

Corporation of the City of Campbelltown

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2018

Campbelltown provides a quality lifestyle for its people



Corporation of the City of Campbelltown

General Purpose Financial Statements for the year ended 30 June 2018

Contents	Page
1. Council Certificate	2
2. Primary Financial Statements:	
- Statement of Comprehensive Income	3
- Statement of Financial Position	4
- Statement of Changes in Equity	5
- Statement of Cash Flows	6
3. Notes to the Financial Statements	7
4. Independent Auditor's Report - Financial Statements	47
5. Independent Auditor's Report - Internal Controls	49
6. Certificates of Audit Independence	
- Council Certificate of Audit Independence	51
- Audit Certificate of Audit Independence	52

Corporation of the City of Campbelltown

General Purpose Financial Statements for the year ended 30 June 2018

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 2018 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: 6 November 2018

Corporation of the City of Campbelltown

Statement of Comprehensive Income

for the year ended 30 June 2018

\$	Notes	2018	2017
Income			
Rates Revenues	2a	36,263,926	34,943,803
Statutory Charges	2b	1,171,918	1,099,239
User Charges	2c	5,618,374	4,649,937
Grants, Subsidies and Contributions	2g	4,900,927	4,606,561
Investment Income	2d	377,725	207,804
Reimbursements	2e	1,407,265	1,206,051
Other Income	2f	823,119	941,541
Net Gain - Equity Accounted Council Businesses	19	33,488	53,178
Total Income		50,596,742	47,708,114
Expenses			
Employee Costs	3a	12,560,235	12,358,015
Materials, Contracts & Other Expenses	3b	20,618,968	19,716,046
Depreciation & Amortisation	3c	11,051,745	10,763,545
Finance Costs	3d	17,790	6,187
Net loss - Equity Accounted Council Businesses	19	55,510	2,775
Total Expenses		44,304,248	42,846,568
Operating Surplus / (Deficit)		6,292,494	4,861,546
Asset Disposal & Fair Value Adjustments	4	(616,887)	(1,243,757)
Amounts Received Specifically for New or Upgraded Assets	2g	242,734	978,908
Net Surplus / (Deficit) ¹		5,918,341	4,596,697
Other Comprehensive Income			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	(32,155,684)	234,742
Share of Other Comprehensive Income - Equity Accounted Council Businesses	19	1,667	3,334
Total Other Comprehensive Income		(32,154,017)	238,076
Total Comprehensive Income		(26,235,676)	4,834,773

¹ Transferred to Statement of Changes in Equity

Corporation of the City of Campbelltown

Statement of Financial Position

as at 30 June 2018

\$	Notes	2018	2017
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	21,444,309	11,144,648
Trade & Other Receivables	5b	3,262,744	2,663,109
Inventories	5c	23,138	12,627
Total Current Assets		24,730,191	13,820,384
Non-Current Assets			
Financial Assets	6a	266,996	259,820
Equity Accounted Investments in Council Businesses	6b	191,039	177,072
Infrastructure, Property, Plant & Equipment	7a	558,455,558	597,608,268
Other Non-Current Assets	6c	3,627,161	306,098
Total Non-Current Assets		562,540,754	598,351,258
TOTAL ASSETS		587,270,945	612,171,642
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	5,565,091	3,797,975
Borrowings	8b	79,326	8,612
Provisions	8c	1,885,916	2,246,782
Total Current Liabilities		7,530,333	6,053,369
Non-Current Liabilities			
Borrowings	8b	-	107,579
Provisions	8c	972,162	1,040,890
Total Non-Current Liabilities		972,162	1,148,469
TOTAL LIABILITIES		8,502,495	7,201,838
Net Assets		578,768,450	604,969,804
EQUITY			
Accumulated Surplus		117,834,994	125,559,850
Asset Revaluation Reserves	9a	408,165,346	440,735,556
Other Reserves	9b	52,768,110	38,674,398
Total Council Equity		578,768,450	604,969,804

Corporation of the City of Campbelltown

Statement of Changes in Equity for the year ended 30 June 2018

\$	Notes	Asset			Total Equity
		Accumulated Surplus	Revaluation Reserve	Other Reserves	
2018					
Balance at the end of previous reporting period		125,559,850	440,735,556	38,674,398	604,969,804
a. Net Surplus / (Deficit) for Year		5,918,341	-	-	5,918,341
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	(32,155,684)	-	(32,155,684)
- Transfer to Accumulated Surplus on Sale of I,PP&E	9a	414,526	(414,526)	-	-
- Share of OCI - Equity Accounted Council Businesses	19	1,667	-	-	1,667
- Other Equity Adjustments - Equity Accounted Council Business	19	34,322	-	-	34,322
Other Comprehensive Income		450,515	(32,570,210)	-	(32,119,695)
Total Comprehensive Income		6,368,856	(32,570,210)	-	(26,201,354)
c. Transfers between Reserves		(14,093,712)	-	14,093,712	-
Balance at the end of period		117,834,994	408,165,346	52,768,110	578,768,450
2017					
Balance at the end of previous reporting period		128,780,314	441,761,091	29,577,071	600,118,476
a. Net Surplus / (Deficit) for Year		4,596,697	-	-	4,596,697
b. 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
c. 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

Corporation of the City of Campbelltown

Statement of Cash Flows

for the year ended 30 June 2018

\$	Notes	2018	2017
Cash Flows from Operating Activities			
<u>Receipts</u>			
Rates Receipts		36,245,400	34,843,249
Statutory Charges		1,181,304	1,099,239
User Charges		6,180,211	5,099,937
Grants, Subsidies and Contributions (operating purpose)		5,664,482	4,157,544
Investment Receipts		377,725	207,804
Reimbursements		1,540,296	1,306,051
Other Receipts		2,970,447	2,885,890
<u>Payments</u>			
Payments to Employees		(13,071,745)	(12,651,596)
Payments for Materials, Contracts & Other Expenses		(22,508,848)	(22,350,861)
Finance Payments		(18,547)	(6,240)
Net Cash provided by (or used in) Operating Activities	11b	18,560,725	14,591,017
Cash Flows from Investing Activities			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		242,734	978,908
Sale of Replaced Assets		138,988	248,518
Sale of Surplus Assets		-	350,000
Repayments of Loans by Community Groups		2,710	4,734
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(5,901,160)	(4,860,310)
Expenditure on New/Upgraded Assets		(2,230,497)	(4,664,780)
Net Cash provided by (or used in) Investing Activities		(7,747,225)	(7,942,930)
Cash Flows from Financing Activities			
<u>Receipts</u>			
Proceeds from Bonds & Deposits		92,278	361,035
<u>Payments</u>			
Repayments of Borrowings		(116,191)	(8,188)
Repayment of Bonds & Deposits		(569,252)	(331,998)
Net Cash provided by (or used in) Financing Activities		(593,165)	20,849
Net Increase (Decrease) in Cash Held		10,220,335	6,668,936
plus: Cash & Cash Equivalents at beginning of period	11	11,144,648	4,475,712
Cash & Cash Equivalents at end of period	11	21,364,983	11,144,648

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Significant Accounting Policies	8
2	Income	15
3	Expenses	18
4	Asset Disposal & Fair Value Adjustments	19
	Current Assets	
5a	Cash & Cash Equivalents	20
5b	Trade & Other Receivables	20
5c	Inventories	20
	Non-Current Assets	
6a	Financial Assets	21
6b	Equity Accounted Investments in Council's Businesses	21
6c	Other Non-Current Assets	21
	Fixed Assets	
7a	Infrastructure, Property, Plant & Equipment	22
7b	Valuation of Infrastructure, Property, Plant & Equipment	23
	Liabilities	
8a	Trade & Other Payables	28
8b	Borrowings	28
8c	Provisions	29
	Reserves	
9a	Asset Revaluation Reserve	29
9b	Other Reserves	30
10	Assets Subject to Restrictions	31
11	Reconciliation to Statement of Cashflows	32
12a	Functions	33
12b	Components of Functions	34
13	Financial Instruments	34
14	Commitments for Expenditure	38
15	Financial Indicators	39
16	Uniform Presentation of Finances	40
17	Operating Leases	41
18	Superannuation	42
19	Interests in Other Entities	43
20	Non Current Assets Held for Sale & Discontinued Operations	45 n/a
21	Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet	45
22	Events After the Balance Sheet Date	46
23	Related Party Transactions	46

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 2018

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

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
2015/2016	\$736,573	\$1,561,086	- \$824,513
2016/2017	\$2,355,634	\$1,554,667	+ \$800,967
2017/2018	\$1,933,545	\$1,864,980	+ \$68,565

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

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 weighted average cost on a continual basis, after adjustment for loss of service potential.

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

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

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for

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

6.2 Materiality

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

Expressed as a percentage of Current Replacement Cost

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

Expressed as dollars

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

6.3 Subsequent Recognition

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

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

6.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis 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 – Base Course	60 to 100 years
Road Pavement – Sub Base	300 to 500 years
Kerb and Gutter	60 to 80 years
Closed Drainage and Culverts	80 to 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	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	25 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 25 years
Playing Courts	20 to 25 years
Shade Structures	25 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.

6.6 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 *Borrowing*

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

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	4.80% (2017, 3.86%)
Weighted avg. settlement period	2.29 years (2017, 2.01 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 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

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

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. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

For works undertaken on a fixed price contract basis, revenues and expenses are recognised on a percentage of completion basis. Costs incurred in advance of a future claimed entitlement are classified as work in progress in inventory. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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.

This year Council has applied AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107* for the first time.

Early adoption of standards

Council has elected to early adopt the following standards on the basis that application of these revised standards provides a fairer presentation of Council's financial position.

- AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

AASB 15 *Revenue from Contracts with Customers* will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities* provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*, and AASB 1058 *Income of Not-for-Profit Entities* replaces AASB 1004 *Contributions*. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

The main change for Council is that income from capital and other specific purpose grants previously recognised as revenue on receipt may be recognised over time as performance obligations are met (where these obligations are

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

sufficiently specific and rise from enforceable contracts) and a liability for unspent monies.

The following table summarises the differences in accounting treatment under the previous and revised standards:

	New Standard	Old Standard	Difference Debit / (Credit)
Accrued Revenue	\$1,308,919	\$196,434	+\$1,112,485
Total Assets	\$587,270,945	\$586,158,460	+\$1,112,485
Amounts Received in Advance	\$2,380,202	\$231,442	-\$2,148,760
Total Grants, Subsidies & Contributions (note 2g)	\$5,143,661	\$6,179,969	+\$1,036,275
Net Surplus / Deficit	\$5,918,341	\$6,954,616	+\$1,036,275

Upcoming standards not yet adopted

Other Australian Accounting Standards and Interpretations that have been issued but are not yet effective, that Council has not chosen to early adopt and have not been applied in these financial statements, will be implemented when they are effective.

The standards that are expected to have a material impact upon Council's future financial statements are:

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

- AASB 9 *Financial Instruments* - this replaces AASB 139 *Financial Instruments: Recognition and Measurement* and addresses the classification, measurement and disclosure of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses. Based on assessments to date, council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.

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

- AASB 16 *Leases*

Council has some leases that are not in the Statement of Financial Position. These will need to be included when this standard comes into effect. A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term.

The standards are not expected to have a material impact upon Council's future financial statements are:

Effective for annual reporting periods beginning on or after 1 January 2017

- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*
- AASB 2016-7 *Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities*

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

- AASB 9 *Financial Instruments*
- 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 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and*

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 1. Summary of Significant Accounting Policies (continued)

Measurement of Share-based Payment Transactions

- AASB 2016-6 *Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*
- AASB 2017-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 4*

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 2017-1 *Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*
- AASB 2017-4 *Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*
- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 1059 *Service Concession Arrangements: Grantors (Appendix D)*

Effective for annual reporting periods beginning on or after 1 January 2021

- AASB 17 *Insurance Contracts*
- AASB 17 *Insurance Contracts (Appendix D)*

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 2018

Note 2. Income

\$	Notes	2018	2017
(a). Rates Revenues			
General Rates			
General Rates		35,960,529	34,375,323
Less: Mandatory Rebates		(633,824)	(513,845)
Less: Rate Capping		(271,284)	(1,587)
Less: Discretionary Rebates, Remissions & Write Offs		(98,925)	(99,665)
Total General Rates		34,956,496	33,760,226
Other Rates (Including Service Charges)			
Natural Resource Management Levy		1,094,893	1,019,402
Separate Rate - Campbelltown Shopping Centre Toilet		35,200	35,500
Total Other Rates		1,130,093	1,054,902
Other Charges			
Penalties for Late Payment		111,842	107,237
Legal & Other Costs Recovered		87,275	39,518
Total Other Charges		199,117	146,755
Less: Discretionary Rebates, Remissions & Write Offs		(21,780)	(18,080)
Total Rates Revenues		36,263,926	34,943,803
(b). Statutory Charges			
Development Act Fees		93,863	50,086
Town Planning Fees		579,207	493,967
Animal Registration Fees & Fines		181,483	188,489
Parking Fines / Expiation Fees		200,872	266,063
Environmental Control Fines		13,405	9,937
Other Licences, Fees & Fines		159	118
Section 7 Searches		102,929	90,579
Total Statutory Charges		1,171,918	1,099,239
(c). User Charges			
Cemetery Fees		15,241	16,282
Hall & Equipment Hire		284,714	308,057
Sales - General		215	10,070
Sundry		22,101	26,292
ARC Campbelltown (previously Campbelltown Leisure Centre)		4,672,446	3,562,753
Lease Fees		495,973	470,446
Library Services		91,609	87,607
Recycling Rebates		36,075	168,430
Total User Charges		5,618,374	4,649,937

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 2. Income (continued)

\$	Notes	2018	2017
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		358,071	189,312
- Banks & Other		19,094	16,644
- Loans to Community Groups		560	1,848
Total Investment Income		377,725	207,804
(e). Reimbursements			
Private Works		1,284,630	1,005,855
Joint Undertakings		48,220	29,487
NBN Installation Works		-	(105,924)
Waste Collection		-	162,238
Other		74,415	114,395
Total Reimbursements		1,407,265	1,206,051
(f). Other Income			
Insurance & Other Recoupments - Infrastructure, IPP&E		243,073	182,808
Rebates Received		6,351	258
Sundry		98,486	295,669
Community Home Support Program Contributions		210,018	197,826
Workers' Compensation Rebate		265,191	264,980
Total Other Income		823,119	941,541
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		143,123	342,981
Individually Significant Item (refer below - Note 2g(ii))		99,611	635,927
Total Amounts Received Specifically for New or Upgraded Assets		242,734	978,908
Other Grants, Subsidies and Contributions		121,720	217,116
Individually Significant Items (refer below - Note 2g(ii))		962,131	136,846
Untied - Financial Assistance Grant		1,933,545	2,355,634
Roads to Recovery		783,232	844,915
Library Operating Subsidy		165,908	164,562
Library Materials Grant		180,790	144,868
Community Home Support Program		753,601	742,620
Total Other Grants, Subsidies and Contributions		4,900,927	4,606,561
Total Grants, Subsidies, Contributions		5,143,661	5,585,469

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 2018

Note 2. Income (continued)

\$	Notes	2018	2017
(g). Grants, Subsidies, Contributions (continued)			
(i) Sources of grants			
Commonwealth Government		2,541,478	2,019,054
State Government		2,522,008	3,302,598
Other		80,175	263,817
Total		5,143,661	5,585,469
(ii) Individually Significant Items			
ARC Campbelltown Redevelopment - Amounts Received Specifically for New or Upgraded Assets		-	601,226
ARC Campbelltown Redevelopment - Grants, Subsidies, Contributions		-	136,846
Campbelltown Memorial Oval Redevelopment - Amounts Received for New or Upgraded Assets		99,611	34,701
Campbelltown Memorial Oval Redevelopment - Grants, Subsidies, Contributions		962,131	-

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 and \$1,061,742 in 2017/2018, 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 2018

Note 3. Expenses

\$	Notes	2018	2017
(a). Employee Costs			
Salaries and Wages		9,746,038	9,600,649
Employee Leave Expense		1,606,220	1,639,294
Superannuation - Defined Contribution Plan Contributions	18	638,996	616,871
Superannuation - Defined Benefit Plan Contributions	18	457,233	453,950
Workers' Compensation Insurance		575,098	560,626
Less: Capitalised and Distributed Costs		(463,350)	(513,375)
Total Operating Employee Costs		12,560,235	12,358,015
Total Number of Employees (full time equivalent at end of reporting period)		141.1	136.9
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		23,505	25,850
Elected Members' Expenses		192,810	199,802
Election Expenses		14,229	13,925
Operating Lease Rentals - Non-Cancellable Leases	17		
- Minimum Lease Payments		154,742	159,209
Subtotal - Prescribed Expenses		385,286	398,786
(ii) Other Materials, Contracts and Expenses			
Contractors		12,792,602	12,366,374
Energy		2,060,573	1,639,263
Legal Expenses		358,878	163,516
Levies Paid to Government - NRM levy		1,071,934	1,001,920
Levies - Other		480,065	480,913
Parts, Accessories & Consumables		1,499,428	1,652,994
Professional Services		420,058	425,156
Sundry		839,854	861,265
Communications		190,386	198,075
Insurance		519,904	527,784
Subtotal - Other Material, Contracts & Expenses		20,233,682	19,317,260
Total Materials, Contracts and Other Expenses		20,618,968	19,716,046

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 3. Expenses (continued)

\$	Notes	2018	2017
(c). Depreciation and Amortisation			
Buildings		1,883,900	1,913,282
Infrastructure			
- Stormwater Drainage		1,140,376	1,018,501
- Bridges		25,967	25,290
- Creeks		8,618	8,618
- Road Transport Assets and Car Parks		5,165,198	4,919,499
- Gross Pollutant Traps and Trash Racks		18,994	23,682
- Road Traffic Control Devices		135,534	60,912
- Footpaths and Walkways		962,979	983,730
Plant & Equipment		819,969	853,188
Furniture & Fittings		73,674	69,478
Library Books		196,252	207,570
Bus Stops		69,905	74,345
Tennis/Netball Courts & Playgrounds		145,128	214,774
Other Assets		405,251	390,676
Total Depreciation and Amortisation		11,051,745	10,763,545
(d). Finance Costs			
Interest on Loans		17,790	6,187
Total Finance Costs		17,790	6,187

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment

(i) Assets Renewed or Directly Replaced

Proceeds from Disposal	138,988	248,518
Less: Carrying Amount of Assets Sold	(755,875)	(1,316,138)
Gain (Loss) on Disposal	(616,887)	(1,067,620)

(ii) Assets Surplus to Requirements

Proceeds from Disposal	-	350,000
Less: Carrying Amount of Assets Sold	-	(526,137)
Gain (Loss) on Disposal	-	(176,137)

Net Gain (Loss) on Disposal or Revaluation of Assets	(616,887)	(1,243,757)
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Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 5. Current Assets

\$	Notes	2018	2017
(a). Cash & Cash Equivalents			
Cash on Hand at Bank		3,950	15,014
Deposits at Call		21,440,359	11,129,634
Total Cash & Cash Equivalents		21,444,309	11,144,648
(b). Trade & Other Receivables			
Rates - General & Other		600,718	590,316
Accrued Revenues		1,308,919	210,793
Debtors - General		990,548	1,123,923
GST Recoupment		-	117,747
Prepayments		341,335	583,353
Athelstone Football Club Lease (former loan)		6,247	19,290
Campbelltown Soccer Club Lease (former loan)		10,000	10,000
Hectorville Sports and Community Club Loan		3,244	3,068
Athelstone Football Club Loan		1,733	4,619
Total Trade & Other Receivables		3,262,744	2,663,109
(c). Inventories			
Stores & Materials		391	210
Trading Stock - ARC Campbelltown		22,747	12,417
Total Inventories		23,138	12,627

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 6. Non-Current Assets

\$	Notes	2018	2017
(a). Financial Assets			
Receivables			
Council Rates Postponement Scheme		61,600	53,476
Athelstone Football Club Lease (former loan)		102,841	92,581
Campbelltown Soccer Club Lease (former loan)		70,000	80,000
Athelstone Football Club Loan		31,545	29,509
Hectorville Sports and Community Club Loan		1,010	4,254
Total Receivables		266,996	259,820
Total Financial Assets		266,996	259,820
(b). Equity Accounted Investments in Council Businesses			
Eastern Waste Management Authority Inc.	19	78,849	101,854
Eastern Health Authority Inc.	19	112,190	75,218
Total Equity Accounted Investments in Council Businesses		191,039	177,072
(c). Other Non-Current Assets			
Capital Works-in-Progress		3,627,161	306,098
Total Other Non-Current Assets		3,627,161	306,098

Notes to and forming part of the Financial Statements
for the year ended 30 June 2018

Note 7a. Infrastructure, Property, Plant & Equipment

\$	Fair Value Level	as at 30/6/2017				Asset Movements during the Reporting Period						as at 30/6/2018			
		At Fair Value	At Cost	Accumulated Dep'n	Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	Adjustments & Transfers	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Dep'n	Carrying Value
						New / Upgrade	Renewals								
Land - Level 2	2	222,382,065	-	-	222,382,065	-	-	-	-	-	5,559,552	227,941,617	-	-	227,941,617
Land - Level 3	3	21,504,775	1,296,461	-	22,801,236	-	-	-	-	-	392,958	23,194,194	-	-	23,194,194
Buildings - Level 2	2	17,453,314	138,043	11,970,149	5,621,208	-	32,827	(271)	(246,227)	-	141,292	18,213,340	32,827	12,697,338	5,548,829
Buildings - Level 3	3	43,481,704	25,571,114	21,276,282	47,776,536	290,711	131,386	(11,242)	(1,637,673)	-	(1,020,872)	66,324,287	422,099	21,217,540	45,528,846
Infrastructure															
- Stormwater Drainage	3	93,402,543	617,925	37,469,130	56,551,338	137,143	80,030	(3,562)	(1,140,376)	-	7,824,655	109,991,678	217,173	46,759,623	63,449,228
- Bridges	3	2,220,556	-	755,857	1,464,699	-	-	-	(25,967)	-	50,222	2,296,697	-	807,743	1,488,954
- Creeks	3	-	129,398	22,583	106,815	-	-	-	(8,618)	-	-	129,398	-	31,201	98,197
- Road Transport Assets and Car Parks	3	272,780,854	3,281,864	78,980,120	197,082,598	120,620	2,024,558	(407,703)	(5,165,198)	-	(40,330,893)	281,974,342	2,145,178	130,795,538	153,323,982
- Gross Pollutant Traps and Trash Racks	3	307,718	168,022	285,303	190,437	-	-	-	(18,994)	-	-	307,718	168,022	304,297	171,443
- Road Traffic Control Devices	3	3,489,870	-	1,171,584	2,318,286	55,518	-	(2,239)	(135,534)	-	2,643,924	7,120,931	55,518	2,296,494	4,879,955
- Footpaths and Walkways	3	34,440,467	736,882	10,401,626	24,775,723	371,974	96,638	(137,149)	(962,979)	-	(7,690,469)	35,957,472	468,612	19,972,346	16,453,738
Plant & Equipment		-	10,425,623	5,266,381	5,159,242	112,822	426,512	(111,821)	(819,969)	1,430	-	-	9,979,132	5,210,916	4,768,216
Furniture & Fittings		-	1,074,487	538,588	535,899	22,399	5,209	(576)	(73,674)	-	-	-	1,101,404	612,147	489,257
Library Books		-	822,461	328,784	493,677	-	218,924	-	(196,252)	-	-	-	832,206	315,857	516,349
Bus Stops	3	1,632,476	212,102	749,129	1,095,449	-	199,389	(73,876)	(69,905)	-	273,947	1,418,776	199,389	193,161	1,425,004
Tennis/Netball Courts & Playgrounds	3	4,541,079	107,684	2,989,773	1,658,990	69,047	145,863	(1,123)	(145,128)	-	-	4,503,490	322,593	3,098,434	1,727,649
Other Assets	3	13,852,611	802,200	7,060,741	7,594,070	246,507	21,087	(6,313)	(405,251)	-	-	13,836,200	1,069,794	7,455,894	7,450,100
Total Infrastructure, Property, Plant & Equipment		731,490,032	45,384,266	179,266,030	597,608,268	1,426,741	3,382,423	(755,875)	(11,051,745)	1,430	(32,155,684)	793,210,140	17,013,947	251,768,529	558,455,558
Comparatives		735,078,516	12,315,706	171,666,087	575,728,135	23,150,986	11,100,315	(1,842,275)	(10,763,545)	-	234,742	731,490,032	45,384,266	179,266,030	597,608,268

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

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 2018

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
2018				
Land - Level 2	-	227,941,617	-	227,941,617
Land - Level 3	-	-	23,194,194	23,194,194
Buildings - Level 2	-	18,213,340	-	18,213,340
Buildings - Level 3	-	-	66,324,287	66,324,287
Infrastructure	-	-	435,481,538	435,481,538
Bridges	-	-	2,296,697	2,296,697
Other Assets	-	-	19,758,466	19,758,466
Total Financial Assets Recognised at Fair Value	-	246,154,957	547,055,182	793,210,139
2017				
Land - Level 2	-	222,382,065	-	222,382,065
Land - Level 3	-	-	22,801,236	22,801,236
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	-	239,835,379	492,951,114	732,786,493

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.

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.

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

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

\$

Valuation of Assets (continued)

Information on Valuations (continued)

- 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 re stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 Fair Value Measurement: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the 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 1 July 2017, where a desktop valuation was undertaken by JLL Pty Ltd. 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 2018.

Buildings

Buildings were revalued to their fair value as at 1 July 2017, where a desktop assessment was undertaken by JLL Pty Ltd.

The depreciation expense for the year ended 30 June 2018 was calculated to take into account the updated revaluation.

A desktop revaluation for Buildings is scheduled to apply from 1 July 2018.

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

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

\$

Valuation of Assets (continued)

Infrastructure

Road Transport Assets and Car Parks

Road Surface, Road Pavement, Kerb & Gutter and Car Parks were condition assessed by Talis Consultants Pty Ltd as at 1 July 2017.

The unit rates developed by Council Staff for these asset categories were independently verified by Opus International Consultants (Australia) Pty Ltd as at 1 July 2017, with depreciation for the year ended 30 June 2018 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 2021, with the revision to unit rates being applied as at 1 July 2018.

Road Pavement - Subbase was identified and bought to account for the first time in 2018. This resulted in a net revaluation adjustment of \$7,065,816, with the impact on depreciation expense for 2018 due to their recognition in the accounts being \$18,007.

Footpaths and Walkways

Footpaths and Walkways were condition assessed by Talis Consultants Pty Ltd as at 1 July 2017.

The unit rates developed by Council Staff for these assets were independently verified by Opus International Consultants (Australia) Pty Ltd as at 1 July 2017, with depreciation for the year ended 30 June 2018 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 2021, with the revision to unit rates being applied as at 1 July 2018.

Road Traffic Devices

A data collection and validation exercise was undertaken by Talis Consultants Pty Ltd as at 1 July 2017. The unit rates for these assets were developed by Opus International Consultants (Australia) Pty Ltd and were last updated as at 1 July 2017.

It is expected that this category of assets will next be condition assessed as at 1 July 2021, with the revision to unit rates being applied as at 1 July 2018.

195 Road Traffic Devices were identified and bought to account for the first time in 2018. This resulted in a net revaluation adjustment of \$494,464, with the impact on depreciation expense for 2018 due to their recognition in the accounts being \$14,936.

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 2018, 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 2018

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

\$

Valuation of Assets (continued)

Infrastructure (continued)

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 2018, with the revision to unit rates being applied at the same time.

Stormwater Drainage

Visual inspections using CCTV were undertaken on a small sample from 2015 to 2018 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 1 July 2017.

A rolling condition assessment commenced in 2015/2016 for Stormwater Closed Channel, with a full revaluation of Open Channel assets planned for 2018/2019. Unit rates will be applied as at 1 July 2018.

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 1 July 2018.

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

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 2018.

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

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

\$

Valuation of Assets (continued)

Other 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 1 July 2017.

It is expected that the next condition assessment will occur in the 2018/2019 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	2018 Current	2018 Non Current	2017 Current	2017 Non Current
(a). Trade and Other Payables					
Goods & Services		1,799,061	-	1,264,036	-
Payments Received in Advance		2,380,202	-	518,518	-
Accrued Expenses - Employee Entitlements		334,106	-	358,512	-
Accrued Expenses - Finance Costs		-	-	757	-
Accrued Expenses - Other		424,479	-	703,577	-
Deposits, Retentions & Bonds		436,741	-	913,715	-
GST Payable		15,566	-	-	-
Other		174,936	-	38,860	-
Total Trade and Other Payables		5,565,091	-	3,797,975	-
(b). Borrowings					
Bank Overdraft		79,326	-	-	-
Loans		-	-	8,612	107,579
Total Borrowings		79,326	-	8,612	107,579

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 2018

Note 8. Liabilities (continued)

		2018	2018	2017	2017
\$	Notes	Current	Non Current	Current	Non Current
(c). Provisions					
Annual Leave		808,221	503,475	811,424	568,629
Long Service Leave		1,077,695	468,687	1,435,358	472,261
Total Provisions		1,885,916	972,162	2,246,782	1,040,890

Note 9. Reserves

		1/7/2017	Increments (Decrements)	Transfers	Impairments	30/6/2018
(a). Asset Revaluation Reserve						
Land	208,456,730	5,952,510	-	-	-	214,409,240
Buildings	13,840,773	(879,580)	(836)	-	-	12,960,357
Infrastructure						
- Stormwater Drainage	42,776,065	7,824,655	(2,779)	-	-	50,597,941
- Bridges	1,100,858	50,222	-	-	-	1,151,080
- Creeks	86,622	-	-	-	-	86,622
- Road Transport Assets and Car Parks	149,177,594	(40,330,893)	(281,663)	-	-	108,565,038
- Gross Pollutant Traps and Trash Racks	160,675	-	-	-	-	160,675
- Road Traffic Control Devices	1,785,348	2,643,924	-	-	-	4,429,272
- Footpaths and Walkways	18,758,063	(7,690,469)	(87,514)	-	-	10,980,080
Bus Stops	437,885	273,947	(38,402)	-	-	673,430
Tennis/Netball Courts & Playgrounds	822,834	-	(562)	-	-	822,272
Other Assets	3,332,109	-	(2,770)	-	-	3,329,339
Total Asset Revaluation Reserve	440,735,556	(32,155,684)	(414,526)	-	-	408,165,346
Comparatives		441,761,091	234,742	(1,260,277)	-	440,735,556

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 9. Reserves (continued)

\$	1/7/2017	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2018
(b). Other Reserves					
Asset Replacement Reserve	2,883,951	811,881	(89,602)	-	3,606,230
Underground Infrastructure Reserve	400,476	-	-	-	400,476
Reserves Development Reserve	16,830	119	(16,949)	-	-
Committed Works Reserve	5,152,250	13,634,900	(5,152,250)	-	13,634,900
Renewal & Replacement Reserve	30,210,967	4,903,943	-	-	35,114,910
Galt Trust	2,000	-	-	-	2,000
Urban Tree Fund	7,924	1,670	-	-	9,594
Total Other Reserves	38,674,398	19,352,513	(5,258,801)	-	52,768,110
Comparatives	29,577,071	13,895,334	(4,798,007)	-	38,674,398

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.

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 9. Reserves (continued)

\$

(b). Other Reserves (continued)

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.

Note 10. Assets Subject to Restrictions

\$

Notes

2018

2017

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.

Cash & Financial Assets

Unexpended amounts received from Federal Government

Reserve Development Contributions	-	16,830
Avenue Road Gross Pollutant Trap - NRM Board	19,287	19,287
Urban Tree Fund	9,594	7,924
Lochend Redevelopment - National Trust of SA	2,251	2,251
Book Group Sets - ACH Group	840	2,078
Sesquicentennial Event Sponsorship	4,000	-
State Government - Steve Woodcock Sports Centre Synthetic Pitch	1,500,000	-
State Government - Daly Oval Female Changerooms	280,000	-
State Government - Max Amber Sportsfield Oval Lighting	210,000	-
LGA Asset Mutual Fund - Building Contents Valuation	10,000	-
Electranet - Third Creek Stabilisation, Magill	150,000	-
Be Connected Activation Grant	900	-
Girl Guides SA - Hall Renovations	10,000	-
OPAL - Book a Bike Program	5,000	-
Ripples Art - Shed Additions	1,286	-
SLGIP - River Torrens Linear Path Program Grant	130,595	-
Minister for Planning - Fourth Creek Trail Improvements	12,937	-
Total Cash & Financial Assets	2,346,690	48,370
Total Assets Subject to Externally Imposed Restrictions	2,346,690	48,370

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 11. Reconciliation to Statement of Cash Flows

\$	Notes	2018	2017
(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	21,444,309	11,144,648
Less: Short-Term Borrowings	8	(79,326)	-
Balances per Statement of Cash Flows		21,364,983	11,144,648
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		5,918,341	4,596,697
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		11,051,745	10,763,545
Equity Movements in Equity Accounted Investments (Increase)/Decrease		22,022	(50,403)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(242,734)	(978,908)
Net (Gain) Loss on Disposals		616,887	1,243,757
		17,366,261	15,574,688
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(610,469)	792,267
Net (Increase)/Decrease in Inventories		(10,511)	(12,608)
Net (Increase)/Decrease in Other Current Assets		948	23,741
Net Increase/(Decrease) in Trade & Other Payables		2,244,090	(1,489,933)
Net Increase/(Decrease) in Other Provisions		(429,594)	(297,138)
Net Cash provided by (or used in) operations		18,560,725	14,591,017

(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	150,000
LGFA Cash Advance Debenture Facility	830,000	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 2018

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 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017
\$										
Infrastructure Services	5,046,592	4,324,746	24,683,402	24,443,200	(19,636,810)	(20,118,454)	2,729,120	1,830,685	559,335,891	582,878,839
Urban Planning & Leisure Services	6,427,631	5,362,222	9,995,831	9,551,943	(3,568,200)	(4,189,721)	349,535	436,177	1,584,120	6,142,724
Corporate & Community Services	38,875,458	37,877,336	7,494,599	6,888,461	31,380,859	30,988,875	1,822,272	2,339,699	25,711,069	14,845,584
Executive Services	213,573	90,632	2,074,906	1,960,189	(1,861,333)	(1,869,557)	-	-	639,865	8,304,495
Total Functions/Activities	50,563,254	47,654,936	44,248,738	42,843,793	6,314,516	4,811,143	4,900,927	4,606,561	587,270,945	612,171,642

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.

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

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, Environmental 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, Cemeteries, Leisure Businesses, Economic Development.

CORPORATE AND COMMUNITY SERVICES

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

EXECUTIVE SERVICES

Executive Services, Elected Members, Civic Functions, People & Culture.

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 1.25% and 2.20% (2017: 1.50% and 2.15%). Short term deposits have an average maturity of 78 days and an average interest rate of 2.07% (2017: 65 days and 2.02%).

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 2018

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 6.75% (2017: 7.00%). 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 2018

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.

\$	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2018					
<u>Financial Assets</u>					
Cash & Equivalents	21,444,309	-	-	21,444,309	21,444,309
Receivables	2,251,041	74,577	131,317	2,456,935	2,526,087
Other Financial Assets	-	-	191,039	191,039	191,039
Total Financial Assets	23,695,350	74,577	322,356	24,092,283	24,161,435
<u>Financial Liabilities</u>					
Payables	3,169,323	-	-	3,169,323	3,169,323
Current Borrowings	79,326	-	-	79,326	79,326
Total Financial Liabilities	3,248,649	-	-	3,248,649	3,248,649
2017					
<u>Financial Assets</u>					
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	-	-	177,072	177,072	177,072
Total Financial Assets	12,565,854	121,645	269,295	12,956,794	12,899,757
<u>Financial Liabilities</u>					
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

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

	30 June 2018		30 June 2017	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	0.00%	79,326	5.10%	116,191
		158,652		116,191

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 2018

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 2018

Note 14. Commitments for Expenditure

\$	Notes	2018	2017
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(a). Capital Commitments

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Buildings	7,214,750	642,200
Infrastructure	5,032,050	2,894,700
Plant & Equipment	521,100	86,850
Furniture & Fittings	250,650	-
Library Stock	59,250	57,150
Other	3,464,900	468,000
	16,542,700	4,148,900

These expenditures are payable:

Not later than one year	16,542,700	4,148,900
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	16,542,700	4,148,900

(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	98,797	-
Waste Management Services	2,295,075	2,111,127
	2,393,872	2,111,127

These expenditures are payable:

Not later than one year	2,319,046	426,332
Later than one year and not later than 5 years	74,826	1,684,795
Later than 5 years	-	-
	2,393,872	2,111,127

(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 2018

Note 15. Financial Indicators

	Amounts	Indicator	Prior Periods	
\$	2018	2018	2017	2016

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	6,292,494	12%	10%	12%
Total Operating Income	50,596,742			

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

2. Net Financial Liabilities Ratio

Net Financial Liabilities	(16,471,554)	(33%)	(14%)	2%
Total Operating Income	50,596,742			

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.

Adjustments to Ratios

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. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.

Adjusted Operating Surplus Ratio	11%	9%	14%
Adjusted Net Financial Liabilities Ratio	(33%)	(14%)	2%

3. Asset Sustainability Ratio

Net Asset Renewals	5,762,172	189%	70%	419%
Infrastructure & Asset Management Plan required expenditure	3,046,234			

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 2018

Note 16. Uniform Presentation of Finances

\$	2018	2017
<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	50,596,742	47,708,114
<i>less</i> Expenses	(44,304,248)	(42,846,568)
Operating Surplus / (Deficit)	6,292,494	4,861,546
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(5,901,160)	(4,860,310)
<i>add back</i> Depreciation, Amortisation and Impairment	11,051,745	10,763,545
<i>add back</i> Proceeds from Sale of Replaced Assets	138,988	248,518
Subtotal	5,289,573	6,151,753
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(2,230,497)	(4,664,780)
<i>add back</i> Amounts Received Specifically for New and Upgraded Assets	242,734	978,908
<i>add back</i> Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	350,000
Subtotal	(1,987,763)	(3,335,872)
Net Lending / (Borrowing) for Financial Year	9,594,304	7,677,427

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 17. Operating Leases

\$	2018	2017
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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	112,780	113,580
Later than one year and not later than 5 years	138,852	96,857
Later than 5 years	-	-
	<u>251,632</u>	<u>210,437</u>

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 18. Superannuation

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2017/18; 9.50% in 2016/17). 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 2016/17) 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, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. 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 2018

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	
	2018	2017	2018	2017
Joint Ventures	(22,022)	50,403	191,039	177,072
Total	(22,022)	50,403	191,039	177,072

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2018	2017
Eastern Waste Mgt Authority Inc.	Waste Collection Services	78,849	101,853
Eastern Health Authority Inc.	Environmental Health Services	112,190	75,218
Total Carrying Amounts - Joint Ventures & Associates		191,039	177,071

Eastern Waste Mgt Authority Inc.

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

Eastern Health Authority Inc.

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

(b) Relevant Interests

Name of Entity	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2018	2017	2018	2017	2018	2017
Eastern Waste Mgt Authority Inc.	16.67%	16.67%	16.67%	16.67%	16.67%	16.67%
Eastern Health Authority Inc.	24.17%	23.10%	24.17%	23.10%	20.00%	20.00%

(c) Movement in Investment in Joint Venture or Associate

	Eastern Waste Mgt Authority Inc.		Eastern Health Authority Inc.	
	2018	2017	2018	2017
Opening Balance	101,854	25,005	75,218	81,775
Share in Operating Result	(55,510)	53,178	33,488	(2,775)
Share in Other Comprehensive Income	1,667	3,334	-	-
Adjustments to Equity	30,838	20,337	3,484	(3,782)
Council's Equity Share in the Joint Venture or Associate	78,849	101,854	112,190	75,218

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 19. Interests in Other Entities (continued)

\$

(d) Summarised Financial Information of the Equity Accounted Business

Statement of Financial Position	Eastern Waste Mgt Authority Inc.		Eastern Health Authority Inc.	
	2018	2017	2018	2017
Cash and Cash Equivalents	1,376,000	1,984,000	876,554	664,107
Other Current Assets	1,127,000	412,000	122,329	129,625
Non-Current Assets	6,165,000	6,046,000	341,914	387,928
Total Assets	8,668,000	8,442,000	1,340,797	1,181,660
Current Trade and Other Payables	821,000	826,000	197,380	138,358
Current Financial Liabilities	2,007,000	1,701,000	64,393	61,440
Current Provisions	530,000	491,000	325,421	305,844
Non-Current Financial Liabilities	4,774,000	4,741,000	250,742	315,135
Non-Current Provisions	63,000	72,000	38,690	35,264
Total Liabilities	8,195,000	7,831,000	876,626	856,041
Net Assets	473,000	611,000	464,171	325,619

Statement of Comprehensive Income	Eastern Waste Mgt Authority Inc.		Eastern Health Authority Inc.	
	2018	2017	2018	2017
Other Income	428,000	448,000	834,312	732,592
Contributions from Constituent Councils	12,689,000	13,068,000	1,680,870	1,641,055
Interest Income	19,000	30,000	12,923	11,598
Total Income	13,136,000	13,546,000	2,528,105	2,385,245
Employee Costs	5,605,000	5,164,000	1,581,162	1,623,390
Materials, Contracts & Other Expenses	5,776,000	6,007,000	746,550	699,827
Depreciation, Amortisation and Impairment	1,767,000	1,724,000	46,014	55,286
Finance Costs	321,000	332,000	15,827	18,756
Total Expenses	13,469,000	13,227,000	2,389,553	2,397,259
Other Revenue / Expense Items	10,000	20,000	-	-
Operating Result	(323,000)	339,000	138,552	(12,014)

(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:

Operating Expenditures Payable

Not later than one year	11,595	10,416
Later than one year and not later than 5 years	11,455	10,807
Later than 5 years	-	-
	23,050	21,223

Corporation of the City of Campbelltown

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

Note 20. Non-Current Assets Held for Sale & Discontinued Operations

\$

Council does not have any Non-Current Assets Held for Sale or any Discontinued Operations.

Note 21. 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 7.35 metres.

2. POTENTIAL INSURANCE LOSSES

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

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

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

3. LEGAL MATTERS

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had 3 notices of appeal 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.

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 2018

Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2018, 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 8 November 2018.

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

Note 23. Related Party Transactions

\$	2018	2017
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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	2,335,520	1,999,952
Termination Benefits	13,963	16,952
Total	2,349,483	2,016,904

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

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	7,474	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	6,379	8,111
Purchase of materials and services from entities controlled by close family members of KMPs	4,760	20,450
Total	18,613	43,061

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David Sullivan CA, CPA
Jason Seidel CA
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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL REPORT

To the members of Campbelltown City Council

Opinion

We have audited the accompanying financial report of Campbelltown City Council (the Council), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of Campbelltown City Council.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described 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 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 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.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 and for such internal control as Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Council is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibility 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 an audit conducted in accordance with 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 this financial report.

As part of an audit of the financial report in accordance with 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 of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Council'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.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS



Tim Muhlhausler CA Registered Company Auditor
Partner

8 November 2018

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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROLS

To the members of Campbelltown City Council

Independent Assurance Report on the Internal Controls of Campbelltown City Council

Opinion

We have audited the compliance of Campbelltown City Council (the Council) with the requirements of Section 125 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 2017 to 30 June 2018 have been conducted properly and in accordance with law.

In our opinion, Campbelltown City Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls established by the Council in relation 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 2017 to 30 June 2018.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, 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 2017 to 30 June 2018. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

The Council's Responsibility for 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, acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 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 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, 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 2017 to 30 June 2018. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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 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.

Limitation of Use

This report has been prepared for the members of the Council in Accordance with Section 129 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 which it was prepared.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

8 November 2018

Corporation of the City of Campbelltown

General Purpose Financial Statements for the year ended 30 June 2018

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 2018, the Council's Auditor, Galpins 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



Roberto Bria B. Ec. FCPA MBA GAICD
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 26 September 2018

Corporation of the City of Campbelltown

General Purpose Financial Statements for the year ended 30 June 2018

Statement by Auditor

I confirm that, for the audit of the financial statements of Corporation of the City of Campbelltown for the year ended 30 June 2018, 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*.



Tim Muhlhausler
Galpins

Dated this 8th day of November 2018.