

Corporation of the City of Campbelltown

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2017

Campbelltown provides a quality lifestyle for its people



Corporation of the City of Campbelltown

General Purpose Financial Statements for the year ended 30 June 2017

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Corporation of the City of Campbelltown

General Purpose Financial Statements for the year ended 30 June 2017

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 2017 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: 13 October 2017.

Corporation of the City of Campbelltown

Statement of Comprehensive Income

for the year ended 30 June 2017

\$	Notes	2017	2016
Income			
Rates Revenues	2a	34,943,803	33,205,710
Statutory Charges	2b	1,099,239	1,049,788
User Charges	2c	4,649,937	1,138,508
Grants, Subsidies and Contributions	2g	4,606,561	5,145,463
Investment Income	2d	207,804	379,018
Reimbursements	2e	1,206,051	546,372
Other Income	2f	941,541	615,463
Net Gain - Equity Accounted Council Businesses	19	53,178	5,320
Total Income		47,708,114	42,085,642
Expenses			
Employee Costs	3a	12,358,015	12,279,595
Materials, Contracts & Other Expenses	3b	19,716,046	14,754,152
Depreciation, Amortisation & Impairment	3c	10,763,545	10,120,046
Finance Costs	3d	6,187	6,592
Net loss - Equity Accounted Council Businesses	19	2,775	14,128
Total Expenses		42,846,568	37,174,513
Operating Surplus / (Deficit)		4,861,546	4,911,129
Asset Disposal & Fair Value Adjustments	4	(1,243,757)	(2,223,741)
Amounts Received Specifically for New or Upgraded Assets	2g	978,908	6,756,511
Net Surplus / (Deficit) ¹		4,596,697	9,443,899
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	234,742	62,771,835
Share of Other Comprehensive Income - Equity Accounted Council Businesses	19	3,334	6,315
Total Other Comprehensive Income		238,076	62,778,150
Total Comprehensive Income		4,834,773	72,222,049

¹ Transferred to Equity Statement

Corporation of the City of Campbelltown

Statement of Financial Position

as at 30 June 2017

\$	Notes	2017	2016
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	11,144,648	4,475,712
Trade & Other Receivables	5b	2,663,109	3,458,973
Inventories	5c	12,627	19
Total Current Assets		13,820,384	7,934,704
Non-Current Assets			
Financial Assets	6a	259,820	284,698
Equity Accounted Investments in Council Businesses	6b	177,072	106,780
Infrastructure, Property, Plant & Equipment	7a	597,608,268	575,728,135
Other Non-Current Assets	6c	306,098	25,032,219
Total Non-Current Assets		598,351,258	601,151,832
TOTAL ASSETS		612,171,642	609,086,536
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	3,797,975	5,258,871
Borrowings	8b	8,612	8,189
Provisions	8c	2,246,782	2,401,699
Total Current Liabilities		6,053,369	7,668,759
Non-Current Liabilities			
Borrowings	8b	107,579	116,190
Provisions	8c	1,040,890	1,183,111
Total Non-Current Liabilities		1,148,469	1,299,301
TOTAL LIABILITIES		7,201,838	8,968,060
Net Assets		604,969,804	600,118,476
EQUITY			
Accumulated Surplus		125,559,850	128,780,314
Asset Revaluation Reserves	9a	440,735,556	441,761,091
Other Reserves	9b	38,674,398	29,577,071
Total Council Equity		604,969,804	600,118,476

Corporation of the City of Campbelltown

Statement of Changes in Equity for the year ended 30 June 2017

\$	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
2017					
Balance at the end of previous reporting period		128,780,314	441,761,091	29,577,071	600,118,476
Net Surplus / (Deficit) for Year		4,596,697	-	-	4,596,697
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	234,742	-	234,742
- Transfer to Accumulated Surplus on Sale of I,PP&E	9a	1,260,277	(1,260,277)	-	-
- Share of OCI - Equity Accounted Council Businesses	19	3,334	-	-	3,334
- Other Equity Adjustments - Equity Accounted Council Businesses	19	16,555	-	-	16,555
Other Comprehensive Income		1,280,166	(1,025,535)	-	254,631
Total Comprehensive Income		5,876,863	(1,025,535)	-	4,851,328
Transfers between Reserves					
		(9,097,327)	-	9,097,327	-
Balance at the end of period		125,559,850	440,735,556	38,674,398	604,969,804
2016					
Balance at the end of previous reporting period		110,589,401	380,712,965	36,571,763	527,874,129
Net Surplus / (Deficit) for Year		9,443,899	-	-	9,443,899
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	62,771,835	-	62,771,835
- 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	-	-	6,315
- Other Equity Adjustments - Equity Accounted Council Businesses	19	22,298	-	-	22,298
Other Comprehensive Income		1,752,322	61,048,126	-	62,800,448
Total Comprehensive Income		11,196,221	61,048,126	-	72,244,347
Transfers between Reserves					
		6,994,692	-	(6,994,692)	-
Balance at the end of period		128,780,314	441,761,091	29,577,071	600,118,476

Corporation of the City of Campbelltown

Statement of Cash Flows

for the year ended 30 June 2017

\$	Notes	2017	2016
Cash Flows from Operating Activities			
<u>Receipts</u>			
Rates Receipts		34,843,249	33,098,156
Statutory Charges		1,099,239	1,149,788
User Charges		5,099,937	1,251,131
Grants, Subsidies and Contributions (operating purpose)		4,681,385	5,145,463
Investment Receipts		207,804	379,018
Reimbursements		1,306,051	605,446
Other Receipts		2,362,049	1,516,087
<u>Payments</u>			
Payments to Employees		(12,354,458)	(12,242,753)
Payments for Materials, Contracts & Other Expenses		(22,647,999)	(19,705,329)
Finance Payments		(6,240)	(6,643)
Net Cash provided by (or used in) Operating Activities	11b	14,591,017	11,190,364
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		978,908	6,756,511
Sale of Replaced Assets		248,518	453,398
Sale of Surplus Assets		350,000	112,522
Repayments of Loans by Community Groups		4,734	9,769
Distributions Received from Equity Accounted Council Businesses		-	137,811
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(4,860,310)	(13,957,660)
Expenditure on New/Upgraded Assets		(4,664,780)	(15,633,738)
Net Cash provided by (or used in) Investing Activities		(7,942,930)	(22,121,387)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Bonds & Deposits		361,035	387,200
<u>Payments</u>			
Repayments of Borrowings		(8,188)	(7,787)
Repayment of Bonds & Deposits		(331,998)	(278,624)
Net Cash provided by (or used in) Financing Activities		20,849	100,789
Net Increase (Decrease) in Cash Held		6,668,936	(10,830,234)
plus: Cash & Cash Equivalents at beginning of period	11	4,475,712	15,305,946
Cash & Cash Equivalents at end of period	11	11,144,648	4,475,712

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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n/a - not applicable

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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 on a going concern basis using the historical cost convention 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
2014/2015	\$2,397,105	\$1,572,592	+ \$824,513
2015/2016	\$736,573	\$1,561,086	- \$824,513
2016/2017	\$2,355,634	\$1,554,667	+ \$800,967

Because these grants are untied, the Australian Accounting Standards require that payments be

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 1. Summary of Significant Accounting Policies (continued)

recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

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) method.

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

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of Significant Accounting Policies (continued)

valuations, methods and values are provided at Note 7.

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 which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

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	30 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 and Gross Pollutant Traps	3 to 40 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 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

Catering Equipment	4 to 25 years
Electronic Equipment	3 to 15 years
Fleet and Plant	2 to 15 years
Sport and Recreation Equipment	4 to 20 years
Other Equipment	5 to 20 years

Furniture, Fittings and Library Stock

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

Other Assets

Barbeques	40 years
Bus Stops	10 to 40 years
Fences	6 to 40 years
Irrigation	40 years
Landscaping	25 years
Lighting	10 to 40 years
Park Benches and Picnic Tables	20 to 45 years
Playground Equipment	2 to 40 years
Playing Courts	20 to 25 years
Playground Equipment	2 to 40 years
Shade Structures	40 to 60 years
Miscellaneous	10 to 100 years

6.5 Impairment

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, are not subject to impairment testing.

Other 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).

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.

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 1. Summary of Significant Accounting Policies (continued)

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 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	3.86%
	(2016, 3.10%)
Weighted avg. settlement period	2.01 years
	(2016, 1.93 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.

The 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 Australian Accounting Standard 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

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 1. Summary of Significant Accounting Policies (continued)

the use of the leased assets. Lease payments are allocated between interest expense and reduction of 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.

This year Council has applied AASB 124 *Related Party Disclosures* for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. This information is presented in Note 23.

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 annual reporting periods beginning on or after 1 January 2017

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

Effective for annual reporting periods beginning on or after 13 February 2017

- AASB 2017-2 *Amendments to Australian Accounting Standards - Further Annual Improvements 2014- 16 Cycle*

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 1. Summary of Significant Accounting Policies (continued)

Effective for annual reporting periods beginning on or after 13 December 2017

- AASB 2017-1 *Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*

Effective for annual reporting periods beginning on or after 1 January 2018

- AASB 9 *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)*
- AASB 2014-1 *Amendments to Australian Accounting Standards (Part E)*
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* AASB 1057 *Application of Australian Accounting Standards*
- AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15 Revenue from Contracts with Customers*
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*
- AASB 2016-6 *Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 16 *Leases*
- AASB 16 *Leases (Appendix D)*
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*

- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

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 2017

Note 2. Income

\$	Notes	2017	2016
(a). Rates Revenues			
General Rates			
General Rates		34,375,323	32,691,589
Less: Mandatory Rebates		(513,845)	(505,932)
Less Rate Capping		(1,587)	(1,392)
Less: Discretionary Rebates, Remissions & Write Offs		(99,665)	(106,004)
Total General Rates		33,760,226	32,078,261
Other Rates (Including Service Charges)			
Natural Resource Management Levy		1,019,402	952,615
Separate Rate - Campbelltown Shopping Centre Toilet		35,500	25,900
Total Other Rates		1,054,902	978,515
Other Charges			
Penalties for Late Payment		107,237	99,631
Legal & Other Costs Recovered		39,518	66,839
Total Other Charges		146,755	166,470
Less: Discretionary Rebates, Remissions & Write Offs		(18,080)	(17,536)
Total Rates Revenues		34,943,803	33,205,710
(b). Statutory Charges			
Development Act Fees		50,086	67,751
Town Planning Fees		493,967	498,570
Animal Registration Fees & Fines		188,489	178,835
Parking Fines / Expiation Fees		266,063	218,997
Environmental Control Fines		9,937	6,211
Other Licences, Fees & Fines		118	-
Section 7 Searches		90,579	79,424
Total Statutory Charges		1,099,239	1,049,788
(c). User Charges			
Cemetery Fees		16,282	8,286
Hall & Equipment Hire		308,057	400,622
Sales - General		10,070	4,646
Sundry		26,292	32,274
ARC Campbelltown (previously Campbelltown Leisure Centre)		3,562,753	93,277
Lease Fees		470,446	353,216
Library Services		87,607	94,159
Recycling Rebates		168,430	152,028
Total User Charges		4,649,937	1,138,508

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 2. Income (continued)

\$	Notes	2017	2016
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		189,312	341,620
- Banks & Other		16,644	34,179
- Loans to Community Groups		1,848	3,219
Total Investment Income		207,804	379,018
(e). Reimbursements			
Private Works		1,005,855	185,381
Joint Undertakings		29,487	23,500
NBN Installation Works		(105,924)	137,155
Waste Collection		162,238	140,145
East Waste - Tax Equivalent Payment		-	907
Other		114,395	59,284
Total Reimbursements		1,206,051	546,372
(f). Other Income			
Insurance & Other Recoupments - Infrastructure, IPP&E		182,808	11,245
Rebates Received		258	-
Sundry		295,669	157,372
Community Home Support Program Contributions		197,826	166,861
Workers' Compensation Rebate		264,980	279,985
Total Other Income		941,541	615,463
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		342,981	62,453
Individually Significant Item (refer below - Note 2g(ii))		635,927	6,694,058
Total Amounts Received Specifically for New or Upgraded Assets		978,908	6,756,511
Other Grants, Subsidies and Contributions		210,116	134,938
Individually Significant Items (refer below - Note 2g(ii))		136,846	2,102,657
Untied - Financial Assistance Grant		1,561,667	736,573
Roads to Recovery		844,915	1,094,854
Library Operating Subsidy		164,562	162,547
Library Materials Grant		144,868	165,659
Community Home Support Program		742,620	748,235
Individually Significant Item - Additional Grants Commission Payment (refer below)		800,967	-
Total Grants, Subsidies, Contributions		5,585,469	11,901,974

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 2017

Note 2. Income (continued)

\$	Notes	2017	2016
(g). Grants, Subsidies, Contributions (continued)			
(i) Sources of grants			
Commonwealth Government		2,019,054	8,145,830
State Government		3,302,598	3,735,968
Other		263,817	20,176
Total		5,585,469	11,901,974
(ii) Individually Significant Items			
Grant Commission (FAG) Grant Recognised as Income		800,967	-
ARC Campbelltown Redevelopment - Amounts Received Specifically for New or Upgraded Assets		601,226	6,694,058
ARC Campbelltown Redevelopment - Grants, Subsidies, Contributions		136,846	2,102,657
Campbelltown Memorial Oval Redevelopment - Amounts Received for New or Upgraded Assets		34,701	-

Additional Grants Commission Payment

On 9 June 2017, Council received a payment equivalent to the first and second instalments of the 2017/2018 Grants Commission Financial Assistance and Local Roads grants. These untied grants are recognised on receipt in advance of the year of allocation.

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

An amount of \$965,213 was recognised for this purpose in the 2014/2015 financial year from these two funding bodies, \$8,796,715 represents the amounts recognised in 2015/2016, while the balance of \$738,072 relates to 2016/2017. The ARC Campbelltown opened in July 2016.

Campbelltown Memorial Oval Redevelopment

As part of the \$10.0 million redevelopment of the Campbelltown Memorial Oval, Council obtained grant funding of \$4,989,386 from the Federal Government to assist in funding the project.

While no cash to been received to date, Council has recognised \$34,701 of this grant funding in 2016/2017, which represents the share of external funding relating to the project. The amount is included in Note 5b under Accrued Revenues.

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 2. Income (continued)

\$	Notes	2017	2016
(h). Conditions over Grants & Contributions			
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:			
Unexpended at the close of the previous reporting period		1,034,313	5,287,024
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
OPAL		(12,153)	(6,739)
Office of Recreation and Sport - ARC Campbelltown Revelopment		(647,584)	(2,126,297)
Federal Government - ARC Campbelltown Redevelopment		(90,487)	(2,260,906)
Jan Street Place Making Project		(176,860)	(25,640)
Anzac Day Commemoration Fund - Avenue of Honour		-	(2,437)
ACH Group - Library Group Book Sets		(303)	-
Eastern United Football Club - Kitchen/Bar Upgrade		(34,000)	-
Rostrevor Tennis Club - Court Resurfacing		(23,200)	-
River Torrens Recovery Grant		(11,621)	-
Rotary Club of Campbelltown - Ripples Art Shed		(10,000)	-
Subtotal		(1,006,208)	(4,422,019)
<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
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
Lions Club of Rostrevor - Fourth Creek Trail Improvements		2,000	-
Active Ageing Grant		20,000	-
Subtotal		22,000	169,308
Unexpended at the close of this reporting period		50,105	1,034,313
Net increase (decrease) in assets subject to conditions in the current reporting period		(984,208)	(4,252,711)

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 3. Expenses

\$	Notes	2017	2016
(a). Employee Costs			
Salaries and Wages		9,600,649	9,417,320
Employee Leave Expense		1,639,294	1,748,799
Superannuation - Defined Contribution Plan Contributions	18	616,871	547,960
Superannuation - Defined Benefit Plan Contributions	18	453,950	493,963
Workers' Compensation Insurance		560,626	542,342
Less: Capitalised and Distributed Costs		(513,375)	(470,789)
Total Operating Employee Costs		12,358,015	12,279,595
Total Number of Employees (full time equivalent at end of reporting period)		136.90	144.88
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		25,850	25,215
- Other Auditors		-	4,000
Elected Members' Expenses		199,802	197,218
Election Expenses		13,925	13,628
Operating Lease Rentals - Non-Cancellable Leases	17		
- Minimum Lease Payments		159,209	152,598
Subtotal - Prescribed Expenses		398,786	392,659
(ii) Other Materials, Contracts and Expenses			
Contractors		12,366,374	8,905,367
Energy		1,639,263	1,232,119
Legal Expenses		163,516	149,087
Levies Paid to Government - NRM levy		1,001,920	932,865
Levies - Other		480,913	509,545
Parts, Accessories & Consumables		1,652,994	974,018
Professional Services		425,156	282,635
Sundry		861,265	723,600
Communications		198,075	178,861
Insurance		527,784	473,396
Subtotal - Other Material, Contracts & Expenses		19,317,260	14,361,493
Total Materials, Contracts and Other Expenses		19,716,046	14,754,152

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 3. Expenses (continued)

\$	Notes	2017	2016
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Buildings		1,913,282	1,248,294
Infrastructure			
- Stormwater Drainage		1,018,501	1,080,960
- Bridges		25,290	25,842
- Creeks		8,618	8,642
- Road Transport Assets and Car Parks		4,919,499	4,982,279
- Gross Pollutant Traps and Trash Racks		23,682	24,226
- Road Traffic Control Devices		60,912	61,548
- Footpaths and Walkways		983,730	979,987
Plant & Equipment		853,188	686,799
Furniture & Fittings		69,478	49,954
Library Books		207,570	208,714
Bus Stops		74,345	98,005
Tennis/Netball Courts & Playgrounds		214,774	282,717
Other Assets		390,676	382,079
Total Depreciation, Amortisation and Impairment		10,763,545	10,120,046
(d). Finance Costs			
Interest on Loans		6,187	6,592
Total Finance Costs		6,187	6,592

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment

(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		248,518	453,398
Less: Carrying Amount of Assets Sold		(1,316,138)	(2,789,661)
Gain (Loss) on Disposal		(1,067,620)	(2,336,263)
(ii) Assets Surplus to Requirements			
Proceeds from Disposal		350,000	112,522
Less: Carrying Amount of Assets Sold		(526,137)	-
Gain (Loss) on Disposal		(176,137)	112,522
Net Gain (Loss) on Disposal or Revaluation of Assets		(1,243,757)	(2,223,741)

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 5. Current Assets

\$	Notes	2017	2016
(a). Cash & Cash Equivalents			
Cash on Hand at Bank		15,014	31,736
Deposits at Call		11,129,634	4,443,976
Total Cash & Cash Equivalents		11,144,648	4,475,712
(b). Trade & Other Receivables			
Rates - General & Other		590,316	495,028
Accrued Revenues		210,793	432,691
Debtors - General		1,123,923	1,017,837
GST Recoupment		117,747	318,569
Prepayments		583,353	1,165,089
Athelstone Football Club Lease (former loan)		19,290	13,741
Campbelltown Soccer Club Lease (former loan)		10,000	10,000
Hectorville Sports and Community Club Loan		3,068	2,902
Athelstone Football Club Loan		4,619	3,116
Total Trade & Other Receivables		2,663,109	3,458,973
(c). Inventories			
Stores & Materials		210	19
Trading Stock - ARC Campbelltown		12,417	-
Total Inventories		12,627	19

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 6. Non-Current Assets

\$	Notes	2017	2016
(a). Financial Assets			
Receivables			
Council Rates Postponement Scheme		53,476	48,210
Athelstone Football Club Lease (former loan)		92,581	106,322
Campbelltown Soccer Club Lease (former loan)		80,000	90,000
Athelstone Football Club Loan		29,509	32,844
Hectorville Sports and Community Club Loan		4,254	7,322
Total Receivables		259,820	284,698
Total Financial Assets		259,820	284,698
(b). Equity Accounted Investments in Council Businesses			
Eastern Waste Management Authority Inc.	19	101,854	25,005
Eastern Health Authority Inc.	19	75,218	81,775
Total Equity Accounted Investments in Council Businesses		177,072	106,780
(c). Other Non-Current Assets			
Capital Works-in-Progress		306,098	25,032,219
Total Other Non-Current Assets		306,098	25,032,219

\$24.6m of the Capital Works-in-Progress balance in 2016 related to the redevelopment costs of the ARC Campbelltown. The redevelopment of the ARC Campbelltown was completed in July 2016, when the facility was opened.

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements
for the year ended 30 June 2017

Note 7a. Infrastructure, Property, Plant & Equipment

\$		as at 30/6/2016				Asset Movements during the Reporting Period							as at 30/6/2017			
		At Fair Value	At Cost	Accumulated Dep'n	Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Adjustments & Transfers	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									
Level																
2	Land	244,223,615	-	-	244,223,615	1,296,461	-	(336,775)	-	-	-	-	243,886,840	1,296,461	-	245,183,301
2	Buildings - Level 2	17,623,364	-	11,912,364	5,711,000	116,122	21,921	-	(227,835)	-	-	-	17,453,314	138,043	11,970,149	5,621,208
3	Buildings - Level 3	43,712,697	-	19,758,977	23,953,720	18,955,377	6,615,737	(62,851)	(1,685,447)	-	-	-	43,481,704	25,571,114	21,276,282	47,776,536
	Infrastructure															
3	- Road Transport Assets and Car Parks	275,081,801	-	75,669,598	199,412,203	253,361	3,028,503	(901,239)	(4,919,499)	-	-	209,269	272,780,854	3,281,864	78,980,120	197,082,598
3	- Gross Pollutant Traps and Trash Racks	307,718	168,022	261,621	214,119	-	-	-	(23,682)	-	-	-	307,718	168,022	285,303	190,437
3	- Road Traffic Control Devices	3,489,870	-	1,110,672	2,379,198	-	-	-	(60,912)	-	-	-	3,489,870	-	1,171,584	2,318,286
3	- Stormwater Drainage	93,610,994	-	36,459,518	57,151,476	545,777	29,694	(182,581)	(1,018,501)	-	-	25,473	93,402,543	617,925	37,469,130	56,551,338
3	- Footpaths and Walkways	34,589,729	-	9,453,389	25,136,340	392,183	344,699	(113,769)	(983,730)	-	-	-	34,440,467	736,882	10,401,626	24,775,723
3	- Bridges	2,239,670	-	735,857	1,503,813	-	-	(13,824)	(25,290)	-	-	-	2,220,556	-	755,857	1,464,699
3	- Creeks	-	129,398	13,965	115,433	-	-	-	(8,618)	-	-	-	-	129,398	22,583	106,815
	Plant & Equipment	-	9,599,236	4,601,214	4,998,022	669,588	559,095	(216,072)	(853,188)	1,797	-	-	-	10,425,623	5,266,381	5,159,242
	Furniture & Fittings	-	1,408,341	1,060,314	348,027	252,167	6,980	-	(69,478)	(1,797)	-	-	-	1,074,487	538,588	535,899
	Library Books	-	872,114	351,022	521,092	-	180,155	-	(207,570)	-	-	-	-	822,461	328,784	493,677
3	Bus Stops	1,802,198	-	830,698	971,500	-	212,102	(13,808)	(74,345)	-	-	-	1,632,476	212,102	749,129	1,095,449
3	Tennis/Netball Courts & Playgrounds	4,574,611	-	2,775,001	1,799,610	-	74,154	-	(214,774)	-	-	-	4,541,079	107,684	2,989,773	1,658,990
3	Other Assets	13,822,249	138,595	6,671,877	7,288,967	669,860	27,275	(1,356)	(390,676)	-	-	-	13,852,611	802,200	7,060,741	7,594,070
	Total Infrastructure, Property, Plant & Equipment	735,078,516	12,315,706	171,666,087	575,728,135	23,150,896	11,100,315	(1,842,275)	(10,763,545)	-	-	234,742	731,490,032	45,384,266	179,266,030	597,608,268
	Comparatives	666,502,398	11,365,157	159,265,560	518,601,995	1,214,284	6,049,728	(2,789,661)	(10,120,046)	-	(8,194,157)	71,417,344	735,078,516	12,315,706	171,666,087	575,728,135

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

Valuation of Assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

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

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer to Note 7a for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

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 2017

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

\$

Valuation of Assets (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
2017				
Land	-	243,886,840	-	243,886,840
Buildings - Level 2	-	17,453,314	-	17,453,314
Buildings - Level 3	-	-	43,481,704	43,481,704
Infrastructure	-	-	404,421,452	404,421,452
Bridges	-	-	2,220,556	2,220,556
Other Assets	-	-	20,026,166	20,026,166
Total Financial Assets Recognised at Fair Value	-	261,340,154	470,149,878	731,490,032
2016				
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
Total Financial Assets Recognised at Fair Value	-	261,846,979	473,231,537	735,078,516

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

Information on Valuations

Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

\$

Valuation of Assets (continued)

There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

Other Information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.D5 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

Upon revaluation, the current new replacement cost and accumulated depreciation are restated 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 case of land, current replacement cost is taken to be the fair value.

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.

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.

A desktop revaluation for Land is scheduled to apply from 1 July 2017.

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

\$

Valuation of Assets (continued)

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 2017 was calculated to take into account the updated revaluation.

A desktop revaluation for Buildings is scheduled to apply from 1 July 2017.

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, with depreciation for the year ended 30 June 2017 being calculated to take into account these unit rates.

It is expected that this category of assets will next be condition assessed as at 1 July 2017, with the revision to unit rates being applied at the same time.

During the financial year, four assets (1 x road surface, 1 x road pavement and 2 x car parks) were identified and bought to account for the first time. This resulted in a net revaluation adjustment of \$209,269, with the impact on depreciation expense in 2016/2017 due to their recognition in the accounts being \$1,244.

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, with depreciation for the year ended 30 June 2017 being calculated to take into account these unit rates.

It is expected that this category of assets will next be condition assessed as at 1 July 2018, with the revision to unit rates being applied as at 1 July 2017.

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 as at 1 July 2017, with the revision to unit rates being applied at the same time.

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

\$

Valuation of Assets (continued)

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 this category of assets will next be condition assessed as at 1 July 2017, with the revision to unit rates being applied at the same time.

Creeks

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

It is expected that a further data validation exercise for this category of assets will next be undertaken as at 1 July 2017, with the revision to unit rates being applied at the same time.

Stormwater Drainage

Visual inspections using CCTV were undertaken on a small sample in 2015, 2016 and 2017 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. Unit rates will be applied as at 1 July 2017.

During the financial year, seven stormwater pipes were identified and bought to account for the first time. This resulted in a net revaluation adjustment of \$25,473, with the impact on depreciation expense in 2016/2017 due to their recognition in the accounts being \$397.

Bridges

A data collection, validation exercise was undertaken by Opus International Consultants (Australia) Pty Ltd as at 1 July 2014, with an update to unit rates as at 30 June 2016.

It is expected that this category of assets will next be condition assessed as at 1 July 2018, with unit rates being applied as at 1 July 2017.

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.

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 data capture and validation exercise for this category of assets will apply from 1 July 2017.

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

\$

Valuation of Assets (continued)

Tennis/Netball Courts

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

It is expected that a full revaluation of Tennis and Netball Courts will occur in the 2019/2020 financial year.

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.

Playgrounds

A data collection and validation exercise and development of a unit rate for Playgrounds was undertaken as at 30 June 2015.

It is expected that a condition assessment of Playgrounds will occur in the 2018/2019 financial year.

Note 8. Liabilities

\$	Notes	2017 Current	2017 Non Current	2016 Current	2016 Non Current
(a). Trade and Other Payables					
Goods & Services		1,264,036	-	2,274,252	-
Payments Received in Advance		518,518	-	1,264,257	-
Accrued Expenses - Employee Entitlements		358,512	-	298,892	-
Accrued Expenses - Finance Costs		757	-	810	-
Accrued Expenses - Other		703,577	-	499,227	-
Deposits, Retentions & Bonds		913,715	-	884,678	-
Other		38,860	-	36,755	-
Total Trade and Other Payables		3,797,975	-	5,258,871	-
(b). Borrowings					
Loans		8,612	107,579	8,189	116,190
Total Borrowings		8,612	107,579	8,189	116,190

All interest bearing liabilities are secured over the future revenues of the Council

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 8. Liabilities (continued)

\$	Notes	2017 Current	2017 Non Current	2016 Current	2016 Non Current
(c). Provisions					
Annual Leave		811,424	568,629	858,070	695,104
Long Service Leave		1,435,358	472,261	1,543,629	488,007
Total Provisions		2,246,782	1,040,890	2,401,699	1,183,111

Note 9. Reserves

\$	1/7/2016	Increments (Decrements)	Transfers	Impairments	30/6/2017
(a). Asset Revaluation Reserve					
Land	208,744,581	-	(287,851)	-	208,456,730
Buildings	13,868,294	-	(27,521)	-	13,840,773
Infrastructure					
- Stormwater Drainage	42,509,820	25,473	240,772	-	42,776,065
- Bridges	3,002,465	-	(1,901,607)	-	1,100,858
- Creeks	85,861	-	761	-	86,622
- Road Transport Assets and Car Parks	148,324,722	209,269	643,603	-	149,177,594
- Gross Pollutant Traps and Trash Racks	159,264	-	1,411	-	160,675
- Road Traffic Control Devices	1,769,671	-	15,677	-	1,785,348
- Footpaths and Walkways	18,696,652	-	61,411	-	18,758,063
Bus Stops	444,198	-	(6,313)	-	437,885
Tennis/Netball Courts & Playgrounds	822,834	-	-	-	822,834
Other Assets	3,332,729	-	(620)	-	3,332,109
Total Asset Revaluation Reserve	441,761,091	234,742	(1,260,277)	-	440,735,556
Comparatives	380,712,965	62,771,835	(1,723,709)	-	441,761,091

\$	1/7/2016	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2017
(b). Other Reserves					
Asset Replacement Reserve	2,820,901	843,191	(780,141)	-	2,883,951
Underground Infrastructure Reserve	400,476	-	-	-	400,476
Reserves Development Reserve	84,855	41	(68,066)	-	16,830
Committed Works Reserve	3,949,800	5,152,250	(3,949,800)	-	5,152,250
Renewal & Replacement Reserve	22,314,951	7,896,016	-	-	30,210,967
Galt Trust	2,000	-	-	-	2,000
Urban Tree Fund	4,088	3,836	-	-	7,924
Total Other Reserves	29,577,071	13,895,334	(4,798,007)	-	38,674,398
Comparatives	36,571,763	9,643,361	(16,638,053)	-	29,577,071

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 9. Reserves (continued)

\$

PURPOSES OF RESERVES

Asset Revaluation Reserves

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.

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.

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 2017

Note 10. Assets Subject to Restrictions

\$	Notes	2017	2016
<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>			
Cash & Financial Assets			
Reserve Development Contributions		78,905	84,855
Avenue Road Gross Pollutant Trap - NRM Board		19,287	19,287
OPAL		-	12,153
ARC Campbelltown Redevelopment - State Government		-	647,584
ARC Campbelltown Redevelopment - Federal Government		-	90,487
Urban Tree Fund		7,924	4,088
Lochend Redevelopment - National Trust of SA		2,251	2,251
Book Group Sets - ACH Group		2,078	2,380
Jan Street Placemaking Project		-	176,860
River Torrens Recovery Grant		-	11,621
Total Cash & Financial Assets		110,445	1,051,566
Total Assets Subject to Externally Imposed Restrictions		110,445	1,051,566

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 11. Reconciliation to Statement of Cash Flows

\$	Notes	2017	2016
(a). Reconciliation of Cash			
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	11,144,648	4,475,712
Balances per Statement of Cash Flows		11,144,648	4,475,712
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		4,596,697	9,443,899
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		10,763,545	10,120,046
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(50,403)	8,808
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(978,908)	(6,756,511)
Net (Gain) Loss on Disposals		1,243,757	2,223,741
		15,574,688	15,039,983
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		792,267	1,155,763
Net (Increase)/Decrease in Inventories		(12,608)	141
Net (Increase)/Decrease in Other Current Assets		23,741	26,857
Net Increase/(Decrease) in Trade & Other Payables		(1,489,933)	(5,012,611)
Net Increase/(Decrease) in Other Provisions		(297,138)	(19,769)
Net Cash provided by (or used in) operations		14,591,017	11,190,364
(c). Financing Arrangements			
Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdrafts		250,000	250,000
Corporate Credit Cards		150,000	61,500
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 2017

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 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016
\$										
Infrastructure Services	4,324,746	2,965,815	24,443,200	23,339,681	(20,118,454)	(20,373,866)	1,830,685	1,406,534	582,878,839	558,225,907
Urban Planning & Leisure Services	5,362,222	3,886,145	9,551,943	5,380,551	(4,189,721)	(1,494,406)	436,177	2,448,591	6,142,724	1,566,472
Corporate & Community Services	37,877,336	35,176,504	6,888,461	6,470,420	30,988,875	28,706,084	2,339,699	1,290,338	14,821,429	40,758,380
Executive Services	90,632	51,858	1,960,189	1,969,733	(1,869,557)	(1,917,875)	-	-	8,304,495	8,535,777
Total Functions/Activities	47,654,936	42,080,322	42,843,793	37,160,385	4,811,143	4,919,937	4,606,561	5,145,463	612,171,642	609,086,536

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 2017

Note 12b. Components of Functions

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 Businesses, 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.

Note 13. Financial Instruments

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 2.15% (2016: 1.5% and 2.45%). Short term deposits have an average maturity of 65 days and an average interest rate of 2.02% (2016: 58 days and 2.22%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 13. Financial Instruments (continued)

Recognised Financial Instruments

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 7.00% (2016: 7.25%). 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).

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.

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 13. Financial Instruments (continued)

Recognised Financial Instruments

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% (2016: 5.10%).

Carrying Amount:

Approximates fair value.

Liabilities

Finance Leases

Accounting Policy:

Accounted for in accordance with AASB 117 *Leases*.

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 13. Financial Instruments (continued)

	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
\$					
2017					
Financial Assets					
Cash & Equivalents	11,144,648	-	-	11,144,648	11,144,648
Receivables	1,421,206	121,645	92,223	1,635,074	1,578,037
Other Financial Assets	-	-	106,780	106,780	177,072
Total Financial Assets	12,565,854	121,645	199,003	12,886,502	12,899,757

Financial Liabilities					
Payables	3,279,457	-	-	3,279,457	3,279,457
Current Borrowings	14,429	-	-	14,429	8,612
Non-Current Borrowings	-	57,716	79,360	137,076	107,579
Total Financial Liabilities	3,293,886	57,716	79,360	3,430,962	3,395,648

	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
\$					
2016					
Financial Assets					
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
Total Financial Assets	5,958,878	125,083	228,203	6,312,164	6,299,267

Financial Liabilities					
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
Total Financial Liabilities	4,009,799	60,153	95,304	4,165,256	4,118,993

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

	30 June 2017		30 June 2016	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	5.10%	116,191	5.10%	124,379
		116,191		124,379

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 2017

Note 13. Financial Instruments (continued)

\$

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 2017

Note 14. Commitments for Expenditure

\$	Notes	2017	2016
(a). Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Buildings		642,200	1,836,100
Infrastructure		2,894,700	998,050
Plant & Equipment		86,850	442,200
Library Stock		57,150	-
Other		468,000	613,450
		4,148,900	3,889,800
These expenditures are payable:			
Not later than one year		4,148,900	3,889,800
		4,148,900	3,889,800
(b). Other Expenditure Commitments			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		-	25,845
Waste Management Services		2,111,127	2,126,878
Employee Remuneration Contracts		3,360,948	2,832,493
		5,472,075	4,985,216
These expenditures are payable:			
Not later than one year		3,787,280	3,599,930
Later than one year and not later than 5 years		1,684,795	1,385,286
		5,472,075	4,985,216

(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 2017

Note 15. Financial Indicators

	Amounts	Indicator	Prior Periods	
\$	2017	2017	2016	2015

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	4,861,546	10%	12%	11%
Total Operating Revenue	47,708,114			

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.

	4,060,579	9%	14%	9%
	47,708,114			

2. Net Financial Liabilities Ratio

Net Financial Liabilities	(6,865,739)	(14%)	2%	(16%)
Total Operating Revenue	47,708,114			

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	4,611,792	70%	419%	200%
Infrastructure & Asset Management Plan required expenditure	6,622,097			

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 2017

Note 16. Uniform Presentation of Finances

\$	2017	2016
<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	47,708,114	42,085,642
less Expenses	(42,846,568)	(37,174,513)
Operating Surplus / (Deficit)	4,861,546	4,911,129
less Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	4,860,310	13,957,660
less Depreciation, Amortisation and Impairment	(10,763,545)	(10,120,046)
less Proceeds from Sale of Replaced Assets	(248,518)	(453,398)
Subtotal	(6,151,753)	3,384,216
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	4,664,780	15,633,738
less Amounts Received Specifically for New and Upgraded Assets	(978,908)	(6,756,511)
less Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	(350,000)	(112,522)
Subtotal	3,335,872	8,764,705
Net Lending / (Borrowing) for Financial Year	7,677,427	(7,237,792)

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 17. Operating Leases

\$	2017	2016
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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	113,580	132,313
Later than one year and not later than 5 years	96,857	163,571
	<u>210,437</u>	<u>295,884</u>

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 18. Superannuation

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 2016/17; 9.50% in 2015/16). 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 2015/16) 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 2017

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	
	2017	2016	2017	2016
Joint Ventures	50,403	(8,808)	177,072	106,780
Total	50,403	(8,808)	177,072	106,780

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2017	2016
Eastern Waste Mgt Authority Inc.	Waste Collection Services	101,853	25,005
Eastern Health Authority Inc.	Environmental Health Services	75,218	81,775
Waste Care SA	Waste Transfer Station Facility	-	-
Total Carrying Amounts - Joint Ventures & Associates		177,071	106,780

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.

Waste Care SA

Waste Care SA was established to control waste 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.

(b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2017	2016	2017	2016	2017	2016
Eastern Waste Mgt Authority Inc.	16.67%	16.67%	16.67%	16.67%	16.67%	16.67%
Eastern Health Authority Inc.	23.10%	24.22%	23.10%	24.22%	20.00%	20.00%
Waste Care SA	0.00%	23.75%	0.00%	23.75%	0.00%	16.67%

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 19. Interests in Other Entities (continued)

\$

(c) Movement in Investment in Joint Venture or Associate

	Eastern Waste Mgt Authority Inc.		Eastern Health Authority Inc.	
	2017	2016	2017	2016
Opening Balance	25,005	46,136	81,775	123,296
Share in Operating Result	53,178	(1,650)	(2,775)	5,320
Share in Other Comprehensive Income	3,334	6,315	-	-
Distributions Received	-	(46,136)	-	(48,799)
Adjustments to Equity	20,337	20,340	(3,782)	1,958
Council's Equity Share in the Joint Venture or Associate	101,854	25,005	75,218	81,775

	Waste Care SA	
	2017	2016
Opening Balance	-	55,354
Share in Operating Result	-	(12,478)
Distributions Received	-	(42,876)
Council's Equity Share in the Joint Venture or Associate	-	-

(d) Summarised Financial Information of the Equity Accounted Business

	Eastern Waste Mgt Authority Inc.		Eastern Health Authority Inc.	
	2017	2016	2017	2016
Statement of Financial Position				
Cash and Cash Equivalents	1,984,000	2,797,570	664,107	581,155
Other Current Assets	412,000	358,583	129,625	158,026
Non-Current Assets	6,046,000	5,332,461	387,928	421,720
Total Assets	8,442,000	8,488,614	1,181,660	1,160,901
Current Trade and Other Payables	826,000	1,869,862	138,358	95,855
Current Financial Liabilities	1,701,000	1,416,593	61,440	58,623
Current Provisions	491,000	608,909	305,844	259,008
Non-Current Financial Liabilities	4,741,000	4,373,852	315,135	376,575
Non-Current Provisions	72,000	69,398	35,264	33,207
Total Liabilities	7,831,000	8,338,614	856,041	823,268
Net Assets	611,000	150,000	325,619	337,633

	Waste Care SA	
	2017	2016
Statement of Financial Position		
Cash and Cash Equivalents	-	241,607
Other Current Assets	-	18,228
Total Assets	-	259,835
Current Trade and Other Payables	-	26,765
Total Liabilities	-	26,765
Net Assets	-	233,070

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 19. Interests in Other Entities (continued)

\$

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

Statement of Comprehensive Income	Eastern Waste Mgt Authority Inc.		Eastern Health Authority Inc.	
	2017	2016	2017	2016
Other Income	448,000	381,540	732,592	590,166
Contributions from Constituent Councils	13,068,000	12,573,410	1,641,055	1,609,306
Interest Income	30,000	36,129	11,598	15,304
Total Income	13,546,000	12,991,079	2,385,245	2,214,776
Employee Costs	5,164,000	4,803,231	1,623,390	1,483,167
Materials, Contracts & Other Expenses	6,007,000	6,267,459	699,827	643,081
Depreciation, Amortisation and Impairment	1,724,000	1,595,423	55,286	45,098
Finance Costs	332,000	334,865	18,756	21,463
Total Expenses	13,227,000	13,000,978	2,397,259	2,192,809
Other Revenue / Expense Items	20,000	37,882	-	-
Operating Result	339,000	27,983	(12,014)	21,967

Statement of Comprehensive Income	Waste Care SA	
	2017	2016
Interest Income	-	6,194
Total Income	-	6,194
Materials, Contracts & Other Expenses	-	58,431
Finance Costs	-	294
Total Expenses	-	58,725
Operating Result	-	(52,531)

(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	10,416	11,238
Later than one year and not later than 5 years	10,807	11,166
Later than 5 years	-	-
	21,223	22,404

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

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

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but knowledge & 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 252.7 km of road reserves of average width 7.34 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 3 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

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 2017 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.

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 21. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2017, 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 dd/mm/yy.

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

Note 22. Related Party Transactions

\$	2017
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KMPs (Key Management Personnel)

Transactions with Key Management Personnel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the *Local Government Act 1999*. In all, 24 persons were paid the following total compensation:

The compensation paid to Key Management Personnel comprises:

Short-Term Employee Benefits	1,999,952
Termination Benefits	16,952
Total	<u>2,016,904</u>

Amounts paid as direct reimbursement of expenses incurred on behalf of Council have not been included above.

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 22. Related Party Transactions (continued)

\$	2017
Receipts from Key Management Personnel comprise:	
Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received the following amounts in total:	
Contributions for Fringe Benefits Tax purposes by KMPs	5,996
Planning and Building Application Fees charged to KMPs	504
Study Reimbursement by KMPs	8,000
Planning and Building Application Fees charged to entities controlled by close family members of KMPs	8,111
Purchase of materials and services from entities controlled by close family members of KMPs	20,450
Total	43,061

Note 23. Retrospective Restatement of 2016 Comparative Data

The following changes have been made to the 2016 comparatives:

- The useful life of the Building Fabric component for the Building asset class was increased from 15 year to 30 years following the 2016 audit, after a further review by Staff and Council's auditors and valuer. Therefore, depreciation was overstated for the 2016 financial year and is required to be adjusted for comparative purposes.
- Following the completion of the redevelopment of the ARC Campbelltown, a review was undertaken of the income received in relation to the project to confirm the split between Renewal and Replacement of Existing Assets and New and Upgraded Assets was correct. This resulted in adjustments to the recognition of the grants received and the Renewal and Replacement Reserve for comparative purposes.

Statement of Comprehensive Income

Reported 2016 Grants, Subsidies and Contributions	5,633,218
Adjustment - ARC Redevelopment State Government Grants	(487,755)
Adjusted 2016 Grants, Subsidies and Contributions	5,145,463
Reported 2016 Total Income	42,573,397
Adjustment - ARC Redevelopment State Government Grants	(487,755)
Adjusted 2016 Total Income	42,085,642
Reported 2016 Depreciation, Amortisation & Impairment	10,571,398
Adjustment - Buildings Depreciation	(451,352)
Adjusted 2016 Depreciation, Amortisation & Impairment	10,120,046

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 23. Retrospective Restatement of 2016 Comparative Data (continued)

\$

Statement of Comprehensive Income (continued)

Reported 2016 Total Expenses	37,625,865
Adjustment - Buildings Depreciation	(451,352)
Adjusted 2016 Total Expenses	37,174,513
Reported 2016 Operating Surplus / (Deficit)	4,947,532
Adjustment - ARC Redevelopment State Government Grants	(487,755)
Adjustment - Buildings Depreciation	451,352
Adjusted 2016 Operating Surplus / (Deficit)	4,911,129
Reported 2016 Amounts Received Specifically for New or Upgraded Assets	6,268,756
Adjustment - ARC Redevelopment State Government Grants	487,755
Adjusted 2016 Amounts Received Specifically for New or Upgraded Assets	6,756,511
Reported 2016 Net Surplus / (Deficit)	8,992,547
Adjustment - ARC Redevelopment State Government Grants	(487,755)
Adjustment - Buildings Depreciation	451,352
Adjustment - ARC Redevelopment State Government Grants	487,755
Adjusted 2016 Net Surplus / (Deficit)	9,443,899
Reported 2016 Changes in Revaluation Surplus - I,PP&E	63,223,187
Adjustment - Gain (Loss) on Revaluation of I,PP&E - Buildings	(451,352)
Adjusted 2016 Changes in Revaluation Surplus - I,PP&E	62,771,835
Reported 2016 Total Other Comprehensive Income	63,229,502
Adjustment - Gain (Loss) on Revaluation of I,PP&E - Buildings	(451,352)
Adjusted 2016 Total Other Comprehensive Income	62,778,150
Reported 2016 Total Comprehensive Income	72,222,049
Adjustment - ARC Redevelopment State Government Grants	(487,755)
Adjustment - Buildings Depreciation	451,352
Adjustment - ARC Redevelopment State Government Grants	487,755
Adjustment - Gain (Loss) on Revaluation of I,PP&E - Buildings	(451,352)
Adjusted 2016 Total Other Comprehensive Income	72,222,049

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Note 23. Retrospective Restatement of 2016 Comparative Data (continued)

\$

Statement of Financial Position

Reported 2016 Accumulated Surplus	127,352,770
Adjustment - Gain (Loss) on Revaluation of I,PP&E - Buildings	451,352
Adjustment - Renewal and Replacement Reserve	976,192
Adjusted 2016 Accumulated Surplus	128,780,314
Reported 2016 Asset Revaluation Reserves	442,212,443
Adjustment - Gain (Loss) on Revaluation of I,PP&E - Buildings	(451,352)
Adjusted 2016 Asset Revaluation Reserves	441,761,091
Reported 2016 Other Reserves	30,553,263
Adjustment - Renewal and Replacement Reserve	(976,192)
Adjusted 2016 Other Reserves	29,577,071

Statement of Changes in Equity

Reported 2016 Net Surplus / (Deficit) for Year - Accumulated Surplus	8,992,547
Adjustment - ARC Redevelopment State Government Grants	(487,755)
Adjustment - Buildings Depreciation	451,352
Adjustment - ARC Redevelopment State Government Grants	487,755
Adjusted 2016 Net Surplus / (Deficit) for Year - Accumulated Surplus	9,443,899
Reported 2016 Gain (Loss) on Revaluation of I,PP&E - Asset Revaluation Reserve	63,223,187
Adjustment - Gain (Loss) on Revaluation of I,PP&E - Buildings	(451,352)
Adjusted 2016 Gain (Loss) on Revaluation of I,PP&E - Asset Revaluation Reserve	62,771,835
Reported 2016 Transfer between Reserves - Accumulated Surplus	6,018,500
Adjustment - Renewal and Replacement Reserve	976,192
Adjusted 2016 Transfer between Reserves - Accumulated Surplus	6,994,692
Reported 2016 Transfer between Reserves - Other Reserves	(6,018,500)
Adjustment - Renewal and Replacement Reserve	(976,192)
Adjusted 2016 Transfer between Reserves - Other Reserves	(6,994,692)

INDEPENDENT AUDITOR'S REPORT

To the members of the Corporation of the City of Campbelltown

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a general purpose financial report, of the Corporation of the City of Campbelltown (the Council), which comprises the Certification of Financial Statements on the annual statements giving a true and fair view of the financial position and performance, the Statement of Comprehensive Income, the Statement of Financial Position, the Statements of Changes in Equity, the Statement of Cash Flows for the year then ended 30 June 2017 and the notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial report of the Council is in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulation 2011*, including:

- (i) giving a true and fair view of the Council's financial position as at 30 June 2017 and of its performance and cash flows for the year then ended; and
- (ii) that the financial records kept by the Council are such as to enable financial statements to be prepared in accordance with Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Council in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Chief Executive Officer for the Financial Report

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*. This responsibility includes determining that the basis of preparation described in Note 1 is appropriate to meet the need of the members. The Chief Executive Officer's responsibility also includes designing, implementing and maintaining internal controls relevant to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive Officer is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

The Chief Executive Officer of the Council is responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that the audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS



SAMANTHA ALLARD
PARTNER

Signed on the 23rd day of October 2017,
at 214 Melbourne Street, North Adelaide

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 2016 to 30 June 2017 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 2016 to 30 June 2017. 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 2016 to 30 June 2017.

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS



SAMANTHA ALLARD
PARTNER

Signed on the 23rd day of October 2017
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 2017

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Corporation of the City of Campbelltown for the year ended 30 June 2017, the Council's Auditor, Dean Newbery & 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*.



Paul Di Iulio
CHIEF EXECUTIVE OFFICER

Date: 14 September 2017

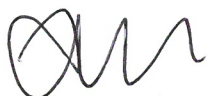


Roberto Bria B. Ec. FCPA MBA GAICD
**PRESIDING MEMBER,
AUDIT & GOVERNANCE ADVISORY COMMITTEE**

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 2017, 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 23rd day of October 2017