F5-2 DEVELOPER CONTRIBUTIONS BY PLAN

CONTRIBUTION PLAN NO. 9

PURPOSE	Opening balance \$'000	Contributions received during year ⁽¹⁾		Interest and investment income earned during year \$'000	Expended during year \$'000	Internal borrowings (to)/from ⁽²⁾ \$'000	Held as restricted asset ⁽³⁾ \$'000	Cumulative balance of internal borrowings (to/) from ⁽⁴⁾ \$'000
		Cash \$'000	Non-Cash \$'000					
Community facilities	7,255	1,830	1,955	0	3,804	0	0	0
TOTAL CONTRIBUTIONS	7,255	1,830	1,955	0	3,804	0	0	0

CONTRIBUTION PLAN S7.11

PURPOSE	Opening balance \$'000	Contributions received during year ⁽¹⁾		Interest and investment income earned during year \$'000	Expended during year \$'000	Internal borrowings (to)/from ⁽²⁾ \$'000	Held as restricted asset ⁽³⁾ \$'000	Cumulative balance of internal borrowings (to/) from ⁽⁴⁾ \$'000
		Cash \$'000	Non-Cash \$'000					
Community facilities	14,842	3,733	0	0	374	0	18,201	0
TOTAL CONTRIBUTIONS	14,842	3,733	0	0	374	0	18,201	0

CONTRIBUTION PLAN S7.12

PURPOSE	Opening balance \$'000	Contributions received during year ⁽¹⁾		Interest and investment income earned during year \$'000	Expended during year \$'000	Internal borrowings (to)/from ⁽²⁾ \$'000	Held as restricted asset ⁽³⁾ \$'000	Cumulative balance of internal borrowings (to/) from ⁽⁴⁾ \$'000
		Cash \$'000	Non-Cash \$'000					
Infrastructure	11	(11)	0	0	0	0	0	0
TOTAL CONTRIBUTIONS	11	(11)	0	0	0	0	0	0

F5-3 CONTRIBUTIONS NOT UNDER PLANS

CONTRIBUTIONS NOT UNDER PLANS

PURPOSE	Opening balance \$'000	Contributions received during year ⁽¹⁾		Interest and investment income earned during year \$'000	Expended during year \$'000	Internal borrowings (to)/from ⁽²⁾ \$'000	Held as restricted asset ⁽³⁾ \$'000	Cumulative balance of internal borrowings (to/) from ⁽⁴⁾ \$'000
		Cash \$'000	Non-Cash \$'000					
Parking	878	20	0	0	0	0	898	0
TOTAL CONTRIBUTIONS	878	20	0	0	0	0	898	0

Notes:

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

⁽¹⁾ Reconcilable with Note B2

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

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

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

F6 STATEMENT OF PERFORMANCE MEASURES

F6-1 STATEMENT OF PERFORMANCE MEASURES

	2021 \$'000	2021 Indicators	2020 Indicators	Benchmark
1. Operating performance				
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses ⁽²⁾	6,970	3.98%	0.52%	>0
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	175,266			
2a. Own source operating revenue				
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	144,448	68.35%	65.32%	>60%
Total continuing operating revenue ⁽¹⁾ inclusive of all grants and contributions ⁽⁵⁾	211,349			
2b. Own source operating revenue				
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	144,448	75.45%	79.17%	>60%
Total continuing operating revenue ⁽¹⁾ excluding non-cash dedications ⁽⁵⁾	191,453			
3. Unrestricted current ratio				
Current assets less all external restrictions	107,441	3.78x	1.9x	>1.5x
Current liabilities less specific purpose liabilities ⁽³⁾⁽⁴⁾	28,440			
4. Debt service cover ratio				
Operating result ⁽¹⁾ before capital, excl interest and depreciation	34,985	11.34:1	7.51:1	>2x
Principal repayments (from the Statement of Cash Flows) plus borrowing costs (from the Income Statement)	3,084			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	5,781	4.62%	4.29%	<5%
Rates and annual charges collectible	125,133			
6. Cash expense cover ratio				
Current years cash and cash equivalents plus term deposits	226,932	18.12	17.98	>3
Payments from cash flows of operating and financing activities	150,246	months	months	months

Notes:

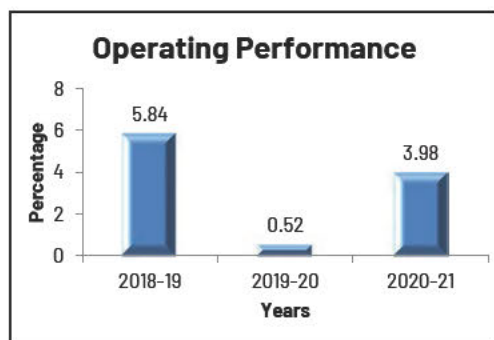
⁽¹⁾ Excludes fair value increments on investment properties, reversals of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share on interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

⁽²⁾ Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on sale of assets and net loss on interests in joint ventures and associates using the equity method

⁽³⁾ Refer to Note C-3

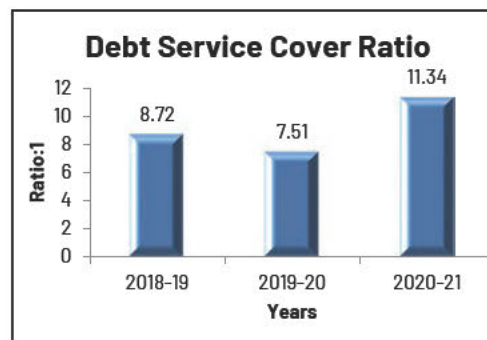
⁽⁴⁾ \$7.7m ELE transferred out – AASB 119 prescribes all leave that is vested to be disclosed as a current liability, however all leave not expected to be settled within the next 12 months is transferred out to determine the unrestricted current ratio

⁽⁵⁾ This ratio is distorted by non-cash revenues received through the dedication of non-current assets. An additional disclosure is provided in 2b to demonstrate that Council meets the benchmark after excluding \$20m in non-cash dedications and to provide a fair comparison to the benchmark as not all NSW Councils have experienced material non-cash revenues from high levels of growth.



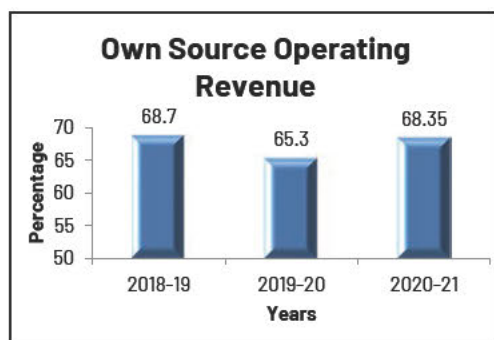
1. Operating Performance

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



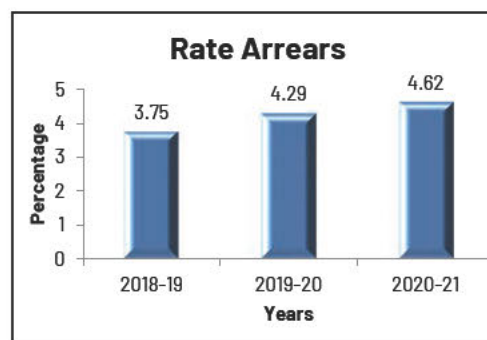
4. Debt Service Cover Ratio

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



2a. Own Source Operating Revenue

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



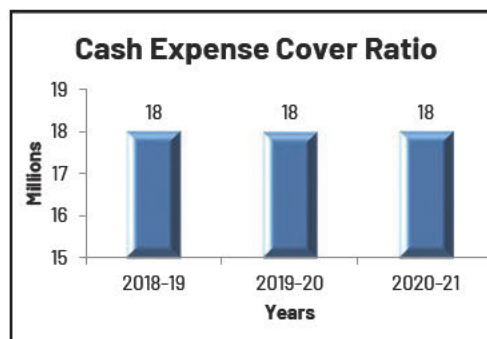
5. Rates and Annual Charges Outstanding

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



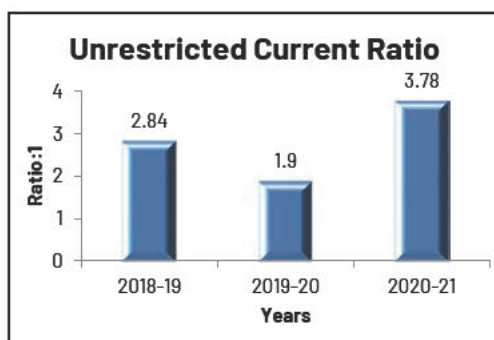
2b. Own Source Operating Revenue

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



6. Cash Expense Cover Ratio

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



3. Unrestricted Current Ratio

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



7. Cash Position

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



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Campbelltown City Council

To the Councillors of the Campbelltown City Council

Opinion

I have audited the accompanying financial statements of Campbelltown City Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2021 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Signature has been removed

Somaiya Ahmed
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

20 September 2021
SYDNEY



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

Contact: Somaiya Ahmed
 Phone no: 02 9275 7424
 Our ref: D2119333/1706

20 September 2021

Dear Mayor

Report on the Conduct of the Audit for the year ended 30 June 2021 Campbelltown City Council

I have audited the general purpose financial statements (GPFS) of Campbelltown City Council (the Council) for the year ended 30 June 2021 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2021 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

I identified the following significant audit issue and observation during my audit of the Council's financial statements. This issue and observation was addressed as part of my audit.

Rural fire-fighting equipment not recognised in the financial statements

The Council did not record rural fire-fighting equipment in the financial statements.

Rural fire fighting equipment, specifically the red fleet vehicles, is controlled by the Council and should be recognised in their financial statements. This is supported by the requirements of the Rural Fires Act 1997 and service agreements between councils and the RFS.

The Department of Planning, Industry and Environment (inclusive of the Office of Local Government) confirmed in the 'Report on Local Government 2020' (tabled in Parliament on 27 May 2021) their view that rural firefighting equipment is not controlled by the NSW Rural Fire Service.

INCOME STATEMENT**Operating result**

	2021 \$m	2020 \$m	Variance %
Rates and annual charges revenue	119.8	115.4	 3.8
Grants and contributions revenue	66.9	74.0	 9.6
Operating result from continuing operations	53.9	45.2	 19.2
Net operating result before capital grants and contributions	17.9	(2.8)	 739.3

The Council's operating result from continuing operations (\$53.9 million including depreciation and amortisation expense of \$27.6 million) was \$8.7 million higher than the 2019–20 result. This was mainly due to:

- \$16.1 million higher other income primarily due to \$15.8 million fair value increment on investment properties
- \$7.1 million lower grants and contributions revenue.

The net operating result before capital grants and contributions (\$17.9 million) was \$20.7 million higher than the 2019–20 result. This was mainly due to an increase of \$16.1 million in other income.

Rates and annual charges revenue (\$119.8 million) increased by \$4.4 million (3.8 per cent) in 2020–21 due to:

- annual rate peg increase applied to ordinary rates (2.6 per cent)
- increase of \$0.9 million for domestic waste management services.

Grants and contributions revenue (\$66.9 million) decreased by \$7.1 million (9.6 per cent) in 2020–21 mainly due to decrease in non-cash contributions revenue.

STATEMENT OF CASH FLOWS

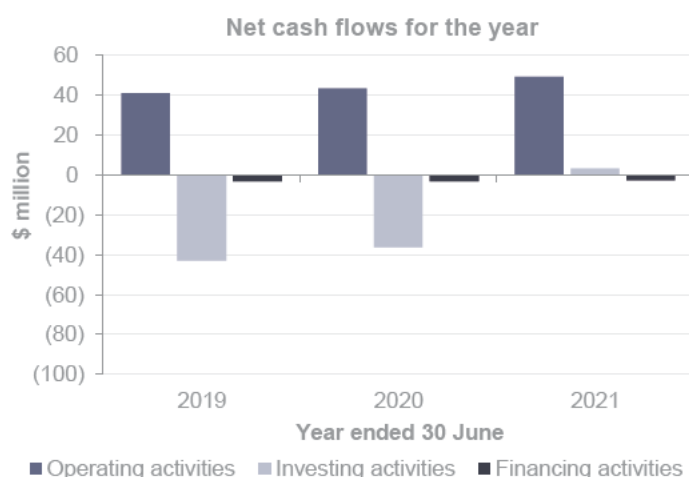
The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year.

The increase in cash provided from operating activities is in line with increase in rates and annual charges receipts and grants and contributions revenue offset by increase in employee benefits and on-costs and material and services payments.

The increase in cash provided by investing activities is mainly due the sales and purchases of investments.

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

The Council's cash and cash equivalents balance as at 30 June 2021 was \$56.3 million (2020: \$6.4 million). The net cash flow for the year was an increase of \$49.9 million.



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	246.0	243.6	- Cash and investments increased by \$2.4 million - Externally restricted funds mainly include developer contributions, specific purpose unexpended grant funds and domestic waste management funds. The increase of \$3.8m from 2020 is mainly due to a \$3.3 million increase in developer contributions restrictions, a \$2.1 million increase in specific purpose expended grants and a \$1.1 million increase domestic waste management restrictions offset by a reduction in the stormwater management levy of \$3.6 million - Internally restricted funds are due to Council policy or decisions for forward plans including strategic capital projects. The increase is mainly due to a \$13.2 million increase in future infrastructure fund
Restricted cash and investments:			
• External restrictions	72.5	68.7	
• Internal restrictions	167.9	154.6	

Debt

At 30 June 2021 the Council had an available bank overdraft facility of \$0.5 million (2020: 0.5 million) and corporate credit card facility of \$0.8 million (2020: \$0.8 million) for financing arrangements. \$0.1 million of the corporate credit facility was drawn down at the reporting date (2020: \$0.1 million).

PERFORMANCE

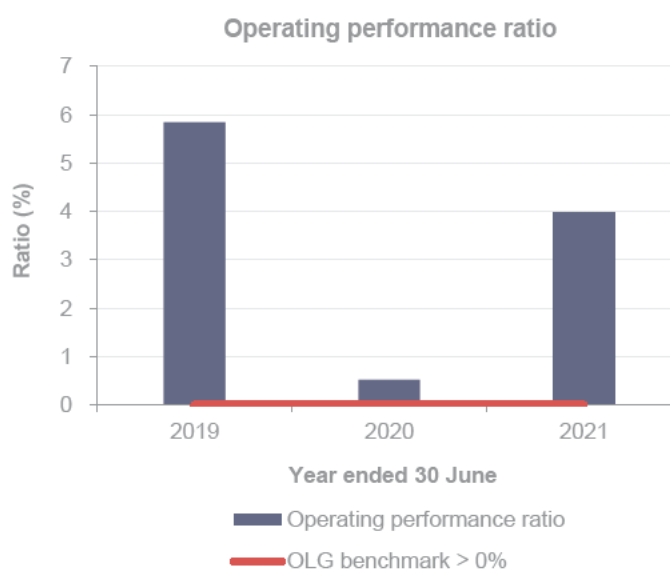
Performance measures

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

Operating performance ratio

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

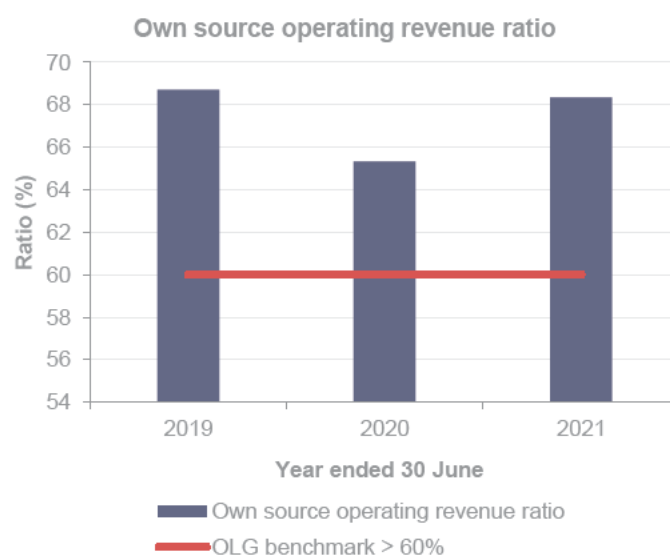
The Council exceeded the OLG benchmark for the current reporting period.



Own source operating revenue ratio

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

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



Unrestricted current ratio

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

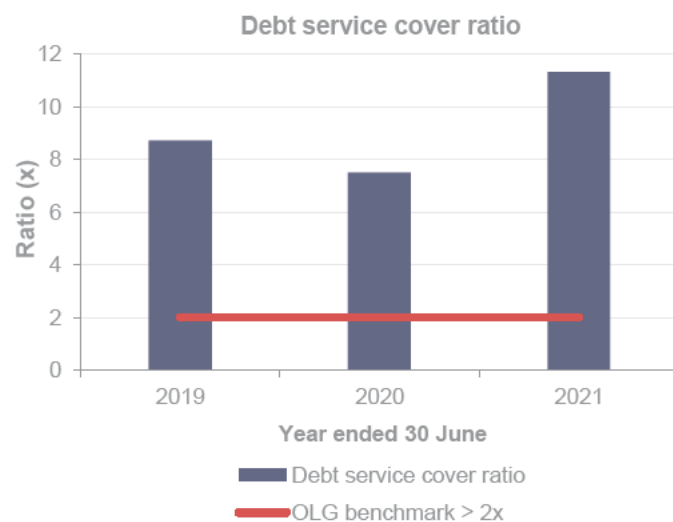
The Council exceeded the OLG benchmark for the current reporting period.



Debt service cover ratio

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

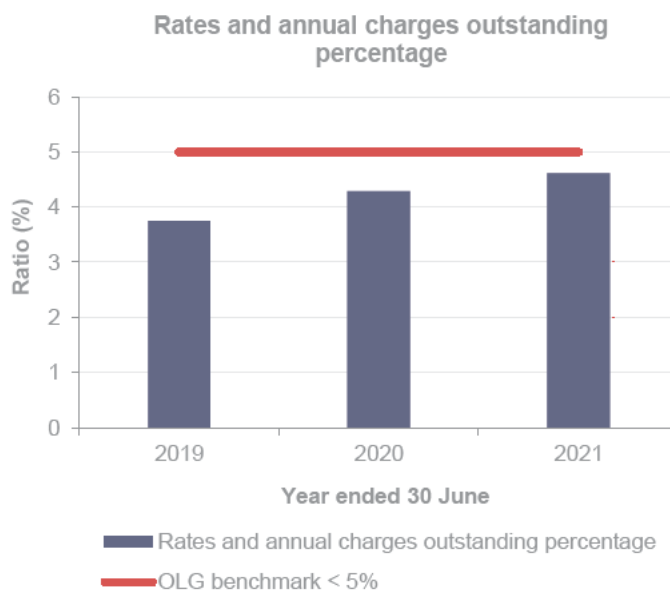
The Council exceeded the OLG benchmark for the current reporting period.



Rates and annual charges outstanding percentage

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

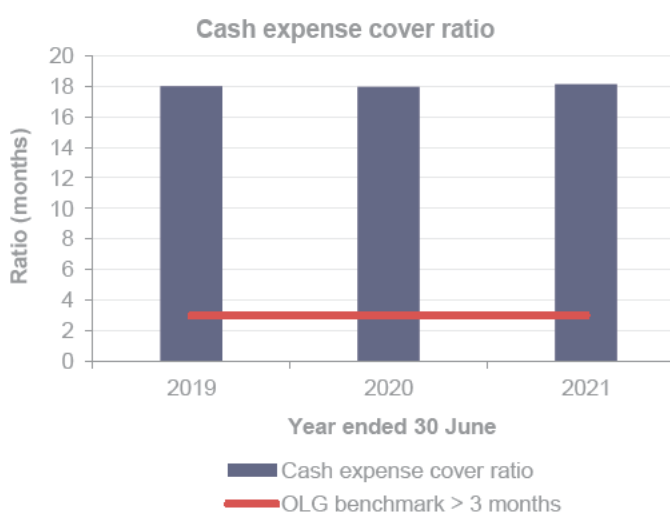
Council continues to achieve the benchmark for outstanding rates and annual charges.



Cash expense cover ratio

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

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



Infrastructure, property, plant and equipment renewals

Council reported asset renewals of \$28.5 million in 2020–21 (\$23.4 million in 2019–20). Significant renewals included:

- road renewals of \$12.1 million (\$10.7 million in 2019–20)
- building renewals of \$4.3 million (\$5.1 million in 2019–20)
- plant and equipment renewals of \$4.2 million (\$3.3 million in 2019–20)
- open space/recreation renewals of \$1.4 million (\$0.8 million in 2019–20)
- footpath renewals of \$1.1 million (\$0.6 million in 2019–20).

OTHER MATTERS

Legislative compliance

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

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

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Somaiya Ahmed
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2021



SPECIAL PURPOSE FINANCIAL STATEMENTS

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Special purpose financial statements for the year ended 30 June 2021

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

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

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

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Cr G Brticevic
MAYOR

16 / 09 / 2021

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Cr M Oates
COUNCILLOR

16 / 09 / 2021

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Mrs L Deitz
GENERAL MANAGER

16 / 09 / 2021

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Mrs C Mears
RESPONSIBLE ACCOUNTING OFFICER

16 / 09 / 2021

INCOME STATEMENT OF BUSINESS ACTIVITIES

for the year ended 30 June 2021

Business activity and category	Business activities					
	Actual 2021	Actual 2020	Actual 2021	Actual 2020	Actual 2021	Actual 2020
	Child Care Centres (Cat.1) \$'000	Child Care Centres (Cat.1) \$'000	Recreation Centres (Cat.1) \$'000	Recreation Centres (Cat.1) \$'000	Commercial Activities (Cat.2) \$'000	Commercial Activities (Cat.2) \$'000
Income from continuing operations						
User charges and fees	1,392	1,043	2,720	2,420	2,065	1,695
Interest	0	0	0	0	56	11
Grants and contributions provided for non capital purposes	3,707	3,578	1	0	0	0
Other operating revenues	0	8	487	408	72	49
Total income from continuing operations	5,099	4,629	3,208	2,828	2,193	1,755
Expenses from continuing operations						
Employee benefits and on-costs	4,376	4,232	3,839	3,320	1,147	688
Materials and services	823	401	1,655	883	278	224
Interest charges	86	78	134	138	27	19
Depreciation, amortisation and impairment	140	122	1,021	940	76	26
Calculated tax equivalents	324	348	503	503	407	315
Other operating expenses	1,915	1,768	846	1,867	178	123
Total expenses from continuing operations	7,664	6,949	7,998	7,651	2,113	1,395
SURPLUS/(DEFICIT) FROM ALL OPERATIONS BEFORE TAX	(2,565)	(2,320)	(4,790)	(4,823)	80	360
Corporate taxation equivalent	0	0	0	0	232	244
Surplus/(deficit) after tax	(2,565)	(2,320)	(4,790)	(4,823)	(152)	116
Dividend payment after tax	0	0	0	0	9	6
CHANGE IN NET ASSETS after dividend	(2,565)	(2,320)	(4,790)	(4,823)	(161)	110
Opening retained profits/(losses)	(13,535)	(12,580)	(41,866)	(38,243)	24,699	23,883
Adjustments for amounts unpaid						
- Taxation equivalent payments	324	348	503	503	407	315
- Corporate taxation equivalents	0	0	0	0	232	244
- Dividend payments	0	0	0	0	9	5
- Corporate overheads	1,369	1,017	715	697	197	142
Closing retained profits/(losses)	(14,407)	(13,535)	(45,438)	(41,866)	25,384	24,699
Return on capital (%)	-15.54%	-14.31%	-8.81%	-8.80%	0.27%	1.51%
Subsidy from Council	2,565	2,320	4,790	4,823	Nil	Nil

STATEMENT OF FINANCIAL POSITION OF BUSINESS ACTIVITIES

as at 30 June 2021

Business activity and category	Business activities					
	Actual	Actual	Actual	Actual	Actual	Actual
	2021	2020	2021	2020	2021	2020
	Child Care Centres (Cat.1) \$'000	Child Care Centres (Cat.1) \$'000	Recreation Centres (Cat.1) \$'000	Recreation Centres (Cat.1) \$'000	Commercial Activities (Cat.2) \$'000	Commercial Activities (Cat.2) \$'000
ASSETS						
Current assets						
Receivables	19	19	12	12	135	84
Total current assets	19	19	12	12	135	84
Non-current assets						
Infrastructure, property, plant and equipment	16,506	16,214	54,355	54,802	29,951	23,813
Total non-current assets	16,506	16,214	54,355	54,802	29,951	23,813
TOTAL ASSETS	16,525	16,233	54,367	54,814	30,086	23,897
LIABILITIES						
Current liabilities						
Payables	66	14	125	34	7	5
Total current liabilities	66	14	125	34	7	5
Non-current liabilities						
Borrowings	0	0	0	0	0	0
Total non-current liabilities	0	0	0	0	0	0
Total liabilities	66	14	125	34	7	5
Net assets	16,459	16,219	54,242	54,780	30,079	23,892
EQUITY						
Accumulated surplus/(loss)	(14,407)	(13,535)	(45,438)	(41,866)	25,384	24,699
Council equity interest	30,866	29,754	99,680	96,646	4,695	(807)
Total equity	16,459	16,219	54,242	54,780	30,079	23,892

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

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

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

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

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

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

National competition policy

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

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

Declared business activities

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

Category 1

Name	Brief description of activity
Child Care Centres	Provision of child care. Council runs 8 education and care centres.
Recreation Centres	Provision of indoor heated pools and outdoor pools with 3 centres providing "dry" areas for other forms of exercise.

Category 2

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

NOTE 1 (CONT): SIGNIFICANT ACCOUNTING POLICIES

Monetary amounts

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

(i) Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations (SPFS) just like all other costs. However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council nominated business activities and are reflected in the SPFS. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council nominated business activities (this does not include Council's non-business activities):

	Notional rate applied %
Corporate Tax Rate	26%
Land Tax	1.6%
Stamp Duty	Paid where applicable
Payroll Tax	4.85%
Other Taxes or Charges	Where charged, has been paid. Where not charged, has been calculated.

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level (gain/ (loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 26%.

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 26% is the equivalent company tax rate prevalent as at reporting date. No adjustments have been made for variations that have occurred during the year.

Local Government rates and charges

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

Loan and debt guarantee fees

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

(ii) Subsidies

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

(iii) Return on investments (rate of return)

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

(iv) Dividends

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

End of audited Special Purpose Financial Statements



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Campbelltown City Council

To the Councillors of the Campbelltown City Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Campbelltown City Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2021, the Statement of Financial Position of each Declared Business Activity as at 30 June 2021 and the Significant accounting policies note.

The Declared Business Activities of the Council are:

- Child Care Centres
- Recreation Centres
- Commercial Activities.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2021, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2020–21 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2021 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

- that the Council carried out its activities effectively, efficiently and economically

- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

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Somaiya Ahmed
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

20 September 2021
SYDNEY

SPECIAL SCHEDULE: PERMISSIBLE INCOME FOR GENERAL RATES

	2020-21 Calculation \$'000	2021-22 Calculation \$'000
Notional general income calculation⁽¹⁾		
Last year notional income yield	92,982	96,599
plus/minus adjustments ⁽²⁾	<u>1,238</u>	<u>524</u>
Notional general income	<u>94,220</u>	<u>97,123</u>
Permissible income calculation		
Special variation ⁽³⁾	0.00%	0.00%
or rate peg	2.60%	2.00%
or crown land adjustment incl rate peg	0.00%	0.00%
Less expiring special variations amount	0	0
Plus special variation amount	0	0
or plus rate peg amount	2,450	1,942
or plus crown land adjustment and rate peg amount	<u>0</u>	<u>0</u>
Sub total	<u>96,670</u>	<u>99,066</u>
Plus or minus last year's carry forward total	0	0
Less valuation objections claimed in previous year	<u>(72)</u>	<u>(1)</u>
Sub total	<u>(72)</u>	<u>(1)</u>
Total permissible income	<u>96,598</u>	<u>99,065</u>
Less notional income yield	<u>(96,598)</u>	<u>99,089</u>
catch up or (excess) result	0	(24)
plus income lost due to valuation objections claimed ⁽⁴⁾	0	28
less unused catch up ⁽⁵⁾	<u>0</u>	<u>0</u>
Carried forward to next year	<u>0</u>	<u>5</u>

- 1 The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which includes amounts that relate to prior years' rates income.
- 2 Adjustments account for changes in the number of assessments and any increases or decreases in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916*.
- 3 The special variation percentage is inclusive of the rate peg percentage and where applicable crown land adjustment.
- 4 Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- 5 Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Campbelltown City Council

To the Councillors of Campbelltown City Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Campbelltown City Council (the Council) for the year ending 30 June 2022.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2020–21 (LG Code) and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2021 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2021'.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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

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Somaiya Ahmed
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

20 September 2021
SYDNEY

Asset class	Asset category (as determined by Council)	Estimated cost to bring to agreed level of service set by Council	2020-21 required maintenance	2020-21 actual maintenance	Net carrying amount	Gross replacement cost	Asset condition as a % of gross replacement cost					
		\$'000	\$'000	\$'000	\$'000	\$'000	0	1	2	3	4	5
Public Buildings	Buildings	1,878	4,274	3,209	242,153	305,763	11	12	53	24	1	0
	Sub Total	1,878	4,274	3,209	242,153	305,763						
Public Spaces	Recreational/open space	733	305	288	9,168	13,206	24	21	5	27	16	6
	Other structures	675	500	1,577	45,801	70,022	10	15	24	37	13	1
	Swimming pools	663	224	97	5,199	8,012	0	24	50	18	8	0
	Sub Total	2,071	1,029	1,962	60,168	91,240						
Public Roads	Road surfacing	2,135	1,100	1,851	119,015	147,049	0	40	51	8	1	0
	Road pavements	1,602	1,958	2,295	219,541	265,518	0	20	64	15	1	0
	Road formation	NA	NA	NA	27,657	27,728	NA	NA	NA	NA	NA	NA
	Bridges and culverts	649	232	109	80,113	120,624	2	37	42	19	0	0
	Footpaths and cycle ways	541	678	463	68,715	119,112	2	22	48	27	1	0
	Kerb and gutter and traffic islands	474	155	265	111,862	144,952	14	45	36	5	0	0
	Traffic management devices	0	35	0	2,682	3,481	12	54	33	0	0	0
	Road furniture	17	170	173	12,998	18,105	1	39	44	16	0	0
	Car park surfacing	129	29	0	6,899	9,669	5	33	52	10	1	0
	Car park pavements	75	30	131	7,493	10,136	5	36	43	16	0	0
	Car park formation	NA	NA	NA	2,486	2,486	NA	NA	NA	NA	NA	NA
	Other infrastructures	0	54	92	1,149	1,195	0	0	100	0	0	0
	Sub Total	5,622	4,441	5,379	660,610	870,055						
Drainage Works	Detention basins/flood mitigation	210	64	6	9,630	13,582	0	21	76	1	2	0
	Stormwater conduits	0	404	0	192,830	242,669	15	62	21	2	0	0
	Stormwater pits and headwalls	76	179	551	67,617	96,315	8	27	52	13	0	0
	Open channels	84	261	0	33,664	44,289	0	36	43	20	0	0
	Water quality devices	91	11	0	3,770	5,573	22	37	33	7	1	0
	Earthwork/embankments	NA	NA	NA	42,431	42,463	NA	NA	NA	NA	NA	NA
	Sub Total	461	919	557	349,942	444,891						
Totals Classes	Total Assets	10,032	10,663	11,107	1,312,873	1,711,949						

Infrastructure asset condition assessment

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

Infrastructure Asset Performance Indicators

	Amounts \$'000	2021	2020	Benchmarks
Building and infrastructure renewals ratio				
Asset renewals	24,204			
Depreciation, amortisation and impairment	24,902	97%	83%	>100%

To assess the rate at which these assets are being renewed against the rate they are depreciating

Infrastructure Backlog

Estimated cost to bring assets to a satisfactory condition	10,032			
Carrying value of infrastructure assets	1,318,988	0.76%	0.99%	<2%

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

Asset maintenance ratio

Actual asset maintenance	11,107			
Required asset maintenance	10,663	104%	92%	>100%

Compares actual versus required annual asset maintenance

Cost to bring assets to agreed service level

Estimated cost to bring to agreed service level set by Council	10,032			
Gross replacement cost	1,711,949	0.01:1	0.01:1	

Indicates the proportion of the gross replacement cost of Council assets that have reached the intervention level set by Council based on the condition of the asset



