

# Corporation of the City of Campbelltown

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2016

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**Campbelltown** provides a quality lifestyle for its people



# Corporation of the City of Campbelltown

## General Purpose Financial Statements for the year ended 30 June 2016

Contents	Page
<b>1. Certification of Financial Statements</b>	2
<b>2. Primary Financial Statements:</b>	
- Statement of Comprehensive Income	3
- Statement of Financial Position	4
- Statement of Changes in Equity	5
- Statement of Cash Flows	6
<b>3. Notes Accompanying the Financial Statements</b>	7
<b>4. Independent Auditor's Report - Financial Statements</b>	51
<b>5. Independent Auditor's Report - Internal Controls</b>	52
<b>6. Certificates of Audit Independence</b>	
- Council Certification of Auditor Independence	54
- Auditor's Certification of Auditor's Independence	55

## Corporation of the City of Campbelltown

### General Purpose Financial Statements for the year ended 30 June 2016

### Certification of Financial Statements

**We have been authorised by the Council to certify the financial statements in their final form.**

**In our opinion:**

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2016 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.



Paul Di Iulio  
**CHIEF EXECUTIVE OFFICER**



Simon Brewer  
**MAYOR**

**Date: 14 October 2016**

# Corporation of the City of Campbelltown

## Statement of Comprehensive Income

for the year ended 30 June 2016

\$	Notes	2016	2015
<b>Income</b>			
Rates Revenues	2a	33,205,710	31,585,945
Statutory Charges	2b	1,049,788	976,511
User Charges	2c	1,138,508	1,068,795
Grants, Subsidies and Contributions	2g	5,633,218	4,542,030
Investment Income	2d	379,018	471,787
Reimbursements	2e	546,372	694,891
Other Income	2f	615,463	762,571
Net Gain - Equity Accounted Council Businesses	19	5,320	69,117
<b>Total Income</b>		<b>42,573,397</b>	<b>40,171,647</b>
<b>Expenses</b>			
Employee Costs	3a	12,279,595	12,017,483
Materials, Contracts & Other Expenses	3b	14,754,152	15,285,466
Depreciation, Amortisation & Impairment	3c	10,571,398	8,539,365
Finance Costs	3d	6,592	6,977
Net Loss - Equity Accounted Council Businesses	19	14,128	10,283
<b>Total Expenses</b>		<b>37,625,865</b>	<b>35,859,574</b>
<b>Operating Surplus / (Deficit)</b>		<b>4,947,532</b>	<b>4,312,073</b>
Asset Disposal & Fair Value Adjustments	4	(2,223,741)	(1,644,621)
Amounts Received Specifically for New or Upgraded Assets	2g	6,268,756	819,642
<b>Net Surplus / (Deficit)</b>		<b>8,992,547</b>	<b>3,487,094</b>
<b>Other Comprehensive Income</b>			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	63,223,187	21,759,388
Share of Other Comprehensive Income - Equity Accounted Council Businesses	19	6,315	(1,287)
<b>Total Other Comprehensive Income</b>		<b>63,229,502</b>	<b>21,758,101</b>
<b>Total Comprehensive Income</b>		<b>72,222,049</b>	<b>25,245,195</b>

# Corporation of the City of Campbelltown

## Statement of Financial Position

as at 30 June 2016

\$	Notes	2016	2015
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5a	4,475,712	15,627,615
Trade & Other Receivables	5b	3,458,973	4,622,930
Inventories	5d	19	160
<b>Total Current Assets</b>		<b>7,934,704</b>	<b>20,250,705</b>
<b>Non-Current Assets</b>			
Financial Assets	6a	284,698	313,130
Equity Accounted Investments in Council Businesses	6b	106,780	224,786
Infrastructure, Property, Plant & Equipment	7a	575,728,135	518,601,995
Other Non-Current Assets	6c	25,032,219	2,704,833
<b>Total Non-Current Assets</b>		<b>601,151,832</b>	<b>521,844,744</b>
<b>TOTAL ASSETS</b>		<b>609,086,536</b>	<b>542,095,449</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8a	5,258,871	10,162,906
Borrowings	8b	8,189	329,456
Provisions	8c	2,401,699	2,300,608
<b>Total Current Liabilities</b>		<b>7,668,759</b>	<b>12,792,970</b>
<b>Non-Current Liabilities</b>			
Borrowings	8b	116,190	124,379
Provisions	8c	1,183,111	1,303,971
<b>Total Non-Current Liabilities</b>		<b>1,299,301</b>	<b>1,428,350</b>
<b>TOTAL LIABILITIES</b>		<b>8,968,060</b>	<b>14,221,320</b>
<b>Net Assets</b>		<b>600,118,476</b>	<b>527,874,129</b>
<b>EQUITY</b>			
Accumulated Surplus		127,352,770	110,589,401
Asset Revaluation Reserves	9a	442,212,443	380,712,965
Other Reserves	9b	30,553,263	36,571,763
<b>Total Council Equity</b>		<b>600,118,476</b>	<b>527,874,129</b>

# Corporation of the City of Campbelltown

## Statement of Changes in Equity for the year ended 30 June 2016

\$	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
<b>2016</b>					
<b>Balance at the end of previous reporting period</b>		110,589,401	380,712,965	36,571,763	<b>527,874,129</b>
<b>Net Surplus / (Deficit) for Year</b>		8,992,547	-	-	<b>8,992,547</b>
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	63,223,187	-	<b>63,223,187</b>
- Transfer to Accumulated Surplus on Sale of I,PP&E	9a	1,723,709	(1,723,709)	-	-
- Share of OCI - Equity Accounted Council Businesses	19	6,315	-	-	<b>6,315</b>
- Other Equity Adjustments - Equity Accounted Council Businesses	19	22,298	-	-	<b>22,298</b>
<b>Other Comprehensive Income</b>		1,752,322	61,499,478	-	<b>63,251,800</b>
<b>Total Comprehensive Income</b>		<b>10,744,869</b>	<b>61,499,478</b>	<b>-</b>	<b>72,244,347</b>
Transfers between Reserves					
<b>Balance at the end of period</b>	9b	6,018,500	-	(6,018,500)	-
		<b>127,352,770</b>	<b>442,212,443</b>	<b>30,553,263</b>	<b>600,118,476</b>
<b>2015</b>					
<b>Balance at the end of previous reporting period</b>		116,443,343	360,577,685	25,607,906	<b>502,628,934</b>
<b>Net Surplus / (Deficit) for Year</b>		3,487,094	-	-	<b>3,487,094</b>
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	21,759,388	-	<b>21,759,388</b>
- Transfer to Accumulated Surplus on Sale of I,PP&E	9a	1,624,108	(1,624,108)	-	-
- Share of OCI - Equity Accounted Council Businesses	19	(1,287)	-	-	<b>(1,287)</b>
<b>Other Comprehensive Income</b>		1,622,821	20,135,280	-	<b>21,758,101</b>
<b>Total Comprehensive Income</b>		<b>5,109,915</b>	<b>20,135,280</b>	<b>-</b>	<b>25,245,195</b>
Transfers between Reserves					
<b>Balance at the end of period</b>	9b	(10,963,857)	-	10,963,857	-
		<b>110,589,401</b>	<b>380,712,965</b>	<b>36,571,763</b>	<b>527,874,129</b>

# Corporation of the City of Campbelltown

## Statement of Cash Flows

for the year ended 30 June 2016

\$	Notes	2016	2015
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Rates Receipts		33,098,156	31,582,874
Statutory Charges		1,149,788	979,397
User Charges		1,251,131	1,165,877
Grants, Subsidies and Contributions (operating purpose)		5,633,218	4,545,041
Investment Receipts		379,018	471,787
Reimbursements		605,446	729,379
Other Receipts		1,516,087	2,892,977
<b>Payments</b>			
Payments to Employees		(12,242,753)	(11,792,653)
Payments for Materials, Contracts & Other Expenses		(19,705,329)	(16,509,953)
Finance Payments		(6,643)	(7,025)
<b>Net Cash provided by (or used in) Operating Activities</b>	11b	<b>11,678,119</b>	<b>14,057,701</b>
<b>Cash Flows from Investing Activities</b>			
<b>Receipts</b>			
Amounts Received Specifically for New/Upgraded Assets		6,268,756	819,642
Sale of Replaced Assets		453,398	136,949
Sale of Surplus Assets		112,522	-
Repayments of Loans by Community Groups		9,769	4,953
Distributions Received from Equity Accounted Council Businesses		137,811	-
<b>Payments</b>			
Expenditure on Renewal/Replacement of Assets		(13,957,660)	(6,624,112)
Expenditure on New/Upgraded Assets		(15,633,738)	(3,947,029)
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(22,609,142)</b>	<b>(9,609,597)</b>
<b>Cash Flows from Financing Activities</b>			
<b>Receipts</b>			
Proceeds from Bonds & Deposits		387,200	311,848
<b>Payments</b>			
Repayments of Borrowings		(7,787)	(7,404)
Repayment of Bonds & Deposits		(278,624)	(244,853)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>100,789</b>	<b>59,591</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>(10,830,234)</b>	<b>4,507,695</b>
plus: <b>Cash &amp; Cash Equivalents at beginning of period</b>	11	<b>15,305,946</b>	<b>10,798,251</b>
<b>Cash &amp; Cash Equivalents at end of period</b>	11	<b>4,475,712</b>	<b>15,305,946</b>

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Significant Accounting Policies	8
2	Income	15
3	Expenses	19
4	Asset Disposal & Fair Value Adjustments	20
	<b>Current Assets</b>	
5a	Cash & Cash Equivalents	21
5b	Trade & Other Receivables	21
5c	Inventories	21
	<b>Non-Current Assets</b>	
6a	Financial Assets	22
6b	Equity Accounted Investments in Council's Businesses	22
6c	Other Non-Current Assets	22
	<b>Fixed Assets</b>	
7a	Infrastructure, Property, Plant & Equipment	23
7b	Valuation of Infrastructure, Property, Plant & Equipment	24
	<b>Liabilities</b>	
8a	Trade & Other Payables	29
8b	Borrowings	29
8c	Provisions	29
	<b>Reserves</b>	
9a	Asset Revaluation Reserve	30
9b	Other Reserves	30
10	Assets Subject to Restrictions	32
11	Reconciliation to Statement of Cashflows	33
12a	Functions	34
12b	Components of Functions	35
13	Financial Instruments	36
14	Commitments for Expenditure	40
15	Financial Indicators	41
16	Uniform Presentation of Finances	42
17	Operating Leases	43
18	Superannuation	44
19	Interests in Other Entities	45
20	Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet	49
21	Events After the Balance Sheet Date	50



# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1 Basis of Preparation

##### 1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

##### 1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

##### 1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

##### 1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar.

#### 2 The Local Government Reporting Entity

The Corporation of the City of Campbelltown is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 172 Montacute Road, Rostrevor.

These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

Other entities in which Council has an interest but does not control are reported in Note 19.

#### 3 Income Recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

In recent years the payment of untied Financial Assistance Grants has varied from the annual allocation as shown in the table below:

	Cash Payment Received	Annual Allocation	Difference
2013/14	\$978,789	\$1,557,909	- \$579,120
2014/15	\$2,397,105	\$1,572,592	+ \$824,513
2015/16	\$736,573	\$1,561,086	- \$824,513

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 1. Summary of Significant Accounting Policies (continued)

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt.

The Operating Surplus Ratio disclosed in Note 15 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

#### 4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the *Local Government Act 1999*. Other receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

#### 5 Inventories

Inventories held in respect of stores have been valued by using the FIFO (First In First Out).

#### 6 Infrastructure, Property, Plant & Equipment

##### 6.1 Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and

depreciated as soon as the asset is held 'ready for use'. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

##### 6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

*Expressed as a percentage of Current Replacement Cost*

Buildings - Extensions	5%
Buildings – Renewals	10%
Roads and Footpaths	10%
Kerb, Gutter and Drains	10%
Bridges	10%
Fleet and Other Plant	10%
Park and Playground Furniture and Equipment	10%
Playing Courts	10%
Irrigation – Renewals	10%

*Expressed as dollars*

Information Technology	\$15,000
Computer Equipment	\$15,000
Office Furniture and Equipment	\$2,000
Public Artworks	\$5,000

##### 6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

**6.4 Depreciation of Non-Current Assets**

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Major depreciation periods for each class of asset are listed below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

*Building & Other Structures*

Structure	30 to 100 years
Roof	30 to 60 years
Fire & Safety Services	20 years
Mechanical Services	20 to 50 years
Hydraulic Services	20 to 50 years
Lift	20 years
Building Fabric	15 to 40 years
Electrical Services	30 to 50 years
Landscaping	30 years
Pool	40 years

*Infrastructure*

Road Surface	10 to 50 years
Road Pavement	45 to 80 years
Kerb and Gutter	60 to 80 years
Closed Drainage and Culverts	100 years
Open Channel	30 to 100 years
Trash Racks/Gross Pollutant Traps	3 to 20 years
Footpaths and Walkways	10 to 40 years
Traffic Control Devices	25 to 55 years
Car Parks	10 to 100 years

*Bridges*

Abutment	60 to 100 years
Bridge Beam	60 to 100 years
Pedestrian Arch	60 to 100 years
Pedestrian Beam	60 to 100 years
Pedestrian Slab	100 years
Pedestrian Truss	60 years
Vehicular Arch	100 years
Vehicular Beam	100 years
Vehicular Slab	100 years
Bridge Pier	80 to 100 years
Wing Wall	100 years
Bridge Railings	60 to 80 years
Miscellaneous	60 to 100 years

*Plant, Furniture & Equipment*

Fleet and Plant	2 to 30 years
Computer Equipment and Software	3 to 15 years
Audio/Visual Equipment	5 to 10 years
Office Equipment	3 to 15 years
Other Equipment	7 to 20 years

*Furniture, Fittings and Library Stock*

Furniture and Fittings	5 to 20 years
Library Stock	1.5 to 15 years

*Other Assets*

Barbeques	40 years
Bus Stops	10 to 40 years
Irrigation	40 years
Fences	25 to 40 years
Park Benches and Picnic Tables	20 to 45 years
Playing Courts	25 years
Playground Equipment	25 years
Lighting	40 years
Shade Structures	40 years

**6.5 Impairment**

Assets that are subject to depreciation are reviewed 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 (which is the higher of the present value of future cash inflows or value in use).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

**6.6 Borrowing Costs**

The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 1. Summary of Significant Accounting Policies (continued)

amount (if any) of interest revenue offset against borrowing costs in Note 2.

#### 7 Payables

##### 7.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

##### 7.2 Payments Received in Advance & Deposits

Amounts other than grants received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

#### 8 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of 'Payables'.

#### 9 Employee Benefits

##### 9.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119 *Employee Benefits*.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

Weighted avg. discount rate	3.10% (2015, 3.99%)
Weighted avg. settlement period	1.93 years (2015, 1.89 years)

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

##### 9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme and other superannuation schemes.

The Statewide Superannuation Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

#### 10 Leases

Lease arrangements have been accounted for in accordance with AASB 117 *Leases*.

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 1. Summary of Significant Accounting Policies (continued)

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the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

#### 11 Construction Contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as 'payments received in advance'.

#### 12 Equity Accounted Council Businesses

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 *Investments in Associates and Joint Ventures* and set out in detail in Note 19.

#### 13 GST Implications

In accordance with UIG Abstract 1031 *Accounting for the Goods & Services Tax*

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

#### 14 New Accounting Standards and UIG Interpretations

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the AASB (Australian Accounting Standards Board) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

The Corporation of the City of Campbelltown has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective with the exception of AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. Generally Council applies standards and interpretations in accordance with their respective commencement dates. The retrospective application of AASB 2015-7 has exempted Council from the disclosure of quantitative information and sensitivity analysis for some valuations categorised within Level 3 of the fair value hierarchy.

At the date of authorisation of the financial report, AASB 9 *Financial Instruments* and AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* are the only new accounting standards with a future application date that are expected to have a material impact on Council's financial statements.

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to Council, which means that Council will disclose more information about related parties and transactions with those related parties.

AASB 9 *Financial Instruments*, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 *Financial Instruments* is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 *Financial Instruments: Recognition and Measurement* will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able



Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

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to be measured at amortised cost where very specific conditions are met.

Council is still reviewing the way that revenue is measured and recognised to identify whether AASB 15 *Revenue from Contracts with Customers* will have a material impact. To date no impact has been identified.

AASB 15 *Revenue from Contracts with Customers* is effective from 1 January 2018 and will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

Other amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

As at the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

**Effective for periods commencing 1 January 2016:**

- AASB 14 *Regulatory Deferral Accounts*
- AASB 1057 *Application of Australian Accounting Standards*
- AASB 2014-3 *Amendments to Australian Accounting Standards-Accounting for Acquisitions of Interests in Joint Operations*
- AASB 2014-4 *Amendments to Australian Accounting Standards-Clarification of Acceptable Methods of Depreciation and Amortisation*
- AASB 2014-6 *Amendments to Australian Accounting Standards-Agriculture: Bearer Plants*
- AASB 2014-9 *Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements* [AASB 1, 127 & 128]
- AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of*

*Assets between an Investor and its Associate or Joint Venture* [AASB 10 & AASB 128]

- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle* [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015-5 *Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception* [AASB 10, AASB 12 & AASB 128]
- AASB 2014-1 *Amendments to Australian Accounting Standards (Part D)*

**Effective for periods commencing 1 July 2016:**

- AASB 1056 *Superannuation Entities*
- AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* [AASB 10, AASB 124 & AASB 1049]

**Effective for periods commencing 1 January 2017:**

- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*

**Effective for periods commencing 1 January 2018:**

- AASB *Financial Instruments (December 2009)*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 1. Summary of Significant Accounting Policies (continued)

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- AASB 2014-1 *Amendments to Australian Accounting Standards* (Part E)
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*

#### **Effective for periods commencing 1 January 2019:**

- AASB 16 *Leases*

### **15 Comparative Figures**

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

### **16 Disclaimer**

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 2. Income

\$	Notes	2016	2015
<b>(a). Rates Revenues</b>			
<b>General Rates</b>			
General Rates		32,691,589	31,114,039
Less Mandatory Rebates		(505,932)	(461,424)
Less Rate Capping		(1,392)	(68,674)
Less Discretionary Rebates, Remissions & Write Offs		(106,004)	(121,347)
<b>Total General Rates</b>		<b>32,078,261</b>	<b>30,462,594</b>
<b>Other Rates (Including Service Charges)</b>			
Natural Resource Management Levy		952,615	964,840
Separate Rate - Campbelltown Shopping Centre Toilet		25,900	31,800
<b>Total Other Rates</b>		<b>978,515</b>	<b>996,640</b>
<b>Other Charges</b>			
Penalties for Late Payment		99,631	91,632
Legal & Other Costs Recovered		66,839	53,059
<b>Total Other Charges</b>		<b>166,470</b>	<b>144,691</b>
Less: Discretionary Rebates, Remissions & Write Offs		(17,536)	(17,980)
<b>Total Rates Revenues</b>		<b>33,205,710</b>	<b>31,585,945</b>
<b>(b). Statutory Charges</b>			
Development Act Fees		67,751	49,679
Town Planning Fees		498,570	383,878
Animal Registration Fees & Fines		178,835	164,840
Parking Fines / Expiation Fees		218,997	296,413
Environmental Control Fines		6,211	5,920
Section 7 Searches		79,424	75,681
Other Licences, Fees & Fines		-	100
<b>Total Statutory Charges</b>		<b>1,049,788</b>	<b>976,511</b>
<b>(c). User Charges</b>			
Cemetery Fees		8,286	2,556
Hall & Equipment Hire		400,622	363,636
Property Lease		347,756	317,416
Sales - General		4,646	3,754
ARC Campbelltown (previously Campbelltown Leisure Centre)		93,277	241,873
Lease Fees		5,460	-
Library Services		94,159	93,208
Sundry		184,302	46,352
<b>Total User Charges</b>		<b>1,138,508</b>	<b>1,068,795</b>



# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 2. Income (continued)

\$	Notes	2016	2015
<b>(d). Investment Income</b>			
Interest on Investments			
- Local Government Finance Authority		341,620	442,195
- Banks & Other		34,179	25,698
- Loans to Community Groups		3,219	3,894
<b>Total Investment Income</b>		<b>379,018</b>	<b>471,787</b>
<b>(e). Reimbursements</b>			
Private Works		185,381	21,180
Joint Undertakings		23,500	23,500
NBN Installation Works		137,155	378,202
Waste Collection		140,145	199,964
East Waste - Tax Equivalent Payment		907	3,972
Other		59,284	68,073
<b>Total Reimbursements</b>		<b>546,372</b>	<b>694,891</b>
<b>(f). Other Income</b>			
Insurance & Other Recoupments - Infrastructure, IPP&E		11,245	101,913
Workers' Compensation Rebate		279,985	270,573
Sundry		157,372	222,390
Community Home Support Program Contributions		166,861	167,695
<b>Total Other Income</b>		<b>615,463</b>	<b>762,571</b>
<b>(g). Grants, Subsidies, Contributions</b>			
Amounts Received Specifically for New or Upgraded Assets		62,453	192,254
Individually Significant Item (refer below - Note 2g(ii))		6,206,303	627,388
<b>Total Amounts Received Specifically for New or Upgraded Assets</b>		<b>6,268,756</b>	<b>819,642</b>
Other Grants, Subsidies and Contributions		134,938	320,125
Individually Significant Items (refer below - Note 2g(ii))		2,590,412	337,825
Additional Grants Commission Payment (refer below - Note 2g(ii))		-	824,513
Untied - Financial Assistance Grant		736,573	1,572,592
Roads to Recovery		1,094,854	383,087
Community Home Support Program		748,235	790,280
Library Operating Subsidy		162,547	160,138
Library Materials Grant		165,659	153,470
<b>Total Grants, Subsidies, Contributions</b>		<b>11,901,974</b>	<b>5,361,672</b>

The functions to which these grants relate are shown in Note 12.

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 2. Income (continued)

\$	Notes	2016	2015
<b>(g). Grants, Subsidies, Contributions (continued)</b>			
<b>(i) Sources of grants</b>			
Commonwealth Government		8,145,830	1,913,218
State Government		3,735,968	3,344,263
Other		20,176	104,191
<b>Total</b>		<b>11,901,974</b>	<b>5,361,672</b>
<b>(ii) Individually Significant Items</b>			
ARC Campbelltown Redevelopment - Amounts Received Specifically for New or Upgraded Assets		6,206,303	627,388
ARC Campbelltown Redevelopment - Grants, Subsidies, Contributions		2,590,412	337,825
Additional Grants Commission Payment		-	824,513

#### **ARC Campbelltown Redevelopment (formerly Campbelltown Leisure Centre)**

As part of the \$25.9 million redevelopment of the ARC Campbelltown (formerly Campbelltown Leisure Centre), Council obtained the following grants to assist in funding this project:

- Federal Government - \$7.5 million
- State Government - \$3.0 million

The amount of \$965,213 reflects the share of grant funding recognised for the 2014/2015 financial year from these two funding bodies, while \$8,796,715 represents the amounts recognised in 2015/2016. This project was expected to be completed in July 2016.

#### **Additional Grants Commission Payment**

On 29 June 2015, Council received a payment equivalent to the first and second instalments of the 2015/2016 Grant Commission Financial Assistance and Local Roads Grants. These untied grants are recognised on receipt in advance of the year of allocation.

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 2. Income (continued)

\$	Notes	2016	2015
<b>(h). Conditions over Grants &amp; Contributions</b>			
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:			
<b>Unexpended at the close of the previous reporting period</b>		5,287,024	3,277,029
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
Bus Shelter Program		-	(3,660)
Healthy Communities Initiative		-	(43,528)
Chain of Trails Master Plan		-	(145)
Magill Substation Landscaping		-	(5,000)
OPAL		(6,739)	-
Campbelltown Memorial Oval Regional Sporting Hub Master Plan		-	(4,373)
State Black Spot Funding		-	(16,601)
Office of Recreation and Sport - ARC Campbelltown Redevelopment		(2,126,297)	(226,119)
Federal Government - ARC Campbelltown Redevelopment		(2,260,906)	-
Local Government Stimulus Package - Outback Adventure Park		-	(100,000)
Local Government Stimulus Package - St Bernard's Road Footpath & Str		-	(47,079)
NRM Community Action Grant		-	(1,333)
SA Urban Forest - Million Trees Program		-	(9,042)
Jan Street Place Making Project		(25,640)	-
Anzac Day Commemoration Fund - Avenue of Honour		(2,437)	-
<b>Subtotal</b>		<b>(4,422,019)</b>	<b>(456,880)</b>
<i>Plus:</i>			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Federal Government - ARC Campbelltown Redevelopment		90,487	2,260,906
Jan Street Place Making Project		-	202,500
Anzac Day Commemoration Fund - Avenue of Honour		-	2,437
OPAL		-	1,032
River Torrens Recovery Grant		11,621	-
Eastern United Football Club - Kitchen/Bar Upgrade		34,000	-
Rostrevor Tennis Club - Court Resurfacing		23,200	-
Rotary Club of Campbelltown - Ripples Art Shed		10,000	-
<b>Subtotal</b>		<b>169,308</b>	<b>2,466,875</b>
<b>Unexpended at the close of this reporting period</b>		<b>1,034,313</b>	<b>5,287,024</b>
<b>Net increase (decrease) in assets subject to conditions in the current reporting period</b>		<b>(4,252,711)</b>	<b>2,009,995</b>

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 3. Expenses

\$	Notes	2016	2015
<b>(a). Employee Costs</b>			
Salaries and Wages		9,417,320	9,057,813
Employee Leave Expense		1,748,799	1,733,102
Superannuation - Defined Contribution Plan Contributions	18	547,960	526,932
Superannuation - Defined Benefit Plan Contributions	18	493,963	453,405
Workers' Compensation Insurance		542,342	516,035
Less: Capitalised and Distributed Costs		(470,789)	(269,804)
<b>Total Operating Employee Costs</b>		<b>12,279,595</b>	<b>12,017,483</b>
Total Number of Employees (full time equivalent at end of reporting period)		144.88	143.71
<b>(b). Materials, Contracts and Other Expenses</b>			
<b>(i) Prescribed Expenses</b>			
Auditor's Remuneration			
- Auditing the Financial Reports		25,215	24,600
- Other Auditors		4,000	12,034
Bad and Doubtful Debts		-	(5,499)
Elected Members' Expenses		197,218	185,224
Election Expenses		13,628	143,295
Operating Lease Rentals - Non-Cancellable Leases	17		
- Minimum Lease Payments		152,598	158,385
<b>Subtotal - Prescribed Expenses</b>		<b>392,659</b>	<b>518,039</b>
<b>(ii) Other Materials, Contracts and Expenses</b>			
Contractors		8,905,367	9,231,392
Energy		1,232,119	1,287,434
Communications		178,861	161,105
Insurance		473,396	477,749
Legal Expenses		149,087	189,909
Levies Paid to Government - NRM levy		932,865	893,418
Levies - Other		509,545	429,941
Parts, Accessories & Consumables		974,018	1,086,911
Professional Services		282,635	359,611
Sundry		723,600	649,957
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>		<b>14,361,493</b>	<b>14,767,427</b>
<b>Total Materials, Contracts and Other Expenses</b>		<b>14,754,152</b>	<b>15,285,466</b>

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 3. Expenses (continued)

\$	Notes	2016	2015
<b>(c). Depreciation, Amortisation and Impairment</b>			
<b>Depreciation and Amortisation</b>			
Buildings		1,699,646	833,206
Infrastructure			
- Road Transport Assets and Car Parks		4,982,279	4,099,703
- Gross Pollutant Traps and Trash Racks		24,226	24,160
- Road Traffic Devices		61,548	64,198
- Stormwater Drainage		1,080,960	1,015,437
- Footpaths and Walkways		979,987	740,290
- Bridges		25,842	25,700
- Creeks		8,642	4,972
Plant & Equipment		686,799	658,444
Furniture & Fittings		49,954	50,239
Library Books		208,714	221,627
Other Assets		762,801	801,389
<b>Total Depreciation, Amortisation and Impairment</b>		<b>10,571,398</b>	<b>8,539,365</b>
<b>(d). Finance Costs</b>			
Interest on Loans		6,592	6,977
<b>Total Finance Costs</b>		<b>6,592</b>	<b>6,977</b>

### Note 4. Asset Disposal & Fair Value Adjustments

#### Infrastructure, Property, Plant & Equipment

##### (i) Assets Renewed or Directly Replaced

Proceeds from Disposal	453,398	136,949
Less: Carrying Amount of Assets Sold	(2,789,661)	(1,781,570)
<b>Gain (Loss) on Disposal</b>	<b>(2,336,263)</b>	<b>(1,644,621)</b>

##### (ii) Assets Surplus to Requirements

Proceeds from Disposal	112,522	-
<b>Gain (Loss) on Disposal</b>	<b>112,522</b>	<b>-</b>
<b>Net Gain (Loss) on Disposal or Revaluation of Assets</b>	<b>(2,223,741)</b>	<b>(1,644,621)</b>

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 5. Current Assets

\$	Notes	2016	2015
<b>(a). Cash &amp; Cash Equivalents</b>			
Cash on Hand at Bank		31,736	2,380
Deposits at Call		4,443,976	15,625,235
<b>Total Cash &amp; Cash Equivalents</b>		<b>4,475,712</b>	<b>15,627,615</b>
<b>(b). Trade &amp; Other Receivables</b>			
Rates - General & Other		495,028	395,873
Accrued Revenues		432,691	380,952
Debtors - General		1,017,837	2,292,537
GST Recoupment		318,569	209,701
Prepayments		1,165,089	1,314,854
Athelstone Football Club Loan		3,116	2,911
Hectorville Sports and Community Club Loan		2,902	2,361
Athelstone Football Club Lease (former loan)		13,741	13,741
Campbelltown Soccer Club Lease (former loan)		10,000	10,000
<b>Total Trade &amp; Other Receivables</b>		<b>3,458,973</b>	<b>4,622,930</b>
<b>(c). Inventories</b>			
Stores & Materials		19	160
<b>Total Inventories</b>		<b>19</b>	<b>160</b>

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 6. Non-Current Assets

\$	Notes	2016	2015
<b>(a). Financial Assets</b>			
<b>Receivables</b>			
Council Rates Postponement Scheme		48,210	39,811
Athelstone Football Club Loan		32,844	35,960
Hectorville Sports and Community Club Loan		7,322	17,296
Athelstone Football Club Lease (former loan)		106,322	120,063
Campbelltown Soccer Club Lease (former loan)		90,000	100,000
<b>Total Receivables</b>		<b>284,698</b>	<b>313,130</b>
<b>Total Financial Assets</b>		<b>284,698</b>	<b>313,130</b>
<b>(b). Equity Accounted Investments in Council Businesses</b>			
Waste Care SA	19	-	55,354
Eastern Waste Management Authority Inc.	19	25,005	46,136
Eastern Health Authority Inc.	19	81,775	123,296
<b>Total Equity Accounted Investments in Council Businesses</b>		<b>106,780</b>	<b>224,786</b>
<b>(c). Other Non-Current Assets</b>			
Capital Works-in-Progress		25,032,219	2,704,833
<b>Total Other Non-Current Assets</b>		<b>25,032,219</b>	<b>2,704,833</b>

\$24.6m of the Capital Works-in-Progress balance relates to the redevelopment costs of the ARC Campbelltown. The redevelopment of the ARC Campbelltown was completed in July 2016, when the facility was open. Annual depreciation expense for the ARC Campbelltown in 2016/2017 is estimated to be \$997,000.

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 7a. Infrastructure, Property, Plant & Equipment

\$	Fair Value Level	as at 30/6/2015				Asset Movements during the Reporting Period						as at 30/6/2016			
		At Fair Value	At Cost	Accumulated Dep'n	Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Dep'n	Carrying Value
						New / Upgrade	Renewals								
Land	2	187,258,000	-	-	187,258,000	-	-	-	-	-	56,965,615	244,223,615	-	-	244,223,615
Buildings - Level 2	2	1,831,849	-	-	1,831,849	3,050	9,818	-	(413,626)	-	4,279,909	17,623,364	-	11,912,364	5,711,000
Buildings - Level 3	3	42,560,643	-	25,609,307	16,951,336	-	102,007	(345,758)	(1,286,020)	-	8,532,155	43,712,697	-	19,758,977	23,953,720
Infrastructure															
- Road Transport Assets and Car Parks	3	274,167,331	-	69,592,511	204,574,820	-	3,635,256	(1,724,442)	(4,982,279)	(2,091,152)	-	275,081,801	-	75,669,598	199,412,203
- Gross Pollutant Traps and Trash Racks	3	307,718	168,022	237,395	238,345	-	-	-	(24,226)	-	-	307,718	168,022	261,621	214,119
- Road Traffic Devices	3	3,258,006	-	669,910	2,588,096	111,241	17,041	(9,269)	(61,548)	(266,363)	-	3,489,870	-	1,110,672	2,379,198
- Stormwater Drainage	3	100,634,754	-	38,199,393	62,435,361	213,433	42,454	(6,286)	(1,080,960)	(4,452,526)	-	93,610,994	-	36,459,518	57,151,476
- Footpaths and Walkways	3	34,249,732	-	10,356,825	23,892,907	230,979	752,936	(307,743)	(979,987)	-	1,547,248	34,589,729	-	9,453,389	25,136,340
- Bridges	3	2,271,378	-	711,748	1,559,630	-	-	-	(25,842)	(29,975)	-	2,239,670	-	735,857	1,503,813
- Creeks	3	-	129,398	5,323	124,075	-	-	-	(8,642)	-	-	-	129,398	13,965	115,433
Plant & Equipment		-	8,774,817	4,453,712	4,321,105	586,241	1,158,699	(381,224)	(686,799)	-	-	-	9,599,236	4,601,214	4,998,022
Furniture & Fittings		-	1,400,232	1,010,360	389,872	8,109	-	-	(49,954)	-	-	-	1,408,341	1,060,314	348,027
Library Books		-	892,688	360,451	532,237	-	197,569	-	(208,714)	-	-	-	872,114	351,022	521,092
Other Assets	3	15,701,630	-	6,900,802	8,800,828	61,231	43,834	(12,314)	(382,079)	(1,222,533)	-	13,822,249	138,595	6,671,877	7,288,967
Tennis/Netball Courts & Playgrounds	3	2,480,733	-	578,312	1,902,421	-	90,114	(2,625)	(282,717)	-	92,417	4,574,611	-	2,775,001	1,799,610
Bus Stops	3	1,780,624	-	579,511	1,201,113	-	-	-	(98,005)	(131,608)	-	1,802,198	-	830,698	971,500
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>666,502,398</b>	<b>11,365,157</b>	<b>159,265,560</b>	<b>518,601,995</b>	<b>1,214,284</b>	<b>6,049,728</b>	<b>(2,789,661)</b>	<b>(10,571,398)</b>	<b>(8,194,157)</b>	<b>71,417,344</b>	<b>735,078,516</b>	<b>12,315,706</b>	<b>171,666,087</b>	<b>575,728,135</b>
<b>Comparatives</b>		<b>634,244,832</b>	<b>11,471,193</b>	<b>147,170,084</b>	<b>498,545,941</b>	<b>2,263,027</b>	<b>6,354,574</b>	<b>(1,781,570)</b>	<b>(8,539,365)</b>	<b>(2,067,305)</b>	<b>23,826,693</b>	<b>666,502,398</b>	<b>11,365,157</b>	<b>159,265,560</b>	<b>518,601,995</b>



## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 7b. Valuation of Infrastructure, Property, Plant & Equipment

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#### Fair Value Hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of the three possible levels based on the lowest level that a significant input can be categorised into. The levels are outlined below:

**Level 1:** Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

**Level 2:** Measurements based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Measurements based on unobservable inputs for the asset or liability.

The fair value of assets and liabilities that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

#### Valuation Techniques

The entity selects valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the entity are consistent with one or more of the following valuation approaches:

- *Market approach:* uses prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.
- *Income approach:* converts estimated future cash flows or income and expenses into a single current (ie discounted) value.
- *Cost approach:* reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore developed using the best information available about such assumptions are considered unobservable.

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 7b. Valuation of Infrastructure, Property, Plant & Equipment (continued)

#### Fair Value Hierarchy (continued)

The following tables provide the fair values of the entity's assets measured and recognised on a recurring basis after initial recognition, categorised within the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
<b>2016</b>				
Land	-	244,223,615	-	244,223,615
Buildings - Level 2	-	17,623,364	-	17,623,364
Buildings - Level 3	-	-	43,712,697	43,712,697
Infrastructure	-	-	407,080,111	407,080,111
Bridges	-	-	2,239,670	2,239,670
Other Assets	-	-	20,199,059	20,199,059
<b>Total Financial Assets Recognised at Fair Value</b>	<b>-</b>	<b>261,846,979</b>	<b>473,231,537</b>	<b>735,078,516</b>
<b>2015</b>				
Land	-	187,258,000	-	187,258,000
Buildings - Level 2	-	1,831,849	-	1,831,849
Buildings - Level 3	-	-	42,560,643	42,560,643
Infrastructure	-	-	412,617,542	412,617,542
Bridges	-	-	2,271,378	2,271,378
Other Assets	-	-	19,962,986	19,962,986
<b>Total Financial Assets Recognised at Fair Value</b>	<b>-</b>	<b>189,089,849</b>	<b>477,412,549</b>	<b>666,502,398</b>

There were no transfers between Levels 1 and 2 for assets measured at fair value on a recurring basis during the reporting period.

#### Valuation of Assets

##### Other Information

At 1 July 2004 upon transition to AIFRS, Council elected pursuant to AASB 1.19 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent additions at cost, this remains as the basis for recognition of non-material asset classes.

Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 *Fair Value Measurement*. Accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the cost of land, fair value is taken to be the current replacement cost.

##### Highest and best use

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

##### Transition to AASB 13 - Fair Value Measurement

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below.

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2016

### Note 7b. Valuation of Infrastructure, Property, Plant & Equipment (continued)

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#### Valuation of Assets (continued)

##### Land

As Council is of the opinion that it is not possible to attribute a value sufficiently reliable to qualify for recognition, land under roads has not been recognised in these reports. Where land is acquired for road purposes during the year, it is initially recognised at cost, then transferred to fair value at reporting date, effectively writing off the expenditure.

Land was revalued to its fair value as at 30 June 2016, where a physical inspection was undertaken by Maloney Field Services. No capitalisation threshold is applied to the acquisition of land or interests in land.

##### Buildings

Buildings were revalued to their fair value as at 30 June 2016, where a physical inspection was undertaken by Maloney Field Services.

The depreciation expense for the year ended 30 June 2016 has been adjusted to take into account the updated revaluation, while the projected depreciation for this asset category in 2016/2017 is expected to be \$2,706,028. This reflects an increase compared to 2015/2016 of \$1,006,382. \$997,000 of this amount relates to depreciation that will be incurred from the newly redeveloped ARC Campbelltown.

##### Infrastructure

###### *Road Transport Assets and Car Parks*

Road Surface, Road Pavement and Kerb & Gutter were condition assessed by ARRB Pty Ltd as at 30 June 2013, while a data collection exercise was undertaken by Council Staff on indented Car Parks only as at 30 June 2014. The unit rates developed by Council Staff for these asset categories were independently verified by Opus International Consultants (Australia) Pty Ltd as at 30 June 2016.

Based on the unit rate revaluation undertaken as at 30 June 2016, the projected depreciation expense for each of these asset categories in 2016/2017 is expected to be as follows. Also included is the increase/(decrease) compared to 2015/2016:

- |   |  |
|---|--|
| - Road Surface - \$1,744,078 (decrease of \$95,700) | - Road Pavement - \$1,985,686 (increase of \$17,800) |
| - Kerb & Gutter - \$953,574 (increase of \$1,850)   | - Car Parks - \$215,806 (decrease of \$7,100)        |

It is expected that this category of assets will next be condition assessed during the 2016/2017 financial year.

###### *Gross Pollutant Traps and Trash Racks*

A condition assessment and valuation of these assets was undertaken by GHD Pty Ltd as at 30 June 2011.

It is expected that a desktop revaluation of this category of assets will be undertaken during the 2016/2017 financial year, with a full revaluation planned for 2019/2020.

###### *Road Traffic Devices*

A data collection and validation exercise was undertaken by Council Staff as at 30 June 2014. The unit rates and useful lives for these assets were developed by Opus International Consultants (Australia) Pty Ltd and were last updated as at 30 June 2016.

It is expected that this category of assets will next be condition assessed during the 2016/2017 financial year.

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 7b. Valuation of Infrastructure, Property, Plant & Equipment (continued)

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#### Valuation of Assets (continued)

##### *Stormwater Drainage*

Visual inspections using CCTV were undertaken on a small sample in 2015 and 2016 by Plumbing and Pipeline Solutions. The unit rates developed by Council Staff for these asset categories were independently verified by Opus International Consultants (Australia) Pty Ltd as at 30 June 2016.

A rolling condition assessment commenced in 2015/2016 for Stormwater Closed Channel, with a full revaluation of Open Channel assets planned for 2017/2018.

##### *Footpaths and Walkways*

Footpaths were condition assessed by ARRB Pty Ltd as at 30 June 2013, while a data collection exercise was undertaken by Council Staff on Walkways as at 30 June 2014. The unit rates developed by Council Staff for these assets were independently verified by Opus International Consultants (Australia) Pty Ltd as at 30 June 2016.

Based on the unit rate revaluation undertaken as at 30 June 2016, the projected depreciation expense for each of these asset categories in 2016/2017 is expected to be:

- |  |   |
|--|---|
| - Footpaths - \$832,553 (increase of \$10,000) | - Walkways - \$145,291 (increase of \$12,100) |
|--|---|

It is expected that these categories of assets will next be condition assessed during the 2017/2018 financial year.

##### *Bridges*

A data collection, validation exercise and unit rate assessment was undertaken by Opus International Consultants (Australia) Pty Ltd as at 1 July 2014.

It is expected that this category of assets will next be condition assessed during the 2018/2019 financial year.

##### *Creeks*

A data collection and validation exercise was undertaken by Council Staff in 2011.

It is expected that a full revaluation of this category of assets will occur in the 2017/2018 financial year.

#### **Plant & Equipment, Furniture & Fittings and Library Books**

Pursuant to Council's election, these assets are recognised at cost.

##### **Library Stock**

The carrying amounts of library stock was reviewed during the year ended 30 June 2012. This assessment has resulted in the amount previously recorded at fair value being transferred to cost. This is in line with the accounting treatment of library books and other lending materials, which are capitalised in bulk and written off when fully depreciated.

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 7b. Valuation of Infrastructure, Property, Plant & Equipment (continued)

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#### Valuation of Assets (continued)

##### **Other Assets**

###### *Other Assets*

These assets were revalued to their fair value as at 30 June 2015, where an independent desktop revaluation was undertaken by Liquid Pacific. An independent physical inspection was also undertaken by Liquid Pacific as at 30 June 2014.

It is expected that a full revaluation of this category of assets will occur in the 2016/2017 financial year.

###### *Tennis/Netball Courts & Playgrounds*

A data collection and validation exercise and development of a unit rate for Tennis and Netball Courts has been as at 30 June 2016, with Playground undertaken as at 30 June 2015.

It is expected that a full revaluation of Tennis and Netball Courts will in the 2019/2020 financial year, while a condition assessment of Playgrounds is planned for 2018/2019.

###### *Bus Stops*

A data capture and validation exercise was last undertaken by Staff as at 30 June 2014. Unit rates developed by Council Staff for these assets were independently verified by Opus International Consultants (Australia) Pty Ltd as at 30 June 2016.

It is expected that the next condition assessment will occur in the 2017/2018 financial year.

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 8. Liabilities

\$	Notes	2016 Current	2016 Non Current	2015 Current	2015 Non Current
<b>(a). Trade and Other Payables</b>					
Goods & Services		2,274,252	-	2,564,215	-
Payments Received in Advance		1,264,257	-	5,413,140	-
Accrued Expenses - Employee Entitlements		298,892	-	207,816	-
Accrued Expenses - Finance Costs		810	-	861	-
Accrued Expenses - Other		499,227	-	1,185,534	-
Deposits, Retentions & Bonds		884,678	-	776,102	-
Other		36,755	-	15,238	-
<b>Total Trade and Other Payables</b>		<b>5,258,871</b>	<b>-</b>	<b>10,162,906</b>	<b>-</b>
<b>(b). Borrowings</b>					
Bank Overdraft		-	-	321,669	-
Loans		8,189	116,190	7,787	124,379
<b>Total Borrowings</b>		<b>8,189</b>	<b>116,190</b>	<b>329,456</b>	<b>124,379</b>
<b>(c). Provisions</b>					
Annual Leave		858,070	695,104	829,807	821,846
Long Service Leave		1,543,629	488,007	1,470,801	482,125
<b>Total Provisions</b>		<b>2,401,699</b>	<b>1,183,111</b>	<b>2,300,608</b>	<b>1,303,971</b>

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 9. Reserves

\$	1/7/2015	Increments (Decrements)	Transfers	Impairments	30/6/2016
<b>(a). Asset Revaluation Reserve</b>					
Land	151,778,966	56,965,615	-	-	208,744,581
Buildings	1,535,930	12,812,064	(28,349)	-	14,319,645
Infrastructure	218,526,452	(5,262,793)	(1,687,695)	-	211,575,964
Bridges	3,002,465	(29,975)	-	-	2,972,490
Other Assets	5,869,152	(1,261,724)	(7,665)	-	4,599,763
<b>Total Asset Revaluation Reserve</b>	<b>380,712,965</b>	<b>63,223,187</b>	<b>(1,723,709)</b>	<b>-</b>	<b>442,212,443</b>
<b>Comparatives</b>	<b>360,577,685</b>	<b>21,759,388</b>	<b>(1,624,108)</b>	<b>-</b>	<b>380,712,965</b>

\$	1/7/2015	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2016
<b>(b). Other Reserves</b>					
Asset Replacement Reserve	2,725,142	648,067	(552,308)	-	2,820,901
Underground Infrastructure Reserve	400,476	-	-	-	400,476
Reserves Development Reserve	83,205	1,650	-	-	84,855
Committed Works Reserve	15,255,400	3,949,800	(15,255,400)	-	3,949,800
Renewal & Replacement Reserve	17,273,490	6,017,653	-	-	23,291,143
Leisure Centre Redevelopment Reserve	830,345	-	(830,345)	-	-
Galt Trust	2,000	-	-	-	2,000
Urban Tree Fund	1,705	2,383	-	-	4,088
<b>Total Other Reserves</b>	<b>36,571,763</b>	<b>10,619,553</b>	<b>(16,638,053)</b>	<b>-</b>	<b>30,553,263</b>
<b>Comparatives</b>	<b>25,607,906</b>	<b>18,497,559</b>	<b>(7,533,702)</b>	<b>-</b>	<b>36,571,763</b>

### PURPOSES OF RESERVES

#### Asset Revaluation Reserve

The Asset Revaluation Reserve is used to record increments and decrements arising from changes in fair value of non-current assets (less any subsequent impairment losses, where applicable).

#### Asset Replacement Reserve

The Asset Replacement Reserve is used to set aside amounts that will offset the cost of replacing plant, equipment, furniture and fittings. Library stock and computer equipment are not included in these transfers. Amounts are transferred to this Reserve at an amount equal to the annual depreciation charge on the relevant assets. The amount equivalent to the accumulated depreciation expense allocated for replaced assets is transferred from this Reserve to offset the cost of their replacement.

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2016

### Note 9. Reserves (continued)

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#### **Underground Infrastructure Reserve**

An allocation received from Optus pursuant to an agreement reached with Council. Part of this Reserve has been used to fund the undergrounding of services at Glynde Corner. The balance is expected to be applied to the future undergrounding of overhead cables.

#### **Reserves Development Reserve**

This Reserve is used to hold funds in lieu of open space contributions and proceeds from sale of reserves. The balance in this Reserve will be used for park and reserve development, with interest accrued on the balance throughout the year.

#### **Committed Works Reserve**

This Reserve represents the works that were not completed during the financial year, which Council has committed to undertake. This Reserve is reduced as expenditure relating to these works is recognised.

#### **Renewal & Replacement Reserve**

This Reserve was established in the 2008/2009 financial year for the future renewal and replacement of existing assets, in accordance with Council's Long Term Financial Plan and Infrastructure Asset Management Plans. Amounts transferred to or from this Reserve is based on the difference between the depreciation expense and net renewal and replacement capital expenditure for the relevant year. 0.55% of the annual rate increase is also allocated to this Reserve for future expenditure.

#### **Leisure Centre Redevelopment Reserve**

This Reserve was established in the 2011/2012 financial year to assist in the financing of the redevelopment of the ARC Campbelltown. The net proceeds from sale of certain parcels of land has been allocated to this Reserve.

#### **Galt Trust**

A historical fund that is set aside as an investment for Council.

#### **Urban Tree Fund**

The Urban Tree Fund has been established in accordance with Section 50B of the Development Act 1993. The Fund was established on 10 August 2012 following publication of a Notice in the Government Gazette on 16 August 2012. Payments made to the Fund will be used to maintain or plant trees that are or will constitute significant trees once fully grown, or to purchase land within the Council area that will be used to plant or maintain trees that are or will become significant trees. In accordance with the Act, interest is accrued on the balance throughout the year.



## Corporation of the City of Campbelltown

### Notes to and forming part of the Financial Statements for the year ended 30 June 2016

#### Note 10. Assets Subject to Restrictions

\$	Notes	2016	2015
<p>The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.</p>			
<b>Cash &amp; Financial Assets</b>			
Reserve Development Contributions		84,855	83,206
State Black Spot Funding		-	3,489
Avenue Road Gross Pollutant Trap - NRM Board		19,287	19,287
OPAL		12,153	18,892
ARC Campbelltown Redevelopment - State Government		647,584	2,884,232
ARC Campbelltown Redevelopment - Federal Government		90,487	2,536,853
Urban Tree Fund		4,088	1,706
Lochend Redevelopment - National Trust of SA		2,251	2,251
Book Group Sets - ACH Group		2,380	2,380
Anzac Day Commemoration Fund - Avenue of Honour		-	2,437
Jan Street Placemaking Project		176,860	202,500
River Torrens Recovery Grant		11,621	-
<b>Total Cash &amp; Financial Assets</b>		<b>1,051,566</b>	<b>5,757,233</b>

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 11. Reconciliation to Statement of Cash Flows

\$	Notes	2016	2015
<b>(a). Reconciliation of Cash</b>			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	4,475,712	15,627,615
Less: Short-Term Borrowings	8	-	(321,669)
<b>Balances per Statement of Cash Flows</b>		<b>4,475,712</b>	<b>15,305,946</b>
<b>(b). Reconciliation of Change in Net Assets to Cash from Operating Activities</b>			
<b>Net Surplus/(Deficit)</b>		<b>8,992,547</b>	<b>3,487,094</b>
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		10,571,398	8,539,365
Equity Movements in Equity Accounted Investments (Increase)/Decrease		8,808	(58,834)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(6,268,756)	(819,642)
Net (Gain) Loss on Disposals		2,223,741	1,644,621
		<b>15,527,738</b>	<b>12,792,604</b>
<b>Add (Less): Changes in Net Current Assets</b>			
Net (Increase)/Decrease in Receivables		1,155,763	(1,970,160)
Change in Allowances for Under-Recovery of Receivables		-	20,487
Net (Increase)/Decrease in Inventories		141	381
Net (Increase)/Decrease in Other Current Assets		26,857	(17,233)
Net Increase/(Decrease) in Trade & Other Payables		(5,012,611)	2,994,124
Net Increase/(Decrease) in Other Provisions		(19,769)	237,498
<b>Net Cash provided by (or used in) operations</b>		<b>11,678,119</b>	<b>14,057,701</b>

### (c). Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

Bank Overdrafts - NAB	250,000	250,000
Corporate Credit Cards	61,500	71,500
LGFA Cash Advance Debenture Facility	2,607,000	2,607,000

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

## Corporation of the City of Campbelltown

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2016

#### Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015
\$										
Infrastructure Services	2,965,815	3,100,170	23,662,834	22,192,722	(20,697,019)	(19,092,552)	1,406,534	1,497,642	558,225,907	491,409,183
Urban Planning & Leisure Services	4,373,900	2,198,544	5,475,477	5,299,283	(1,101,577)	(3,100,739)	2,936,345	673,725	1,566,472	3,824,713
Corporate & Community Services	35,176,504	34,728,928	6,470,419	6,442,211	28,706,085	28,286,717	1,290,339	2,370,663	40,758,380	29,997,861
Executive Services	51,858	74,888	2,003,007	1,915,075	(1,951,149)	(1,840,187)	-	-	8,535,777	16,863,692
<b>Total Functions/Activities</b>	<b>42,568,077</b>	<b>40,102,530</b>	<b>37,611,737</b>	<b>35,849,291</b>	<b>4,956,340</b>	<b>4,253,239</b>	<b>5,633,218</b>	<b>4,542,030</b>	<b>609,086,536</b>	<b>542,095,449</b>

Revenues and expenses exclude net gain/(loss) on disposal or revaluation of assets, net gain/(loss) from joint ventures & associated entities, amounts received specifically for new or upgraded assets and physical resources received free of charge.

'Grants Included in Income' includes Amounts Received Specifically for New or Upgraded Assets.

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 12b. Components of Functions

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**The activities relating to Council functions are as follows:**

#### **INFRASTRUCTURE SERVICES**

Infrastructure Services Management, Asset Management - Road Transport, Asset Management - Footpaths, Asset Management - Stormwater, Administration Building and Hall Maintenance, Sport and Recreation Facilities, Depot Operations, Street Lighting, Parks and Reserves, Tree Maintenance and Replacement, Waste Management.

#### **URBAN PLANNING AND LEISURE SERVICES**

Urban Planning and Leisure Services Management, Library Services, Environmental Health, Environmental Control and Public Order, City Planning and Development, Environmental Management, Cemeteries, Leisure Services, Economic Development.

#### **CORPORATE AND COMMUNITY SERVICES**

Corporate and Community Services Management, People and Culture, Community Services and Social Development, Youth Development, Services for Older People, Community Transport, Information Services, Finance, Rates.

#### **EXECUTIVE SERVICES**

Executive Services, Elected Members, Civic Functions, Governance and Strategic Planning, Community Engagement.

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 13. Financial Instruments

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#### Recognised Financial Instruments

##### Bank, Deposits at Call, Short Term Deposits

##### Accounting Policy:

Carried at lower of cost and net realisable value; Interest is recognised when earned.

##### Terms & Conditions:

Deposits are returning fixed interest rates between 1.50% and 2.45% (2015: 2.00% and 3.10%). Short term deposits have an average maturity of 58 days and an average interest rate of 2.22% (2015: 81 days and 2.48%).

##### Carrying Amount:

Approximates fair value due to the short term to maturity.

##### Receivables

##### Rates & Associated Charges

(including legals & penalties for late payment)

Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.

##### Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

##### Terms & Conditions:

Secured over the subject land, arrears attract interest of 7.25% (2015: 7.75%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

##### Carrying Amount:

Approximates fair value (after deduction of any allowance).

##### Receivables

##### Fees & Other Charges

##### Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

##### Terms & Conditions:

Unsecured, and do not bear interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.

##### Carrying Amount:

Approximates fair value (after deduction of any allowance).

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 13. Financial Instruments (continued)

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#### Recognised Financial Instruments

##### Receivables

##### Other Levels of Government

##### Accounting Policy:

Carried at nominal value.

##### Terms & Conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.

##### Carrying Amount:

Approximates fair value.

##### Liabilities

##### Creditors and Accruals

##### Accounting Policy:

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

##### Terms & Conditions:

Liabilities are normally settled on 30 days from the end of month.

##### Carrying Amount:

Approximates fair value.

##### Liabilities

##### Interest Bearing Borrowings

##### Accounting Policy:

Carried at the principal amounts. Interest is charged as an expense as it accrues.

##### Terms & Conditions:

Secured over future revenues, borrowings are repayable every six months; interest is charged at a fixed rate of 5.10% (2015: 5.10%).

##### Carrying Amount:

Approximates fair value.

##### Liabilities

##### Finance Leases

##### Accounting Policy:

Accounted for in accordance with AASB 117.

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2016

### Note 13. Financial Instruments (continued)

	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
\$					
<b>2016</b>					
<b>Financial Assets</b>					
Cash & Equivalents	4,475,712	-	-	4,475,712	4,475,712
Receivables	1,483,166	125,083	121,423	1,729,672	1,716,775
Other Financial Assets	-	-	106,780	106,780	106,780
<b>Total Financial Assets</b>	<b>5,958,878</b>	<b>125,083</b>	<b>228,203</b>	<b>6,312,164</b>	<b>6,299,267</b>

<b>Financial Liabilities</b>					
Payables	3,994,614	-	-	3,994,614	3,994,614
Current Borrowings	15,185	-	-	15,185	8,189
Non-Current Borrowings	-	60,153	95,304	155,457	116,190
<b>Total Financial Liabilities</b>	<b>4,009,799</b>	<b>60,153</b>	<b>95,304</b>	<b>4,165,256</b>	<b>4,118,993</b>

	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
\$					
<b>2015</b>					
<b>Financial Assets</b>					
Cash & Equivalents	15,627,615	-	-	15,627,615	15,627,615
Receivables	2,729,869	130,923	157,500	3,018,292	2,975,821
Other Financial Assets	65,637	-	159,149	224,786	224,786
<b>Total Financial Assets</b>	<b>18,423,121</b>	<b>130,923</b>	<b>316,649</b>	<b>18,870,693</b>	<b>18,828,222</b>

<b>Financial Liabilities</b>					
Payables	4,749,766	-	-	4,749,766	4,749,766
Current Borrowings	336,909	-	-	336,909	329,456
Non-Current Borrowings	-	60,395	110,247	170,642	124,379
<b>Total Financial Liabilities</b>	<b>5,086,675</b>	<b>60,395</b>	<b>110,247</b>	<b>5,257,317</b>	<b>5,203,601</b>

The following interest rates were applicable to Council's Borrowings at balance date:

	30 June 2016		30 June 2015	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Overdraft		-		321,669
Fixed Interest Rates	5.10%	124,379	5.10%	453,835
		<b>124,379</b>		<b>775,504</b>

### Net Fair Value

All carrying values approximate fair value for all recognised financial instruments . There is no recognised market for the financial assets of the Council.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 13. Financial Instruments (continued)

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#### Risk Exposures

**Credit Risk** represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

**Market Risk** is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor **currency risk** apply.

**Liquidity Risk** is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

**Interest Rate Risk** is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.



# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 14. Commitments for Expenditure

\$	Notes	2016	2015
<b>(a). Capital Commitments</b>			
<b>Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:</b>			
Buildings		1,836,100	23,360,300
Infrastructure		998,050	360,000
Plant & Equipment		442,200	285,550
Library Stock		-	47,550
Other		613,450	12,200
		<b>3,889,800</b>	<b>24,065,600</b>
<b>These expenditures are payable:</b>			
Not later than one year		3,889,800	24,065,600
		<b>3,889,800</b>	<b>24,065,600</b>
<b>(b). Other Expenditure Commitments</b>			
<b>Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:</b>			
Audit Services		25,845	51,060
Waste Management Services		2,126,878	2,066,071
Employee Remuneration Contracts		2,832,493	1,625,552
		<b>4,985,216</b>	<b>3,742,683</b>
<b>These expenditures are payable:</b>			
Not later than one year		3,599,930	2,750,404
Later than one year and not later than 5 years		1,385,286	992,279
		<b>4,985,216</b>	<b>3,742,683</b>

### (c). Finance Lease Commitments

Council has no Finance Leases.

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 15. Financial Indicators

	Amounts	Indicator	Prior Periods	
\$	2016	2016	2015	2014

These Financial Indicators have been calculated in accordance with *Information paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.

#### 1. Operating Surplus Ratio

Operating Surplus	4,947,532	11.6%	10.7%	4.7%
Total Operating Revenue	42,573,397			

*This ratio expresses the operating surplus as a percentage of total operating revenue.*

#### 1a. Adjusted Operating Surplus Ratio

In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The Adjusted Operating Surplus Ratio adjusts for the resulting distortion in the disclosed operating result for each year.

5,772,045	13.6%	8.7%	7.0%
42,573,397			

#### 2. Net Financial Liabilities Ratio

Net Financial Liabilities	748,677	2%	(16%)	69%
Total Operating Revenue	42,573,397			

*Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.*

#### 3. Asset Sustainability Ratio

Net Asset Renewals	13,504,262	419%	200%	133%
Infrastructure & Asset Management Plan required expenditure	3,224,860			

*Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.*

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 16. Uniform Presentation of Finances

\$	2016	2015
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	42,573,397	40,171,647
less Expenses	(37,625,865)	(35,859,574)
<b>Operating Surplus / (Deficit)</b>	<b>4,947,532</b>	<b>4,312,073</b>
<b>less Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal and Replacement of Existing Assets	13,957,660	6,624,112
less Depreciation, Amortisation and Impairment	(10,571,398)	(8,539,365)
less Proceeds from Sale of Replaced Assets	(453,398)	(136,949)
<b>Subtotal</b>	<b>2,932,864</b>	<b>(2,052,202)</b>
<b>less Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	15,633,738	3,947,029
less Amounts Received Specifically for New and Upgraded Assets	(6,268,756)	(819,642)
less Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	(112,522)	-
<b>Subtotal</b>	<b>9,252,460</b>	<b>3,127,387</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(7,237,792)</b>	<b>3,236,888</b>

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 17. Operating Leases

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\$	2016	2015
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#### Leases Providing Revenue to the Council

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

#### (i) Investment Property

Council has not classified any Land or Buildings as "Investment Property".

#### (ii) Lease Payment Commitments of Council

Council has entered into non-cancellable operating leases for various items of computer and other plant and equipment.

No contingent rentals were paid during the current or previous reporting periods.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease return or acquire the equipment leased.

No lease contains any escalation clause.

#### Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

Not later than one year	132,313	125,410
Later than one year and not later than 5 years	163,571	147,037
	<u>295,884</u>	<u>272,447</u>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 18. Superannuation

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The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

#### **Accumulation only Members**

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2015/16; 9.50% in 2014/15). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

#### **Salarylink (Defined Benefit Fund) Members**

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2014/15) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

#### **Contributions to Other Superannuation Schemes**

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 19. Interests in Other Entities

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**All joint ventures and associates are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.**

	Council's Share of Net Income		Council's Share of Net Assets	
	2016	2015	2016	2015
Joint Ventures	(8,808)	58,834	106,780	224,786
<b>Total</b>	<b>(8,808)</b>	<b>58,834</b>	<b>106,780</b>	<b>224,786</b>

#### (i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

##### (a) Carrying Amounts

Name of Entity	Principal Activity	2016	2015
Waste Care SA	Waste Transfer Station Facility	-	55,354
Eastern Waste Mgt Authority Inc.	Waste Collection Services	25,005	46,136
Eastern Health Authority Inc.	Environmental Health Services	81,775	123,296
<b>Total Carrying Amounts - Joint Ventures &amp; Associates</b>		<b>106,780</b>	<b>224,786</b>

##### Waste Care SA

Waste Care SA was established to control waste costs for member Councils, ensure adequate waste infrastructure for Local Government and to receive and dispose of waste collected from within and outside of the areas of the constituent Councils. As per the Government Gazette notice, this subsidiary was wound up on 22 October 2015.

##### Eastern Waste Mgt Authority Inc.

The Authority's primary purpose is to provide effective waste collection services for its Member Councils. The exact nature of the waste collection services are determined independently by each Council to meet the needs of their respective communities.

##### Eastern Health Authority Inc.

The Eastern Health Authority provides a wide range of environmental health services to the community in the eastern and inner northern suburbs of Adelaide. The Authority's main functions include provision of immunisation services, surveillance of food safety, sanitation and disease control, and licensing of supported residential facilities.

##### (b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2016	2015	2016	2015	2016	2015
Waste Care SA	23.75%	23.75%	23.75%	23.75%	16.67%	16.67%
Eastern Waste Mgt Authority Inc.	16.67%	16.67%	16.67%	16.67%	16.67%	16.67%
Eastern Health Authority Inc.	24.22%	23.91%	24.22%	23.91%	20.00%	20.00%

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 19. Interests in Other Entities (continued)

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#### (i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS (continued)

##### (c) Movement in Investment in Joint Venture or Associate

	Waste Care SA		Eastern Waste Mgt Authority Inc.	
	2016	2015	2016	2015
Opening Balance	55,354	65,637	46,136	3,554
Share in Operating Result	(12,478)	(10,283)	(1,650)	42,177
Share in Other Comprehensive Income	-	-	6,315	405
Distributions Received	(42,876)	-	(46,136)	-
Adjustments to Equity	-	-	20,340	-
<b>Council's Equity Share in the Joint Venture or Associate</b>	<b>-</b>	<b>55,354</b>	<b>25,005</b>	<b>46,136</b>

	Eastern Health Authority Inc.	
	2016	2015
Opening Balance	123,296	98,048
Share in Operating Result	5,320	26,940
Share in Other Comprehensive Income	-	(1,692)
Distributions Received	(48,799)	-
Adjustments to Equity	1,958	-
<b>Council's Equity Share in the Joint Venture or Associate</b>	<b>81,775</b>	<b>123,296</b>

##### (d) Summarised Financial Information of the Equity Accounted Business

Statement of Financial Position	Waste Care SA		Eastern Waste Mgt Authority Inc.	
	2016	2015	2016	2015
Cash and Cash Equivalents	-	241,607	2,797,570	2,096,194
Other Current Assets	-	18,228	358,583	248,589
Non-Current Assets	-	-	5,332,461	6,793,005
<b>Total Assets</b>	<b>-</b>	<b>259,835</b>	<b>8,488,614</b>	<b>9,137,788</b>
Current Trade and Other Payables	-	26,765	1,869,862	1,163,066
Current Financial Liabilities	-	-	1,416,593	1,099,894
Current Provisions	-	-	608,909	439,025
Non-Current Financial Liabilities	-	-	4,373,852	6,103,149
Non-Current Provisions	-	-	69,398	55,891
<b>Total Liabilities</b>	<b>-</b>	<b>26,765</b>	<b>8,338,614</b>	<b>8,861,025</b>
<b>Net Assets</b>	<b>-</b>	<b>233,070</b>	<b>150,000</b>	<b>276,763</b>

# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 19. Interests in Other Entities (continued)

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#### (i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS (continued)

#### (d) Summarised Financial Information of the Equity Accounted Business (cont'd)

##### Statement of Financial Position

	Eastern Health Authority Inc.	
	2016	2015
Cash and Cash Equivalents	581,155	789,971
Other Current Assets	158,026	162,272
Non-Current Assets	421,720	441,095
<b>Total Assets</b>	<b>1,160,901</b>	<b>1,393,338</b>

Current Trade and Other Payables	95,855	108,658
Current Financial Liabilities	58,623	55,934
Current Provisions	259,008	236,220
Non-Current Financial Liabilities	376,575	435,198
Non-Current Provisions	33,207	41,662

<b>Total Liabilities</b>	<b>823,268</b>	<b>877,672</b>
<b>Net Assets</b>	<b>337,633</b>	<b>515,666</b>

##### Statement of Comprehensive Income

	Waste Care SA		Eastern Waste Mgt Authority	
	2016	2015	2016	2015
Other Income	-	643,350	381,540	878,601
User Charges	-	-	12,573,410	13,086,802
Interest Income	6,194	27,048	36,129	42,728
<b>Total Income</b>	<b>6,194</b>	<b>670,398</b>	<b>12,991,079</b>	<b>14,008,131</b>

Employee Costs	-	-	4,803,231	4,837,731
Materials, Contracts & Other Expenses	58,431	415,790	6,267,459	6,879,259
Depreciation, Amortisation and Impairment	-	-	1,595,423	1,754,292
Finance Costs	294	297,903	334,865	405,851
<b>Total Expenses</b>	<b>58,725</b>	<b>713,693</b>	<b>13,000,978</b>	<b>13,877,133</b>

Other Revenue / Expense Items	-	-	37,882	2,428
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<b>Operating Result</b>	<b>(52,531)</b>	<b>(43,295)</b>	<b>27,983</b>	<b>133,426</b>
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	Eastern Health Authority Inc.	
	2016	2015
Other Income	590,166	585,421
Contributions from Constituent Councils	1,609,306	1,576,605
Interest Income	15,304	20,871
<b>Total Income</b>	<b>2,214,776</b>	<b>2,182,897</b>

Employee Costs	1,483,167	1,353,987
Materials, Contracts & Other Expenses	643,081	608,515
Depreciation, Amortisation and Impairment	45,098	83,705
Finance Costs	21,463	24,016
<b>Total Expenses</b>	<b>2,192,809</b>	<b>2,070,223</b>

<b>Operating Result</b>	<b>21,967</b>	<b>112,674</b>
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# Corporation of the City of Campbelltown

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 19. Interests in Other Entities (continued)

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\$	2016	2015
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#### (i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS (continued)

##### (e). Share of Joint Operations Expenditure Commitments

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

##### (i) Operating Expenditures Payable

Not later than one year	11,238	10,291
Later than one year and not later than 5 years	11,166	8,915
Later than 5 years	-	-
	<u>22,404</u>	<u>19,206</u>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 20. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

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The following assets and liabilities 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.

#### 1. LAND UNDER ROADS

As reported in the Financial Statements, Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in the reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

At reporting date, Council controlled 252.62 km of road reserves of average width 7.35 metres.

#### 2. POTENTIAL INSURANCE LOSSES

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to deductible 'insurance excesses', the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

#### 3. LEGAL MATTERS

Council is the planning consent authority for its area under the *Development Act 1993* (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of no appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs

Council is taking legal action against Caltex for alleged contamination from one of its petrol stations adjacent to the ARC Campbelltown. The outcome of this action is not known at this time, but costs incurred to 30 June 2016 have been recognised in these financial statements.

#### 4. CEMETERIES

Council operates two cemetery facilities. A contingent liability exists for the ongoing maintenance of these cemeteries. The liability remains until all existing site leases have expired.

#### 5. ARC CAMPBELLTOWN FUNDING RESTRICTIONS

As part of the funding agreement provided by the Commonwealth Government for the redevelopment of the ARC Campbelltown, Council is required to use the facility as a regional sport and community hub substantially accommodating access for all abilities for a period of at least 5 years, commencing 27 May 2016. Failure to do so may result in grant funds being returned to the Commonwealth Government.

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 21. Events after the Balance Sheet Date

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Events that occur after the reporting date of 30 June 2016, up to and including the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate 'authorised for issue' date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 20 October 2016.

**Council is unaware of any material or significant 'non adjusting events' that should be disclosed.**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CORPORATION OF THE CITY OF CAMPBELLTOWN**

We have audited the accompanying financial report of the Corporation of the City of Campbelltown, which comprises the Statement of Financial Position as at 30 June 2016 and the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Certification of Financial Statements statement.

**The Responsibility of the Chief Executive Officer for the Financial Report**

The Chief Executive Officer of the Corporation of the City of Campbelltown is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

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

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

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

**Independence**

In conducting our audit, we have complied with the independence requirements of the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011. We confirm that the independence declaration required by the Local Government Act 1999 and Local Government (Financial Management) Regulations 2011 provided to the Chief Executive Officer, would be in the same terms if provided to the Chief Executive Officer as at the date of this auditor's report.

**Auditor's Opinion**

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Corporation of the City of Campbelltown as of 30 June 2016, and its financial performance and cash flows for the year then ended in accordance with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and the Australian Accounting Standards (including Australian Accounting Interpretations).

**DEAN NEWBERY & PARTNERS**  
**CHARTERED ACCOUNTANTS**



**SAMANTHA ALLARD**  
**PARTNER**

Signed on the 20<sup>th</sup> day of October 2016,  
at 214 Melbourne Street, North Adelaide, South Australia 5006.



## **INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE CORPORATION OF THE CITY OF CAMPBELLTOWN**

We have audited the Internal Controls of the Corporation of the City of Campbelltown (the Council) under the requirements of *Section 129(1)(b) of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2015 to 30 June 2016 have been conducted properly and in accordance with law.

### **The Council's Responsibility for the Internal Controls**

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with *Section 125 of the Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

### **Our Responsibility**

Our responsibility is to express an opinion on the Council's compliance with *Section 129(1)(b) of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2015 to 30 June 2016. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures included obtaining an understanding of controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, evaluating management's assessment of these controls, assessing the risk that a material weakness exists, and testing and evaluating the design of controls on a sample basis based on the assessed risks.

### **Limitation on Use**

This report has been prepared for the members of the Council in accordance with *Section 129(1)(b) of the Local Government Act 1999* in relation to the Internal Controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

### **Limitations of Controls**

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on internal controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

### **Independence**

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

## Opinion

In our opinion, the Council has complied, in all material respects, with *Section 129(1)(b) of the Local Government Act 1999* in relation to Internal Controls established by the Council relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2015 to 30 June 2016.

**DEAN NEWBERY & PARTNERS**  
**CHARTERED ACCOUNTANTS**



**SAMANTHA ALLARD**  
**PARTNER**

Signed on the 20<sup>th</sup> day of October 2016  
at 214 Melbourne Street, North Adelaide, South Australia, 5006


## Corporation of the City of Campbelltown

### General Purpose Financial Statements for the year ended 30 June 2016

### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Corporation of the City of Campbelltown for the year ended 30 June 2016, the Council's Auditor, Dean Newbery and Partners, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

A black ink signature of Paul Di Iulio, consisting of a stylized 'P' and 'D' followed by a horizontal line.

Paul Di Iulio  
**CHIEF EXECUTIVE OFFICER**

A blue ink signature of Leigh Hall FCPA, featuring a large, looped 'L' and 'H' followed by a horizontal line.

Leigh Hall FCPA  
**PRESIDING MEMBER, AUDIT COMMITTEE**

**Date: 7 September 2016**

### **Certification of Auditor's Independence**

I confirm that, for the audit of the financial statements of the Corporation of the City of Campbelltown for the year ended 30 June 2016, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.



**Samantha Allard**

**Partner**

**DEAN NEWBERY & PARTNERS**  
**CHARTERED ACCOUNTANTS**

**Dated this 20<sup>th</sup> day of October 2016**