

Corporation of the City of Campbelltown

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2020

Campbelltown provides a quality lifestyle for its people



Corporation of the City of Campbelltown

General Purpose Financial Statements

for the year ended 30 June 2020

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General Purpose Financial Statements

for the year ended 30 June 2020

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 2020 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

Date: 17 November 2020



Jill Whittaker
Mayor

Corporation of the City of Campbelltown

Statement of Comprehensive Income

for the year ended 30 June 2020

\$	Notes	2020	2019
Income			
Rates	2a	39,531,132	38,114,532
Statutory Charges	2b	1,031,727	1,096,714
User Charges	2c	4,736,813	5,830,172
Grants, Subsidies and Contributions	2g	3,629,253	7,304,898
Investment Income	2d	406,064	536,886
Reimbursements	2e	2,168,415	1,104,056
Other income	2f	745,216	778,358
Net Gain - Equity Accounted Council Businesses	19(a)	26,374	32,620
Total Income		52,274,994	54,798,236
Expenses			
Employee costs	3a	13,574,149	13,124,507
Materials, Contracts and Other Expenses	3b	22,462,038	22,816,817
Depreciation, Amortisation and Impairment	3c	13,117,965	12,060,849
Finance Costs	3d	7,975	40
Net loss - Equity Accounted Council Businesses	19(a)	3,256	—
Total Expenses		49,165,383	48,002,213
Operating Surplus / (Deficit)		3,109,611	6,796,023
Physical Resources Received Free of Charge	2h	1,033,315	26,902
Asset Disposal & Fair Value Adjustments	4	(2,944,938)	(1,344,478)
Amounts Received Specifically for New or Upgraded Assets	2g	2,053,041	1,101,175
Net Surplus / (Deficit)		3,251,029	6,579,622
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	9a	3,666,981	45,283,511
Share of Other Comprehensive Income - Equity Accounted Council Businesses	19	11,898	6,346
Total Amounts which will not be reclassified subsequently to operating result		3,678,879	45,289,857
Amounts which will be reclassified subsequently to operating result			
Other Equity Adjustments - Equity Accounted Council Businesses	19(a)	17,088	24,448
Total Amounts which will be reclassified subsequently to operating result		17,088	24,448
Total Other Comprehensive Income		3,695,967	45,314,305
Total Comprehensive Income		6,946,996	51,893,927

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

Corporation of the City of Campbelltown

Statement of Financial Position

as at 30 June 2020

\$	Notes	2020	2019
ASSETS			
Current assets			
Cash & Cash Equivalent Assets	5a	26,988,358	21,706,448
Trade & Other Receivables	5b	3,589,121	5,040,001
Inventories	5d	23,559	24,346
Total current assets		30,601,038	26,770,795
Non-current assets			
Financial Assets	6a	314,244	283,384
Equity Accounted Investments in Council Businesses	6b	306,557	254,453
Other Non-Current Assets	6c	3,666,678	4,415,727
Infrastructure, Property, Plant & Equipment	7a	610,913,314	608,209,873
Total non-current assets		615,200,793	613,163,437
TOTAL ASSETS		645,801,831	639,934,232
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	5,226,774	6,597,042
Borrowings	8b	88,932	—
Provisions	8c	1,928,533	1,853,729
Total Current Liabilities		7,244,239	8,450,771
Non-Current Liabilities			
Borrowings	8b	84,578	—
Provisions	8c	863,641	821,084
Total Non-Current Liabilities		948,219	821,084
TOTAL LIABILITIES		8,192,458	9,271,855
Net Assets		637,609,373	630,662,377
EQUITY			
Accumulated surplus		127,588,794	127,410,228
Asset revaluation reserves	9a	454,049,501	452,577,469
Other reserves	9b	55,971,078	50,674,680
Total Equity		637,609,373	630,662,377

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

Corporation of the City of Campbelltown

Statement of Changes in Equity

for the year ended 30 June 2020

\$	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total equity
2020					
Balance at the end of previous reporting period		127,410,228	452,577,469	50,674,680	630,662,377
Net Surplus / (Deficit) for Year		3,251,029	—	—	3,251,029
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	—	3,666,981	—	3,666,981
- Transfer to Accumulated Surplus on Sale of I,PP&E	9a	2,194,949	(2,194,949)	—	—
- Share of OCI - Equity Accounted Council Businesses	19	11,898	—	—	11,898
- Other Equity Adjustments - Equity Accounted Council Businesses	19	17,088	—	—	17,088
Other comprehensive income		2,223,935	1,472,032	—	3,695,967
Total comprehensive income		5,474,964	1,472,032	—	6,946,996
Transfers between Reserves		(5,296,398)	—	5,296,398	—
Balance at the end of period		127,588,794	454,049,501	55,971,078	637,609,373
2019					
Balance at the end of previous reporting period		117,834,994	408,165,346	52,768,110	578,768,450
Net Surplus / (Deficit) for Year		6,579,622	—	—	6,579,622
Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	—	45,283,511	—	45,283,511
- Transfer to Accumulated Surplus on Sale of I,PP&E	9a	871,388	(871,388)	—	—
- Share of OCI - Equity Accounted Council Businesses	19	6,346	—	—	6,346
- Other Equity Adjustments - Equity Accounted Council Businesses	19	24,448	—	—	24,448
Other comprehensive income		902,182	44,412,123	—	45,314,305
Total comprehensive income		7,481,804	44,412,123	—	51,893,927
Transfers between Reserves		2,093,430	—	(2,093,430)	—
Balance at the end of period		127,410,228	452,577,469	50,674,680	630,662,377

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Corporation of the City of Campbelltown

Statement of Cash Flows

for the year ended 30 June 2020

\$	Notes	2020	2019
Cash flows from operating activities			
<u>Receipts</u>			
Rates Receipts		39,039,674	38,111,694
Statutory Charges		1,037,927	1,102,954
User Charges		4,736,813	6,230,172
Grants, Subsidies and Contributions (operating purpose)		3,629,253	7,304,898
Investment Receipts		406,064	536,886
Reimbursements		2,384,457	1,208,368
Other Receipts		4,285,394	2,774,068
<u>Payments</u>			
Payments to Employees		(13,393,379)	(13,353,546)
Payments for Materials, Contracts & Other Expenses		(25,857,076)	(25,980,456)
Finance Payments		(7,331)	(40)
Net cash provided by (or used in) Operating Activities	11b	<u>16,261,796</u>	<u>17,934,998</u>
Cash flows from investing activities			
Amounts Received Specifically for New/Upgraded Assets		2,053,041	1,101,175
Sale of Replaced Assets		681,364	188,367
Sale of Surplus Assets		—	3,689
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(10,063,573)	(13,110,457)
Expenditure on New/Upgraded Assets		(3,658,945)	(5,719,394)
Net cash provided (or used in) investing activities		<u>(10,988,113)</u>	<u>(17,536,620)</u>
Cash flows from financing activities			
<u>Receipts</u>			
Proceeds from Bonds & Deposits		222,162	84,056
<u>Payments</u>			
Repayment of Lease Liabilities		(102,335)	—
Repayment of Bonds & Deposits		(111,600)	(140,969)
Net Cash provided by (or used in) Financing Activities		<u>8,227</u>	<u>(56,913)</u>
Net Increase (Decrease) in Cash Held		<u>5,281,910</u>	<u>341,465</u>
plus: Cash & Cash Equivalents at beginning of period		21,706,448	21,364,983
Cash and cash equivalents held at end of period	11a	<u>26,988,358</u>	<u>21,706,448</u>
Additional Information:			
Total Cash, Cash Equivalents & Investments		<u>26,988,358</u>	<u>21,706,448</u>

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

Corporation of the City of Campbelltown

Notes to and forming part of the Principal Financial Statements for the year ended 30 June 2020

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Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

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 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.

1.3 Rounding

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

(2) The Local Government Reporting Entity

Campbelltown City Council 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.

(3) Income Recognition

The Council recognises revenue under AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058) or AASB 15 *Revenue from Contracts with Customers* (AASB 15) when appropriate.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a product or service to a customer). Revenue is measured based on the consideration to which the Council expects to be entitled in a contract with a customer.

In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset has been received to enable the council to acquire or construct a recognisable non-financial asset that is to be controlled by the council. In this case, the council recognises the excess as a liability that is recognised over time in profit and loss when (or as) the entity satisfies its obligations under the transfer.

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

In recent years the payment of untied grants (financial assistance grants / local roads / supplementary grants) has varied from the annual allocation as shown in the table below:

Financial Year	Cash Payment Received	Annual Allocation	Difference
2017/2018	\$1,933,545	\$1,864,980	+ \$68,565
2018/2019	\$2,404,091	\$1,880,880	+ \$523,211
2019/2020	\$1,696,608	\$1,902,491	- \$205,883

In addition, the 2019/2020 and 2020/2021 Supplementary Local Road Grants of \$529,716 was paid in advance in June 2019.

Because these grants are untied, the Australian Accounting Standards require these grants to be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

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

Construction Contracts

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

For works undertaken on a fixed price contract basis, revenues are recognised over time using the input method, with costs incurred compared to total expected costs used as a measure of progress. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(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, except for trade receivables from a contract with a customer, which are measured at the transaction price. 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. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

(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

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

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.

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.

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

Building & Other Structures

Structure	30 to 100 years
Roof	60 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	30 to 100 years
Open Channel	15 to 100 years
Trash Racks and Gross Pollutant Traps	15 to 100 years
Footpaths and Walkways	10 to 40 years
Traffic Control Devices	10 to 55 years
Car Parks	10 to 100 years

Bridges

Abutment	80 years
Bridge Structure	80 years
Bridge Decking	30 to 40 years
Bridge Column	80 years
Bridge Balustrade	40 years
Bridge Guardrail	40 years

Plant & Equipment

Catering Equipment	4 to 25 years
Electronic Equipment	2 to 15 years
Fleet and Plant	2 to 15 years
Pool Equipment	2 to 22 years
Sport and Recreation Equipment	3 to 20 years
Other Equipment	3 to 20 years

Furniture, Fittings and Library Stock

Furniture and Fittings	5 to 20 years
Library Stock	1.5 to 50 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	10 to 40 years
Playing Courts	20 to 30 years
Shade Structures	15 to 30 years
Synthetic Soccer Pitch	10 to 50 years
Miscellaneous	10 to 100 years

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

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 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 from the date of invoice, unless otherwise agreed. 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 average discount rate - 0.90% (2019, 2.09%)

Weighted average settlement period - 2.11 years (2019, 1.98 years)

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

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

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

Accounting policy applicable from 1 July 2019

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

10.1 Council as a lessee

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-Use-Assets

The Council recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and the estimate of costs to be incurred to restore the leased asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Plant and Equipment	2 to 5 years
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The right-of-use assets are also subject to impairment. Refer to the accounting policies above - Impairment of non-financial assets.

ii) Lease Liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Council uses its incremental borrowing rate or the interest rate implicit in the lease.

iii) Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of plant and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(11) 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.

(12) 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.

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

(13) Impact of COVID-19

The COVID-19 pandemic has impacted the 2019/2020 financial statements, which may impact on the comparability of some line items and amounts reported in these financial statements and associated notes.

The financial impacts are a direct result of either Council's response to the pandemic or due to the mandatory shut downs as directed by the Australian Government and the advice from the Australian Government Department of Health and SA Health.

Examples include:

- reduced income from events and facility hire
- financial support in the form of temporary suspension of fines and interest on outstanding rates and debt collection
- additional costs for cleaning and health and safety initiatives

Council estimates that the reduction in income and increase in expenditure resulted in a decrease of approximately \$809,500 in the 2019/2020 operating surplus. It is expected that further financial impacts will flow into the 2020/2021 financial year.

Council has considered the consequences of COVID-19 and other events and condition, and it has determined that they do not create a material uncertainty that casts significant doubt upon the Council's ability to continue as a going concern.

(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 Australian Accounting Standards Board (AASB) 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.

Campbelltown City Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

Adoption of AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income for Not-for-Profit Entities*

Council early adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income for Not-for-Profit Entities* from the year ended 30 June 2018.

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. These Standards supersede the NFP income recognition requirements previously in AASB 1004 Contributions (with the exception of certain matters relating to public sector NFP entities) as well as current revenue recognition guidance including AASB 118 Revenue, AASB 111 Construction Contracts and the related Interpretations. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service). Details of the accounting policy adopted for these standards can be found in Note 1 Significant Accounting Policies.

AASB 16 Leases

The Council applied AASB 16 *Leases*, for the first time from 1 July 2019. This standard requires that the right of use conveyed by leasing contracts (except leases with a maximum term of 12 months and leases for low-value assets) be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability.

Adoption of AASB 16 Leases (AASB 16)

AASB 16 supersedes AASB 117 *Leases*, Interpretation 4 Determining whether an Arrangement contains a Lease and other related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet under a single on-balance sheet model. The Council has lease contracts for various items of plant, equipment, and computers. Before the adoption of AASB 16, the Council classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

The Council adopted AASB 16 *Leases* using the modified retrospective method of adoption. Under this method, the standard has been applied retrospectively with the cumulative effect of initially applying the standard recognised as at 1 July 2019. Comparatives have not been restated.

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

The Council recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases with lease terms that end within 12 months of the date of initial application and leases of low-value assets. The right-of-use assets for all leases were recognised based on the amount equal to the lease liabilities. No adjustments were needed for any previously recognised prepaid or accrued lease expenses as there were none. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The effect of adoption AASB 16 as at 1 July 2019 does not impact Council's Assumulated Surplus.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	\$'s
Operating lease commitments as at 30 June 2019	301,455
Effect of discounting using the weighted average incremental borrowing rate as at 1 July 2019 of 3.35%	(13,268)
Less:	
Accrual payments recognised in error	(10,172)
Commitments relating to short-term leases	(10,831)
Commitments relating to leases of low-value assets	(15,160)
Other	
Lease liabilities as at 1 July 2019	252,024

Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2020. These standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements that could be applicable to Councils

Effective for NFP annual reporting periods beginning on or after 1 January 2020

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-6 *Amendments to Australia Accounting Standards – Definition of a Business*
- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*

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

- AASB 17 *Insurance Contracts*

Effective for NFP annual reporting periods beginning on or after 1 January 2022

- AASB 2014-10 *Sale or Contribution of Assets between and Investor and its Associate or Joint Venture* (amended by AASB 2015-10 and AASB 2017-5)

(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 the Financial Statements

for the year ended 30 June 2020

Note 2. Income

\$	2020	2019
(a) Rates		
General Rates		
General Rates	39,007,761	37,571,605
Less: Mandatory Rebates	(728,538)	(700,018)
Less: Rate Capping	(7,772)	(59,185)
Less: Discretionary Rebates, Remissions & Write Offs	(110,053)	(102,439)
Total General Rates	38,161,398	36,709,963
Other Rates (Including Service Charges)		
Natural Resource Management Levy	1,247,019	1,194,942
Separate Rate - Campbelltown Shopping Centre Toilet	31,100	25,050
Total Other Rates (Including Service Charges)	1,278,119	1,219,992
Other Charges		
Penalties for Late Payment	94,878	124,376
Legal & Other Costs Recovered	22,935	85,073
Total Other Charges	117,813	209,449
Less: Discretionary Rebates, Remissions & Write Offs	(26,198)	(24,872)
Total Rates	39,531,132	38,114,532
(b) Statutory Charges		
Development Act Fees	61,999	62,397
Town Planning Fees	456,699	529,438
Animal Registration Fees & Fines	207,931	205,375
Parking Fines / Expiation Fees	169,498	196,740
Environmental Control Fines	32,859	3,433
Other Licences, Fees & Fines	597	514
Section 7 Searches	102,144	98,817
Total Statutory Charges	1,031,727	1,096,714
(c) User Charges		
Cemetery Fees	8,688	9,240
Hall & Equipment Hire	204,993	271,489
Sales - General	5,235	6,004
Sundry	17,943	19,906
ARC Campbelltown (previously Campbelltown Leisure Centre)	3,842,784	4,918,897
Lease Fees	594,661	526,143
Library Services	62,509	78,493
Total User Charges	4,736,813	5,830,172

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2. Income (continued)

\$	2020	2019
(d) Investment Income		
Interest on Investments		
- Local Government Finance Authority	394,954	516,926
- Banks & Other	10,690	19,322
- Loans to Community Groups	420	638
Total Investment Income	406,064	536,886

(e) Reimbursements

Private Works	44,950	281,962
Joint Undertakings	765,263	758,637
ARC Campbelltown - Caltex Claim	1,005,262	—
SAPN - Street Lighting Cost Recovery	285,044	—
Other	67,896	63,457
Total Reimbursements	2,168,415	1,104,056

(f) Other income

Insurance & Other Recoupments - Infrastructure, IPP&E	121,743	140,742
Rebates Received	3,366	6,075
Community Home Support Program Contributions	197,436	163,878
Workers' Compensation Rebate	321,188	293,817
Sundry	101,483	173,846
Total Other income	745,216	778,358

(g) Grants, Subsidies, Contributions

Amounts Received Specifically for New or Upgraded Assets	540,921	258,321
Individually Significant Item (refer below - Note 2g(ii))	1,512,120	842,854
Total Amounts Received Specifically for New or Upgraded Assets	2,053,041	1,101,175
Untied - Financial Assistance Grant	1,696,608	2,404,091
Community Home Support Program	789,391	813,228
Roads to Recovery	539,765	403,074
Library Operating Subsidy	170,760	163,227
Library Materials Grant	137,525	132,805
Individually Significant Items (refer below - Note 2g(ii))	49,137	2,960,409
Other Grants, Subsidies and Contributions	246,067	428,064
Total Other Grants, Subsidies and Contributions	3,629,253	7,304,898
Total Grants, Subsidies, Contributions	5,682,294	8,406,073

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

(i) Sources of grants

Commonwealth Government	1,450,711	4,961,125
State Government	4,006,400	3,344,297
Other	225,183	100,651
Total	5,682,294	8,406,073

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2. Income (continued)

\$	2020	2019
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(ii) Individually Significant Items

Campbelltown Memorial Oval Redevelopment - Amounts Received for New or Upgraded Assets	40,543	842,854
Campbelltown Memorial Oval Redevelopment - Grants, Subsidies, Contributions	49,137	2,960,409
Steve Woodcock Sports Centre - Synthetic Soccer Pitch and Female Changerooms	1,471,577	—

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, which has been recognised in the accounts from 2016/2017 to 2019/2020.

Council also received a grant of \$1.5 million from the Office for Recreation, Sport and Racing to install a certified synthetic soccer pitch, female changerrooms and new fencing at the Campbelltown City Soccer Club.

(h) Physical Resources Received Free of Charge

Land	290,000	—
Buildings	258,000	—
Infrastructure	459,203	—
Plant & Equipment	4,216	—
Furniture & Fittings	21,896	—
Tennis/Netball Courts & Playgrounds	—	26,902
<u>Total Physical Resources Received Free of Charge</u>	<u>1,033,315</u>	<u>26,902</u>

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Expenses

\$	Notes	2020	2019
(a) Employee costs			
Salaries and Wages		10,594,243	10,193,980
Employee Leave Expense		1,822,367	1,689,636
Superannuation - Defined Contribution Plan Contributions	18	734,584	673,632
Superannuation - Defined Benefit Plan Contributions	18	403,518	425,432
Workers' Compensation Insurance		561,398	638,066
Less: Capitalised and Distributed Costs		(541,961)	(496,239)
Total Operating Employee Costs		13,574,149	13,124,507
Total Number of Employees (full time equivalent at end of reporting period)		140	143
(b) Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		24,450	23,971
Bad and Doubtful Debts		5,000	15,000
Elected Members' Expenses		253,102	218,064
Election Expenses		15,437	206,126
Lease Expense - Low Value Assets / Short Term Leases		46,983	167,546
Subtotal - Prescribed Expenses		344,972	630,707
(ii) Other Materials, Contracts and Expenses			
Contractors		14,344,373	13,825,026
Energy		1,895,816	2,079,080
Legal Expenses		268,635	513,678
Levies Paid to Government - NRM levy		1,220,432	1,172,568
Levies - Other		550,163	530,758
Parts, Accessories & Consumables		1,548,834	1,597,117
Professional Services		332,110	360,867
Communications		193,850	205,248
Insurance		538,653	478,960
PLEC Contributions		470,252	559,016
Sundry		753,948	863,792
Subtotal - Other Material, Contracts & Expenses		22,117,066	22,186,110
Total Materials, Contracts and Other Expenses		22,462,038	22,816,817

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Expenses (continued)

\$	2020	2019
(c) Depreciation, Amortisation and Impairment		
(i) Depreciation and Amortisation		
Buildings - Level 2	303,271	266,031
Buildings - Level 3	1,911,763	1,775,220
Infrastructure		
- Stormwater Drainage	1,650,694	1,639,413
- Bridges	126,330	123,500
- Creeks	8,600	8,618
- Road Transport Assets and Car Parks	5,476,781	5,429,210
- Gross Pollutant Traps and Trash Racks	35,614	37,409
- Road Traffic Control Devices	116,350	100,685
- Footpaths and Walkways	974,004	921,317
Right-of-use Assets	98,771	—
Plant & Equipment	973,999	791,869
Furniture & Fittings	97,645	81,275
Library Books	184,846	196,360
Bus Stops	69,448	68,931
Park Furniture	49,964	—
Other Open Space Assets	275,497	—
Tennis/Netball Courts and Playgrounds	—	165,077
Playground Equipment	366,190	—
Shade Shelters and Structures	106,486	—
Playing Fields, Courts, Lighting and Equipment	240,797	—
Other Boutique Assets	50,915	—
Other Assets	—	455,934
Subtotal	13,117,965	12,060,849
Total Depreciation, Amortisation and Impairment	13,117,965	12,060,849
(d) Finance Costs		
Interest on Overdraft and Short-Term Drawdown	14	40
Charges on Leases	7,961	—
Total Finance Costs	7,975	40

Note 4. Asset Disposal & Fair Value Adjustments

\$	2020	2019
Infrastructure, Property, Plant & Equipment		
(i) Assets Renewed or Directly Replaced		
Proceeds from Disposal	681,364	188,367
Less: Carrying Amount of Assets Sold	(3,501,194)	(1,535,337)
Gain (Loss) on Disposal	(2,819,830)	(1,346,970)

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 4. Asset Disposal & Fair Value Adjustments (continued)

\$	2020	2019
(ii) Assets Surplus to Requirements		
Proceeds from Disposal	–	3,689
Less: Carrying Amount of Assets Sold	(125,108)	(1,197)
Gain (Loss) on Disposal	(125,108)	2,492
<u>Net Gain (Loss) on Disposal or Revaluation of Assets</u>	<u>(2,944,938)</u>	<u>(1,344,478)</u>

Note 5. Current Assets

\$	2020	2019
(a) Cash & Cash Equivalent Assets		
Cash on Hand at Bank	30,379	48,941
Deposits at Call	26,957,979	21,657,507
<u>Total Cash & Cash Equivalent Assets</u>	<u>26,988,358</u>	<u>21,706,448</u>

(b) Trade & Other Receivables

Rates - General & Other	1,088,920	594,773
Accrued Revenues	115,783	1,604,615
Debtors - General	1,433,729	1,970,512
GST Recoupment	204,126	183,499
Prepayments	729,291	668,180
Athelstone Football Club Lease (former loan)	5,572	5,679
Campbelltown Soccer Club Lease (former loan)	10,000	10,000
Hectorville Sports and Community Club Loan	–	1,010
Athelstone Football Club Loan	1,700	1,733
Subtotal	3,589,121	5,040,001
<u>Total Trade & Other Receivables</u>	<u>3,589,121</u>	<u>5,040,001</u>

(c) Other Financial Assets (Investments)

Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13.

(d) Inventories

Stores & Materials	14	349
Trading Stock - ARC Campbelltown	23,545	23,997
<u>Total Inventories</u>	<u>23,559</u>	<u>24,346</u>

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 6. Non-Current Assets

\$	2020	2019
(a) Financial Assets		
Receivables		
Council Rates Postponement Scheme	67,694	70,383
Prepayments	74,461	25,318
Athelstone Football Club Lease (former loan)	93,551	97,837
Campbelltown Soccer Club Lease (former loan)	50,000	60,000
Athelstone Football Club Loan	28,538	29,846
Subtotal	314,244	283,384
Total Receivables	314,244	283,384
<u>Total Financial Assets</u>	<u>314,244</u>	<u>283,384</u>
(b) Equity Accounted Investments in Council Businesses		
Eastern Waste Management Authority Inc.	191,161	140,000
Eastern Health Authority Inc.	115,396	114,453
<u>Total Equity Accounted Investments in Council Businesses</u>	<u>306,557</u>	<u>254,453</u>
(c) Other Non-Current Assets		
Other		
Capital Works-in-Progress	3,666,678	4,415,727
Total Other	3,666,678	4,415,727
<u>Total Other Non-Current Assets</u>	<u>3,666,678</u>	<u>4,415,727</u>

Corporation of the City of Campbelltown

Notes to the Financial Statements for the year ended 30 June 2020

Note 7. Infrastructure, Property, Plant & Equipment (continued)

(a) Infrastructure, Property, Plant & Equipment

\$	Fair Value Level	as at 30/06/19				Asset movements during the reporting period										as at 30/06/20			
		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount	Transition adjustment - AASB 16	Asset Additions New / Upgrade	Asset Additions Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Adjustments & Transfers	Other Movements (Physical Resources Received Free of Charge)	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)		At Fair Value	At Cost	Accumulated Depreciation	Carrying amount
Land - Level 2	2	23,194,194	—	—	23,194,194	—	—	—	—	—	—	—	—	—		23,194,194	—	—	23,194,194
Land - Level 3	3	227,941,617	—	—	227,941,617	—	—	—	—	—	—	290,000	—	—		227,941,617	290,000	—	228,231,617
Buildings - Level 2	2	18,804,151	11,805	(13,267,942)	5,548,014	—	43,070	2,950	—	(303,271)	—	258,000	—	264,195		19,331,236	304,020	(13,822,298)	5,812,958
Buildings - Level 3	3	68,722,319	8,709,843	(23,792,185)	53,639,977	—	171,540	935,052	—	(1,911,763)	(526,500)	—	—	1,053,979		77,638,443	1,106,592	(25,382,750)	53,362,285
Infrastructure																			
- Stormwater Drainage	3	139,371,163	236,923	(55,370,670)	84,237,416	—	326,861	121,628	(161,426)	(1,650,694)	—	244,746	—	156,483		139,719,581	693,235	(57,137,802)	83,275,014
- Bridges	3	8,821,116	21,800	(2,337,854)	6,505,062	—	—	—	(40,088)	(126,330)	—	—	—	124,819		8,779,136	—	(2,315,673)	6,463,463
- Creeks	3	129,398	—	(39,819)	89,579	—	—	—	(80,979)	(8,600)	—	—	—	—		—	—	—	—
- Road Transport Assets and Car Parks	3	308,898,352	2,900,416	(146,135,412)	165,663,356	—	117,231	7,059,589	(2,548,450)	(5,476,781)	—	214,457	(158,953)	—		304,431,408	7,391,277	(146,952,236)	164,870,449
- Gross Pollutant Traps and Trash Racks	3	646,683	—	(237,903)	408,780	—	—	—	—	(35,614)	—	—	(12,057)	—		653,653	—	(292,544)	361,109
- Road Traffic Control Devices	3	5,964,879	432,941	(2,541,609)	3,856,211	—	159,150	164,304	(5,762)	(116,350)	—	—	(308,131)	—		6,099,928	323,454	(2,673,960)	3,749,422
- Footpaths and Walkways	3	38,545,576	773,284	(21,713,843)	17,605,017	—	442,022	341,240	(133,954)	(974,004)	—	—	—	507,380		38,815,620	783,262	(21,811,181)	17,787,701
Right-of-Use Assets		—	—	—	—	252,024	23,821	—	—	(98,771)	—	—	—	—		—	275,845	(98,771)	177,074
Plant & Equipment		—	10,597,155	(5,656,875)	4,940,280	—	209,971	1,685,205	(559,420)	(973,999)	526,500	4,216	—	—		—	11,977,329	(6,144,576)	5,832,753
Furniture & Fittings		—	1,255,831	(688,116)	567,715	—	54,835	—	—	(97,645)	—	21,896	—	—		—	1,332,562	(785,761)	546,801
Library Books		—	789,562	(301,194)	488,368	—	—	173,455	—	(184,846)	—	—	—	—		—	783,390	(306,413)	476,977
Bus Stops	3	1,591,585	123,139	(233,219)	1,481,505	—	—	—	—	(69,448)	—	—	(24,727)	—		1,687,143	—	(299,813)	1,387,330
Park Furniture	3	—	—	—	—	—	16,443	21,743	(5,462)	(49,964)	940,029	—	(555)	—		1,659,322	38,186	(775,274)	922,234
Other Open Space Assets	3	—	—	—	—	—	667,620	6,848	—	(275,497)	5,313,897	—	—	10,064		9,920,449	674,468	(4,871,986)	5,722,931
Playground Equipment	3	—	—	—	—	—	101,605	257,683	(80,245)	(366,190)	1,251,899	—	—	861,882		3,557,300	359,288	(1,889,955)	2,026,633
Shade Shelters and Structures	3	—	—	—	—	—	150,499	19,191	(8,732)	(106,486)	939,822	—	—	429,318		2,300,000	169,691	(1,046,078)	1,423,613
Tennis/Netball Courts and Playgrounds	3	4,653,884	322,593	(3,201,948)	1,774,529	—	—	—	—	—	(1,774,529)	—	—	—		—	—	—	—
Playing Fields, Courts, Lighting and Equipment	3	—	—	—	—	—	1,155,265	23,734	(1,782)	(240,797)	1,994,067	—	—	1,262,533		5,657,200	1,178,999	(2,643,179)	4,193,020
Other Boutique Assets	3	—	—	—	—	—	42,831	—	—	(50,915)	1,603,068	—	(499,249)	—		2,444,300	42,831	(1,391,395)	1,095,736
Other Assets	3	14,017,561	3,994,247	(7,743,555)	10,268,253	—	—	—	—	—	(10,268,253)	—	—	—		—	—	—	—
Total Infrastructure, Property, Plant & Equipment		861,302,478	30,169,539	(283,262,144)	608,209,873	252,024	3,682,764	10,812,622	(3,626,300)	(13,117,965)	—	1,033,315	(1,003,672)	4,670,653		873,830,530	27,724,429	(290,641,645)	610,913,314
Comparatives		793,210,140	17,013,947	(251,768,529)	558,455,558	—	5,632,766	12,435,421	(1,536,534)	(12,060,849)	—	—	—	45,283,511		861,302,478	30,169,539	(283,262,144)	608,209,873

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7. Infrastructure, Property, Plant & Equipment (continued)

(b) Valuation of Infrastructure, Property, Plant & Equipment

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.

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.

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.

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

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

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

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7. Infrastructure, Property, Plant & Equipment (continued)

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

For land which Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some or all of the existing buildings and structures affixed to the land. Much of the land under Council's care and control is Crown land or has been declared as community land under the provisions of the Local Government Act 1999. Other types of restrictions also exist.

For land subject to these restrictions, the highest and best use is taken to be the "highest and best use" available to Council, with a rebuttable presumption that the current use is the "highest and best use". The reason for the current use of a large proportion of Council's assets being other than the "highest and best use" relates to Council's principal role as the provider of services to the community, rather than the use of those assets for the generation of income.

For buildings and other structures on and in the land, including infrastructure, "highest and best use" is determined in accordance with the land on and in which they are situated.

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 2019, 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 full revaluation for Land is scheduled to apply from 1 July 2020.

Buildings

Buildings were revalued to their fair value as at 1 July 2019, where a desktop valuation was undertaken by JLL Pty Ltd. The depreciation expense for the year ended 30 June 2020 was calculated to take into account the updated revaluation.

A full revaluation for Buildings is scheduled to apply from 1 July 2020.

Infrastructure

Stormwater Drainage

Visual inspections using CCTV have been undertaken on a small sample from 2015 to 2020 by Plumbing and Pipeline Solutions. The unit rates developed by Council Staff for these asset categories were independently verified by Asset Engineering Pty Ltd as at 1 July 2019, with depreciation for the year ended 30 June 2020 being calculated to take into account these unit rates.

Council will continue the rolling condition assessment, with a revision to unit rates being applied as at 1 July 2020.

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7. Infrastructure, Property, Plant & Equipment (continued)

Bridges

A data validation and condition assessment was performed by Council Staff for this asset category as at 1 July 2018. The unit rates for these assets were developed by Asset Engineering Pty Ltd as at 1 July 2019, with depreciation for the year ended 30 June 2020 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 2023, with a revision to unit rates being applied as at 1 July 2020.

Creeks

Creek data was removed from the asset register during the year as it was identified that these assets were previously captured under Stormwater Drainage.

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 Asset Engineering Pty Ltd as at 1 July 2019, with depreciation for the year ended 30 June 2020 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 a revision to unit rates being applied as at 1 July 2020.

Gross Pollutant Traps and Trash Racks

A data validation and condition assessment was performed by Council Staff for Trash Racks, Mesh Pits and Gross Pollutant Traps as at 1 July 2018. The unit rates for these assets were developed by Asset Engineering Pty Ltd as at 1 July 2019, with depreciation for the year ended 30 June 2020 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 2022, with a revision to unit rates being applied as at 1 July 2020.

Road Traffic Control 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 Asset Engineering Pty Ltd and were last updated as at 1 July 2019, with depreciation for the year ended 30 June 2020 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 a revision to unit rates being applied as at 1 July 2020.

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 Asset Engineering Pty Ltd as at 1 July 2019, with depreciation for the year ended 30 June 2020 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 a revision to unit rates being applied as at 1 July 2020.

Plant & Equipment

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

Furniture & Fittings

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

Library Books

Pursuant to Council's election, these assets are recognised at cost, which is in line with the accounting treatment of library books and other lending materials, which are capitalised in bulk and written off when fully depreciated.

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7. Infrastructure, Property, Plant & Equipment (continued)

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 Asset Engineering Pty Ltd as at 1 July 2019, with depreciation for the year ended 30 June 2020 being calculated to take into account these unit rates.

It is expected that the next condition assessment will apply from 1 July 2020.

Park Furniture

A data capture and validation exercise was last undertaken by Programmed Property Services Pty Ltd as at 1 July 2018. Unit rates were provided by Asset Engineering Pty Ltd as at 1 July 2019, with depreciation for the year ended 30 June 2020 being calculated to take into account these unit rates.

It is expected that the next condition assessment will apply from 1 July 2022.

Other Open Space Assets

A data capture and validation exercise was last undertaken by Programmed Property Services Pty Ltd as at 1 July 2018, with depreciation for the year ended 30 June 2020 being calculated to take into account these unit rates.

It is expected that the next condition assessment will apply from 1 July 2022.

Playground Equipment

A full revaluation was undertaken by AssetVal Pty Ltd for Playground Equipment as at 1 July 2019, with depreciation for the year ended 30 June 2020 being calculated to take into account the updated revaluation.

A desktop revaluation for this asset category is scheduled to apply from 1 July 2020.

Shade Shelters and Structures

A full revaluation was undertaken by AssetVal Pty Ltd for Shade Shelters and Structures as at 1 July 2019, with depreciation for the year ended 30 June 2020 being calculated to take into account the updated revaluation.

A desktop revaluation for this asset category is scheduled to apply from 1 July 2020.

Playing Fields, Courts, Lighting and Equipment

A full revaluation was undertaken by AssetVal Pty Ltd for Playing Fields, Courts, Lighting and Equipment as at 1 July 2019, with depreciation for the year ended 30 June 2020 being calculated to take into account the updated revaluation.

A desktop revaluation for this asset category is scheduled to apply from 1 July 2020.

Other Boutique Assets

A full revaluation was undertaken by AssetVal Pty Ltd for Other Boutique Assets as at 1 July 2019, with depreciation for the year ended 30 June 2020 being calculated to take into account the updated revaluation.

A desktop revaluation for this asset category is scheduled to apply from 1 July 2020.

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Liabilities

	2020 Current	2020 Non Current	2019 Current	2019 Non Current
\$				
(a) Trade and Other Payables				
Goods & Services	1,848,918	—	2,202,740	—
Payments Received in Advance	1,841,882	—	2,677,240	—
Accrued Expenses - Employee Entitlements	471,684	—	352,138	—
Accrued Expenses - Finance Costs	644	—	—	—
Accrued Expenses - Other	432,266	—	796,111	—
Deposits, Retentions & Bonds	490,390	—	379,828	—
Other	140,990	—	188,985	—
<u>TOTAL Trade and Other Payables</u>	<u>5,226,774</u>	<u>—</u>	<u>6,597,042</u>	<u>—</u>

	Notes	2020 Current	2020 Non Current	2019 Current	2019 Non Current
\$					
(b) Borrowings					
Lease Liabilities	17	88,932	84,578	—	—
<u>TOTAL Borrowings</u>		<u>88,932</u>	<u>84,578</u>	<u>—</u>	<u>—</u>

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

(c) Provisions

Annual Leave	852,224	443,425	757,862	436,132
Long Service Leave	1,076,309	420,216	1,095,867	384,952
<u>TOTAL Provisions</u>	<u>1,928,533</u>	<u>863,641</u>	<u>1,853,729</u>	<u>821,084</u>

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 9. Reserves

	as at 30/06/19				as at 30/06/20
\$	Opening Balance	Increments (Decrements)	Transfers	Reallocation	Closing Balance
(a) Asset Revaluation Reserve					
Land - Level 3	214,409,240	–	–	–	214,409,240
Buildings - Level 2	3,151,456	264,195	–	–	3,415,651
Buildings - Level 3	11,245,551	1,053,979	–	–	12,299,530
Infrastructure					
- Stormwater Drainage	72,481,567	156,483	(138,939)	–	72,499,111
- Bridges	8,132,924	124,819	(49,932)	–	8,207,811
- Creeks	85,861	–	–	–	85,861
- Road Transport Assets and Car Parks	122,369,443	(158,953)	(1,845,483)	–	120,365,007
- Gross Pollutant Traps and Trash Racks	434,010	(12,057)	–	–	421,953
- Road Traffic Control Devices	3,055,620	(308,131)	–	–	2,747,489
- Footpaths and Walkways	12,131,470	507,380	(103,681)	–	12,535,169
Bus Stops	697,964	(24,727)	–	–	673,237
Park Furniture	–	(499,249)	(2,035)	350,589	(150,695)
Other Open Space Assets	–	10,064	–	1,928,240	1,938,304
Playground Equipment	–	861,882	(49,356)	438,236	1,250,762
Shade Shelters and Structures	–	429,318	(4,974)	350,589	774,933
Tennis/Netball Courts & Playgrounds	821,238	–	–	(821,238)	–
Playing Fields, Courts, Lighting and Equipment	–	1,262,533	(549)	745,002	2,006,986
Other Boutique Assets	–	(555)	–	569,707	569,152
Other Assets	3,561,125	–	–	(3,561,125)	–
Total Asset Revaluation Reserve	452,577,469	3,666,981	(2,194,949)	–	454,049,501
Comparatives	408,165,346	45,283,511	(871,388)	–	452,577,469

The column titled 'Transfers' represents the amounts transferred to Accumulated Surplus on derecognition of assets.

	as at 30/06/19				as at 30/06/20
\$	Opening Balance	Tfrs to Reserve	Tfrs from Reserve	Other Movements	Closing Balance
(b) Other Reserves					
Asset Replacement Reserve	4,025,888	1,286,584	(783,601)	–	4,528,871
Underground Infrastructure Reserve	400,476	–	–	–	400,476
Committed Works Reserve	7,008,100	12,049,950	(7,008,100)	–	12,049,950
Renewal & Replacement Reserve	39,101,639	–	(283,914)	–	38,817,725
Galt Trust	2,027	15	–	–	2,042
Urban Tree Fund	11,503	3,376	–	–	14,879
Significant Tree Maintenance & Tree Planting Reserve	125,047	59,954	(27,865)	–	157,136
Total Other Reserves	50,674,680	13,399,879	(8,103,480)	–	55,971,079
Comparatives	52,768,110	11,940,682	(14,034,112)	–	50,674,680

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 9. Reserves (continued)

PURPOSES OF RESERVES

Asset Revaluation Reserves

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

Asset Replacement Reserve

The Asset Replacement Reserve is used to set aside amounts that will offset the cost of replacing plant, equipment, furniture and fittings. Library stock and computer equipment are not included in these transfers.

Amounts are transferred to this Reserve at an amount equal to the annual depreciation charge on the relevant assets. The amount equivalent to the accumulated depreciation expense allocated for replaced assets is transferred from this Reserve to Accumulated Surplus 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.

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 net 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 was also allocated to this Reserve for future expenditure between 2008/2009 and 2017/2018.

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.

Significant Tree Maintenance & Tree Planting Reserve

This Reserve was established following a resolution by Council at its 4 September 2018 meeting to increase the maintenance and life of significant trees and to implement additional planting programs to reduce the decline in canopy loss. Funds for this Reserve will be collected from the fees charged to property owners for the removal of Council trees.

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10. Assets Subject to Restrictions

\$	2020	2019
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		
ACH Group - Book Group Sets	840	840
Commonwealth Government - Communities Environment Program - Fourth Creek Revegetation	7,509	—
Commonwealth Government - Hectorville Sporting Club Redevelopment	319,143	—
Commonwealth Government - Max Amber Sportsfield Redevelopment	199,192	—
LGA Asset Mutual Fund - Sophos MTR	44,089	—
NRM Board - Avenue Road Gross Pollutant Trap	19,287	19,287
SLGIP - River Torrens Linear Path Program Grant	11,877	62,322
State Government - ARC Campbelltown - Air Conditioning Grant	19,190	—
State Government - Campbelltown Creekline Connections	148,598	—
State Government - Cooling Campbelltown	5,171	—
State Government - Hectorville Sporting Club Female Changerooms	178,720	247,585
State Government - Fourth Creek Trail Project	100,000	—
State Government - Kerbside Performance Food Waste System Grant	256,952	—
State Government - Max Amber Sportsfield Redevelopment	242,510	—
State Government - OPAL - Book a Bike Program	—	1,255
State Government - Steve Woodcock Sports Centre Synthetic Pitch	—	1,471,577
State Government - The Changing Faces of Campbelltown - Multicultural Video Project Grant	16,000	16,000
State Government - Thorndon Park to Reservoir Road Trail	60,000	—
Urban Tree Fund	14,879	11,503
Total Cash & Financial Assets	1,643,957	1,830,369
Total Assets Subject to Externally Imposed Restrictions	1,643,957	1,830,369

Note 11. Reconciliation to Statement of Cash Flows

\$	Notes	2020	2019
(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	26,988,358	21,706,448
Balances per Statement of Cash Flows		26,988,358	21,706,448

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. Reconciliation to Statement of Cash Flows (continued)

\$	2020	2019
(b) Reconciliation of Change in Net Assets to Cash from Operating Activities		
Net Surplus/(Deficit)	3,251,029	6,579,622
Non-Cash Items in Income Statements		
Depreciation, Amortisation & Impairment	13,117,965	12,060,849
Equity Movements in Equity Accounted Investments (Increase)/Decrease	(23,118)	(32,620)
Non-Cash Asset Acquisitions	(1,033,315)	(26,902)
Grants for capital acquisitions treated as Investing Activity	(2,053,041)	(1,101,175)
Net (Gain) Loss on Disposals	2,944,938	1,344,478
	16,204,458	18,824,252
Add (Less): Changes in Net Current Assets		
Net (Increase)/Decrease in Receivables	1,404,426	(1,811,358)
Net (Increase)/Decrease in Inventories	787	(1,208)
Net (Increase)/Decrease in Other Assets	15,594	17,713
Net Increase/(Decrease) in Trade & Other Payables	(1,480,830)	1,088,864
Net Increase/(Decrease) in Unpaid Employee Benefits	117,361	(183,265)
Net Cash provided by (or used in) operations	16,261,796	17,934,998

\$	Notes	2020	2019
(c) Non-Cash Financing and Investing Activities			
Acquisition of assets by means of:			
Physical Resources Received Free of Charge	2h	1,033,315	26,902
Amounts recognised in Income Statement		1,033,315	26,902
Total Non-Cash Financing and Investing Activities		1,033,315	26,902

(d) 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	830,000

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 the Financial Statements

for the year ended 30 June 2020

Note 12(a). Functions

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		GRANTS INCLUDED		TOTAL ASSETS HELD	
\$	2020	2019	2020	2019	SURPLUS (DEFICIT)		IN INCOME		(CURRENT & NON-CURRENT)	
					2020	2019	2020	2019	2020	2019
Functions/Activities										
Infrastructure Services	3,524,257	7,127,140	29,339,622	27,215,278	(25,815,365)	(20,088,138)	1,413,764	5,112,968	607,249,190	604,927,100
Urban Planning & Leisure Services	6,345,132	6,480,716	9,820,216	10,702,961	(3,475,084)	(4,222,245)	313,285	307,932	6,132,011	6,541,209
Corporate & Community Services	42,234,729	40,888,033	6,327,391	6,302,114	35,907,338	34,585,919	1,899,638	1,883,998	30,657,923	26,796,625
Executive Services	71,425	90,592	2,103,939	2,262,739	(2,032,514)	(2,172,147)	–	–	547,513	574,312
Economic Development & Innovation	73,077	179,136	1,570,964	1,519,121	(1,497,887)	(1,339,985)	2,566	–	1,215,194	1,094,986
Total Functions/Activities	52,248,620	54,765,617	49,162,132	48,002,213	3,086,488	6,763,404	3,629,253	7,304,898	645,801,831	639,934,232

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, amounts received specifically for new or upgraded assets and physical resources received free of charge.

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12(b). 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.

CORPORATE AND COMMUNITY SERVICES

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

EXECUTIVE SERVICES

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

ECONOMIC DEVELOPMENT & INNOVATION

Information Services, Economic Development.

Note 13. Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost; interest is recognised when earned.

Terms & Conditions:

Deposits are returning fixed interest rates between 0.65% and 1.10% (2019: 1.75% and 2.10%). Short term deposits have an average maturity of 66 days and an average interest rate of 0.82% (2019: 81 days and 1.80%).

Carrying Amount:

Approximates fair value due to the short term to maturity.

Receivables - Rates & Associated Charges

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms & Conditions:

Secured over the subject land, arrears attract interest of 6.65% (2019: 6.60%). 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).

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Financial Instruments (continued)

Receivables - Fees & Other Charges

Accounting Policy:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

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:

Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method.

Terms & Conditions:

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

Carrying Amount:

Approximates fair value.

Liabilities - Creditors and Accruals

Accounting Policy:

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

Terms & Conditions:

Liabilities are normally settled on 30 day terms.

Carrying Amount:

Approximates fair value.

Liabilities - Leases

Accounting Policy:

Accounted for in accordance with AASB 16 as stated in Note 17.

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Financial Instruments (continued)

\$	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2020					
Financial Assets					
Cash & Equivalents	26,988,358	—	—	26,988,358	26,988,358
Receivables	2,860,945	—	—	2,860,945	2,785,369
Other Financial Assets	—	73,538	184,135	257,673	314,244
Total Financial Assets	29,849,303	73,538	184,135	30,106,976	30,087,971
Financial Liabilities					
Payables	2,772,218	—	—	2,772,218	2,772,218
Current Borrowings	93,206	—	—	93,206	88,932
Non-Current Borrowings	—	87,361	—	87,361	84,578
Total Financial Liabilities	2,865,424	87,361	—	2,952,785	2,945,728
2019					
Cash & Equivalents	21,706,448	—	—	21,706,448	21,706,448
Receivables	4,372,942	—	—	4,372,942	4,371,821
Other Financial Assets	—	73,378	203,634	277,012	258,066
Total Financial Assets	26,079,390	73,378	203,634	26,356,402	26,336,335
Financial Liabilities					
Payables	3,378,679	—	—	3,378,679	3,378,679
Total Financial Liabilities	3,378,679	—	—	3,378,679	3,378,679

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 impairment. 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 the Financial Statements

for the year ended 30 June 2020

Note 14. Capital Expenditure Commitments

\$	2020	2019
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	2,808,100	712,650
Infrastructure	2,477,000	5,336,150
Plant & Equipment	460,950	—
Library Stock	—	130,300
Furniture & Fittings	52,900	—
Other	5,391,350	1,633,300
	<u>11,190,300</u>	<u>7,812,400</u>
These expenditures are payable:		
Not later than one year	11,190,300	7,812,400
	<u>11,190,300</u>	<u>7,812,400</u>

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Financial Indicators

	Amounts 2020	Indicator 2020	Prior periods	
\$			2019	2018

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	3,109,611	5.9%	12.4%	12.0%
Total Operating Income	52,274,994			

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

2. Net Financial Liabilities Ratio

Net Financial Liabilities	(22,699,265)	(43)%	(32)%	(33)%
Total Operating Income	52,274,994			

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

Operating Surplus	3,580,352	6.8%	11.6%	12.0%
Total Operating Income	52,745,735			

Adjusted Net Financial Liabilities Ratio

Net Financial Liabilities	(22,699,265)	(43)%	(33)%	(33)%
Total Operating Income	52,745,735			

3. Asset Renewal Funding Ratio

Net Asset Renewals	9,382,209	170%	112%	194%
Infrastructure & Asset Management Plan required expenditure	5,507,000			

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 the Financial Statements

for the year ended 30 June 2020

Note 16. Uniform Presentation of Finances

\$	2020	2019
<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	52,274,994	54,798,236
less Expenses	(49,165,383)	(48,002,213)
Operating Surplus / (Deficit)	3,109,611	6,796,023
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(10,063,573)	(13,110,457)
add back Depreciation, Amortisation and Impairment	13,117,965	12,060,849
add back Proceeds from Sale of Replaced Assets	681,364	188,367
	3,735,756	(861,241)
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(3,658,945)	(5,719,394)
add back Amounts Received Specifically for New and Upgraded Assets	2,053,041	1,101,175
add back Proceeds from Sale of Surplus Assets (including investment property, real estate developments & non-current assets held for resale)	—	3,689
	(1,605,904)	(4,614,530)
Net Lending / (Borrowing) for Financial Year	5,239,463	1,320,252

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Leases

(i) Council as a lessee

Terms and conditions of leases

Plant & Equipment

This category includes computer equipment and postage franking machine.

Set out below are the carrying amounts of right-of-use assets recognised within Infrastructure, Property, Plant and Equipment and the movements during the period:

Right of use assets

\$	Plant & Equipment	Total
2020		
Adoption of AASB 16 at 1 July 2019	252,024	252,024
Additions to right-of-use assets	23,821	23,821
Depreciation charge	(98,771)	(98,771)
Balance at 30 June 2020	177,074	177,074

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

\$	2020	2019
Balance at 1 July	252,024	—
Additions	23,821	—
Accretion of interest	7,317	—
Payments	(109,652)	—
Balance at 30 June	173,510	—
Classified as:		
Current	88,932	—
Non Current	84,578	—

The maturity analysis of lease liabilities is included in Note 13.

The Group had total cash outflows for leases of \$131,615.

The following are the amounts recognised in profit or loss:

Depreciation expense of Right-of-Use Assets	98,771	—
Interest expense on lease liabilities	7,961	—
Expense relating to short term leases	14,442	—
Expense relating to leases of low-value assets	7,521	—
Total amount recognised in profit or loss	128,695	—

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Leases (continued)

(ii) Council as a lessor

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.

\$	2020	2019
Future minimum rentals receivable under non-cancellable operating leases as at 30 June, are as follows:		
Not later than one year	425,302	419,502
Later than one year and not later than 5 years	1,001,231	1,081,358
Later than 5 years	15,000	305,175
	<u>1,441,533</u>	<u>1,806,035</u>

Note 18. Superannuation

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

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2019/2020; 9.50% in 2018/2019). 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 2018/2019) 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 2020. 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 the Financial Statements

for the year ended 30 June 2020

Note 19. Interests in Other Entities

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	
	2020	2019	2020	2019
Council's Share of Net Income				
Joint Ventures	23,118	32,620	306,557	254,453
Total Council's Share of Net Income	23,118	32,620	306,557	254,453

((a)i) Joint Ventures, Associates and Joint Operations

(a) Carrying Amounts

\$	Principal Activity	2020	2019
Eastern Waste Mgt Authority Inc.	Waste Collection Services	191,161	140,000
Eastern Health Authority Inc.	Environmental Health Services	115,396	114,453
Total Carrying Amounts - Joint Ventures & Associates		306,557	254,453

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

\$	Interest in Operating Result		Ownership Share of Equity		Proportion of Voting Power	
	2020	2019	2020	2019	2020	2019
Eastern Waste Mgt Authority Inc.	19.83%	19.83%	19.83%	19.83%	14.28%	14.28%
Eastern Health Authority Inc.	24.30%	23.44%	24.30%	23.44%	20.00%	20.00%

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Interests in Other Entities (continued)

(c) Movement in Investment in Joint Venture or Associate

\$	Eastern Waste Mgt Authority Inc.		Eastern Health Authority Inc.	
	2020	2019	2020	2019
Opening Balance	140,000	78,849	114,453	112,190
Share in Operating Result	26,374	26,969	(3,256)	5,651
Share in Other Comprehensive Income	11,898	6,346	—	—
Adjustments to Equity	12,890	27,836	4,199	(3,388)
Council's Equity Share in the Joint Venture or Associate	191,162	140,000	115,396	114,453

(d) Summarised Financial Information of the Equity Accounted Business

Statement of Financial Position

Cash and Cash Equivalents	2,322,000	1,967,000	721,310	743,272
Other Current Assets	1,019,000	717,000	155,650	168,200
Non-Current Assets	7,652,000	6,100,000	1,491,511	324,192
Total Assets	10,993,000	8,784,000	2,368,471	1,235,664
Current Trade and Other Payables	1,205,000	771,000	157,719	149,195
Current Financial Liabilities	1,929,000	1,987,000	262,051	64,393
Current Provisions	597,000	540,000	307,885	322,578
Non-Current Financial Liabilities	6,221,000	4,702,000	1,143,669	186,350
Non-Current Provisions	77,000	78,000	22,268	24,868
Total Liabilities	10,029,000	8,078,000	1,893,592	747,384
Net Assets	964,000	706,000	474,879	488,280

Statement of Comprehensive Income

Other Income	677,000	722,000	652,230	818,592
Contributions from Constituent Councils	16,756,000	15,440,000	1,803,571	1,723,013
Interest Income	21,000	32,000	8,183	16,316
Total Income	17,454,000	16,194,000	2,463,984	2,557,921
Employee Costs	5,851,000	5,580,000	1,636,215	1,767,577
Materials, Contracts & Other Expenses	9,120,000	8,229,000	594,507	716,069
Depreciation, Amortisation and Impairment	2,069,000	1,959,000	190,358	37,355
Finance Costs	281,000	290,000	56,305	12,811
Total Expenses	17,321,000	16,058,000	2,477,385	2,533,812
Other Revenue / Expense Items	60,000	32,000	—	—
Operating Result	193,000	168,000	(13,401)	24,109

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Interests in Other Entities (continued)

(e) Share of Joint Operations Expenditure Commitments

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

\$	2020	2019
Operating Expenditures Payable		
Not later than one year	502,581	375,753
Later than one year and not later than 5 years	10,429	17,313
Later than 5 years	240,139	—
	<u>753,149</u>	<u>393,066</u>

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 **252.3** km of road reserves of average width **7.36** 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 EXPENSES

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 4 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

Corporation of the City of Campbelltown

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

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.

Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2020, 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.

COVID-19 has been classified as a global pandemic by the World Health Organisation and has developed rapidly in 2020. Measures taken by the Federal and State governments have affected South Australia's economic activity and Council's operations.

At this stage, the financial impacts on Council's operations have not been significant and Council expects that further impacts on Council's operations to flow into the 2020/2021 financial year will not be significant. We refer to Note 1(13) providing details of the financial impacts caused by COVID-19 during the 2019/2020 financial year.

Note 23. Related Party Transactions

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, 30 persons (2019: 30 person) were paid the following total compensation:

\$	2020	2019
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	2,596,588	2,341,076
Total	2,596,588	2,341,076

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	7,312	5,726
Planning and Building Application Fees charged to entities controlled by close family members of KMPs	1,267	3,067
Total	8,579	8,793

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INDEPENDENT AUDITOR'S 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 2020, 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 2020, 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 (Including Independence Standards)* (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

18 November 2020

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INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS

To the members 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 2019 to 30 June 2020 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 2019 to 30 June 2020.

Basis for opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement 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 2019 to 30 June 2020. 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 receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law, 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 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 2019 to 30 June 2020. ASAE 3000 also requires us to comply with the relevant ethical requirements for 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 that for which it was prepared.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor
Partner

18 November 2020

Campbelltown City Council

General Purpose Financial Statements

for the year ended 30 June 2020

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Campbelltown City Council for the year ended 30 June 2020, 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: 24 September 2020

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CAMPBELLTOWN CITY COUNCIL

GENERAL PURPOSE FINANCIAL STATEMENTS

For the year ended 30 June 2020

Statement by Auditor

I confirm that, for the audit of the financial statements of Campbelltown City Council for the year ended 30 June 2020, I have maintained my independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (Including Independence Standards)*, Part 4A, 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) Regulation 2011*.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

A handwritten signature in blue ink, appearing to read 'Tim Muhlhausler'.

Tim Muhlhausler CA, Registered Company Auditor

Partner

18 November 2020